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 May 2, 2021

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: 001-38936

CHEWY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**90-1020167**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1855 Griffin Road, Suite B-428, Dania Beach, Florida	**33004**
(Address of principal executive offices)	(Zip Code)

(786) 320-7111
(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
Class A Common Stock, par value $0.01 per share	CHWY	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions 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 (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Class	Outstanding as of June 3, 2021
Class A Common Stock, $0.01 par value per share	104,228,820
Class B Common Stock, $0.01 par value per share	311,188,356

CHEWY, INC.
FORM 10-Q

For the Quarterly Period Ended May 2, 2021

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PART I. FINANCIAL INFORMATION

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning our ability to:

- successfully manage risks relating to the spread of coronavirus (also known as COVID-19), including any adverse impacts on our supply chain, workforce, facilities, customer services and operations;
- sustain our recent growth rates and manage our growth effectively;
- acquire new customers in a cost-effective manner and increase our net sales per active customer;
- accurately predict economic conditions, particularly the impact on economic conditions of the spread of COVID-19, and their impact on consumer spending patterns, particularly in the pet products market, and accurately forecast net sales and appropriately plan our expenses in the future;
- introduce new products or offerings and improve existing products;
- successfully compete in the pet products and services retail industry, especially in the e-commerce sector;
- source additional, or strengthen our existing relationships with, suppliers;
- negotiate acceptable pricing and other terms with third-party service providers, suppliers and outsourcing partners and maintain our relationships with such entities;
- optimize, operate and manage the expansion of the capacity of our fulfillment centers, including risks from the spread of COVID-19 relating to our plans to expand capacity and develop new facilities;
- provide our customers with a cost-effective platform that is able to respond and adapt to rapid changes in technology;
- maintain adequate cybersecurity with respect to our systems and ensure that our third-party service providers do the same with respect to their systems;
- successfully manufacture and sell our own proprietary brand products;
- maintain consumer confidence in the safety and quality of our vendor-supplied and proprietary brand food products and hardgood products;
- comply with existing or future laws and regulations in a cost-efficient manner;
- attract, develop, motivate and retain well-qualified employees; and
- adequately protect our intellectual property rights and successfully defend ourselves against any intellectual property infringement claims or other allegations that we may be subject to.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, and results of operations. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” in our annual report on Form 10-K for the fiscal year ended January 31, 2021, and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

Investors and others should note that we may announce material information to our investors using our investor relations website (https://investor.chewy.com/), SEC filings, press releases, public conference calls and webcasts. We use these channels, as well as social media, to communicate with our investors and the public about our company, our business and other issues. It is possible that the information that we post on social media could be deemed to be material information. We therefore encourage investors to visit these websites from time to time. The information contained on such websites and social media posts is not incorporated by reference into this filing. Further, our references to website URLs in this filing are intended to be inactive textual references only.

Item 1. Financial Statements (Unaudited)

CHEWY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	As of	
	May 2, 2021	January 31, 2021
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 637,525	$ 563,345
Accounts receivable	117,565	100,699
Inventories	490,887	513,304
Prepaid expenses and other current assets	71,234	49,430
Total current assets	1,317,211	1,226,778
Property and equipment, net	233,556	210,017
Operating lease right-of-use assets	339,056	297,213
Other non-current assets	8,703	6,902
Total assets	$ 1,898,526	$ 1,740,910
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Trade accounts payable	$ 804,523	$ 778,365
Accrued expenses and other current liabilities	620,463	602,497
Total current liabilities	1,424,986	1,380,862
Operating lease liabilities	371,464	328,231
Other long-term liabilities	33,054	33,821
Total liabilities	1,829,504	1,742,914
Commitments and contingencies (Note 4)		
Stockholders' equity (deficit):		
Preferred stock, $0.01 par value per share, 5,000,000 shares authorized, no shares issued and outstanding as of May 2, 2021 and January 31, 2021	—	—
Class A common stock, $0.01 par value per share, 1,500,000,000 shares authorized, 104,207,247 and 97,708,518 shares issued and outstanding as of May 2, 2021 and January 31, 2021, respectively	1,042	977
Class B common stock, $0.01 par value per share, 395,000,000 shares authorized, 311,188,356 and 317,338,356 shares issued and outstanding as of May 2, 2021 and January 31, 2021, respectively	3,112	3,173
Additional paid-in capital	1,963,107	1,930,804
Accumulated deficit	(1,898,239)	(1,936,958)
Total stockholders' equity (deficit)	69,022	(2,004)
Total liabilities and stockholders' equity (deficit)	$ 1,898,526	$ 1,740,910

See accompanying Notes to Condensed Consolidated Financial Statements.

CHEWY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(Unaudited)

	13 Weeks Ended	
	May 2, 2021	May 3, 2020
Net sales	$ 2,135,178	$ 1,621,393
Cost of goods sold	1,545,402	1,242,684
Gross profit	589,776	378,709
Operating expenses:		
Selling, general and administrative	406,220	320,057
Advertising and marketing	144,435	106,138
Total operating expenses	550,655	426,195
Income (loss) from operations	39,121	(47,486)
Interest expense, net	(402)	(384)
Income (loss) before income tax provision	38,719	(47,870)
Income tax provision	—	—
Net income (loss)	$ 38,719	$ (47,870)
Net income (loss) per share attributable to common Class A and Class B stockholders, basic	$ 0.09	$ (0.12)
Net income (loss) per share attributable to common Class A and Class B stockholders, diluted	$ 0.09	$ (0.12)
Weighted average common shares used in computing net income (loss) per share attributable to common Class A and Class B stockholders, basic	415,248	401,405
Weighted average common shares used in computing net income (loss) per share attributable to common Class A and Class B stockholders, diluted	427,597	401,405

See accompanying Notes to Condensed Consolidated Financial Statements.

CHEWY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
(in thousands)
(Unaudited)

	13 Weeks Ended May 2, 2021				
	Class A and Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount			
Balance as of January 31, 2021	415,046	$ 4,150	$ 1,930,804	$ (1,936,958)	$ (2,004)
Share-based compensation expense	—	—	23,106	—	23,106
Vesting of share-based compensation awards	349	4	(4)	—	—
Tax sharing agreement with PetSmart	—	—	9,201	—	9,201
Net income	—	—	—	38,719	38,719
Balance as of May 2, 2021	415,395	$ 4,154	$ 1,963,107	$ (1,898,239)	$ 69,022

	13 Weeks Ended May 3, 2020				
	Class A and Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount			
Balance as of February 2, 2020	401,368	$ 4,014	$ 1,436,484	$ (1,844,472)	$ (403,974)
Share-based compensation expense	—	—	42,229	—	42,229
Vesting of share-based compensation awards	93	1	(1)	—	—
Contribution from PetSmart	—	—	325	—	325
Tax sharing agreement with PetSmart	—	—	12,755	—	12,755
Net loss	—	—	—	(47,870)	(47,870)
Balance as of May 3, 2020	401,461	$ 4,015	$ 1,491,792	$ (1,892,342)	$ (396,535)

See accompanying Notes to Condensed Consolidated Financial Statements.

CHEWY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	13 Weeks Ended	
	May 2, 2021	**May 3, 2020**
Cash flows from operating activities		
Net income (loss)	$ 38,719	$ (47,870)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	11,426	7,253
Share-based compensation expense	23,106	42,229
Non-cash lease expense	8,365	5,092
Other	87	386
Net change in operating assets and liabilities:		
Accounts receivable	(16,866)	(17,615)
Inventories	22,417	(130,948)
Prepaid expenses and other current assets	(27,653)	1,366
Other non-current assets	(1,874)	680
Trade accounts payable	26,158	99,814
Accrued expenses and other current liabilities	20,535	59,008
Operating lease liabilities	(5,223)	(3,873)
Other long-term liabilities	(831)	5,223
Net cash provided by operating activities	98,366	20,745
Cash flows from investing activities		
Capital expenditures	(38,882)	(42,578)
Cash advances provided to PetSmart, net of reimbursements	—	2,114
Net cash used in investing activities	(38,882)	(40,464)
Cash flows from financing activities		
Proceeds from tax sharing agreement with PetSmart	14,968	—
Contribution from PetSmart	—	325
Principal repayments of finance lease obligations	(272)	(160)
Net cash provided by financing activities	14,696	165
Net increase (decrease) in cash and cash equivalents	74,180	(19,554)
Cash and cash equivalents, as of beginning of period	563,345	212,088
Cash and cash equivalents, as of end of period	$ 637,525	$ 192,534

See accompanying Notes to Condensed Consolidated Financial Statements.

CHEWY, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Description of Business

Chewy, Inc. and its wholly-owned subsidiaries (collectively "Chewy" or the "Company") is a pure play e-commerce business geared toward pet products for dogs, cats, fish, birds, small pets, horses, and reptiles. Chewy serves its customers through its retail website, www.chewy.com, and its mobile applications and focuses on delivering exceptional customer service, competitive prices, outstanding convenience (including Chewy's Autoship subscription program, fast shipping, and hassle-free returns), and a large selection of high-quality pet food, treats and supplies, and pet healthcare products.

During the fiscal year ended January 31, 2021, the Company was controlled by PetSmart LLC ("PetSmart"). PetSmart is wholly-owned by a consortium including private investment funds advised by BC Partners, La Caisse de dépôt et placement du Québec, affiliates of GIC Special Investments Pte Ltd, affiliates of StepStone Group LP and funds advised by Longview Asset Management, LLC (collectively, the "Sponsors"), and controlled by affiliates of BC Partners.

On February 12, 2021, PetSmart completed a refinancing transaction and in connection with such transaction all shares of the Company's common stock held by PetSmart and its subsidiaries were distributed to affiliates of BC Partners. Subsequent to the distribution, PetSmart no longer directly or indirectly owns any shares of the Company's common stock.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and related notes include the accounts of Chewy, Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated. The unaudited condensed consolidated financial statements and notes thereto of Chewy, Inc. have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial reporting and, therefore, omit or condense certain footnotes and other information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as set forth in the Financial Accounting Standards Board's ("FASB") accounting standards codification. In the opinion of management, all adjustments necessary for a fair statement of the financial information, which are of a normal and recurring nature, have been made for the interim periods reported. Results of operations for the quarterly period ended May 2, 2021 are not necessarily indicative of the results for the entire fiscal year. The unaudited condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q for the quarterly period ended May 2, 2021 ("10-Q Report") should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2021 ("10-K Report").

Fiscal Year

The Company has a 52 or 53-week fiscal year ending each year on the Sunday that is closest to January 31 of that year. The Company's 2021 fiscal year ends on January 30, 2022 and is a 52-week year. The Company's 2020 fiscal year ended January 31, 2021 and was a 52-week year.

Reclassification

As the Company is no longer a subsidiary of PetSmart, balances due from and due to PetSmart have been included on a net basis within prepaid expenses and other current assets on the condensed consolidated balance sheets; corresponding amounts for prior periods have been reclassified to conform to the current period's presentation.

Significant Accounting Policies

Other than policies noted herein or within Recent Accounting Pronouncements below, there have been no significant changes from the significant accounting policies disclosed in Note 2 of the "Notes to Consolidated Financial Statements" included in the 10-K Report.

Use of Estimates

GAAP requires management to make certain estimates, judgments, and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates these estimates and judgments. Actual results could differ from those estimates.

Key estimates relate primarily to determining the net realizable value and demand for inventory, useful lives associated with property and equipment, valuation allowances with respect to deferred tax assets, contingencies, self-insurance accruals, evaluation of sales tax positions, and the valuation and assumptions underlying share-based compensation. On an ongoing basis, management evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

Accrued Expenses and Other Current Liabilities

The following table presents the components of accrued expenses and other current liabilities (in thousands):

	As of	
	May 2, 2021	January 31, 2021
Outbound fulfillment	$ 328,148	$ 310,700
Advertising and marketing	90,436	85,835
Payroll liabilities	47,468	72,467
Accrued expenses and other	154,411	133,495
Total accrued expenses and other current liabilities	$ 620,463	$ 602,497

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. In December 2019, the FASB issued this Accounting Standards Update ("ASU") to simplify the accounting for income taxes by eliminating certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities for outside basis differences. This ASU also clarifies and simplifies other aspects of the accounting for income taxes. This update became effective at the beginning of the Company's 2021 fiscal year. The adoption of this ASU did not have a material impact on the Company's condensed consolidated financial statements and disclosures.

3. Property and Equipment, net

The following is a summary of property and equipment, net (in thousands):

	As of	
	May 2, 2021	January 31, 2021
Furniture, fixtures and equipment	$ 104,819	$ 91,496
Computer equipment	44,999	43,347
Internal-use software	67,304	56,977
Leasehold improvements	90,910	80,641
Construction in progress	41,198	41,914
	349,230	314,375
Less: accumulated depreciation and amortization	115,674	104,358
Property and equipment, net	$ 233,556	$ 210,017

Internal-use software includes labor and license costs associated with software development for internal use. As of May 2, 2021 and January 31, 2021, the Company had accumulated amortization related to internal-use software of $25.3 million and $22.5 million, respectively.

Construction in progress is stated at cost, which includes the cost of construction and other directly attributable costs. No provision for depreciation is made on construction in progress until the relevant assets are completed and put into use.

For the thirteen weeks ended May 2, 2021 and May 3, 2020, the Company recorded depreciation expense on property and equipment of $8.6 million, and $6.1 million, respectively, and amortization expense related to internal-use software costs of $2.8 million, and $1.2 million, respectively. The aforementioned depreciation and amortization expenses were included within selling, general and administrative expenses in the condensed consolidated statements of operations.

4. Commitments and Contingencies

Legal Matters

Various legal claims arise from time to time in the normal course of business. In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

The Company believes that it has adequately accrued for the potential impact of loss contingencies that are probable and reasonably estimable. The Company does not believe that the ultimate resolution of any matters to which it is presently a party will have a material adverse effect on the Company's results of operations, financial condition or cash flows. However, the results of these matters cannot be predicted with certainty, and an unfavorable resolution of one or more of these matters could have a material adverse effect on the Company's financial condition, results of operations or cash flows.

International Business Machines Corporation ("IBM") previously alleged that the Company is infringing four of its patents. On February 15, 2021, the Company filed a declaration judgment action in the United States District Court for the Southern District of New York against IBM seeking the court's declaration that the Company is not infringing the four asserted IBM patents. On April 19, 2021, IBM filed an answer with counterclaims, alleging that the Company is infringing the four patents by operation of the Chewy.com website and mobile application, and seeking unspecified damages, including a request that the amount of compensatory damages be trebled, injunctive relief and costs and reasonable attorneys' fees. The Company filed a motion to dismiss IBM's claims against three of the asserted patents on May 14, 2021. In response, IBM filed an amended complaint on May 24, 2021 that included an additional assertion that the Company is infringing a fifth IBM patent. The Company filed a motion to dismiss IBM's claims with respect to the newly asserted fifth patent on May 28, 2021.The Company continues to deny the allegations of any infringement and intends to vigorously defend itself in this matter. The possible loss or range of loss associated with this matter is not estimable.

5. Debt

ABL Credit Facility

The Company has a five-year senior secured asset-backed credit facility (the "ABL Credit Facility") which matures in June 2024 and provides for non-amortizing revolving loans in an aggregate principal amount of up to $300 million, subject to a borrowing base comprised of, among other things, inventory and sales receivables (subject to certain reserves). The ABL Credit Facility provides the right to request incremental commitments and add incremental asset-based revolving loan facilities in an aggregate principal amount of up to $100 million, subject to customary conditions. The Company is required to pay a commitment fee of between 0.25% and 0.375% with respect to the undrawn portion of the commitments, which is generally based on average daily usage of the facility. Based on the Company's borrowing base as of May 2, 2021, which is reduced by standby letters of credit, the Company had $272.8 million of borrowing capacity under the ABL Credit Facility. As of May 2, 2021, the Company had no outstanding borrowings under the ABL Credit Facility.

6. Leases

The Company leases all of its fulfillment and customer service centers and corporate offices under non-cancelable operating lease agreements. The terms of the Company's real estate leases generally range from 5 to 15 years and typically allow for the leases to be renewed for up to three additional five-year terms. Fulfillment and customer service centers and corporate office leases expire at various dates through 2034, excluding renewal options. The Company also leases certain equipment under operating and finance leases. The terms of equipment leases generally range from 3 to 5 years and do not contain renewal options. These leases expire at various dates through 2025.

The Company's finance leases as of May 2, 2021 and January 31, 2021 were not material and were included in property and equipment on the Company's condensed consolidated balance sheets. The table below presents the operating lease-related assets and liabilities recorded on the condensed consolidated balance sheets (in thousands):

Leases	Balance Sheet Classification	As of May 2, 2021	As of January 31, 2021
Assets			
Operating	Operating lease right-of-use assets	$ 339,056	$ 297,213
Total operating lease assets		$ 339,056	$ 297,213
Liabilities			
Current			
Operating	Accrued expenses and other current liabilities	$ 21,301	$ 19,142
Non-current			
Operating	Operating lease liabilities	371,464	328,231
Total operating lease liabilities		$ 392,765	$ 347,373

For the thirteen weeks ended May 2, 2021 and May 3, 2020, assets acquired in exchange for new operating lease liabilities were $46.0 million and $32.0 million, respectively. Lease expense primarily related to operating lease costs. Lease expense for the thirteen weeks ended May 2, 2021 and May 3, 2020 was $19.0 million and $13.4 million, respectively. The aforementioned lease expense was included within selling, general and administrative expenses in the condensed consolidated statements of operations.

Operating cash flows related to cash paid for operating leases were approximately $15.3 million and $10.4 million for the thirteen weeks ended May 2, 2021 and May 3, 2020, respectively.

7. Stockholders' Equity (Deficit)

Common Stock

2020 Equity Offering

On September 21, 2020, the Company issued and sold 5,100,000 shares of Class A common stock in an underwritten public offering at a price of $54.40 per share to Morgan Stanley & Co. LLC, who acted as sole underwriter in the offering. The Company had granted the underwriter an option to purchase up to an additional 765,000 shares of Class A common stock at a price of $54.40 per share ("Option Shares"), which was exercised on September 30, 2020. The Company raised $318.4 million in net proceeds through the equity offering (including proceeds from the sale of the Option Shares) after deducting offering costs of approximately $0.6 million.

Conversion of Class B Common Stock

On May 8, 2020, Buddy Chester Sub LLC, a wholly-owned subsidiary of Argos Intermediate Holdco I Inc. ("Argos Holdco"), which is controlled by affiliates of BC Partners, converted 17,584,098 shares of the Company's Class B common stock into Class A common stock. On May 11, 2020, Buddy Chester Sub LLC entered into a variable forward purchase agreement to deliver up to 17,584,098 shares of the Company's Class A common stock at the exchange date, which is expected to be May 16, 2023. The number of shares to be delivered will be determined based on, among other things, the trading price of the Company's Class A common stock at that time.

On April 12, 2021, Argos Holdco converted 6,150,000 shares of the Company's Class B common stock into Class A common stock and sold such Class A common stock.

8. Share-Based Compensation

2019 Omnibus Incentive Plan

In June 2019, the Company's board of directors adopted and approved the 2019 Omnibus Incentive Plan (the "2019 Plan"). The 2019 Plan became effective on June 13, 2019 and allows for the issuance of up to 31,864,865 shares of Class A common stock. No awards may be granted under the 2019 Plan after June 2029.The 2019 Plan provides for the grant of stock options, including incentive stock options, non-qualified stock options, restricted stock, dividend equivalents, stock payments, restricted stock units, performance shares, other incentive awards, stock appreciation rights, and cash awards (collectively "awards"). The awards may be granted to the Company's employees, consultants, and directors, and the employees and consultants of the Company's affiliates and subsidiaries.

Service and Performance-Based Awards

The Company grants restricted stock units that vest upon satisfaction of both service-based vesting conditions and company performance or market-based vesting conditions ("PRSUs"), subject to the employee's continued employment with the Company through the applicable vesting date. The Company records share-based compensation expense for PRSUs over the requisite service period and accounts for forfeitures as they occur.

Service-Based Awards

The Company grants restricted stock units with service-based vesting conditions ("RSUs") which vest subject to the employee's continued employment with the Company through the applicable vesting date. The Company records share-based compensation expense for RSUs on a straight-line basis over the requisite service period and accounts for forfeitures as they occur.

Service and Performance-Based Awards Activity

The following table summarizes the activity related to the Company's PRSUs for the thirteen weeks ended May 2, 2021 (in thousands, except for weighted average grant date fair value):

	Number of PRSUs	Weighted Average Grant Date Fair Value
Outstanding as of January 31, 2021	13,011	$ 35.95
Granted	32	$ 80.85
Vested	(257)	$ 29.74
Forfeited	(294)	$ 33.80
Unvested and outstanding as of May 2, 2021	12,492	$ 36.24

The total fair value of PRSUs that vested during the thirteen weeks ended May 2, 2021 was $24.2 million. As of May 2, 2021, total unrecognized compensation expense related to unvested PRSUs was $66.3 million and is expected to be recognized over a weighted-average expected performance period of 1.6 years.

The fair value of the PRSUs with market-based vesting conditions was determined on the date of grant using a Monte Carlo model to simulate total stockholder return for the Company and peer companies with the following assumptions:

Performance period	5 years
Weighted-average risk-free interest rate	1.8%
Weighted-average volatility	49.7%
Weighted-average dividend yield	—%

The risk-free interest rate utilized is based on a 5-year term-matched zero-coupon U.S. Treasury security yield at the time of grant. Expected volatility is based on historical volatility of the stock of the Company's peer firms.

The fair value for PRSUs with a Company performance-based vesting condition is established based on the market price of the Company's Class A common stock on the date of grant.

Service-Based Awards Activity

The following table summarizes the activity related to the Company's RSUs for the thirteen weeks ended May 2, 2021 (in thousands, except for weighted average grant date fair value):

	Number of RSUs	Weighted Average Grant Date Fair Value
Outstanding as of January 31, 2021	713	$ 48.58
Granted	1,664	$ 80.85
Vested	(92)	$ 36.46
Forfeited	(67)	$ 59.31
Unvested and outstanding as of May 2, 2021	2,218	$ 73.04

The total fair value of RSUs that vested during the thirteen weeks ended May 2, 2021 was $9.1 million. As of May 2, 2021, total unrecognized compensation expense related to unvested RSUs was $150.9 million and is expected to be recognized over a weighted-average expected performance period of 3.4 years.

The fair value for RSUs is established based on the market price of the Company's Class A common stock on the date of grant.

As of May 2, 2021, there were 6.2 million additional shares of Class A common stock reserved for future issuance under the 2019 Plan.

Share-Based Compensation Expense

Share-based compensation expense is included within selling, general and administrative expenses in the condensed consolidated statements of operations. The Company recognized share-based compensation expense as follows (in thousands):

	13 Weeks Ended	
	May 2, 2021	**May 3, 2020**
PRSUs	$ 14,112	$ 42,010
RSUs	8,994	219
Total share-based compensation expense	$ 23,106	$ 42,229

9. Income Taxes

Chewy is subject to taxation in the U.S. and various state and local jurisdictions. The Company's losses and tax attributes were previously included in PetSmart's consolidated tax return activity at the U.S. federal level and any applicable state and local level. Income taxes as presented in the Company's condensed consolidated financial statements have been prepared based on the separate return method. As of January 31, 2021, Chewy was no longer a member of PetSmart's affiliated group for U.S. federal income tax purposes. For presentation purposes, during the fiscal year ended January 31, 2021, the Company reduced the deferred tax attributes previously utilized by PetSmart, along with the associated valuation allowances, from the financial statements in order to properly reflect the deferred tax attributes available to the Company; this had no net impact on the Company's income tax expense.

The Company did not have a current or deferred provision for income taxes for any taxing jurisdiction during the thirteen weeks ended May 2, 2021, and May 3, 2020. Additionally, the Company maintained a full valuation allowance on its net deferred tax assets.

Concurrent with its initial public offering during the fiscal year ended February 2, 2020, the Company and PetSmart entered into a tax sharing agreement which governs the respective rights, responsibilities, and obligations of the Company and PetSmart with respect to tax matters, including taxes attributable to PetSmart, entitlement to refunds, allocation of tax attributes, preparation of tax returns, certain tax elections, control of tax contests and other tax matters regarding U.S. federal, state, and local income taxes. During the thirteen weeks ended May 2, 2021, the Company collected $15.0 million pursuant to the tax sharing agreement. Though the tax sharing agreement was effectively terminated upon tax deconsolidation for federal income taxes, future settlements will occur upon the filing of final tax returns. Additionally, the Company will continue to receive payments upon the filing of certain combined state tax returns for the fiscal year ended January 31, 2021 and thereafter. As of May 2, 2021 and January 31, 2021, the Company had a receivable related to the tax sharing agreement of $24.7 million and $30.5 million, respectively, of which the outstanding amount is expected to be collected during the fiscal year ended January 30, 2022.

10. Net Income (Loss) per Share

Basic and diluted net income (loss) per share attributable to common stockholders is presented using the two class method required for participating securities. Under the two class method, net income (loss) attributable to common stockholders is determined by allocating undistributed earnings between common stock and participating securities. Undistributed earnings for the periods presented are calculated as net income (loss) less distributed earnings. Undistributed earnings are allocated proportionally to common Class A and Class B stockholders as both classes are entitled to share equally, on a per share basis, in dividends and other distributions. Basic and diluted net income (loss) per share is calculated by dividing net income (loss) attributable to common stockholders by the weighted-average shares outstanding during the period.

For the thirteen weeks ended May 2, 2021, the Company's calculations of basic and diluted net income per share attributable to common Class A and Class B stockholders include the dilutive effect of stock-based awards in the diluted net income per share calculation. The computation of diluted net income per share attributable to common stockholders does not include 2.1 million potential common shares for the thirteen weeks ended May 2, 2021.

For the thirteen weeks ended May 3, 2020, the Company’s calculations of basic and diluted net loss per share attributable to common Class A and Class B stockholders are the same because the Company generated a net loss to common stockholders and common stock equivalents are excluded from diluted net loss per share as they have an antidilutive impact. The computation of diluted net loss per share attributable to common stockholders does not include 21.8 million potential common shares for the thirteen weeks ended May 3, 2020, as the effect of their inclusion would have been antidilutive.

The following table sets forth basic and diluted net income (loss) per share attributable to common stockholders for the periods presented (in thousands, except per share data):

	13 Weeks Ended	
	May 2, 2021	**May 3, 2020**
Basic and diluted net income (loss) per share		
Numerator		
Net income (loss) attributable to common stockholders	$ 38,719	$ (47,870)
Denominator		
Weighted average common shares used in computing net income (loss) per share attributable to Class A and Class B stockholders, basic	415,248	401,405
Weighted-average effect of dilutive stock-based awards	12,349	—
Weighted average common shares used in computing net income (loss) per share attributable to Class A and Class B stockholders, diluted	427,597	401,405
Earnings (loss) per common share		
Net income (loss) per share attributable to common Class A and Class B stockholders, basic	$0.09	$(0.12)
Net income (loss) per share attributable to common Class A and Class B stockholders, diluted	$0.09	$(0.12)

11. Certain Relationships and Related Party Transactions

The Company’s condensed consolidated financial statements include management fee expenses of $0.3 million allocated to the Company by PetSmart for organizational oversight and certain limited corporate functions provided by its sponsors for the thirteen weeks ended May 3, 2020. Allocated costs are included within selling, general and administrative expenses in the condensed consolidated statements of operations.

Since launch on July 2, 2018, certain of the Company’s pharmacy operations have been and continue to be conducted through a wholly-owned subsidiary of PetSmart. The Company has entered into a services agreement with PetSmart that provides for the payment of a management fee due from PetSmart with respect to this arrangement. The Company recognized $10.6 million and $11.7 million within net sales in the condensed consolidated statements of operations for the services provided during the thirteen weeks ended May 2, 2021 and May 3, 2020, respectively.

As of May 2, 2021 and January 31, 2021, the Company had a net receivable from PetSmart of $28.8 million and $21.9 million, respectively, which was included in prepaid expenses and other current assets on the Company's condensed consolidated balance sheets.

PetSmart Guarantees

PetSmart previously provided a guarantee of payment with respect to certain equipment and other leases that the Company entered into and served as a guarantor in respect of the Company’s obligations under a credit insurance policy in favor of certain of the Company’s suppliers. As of June 4, 2021, all such guarantees had been released, with the exception of guarantees pertaining to two of the Company’s lease agreements.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements and related notes thereto included in this Quarterly Report on Form 10-Q for the quarterly period ended May 2, 2021 ("10-Q Report") and our audited consolidated financial statements and related notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2021 ("10-K Report"). This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth under the "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" sections herein and in our 10-K Report, our actual results may differ materially from those anticipated in these forward-looking statements. Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to "Chewy," "the Company," "we," "our," or "us" refer to Chewy, Inc. and its consolidated subsidiaries.

Investors and others should note that we may announce material information to our investors using our investor relations website (https://investor.chewy.com/), Securities and Exchange Commission (the "SEC") filings, press releases, public conference calls and webcasts. We use these channels, as well as social media, to communicate with our investors and the public about our company, our business and other issues. It is possible that the information that we post on social media could be deemed to be material information. We therefore encourage investors to visit these websites from time to time. The information contained on such websites and social media posts is not incorporated by reference into this filing. Further, our references to website URLs in this filing are intended to be inactive textual references only.

Overview

We are the largest pure-play pet e-tailer in the United States, offering virtually every product a pet needs. We launched Chewy in 2011 to bring the best of the neighborhood pet store shopping experience to a larger audience, enhanced by the depth and wide selection of products and around-the-clock convenience that only e-commerce can offer. We believe that we are the preeminent destination for pet parents as a result of our broad selection of high-quality products, which we offer at great prices and deliver with an exceptional level of care and a personal touch. We are the trusted source for pet parents and continually develop innovative ways for our customers to engage with us. We partner with more than 2,500 of the best and most trusted brands in the pet industry, and we create and offer our own outstanding proprietary brands. Through our website and mobile applications, we offer our customers more than 75,000 products, compelling merchandising, an easy and enjoyable shopping experience, and exceptional customer service.

COVID-19

The COVID-19 pandemic has been a disruptive economic and societal event that has affected our business and consumer shopping behavior. To serve our pet parents while also providing for the safety and well-being of our team members, we have adapted aspects of our logistics, transportation, supply chain and purchasing processes accordingly. As reflected in the discussion below, we have seen customers shift more of their total shopping spend to online channels since the COVID-19 outbreak, which has led to increased sales and order activity for our business. While the COVID-19 outbreak has not had a material adverse impact on our operations to date, and conditions do appear to be improving as vaccination levels rise and state and local economies begin to re-open, the positive or negative impacts that the COVID-19 outbreak will ultimately have on our business remain difficult to predict.

As this crisis unfolded, we monitored conditions closely and adapted our operations to meet federal, state and local standards, while continuing to meet the needs of our rapidly growing community of pets and pet parents and to ensure the safety and well-being of our team members. While conditions appear to be improving, we are still unable to predict the duration of the COVID-19 pandemic and therefore what the ultimate impact of the COVID-19 pandemic will be on the broader economy or our operations and liquidity. As such, risks still remain. Please refer to the "Cautionary Note Regarding Forward-Looking Statements" in this 10-Q Report and the "Risk Factors" disclosed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2021.

Fiscal Year End

We have a 52 or 53-week fiscal year ending each year on the Sunday that is closest to January 31 of that year. Our 2021 fiscal year ends on January 30, 2022 and is a 52-week year. Our 2020 fiscal year ended January 31, 2021 and was a 52-week year.

Key Financial and Operating Data

We measure our business using both financial and operating data and use the following metrics and measures to assess the near-term and long-term performance of our overall business, including identifying trends, formulating financial projections, making strategic decisions, assessing operational efficiencies, and monitoring our business.

(in thousands, except net sales per active customer and percentages)	13 Weeks Ended May 2, 2021	13 Weeks Ended May 3, 2020	% Change
Financial and Operating Data			
Net sales	$ 2,135,178	$ 1,621,393	31.7 %
Net income (loss) [1]	$ 38,719	$ (47,870)	180.9 %
Net margin [1]	*1.8 %*	*(3.0)%*	
Adjusted EBITDA[2]	$ 77,354	$ 3,443	n/m
Adjusted EBITDA margin[2]	*3.6 %*	*0.2 %*	
Net cash provided by operating activities	$ 98,366	$ 20,745	n/m
Free cash flow[2]	$ 59,484	$ (21,833)	n/m
Active customers	19,765	15,016	31.6 %
Net sales per active customer	$ 388	$ 357	8.7 %
Autoship customer sales	$ 1,480,240	$ 1,101,189	34.4 %
Autoship customer sales as a percentage of net sales	69.3 %	67.9 %	

n/m - not meaningful

(1) Includes share-based compensation expense, including related taxes, of $24.8 million for the thirteen weeks ended May 2, 2021 compared to $42.3 million for the thirteen weeks ended May 3, 2020.

(2) Adjusted EBITDA, adjusted EBITDA margin and free cash flow are non-GAAP financial measures.

We define net margin as net income (loss) divided by net sales and adjusted EBITDA margin as adjusted EBITDA divided by net sales.

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA Margin

To provide investors with additional information regarding our financial results, we have disclosed here and elsewhere in this 10-Q Report adjusted EBITDA, a non-GAAP financial measure that we calculate as net income (loss) excluding depreciation and amortization; share-based compensation expense and related taxes; income tax provision; interest income (expense), net; management fee expense; transaction related costs; and litigation matters and other items that we do not consider representative of our underlying operations. We have provided a reconciliation below of adjusted EBITDA to net income (loss), the most directly comparable GAAP financial measure.

We have included adjusted EBITDA in this 10-Q Report 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 certain variable charges. 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 depreciation and amortization, share-based compensation expense and management fee expense 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; interest income (expense), net; transaction related costs; and litigation matters and other items which are not components of our core business operations. Adjusted EBITDA has limitations as a financial measure and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future and adjusted EBITDA does not reflect capital expenditure requirements for such replacements or for new capital expenditures;
- adjusted EBITDA does not reflect share-based compensation and related taxes. Share-based compensation has been, and will continue to be for the foreseeable future, a 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; and
- other companies, including companies in our industry, may calculate adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider adjusted EBITDA and adjusted EBITDA margin alongside other financial performance measures, including various cash flow metrics, net income (loss), net margin, and our other GAAP results.

The following table presents a reconciliation of net income (loss) to adjusted EBITDA for each of the periods indicated.

($ in thousands, except percentages)	13 Weeks Ended	
Reconciliation of Net Income (Loss) to Adjusted EBITDA	**May 2, 2021**	**May 3, 2020**
Net income (loss)	$ 38,719	$ (47,870)
Add (deduct):		
Depreciation and amortization	11,426	7,253
Share-based compensation expense and related taxes	24,772	42,341
Interest expense, net	402	384
Management fee expense[1]	—	325
Transaction related costs	831	—
Other	1,204	1,010
Adjusted EBITDA	$ 77,354	$ 3,443
Net sales	$ 2,135,178	$ 1,621,393
Net margin	*1.8 %*	*(3.0)%*
Adjusted EBITDA margin	*3.6 %*	*0.2 %*

[1] Management fee expense allocated to us by PetSmart LLC ("PetSmart") for organizational oversight and certain limited corporate functions provided by its sponsors. Although we are not a party to the agreement governing the management fee, this management fee is reflected as an expense in our condensed consolidated financial statements during the thirteen weeks ended May 3, 2020.

Free Cash Flow

To provide investors with additional information regarding our financial results, we have also disclosed here and elsewhere in this 10-Q Report free cash flow, a non-GAAP financial measure that we calculate as net cash provided by (used in) operating activities less capital expenditures (which consist of purchases of property and equipment, including servers and networking equipment, capitalization of labor related to our website, mobile applications, and software development, and leasehold improvements). We have provided a reconciliation below of free cash flow to net cash provided by (used in) operating activities, the most directly comparable GAAP financial measure.

We have included free cash flow in this 10-Q Report because it is an important indicator of our liquidity as it measures the amount of cash we generate. Accordingly, we believe that free cash flow 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.

Free cash flow has limitations as a financial measure and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. There are limitations to using non-GAAP financial measures, including that other companies, including companies in our industry, may calculate free cash flow differently. Because of these limitations, you should consider free cash flow alongside other financial performance measures, including net cash provided by (used in) operating activities, capital expenditures and our other GAAP results.

The following table presents a reconciliation of net cash provided by (used in) operating activities to free cash flow for each of the periods indicated.

($ in thousands)	13 Weeks Ended	
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow	**May 2, 2021**	**May 3, 2020**
Net cash provided by operating activities	$ 98,366	$ 20,745
Deduct:		
Capital expenditures	(38,882)	(42,578)
Free Cash Flow	$ 59,484	$ (21,833)

Free cash flow may be affected in the near to medium term by the timing of capital investments (such as the launch of new fulfillment centers, customer service centers, and corporate offices and purchases of IT and other equipment), fluctuations in our growth and the effect of such fluctuations on working capital, and changes in our cash conversion cycle due to increases or decreases of vendor payment terms as well as inventory turnover.

Key Operating Metrics

Active Customers

As of the last date of each reporting period, we determine our number of active customers by counting the total number of individual customers who have ordered, and for whom an order has shipped, at least once during the preceding 364-day period. The change in active customers in a reporting period captures both the inflow of new customers as well as the outflow of customers who have not made a purchase in the last 364 days. We view the number of active customers as a key indicator of our growth—acquisition and retention of customers—as a result of our marketing efforts and the value we provide to our customers. The number of active customers has grown over time as we acquired new customers and retained previously acquired customers.

Net Sales Per Active Customer

We define net sales per active customer as the aggregate net sales for the preceding four fiscal quarters, divided by the total number of active customers at the end of that period. We view net sales per active customer as a key indicator of our customers' purchasing patterns, including their initial and repeat purchase behavior.

Autoship and Autoship Customer Sales

We define Autoship customers as customers in a given fiscal quarter for whom an order has shipped through our Autoship subscription program during the preceding 364-day period. We define Autoship as our subscription program, which provides automatic ordering, payment, and delivery of products to our customers. We view our Autoship subscription program as a key driver of recurring net sales and customer retention. For a given fiscal quarter, Autoship customer sales consist of sales and shipping revenues from all Autoship subscription program purchases and purchases outside of the Autoship subscription program by Autoship customers, excluding taxes collected from customers, excluding any refund allowance, and net of any promotional offers (such as percentage discounts off current purchases and other similar offers), for that quarter. For a given fiscal year, Autoship customer sales equal the sum of the Autoship customer sales for each of the fiscal quarters in that fiscal year.

Autoship Customer Sales as a Percentage of Net Sales

We define Autoship customer sales as a percentage of net sales as the Autoship customer sales in a given reporting period divided by the net sales from all orders in that period. We view Autoship customer sales as a percentage of net sales as a key indicator of our recurring sales and customer retention.

Components of Results of Consolidated Operations

Net Sales

We derive net sales primarily from sales of both third-party brand and proprietary brand pet food, pet products, pet medications and other pet health products, and related shipping fees. Sales of third-party brand and proprietary brand pet food, pet products and shipping revenues are recorded when products are shipped, net of promotional discounts and refund allowances. Taxes collected from customers are excluded from net sales. Net sales is primarily driven by growth of new customers and active customers, and the frequency with which customers purchase and subscribe to our Autoship subscription program.

We also periodically provide promotional offers, including discount offers, such as percentage discounts off current purchases and other similar offers. These offers are treated as a reduction to the purchase price of the related transaction and are reflected as a net amount in net sales.

Cost of Goods Sold

Cost of goods sold consists of the cost of third-party brand and proprietary brand products sold to customers, inventory freight, shipping supply costs, inventory shrinkage costs, and inventory valuation adjustments, offset by reductions for promotions and percentage or volume rebates offered by our vendors, which may depend on reaching minimum purchase thresholds. Generally, amounts received from vendors are considered a reduction of the carrying value of inventory and are ultimately reflected as a reduction of cost of goods sold.

Selling, General and Administrative

Selling, general and administrative expenses consist of payroll and related expenses for employees involved in general corporate functions, including accounting, finance, tax, legal and human resources; costs associated with use by these functions, such as depreciation expense and rent relating to facilities and equipment; professional fees and other general corporate costs; share-based compensation; and fulfillment costs.

Fulfillment costs represent costs incurred in operating and staffing fulfillment and customer service centers, including costs attributable to buying, receiving, inspecting and warehousing inventories, picking, packaging and preparing customer orders for shipment, payment processing and related transaction costs and responding to inquiries from customers. Included within fulfillment costs are merchant processing fees charged by third parties that provide merchant processing services for credit cards.

Advertising and Marketing

Advertising and marketing expenses consist of advertising and payroll related expenses for personnel engaged in marketing, business development and selling activities.

Results of Consolidated Operations

The following tables set forth our results of operations for the periods presented and express the relationship of certain line items as a percentage of net sales for those periods. The period-to-period comparison of financial results is not necessarily indicative of future results.

	13 Weeks Ended				
				% of net sales	
($ in thousands)	**May 2, 2021**	**May 3, 2020**	**% Change**	**May 2, 2021**	**May 3, 2020**
Consolidated Statements of Operations					
Net sales	$ 2,135,178	$ 1,621,393	31.7 %	100.0 %	100.0 %
Cost of goods sold	1,545,402	1,242,684	24.4 %	72.4 %	76.6 %
Gross profit	589,776	378,709	55.7 %	27.6 %	23.4 %
Operating expenses:					
Selling, general and administrative	406,220	320,057	26.9 %	19.0 %	19.7 %
Advertising and marketing	144,435	106,138	36.1 %	6.8 %	6.5 %
Total operating expenses	550,655	426,195	29.2 %	25.8 %	26.3 %
Income (loss) from operations	39,121	(47,486)	182.4 %	1.8 %	(2.9)%
Interest expense, net	(402)	(384)	4.7 %	— %	— %
Income (loss) before income tax provision	38,719	(47,870)	180.9 %	1.8 %	(3.0)%
Income tax provision	—	—	— %	— %	— %
Net income (loss)	$ 38,719	$ (47,870)	180.9 %	1.8 %	(3.0)%

Thirteen Weeks Ended May 2, 2021 Compared to Thirteen Weeks Ended May 3, 2020

Net Sales

	13 Weeks Ended			
($ in thousands)	**May 2, 2021**	**May 3, 2020**	**$ Change**	**% Change**
Consumables	$ 1,455,013	$ 1,173,549	$ 281,464	24.0 %
Hardgoods	343,629	242,838	100,791	41.5 %
Other	336,536	205,006	131,530	64.2 %
Net sales	$ 2,135,178	$ 1,621,393	$ 513,785	31.7 %

Net sales for the thirteen weeks ended May 2, 2021 increased by $513.8 million, or 31.7%, to $2.1 billion compared to $1.6 billion for the thirteen weeks ended May 3, 2020. This increase was primarily due to growth in our customer base, with the number of active customers increasing by 4.7 million, or 31.6% year-over-year. Spending among our active customers increased with net sales per active customer increasing $31, or 8.7%, in the thirteen weeks ended May 2, 2021 compared to the thirteen weeks ended May 3, 2020, driven by continued catalog expansion and growth across all verticals.

Cost of Goods Sold and Gross Profit

Cost of goods sold for the thirteen weeks ended May 2, 2021 increased by $302.7 million, or 24.4%, to $1.5 billion compared to $1.2 billion in the thirteen weeks ended May 3, 2020. This increase was primarily due to a 26.6% increase in orders shipped and associated product costs, outbound freight, and shipping supply costs. The increase in cost of goods sold was lower than the increase in net sales on a percentage basis, primarily as a result of realized supply chain efficiencies and change in mix of sales as hardgoods, healthcare, and proprietary brand businesses continue to grow faster than the overall business.

Gross profit for the thirteen weeks ended May 2, 2021 increased by $211.1 million, or 55.7%, to $589.8 million compared to $378.7 million in the thirteen weeks ended May 3, 2020. This increase was primarily due to the year-over-year increase in net sales as described above. Gross profit as a percentage of net sales for the thirteen weeks ended May 2, 2021 increased by 420 basis points compared to the thirteen weeks ended May 3, 2020, primarily due to margin expansion across all verticals including continued growth in our proprietary brands, hardgoods, and healthcare businesses.

Selling, General and Administrative

Selling, general and administrative expenses for the thirteen weeks ended May 2, 2021 increased by $86.2 million, or 26.9%, to $406.2 million compared to $320.1 million in the thirteen weeks ended May 3, 2020. This increase was primarily due to an increase of $69.9 million in fulfillment costs largely attributable to increased investments to support overall growth of our business, including the opening of new fulfillment centers in Lewisberry, Pennsylvania, Archbald, Pennsylvania, and Salisbury, North Carolina, a limited catalog fulfillment center in Kansas City, Missouri, a customer service center in Dallas, Texas, growth of fulfillment and customer service headcount, and investments in wages and benefits for fulfillment and customer service team members. Facilities expenses and other general and administrative expenses increased by $35.4 million, primarily due to increased headcount as a result of business growth as well as expenses incurred as a result of IT initiatives. These increases were partially offset by a $19.1 million reduction in non-cash share-based compensation expense.

Advertising and Marketing

Advertising and marketing expenses for the thirteen weeks ended May 2, 2021 increased by $38.3 million, or 36.1%, to $144.4 million compared to $106.1 million in the thirteen weeks ended May 3, 2020. The increase was primarily due to an increase in advertising and marketing spend through existing channels which contributed to an increase in the number of active customers of 4.7 million. Of note, we experienced a meaningful increase in organic customer growth in the thirteen weeks ended May 3, 2020 attributable to an increase in online shopping due to the COVID-19 pandemic.

Liquidity and Capital Resources

We finance our operations and capital expenditures primarily through cash flows generated by operations and equity offerings. Our principal sources of liquidity are expected to be our cash and cash equivalents and our revolving credit facility. Cash and cash equivalents consist primarily of cash on deposit with banks and investments in money market funds. Cash and cash equivalents totaled $637.5 million as of May 2, 2021, an increase of $74.2 million from January 31, 2021.

We believe that our cash and cash equivalents and availability under our revolving credit facility will be sufficient to fund our working capital, capital expenditure requirements, and contractual obligations for at least the next twelve months. In addition, we may choose to raise additional funds at any time through equity or debt financing arrangements, which may or may not be needed for additional working capital, capital expenditures or other strategic investments. Our opinions concerning liquidity are based on currently available information. To the extent this information proves to be inaccurate, or if circumstances change, future availability of trade credit or other sources of financing may be reduced and our liquidity could be adversely affected. Our future capital requirements and the adequacy of available funds will depend on many factors, including those described in the section titled “Risk Factors” in Item 1A of our 10-K Report. Depending on the severity and direct impact of these factors on us, we may be unable to secure additional financing to meet our operating requirements on terms favorable to us, or at all.

2020 Equity Offering

On September 21, 2020, we issued and sold 5,865,000 shares of Class A common stock at a public offering price of $54.40 per share, raising $318.4 million in net proceeds after deducting offering costs of approximately $0.6 million. For additional information, see Note 7 in the “Notes to Condensed Consolidated Financial Statements” of this 10-Q Report.

Cash Flows

	13 Weeks Ended	
	May 2, 2021	**May 3, 2020**
Net cash provided by operating activities	$ 98,366	$ 20,745
Net cash used in investing activities	$ (38,882)	$ (40,464)
Net cash provided by financing activities	$ 14,696	$ 165

Operating Activities

Net cash provided by operating activities was $98.4 million for the thirteen weeks ended May 2, 2021, which primarily consisted of $38.7 million of net income, non-cash adjustments such as depreciation and amortization expense of $11.4 million and share-based compensation expense of $23.1 million, and a cash increase of $24.6 million from the management of working capital. Cash increases from working capital were primarily driven by a decrease in inventories, an increase in payables, as well as an increase in other current liabilities, partially offset by an increase in receivables and other current assets.

Net cash provided by operating activities was $20.7 million for the thirteen weeks ended May 3, 2020, which primarily consisted of $47.9 million of net loss, non-cash adjustments such as depreciation and amortization expense of $7.3 million and share-based compensation expense of $42.2 million, and a cash increase of $11.6 million from the management of working capital. Cash increases from working capital were primarily driven by an increase in payables and other current liabilities, partially offset by an increase in inventories and receivables.

Investing Activities

Net cash used in investing activities was $38.9 million for the thirteen weeks ended May 2, 2021, primarily consisting of capital expenditures related to the launch of new fulfillment centers and additional investments in IT hardware and software.

Net cash used in investing activities was $40.5 million for the thirteen weeks ended May 3, 2020, primarily consisting of $42.6 million of capital expenditures related to the launch of new fulfillment centers, the expansion of the corporate office and customer service centers, and additional investments in IT hardware and software, partially offset by $2.1 million of cash reimbursements, net of advances from PetSmart.

Financing Activities

Net cash provided by financing activities was $14.7 million for the thirteen weeks ended May 2, 2021 and consisted of $15.0 million received pursuant to the tax sharing agreement with PetSmart, partially offset by principal repayments of finance lease obligations.

Net cash provided by financing activities was $0.2 million for the thirteen weeks ended May 3, 2020, and consisted of a management fee expense allocated to us by PetSmart for organizational oversight and certain limited corporate functions provided by its sponsors, partially offset by principal payments of finance lease obligations.

Other Liquidity Measures

ABL Credit Facility

We have a five year senior secured asset backed credit facility (the "ABL Credit Facility") which matures in June 2024 and provides for non-amortizing revolving loans in an aggregate principal amount of up to $300 million, subject to a borrowing base comprised of, among other things, inventory and sales receivables (subject to certain reserves). The ABL Credit Facility provides the right to request incremental commitments and add incremental asset-based revolving loan facilities in an aggregate principal amount of up to $100 million, subject to customary conditions. We are required to pay a commitment fee of between 0.25% and 0.375% with respect to the undrawn portion of the commitments, which is generally based on average daily usage of the facility. Based on our borrowing base as of May 2, 2021, which is reduced by standby letters of credit, we had $272.8 million of borrowing capacity under the ABL Credit Facility. As of May 2, 2021, we had no outstanding borrowings under the ABL Credit Facility.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is included in Note 2 in the "Notes to Condensed Consolidated Financial Statements" of this 10-Q Report.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes to the quantitative and qualitative disclosures about market risk disclosed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2021.

Item 4. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, (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 our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required financial disclosure.

As of the end of the period covered by this 10-Q Report, our management, under the supervision and with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e) and 15d-15(e). Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of May 2, 2021.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the thirteen weeks ended May 2, 2021. We have not experienced any material impact to our internal controls over financial reporting despite the fact that many of our employees are working remotely due to the COVID-19 pandemic. We are continually monitoring and assessing the impact of COVID-19 on our internal controls.

Limitations on the Effectiveness of Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based on certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Information concerning legal proceedings is provided in Item 1 of Part I, “Financial Statements (Unaudited)–Note 4 – Commitments and Contingencies–Legal Matters” and is incorporated by reference herein.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended January 31, 2021.

Item 6. Exhibits

		Incorporation by Reference				
Exhibit No.	Exhibit Description	Form	File No.	Exhibit No.	Filing Date	Filed Herewith
10.1	Amendment No. 1 to Intercompany Services Agreement, dated February 12, 2021, by and between Chewy, Inc. and Chewy Pharmacy KY, LLC	10-K	001-38936	10.1	March 30, 2021	
10.2	Amendment No. 2 to Master Transaction Agreement, dated as of February 12, 2021, by and between Chewy, Inc. and PetSmart LLC	10-K	001-38936	10.2	March 30, 2021	
10.3	Form of Performance-Based Restricted Stock Unit Agreement					X
31.1	Certification of the 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.					X
31.2	Certification of the 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.					X
32.1	Certifications of the 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.					X
101.INS	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					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

CHEWY, INC.

Date: June 10, 2021	By: /s/ Mario Marte
	Mario Marte
	Chief Financial Officer
	(Principal Financial Officer)

AWARD NOTICE

RELATING TO
THE PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT

CHEWY, INC.
2019 OMNIBUS INCENTIVE PLAN

The Participant has been granted Performance-Based Restricted Stock Units with the terms set forth in this Award Notice, and subject to the terms and conditions of the Plan and the Performance-Based Restricted Stock Unit Agreement to which this Award Notice is attached. Capitalized terms used and not defined in this Award Notice shall have the meanings set forth in the Performance-Based Restricted Stock Unit Agreement and the Plan, as applicable.

Participant:

Date of Grant:

Target PRSUs Granted: PRSUs (the "Award")

Vesting Commencement Date:

Restricted Period: 24 months

Vesting Schedule:

The Award is subject to both Performance Conditions and the Service Condition (each, as defined below) and in order for any portion of the Award to vest both the Performance Conditions and the Service Condition must be met.

1. **Performance Vesting**.

(a) The Participant will be eligible to receive between zero percent (0%) and one hundred fifty percent (150%) of the Target PRSUs depending on the extent to which the performance-based vesting conditions described in Appendix A (the "Performance Conditions") are satisfied during the Performance Period. PRSUs that do not vest in accordance with the Performance Conditions as of the Certification Date (as defined in Appendix A) shall be immediately forfeited for no consideration as of the Certification Date.

2. **Service Vesting**

(a) The Award will be subject to a service-based vesting condition (the "Service Condition") which will be satisfied based on the Participant's continued Service with the Company.

(b) The Service Condition will be satisfied with respect to 100% of the Award on the third anniversary of the Vesting Commencement Date, subject to the Participant's continued Service with the Company through the vesting date.

(c) Upon the Participant's termination of Service, any portion of the Award for which the Service Condition has not been satisfied shall be forfeited.

3. **Change in Control Treatment**. Upon a Change in Control, subject to the Participant's continued Service through the Change in Control, (i) if the Change of Control occurs prior to the Certification Date, then the Performance Condition will be deemed satisfied at 100% and the Service Condition will be deemed satisfied with respect to 100% of the Award or (ii) if the Change of Control occurs on or following the Certification Date, then the Performance Condition will be determined based on the actual results as determined on the Certification Date and the Service Condition will be deemed satisfied with respect to 100% of the Award.

* * *

PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT

CHEWY, INC.
2019 OMNIBUS INCENTIVE PLAN

This Performance-Based Restricted Stock Unit Agreement, effective as of the Date of Grant (as defined below), is between Chewy, Inc., a Delaware corporation ("Chewy" or the "Company"), and the Participant (as defined below).

WHEREAS, Chewy has adopted the Chewy, Inc. 2019 Omnibus Incentive Plan (as it may be amended, the "Plan") in order to provide equity-based incentive awards to eligible service providers to encourage them to deliver outcomes and/or continue in the Service of the Company; and

WHEREAS, the Board of Directors has determined to grant PRSUs (as defined below) to the Participant (as defined below) as provided herein and the Company and the Participant (as defined below) hereby wish to memorialize the terms and conditions applicable to such PRSUs.

NOW, THEREFORE, the parties hereto agree as follows:

1. **Definitions**. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan. The following terms shall have the following meanings for purposes of this Agreement:

(a) "Agreement" shall mean this Performance-Based Restricted Stock Unit Agreement including (unless the context otherwise requires) the Award Notice.

(b) "Award Notice" shall mean the notice to the Participant.

(c) "Cause" shall have the meaning ascribed to such term in any employment agreement entered into by the Participant and Company and if not so defined, or no such agreement exists, "Cause" shall mean (i) a refusal or failure to follow the lawful and reasonable directions of the Board or individual to whom the Participant reports, which refusal or failure is not cured within thirty (30) days following delivery of written notice of such conduct to the Participant; (ii) conviction of the Participant of any felony involving fraud or act of dishonesty against the Company or any of its affiliates; (iii) conduct by the Participant which, based upon good faith and reasonable factual investigation and determination of the Company, demonstrates gross unfitness to serve; (iv) intentional, material violation by the Participant of any contractual, statutory, or fiduciary duty owed by the Participant to the Company or any of its affiliates; or (v) willful misconduct causing material economic harm or public disgrace to the Company of any of its subsidiaries or affiliates.

(d) "Date of Grant" shall mean the "Date of Grant" listed in the Award Notice.

(e) "Participant" shall mean the "Participant" listed in the Award Notice.

(f) "Restrictive Covenant Violation" shall mean the Participant's breach of the Restrictive Covenants listed on Appendix B to this Agreement or any covenant regarding confidentiality, competitive activity, solicitation of the Company's vendors, suppliers, customers, or employees, or any similar provision applicable to or agreed to by the Participant.

(g) "PRSUs" shall mean that number of Performance-Based Restricted Stock Units listed in the Award Notice as "Target PRSUs Granted."

2. **Grant of Units**. The Company hereby grants the PRSUs to the Participant, each of which represents the right to receive one Share upon vesting of such RSU, subject to and in accordance with the terms, conditions and restrictions set forth in the Plan, the Award Notice, and this Agreement.

3. **PRSU Account**. The Company shall cause an account (the "Unit Account") to be established and maintained on the books of the Company to record the number of PRSUs credited to the Participant under the terms of this Agreement. The Participant's interest in the Unit Account shall be that of a general, unsecured creditor of the Company. Each PRSU shall accrue dividend equivalents ("Dividend Equivalents") with respect to dividends that would otherwise be paid on the Share underlying such PRSU during the period from the Date of Grant to the date such Share is delivered in accordance with Section 4. Dividend Equivalents shall be subject to the same vesting conditions applicable to the PRSU on which such Dividend Equivalents are accrued, and shall be paid in cash to the Participant upon delivery of the underlying Share in respect of which the Dividend Equivalents were accrued.

4. **Vesting; Settlement**.

(a) The PRSUs shall become vested after the Performance Conditions and the Service Condition are met, in accordance with the schedule set forth on the Award Notice. The Company shall deliver to the Participant one Share for each PRSU (as adjusted under the Plan) as soon as practicable and no later than 20 business days following the applicable vesting date, subject to Section 5(b) below, and such vested PRSU shall be cancelled upon such delivery.

(b) Unless otherwise determined by the Committee, upon settlement pursuant to Section 4(a), the Company shall issue the number of Shares underlying such vested PRSUs to the Participant, free and clear of all restrictions, less a number of Shares equal to or greater in value than the minimum amount necessary to satisfy federal, state, local or foreign withholding tax requirements, if any (but which may in no event be greater than the maximum statutory withholding amounts in the Participant's jurisdiction) required to be withheld by the Company (the "Withholding Taxes") in accordance with Section 13 of the Plan (except to the extent the Participant shall have a written agreement with the Company or any of its Affiliates under which the Company or an Affiliate of the Company is responsible for payment of taxes with respect to the issuance of the Shares, or in the event the Company is not required to withhold any payments in respect of taxes, in which case the full number of Shares shall be issued). To the extent any Withholding Taxes may become due prior to the settlement of any PRSUs, the Committee may accelerate the vesting of a number of PRSUs equal in value to the Withholding Taxes, the Shares delivered in settlement of such PRSUs shall be delivered to the Company, and the number of PRSUs so accelerated shall reduce the number of PRSUs which would otherwise become vested on the next applicable vesting date. The number of PRSUs or Shares equal to the Withholding Taxes shall be determined using the closing price per Share on the NYSE (or other principal exchange on which the Shares then trade) on the trading day immediately prior to the date of delivery of the

Shares to the Participant or the Company, as applicable, and shall be rounded up to the nearest whole PRSU or Share.

(c) The Company shall pay any costs incurred in connection with issuing the Shares. Upon the issuance of the Shares to the Participant, the Participant's Unit Account shall be eliminated. Notwithstanding anything in this Agreement to the contrary, the Company shall have no obligation to issue or transfer the Shares as contemplated by this Agreement unless and until such issuance or transfer shall comply with all relevant provisions of law and the requirements of any stock exchange on which the Company's shares are listed for trading.

5. **Termination of Service**.

(a) In the event that the Participant's Service with the Company terminates for any reason, any unvested PRSUs shall be forfeited and all of the Participant's rights hereunder with respect to such unvested PRSUs (and any Dividend Equivalents accrued thereon) shall cease as of the Termination Date (unless otherwise provided for by the Committee in accordance with the Plan).

(b) The Participant's rights with respect to the PRSUs shall not be affected by any change in the nature of the Participant's Service so long as the Participant continues to be an employee or service provider, as applicable, of the Company. Whether (and the circumstances under which) the Participant's Service has terminated and the determination of the Termination Date for the purposes of this Agreement shall be determined by the Committee (or, with respect to any Participant who is not a director or "officer" as defined under Rule 16a-1(f) of the Exchange Act, its designee, whose good faith determination shall be final, binding and conclusive; provided, that such designee may not make any such determination with respect to the designee's own Service for purposes of the PRSUs).

6. **Restrictions on Transfer**. The Participant may not assign, alienate, pledge, attach, sell or otherwise transfer or encumber the PRSUs or the Participant's right under the PRSUs to receive Shares, except other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any of its Affiliates; provided, that the designation of a beneficiary (if permitted by the Committee) shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

7. **Repayment of Proceeds; Clawback Policy**.

(a) If the Participant's Service is terminated by the Company or its Subsidiaries for Cause or the Participant resigns while grounds for Cause exist, a Restrictive Covenant Violation occurs, or the Company discovers that after a termination of Service that grounds for a termination with Cause existed at the time thereof, then the Participant shall be required, in addition to any other remedy available (on a non-exclusive basis), to pay to the Company, within 10 business days of the Company's request to the Participant therefor, the aggregate after-tax proceeds (taking into account all amounts of tax that would be recoverable upon a claim of loss for payment of such proceeds in the year of repayment) the Participant received upon the sale or other disposition of, or distributions in respect of, the PRSUs or Shares issued in settlement of the PRSUs. With respect to the scenario where the Company discovers that after a termination of Service that grounds for a termination with

Cause existed at the time thereof, then any reference in this Agreement to grounds existing for a termination with Cause shall be determined without regard to any cure period or other procedural delay or event required prior to a finding of, or termination with, Cause.

(b) The PRSUs and all proceeds of the PRSUs shall be subject to the Company's Clawback Policy, if any, and as in effect from time to time, to the extent the Participant is a director or "officer" as defined under Rule 16a-1(f) of the Exchange Act.

(c) By acceptance of the grant of PRSUs pursuant to this Agreement, the Participant acknowledges and agrees that the Company may cause the cancellation or forfeiture of PRSUs or Shares issuable upon settlement of any PRSU on the books and records of the Company or any transfer agent to enforce the provisions of this Section 7.

8. **No Right to Continued Service**. Neither the Plan nor this Agreement nor the Participant's receipt of the PRSUs hereunder shall impose any obligation on the Company or any of its Affiliates to continue the Service of the Participant. Further, the Company or any of its Affiliates (as applicable) may at any time terminate the Service of the Participant, free from any liability or claim under the Plan or this Agreement, except as otherwise expressly provided herein.

9. **No Rights as a Stockholder**. The Participant's interest in the PRSUs shall not entitle the Participant to any rights as a stockholder of the Company. The Participant shall not be deemed to be the holder of, or have any of the rights and privileges of a stockholder of the Company in respect of, the Shares unless and until such Shares have been issued to the Participant.

10. **Adjustments Upon Change in Capitalization**. The terms of this Agreement, including the PRSUs, the Participant's Unit Account, , and/or the Shares, shall be subject to adjustment in accordance with Section 8 of the Plan. This paragraph shall also apply with respect to any extraordinary dividend or other extraordinary distribution in respect of the Company's common stock (whether in the form of cash or other property).

11. **Award Subject to Plan**. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The PRSUs granted hereunder are subject to the Plan. The terms and provisions of the Plan, as it may be amended from time to time, are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

12. **Severability**. Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms. If a court of competent jurisdiction determines that at the time this Agreement is presented for enforcement any provisions are overly broad or unenforceable, the parties agree that the court shall reform the Agreement to make it enforceable to the maximum extent possible and shall enforce the other terms as written.

13. **Venue; Personal Jurisdiction; Language**. Any suit, action or proceeding with respect to this Agreement (or any provision incorporated by reference), including Sections 1 and/or 3 of Appendix B, or any judgment entered by any court in respect thereof, shall be brought in the U.S. District Court for the District of Delaware or in any other court of competent jurisdiction in the

State of Delaware, and each of the Participant, the Company, and any transferees who hold PRSUs pursuant to a valid assignment, hereby submits to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding, or judgment. Each of the Participant, the Company, and any transferees who hold PRSUs pursuant to a valid assignment hereby irrevocably waives (a) any objections which it may now or hereafter have to the laying of the venue of any suit, action, or proceeding arising out of or relating to this Agreement brought in the U.S. District Court for the District of Delaware or in any other court of competent jurisdiction in the State of Delaware; (b) any claim that any such suit, action, or proceeding brought in any such court has been brought in any inconvenient forum; and (c) any right to a jury trial. If Participant is party to an arbitration agreement with the Company, except for a claim by either Participant or the Company for injunctive relief where such would be otherwise authorized by law to enforce Sections 1 and/or 3 of Appendix B, any controversy or claim arising out of or relating to Appendix B, the breach thereof, or Participant's employment by the Company, including any claim involving the interpretation or application of Appendix B, or claims for wrongful termination or other claims based upon statutory or common law, shall be submitted to binding arbitration in accordance with the arbitration agreement Participant executed with the Company. If the Participant has received a copy of this Agreement (or the Plan or any other document related hereto or thereto) translated into a language other than English, such translated copy is qualified in its entirety by reference to the English version thereof, and in the event of any conflict the English version will govern.

14. **Successors in Interest**. Any successor to the Company shall have the benefits of the Company under, and be entitled to enforce, this Agreement. Likewise, the Participant's legal representative shall have the benefits of the Participant under, and be entitled to enforce, this Agreement. All obligations imposed upon the Participant and all rights granted to the Company under this Agreement shall be final, binding and conclusive upon the Participant's heirs, executors, administrators and successors.

15. **Data Privacy Consent**.

(a) General. The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other PRSU grant materials by and among, as applicable, the Participant's service-recipient or contracting party (the "Service Recipient") and the Company for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Company may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, work location and phone number, date of birth, social security number or other identification number, salary, nationality, job title, hire date, any shares of stock or directorships held in the Company, details of all awards or any other entitlement to shares awarded, cancelled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of implementing, administering and managing the Plan ("Personal Data").

(b) Use of Personal Data; Retention. The Participant understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, now or in the future, that these recipients may be located in the Participant's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Participant's country. The Participant understands that the Participant may request a list with the names and addresses of any potential recipients of the Personal Data by contacting the Participant's local human resources representative. The Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that the Participant may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Participant's local human resources representative.

(c) Withdrawal of Consent. The Participant understands that the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's Service and career with the Service Recipient will not be adversely affected; the only consequence of the Participant's refusing or withdrawing the Participant's consent is that the Company would not be able to grant PRSUs or other equity awards to the Participant or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Participant's local human resources representative.

16. **Restrictive Covenants**. The Participant acknowledges and recognizes the highly competitive nature of the businesses of the Company and its Affiliates, that the Participant will be allowed access to confidential and proprietary information (including, but not limited to, trade secrets) about those businesses, as well as access to the prospective and actual customers, suppliers, investors, clients and partners involved in those businesses, and the goodwill associated with the Company and its Affiliates. Participant accordingly agrees to the provisions of Appendix B to this Agreement (the "Restrictive Covenants"), including the state-specific modifications therein. For the avoidance of doubt, the Restrictive Covenants contained in this Agreement are in addition to, and not in lieu of, any other restrictive covenants or similar covenants or agreements between the Participant and the Company or any of its Affiliates. Notwithstanding the foregoing and Appendix B, (a) the provisions of Section 1 of Appendix B shall not apply to the Participant if the Participant's principal place of Service as of the date hereof is located in the State of California, and (b) Section 1(b)(i) of Appendix B shall not apply to the Participant if the Participant's principal place of Service as of the date hereof is located in the State of Oklahoma or the State of North Dakota.

17. **Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation**. By accepting this Agreement and the grant of the PRSUs contemplated hereunder, the Participant expressly acknowledges that (a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be suspended or terminated by the Company at any time, to the extent permitted by the Plan; (b) the grant of PRSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of PRSUs, or benefits in lieu of PRSUs, even if PRSUs have been granted in the past; (c) all determinations with respect to future grants of PRSUs, if any, including the date of grant, the number of Shares granted and the applicable vesting terms, will be at the sole discretion of the Company; (d) the Participant's participation in the Plan is voluntary; (e) the value of the PRSUs is an extraordinary item of compensation that is outside the scope of the Participant's Services contract, if any, and nothing can

or must automatically be inferred from such Services contract or its consequences; (f) grants of PRSUs, and the income and value of same, are not part of normal or expected compensation for any purpose and are not to be used for calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, the Participant waives any claim on such basis, and for the avoidance of doubt, the PRSUs shall not constitute an "acquired right" under the applicable law of any jurisdiction; and (g) the future value of the underlying Shares is unknown and cannot be predicted with certainty. In addition, the Participant understands, acknowledges and agrees that the Participant will have no rights to compensation or damages related to PRSU proceeds in consequence of the termination of the Participant's Service for any reason whatsoever and whether or not in breach of contract.

18. **Award Administrator**. The Company may from time to time designate a third party (an "Award Administrator") to assist the Company in the implementation, administration and management of the Plan and any PRSUs granted thereunder, including by sending award notices on behalf of the Company to Participants, and by facilitating through electronic means acceptance of PRSU Agreements by Participants.

19. **Section 409A of the Code**.

(a) This Agreement is intended to comply with the provisions of Section 409A of the Code and the regulations promulgated thereunder. Without limiting the foregoing, the Committee shall have the right to amend the terms and conditions of this Agreement in any respect as may be necessary or appropriate to comply with Section 409A of the Code or any regulations promulgated thereunder, including without limitation by delaying the issuance of the Shares contemplated hereunder.

(b) Notwithstanding any other provision of this Agreement to the contrary, if a Participant is a "specified employee" within the meaning of Section 409A of the Code, no payments in respect of any PRSU that is "deferred compensation" subject to Section 409A of the Code and not exempt for Section 409A as a short-term deferral or otherwise and which would otherwise be payable upon the Participant's "separation from service" (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six months after the date of the Participant's "separation from service" or, if earlier, the Participant's date of death. Following any applicable six-month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day. The Participant is solely responsible and liable for the satisfaction of all taxes and penalties under Section 409A of the Code that may be imposed on or in respect of the Participant in connection with this Agreement, and the Company shall not be liable to any Participant for any payment made under this Plan that is determined to result in an additional tax, penalty or interest under Section 409A of the Code, nor for reporting in good faith any payment made under this Agreement as an amount includible in gross income under Section 409A of the Code. Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

20. **Book Entry Delivery of Shares**. Whenever reference in this Agreement is made to the issuance or delivery of certificates representing one or more Shares, the Company may elect to issue or deliver such Shares in book entry form in lieu of certificates.

21. **Electronic Delivery and Acceptance**. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

22. **Acceptance and Agreement by the Participant**. By accepting the PRSUs (including through electronic means), the Participant agrees to be bound by the terms, conditions, and restrictions set forth in the Plan, this Agreement, and the Company's policies, as in effect from time to time, relating to the Plan. The Participant's rights under the PRSUs will lapse forty-five (45) days from the Date of Grant, and the PRSUs will be forfeited on such date if the Participant shall not have accepted this Agreement by such date. For the avoidance of doubt, the Participant's failure to accept this Agreement shall not affect the Participant's continuing obligations under any other agreement between the Company and the Participant.

23. **No Advice Regarding Grant**. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with the Participant's own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

24. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the PRSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

25. **Waiver**. The Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Participant or any other participant in the Plan.

26. **Counterparts**. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one in the same agreement.

[*Signatures follow*]

CHEWY INC.

By: _________

Its:

Acknowledge and agreed as to the Agreement and Restrictive Covenants as of the date first written above:

____

Participant Signature:

Appendix A

1. **Performance Metrics**. This Appendix A contains the performance vesting conditions and methodology applicable to the PRSUs. Subject to the terms and conditions set forth in the Plan, the Agreement and the Award Notice, the portion of the PRSUs subject to this Award, if any, that become earned during each Performance Period will be determined upon the Committee's certification of achievement of the Performance Conditions in accordance with this Appendix A, which shall occur within seventy five (75) days following the end of each Performance Period (the "Certification Date"). Capitalized terms used but not defined herein shall have the same meaning as is ascribed thereto in the Agreement, the Award Notice or the Plan.

(a) Upon the Certification Date, the Participant's achievement of the Performance Conditions with respect to fifty percent (50%) of the Award will be determined in accordance with the table below with linear interpolation between the listed values:

	Percent of Target PRSUs Earned
	50%
	100%
	150%

(b) Upon the Certification Date, the Participant's achievement of the Performance Conditions with respect to fifty percent (50%) of the Award will be determined in accordance with the table below with linear interpolation between the listed values:

	Percent of Target PRSUs Earned
	50%
	100%
	150%

2. **Certain Defined Terms**. For purposes of this Agreement, the following terms will have the following meanings:

(a) " " means .

(b) " " means .

(c) "Performance Period" means fiscal year , which begins on and ends on .

Appendix B

Restrictive Covenants

1. Non-Competition; Non-Solicitation. Participant acknowledges and recognizes the highly competitive nature of the businesses of the Company and its affiliates and accordingly agrees as follows:

(a) During the Participant's employment with the Company or its subsidiaries (the "Employment Term") and the Restricted Period, the Participant will not, either directly, indirectly, or through others, solicit or attempt to solicit any employees, consultant, or independent contractor of the Company, its parents, subsidiaries, or affiliates (collectively, "Covered Persons"), to terminate his or her relationship with the Company, its parents, subsidiaries, or affiliates in order to become an employee, consultant, or independent contractor to or for any other person or entity; provided, that the foregoing shall not be deemed to prohibit general media advertising or general employment solicitation not targeted towards Covered Persons.

(b) During the Restricted Period, the Participant will not directly or indirectly:

(i) compete with the Company anywhere within the existing sales territory of the Company. The Company's sales territory shall extend throughout any state in which the Company does business; or

(ii) solicit any of the Company's customers or prospective customers.

(c) As used in this Appendix B, to "Compete" shall mean directly or indirectly to own, manage, operate, join, control, be employed by, or become a director, officer, shareholder (holding 5% or more of shares) of, or consultant to, any pet food, pet supplies, pet toys, pet supplements/drugs, pet retail business or pet services business, including grooming salons or business that performs grooming services, pet training, pet boarding, or pet day-care, or any similar and related products or businesses. This provision also applies to any e-commerce or direct mail business or service with at least (i) 50% of its products or services being pet-related or (ii) $50,000,000 in annual pet-related product sales or services.

(d) It is expressly understood and agreed that although the Participant and the Company consider the restrictions contained in this Section 1 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Appendix B is an unenforceable restriction against the Participant, the provisions of this Appendix B shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Appendix B is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(e) The period of time during which the provisions of this Section 1 shall be in effect shall be extended by the length of time during which the Participant is in breach of the terms hereof as determined by any court of competent jurisdiction on the Company's application for injunctive relief.

(f) The provisions of Section 1 hereof shall survive the termination of the Participant's employment for any reason.

2. Confidentiality; Intellectual Property.

(a) Confidentiality.

(i) At all times during and after the Employment Term, the Participant will hold in strictest confidence and will not disclose to any unauthorized person or use (except in connection with the Participant's work for the Company and its Subsidiaries or otherwise for the benefit of the Company or its Subsidiaries) any Confidential Information of the Company. "Confidential Information" means trade secrets and any information, process or idea considered confidential and not publicly disclosed by the Company that is acquired by the Participant directly in connection with the Participant's work for the Company and its Subsidiaries, and which, if disclosed, could reasonably cause non-de minimis harm to the Company and its Subsidiaries. Examples of Confidential Information may include: (i) the Company's customer and prospective customer lists (including, but not limited to, computer-based, rolodex, or address book information); (ii) the Company's vendor and prospective vendor lists (including, but not limited to, computer based, rolodex, or address book information); (iii) confidential correspondence, notes, files, memoranda, notebooks, drawings, schematics, specifications, plans, programs, price lists, inventory control lists, materials, data, information of any kind, videotapes, tangible property, equipment, entry cards, identification badges and keys; (iv) confidential information regarding the Company's operations, finances, methods, plans, and results; (v) the Company's confidential arrangements with suppliers and distributors; (vi) the Company's confidential plans and strategies for research, development, expansion, store design, staffing and management systems, new products, purchasing, budgets, priorities, marketing and sales; (vii) the Company's confidential financial statements and data regarding sales, profits, productivity, purchasing arrangements, prices and costs; (viii) confidential information regarding the Company's computer systems and programs; (ix) third-party confidential information which the Company has a duty to maintain as confidential; (x) confidential personnel information such as the identities, capabilities, activities, compensation, performance, and ratings of employees; (xi) confidential information regarding employee hiring, incentive, evaluation and discipline practices and programs; (xii) confidential training programs, techniques, and materials; (xiii) confidential grooming methods and practices; (xiv) confidential marketing and promotional plans, methods, budgets and targets; and (xv) confidential cost-control methods and practices, in each case, that is acquired by the Participant directly in connection with the Participant's work for the Company and its Subsidiaries. Confidential Information does not include information that

(x) was or becomes generally available to the Participant on a non-confidential basis, if the source of such information was not reasonably known to the Participant to be bound by a duty of confidentiality; (y) was or becomes generally available to the public, other than as a result of a disclosure by the Participant; or (z) was independently developed by the Participant without reference to Confidential Information.

(ii) Upon termination of the Participant's employment with the Company for any reason, the Participant shall deliver to the Company the originals and all copies of any and all notes, memoranda, records and documentation and any other material containing or disclosing any Confidential Information of the Company that are in the Participant's possession or under the Participant's control.

(iii) During the Employment Term, the Participant shall not use or disclose any confidential information or trade secrets, if any, of any former employer in violation of any continuing obligation to such employer.

(iv) Nothing in this Appendix B is intended to conflict with 18 U.S.C. §1833(b), or shall prohibit or impede the Participant from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "Governmental Entity") with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, provided that in each case such communications and disclosures are consistent with applicable law. In addition, nothing in this Appendix B prohibits or restricts the Participant from initiating communications with, or responding to any inquiry from, any regulatory or supervisory authority regarding any good faith concerns about possible violations of law or regulation. The Participant understands and acknowledges that pursuant to 18 U.S.C. §1833(b) an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (A) in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (B) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. The Participant understands and acknowledges further that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal; and does not disclose the trade secret, except pursuant to court order. Notwithstanding the foregoing, under no circumstance will the Participant be authorized to disclose any information covered by attorney-client privilege or attorney work product of any member of the Company without prior written consent of the general counsel of the Company or other officer designated by the Company.

(b) Intellectual Property.

(i) All work product including, but not limited to, deliverables, business continuity planning program, designs, installation drawings, drawings, reports, calculations, maps, photographs, computer programs, code, software, development, systems design, specifications, notes, data, location lay-outs, services, and any other pertinent data, in whatever form of media, specifically prepared, produced, created, and/or authored by the Participant are works for hire (collectively referred to herein as "Work") and are the exclusive property of the Company. To the extent title to any Work may not, by operation of law, vest in the Company or the Work may not be considered works for hire, The Participant irrevocably grants all the Participant's rights, title, and interest in the Work to the Company. The Company may obtain, and hold in its own name, copyrights, registrations, or such other protections as may be appropriate to the subject matter of the Work. Upon the Company's request, the Participant agrees during and after the Employment Term to give the Company, at its expense, and any person designated by the Company, reasonable assistance required to achieve or record these rights. (This paragraph, however, shall not be interpreted to require the assignment of any Work which the Participant can prove the Participant developed entirely on his or her own time, without the use of any equipment, supplies, facilities or Confidential Information of the Company, and which neither results from the work the Participant performs for the Company nor is related to the business of the Company). In the event that the Company is unable, after reasonable effort, to secure the Participant's signature on any documents needed to apply for or prosecute a Work, the Participant hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as the Participant's agent and attorney-in-fact, to act for and on the Participant's behalf to execute, verify and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, and other registrations available for protections with the same legal force and effect as if executed by the Participant. The Participant acknowledge that the Participant is responsible for understanding, complying with, an implementing the Company's Intellectual Property Policy and Guidelines published by the Company as they apply to the Participant's position and area of accountability at the Company.

3. Non-Disparagement.

The Participant agrees that during the Employment Term, and at all times thereafter, the Participant will not make any disparaging or defamatory comments regarding any member of the Company, its affiliates and subsidiaries, or their respective current or former directors, officers, or employees in any respect or make any disparaging or defamatory comments concerning any aspect of the Participant's relationship with any member of the Company, its affiliates and subsidiaries, or any comments concerning the conduct or events which precipitated any termination of the Participant's employment from any member of the Company, its affiliates and subsidiaries. However, the Participant's obligations under this Section 3 of Appendix B shall not apply to disclosures required by applicable law, regulation, or order of a court or governmental agency.

4. State Specific Modifications.

(a) Low Wage Worker Protections. The parties acknowledge that some states prohibit or place limitations on the use of covenants not to compete or noncompete covenants with an employee considered to be a low wage worker based on the employee's rate of compensation or overtime exemption status under the Fair Labor Standards Act (a "Low Wage Worker Protection" law, or "LWWP law"). It is the Parties intent not to create any restriction that would violate any controlling state LWWP law. Where the controlling state's law includes an LWWP law, it is the parties intent that this Agreement's obligations be construed so as to fit within any applicable exclusion for duty of loyalty obligations, nonsolicitation covenants, confidential information protection covenants, and intellectual property assignment agreements recognized under the LWWP law at issue, and that it not create a prohibited covenant not to compete.

EXHIBIT 31.1

Certification of the 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

I, Sumit Singh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chewy, 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 officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of 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.

Date: June 10, 2021

/s/ Sumit Singh
Sumit Singh
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

Certification of the 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

I, Mario Marte, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chewy, 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 officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of 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.

Date: June 10, 2021

/s/ Mario Marte
Mario Marte
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

Certifications of the 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

In connection with the Quarterly Report of Chewy, Inc. (the "Company") on Form 10-Q for the period ended May 2, 2021, as filed with the Securities and Exchange Commission (the "Periodic Report"), we, Sumit Singh, Chief Executive Officer of the Company, and Mario Marte, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

1. The Periodic Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 10, 2021

/s/ Sumit Singh
Sumit Singh
Chief Executive Officer
(Principal Executive Officer)

/s/ Mario Marte
Mario Marte
Chief Financial Officer
(Principal Financial Officer)