

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended December 31, 2025

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**

(I.R.S. Employer  
Identification No.)

**420 South Congress Avenue, Delray Beach, Florida 33445**

(Address of principal executive offices, including zip code)

**(561) 526-4444**

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

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

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 (§ 229.405 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, 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 is a shell company (defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 21,400,495 shares of Common Stock, \$.001 par value per share, at January 30, 2026.

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## **PART I - FINANCIAL INFORMATION**

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

In addition to historical information, certain information in this Quarterly Report on Form 10-Q 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"). All statements, other than statements of historical facts, including statements concerning our plans, objectives, goals, beliefs, business strategies, future events, business conditions, our results of operations, financial position and our business outlook, business trends and other information, may be forward-looking statements. You can identify these forward-looking statements by the words "believes," "intends," "expects," "might," "may," "will," "should," "plans," "projects," "contemplates," "intends," "budgets," "potential," "predicts," "estimates," "anticipates," "future," "goal," and variations of such words 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, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations, beliefs, estimates and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs, estimates and projections will result or be achieved, and actual future results may differ materially from what is expressed in or indicated by the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A, under the heading "Risk Factors," in our Annual Report on Form 10-K for the year ended March 31, 2025 filed with the Securities and Exchange Commission ("SEC") on October 14, 2025, and under "Part II, Item 1A., Risk Factors" in this Quarterly Report on Form 10-Q, if and as such risk factors may be updated from time to time in our periodic filings with the SEC. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and a reader, whether investing in our common stock or not, should not place undue reliance on these forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

We caution you that the risks, uncertainties and other factors referenced above may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. There can be no assurance that (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors' likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct, or (iv) our strategy, which is based in part on this analysis, will be successful. All forward-looking statements in this Quarterly Report on Form 10-Q apply only as of the date of this Quarterly Report on Form 10-Q or as of the date they were made or as otherwise specified herein. We assume no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Investors and others should note that we use our websites (<https://petmeds.com>, <https://petcarerx.com> and <https://www.investors.petmeds.com>), as well as social media, press releases, SEC filings, public conference calls and webcasts, as channels of distribution of Company information. The information we post through these channels may be deemed material. Accordingly, investors should monitor these channels, in addition to following our press releases, SEC filings, public conference calls and webcasts. The contents of our websites and social media posts, however, are not incorporated by reference into this Quarterly Report on Form 10-Q. Further, our references to website URLs in this filing are intended to be inactive textual references only.

### **NOTE REGARDING COMPANY REFERENCES**

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

**ITEM 1. FINANCIAL STATEMENTS.**

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

	December 31, 2025	March 31, 2025
	<u>(Unaudited)</u>	
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 26,914	\$ 54,720
Accounts receivable, less allowance for credit losses of \$24 and \$91, respectively	1,559	2,317
Inventories, net	12,206	16,205
Prepaid expenses and other current assets	7,569	5,330
Prepaid income taxes	258	299
Total current assets	<u>48,506</u>	<u>78,871</u>
Noncurrent assets:		
Property and equipment, net	27,554	28,859
Intangible and other assets, net	11,278	13,346
Goodwill	—	26,658
Operating lease right-of-use assets	627	966
Total noncurrent assets	<u>39,459</u>	<u>69,829</u>
Total assets	<u>\$ 87,965</u>	<u>\$ 148,700</u>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
Current liabilities:		
Accounts payable	\$ 20,300	\$ 23,564
Sales tax payable	25,150	24,867
Accrued expenses and other current liabilities	8,002	11,711
Current operating lease liabilities	485	461
Deferred revenue	832	2,085
Income taxes payable	—	80
Total current liabilities	<u>54,769</u>	<u>62,768</u>
Deferred tax liabilities, net	263	263
Operating lease liabilities, net of current lease liabilities	167	535
Total liabilities	<u>55,199</u>	<u>63,566</u>
Commitments and contingencies (Note 9)		
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, \$.001 par value, 40,000,000 shares authorized; 21,382,521 and 20,656,822 shares issued and outstanding, respectively	21	21
Additional paid-in capital	19,416	18,560
Retained earnings	13,320	66,544
Total shareholders' equity	<u>32,766</u>	<u>85,134</u>
Total liabilities and shareholders' equity	<u>\$ 87,965</u>	<u>\$ 148,700</u>

See accompanying notes to unaudited condensed consolidated financial statements.



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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024 As Restated	2025	2024 As Restated
Net sales	\$ 40,660	\$ 51,961	\$ 136,204	\$ 176,212
Cost of sales	29,078	35,830	97,804	122,271
Inventory write-down	2,126	—	2,126	—
Gross profit	9,456	16,131	36,274	53,941
Operating expenses:				
General and administrative	12,194	10,786	39,318	26,153
Advertising	5,332	4,209	15,719	18,333
Depreciation and amortization	2,399	1,586	6,960	4,965
Impairment of goodwill and intangible assets	—	—	27,258	—
Total operating expenses	19,925	16,581	89,255	49,451
(Loss) income from operations	(10,469)	(450)	(52,981)	4,490
Other income:				
Interest (expense) income, net	(221)	28	(745)	308
Other, net	148	180	530	597
Total other (expense) income	(73)	208	(215)	905
(Loss) income before provision for income taxes	(10,542)	(242)	(53,196)	5,395
Provision for income taxes	11	465	29	22
Net (loss) income	\$ (10,553)	\$ (707)	\$ (53,225)	\$ 5,373
Net (loss) income per common share:				
Basic	\$ (0.50)	\$ (0.03)	\$ (2.55)	\$ 0.26
Diluted	\$ (0.50)	\$ (0.03)	\$ (2.55)	\$ 0.26
Weighted average number of common shares outstanding:				
Basic	21,008,521	20,634,651	20,884,822	20,581,913
Diluted	21,008,521	20,634,651	20,884,822	20,987,260

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Nine Months Ended December 31,	
	2025	2024
Cash flows from operating activities:		
Net (loss) income	\$ (53,225)	\$ 5,373
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	6,960	4,965
Impairment of goodwill and intangible assets	27,258	—
Inventory write-down	2,126	—
Share based compensation	1,093	(7,179)
Deferred income taxes	—	(231)
Bad debt (recovery) expense	(13)	324
(Increase) decrease in operating assets and increase (decrease) in operating liabilities:		
Accounts receivable	771	700
Inventories, net	1,873	16,761
Prepaid income taxes	41	(152)
Prepaid expenses and other current assets	(2,239)	2,437
Operating lease right-of-use assets, net	339	355
Accounts payable	(3,264)	(26,078)
Sales tax payable	283	(529)
Accrued expenses and other current liabilities	(3,976)	2,756
Lease liabilities	(344)	(349)
Deferred revenue	(1,253)	(1,447)
Income taxes payable	(80)	—
Net cash used in operating activities	<u>(23,650)</u>	<u>(2,294)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(3,895)	(2,725)
Net cash used in investing activities	<u>(3,895)</u>	<u>(2,725)</u>
Cash flows from financing activities:		
Dividends paid	(24)	(176)
Cash paid for tax withholding on net settlement of restricted stock	(237)	—
Net cash used in financing activities	<u>(261)</u>	<u>(176)</u>
Net decrease in cash and cash equivalents	(27,806)	(5,195)
Cash and cash equivalents, at beginning of period	54,720	55,296
Cash and cash equivalents, at end of period	<u>\$ 26,914</u>	<u>\$ 50,101</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 74	\$ 474
Dividends payable in accrued expenses and other current liabilities	\$ —	\$ 32
Non-cash investing activity for property and equipment additions	\$ 292	\$ 2,539

See accompanying notes to unaudited condensed consolidated financial statements.

**PETMED EXPRESS, INC. AND SUBSIDIARIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**Note 1: Restatement of Previously Issued Consolidated Financial Statements**

As further described below, our unaudited consolidated financial statements for the three and nine months ended December 31, 2024, have been restated to reflect the correction of material errors.

**Restatement Background**

The need for restatement was identified: (1) in part by the Audit Committee Investigation (the “Investigation”) as disclosed in our Annual Report on Form 10-K for the fiscal year ended March 31, 2025, as filed with the SEC on October 14, 2025 (the “2025 Form 10-K”); and (2) during financial analyses conducted in connection with the preparation of the Company’s consolidated financial statements for the fiscal year ended March 31, 2025. The Company participates in a range of vendor-funded programs through which it receives reimbursements for certain activities, including advertising, sales incentives, and other promotional efforts, typically linked to purchase or sales volume thresholds. These programs are designed to offset costs incurred in connection with stocking, promoting, and selling vendor products.

The Company identified certain errors in its accounting for payments, rebates and discounts from suppliers arising from a misapplication of US GAAP. Historically, the Company accounted for (1) certain promotional sales reimbursements as a component of its revenues and (2) certain co-operative advertising expenses as a component of advertising costs that were not specific, incremental or identifiable. The Company notes that these payments, rebates and discounts should be accounted for as a component of (reduction to) cost of sales. Furthermore, after a thorough review of the Company's vendor agreements, the Company also identified the following additional errors within our accounting for vendor consideration which was also included in the Restatement:

- 1) A specific vendor whose marketing and advertising arrangements, previously categorized as cost of sales, needed to be reclassified to offset advertising expenses.
- 2) A specific vendor whose promotional sales reimbursements, previously categorized as advertising expenses, needed to be reclassified to cost of sales.

**Restatement Adjustments**

The following table summarizes the effect of the errors on the Company’s consolidated statements of operations for the three and nine months ended December 31, 2024:

	Three Months Ended December 31, 2024		
	As Reported	Adjustment	As Restated
Net sales	\$ 52,984	\$ (1,023)	\$ 51,961
Cost of sales	\$ 38,075	\$ (2,245)	\$ 35,830
Gross profit	\$ 14,909	\$ 1,222	\$ 16,131
Advertising	\$ 2,987	\$ 1,222	\$ 4,209
Total operating expenses	\$ 15,359	\$ 1,222	\$ 16,581
Advertising Costs of Acquiring a New Customer	\$ 47		\$ 66
Advertising Costs as a Percentage of Sales	5.6 %		8.1 %

	Nine Months Ended December 31, 2024		
	As Reported	Adjustment	As Restated
Net sales	\$ 180,506	\$ (4,294)	\$ 176,212
Cost of sales	\$ 130,315	\$ (8,044)	\$ 122,271
Gross profit	\$ 50,191	\$ 3,750	\$ 53,941
Advertising	\$ 14,583	\$ 3,750	\$ 18,333
Total operating expenses	\$ 45,701	\$ 3,750	\$ 49,451
Advertising Costs of Acquiring a New Customer	\$ 56		\$ 70
Advertising Costs as a Percentage of Sales	8.1 %		10.4 %

## Note 2: Summary of Significant Accounting Policies

### Organization

PetMed Express, Inc. and subsidiaries, d/b/a PetMeds® and PetCareRx, Inc. d/b/a PetCareRx® (collectively, the “Company”), 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.

Founded in 1996, the Company’s executive headquarters offices are currently located in Delray Beach, Florida. The Company’s fiscal year end is March 31, and references herein to fiscal 2026 or fiscal 2025 refer to the Company’s fiscal years ending March 31, 2026 and 2025, respectively.

### Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all of the information and footnotes required by accounting principles generally accepted in the United States ("GAAP") for complete financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position of the Company at December 31, 2025, the Statements of Operations for the three and nine months ended December 31, 2025 and 2024, and Cash Flows for the nine months ended December 31, 2025 and 2024. The results of operations for the three and nine months ended December 31, 2025 are not necessarily indicative of the operating results expected for the fiscal year ending March 31, 2026. These financial statements should be read in conjunction with the audited financial statements and notes thereto contained in our 2025 Form 10-K. The unaudited condensed consolidated financial statements include the accounts of PetMed Express, Inc. and its direct and indirect wholly owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

### Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with 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 unaudited condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates and assumptions.

### 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.

## Deferred Revenue

Deferred revenue is recorded when payments are received or due in advance of performing our service obligations and revenue is recognized over the service period. Deferred revenue includes prepayments of PetPlus memberships with PetCareRx, Inc. (“PetCareRx”). The total deferred revenue as of December 31, 2025 and March 31, 2025 for these memberships was \$0.8 million and \$1.0 million, respectively. Memberships provide discounted pricing, free standard shipping, veterinary telehealth services and local Caremark Pharmacy prescription pickup. The membership fee is an annual charge and automatically renews one year from the initial enrollment date. The Company generally recognizes the revenue ratably over the term of the membership. Deferred revenue at March 31, 2025 also includes \$1.1 million collected from our customers prior to delivery of AutoShip products, which is recorded as deferred revenue on the condensed consolidated balance sheets.

## Long-lived Assets

Long-lived assets, which 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 three months ended June 30, 2025, the Company identified triggering events for 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 sustained period beginning in the fourth quarter of fiscal 2025. As a result of the identified triggering events, the Company performed a recoverability test for the identified long-lived asset group. The undiscounted cash flow projections were based on estimates made by management of current and future strategic and operational plans and future financial performance projected, using various assumptions including, but not limited to: revenues, gross profits, operating expenses, and working capital through the remaining useful life of the primary asset in the asset group. The results of the test indicated that the carrying amounts for the long-lived asset group were expected to be recoverable. During the third quarter of fiscal year 2026, there was no impairment triggering event identified.

## 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.

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 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 Accounting Standards Codification (“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), 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. 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.

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.

During the first quarter of our fiscal year ending 2026, because of the triggering events 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. During the third quarter of fiscal year 2026, there was no impairment triggering event identified.

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 this valuation 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.
- **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.

### **Inventory Write-down**

During the quarter ended December 31, 2025, the Company evaluated the recoverability of certain inventory originally acquired for a wholesale distribution transaction that did not materialize. As a result, the inventory was then offered through alternative wholesale channels and the Company's direct-to-consumer platform, including at significant promotional discounts. Despite these efforts, sell-through was limited.

As of December 31, 2025, the Company held approximately \$2.3 million of unsold inventory related to this unrealized wholesale transaction. The inventory is primarily comprised of non-prescription pet medication products, pet food, and supplements, approximately 70% of which is subject to expiration risk. In addition, the Company did not have

committed buyers, and efforts to obtain executable third-party liquidation pricing were unsuccessful. Based on these factors, management concluded that the carrying value of the inventory exceeded its net realizable value.

Accordingly, during the quarter ended December 31, 2025, the Company recorded a non-cash inventory write-down of approximately \$2.1 million to reduce the inventory to its estimated net realizable value. 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.

## **Recent Accounting Pronouncements**

### *Recently Adopted Accounting Standard*

In November 2023, the Financial Accounting Standards Board ("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 Footnote 4, "Segment Reporting."

### *Accounting Standards Not Yet Adopted*

In December 2023, the 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. Early adoption is permitted. The Update should be applied on a prospective basis, but retrospective application is permitted. The Company is currently evaluating the impact of adopting this Update.

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.

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.

### Note 3: 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, and supplies, membership fees, and veterinary services. Certain pet supplies offered on the Company’s websites are drop shipped to customers. The Company considers itself the principal in the arrangement because the Company controls the specified good before it is transferred to the customer. Revenue contracts contain one performance obligation, which is delivery of the product. Customer care and support is deemed not to be a material right to the contract. 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 not material.

Outbound shipping and handling fees are an accounting policy election and are included in sales as the Company considers itself the principal in the arrangement given its responsibility for supplier selection and discretion over pricing. 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 represent the amounts recognized from two membership models. The first is the PetPlus membership for PetCareRx customers, and the second is a partner membership, which allows employees in-network to join the PetPlus membership program through their employers. These memberships provide discounted pricing, free standard shipping, veterinary telehealth services and local Caremark Pharmacy prescription pickup which represent a single stand-ready performance obligation to provide these benefits. The PetPlus membership fee is an upfront annual charge and automatically renews one year from the initial enrollment date. The Company recognizes the revenue ratably over the term of the PetPlus membership which is generally one year. On March 31, 2025, the Company also had deferred \$1.1 million of AutoShip revenue.

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

(amounts in millions)	2025	2024
Deferred revenue, March 31	\$ 2.1	\$ 2.6
Deferred memberships fees and others received	1.7	2.3
Deferred membership fee revenue and others recognized	(3.0)	(3.7)
Deferred revenue, December 31	<u>\$ 0.8</u>	<u>\$ 1.2</u>

In addition to annual membership fees earned under the PetPlus program, the Company also earns membership fees on a month-to-month basis under its PetCareRx partner membership program. For the three and nine months ended December 31, 2025, membership fees earned under the partner program were \$1.1 million and \$3.2 million, respectively. For the three and nine months ended December 31, 2024, membership fees earned under the partner program were \$0.9 million and \$2.8 million, respectively.

The Company has no material contract asset or liability balances at December 31, 2025 or March 31, 2025, respectively.

The Company disaggregates sales in the following categories: reorder sales vs new order sales vs membership fees. The following table illustrates sales in those categories:

Net Sales (in thousands)	Three Months Ended December 31,				Increase (Decrease)	
	2025	%	2024 As Restated	%	\$	%
Reorder sales	\$ 34,020	83.7 %	\$ 44,174	85.0 %	\$ (10,154)	(23.0)%
New order sales	5,030	12.4 %	5,954	11.5 %	(924)	(15.5)%
Membership fees	1,610	4.0 %	1,833	3.5 %	(223)	(12.2)%
Total net sales	\$ 40,660	100.0 %	\$ 51,961	100.0 %	\$ (11,301)	(21.7)%

  

Net Sales (in thousands)	Nine Months Ended December 31,				Increase (Decrease)	
	2025	%	2024 As Restated	%	\$	%
Reorder sales	\$ 112,733	82.8 %	\$ 145,687	82.7 %	\$ (32,954)	(22.6)%
New order sales	18,607	13.7 %	24,299	13.8 %	(5,692)	(23.4)%
Membership fees	4,864	3.6 %	6,226	3.5 %	(1,362)	(21.9)%
Total net sales	\$ 136,204	100.0 %	\$ 176,212	100.0 %	\$ (40,008)	(22.7)%

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 the three and nine months ended December 31, 2025, and the reorder and new order sales amounts for the three and nine months ended December 31, 2024 reflect this new definition.

#### Note 4: 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 Summary of 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 that is reconciled to GAAP net loss reported on the accompanying Consolidated Statements of Operations below. 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. Consolidated net income (loss) and 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 (loss), net margin, and our other GAAP results.

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 Adjusted EBITDA to net income (loss), for the three and nine months ended December 31, 2025 and 2024. The CODM does not review segment assets at a different asset level or category than those disclosed within the consolidated balance sheets.

(\$ in thousands)	Three Months Ended	
	December 31, 2025	December 31, 2024 (As Restated)
Net Sales	\$ 40,660	\$ 51,961
Significant expense categories:		
Cost of sales <sup>(4)</sup>	31,204	35,830
Advertising	5,332	4,209
Other segment expenses <sup>(1)</sup>	11,681	9,920
<b>Adjusted EBITDA</b>	<b>\$ (7,557)</b>	<b>\$ 2,002</b>
(Add) subtract:		
Share-based compensation expense (reversal)	255	452
Income taxes	11	465
Depreciation and amortization	2,399	1,586
Interest (income) expense, net <sup>(2)</sup>	221	(28)
Acquisition/Partnership transactions and other items	—	25
Employee severance	9	209
Professional fees <sup>(3)</sup>	101	—
<b>Net (loss) income</b>	<b>\$ (10,553)</b>	<b>\$ (707)</b>

(\$ in thousands)	Nine Months Ended	
	December 31, 2025	December 31, 2024 (As Restated)
Net Sales	\$ 136,204	\$ 176,212
Significant expense categories:		
Cost of sales <sup>(4)</sup>	99,930	122,271
Advertising	15,719	18,333
Other segment expenses <sup>(1)</sup>	33,125	33,045
<b>Adjusted EBITDA</b>	<b>\$ (12,570)</b>	<b>\$ 2,563</b>
(Add) subtract:		
Share-based compensation (reversal) expense	1,093	(7,179)
Income taxes	29	22
Depreciation and amortization	6,960	4,965
Interest (income) expense, net <sup>(2)</sup>	745	(308)
Acquisition/Partnership transactions and other items	—	205
Employee severance	1,328	663
Sales tax expense (income)	—	(1,178)
Professional fees <sup>(3)</sup>	3,242	—
Impairment of goodwill and intangible assets	27,258	—
<b>Net (loss) income</b>	<b>\$ (53,225)</b>	<b>\$ 5,373</b>

(1) Consists of all other expenses on an Adjusted EBITDA basis, including salaries and wages, operating expenses such as utilities, insurance, professional fees, etc.

(2) For the three months ended December 31, 2025 and 2024: \$0.4 million and \$0.4 million of interest expense related to the sales tax liability, and \$0.2 million and \$0.5 million of interest income, respectively. For the nine months ended December 31, 2025 and 2024: \$1.5 million and \$1.2 million of interest expense related to the sales tax liability, and \$0.8 million and \$1.5 million of interest income, respectively.

(3) Consists of professional fees related to the investigation (see Note 1 for additional information).

(4) Cost of sales includes a non-cash inventory write-down of approximately \$2.1 million (see Note 2 for additional information).

#### Note 5: Net (Loss) Income Per Share

In accordance with the provisions of ASC Topic 260 (“*Earnings Per Share*”) basic net 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 income per common share includes the dilutive effect of potential restricted and performance 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 the 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):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024	2025	2024
Net (loss) income (numerator):				
Net (loss) income	\$ (10,553)	\$ (707)	\$ (53,225)	\$ 5,373
Shares (denominator):				
Weighted average number of common shares outstanding used in basic computation	21,008,521	20,634,651	20,884,822	20,581,913
Common shares issuable upon vesting of restricted stock	—	—	—	395,222
Common shares issuable upon conversion of preferred shares	—	—	—	10,125
Weighted average number of common shares outstanding used in diluted computation	21,008,521	20,634,651	20,884,822	20,987,260
Net (loss) income per common share:				
Basic	\$ (0.50)	\$ (0.03)	\$ (2.55)	\$ 0.26
Diluted	\$ (0.50)	\$ (0.03)	\$ (2.55)	\$ 0.26

For the three months ended December 31, 2025 and 2024, 577,569 and 986,378 shares issuable upon vesting of restricted stock and 10,125 and 10,125 shares issuable upon conversion of preferred shares, respectively, were excluded from the computation of diluted net (loss) income per common share, as their inclusion would have had an anti-dilutive effect on diluted net (loss) income per common share.

For the nine months ended December 31, 2025 and 2024, 671,972 and 519,852 shares issuable upon vesting of restricted stock and 10,125 and zero shares issuable upon conversion of preferred shares, respectively, were excluded from the computation of diluted net (loss) income per common share, as their inclusion would have had an anti-dilutive effect on diluted net (loss) income per common share.

#### Note 6: 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.

- 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:

<b>Plan Name</b>	<b>Common Shares Issued</b>
2016 Employee Plan	422,438
2015 Director Plan	247,307
2022 Employee Plan	417,446
2024 Omnibus Plan	526,590
2024 Inducement Plan	148,735

As of December 31, 2025, 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.

For the three months ended December 31, 2025 and December 31, 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 \$0.3 million and \$0.5 million, respectively. For the nine months ended December 31, 2025 and December 31, 2024, the Company recognized compensation expense (reversal) of \$1.1 million and \$(7.2) 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 Footnote 11, “Income Taxes” for tax impact of the Company’s stock compensation expense.

#### **Restricted Stock Awards**

The fair value assigned to restricted stock awards (“RSAs”) is the market price of the Company’s stock at the grant date. The vesting period ranges from one to three years. Restricted stock award activity in the nine months ended December 31, 2025 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	—	—	—	346,950	27,000	373,950	\$ 2.56
Vested	(6,166)	(7,614)	—	—	—	(13,780)	\$ 21.59
Forfeited	(3,041)	(947)	—	(1,000)	—	(4,988)	\$ 17.17
Non-vested restricted stock outstanding at December 31, 2025	—	125	—	345,950	27,000	373,075	\$ 2.56

At December 31, 2025 and 2024, there were 373,075 and 21,203 RSAs subject to restriction and forfeiture outstanding, respectively. For the three months ended December 31, 2025 and 2024, the Company recorded stock-based compensation expense related to RSAs of \$0.1 million and \$0.1 million, respectively. For the nine months ended December 31, 2025 and 2024, the Company recorded stock-based compensation expense (reversal) related to RSAs of \$0.2 million and \$(8.2) million, respectively.

#### 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 generally ranges from one to three years. For the nine months ended December 31, 2025, RSU activity under the 2022 Employee Plan, 2015 Director Plan, 2024 Omnibus Plan and 2024 Inducement Plan 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	All Plans Number of Shares	Weighted-Average Grant Date Fair Value Per RSU
Balance 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)	(250,830)	(77,002)	(95,068)	(432,997)	\$ 4.38
Forfeited	(7,219)	(265,382)	(133,269)	(168,265)	(574,135)	\$ 4.36
Balance at December 31, 2025	5,000	52,204	120,628	26,667	204,499	\$ 5.00

The total grant-date fair value of RSUs granted during the three months ended December 31, 2025 and 2024 was \$8 thousand and \$0.2 million, respectively. For the three months ended December 31, 2025 and 2024, the Company recorded stock-based compensation expense related to RSUs of \$0.1 million and \$0.4 million, respectively.

The total grant-date fair value of RSUs granted during the nine months ended December 31, 2025 and 2024 was \$29 thousand and \$4.2 million, respectively. For the nine months ended December 31, 2025 and 2024, the Company recorded stock-based compensation expense related to RSUs of \$1.0 million and \$1.1 million, respectively.

#### Performance Stock Units

The fair value assigned to performance stock units (“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. PSUs with a performance condition generally vest over one year. PSUs with a market condition generally vest over three years. Stock-based compensation expense 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 or individual at the end of the performance period compared to the performance targets.

For the nine months ended December 31, 2025, PSU activity under the 2022 Employee Plan, 2015 Director Plan, 2024 Omnibus Plan and 2024 Inducement Plan 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	All Plans Number of Shares	Weighted- Average Grant Date Fair Value Per PSU
Balance at March 31, 2025	—	—	146,772	—	146,772	\$ 3.47
Granted	—	—	—	—	—	\$ —
Vested and issued	—	—	—	—	—	\$ —
Forfeited	—	—	(146,772)	—	(146,772)	\$ 3.47
Balance at December 31, 2025	—	—	—	—	—	\$ —

There were no PSU's granted in the three months ended and nine months ended December 31, 2025 and 2024. For the three months ended December 31, 2025 and 2024, the Company did not recognize any stock-based compensation expense, net of forfeitures, related to PSUs. For the nine months ended December 31, 2025 and 2024, the Company recorded stock-based compensation expense (reversal) expense, net of forfeitures, related to PSUs of \$(35) thousand and \$(36) thousand, respectively.

#### Note 7: Fair Value

The Company carries cash and cash equivalents at fair value in the unaudited Condensed 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 Measurement*") 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 also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. At December 31, 2025 and March 31, 2025, the Company had invested the majority of its \$26.9 million and \$54.7 million cash and cash equivalents balance in money market funds which are classified within Level 1.

**Note 8: 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)
<b>December 31, 2025</b>					
<b>Intangible Assets</b>					
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	(2,632)	4,068	4.25 years
Developed Technology - PetCareRx	3 years	3,000	(2,750)	250	0.25 years
		\$ 11,360	\$ (5,382)	\$ 5,978	
<b>Other Assets</b>					
Minority interest investment in Vetster	N/A	5,300	–	5,300	N/A
Balance December 31, 2025		\$ 16,660	\$ (5,382)	\$ 11,278	
<b>March 31, 2025</b>					
<b>Intangible Assets</b>					
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 years
Developed Technology - PetCareRx	3 years	3,000	(2,000)	\$ 1,000	1 year
		\$ 11,960	\$ (3,914)	\$ 8,046	
<b>Other Assets</b>					
Minority interest investment in Vetster	N/A	5,300	–	5,300	N/A
Balance March 31, 2025		\$ 17,260	\$ (3,914)	\$ 13,346	

Amortization expense for intangible assets was \$0.5 million for both the three months ended December 31, 2025 and 2024. Amortization expense for intangible assets was \$1.5 million for both the nine months ended December 31, 2025 and 2024. The indefinite life intangibles are not being amortized and are subject to an annual review for impairment in accordance with the ASC Topic 350 (“*Goodwill and Other Intangible Assets*”). The Company recorded a \$0.6 million trade name impairment for the nine months ended December 31, 2025.

On April 19, 2022, the Company engaged in a three-year partnership agreement with Vetster Inc. (“Vetster”), a Canadian veterinary telehealth company. The Company also purchased a 5% minority interest in Vetster in the amount of \$5.0 million and received warrants for additional equity in Vetster, which are tied to future performance milestones. Under the terms of the agreement, Vetster became the exclusive provider of telehealth and telemedicine services to the Company. The minority interest investment is being valued on the cost basis and the investment will be evaluated periodically for any impairment. On October 3, 2023, the Company purchased additional shares in Vetster in the amount of \$0.3 million, which 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.

**Note 9: Commitments and Contingencies****Legal Matters and Routine Proceedings**

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 purportedly 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.

The Company may from time to time be involved in various other claims and lawsuits in the ordinary course of business, including claims related to products, product warranties, contracts, employment, intellectual property, consumer protection, pharmacy and other regulatory matters. 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.

**Note 10: Changes in Shareholders' Equity:**

Changes in Shareholders' Equity for the three and nine months ended December 31, 2025 is summarized below (in thousands):

	Common Stock		Additional Paid-In Capital	Retained Earnings
	Share	Amounts		
Beginning balance at March 31, 2025:	20,657	\$ 21	\$ 18,560	\$ 66,544
Net share settlement of restricted stock units	178	—	(28)	—
Stock based compensation	—	—	591	—
Dividends forfeited	—	—	—	1
Net loss	—	—	—	(34,152)
Ending balance at June 30, 2025:	20,835	\$ 21	\$ 19,123	\$ 32,393
Net share settlement of restricted stock units	180	—	(209)	—
Stock based compensation expense	—	—	247	—
Net loss	—	—	—	(8,520)
Ending balance at September 30, 2025:	21,016	\$ 21	\$ 19,161	\$ 23,873
Net share settlement of restricted stock units	367	—	—	—
Stock based compensation expense	—	—	255	—
Net loss	—	—	—	(10,553)
Ending balance at December 31, 2025:	21,383	\$ 21	\$ 19,416	\$ 13,320

Changes in Shareholders' Equity for the three and nine months ended December 31, 2024 is summarized below (in thousands):

	Common Stock		Additional Paid-In Capital	Retained Earnings
	Share	Amounts		
Beginning balance at March 31, 2024:	21,149	\$ 21	\$ 25,146	\$ 71,555
Cancellation of restricted stock, net	(548)	—	—	—
Stock based compensation (reversal)	—	—	(8,204)	—
Dividends forfeited	—	—	—	1,250
Net loss	—	—	—	3,754
Ending balance at June 30, 2024:	20,601	\$ 21	\$ 16,942	\$ 76,559
Issuance of restricted stock, net	62	—	—	—
Stock based compensation expense	—	—	573	—
Dividends declared	—	—	—	4
Net income	—	—	—	2,326
Ending balance at September 30, 2024:	20,663	\$ 21	\$ 17,515	\$ 78,889
Cancellation of restricted stock, net	(7)	—	—	—
Stock based compensation expense	—	—	452	—
Dividends declared	—	—	—	5
Net loss	—	—	—	(707)
Ending balance at December 31, 2024:	20,656	\$ 21	\$ 17,967	\$ 78,187

There were 76,260 shares of common stock that were purchased for net settlement in the nine months ended December 31, 2025. There were no shares of common stock that were purchased or retired in the nine months ended December 31, 2024.

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 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.

#### **Note 11: Income Taxes**

For the three months ended December 31, 2025 and 2024, the Company recorded an income tax provision of approximately \$11 thousand and an income tax provision of approximately \$0.5 million, respectively, and for the nine months ended December 31, 2025 and 2024, the Company recorded an income tax provision of \$29 thousand and an income tax provision of \$22 thousand, respectively. The effective tax rate for the three months ended December 31, 2025 was approximately (0.1)%, compared to approximately (192.1)% for the three months ended December 31, 2024, and the effective tax rate for the nine months ended December 31, 2025 was approximately (0.1)%, compared to approximately 0.4% for the nine months ended December 31, 2024. The effective tax rate for the three months ended December 31, 2025 differs from the statutory rate primarily as a result of the goodwill impairment and the Company maintaining a valuation allowance against the majority of our deferred tax assets.

As of December 31, 2025, the Company maintained a valuation allowance against the majority of our deferred tax assets for which realization cannot be considered more likely than not at this time. Management assesses the need for the valuation allowance on a quarterly basis. In assessing the need for a valuation allowance, the Company considers all positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, and past financial performance.

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 three and nine months ended December 31, 2025. Management will continue to monitor forthcoming guidance, interpretations, and technical clarifications to assess whether any future adjustments or additional disclosures may be required.

#### **Note 12: Unsolicited and Non-Binding Acquisition Proposals**

In December, 2025, the Company received public unsolicited and non-binding acquisition proposals to acquire all of the outstanding shares of the Company at prices ranging from \$4 to \$4.25 per share in cash, subject to various conditions such as due diligence and the execution of a mutually acceptable definitive agreement, but not subject to any financing

contingency. The Company's Board, consistent with its fiduciary duties and in consultation with its financial and legal advisors, are carefully reviewing and considering the acquisition proposals to determine the course of action that it believes is in the best interests of the Company and its stockholders.

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.**

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2025, and our 2025 Form 10-K.

Certain information in this Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. You can identify these forward-looking statements by the words "believes," "intends," "expects," "may," "will," "should," "plans," "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 our 2025 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 this Quarterly Report on Form 10-Q. We assume no obligation to revise or update any forward-looking statements for any reason, except as required by law.

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

### **Restatement**

As described in the explanatory note in Note 1 to the unaudited condensed consolidated financial statements, we have restated our consolidated financial statements and Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for the Affected Periods.

### **Executive Summary**

PetMed Express, Inc. and subsidiaries, d/b/a PetMeds®, and PetCareRx, Inc., a subsidiary of PetMed Express Inc., d/b/a PetCareRx® (collectively, the "Company"), is a leading nationwide direct-to-consumer pet pharmacy and online provider of prescription and non-prescription medications, foods, supplements, supplies and partner with providers to offer various 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 expertise, 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 7,200 of the most popular pet medications, health products and food for dogs, cats, and horses.

We market our products through national advertising campaigns which aim to increase the recognition of the "PetMeds®" brand name, and "PetCareRx" brand name, increase traffic to our websites at [www.petmeds.com](http://www.petmeds.com) and [www.petcarerx.com](http://www.petcarerx.com), acquire new customers, and maximize repeat purchases. Our sales consist of products sold mainly to retail consumers. The average purchase was approximately \$97 for both the quarters ended December 31, 2025, and December 31, 2024.

### **Critical Accounting Policies**

Our discussion and analysis of our financial condition and the results of our operations contained herein are based upon our condensed consolidated financial statements and the data used to prepare them. Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. On an ongoing basis we re-evaluate our judgments and estimates including those related to product returns, bad debts, inventories, and income taxes. 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. Our estimates are guided by observing the following critical accounting policies.

There have been no material changes to our significant accounting policies as compared to the significant accounting policies described in our Annual Report on Form 10-K, filed on October 14, 2025, except as noted below:

### **Long-lived Assets**

Long-lived assets, which 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 three months ended June 30, 2025, the Company identified triggering events for 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 sustained period beginning in the fourth quarter of fiscal 2025. As a result of the identified triggering events, the Company performed a recoverability test for the identified long-lived asset group. The undiscounted cash flow projections were based on estimates made by management of current and future strategic and operational plans and future financial performance projected using various assumptions regarding revenues, gross profits, operating expenses, and working capital through the remaining useful life of the primary asset in the asset group. The results of the test indicated that the carrying amounts for the long-lived asset group were expected to be recoverable. During the third quarter of fiscal year 2026, there was no impairment triggering event identified.

### **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 Accounting Standards Codification ("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 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. 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.

During the first quarter of our fiscal year ending 2026, because of the triggering events 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. During the third quarter of fiscal year 2026, there was no impairment triggering event identified.

In accordance with ASC 820, Fair Value Measurement, the fair value measurement, on a non-recurring basis, for the goodwill and trade name impairments are 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.

### Economic Conditions, Challenges, and Risk

Macroeconomic factors, including inflation, increased interest rates, significant capital market and supply chain volatility, and political, global economic and geopolitical developments, have direct and indirect impacts on our results of operations that are difficult to isolate and quantify. In addition, rising fuel, utility, and food costs, rising interest rates, and recessionary fears may impact customer demand and our ability to forecast consumer spending patterns. We also expect the current macroeconomic environment and enterprise customer cost optimization efforts to impact our revenue growth rates. We expect some or all of these factors to continue to impact our operations for the remainder of fiscal 2026.

### Results of Operations

The following should be read in conjunction with our unaudited Condensed 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 unaudited Condensed Consolidated Statements of (Loss) Income:

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2025	2024 As Restated	2025	2024 As Restated
Sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	71.5	69.0	71.8	69.4
Inventory write-down	5.2	—	1.6	—
Gross profit	23.3	31.0	26.6	30.6
Operating expenses:				
General and administrative	30.0	20.8	28.9	14.8
Advertising	13.1	8.1	11.5	10.4
Depreciation and amortization	5.9	3.1	5.1	2.8
Impairment of goodwill and intangible assets	—	—	20.0	—
Total operating expenses	49.0	32.0	65.5	28.0
(Loss) income from operations	(25.7)	(1.0)	(38.9)	2.6
Total other (loss) income	(0.2)	0.4	(0.2)	0.5
(Loss) income before provision (benefit) for income taxes	(25.9)	(0.6)	(39.1)	3.1
Provision (benefit) for income taxes	—	0.9	—	—
Net (loss) income	(25.9)%	(1.5)%	(39.1)%	3.1 %

## 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 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 net stock-based compensation expense (benefit), 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 acquisition costs related to PetCareRx, employee severance and estimated state sales tax accruals and settlements 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 measure's 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) income, the most directly comparable GAAP measure, to adjusted EBITDA for each of the periods indicated:

(\$ in thousands, except percentages)	Three Months Ended		Increase (Decrease)	
	December 31, 2025	December 31, 2024	\$	%
<b>Consolidated Reconciliation of GAAP Net Income to Adjusted EBITDA:</b>				
Net (loss) income	\$ (10,553)	\$ (707)	\$ (9,846)	1393 %
Add (subtract):				
Stock-based Compensation	255	452	(197)	(44)%
Income Taxes	11	465	(454)	(98)%
Depreciation and Amortization	2,399	1,586	813	51 %
Interest Expense (Income), Net <sup>(2)</sup>	221	(28)	249	n/m
Acquisition/Partnership Transactions and Other Items	—	25	(25)	n/m
Employee Severance	9	209	(200)	(96)%
Professional Fees <sup>(1)</sup>	101	—	101	n/m
Adjusted EBITDA	<u>\$ (7,557)</u>	<u>\$ 2,002</u>	<u>\$ (9,559)</u>	<u>(477)%</u>

(1) Related to the whistleblower investigation.

(2) Included in interest expense (income), net is \$0.4 million of interest expense related to the sales tax liability and \$0.2 million of interest income for the three months ended December 31, 2025. Included in interest expense (income), net is \$0.4 million of interest expense related to the sales tax liability and \$0.5 million of interest income for the three months ended December 31, 2024.

(\$ in thousands, except percentages)	Nine Months Ended		Increase (Decrease)	
	December 31, 2025	December 31, 2024	\$	%
<b>Consolidated Reconciliation of GAAP Net Income to Adjusted EBITDA:</b>				
Net (loss) income	\$ (53,225)	\$ 5,373	\$ (58,598)	n/m
Add (subtract):				
Stock-based Compensation	1,093	(7,179)	8,272	n/m
Income Taxes	29	22	7	32 %
Depreciation and Amortization	6,960	4,965	1,995	40 %
Interest Expense (Income), Net <sup>(2)</sup>	745	(308)	1,053	n/m
Acquisition/Partnership Transactions and Other Items	—	205	(205)	n/m
Employee Severance	1,328	663	665	100 %
Sales Tax Expense (Income)	—	(1,178)	1,178	n/m
Professional Fees <sup>(1)</sup>	3,242	—	3,242	n/m
Impairment of goodwill and intangible assets	27,258	—	27,258	n/m
Adjusted EBITDA	\$ (12,570)	\$ 2,563	\$ (15,133)	(590)%

(1) Related to the whistleblower investigation.

(2) Included in interest expense (income), net is \$1.5 million of interest expense related to the sales tax liability and \$0.8 million of interest income for the nine months ended December 31, 2025. Included in interest expense (income), net is \$1.2 million of interest expense related to the sales tax liability and \$1.5 million of interest income for the nine months ended December 31, 2024

### Three Months Ended December 31, 2025 Compared With Three Months Ended December 31, 2024 and Nine Months Ended December 31, 2025 Compared With December 31, 2024

#### Net Sales

Sales decreased by approximately \$11.3 million, or 21.7%, to approximately \$40.7 million for the quarter ended December 31, 2025, compared to approximately \$52.0 million for the quarter ended December 31, 2024. Sales decreased by approximately \$40.0 million, or 22.7%, to approximately \$136.2 million for the nine months ended December 31, 2025, compared to approximately \$176.2 million for the nine months ended December 31, 2024. The decrease in sales for the quarter ended and nine months ended December 31, 2025 was primarily driven by a decline in prescription medication sales and higher consumer promotional usage.

Reorder sales decreased by approximately \$10.2 million, or 23.0%, to approximately \$34.0 million for the quarter ended December 31, 2025, compared to approximately \$44.2 million for the quarter ended December 31, 2024. Reorder sales decreased by approximately \$33.0 million, or 22.6%, to approximately \$112.7 million for the nine months ended December 31, 2025, compared to approximately \$145.7 million for the nine months ended December 31, 2024. The decrease in reorder sales for the three and nine months ended December 31, 2025 is primarily due to a decline in prescription medication sales.

New order sales decreased by approximately \$0.9 million or 15.5%, to approximately \$5.0 million for the quarter ended December 31, 2025, compared to \$6.0 million for the quarter ended December 31, 2024. New order sales decreased by approximately \$5.7 million or 23.4%, to approximately \$18.6 million for the nine months ended December 31, 2025, compared to \$24.3 million for the nine months ended December 31, 2024. The decrease for the quarter ended December 31, 2025 in new order sales is primarily due to less efficient variable marketing spend. The decrease for the nine

months ended December 31, 2025 in new order sales is primarily due to decreased and less efficient variable marketing spend.

We acquired approximately 59,000 new customers for the quarter ended December 31, 2025 compared to approximately 63,000 new customers for the quarter ended December 31, 2024. We acquired approximately 202,000 new customers for the nine months ended December 31, 2025 compared to approximately 260,000 new customers for nine months ended the December 31, 2024. The following tables illustrate revenue by various revenue classifications:

Net Sales (in thousands)	Three Months Ended December 31,				Increase (Decrease)	
	2025	%	2024 As Restated	%	\$	%
Reorder sales	\$ 34,020	83.7 %	\$ 44,174	85.0 %	\$ (10,154)	(23.0)%
New order sales	5,030	12.4 %	5,954	11.5 %	(924)	(15.5)%
Membership fees	1,610	4.0 %	1,833	3.5 %	(223)	(12.2)%
<b>Total net sales</b>	<b>\$ 40,660</b>	<b>100.0 %</b>	<b>\$ 51,961</b>	<b>100.0 %</b>	<b>\$ (11,301)</b>	<b>(21.7)%</b>

Net Sales (in thousands)	Nine Months Ended December 31,				Increase (Decrease)	
	2025	%	2024 As Restated	%	\$	%
Reorder sales	\$ 112,733	82.8 %	\$ 145,687	82.7 %	\$ (32,954)	(22.6)%
New order sales	18,607	13.7 %	24,299	13.8 %	(5,692)	(23.4)%
Membership fees	4,864	3.6 %	6,226	3.5 %	(1,362)	(21.9)%
<b>Total net sales</b>	<b>\$ 136,204</b>	<b>100.0 %</b>	<b>\$ 176,212</b>	<b>100.0 %</b>	<b>\$ (40,008)</b>	<b>(22.7)%</b>

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 the three and nine months ended December 31, 2025, and the reorder and new order sales amounts for the three and nine months ended December 31, 2024 reflect this new definition.

Under the previous definition of a new customer, reorder and new order sales were \$47.0 million and \$3.1 million, respectively, for the three months ended December 31, 2024. Under the previous definition of a new customer, reorder and new order sales were \$158.1 million and \$11.8 million, respectively, for the nine months ended December 31, 2024.

Recurring net sales, which includes AutoShip & Save subscriptions, and membership- related revenue, as a percentage of total gross sales was 61.5% for the most recent quarter ended December 31, 2025, up from 56.2% for the same period last year.

Going forward, sales may be adversely affected due to increased competition and consumers giving more consideration to price. The changes in consumer behavior due to macroeconomic factors makes future sales somewhat challenging to predict. No guarantees can be made that sales will grow in the future.

### **Cost of Sales**

Cost of sales decreased by approximately \$4.6 million, or 12.9%, to approximately \$31.2 million for the quarter ended December 31, 2025, from approximately \$35.8 million for the quarter ended December 31, 2024. Cost of sales decreased by approximately \$22.3 million, or 18.3%, to approximately \$99.9 million for the nine months ended December 31, 2025, from approximately \$122.3 million for the nine months ended December 31, 2024. Cost of sales, as a percentage of sales, was 76.7% for the quarter ended December 31, 2025, compared to 69.0% for the quarter ended December 31, 2024. Cost of sales, as a percentage of sales, was 73.4% for the nine months ended December 31, 2025, compared to 69.4% for the nine months ended December 31, 2024. The three and nine months ended December 31, 2025 includes the impact of the inventory write-down (see Note 2 for additional information). The year over year increase for cost of sales, as a percentage

of sales for the three and nine months ended December 31, 2025 compared to the three and nine months ended December 31, 2024 was primarily due to the impact of the inventory write-down and higher promotional usage.

### **Gross Profit**

Gross profit decreased by approximately \$6.7 million, or 41.4%, to approximately \$9.5 million for the quarter ended December 31, 2025, from approximately \$16.1 million for the quarter ended December 31, 2024. Gross profit decreased by approximately \$17.7 million, or 32.8%, to approximately \$36.3 million for the nine months ended December 31, 2025, from approximately \$53.9 million for the nine months ended December 31, 2024. The gross profit decreases for the quarter and nine months ended December 31, 2025 compared to the quarter ended and nine months ended December 31, 2024. The gross margin percentage decreased by approximately 7.8%, to approximately 23.3% for the quarter ended December 31, 2025, from approximately 31.0% for the quarter ended December 31, 2024. The gross margin percentage decreased by approximately 4.0%, to approximately 26.6% for the nine months ended December 31, 2025, from approximately 30.6% for the nine months ended December 31, 2024. The decrease in gross profit and gross margin percentage for the three and nine months ended December 31, 2025 compared to the three and nine months ended December 31, 2024 were primarily due to the impact of the inventory write-down, higher consumer promotional usage and lower sales.

### **General and Administrative Expenses**

General and administrative expenses increased by approximately \$1.4 million, or 13.1%, to approximately \$12.2 million for the quarter ended December 31, 2025, from approximately \$10.8 million for the quarter ended December 31, 2024. General and administrative expenses increased by approximately \$13.2 million, or 50.3%, to approximately \$39.3 million for the nine months ended December 31, 2025, from approximately \$26.2 million for the nine months ended December 31, 2024.

The increase to general and administrative expenses for the quarter ended December 31, 2025 was mainly due to a \$2.0 million increase in professional fees, a \$0.4 million increase in enterprise business system related expenses, offset by a \$0.2 million decrease in bank service fees, a \$0.2 million decrease in payroll severance and a \$0.6 million decrease in other general and administrative expenses.

The increase to general and administrative expenses for the nine months ended December 31, 2025 was primarily due to a \$8.3 million increase in stock-based compensation expense primarily associated with executive departures, a \$5.1 million increase in professional fees, of which \$3.2 million were related to the whistleblower investigation, a \$1.1 million increase in enterprise business system related expenses, a \$0.7 million increase from payroll severance, \$1.3 million increase in other general and administrative expenses primarily related to Illinois sales tax settlement gain in the nine months ended December 31, 2024, offset by a \$1.7 million decrease in payroll and payroll related expenses, \$1.0 million decrease in bank services fees, and \$0.5 million decrease in other general and administrative expenses.

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 in connection with the investigation through the nine months ended December 31, 2025, were approximately \$4.5 million, consisting of \$3.3 million of legal and professional fees and \$1.2 million of severance-related costs. These amounts were recorded within general and administrative expenses in the Condensed Consolidated Statements of Operations. The Company does not expect to incur additional material costs related to the investigation.

### **Advertising Expenses**

Advertising expenses increased by approximately \$1.1 million, or 26.7%, to approximately \$5.3 million for the quarter ended December 31, 2025, from approximately \$4.2 million for the quarter ended December 31, 2024. The increase for the quarter ended December 31, 2025 can mainly be attributed to higher gross media spend. Advertising expenses decreased by approximately \$2.6 million, or 14.2%, to approximately \$15.7 million for the nine months ended December 31, 2025, from approximately \$18.3 million for the nine months ended December 31, 2024. The decrease for the nine months ended December 31, 2025 can be mainly attributed to lower gross media spend. As a percentage of sales, advertising expense was 13.1% and 8.1% for the quarters ended December 31, 2025 and 2024, respectively. As a percentage of sales, advertising expense was 11.5% and 10.4% for nine months ended December 31, 2025 and 2024, respectively. The advertising percentage may fluctuate quarter to quarter due to seasonality and advertising availability.

The advertising costs of acquiring a new customer, defined as total advertising costs divided by new customers acquired, was \$90 for the quarter ended December 31, 2025 compared to \$66 for the quarter ended December 31, 2024. The advertising costs of acquiring a new customer, defined as total advertising costs divided by new customers acquired, was \$78 for the nine months ended December 31, 2025 compared to \$70 for the nine months ended December 31, 2024. The increase to customer acquisition costs for the quarter and nine months ended December 31, 2025, was due to less efficient variable marketing spend. 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 \$2.4 million and \$1.6 million for the quarters ended December 31, 2025 and December 31, 2024, respectively. Depreciation and amortization expense was \$7.0 million and \$5.0 million for the nine months ended December 31, 2025 and December 31, 2024, respectively.

### **Other (Expense) Income, Net**

Other (expense) income, net decreased to approximately \$(0.1) million for the quarter ended December 31, 2025 compared to approximately \$0.2 million for the quarter ended December 31, 2024. Other (expense) income, net decreased to approximately \$(0.2) million for the nine months ended December 31, 2025 compared to approximately \$0.9 million for the nine months ended December 31, 2024. The decrease to other (expense) income for the quarter and the nine months ended December 31, 2025 was due to lower invested balances, and higher interests expense accrual 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 quarters ended December 31, 2025 and 2024, the Company recorded an income tax provision of approximately \$11 thousand and a tax provision of approximately \$0.5 million, respectively. For the nine months ended December 31, 2025 and 2024, the Company recorded an income tax provision of approximately \$29 thousand and a tax provision of approximately \$22 thousand, respectively. The increase in the tax provision for the three and nine months ended December 31, 2025 is related to the cancellation of the former CEO's performance stock units resulting in additional \$8.7 million of income during the period. The effective tax rate for the quarter ended December 31, 2025 was approximately (0.1)%, compared to approximately (192.1)% for the quarter ended December 31, 2024. The effective tax rate for the three months ended December 31, 2025 differs from the statutory rate primarily as a result of the goodwill impairment and the Company maintaining a valuation allowance against the majority of our deferred tax assets.

### **Liquidity and Capital Resources**

#### *Overview*

We believe that our cash and cash equivalents currently on hand and expected cash flows from future operations will be sufficient to continue operations for at least the next twelve months. Over the longer term, our liquidity will depend primarily on our ability to generate cash from operations, and we continue to monitor, evaluate, and manage our operating plans, forecasts, and liquidity considering the most recent developments driven by macroeconomic conditions, such as supply chain challenges, inflation, rising interest rates, and geopolitical events. We proactively seek opportunities to improve the efficiency of our operations, take steps to realize internal cost savings, including aligning our staffing needs, creating a more variable cost structure to better support our current and expected future levels of operations and process streamlining.

#### *Current Sources of Liquidity*

Our working capital at December 31, 2025 and March 31, 2025 was \$6.3 million and \$16.1 million, respectively. The \$22.4 million decrease in working capital was attributable to the \$30.4 million decrease in current assets, primarily cash, which were partially offset by the \$8.0 million decrease in current liabilities, primarily accounts payable and deferred revenue. Net cash used in operating activities was \$23.7 million for the nine months ended December 31, 2025, compared to cash used in operating activities of \$2.3 million for the nine months ended December 31, 2024. The \$21.4 million decrease in cash used in operating activities is due to the \$58.6 million decrease in net income reduced by \$39.5 million of

non-cash operating adjustments and partially offset by the \$2.3 million decrease in current liabilities net of current assets excluding cash. Net cash used in investing activities was \$3.9 million for the nine months ended December 31, 2025, compared to \$2.7 million used in investing activities for the nine months ended December 31, 2024. Net cash used in financing activities was \$0.3 million and \$0.2 million for the nine months ended December 31, 2025 and the nine months ended December 31, 2024, respectively.

The Board of Directors reviews and discusses the capital allocation needs of the Company on a quarterly basis, and as part of that review, on October 26, 2023, our Board of Directors elected to suspend the quarterly dividend indefinitely. This action was intended to focus use of the Company's existing cash and cash flow on growth initiatives and other, higher return initiatives. The declaration and payment of future dividends is discretionary and will be subject to a determination by the Board of Directors.

As of December 31, 2025, we had \$0.7 million in outstanding lease commitments assumed as part of the PetCareRx acquisition for the leases on two buildings. Other than the foregoing leases, we are not currently bound by any material long-term or short-term commitments for the purchase or lease of capital expenditures. Any material amounts expended for capital expenditures 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 alternative sources of working capital and have no commitments.

### **ITEM 3. 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 December 31, 2025, we had \$26.9 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 maturities of three months or less. We do not hold any derivative financial instruments that could expose us to significant market risk. At December 31, 2025, we had no debt obligations.

### **ITEM 4. 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 December 31, 2025, 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 December 31, 2025 because of certain material weaknesses in internal control over financial reporting, as described in Item 9A, "Controls and Procedures" of our fiscal 2025 Form 10-K.

#### **Changes in Internal Control Over Financial Reporting**

Under Exchange Act Rules 13a-15(d) and 15d-15(d), management is required to evaluate, with the participation of our principal executive officer and principal financial officer, any changes in internal control over financial reporting that occurred during each fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control

over financial reporting. As discussed in “Management’s Report on Internal Control Over Financial Reporting” in Item 9A, “Controls and Procedures” of our 2025 Form 10-K, we identified unremediated material weaknesses as of March 31, 2025 and subsequent thereto that had not been remediated as of December 31, 2025.

Management, with the oversight of the Audit Committee of our Board, continues to dedicate resources and efforts to improve our internal controls over financial reporting.

During fiscal 2026, management has continued implementing the remediation actions outlined in the Company’s fiscal 2025 Form 10-K filed on October 14, 2025, “Remediation Plan and Status” under Item 9A, including executing ITGCs across key financial reporting systems (such as user access reviews and change management), operating enhanced controls over income and sales tax calculations with third-party specialist support, applying strengthened procedures and external review for complex accounting matters, reinforcing governance oversight and tone at the top through ongoing Board and Disclosure Committee involvement, enhancing controls and cross-functional oversight over revenue recognition, and implementing improved review and training procedures related to cooperative advertising and vendor reimbursement arrangements.

The Company is committed to maintaining a strong internal control environment. Additional remediation measures continue to be considered and will be implemented as appropriate. The Company will continue to assess the effectiveness of our remediation efforts in connection with its evaluations of internal control over financial reporting. However, we will not be able to conclude that we have completely remediated the material weaknesses until the applicable controls are fully implemented and operated for a sufficient period of time and management has concluded, through formal testing, that the remediated controls are operating effectively.

Other than as disclosed in the “Remediation Plan and Status” under Item 9A. Controls and Procedures in the fiscal 2025 Form 10-K and as noted in the preceding paragraphs, during the most recent fiscal quarter of Fiscal 2026, there were no changes in our internal control over financial reporting during the fiscal quarter ended December 31, 2025 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.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

For a description of our legal proceedings, see “Note 9: Commitments and Contingencies — Legal Matters and Routine Proceedings” to our condensed consolidated financial statements, which is incorporated by reference.

### **ITEM 1A. RISK FACTORS.**

Our operations and financial results are subject to various risks and uncertainties that could adversely affect our business, financial condition, results of operations, and trading price of our common stock. Please refer to our 2025 Form 10-K for additional information concerning these and other uncertainties that could negatively impact the Company. With the exception of the risk factor noted below, which updates the risk factors in our Annual Report filed on Form 10-K for the year ended March 31, 2025, there have been no material changes from the risk factors previously disclosed therein.

#### **GENERAL RISK FACTORS**

*Unsolicited acquisition proposals and attempts to acquire control of the Company could cause us to incur significant expense, disrupt our business and impact our stock price.*

We have been, and may continue to be, subject to unsolicited acquisition proposals, tender offers, or proxy contests, which could result in substantial costs to the Company and divert management’s and Board’s attention and resources from our business. Such events could give rise to perceived uncertainties and could adversely affect relationships with our employees, customers or suppliers. We may incur significant expenses in responding to these events, including for required regulatory responses and third-party advisors. We also may be subjected to stockholder litigation in connection with these events. Our stock price could be subject to significant fluctuations or otherwise be adversely affected by speculative market perceptions about these events, risks, and uncertainties.

### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

None.

### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES.**

None.

### **ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

### **ITEM 5. OTHER INFORMATION.**

#### **(a) and (b)**

Not applicable.

#### **(c)**

During the three months ended December 31, 2025, 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 6. EXHIBITS.**

- 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 \(incorporated by reference to Exhibit 3.1 of our Form 8-K/A filed December 18, 2024\).](#)
  
- 3.4 [Third Amended and Restated Bylaws of PetMed Express, Inc. \(incorporated by reference to Exhibit 3.3 to our Form 10-Q for the quarter ended September 30, 2024, filed November 7, 2024\).](#)
- 4.1 [Rights Agreement, dated December 3, 2024, by and between the Company and Continental Stock Transfer & Trust Company, as rights agent \(incorporated by reference to Exhibit 4.1 to our Form 8-K/A filed December 18, 2024\).](#)
- 4.2 [Amendment No. 1 to Rights Agreement, dated November 26, 2025, by and between the Company and Continental Stock Transfer & Trust Company, as rights agent \(incorporated by reference to Exhibit 4.2 to our Form 8-K filed November 26, 2025\).](#)
- 10.1 [Interim Executive Employment Agreement, dated October 20 2025, between the Company and Leslie C.G. Campbell \(incorporated by reference to Exhibit 10.1 to our Form 8-K filed October 21, 2025\).](#)
- 10.2 [Change of Control and General Severance Agreement, dated November 26, 2025, between PetMed Express, Inc. and Douglas Krulik \(incorporated by reference to Exhibit 10.1 to our Form 8-K filed November 26, 2025\).](#)
- 31.1 \* [Certification of Principal Executive Officer Pursuant to Rules 13a-14\(a\) and 15d-14\(a\) under the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002\).](#)
- 31.2 \* [Certification of Principal Financial Officer Pursuant to Rules 13a-14\(a\) and 15d-14\(a\) under the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002\).](#)
- 32.1 \*\* [Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
  
- 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.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**PETMED EXPRESS, INC.**

Date: February 5, 2026

By: /s/ Leslie Campbell  
Leslie Campbell

Interim Chief Executive Officer and President  
(Principal Executive Officer)

By: /s/ Doug Krulik  
Doug Krulik

Chief Accounting Officer and Principal Financial Officer and  
Treasurer  
(Principal Financial Officer)

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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**PETMED EXPRESS, INC**

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**FORM 10-Q**

FOR THE QUARTER ENDED:

DECEMBER 31, 2025

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**EXHIBITS**

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

I, Leslie Campbell certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended December 31, 2025 of PetMed Express, Inc.;
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 officers 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 officers 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.

February 5, 2026

By:           /s/ Leslie Campbell          

Leslie Campbell  
Interim Chief Executive Officer and President (principal executive officer)

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

I, Doug Krulik, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended December 31, 2025 of PetMed Express, Inc.;
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 officers 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 officers 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.

February 5, 2026

By: /s/ Doug Krulik

Doug Krulik

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

