

Reconciliation of Non-GAAP Measures
Chewy, Inc.
(Unaudited)

(\$ in thousands, except percentages)

	13 Weeks Ended				26 Weeks Ended			
	July 31, 2022	August 1, 2021	\$ Change	% Change	July 31, 2022	August 1, 2021	\$ Change	% Change
Consolidated Reconciliation of GAAP Net Income (Loss) to Adjusted Net Income ⁽¹⁾								
Net income (loss)	\$ 22,345	\$ (16,686)	\$ 39,031	233.9 %	\$ 40,817	\$ 22,033	\$ 18,784	85.3 %
Add:								
Share-based compensation expense and related taxes, net of income tax ⁽²⁾	39,739	25,589	14,150	55.3 %	66,933	50,361	16,572	32.9 %
Adjusted net income	\$ 62,084	\$ 8,903	\$ 53,181	n/m	\$ 107,750	\$ 72,394	\$ 35,356	48.8 %
Net sales	\$ 2,431,011	\$ 2,155,036	\$ 275,975	12.8 %	\$ 4,859,338	\$ 4,290,214	\$ 569,124	13.3 %
Net margin	0.9 %	(0.8)%			0.8 %	0.5 %		
Adjusted net margin	2.6 %	0.4 %			2.2 %	1.7 %		

(\$ per share, except percentages)

	13 Weeks Ended				26 Weeks Ended			
	July 31, 2022	August 1, 2021	\$ Change	% Change	July 31, 2022	August 1, 2021	\$ Change	% Change
Consolidated Reconciliation of GAAP Net Income (Loss) Per Share to Adjusted Net Income Per Share ⁽¹⁾								
Net income (loss) per share attributable to common Class A and Class B stockholders, basic	\$ 0.05	\$ (0.04)	\$ 0.09	225.0 %	\$ 0.10	\$ 0.05	\$ 0.05	100.0 %
Add:								
Impact of share-based compensation expense and related taxes, net of income tax, basic ⁽²⁾	\$ 0.10	\$ 0.06	\$ 0.04	66.7 %	\$ 0.16	\$ 0.12	\$ 0.04	33.3 %
Adjusted net income (loss) per share attributable to common Class A and Class B stockholders, basic	\$ 0.15	\$ 0.02	\$ 0.13	n/m	\$ 0.26	\$ 0.17	\$ 0.09	52.9 %
Net income (loss) per share attributable to common Class A and Class B stockholders, diluted	\$ 0.05	\$ (0.04)	\$ 0.09	225.0 %	\$ 0.10	\$ 0.05	\$ 0.05	100.0 %
Add:								
Impact of share-based compensation expense and related taxes, net of income tax, diluted ⁽²⁾	0.10	0.06	0.04	66.7 %	0.15	0.12	0.03	25.0 %
Adjusted net income (loss) per share attributable to common Class A and Class B stockholders, diluted ⁽³⁾	\$ 0.15	\$ 0.02	\$ 0.13	n/m	\$ 0.25	\$ 0.17	\$ 0.08	47.1 %

n/m - not meaningful

⁽¹⁾ To provide investors with additional information regarding our financial results, we have disclosed consolidated adjusted net income and adjusted net margin, non-GAAP financial measures that we calculate as net income excluding share-based compensation expense and related taxes and adjusted net income divided by net sales, respectively. In addition, we have disclosed adjusted net income per share, which we calculate as net income per share excluding the impact of share-based compensation expense and related taxes. We have included adjusted net income, adjusted net margin, and adjusted net income per share as they are key measures 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. Other companies may calculate consolidated adjusted net income, adjusted net margin, and adjusted net income per share differently, which reduces their usefulness as comparative measures. Because of these limitations, you should consider consolidated adjusted net income, adjusted net margin, and adjusted net income per share alongside other financial performance measures.

⁽²⁾ The Company maintains a deferred tax valuation allowance; no income tax benefit associated with any period presented.

⁽³⁾ Basic and diluted adjusted net income per share is calculated by dividing adjusted net income attributable to common stockholders by the weighted-average shares outstanding during the period. For the thirteen weeks ended August 1, 2021, our calculation of adjusted diluted net income per share attributable to common Class A and Class B stockholders includes the dilutive weighted-average effect of 10.7 million potential common shares from stock-based awards, resulting in 427.3 million adjusted weighted average common shares used in computing adjusted diluted net income per share. For the thirteen weeks ended August 1, 2021, our calculation of adjusted diluted net income per share attributable to common Class A and Class B stockholders excludes the anti-dilutive weighted-average effect of 1.1 million potential common shares from stock-based awards