



NEWS RELEASE

PETMED EXPRESS D/B/A 1-800-PETMEDS ANNOUNCES ITS THIRD QUARTER FINANCIAL RESULTS AND INCREASED ITS QUARTERLY DIVIDEND BY 25% TO \$0.25 PER SHARE

1/22/2018

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*Third Quarter New Order Sales Increased 15.5% Third Quarter Net Income Increased 88% Third Quarter Sales
Increased 13.7%*

Delray Beach, Florida, January 22, 2018 - PetMed Express, Inc. (NASDAQ: PETS) today announced its financial results for the quarter ended December 31, 2017. Net sales for the quarter ended December 31, 2017 were \$60.1 million, compared to \$52.9 million for the quarter ended December 31, 2016, an increase of 13.7%. Net sales for the nine months ended December 31, 2017 were \$206.5 million, compared to \$186.1 million for the nine months ended December 31, 2016, an increase of 10.9%. The increase in sales for the quarter ended December 31, 2017 can be attributed to increased new order sales, which increased 15.5%, and reorder sales, which increased 13.4%. Net income for the quarter ended December 31, 2017 was \$9.1 million, or \$0.44 diluted per share, compared to net income of \$4.8 million, or \$0.24 diluted per share, for the quarter ended December 31, 2016, an 88% increase to net income. Net income for the nine months ended December 31, 2017 was \$27.1 million, or \$1.33 diluted per share, compared to net income of \$16.3 million, or \$0.80 diluted per share, for the nine months ended December

31, 2016, a 66% increase to net income. Average order size increased to \$86 for the quarter ended December 31, 2017, compared to \$81 for the same quarter in the prior year. For the quarter ended December 31, 2017, online sales increased 15.0% to \$50.4 million from \$43.8 million for the same period the prior year, and were approximately 84% of all sales, compared to 83% for the same quarter the prior year.

Menderes Akdag, CEO and President, commented: "We are very pleased with our third quarter results, achieving double digit increases in both new order and reorder sales, along with an accelerated increase to operating income for the fourth consecutive quarter. This increase to operating income can be attributed to increased revenue with a shift in sales to new generation medications with higher margins. Gross profit as a percentage of sales increased to 36.5% for the quarter ended December 31, 2017 compared to 31.5% for the quarter ended December 31, 2016. In addition, our net income growth was also boosted by the Tax Reform Act of 2017, where we saw a decline in our federal tax rate from 35% to a fiscal year 2018 blended rate of 31.5%. This blended rate was applied to the nine months ended December 31, 2017, resulting in a tax benefit of approximately \$1.7 million, which also included a reduction in our deferred tax liabilities. We expect a further reduction to our effective tax rate in fiscal 2019, to approximately 24%. Net cash from operations for the nine months ended December 31, 2017 was \$35.1 million, compared to \$31.6 million for the same period last year."

The Board of Directors declared and increased the quarterly dividend by 25% from \$0.20 to \$0.25 per share on the Company's common stock. The dividend will be payable on February 16, 2018, to shareholders of record at the close of business on February 5, 2018. The Company intends to continue to pay regular quarterly dividends; however the declaration and payment of future dividends is discretionary and will be subject to a determination by the Board of Directors each quarter following its review of the Company's financial performance.

This morning at 8:30 A.M. Eastern Time, Mr. Akdag will host a conference call to review the quarter's financial results. To access the call, which is open to the public, please dial (888) 455-1758 (toll free) or (203) 827-7025. Callers will be required to supply PETMEDS as the passcode. For those unable to participate in the live event, the call will be available for replay from 10:00 A.M. on January 22, 2018 until February 5, 2018 at 11:59 P.M. To access the replay, call (866) 423-4837 (toll free) or (203) 369-0849 and enter passcode 5500.

Founded in 1996, PetMed Express is America's Largest Pet Pharmacy, delivering prescription and non-prescription pet medications and other health products for dogs and cats at competitive prices direct to the consumer through its 1-800-PetMeds toll free number and on the Internet through its website at www.1800petmeds.com.

This press release may contain "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995 or by the Securities and Exchange Commission, that involve a number of risks and uncertainties, including the Company's ability to meet the objectives included in its business plan. Important factors that could cause results to differ materially from those indicated by such "forward-looking" statements are set forth in

Management's Discussion and Analysis of Financial Condition and Results of Operations in the PetMed Express Annual Report on Form 10-K for the year ended March 31, 2017. The Company's future results may also be impacted by other risk factors listed from time to time in its SEC filings, including, but not limited to, the Company's Form 10-Q and its Annual Report on Form 10-K.

For investment relations contact PetMed Express, Inc., Bruce S. Rosenbloom, CFO, 561-526-4444.

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