NEWS RELEASE

PetMeds® Announces Its Third Quarter Financial Results and Declares a Quarterly Dividend of $0.30 Per Share

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Delray Beach, Florida, February 6, 2023, PetMed Express, Inc. (NASDAQ: PETS), Your Trusted Pet Health Expert™, today announced its financial results for its third quarter ended December 31, 2022

Quarterly Highlights

- Net sales for the quarter ended December 31, 2022, were $58.9 million, compared to $60.7 million for third quarter in the prior year, a decrease of 3.0%.
- PetMeds® reports new customers increased 9% year over year for the quarter ended December 31, 2022 representing the first customer increase in 2.5 years.
- Net loss for the quarter ended December 31, 2022 was $19.0 thousand, or $(0.0) diluted earnings per share or $0.02 per diluted share excluding the effects of certain acquisition related costs not indicative of our ongoing operations. This compares to net income of $4.3 million, or $0.21 diluted earnings per share, for the prior year quarter ended December 31, 2021.
- Adjusted EBITDA was $2.7 million, for the current year quarter, compared to Adjusted EBITDA of $7.6 million, for the quarter ended December 31, 2021, a decrease of 64%.

"We're pleased to see the first year over year increase in customers for PetMeds in the last 10 quarters. Revenue

was down year over year 3.0%, but stable sequentially despite the prior quarter benefiting from an elongated flea and tick season," said Matt Hulett, CEO and President.

Mr. Hulett continued, "We believe that we are making progress towards being a leader in total pet health expertise. We are confident that our investments in the core PetMeds business, our unique on-demand digital veterinarian and pet telemedicine service and our recently announced acquisition of PetCareRx, will position PetMeds for future long-term growth."

The Board of Directors declared a quarterly dividend of $0.30 per share on the Company's common stock. The dividend will be payable on February 27, 2023, to shareholders of record at the close of business on February 20, 2023. The declaration and payment of future dividends is discretionary and will be subject to the determination by the Board of Directors.

Based on a sales tax assessment received and accrued in the second quarter fiscal year 2023, the Company initiated a process to evaluate the potential for further sales tax contingencies, We expect to complete the evaluation in the quarter ending March 31, 2023, the results of which could have a material effect on the results of operations.

This afternoon the Company will host a conference call to review the quarter's financial results.

Founded in 1996, PetMeds is Your Trusted Pet Health Expert™, delivering prescription and non-prescription pet medications and other health products for dogs, cats, and horses at competitive prices direct to the consumer through its 1-800-PetMeds toll free number and through its website at www.petmeds.com.

[1]Adjusted EBITDA is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for additional information on non-GAAP financial measures and a reconciliation to the most comparable GAAP measures.

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, 2022. 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.

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Non-GAAP Financial Measures

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; depreciation and amortization; income tax provision; interest income (expense); and other non-operational expenses. We have provided reconciliations below of adjusted EBITDA to net income, 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, 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 expenses, including the investment banking fee related to the Vetster partnership, acquisition costs related to PetCareRx, employee severance and estimated 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 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 expenses including the estimated state sales tax accrual which reduces cash available to us.
- 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 table presents a reconciliation of net income, the most directly comparable GAAP measure to adjusted EBITDA for each of the periods indicated: