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 4, 2025

or

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

For the transition period from ____ to ____

Commission File Number: 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.)
7700 West Sunrise Boulevard, Plantation, Florida	**33322**
(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 4, 2025
Class A Common Stock, $0.01 par value per share	195,511,443
Class B Common Stock, $0.01 par value per share	219,698,561

CHEWY, INC.
FORM 10-Q

For the Quarterly Period Ended May 4, 2025

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PART I. FINANCIAL INFORMATION

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q for the quarterly period ended May 4, 2025 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 share repurchase program, 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," "forecast," "intend," "may," "plan," "potential," "predict," "project," "seek," "should," "target," "will" or "would" or the negative of these words or other similar terms or expressions, although not all forward-looking statements contain these identifying words.

Although we believe that the forward-looking statements contained in this Quarterly Report on Form 10-Q are based on reasonable assumptions, you should be aware that many factors could cause actual results to differ materially from those in such forward-looking statements, including but not limited to, our ability to:

- *sustain our recent growth rates and successfully manage challenges to our future growth, including introducing new products or services, improving existing products and services, and expanding into new jurisdictions and offerings;*
- *successfully respond to business disruptions;*
- *successfully manage risks related to the macroeconomic environment, including any adverse impacts on our business operations, financial performance, supply chain, workforce, facilities, customer services and operations;*
- *acquire and retain new customers in a cost-effective manner and increase our net sales, improve margins and maintain profitability;*
- *manage our growth effectively;*
- *maintain positive perceptions of the Company and preserve, grow and leverage the value of our reputation and our brand;*
- *limit operating losses as we continue to expand our business;*
- *forecast net sales and appropriately plan our expenses in the future;*
- *estimate our market share;*
- *strengthen our current supplier relationships, retain key suppliers and source additional suppliers;*
- *negotiate acceptable pricing and other terms with third-party service providers, suppliers and outsourcing partners and maintain our relationships with such parties;*
- *mitigate changes in, or disruptions to, our shipping arrangements and operations;*
- *optimize, operate and manage the expansion of the capacity of our fulfillment centers;*
- *provide our customers with a cost-effective platform that is able to respond and adapt to rapid changes in technology;*
- *limit our losses related to online payment methods;*
- *maintain and scale our technology, the reliability of our websites, mobile applications, and network infrastructure, including through the use of artificial intelligence;*
- *maintain adequate cybersecurity with respect to our systems and retain third-party service providers that do the same with respect to their systems;*
- *maintain consumer confidence in the safety, quality and health of our products;*
- *limit risks associated with our suppliers and our outsourcing partners;*
- *comply with existing or future laws and regulations in a cost-efficient manner;*
- *utilize net operating loss and tax credit carryforwards, and other tax attributes;*
- *adequately protect our intellectual property rights;*
- *successfully defend ourselves against any allegations or claims that we may be subject to;*
- *attract, develop, motivate and retain highly-qualified and skilled employees;*
- *respond to economic conditions, industry trends, and market conditions, and their impact on the pet products market;*
- *reduce merchandise returns or refunds;*
- *respond to severe weather and limit disruption to normal business operations;*
- *manage new acquisitions, investments or alliances, and integrate them into our existing business;*
- *successfully compete in new offerings;*
- *manage challenges presented by international markets;*
- *successfully compete in the pet products and services health and retail industry, especially in the e-commerce sector;*
- *comply with the terms of our credit facility;*
- *raise capital as needed; and*
- *maintain effective internal control over financial reporting.*

You should not rely on forward-looking statements as predictions of future events, and you should understand that these statements are not guarantees of performance or results, and our actual results could differ materially from those expressed in the forward-looking statements due to a variety of factors. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current assumptions, 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" included under Part I, Item 1A in our Annual Report on Form 10-K for the fiscal year ended February 2, 2025, in our other filings with the Securities and Exchange Commission, our subsequent quarterly reports, 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 such information provides a reasonable basis for these statements, this 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/), filings with the Securities and Exchange Commission (the "SEC"), 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 these channels 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 millions, except share and per share data)

	As of	
	May 4, 2025	**February 2, 2025**
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 616.4	$ 595.8
Accounts receivable	200.0	169.0
Inventories	806.9	836.7
Prepaid expenses and other current assets	88.5	60.9
Total current assets	1,711.8	1,662.4
Property and equipment, net	560.6	562.2
Operating lease right-of-use assets	449.5	450.4
Goodwill	39.4	39.4
Deferred tax assets	257.5	257.5
Other non-current assets	41.5	42.6
Total assets	$ 3,060.3	$ 3,014.5
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	$ 1,177.0	$ 1,175.9
Accrued expenses and other current liabilities	963.2	1,030.8
Total current liabilities	2,140.2	2,206.7
Operating lease liabilities	500.2	502.4
Other long-term liabilities	44.3	43.9
Total liabilities	2,684.7	2,753.0
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Preferred stock, $0.01 par value per share, 5,000,000 shares authorized, no shares issued and outstanding as of May 4, 2025 and February 2, 2025	—	—
Class A common stock, $0.01 par value per share, 1,500,000,000 shares authorized, 195,353,640 and 193,892,875 shares issued and outstanding as of May 4, 2025 and February 2, 2025, respectively	2.0	1.9
Class B common stock, $0.01 par value per share, 395,000,000 shares authorized, 219,698,561 shares issued and outstanding as of May 4, 2025 and February 2, 2025, respectively	2.2	2.2
Additional paid-in capital	1,891.4	1,840.2
Accumulated deficit	(1,520.5)	(1,582.9)
Accumulated other comprehensive income	0.5	0.1
Total stockholders' equity	375.6	261.5
Total liabilities and stockholders' equity	$ 3,060.3	$ 3,014.5

See accompanying Notes to Condensed Consolidated Financial Statements.

CHEWY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(in millions, except per share data)
(Unaudited)

	13 Weeks Ended	
	May 4, 2025	**April 28, 2024**
Net sales	$ 3,116.0	$ 2,877.7
Cost of goods sold	2,192.2	2,023.7
Gross profit	923.8	854.0
Operating expenses:		
Selling, general and administrative	653.1	602.6
Advertising and marketing	193.8	186.8
Total operating expenses	846.9	789.4
Income from operations	76.9	64.6
Interest and other income, net	1.0	13.8
Income before income tax provision	77.9	78.4
Income tax provision	15.5	11.5
Net income	$ 62.4	$ 66.9
Comprehensive income:		
Net income	$ 62.4	$ 66.9
Foreign currency translation adjustments	0.4	0.4
Comprehensive income	$ 62.8	$ 67.3
Earnings per share attributable to common Class A and Class B stockholders:		
Basic	$ 0.15	$ 0.15
Diluted	$ 0.15	$ 0.15
Weighted-average common shares used in computing earnings per share:		
Basic	413.7	434.9
Diluted	425.3	436.4

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	13 Weeks Ended May 4, 2025					
	Class A and Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance as of February 2, 2025	413.6	$ 4.1	$ 1,840.2	$ (1,582.9)	$ 0.1	$ 261.5
Share-based compensation expense	—	—	74.5	—	—	74.5
Vesting of share-based compensation awards	2.1	0.1	(0.1)	—	—	—
Repurchases of common stock	(0.6)	—	(23.2)	—	—	(23.2)
Net income	—	—	—	62.4	—	62.4
Other comprehensive income	—	—	—	—	0.4	0.4
Balance as of May 4, 2025	415.1	$ 4.2	$ 1,891.4	$ (1,520.5)	$ 0.5	$ 375.6

	13 Weeks Ended April 28, 2024					
	Class A and Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
	Shares	Amount				
Balance as of January 28, 2024	431.8	$ 4.3	$ 2,482.0	$ (1,975.6)	$ (0.4)	$ 510.3
Share-based compensation expense	—	—	65.4	—	—	65.4
Vesting of share-based compensation awards	3.6	0.1	(0.1)	—	—	—
Net income	—	—	—	66.9	—	66.9
Other comprehensive income	—	—	—	—	0.4	0.4
Balance as of April 28, 2024	435.4	$ 4.4	$ 2,547.3	$ (1,908.7)	$ —	$ 643.0

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	13 Weeks Ended	
	May 4, 2025	April 28, 2024
Cash flows from operating activities		
Net income	$ 62.4	$ 66.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	30.0	28.0
Share-based compensation expense	74.5	65.4
Non-cash lease expense	8.6	8.0
Change in fair value of equity warrants and investments	2.6	0.9
Unrealized foreign currency (gains) losses, net	(0.2)	0.6
Other	4.9	(1.9)
Net change in operating assets and liabilities:		
Accounts receivable	(30.9)	(18.2)
Inventories	30.1	(33.1)
Prepaid expenses and other current assets	(27.4)	(8.5)
Other non-current assets	(0.5)	0.2
Trade accounts payable	1.1	38.8
Accrued expenses and other current liabilities	(61.7)	(58.3)
Operating lease liabilities	(9.2)	(8.2)
Other long-term liabilities	2.1	1.3
Net cash provided by operating activities	86.4	81.9
Cash flows from investing activities		
Capital expenditures	(37.7)	(29.3)
Proceeds from maturities of marketable securities	—	535.0
Other	(3.5)	—
Net cash (used in) provided by investing activities	(41.2)	505.7
Cash flows from financing activities		
Repurchases of common stock	(23.1)	—
Proceeds from, net of income taxes paid for, parent reorganization transaction	1.6	(54.8)
Principal repayments of finance lease obligations	(0.1)	(0.3)
Payments of secondary offering costs	(0.5)	—
Other	(2.9)	—
Net cash used in financing activities	(25.0)	(55.1)
Effect of exchange rate changes on cash and cash equivalents	0.4	(0.1)
Net increase in cash and cash equivalents	20.6	532.4
Cash and cash equivalents, as of beginning of period	595.8	602.2
Cash and cash equivalents, as of end of period	$ 616.4	$ 1,134.6

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 primarily an e-commerce business geared toward pet products and services. Chewy serves its customers through its retail websites, 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 and services.

The Company is controlled by a consortium including private investment funds advised by BC Partners Advisors LP ("BC Partners") and its affiliates, 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").

On October 30, 2023 (the "Closing Date"), the Company entered into certain transactions (the "Transactions") with affiliates of BC Partners pursuant to an Agreement and Plan of Merger (the "Merger Agreement"). The Transactions resulted in such affiliates restructuring their ownership interests in the Company and Chewy Pharmacy KY, LLC ("Chewy Pharmacy KY") becoming an indirect wholly-owned subsidiary of the Company.

On the Closing Date, affiliates of BC Partners transferred $1.9 billion to the Company to be used to fund: (i) tax obligations of its affiliates that were inherited by the Company as a result of the Transactions and (ii) expenses incurred by the Company in connection with the Transactions. The Merger Agreement requires affiliates of BC Partners to indemnify the Company for certain tax liabilities and includes customary indemnifications related to the Transactions. For additional information, see Note 10 - Income Taxes.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The Company's 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 ("ASC"). 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 4, 2025 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 4, 2025 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 February 2, 2025 ("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 2025 fiscal year ends on February 1, 2026 and is a 52-week year. The Company's 2024 fiscal year ended February 2, 2025 and was a 53-week year.

Significant Accounting Policies

Other than policies noted herein, 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 and intangible assets, 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 millions):

	As of	
	May 4, 2025	**February 2, 2025**
Outbound fulfillment	$ 481.5	$ 512.1
Advertising and marketing	129.4	146.3
Payroll liabilities	60.8	89.9
Accrued expenses and other	291.5	282.5
Total accrued expenses and other current liabilities	$ 963.2	$ 1,030.8

Stockholders' Equity

Share Repurchase Activity

Share Repurchase Program

On May 24, 2024, the Company's Board of Directors authorized the Company to repurchase up to $500 million of its Class A common stock, par value $0.01 per share (the "Class A common stock"), and/or Class B common stock, par value $0.01 per share (the "Class B common stock" and together with the Class A common stock, the "common stock"), pursuant to a share repurchase program (the "Repurchase Program"). Under the Repurchase Program, the Company may repurchase shares of common stock on a discretionary basis from time to time through open market repurchases, in privately negotiated transactions, through repurchases made in compliance with Rule 10b-18 and/or Rule 10b5-1 under the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, or other means. The actual timing and amount of any share repurchases remains subject to a variety of factors, including stock price, trading volume, market conditions, compliance with applicable legal requirements, and other general business considerations. The Repurchase Program does not require the Company to repurchase any specific dollar amount or to acquire any specific number of shares of common stock. The Repurchase Program has no expiration date and may be modified, suspended, or terminated at any time.

The total cost of repurchased shares of common stock in excess of par value, including the cost of commissions and excise taxes, is recorded to additional paid-in capital. The total cost for share repurchases executed and unpaid, as well as the cost of unpaid commissions and excise taxes, are included in accrued expenses and other current liabilities on the Company's condensed consolidated balance sheets. During the thirteen weeks ended May 4, 2025, 664,533 shares of Class A common stock were repurchased and subsequently cancelled and retired pursuant to the Repurchase Program for a total cost of $23.2 million, excluding the cost of commissions and excise taxes. The authorized value of shares available to be repurchased under the Repurchase Program excludes the cost of commissions and excise taxes and as of May 4, 2025, the remaining value of shares of common stock that were authorized to be repurchased under the Repurchase Program was $383.5 million. As of May 4, 2025 and February 2, 2025, the total unpaid cost of share repurchases was $5.7 million and $5.6 million, respectively, which included $5.1 million, respectively, for excise taxes.

Interest and Other Income (Expense), net

The Company generates interest income from its cash and cash equivalents and marketable securities and incurs interest expense in relation to its borrowing facilities, finance leases, and uncertain tax positions. The following table provides additional information about the Company's interest income (expense), net (in millions):

	13 Weeks Ended	
	May 4, 2025	April 28, 2024
Interest income	$ 4.5	$ 15.8
Interest expense	(1.3)	(1.3)
Interest income, net	$ 3.2	$ 14.5

The Company made interest cash payments of $0.6 million during each of the thirteen weeks ended May 4, 2025 and April 28, 2024.

The Company's other income (expense), net consists of: (i) changes in the fair value of equity warrants, investments, and tax indemnification receivables, (ii) foreign currency transaction gains and losses, and (iii) allowances for credit losses. The following table provides additional information about the Company's other (expense) income, net (in millions):

	13 Weeks Ended	
	May 4, 2025	April 28, 2024
Change in fair value of equity warrants	$ (2.6)	$ (0.7)
Foreign currency transaction losses	(0.1)	(0.5)
Change in fair value of tax indemnification receivables	0.5	0.5
Other expense, net	$ (2.2)	$ (0.7)

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. In November 2023, the FASB issued this ASU to update reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance. This update became effective with the Company's Fiscal Year 2024 annual reporting period and with the Company's Fiscal Year 2025 interim reporting periods. The adoption of this standard did not have a material impact on the Company's consolidated financial statements and resulted in additional segment disclosures within Note 8 – Segment Information.

Recently Issued Accounting Pronouncements

ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. In December 2023, the FASB issued this ASU to update income tax disclosure requirements, primarily related to the income tax rate reconciliation and income taxes paid information. This update is effective beginning with the Company's 2025 fiscal year annual reporting period, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

ASU 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. In November 2024, the FASB issued this ASU to improve disclosures regarding the types of expenses included in commonly presented expense captions. This update is effective beginning with the Company's 2027 fiscal year annual reporting period, with early adoption permitted. The Company is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

3. Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

Level 1-Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2-Valuations based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3-Valuations based on unobservable inputs reflecting the Company's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Cash equivalents are carried at cost, which approximates fair value and are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

Marketable securities are included in prepaid expenses and other current assets on the Company's condensed consolidated balance sheets, are carried at fair value, and are classified within Level 1 because they are valued using quoted market prices. Specific to marketable fixed income securities, the Company did not record any gross unrealized gains and losses as fair value approximates amortized cost. The Company did not record any credit losses during the thirteen weeks ended May 4, 2025. Further, as of May 4, 2025, the Company did not record an allowance for credit losses related to its fixed income securities.

Vested equity warrants and equity investments in public companies that have readily determinable fair values are carried at fair value and are classified as marketable securities within Level 1 because they are valued using quoted market prices.

Unvested equity warrants are classified within Level 3 of the fair value hierarchy as they are valued based on observable and unobservable inputs reflecting the Company's assumptions, consistent with reasonably available assumptions made by other market participants. The Company utilized certain valuation techniques, such as the Black-Scholes option-pricing model and the Monte Carlo simulation model, to determine the fair value of unvested equity warrants. The application of these models requires the use of a number of complex assumptions based on unobservable inputs, including the expected term, expected equity volatility, discounts for lack of marketability, cash flow projections, and probability with respect to vesting requirements. Equity warrants are transferred from Level 3 to Level 1 of the fair value hierarchy upon vesting as they are no longer valued based on unobservable inputs.

The following table includes a summary of financial instruments measured at fair value as of May 4, 2025 (in millions):

	Level 1	Level 2	Level 3
Cash	$ 616.4	$ —	$ —
Cash and cash equivalents	616.4	—	—
Equity investments	1.0	—	—
Marketable securities	1.0	—	—
Total financial instruments	$ 617.4	$ —	$ —

The following table includes a summary of financial instruments measured at fair value as of February 2, 2025 (in millions):

	Level 1	Level 2	Level 3
Cash	$ 595.8	$ —	$ —
Cash and cash equivalents	595.8	—	—
Equity investments	0.9	—	—
Marketable securities	0.9	—	—
Unvested equity warrants	—	—	4.9
Total financial instruments	$ 596.7	$ —	$ 4.9

The following table summarizes the change in fair value for financial instruments using unobservable Level 3 inputs (in millions):

	13 Weeks Ended	
	May 4, 2025	April 28, 2024
Beginning balance	$ 4.9	$ 2.2
Equity warrants terminated	(4.9)	—
Change in fair value of unvested equity warrants	—	2.9
Equity warrants vested	—	(3.2)
Ending balance	$ —	$ 1.9

As of February 2, 2025, the deferred credit subject to vesting and performance requirements recognized within other long-term liabilities in exchange for the equity warrants was $4.5 million. Level 3 significant unobservable inputs used in the fair value measurement of unvested equity warrants included probability of vesting and equity volatility, and reflected a weighted average of 0% and 56% as of May 4, 2025, respectively.

4. Property and Equipment, net

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

	As of	
	May 4, 2025	February 2, 2025
Furniture, fixtures and equipment	$ 241.0	$ 208.3
Computer equipment	81.4	78.0
Internal-use software	243.0	230.0
Leasehold improvements	386.5	327.9
Construction in progress	50.4	130.1
	1,002.3	974.3
Less: accumulated depreciation and amortization	441.7	412.1
Property and equipment, net	$ 560.6	$ 562.2

Internal-use software includes labor and license costs associated with software development for internal use. As of May 4, 2025 and February 2, 2025, the Company had accumulated amortization related to internal-use software of $135.2 million and $125.1 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 4, 2025 and April 28, 2024, the Company recorded depreciation expense on property and equipment of $19.7 million and $18.1 million, respectively, and amortization expense related to internal-use software costs of $10.1 million and $8.9 million, respectively. The aforementioned depreciation and amortization expenses were included within selling, general and administrative expenses in the condensed consolidated statements of operations.

5. 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.

6. Debt

ABL Credit Facility

The Company has a senior secured asset-based credit facility (the "ABL Credit Facility"), which matures on April 1, 2030 following an amendment entered into on April 1, 2025, and provides for non-amortizing revolving loans in an aggregate principal amount of up to $800 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 up to the sum of (i) $250 million, (ii) the amount of permanent reductions of commitments thereunder and (iii) if greater than zero, the amount by which the borrowing base as of the date of incurrence exceeds the commitments thereunder, subject to customary conditions.

Borrowings under the ABL Credit Facility bear interest at a rate per annum equal to either a base rate or a term Secured Overnight Financing Rate ("SOFR") (with no credit spread adjustment) at the Company's option, plus a margin determined based on the Company's average excess availability, which is either (i) 0.25%, 0.50%, or 0.75% for borrowings at the base rate, or (ii) 1.25%, 1.50%, or 1.75% for SOFR borrowings. The Company is required to pay a commitment fee of 0.25% per annum with respect to the undrawn portion of the commitments, which is generally based on average daily usage of the facility. The ABL Credit Facility contains customary affirmative and negative covenants, all of which the Company is in compliance with. Based on the Company's borrowing base as of May 4, 2025, which is reduced by standby letters of credit, the Company had $782.8 million of borrowing capacity under the ABL Credit Facility. As of May 4, 2025 and February 2, 2025, the Company did not have any outstanding borrowings under the ABL Credit Facility, respectively.

7. 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 center, veterinary clinic, and corporate office leases expire at various dates through 2038, 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 4, 2025 and February 2, 2025 were not material and were included in property and equipment, net, 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 millions):

		As of	
Leases	**Balance Sheet Classification**	**May 4, 2025**	**February 2, 2025**
Assets			
Operating	Operating lease right-of-use assets	$ 449.5	$ 450.4
Total operating lease assets		$ 449.5	$ 450.4
Liabilities			
Current			
Operating	Accrued expenses and other current liabilities	$ 35.1	$ 33.5
Non-current			
Operating	Operating lease liabilities	500.2	502.4
Total operating lease liabilities		$ 535.3	$ 535.9

For the thirteen weeks ended May 4, 2025, assets acquired in exchange for new operating lease liabilities were $7.6 million. Lease expense primarily relates to operating lease costs and were included within selling, general and administrative expenses in the condensed consolidated statements of operations. Lease expense for the thirteen weeks ended May 4, 2025 and April 28, 2024 was $27.2 million and $26.3 million, respectively.

Cash flows used in operating activities related to operating leases were approximately $27.0 million and $25.6 million for the thirteen weeks ended May 4, 2025 and April 28, 2024, respectively.

8. Segment Information

The Company operates in one operating segment and one reportable segment organized around the sale of pet products and services, as the Chief Operating Decision Maker ("CODM") reviews financial information presented on a consolidated basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. The CODM utilizes gross profit and net income as the measures of segment profit.

The following table presents information about the Company's measures of segment profit and significant segment expenses regularly provided to the CODM (in millions):

	13 Weeks Ended	
	May 4, 2025	April 28, 2024
Net sales	$ 3,116.0	$ 2,877.7
Cost of goods sold	2,192.2	2,023.7
Gross profit	923.8	854.0
Fulfillment costs	346.4	309.8
Share-based compensation expense and related taxes	78.0	69.5
Depreciation and amortization	30.0	28.0
Other selling, general, and administrative expenses	198.7	195.3
Advertising and marketing expenses	193.8	186.8
Income tax provision	15.5	11.5
Interest and other income, net	(1.0)	(13.8)
Net income	$ 62.4	$ 66.9

The CODM does not regularly review asset information by reportable segment, and therefore the Company does not report asset information by reportable segment.

9. Share-Based Compensation

2024 Omnibus Incentive Plan

In July 2024, the Company's stockholders approved the Chewy, Inc. 2024 Omnibus Incentive Plan (the "2024 Plan") replacing the Chewy, Inc. 2022 Omnibus Incentive Plan (the "2022 Plan"). The 2024 Plan became effective on July 11, 2024 and the maximum number of shares of Class A common stock that may be covered by awards granted under the 2024 Plan may not exceed the aggregate total of (i) 80.0 million shares plus (ii) the number of shares remaining available for new awards under the 2022 Plan as of the effective date, up to 3.1 million shares. Following the effective date, any shares subject to an award under the 2022 Plan or the 2024 Plan that expires or are canceled, forfeited, or terminated without the issuance of the full number of shares to which the award related will again be available for issuance under the 2024 Plan. No awards may be granted under the 2024 Plan after July 2034. The 2024 Plan provides for grants of: (i) options, including incentive stock options and non-qualified stock options, (ii) restricted stock units, (iii) other share-based awards, including share appreciation rights, phantom stock, restricted shares, performance shares, deferred share units, and share-denominated performance units, (iv) cash awards, (v) substitute awards, and (vi) dividend equivalents (collectively, the "awards"). The awards may be granted to (i) the Company's employees, consultants, and non-employee directors, (ii) employees of the Company's affiliates and subsidiaries, and (iii) consultants of the Company's affiliates.

Service-Based Awards

The Company granted restricted stock units with service-based vesting conditions (“RSUs”) which vested subject to the employee’s continued employment with the Company through the applicable vesting date. The Company recorded share-based compensation expense for RSUs on a straight-line basis over the requisite service period and accounted for forfeitures as they occur.

Service-Based Awards Activity

The following table summarizes the activity related to the Company’s RSUs for the thirteen weeks ended May 4, 2025 (in millions, except for weighted-average grant date fair value):

	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested and outstanding as of February 2, 2025	22.5	$ 22.65
Granted	11.0	$ 33.36
Vested	(2.1)	$ 24.83
Forfeited	(1.2)	$ 23.36
Unvested and outstanding as of May 4, 2025	30.2	$ 26.37

The following table summarizes the weighted average grant-date fair value of RSUs granted and total fair value of RSUs vested for the periods presented:

	13 Weeks Ended	
	May 4, 2025	April 28, 2024
Weighted average grant-date fair value of RSUs	$ 33.36	$ 16.12
Total fair value of vested RSUs (in millions)	$ 77.4	$ 62.7

As of May 4, 2025, total unrecognized compensation expense related to unvested RSUs was $737.1 million and is expected to be recognized over a weighted-average expected performance period of 3.0 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.

Service and Performance-Based Awards

The Company granted restricted stock units which vested upon satisfaction of both service-based vesting conditions and company performance-based vesting conditions (“PRSUs”), subject to the employee’s continued employment with the Company through the applicable vesting date. The Company recorded share-based compensation expense for PRSUs over the requisite service period and accounted 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 4, 2025 (in millions, except for weighted-average grant date fair value):

	Number of PRSUs	Weighted-Average Grant Date Fair Value
Unvested and outstanding as of February 2, 2025	2.0	$ 18.69
Granted	1.2	$ 26.35
Unvested and outstanding as of May 4, 2025	3.2	$ 21.58

The following table summarizes the weighted average grant-date fair value of PRSUs granted and total fair value of PRSUs vested for the periods presented:

	13 Weeks Ended	
	May 4, 2025	April 28, 2024
Weighted average grant-date fair value of PRSUs	$ 26.35	$ 16.93
Total fair value of vested PRSUs (in millions)	$ —	$ 0.6

As of May 4, 2025, total unrecognized compensation expense related to unvested PRSUs was $47.6 million and is expected to be recognized over a weighted-average expected performance period of 2.2 years.

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

As of May 4, 2025, there were 71.3 million additional shares of Class A common stock reserved for future issuance under the 2024 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 millions):

	13 Weeks Ended	
	May 4, 2025	April 28, 2024
RSUs	$ 67.6	$ 64.1
PRSUs	6.9	1.3
Total share-based compensation expense	$ 74.5	$ 65.4

10. Income Taxes

Chewy is subject to taxation in the U.S. and various state, local, and foreign jurisdictions. The Company recorded an income tax provision during the thirteen weeks ended May 4, 2025 and April 28, 2024 of $15.5 million and $11.5 million, respectively.

The Company periodically evaluates the realizability of its net deferred tax assets based on all available evidence. The realizability of the Company's net deferred tax assets is dependent on its ability to generate sufficient future taxable income prior to the expiration of tax attributes to support the utilization of these assets. As of May 4, 2025 and February 2, 2025, the Company maintained a full valuation allowance of $21.8 million against its foreign net deferred tax assets and certain U.S. state deferred tax assets.

In connection with the Transactions, the Company assumed $1.9 billion in income taxes which were fully indemnified by affiliates of BC Partners, and had an income tax payable of $1.8 million as of February 2, 2025. During the thirteen weeks ended May 4, 2025, the Company received refunds of $1.6 million, net of payments made, for federal and state income taxes in connection with the Transactions. Following the reclassification of $3.4 million of refunds received to reflect a payable to affiliates of BC Partners, the Company had an immaterial income tax payable pursuant to the Transactions as of May 4, 2025. During the thirteen weeks ended April 28, 2024, the Company paid $96.1 million, net of refunds received, for federal and state income taxes in connection with the Transactions. For more information, see Note 12 - Certain Relationships and Related Party Transactions.

The Company paid $0.2 million and $1.3 million, net of refunds received, for federal, state, and foreign income taxes other than in connection with the Transactions during the thirteen weeks ended May 4, 2025 and April 28, 2024, respectively.

In the aggregate, the Company received refunds for income taxes, net of payments made, of $1.4 million during the thirteen weeks ended May 4, 2025, and paid income taxes, net of refunds received, of $97.4 million during the thirteen weeks ended April 28, 2024.

11. Earnings per Share

Basic and diluted earnings per share attributable to the Company's common stockholders are presented using the two-class method required for participating securities. Under the two-class method, net income attributable to the Company's 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 less distributed earnings. Undistributed earnings are allocated proportionally to the Company's 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 earnings per share are calculated by dividing net income attributable to the Company's common stockholders by the weighted-average shares outstanding during the period.

The following table sets forth basic and diluted earnings per share attributable to the Company's common stockholders for the periods presented (in millions, except per share data):

	13 Weeks Ended	
	May 4, 2025	**April 28, 2024**
Basic and diluted earnings per share		
Numerator		
Earnings attributable to common Class A and Class B stockholders	$ 62.4	$ 66.9
Denominator		
Weighted-average common shares used in computing earnings per share:		
Basic	413.7	434.9
Effect of dilutive share-based awards	11.6	1.5
Diluted	425.3	436.4
Anti-dilutive share-based awards excluded from diluted common shares	2.9	12.0
Earnings per share attributable to common Class A and Class B stockholders:		
Basic	$ 0.15	$ 0.15
Diluted	$ 0.15	$ 0.15

12. Certain Relationships and Related Party Transactions

As of May 4, 2025 and February 2, 2025, the Company had a payable to affiliates of BC Partners of $10.3 million and $6.9 million, respectively, with respect to refunds received pursuant to tax payments made in connection with the Transactions, which was included in accrued expenses and other current liabilities on the Company's condensed consolidated balance sheets. For more information, see Note 10 - Income Taxes.

As of May 4, 2025 and February 2, 2025, the Company had a receivable from affiliates of BC Partners of $22.2 million and $21.7 million, respectively, with respect to the indemnification for certain tax liabilities in connection with the Transactions, which was included in other non-current assets on the Company's condensed consolidated balance sheets. For more information, see Note 10 - Income Taxes.

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 4, 2025 ("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 February 2, 2025 ("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 10-Q Report 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/), filings with the SEC, 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 these channels 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 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 services, as well as the 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 and expanded menu of service offerings, 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 partners and continually develop innovative ways for our customers to engage with us. We partner with approximately 3,200 of the best and most trusted brands in the pet industry, and we create and offer our own outstanding private brands. Through our websites and mobile applications, we offer our customers approximately 130,000 products, compelling merchandising, an easy and enjoyable shopping experience, and exceptional customer service.

Macroeconomic Considerations

Evolving macroeconomic conditions, including current inflation levels, tariffs, and high interest rates, have affected, and continue to affect, our business and consumer shopping behavior. We continue to monitor conditions closely and adapt aspects of our logistics, transportation, supply chain, and purchasing processes accordingly to meet the needs of our growing community of pets, pet parents and partners. As our customers react to these economic conditions, we will adapt our business accordingly to meet their evolving needs.

We are unable to predict the duration and ultimate impact of evolving macroeconomic conditions on the broader economy or our operations and liquidity. As such, macroeconomic risks and uncertainties remain. Refer to the section titled "Cautionary Note Regarding Forward-Looking Statements" in this 10-Q Report and the section titled "Risk Factors" in Item 1A of our 10-K Report for the fiscal year ended February 2, 2025.

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 2025 fiscal year ends on February 1, 2026 and is a 52-week year. Our 2024 fiscal year ended February 2, 2025 and was a 53-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 millions, except net sales per active customer, per share data, and percentages)	13 Weeks Ended May 4, 2025	13 Weeks Ended April 28, 2024	% Change
Financial and Operating Data			
Net sales	$ 3,116.0	$ 2,877.7	8.3 %
Net income [1]	$ 62.4	$ 66.9	(6.7)%
Net margin	*2.0 %*	*2.3 %*	
Adjusted EBITDA [2]	$ 192.7	$ 162.9	18.3 %
Adjusted EBITDA margin [2]	*6.2 %*	*5.7 %*	
Adjusted net income [2]	$ 148.9	$ 137.1	8.6 %
Earnings per share, basic [1]	$ 0.15	$ 0.15	— %
Earnings per share, diluted [1]	$ 0.15	$ 0.15	— %
Adjusted earnings per share, basic [2]	$ 0.36	$ 0.32	12.5 %
Adjusted earnings per share, diluted [2]	$ 0.35	$ 0.31	12.9 %
Net cash provided by operating activities	$ 86.4	$ 81.9	5.5 %
Free cash flow [2]	$ 48.7	$ 52.6	(7.4)%
Active customers	20.756	19.988	3.8 %
Net sales per active customer	$ 583	$ 562	3.7 %
Autoship customer sales	$ 2,562.7	$ 2,232.9	14.8 %
Autoship customer sales as a percentage of net sales	82.2 %	77.6 %	

[1] Includes share-based compensation expense and related taxes of $78.0 million for the thirteen weeks ended May 4, 2025, compared to $69.5 million for the thirteen weeks ended April 28, 2024.

[2] Adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted basic and diluted earnings per share, and free cash flow are non-GAAP financial measures. See Non-GAAP Financial Measures below.

We define net margin as net income 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 excluding depreciation and amortization; share-based compensation expense and related taxes; income tax provision (benefit); interest income (expense), net; transaction related costs; changes in the fair value of equity warrants; severance and exit 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, the most directly comparable GAAP financial measure.

We have included adjusted EBITDA and adjusted EBITDA margin in this 10-Q Report because each 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 and adjusted EBITDA margin 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 and adjusted EBITDA margin provide 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 and share-based compensation 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 (benefit); interest income (expense), net; transaction related costs; changes in the fair value of equity warrants; and litigation matters and other items which are not components of our core business operations. We believe it is useful to exclude severance and exit costs because these expenses represent temporary initiatives to realign resources and enhance operational efficiency, 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 or initiative and include changes in the fair value of equity warrants, severance and exit costs, 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, net margin, and our other GAAP results.

The following table presents a reconciliation of net income to adjusted EBITDA, as well as the calculation of net margin and adjusted EBITDA margin, for each of the periods indicated:

(in millions, except percentages)	**13 Weeks Ended**	
Reconciliation of Net Income to Adjusted EBITDA	**May 4, 2025**	**April 28, 2024**
Net income	$ 62.4	$ 66.9
Add (deduct):		
Depreciation and amortization	30.0	28.0
Share-based compensation expense and related taxes	78.0	69.5
Interest income, net	(3.2)	(14.5)
Change in fair value of equity warrants	2.6	0.7
Income tax provision	15.5	11.5
Severance costs	5.9	—
Transaction related costs	0.1	—
Other	1.4	0.8
Adjusted EBITDA	$ 192.7	$ 162.9
Net sales	$ 3,116.0	$ 2,877.7
Net margin	*2.0 %*	*2.3 %*
Adjusted EBITDA margin	*6.2 %*	*5.7 %*

Adjusted Net Income and Adjusted Basic and Diluted Earnings per Share

To provide investors with additional information regarding our financial results, we have disclosed here and elsewhere in this 10-Q Report adjusted net income and adjusted basic and diluted earnings per share, which represent non-GAAP financial measures. We calculate adjusted net income as net income excluding share-based compensation expense and related taxes, releases of valuation allowances associated with deferred tax assets, changes in the fair value of equity warrants, and severance and exit costs. We calculate adjusted basic and diluted earnings per share by dividing adjusted net income attributable to common stockholders by the weighted-average shares outstanding during the period. We have provided a reconciliation below of adjusted net income to net income, the most directly comparable GAAP financial measure.

We have included adjusted net income and adjusted basic and diluted earnings per share in this 10-Q Report because each 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 net income and adjusted basic and diluted earnings per share facilitates operating performance comparability across reporting periods by removing the effect of non-cash expenses and certain variable gains and losses that do not represent a component of our core business operations. We believe it is useful to exclude non-cash share-based compensation expense 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 releases of valuation allowances associated with deferred tax assets as this is not a component of our core business operations. We believe it is useful to exclude changes in the fair value of equity warrants because the variability of equity warrant gains and losses is not representative of our underlying operations. We believe it is useful to exclude severance and exit costs because these expenses represent temporary initiatives to realign resources and enhance operational efficiency, which are not components of our core business operations. Accordingly, we believe that these measures provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Adjusted net income and adjusted basic and diluted earnings per share have limitations as financial measures and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Other companies may calculate adjusted net income and adjusted basic and diluted earnings per share differently, which reduces their usefulness as comparative measures. Because of these limitations, you should consider adjusted net income and adjusted basic and diluted earnings alongside other financial performance measures, including various cash flow metrics, net income, basic and diluted earnings per share, and our other GAAP results.

The following table presents a reconciliation of net income to adjusted net income, as well as the calculation of adjusted basic and diluted earnings per share, for each of the periods indicated:

(in millions, except per share data)	**13 Weeks Ended**	
Reconciliation of Net Income to Adjusted Net Income	**May 4, 2025**	**April 28, 2024**
Net income	$ 62.4	$ 66.9
Add:		
Share-based compensation expense and related taxes	78.0	69.5
Change in fair value of equity warrants	2.6	0.7
Severance costs	5.9	—
Adjusted net income	$ 148.9	$ 137.1
Weighted-average common shares used in computing earnings per share and adjusted earnings per share:		
Basic	413.7	434.9
Effect of dilutive share-based awards	11.6	1.5
Diluted	425.3	436.4
Earnings per share attributable to common Class A and Class B stockholders		
Basic	$ 0.15	$ 0.15
Diluted	$ 0.15	$ 0.15
Adjusted basic	$ 0.36	$ 0.32
Adjusted diluted	$ 0.35	$ 0.31

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 operating activities less capital expenditures (which consist of purchases of property and equipment, capitalization of labor related to our websites, mobile applications, software development, and leasehold improvements). We have provided a reconciliation below of free cash flow to net cash provided by operating activities, the most directly comparable GAAP financial measure.

We have included free cash flow in this 10-Q Report because it is used by our management and board of directors as 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 operating activities, capital expenditures and our other GAAP results.

The following table presents a reconciliation of net cash provided by operating activities to free cash flow for each of the periods indicated:

(in millions)	13 Weeks Ended	
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow	**May 4, 2025**	**April 28, 2024**
Net cash provided by operating activities	$ 86.4	$ 81.9
Deduct:		
Capital expenditures	(37.7)	(29.3)
Free Cash Flow	$ 48.7	$ 52.6

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, pharmacy facilities, veterinary clinics, customer service infrastructure, 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 a product or service, and for whom a product has shipped or for whom a service has been provided, 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 and 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, ability to acquire and retain 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 that had an order 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 refunds, 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 private brand pet food, pet products, pet medications and other pet health products, and related shipping fees. Sales of third-party brand and private brand pet food, pet products and shipping revenues are recorded when products are shipped, net of promotional discounts and refunds and 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 private 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 fulfillment costs incurred in operating and staffing fulfillment centers, customer service centers, and veterinary clinics; payroll and related expenses for employees involved in general corporate functions, including accounting, finance, tax, legal and human resources; costs associated with the use of facilities and equipment, such as depreciation expense and rent; share-based compensation, professional fees and other general corporate costs.

Fulfillment costs include costs attributable to buying, receiving, inspecting and warehousing inventories, picking, packaging and preparing customer orders for shipment, payment processing, providing pet health services, 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.

Interest and Other Income (Expense), net

We generate interest income from our cash and cash equivalents and marketable securities. We incur interest expense in relation to our borrowing facilities, finance leases, and uncertain tax positions.

Our other income (expense), net consists of changes in the fair value of equity warrants, equity investments, tax indemnification receivables, foreign currency transaction gains and losses, and allowances for credit losses.

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 millions, except percentages)	May 4, 2025	April 28, 2024	% Change	May 4, 2025	April 28, 2024
Consolidated Statements of Operations					
Net sales	$ 3,116.0	$ 2,877.7	8.3 %	100.0 %	100.0 %
Cost of goods sold	2,192.2	2,023.7	8.3 %	70.4 %	70.3 %
Gross profit	923.8	854.0	8.2 %	29.6 %	29.7 %
Operating expenses:					
Selling, general and administrative	653.1	602.6	8.4 %	21.0 %	20.9 %
Advertising and marketing	193.8	186.8	3.7 %	6.2 %	6.5 %
Total operating expenses	846.9	789.4	7.3 %	27.2 %	27.4 %
Income from operations	76.9	64.6	19.0 %	2.5 %	2.2 %
Interest and other income, net	1.0	13.8	(92.8)%	0.0 %	0.5 %
Income before income tax provision	77.9	78.4	(0.6)%	2.5 %	2.7 %
Income tax provision	15.5	11.5	34.8 %	0.5 %	0.4 %
Net income	$ 62.4	$ 66.9	(6.7)%	2.0 %	2.3 %

Thirteen Weeks Ended May 4, 2025 Compared to Thirteen Weeks Ended April 28, 2024

Net Sales

	13 Weeks Ended			
(in millions, except percentages)	May 4, 2025	April 28, 2024	$ Change	% Change
Consumables	$ 2,177.9	$ 2,046.9	$ 131.0	6.4 %
Hardgoods	342.2	304.7	37.5	12.3 %
Other	595.9	526.1	69.8	13.3 %
Net sales	$ 3,116.0	$ 2,877.7	$ 238.3	8.3 %

Net sales for the thirteen weeks ended May 4, 2025 increased by $238.3 million, or 8.3%, to $3.1 billion compared to $2.9 billion for the thirteen weeks ended April 28, 2024. This increase was primarily driven by growth in active customers, which improved by 3.8%, to 20.8 million, and higher net sales per active customer, which increased $21, to $583 in the thirteen weeks ended May 4, 2025 compared to the thirteen weeks ended April 28, 2024, driven by growth across our healthcare, specialty, and hardgoods businesses.

Cost of Goods Sold and Gross Profit

Cost of goods sold for the thirteen weeks ended May 4, 2025 increased by $168.5 million, or 8.3%, to $2.2 billion compared to $2.0 billion in the thirteen weeks ended April 28, 2024. This increase was primarily due to an increase in associated product, outbound freight, and shipping supply costs. The increase in cost of goods sold was consistent with the increase in net sales on a percentage basis, reflecting our ability to balance increases in product and supply chain related costs.

Gross profit for the thirteen weeks ended May 4, 2025 increased by $69.8 million, or 8.2%, to $923.8 million compared to $854.0 million in the thirteen weeks ended April 28, 2024. This increase was primarily due to the year-over-year increase in net sales as described above. Gross margin for the thirteen weeks ended May 4, 2025 was 29.6%, a decrease of 10 basis points compared to 29.7% for the thirteen weeks ended April 28, 2024. The decline in gross margin was primarily due to the thirteen weeks ended April 28, 2024 benefiting from certain one-time items including the timing of vendor reimbursements, lower fuel costs, and a lower than expected promotional environment. Sponsored ads continues to be the largest driver of gross margin improvement, combined with strong autoship and product mix shift into margin accretive categories.

Selling, General and Administrative

Selling, general and administrative expenses for the thirteen weeks ended May 4, 2025 increased by $50.5 million, or 8.4%, to $653.1 million compared to $602.6 million in the thirteen weeks ended April 28, 2024. This was primarily due to an increase of $36.6 million in costs associated with expansion of operations at our fulfillment center in Houston, Texas and the continued expansion of our pharmacy fulfillment network, to support the overall growth of our business. We also experienced increases of $8.5 million in share-based compensation expense and related taxes, and an increase of $5.4 million in facilities expenses, principally due to business growth and new return to office initiatives at our corporate offices in Plantation, Florida and Boston, Massachusetts.

We have recently undertaken a project that will modernize our finance information technology architecture. At the conclusion of this project, which we believe will occur towards the end of our 2025 fiscal year, we aim to have, among other things, (i) the ability to produce financial information across different segments of the Company, which supports scalability for future growth, (ii) expanded visibility and analytical capabilities with respect to our data, and (iii) an infrastructure that enables the use of artificial intelligence and other system advancements that will create further efficiencies for our team members. The project will not require meaningful capital investment.

Advertising and Marketing

Advertising and marketing expenses for the thirteen weeks ended May 4, 2025 increased by $7.0 million, or 3.7%, to $193.8 million compared to $186.8 million in the thirteen weeks ended April 28, 2024. Our marketing expenses increased due to additional investment in our lower and upper funnel marketing channels contributing to new customer acquisition and improved customer retention. For our 2025 fiscal year, we expect advertising and marketing expense to be approximately 6.7 to 6.8 percent of net sales.

Interest and Other Income (Expense), net

Interest income for the thirteen weeks ended May 4, 2025 decreased by $11.3 million, to $3.2 million compared to interest income of $14.5 million in the thirteen weeks ended April 28, 2024. This decrease was due to a decrease in interest income generated from marketable securities, which matured during the thirteen weeks ended April 28, 2024.

Other expense for the thirteen weeks ended May 4, 2025 increased by $1.5 million, to $2.2 million compared to other expense of $0.7 million in the thirteen weeks ended April 28, 2024. This increase was primarily due to a termination of equity warrants partially offset by a decrease in foreign currency losses.

Liquidity and Capital Resources

We finance our operations and capital expenditures primarily through cash flows generated by operations. Our principal sources of liquidity are expected to be our cash and cash equivalents and our revolving credit facility. Cash and cash equivalents consisted primarily of cash on deposit with banks. Cash and cash equivalents totaled $616.4 million as of May 4, 2025, an increase of $20.6 million from February 2, 2025.

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, share repurchases, 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 for the fiscal year ended February 2, 2025. 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.

Cash Flows

($ in millions)	13 Weeks Ended May 4, 2025	13 Weeks Ended April 28, 2024
Net cash provided by operating activities	$ 86.4	$ 81.9
Net cash (used in) provided by investing activities	$ (41.2)	$ 505.7
Net cash used in financing activities	$ (25.0)	$ (55.1)

Operating Activities

Net cash provided by operating activities was $86.4 million for the thirteen weeks ended May 4, 2025, which primarily consisted of $62.4 million of net income and $120.4 million of non-cash adjustments, including share-based compensation expense of $74.5 million and depreciation and amortization expense of $30.0 million. These amounts were partially offset by working capital changes of $88.8 million, which were primarily driven by a decrease in accrued expenses and other current liabilities, coupled with an increase in accounts receivable and prepaid expenses and other current assets. These changes were partially offset by a decrease in inventories.

Net cash provided by operating activities was $81.9 million for the thirteen weeks ended April 28, 2024, which primarily consisted of $66.9 million of net income, $101.0 million of non-cash adjustments such as share-based compensation expense of $65.4 million and depreciation and amortization expense of $28.0 million, partially offset by a cash decrease of $79.3 million from working capital. Cash decreases from working capital were primarily driven by a decrease in other current liabilities and an increase in inventories, receivables, and other current assets, partially offset by an increase in payables.

Investing Activities

Net cash used in investing activities was $41.2 million for the thirteen weeks ended May 4, 2025, primarily consisting of $37.7 million for capital expenditures related to expanding operations at our Houston, Texas fulfillment center, veterinary clinics, and future pharmacy facility capabilities.

Net cash provided by investing activities was $505.7 million for the thirteen weeks ended April 28, 2024, primarily consisting of $535.0 million for the maturities of marketable securities, partially offset by $29.3 million for capital expenditures related to the launch of new and future pharmacy facilities, veterinary clinics, and fulfillment centers as well as additional investments in IT hardware and software.

Financing Activities

Net cash used in financing activities was $25.0 million for the thirteen weeks ended May 4, 2025 primarily consisting of $23.1 million for repurchases of common stock, principal repayments of finance lease obligations, and payments for secondary offering costs.

Net cash used in financing activities was $55.1 million for the thirteen weeks ended April 28, 2024, primarily consisting of $54.8 million for income taxes paid for, net of proceeds from, the parent reorganization transaction as well as principal repayments of finance lease obligations.

Other Liquidity Measures

ABL Credit Facility

We have a senior secured asset-based credit facility (the “ABL Credit Facility”), which matures on April 1, 2030 following an amendment entered into on April 1, 2025, and provides for non-amortizing revolving loans in the aggregate principal amount of up to $800 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 of (i) $250 million, (ii) the amount of permanent reductions of commitments thereunder and (iii) if greater than zero, the amount by which the borrowing base as of the date of incurrence exceeds the commitments thereunder, subject to customary conditions. Borrowings under the ABL Credit Facility bear interest at a rate per annum equal to either a base rate or a term Secured Overnight Financing Rate (“SOFR”) (with no credit spread adjustment) at the Company’s option, plus a margin determined based on the Company's average excess availability, which is either (i) 0.25%, 0.50%, or 0.75% for borrowings at the base rate, or (ii) 1.25%, 1.50%, or 1.75% for SOFR borrowings. We are required to pay a 0.25% per annum commitment fee 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 4, 2025, which is reduced by standby letters of credit, we had $782.8 million of borrowing capacity under the ABL Credit Facility. As of May 4, 2025 and February 2, 2025, we did not have any outstanding borrowings under the ABL Credit Facility, respectively.

Share Repurchase Activity

On May 24, 2024, our Board of Directors authorized the Company to repurchase up to $500 million of its Class A common stock, par value $0.01 per share (the "Class A common stock"), and/or Class B common stock, par value $0.01 per share (the "Class B common stock" and together with the Class A common stock, the "common stock"), pursuant to a share repurchase program (the "Repurchase Program"). The actual timing and amount of any share repurchases remains subject to a variety of factors, including stock price, trading volume, market conditions, compliance with applicable legal requirements, and other general business considerations. We are not required to repurchase any specific dollar amount or to acquire any specific number of shares of common stock. The Repurchase Program has no expiration date and may be modified, suspended, or terminated at any time.

During the thirteen weeks ended May 4, 2025, 664,533 shares of Class A common stock were repurchased and subsequently cancelled and retired pursuant to the Repurchase Program for a total cost of $23.2 million, excluding the cost of commissions and excise taxes. The authorized value of shares available to be repurchased under the Repurchase Program excludes the cost of commissions and excise taxes and as of May 4, 2025, the remaining value of shares of common stock that were authorized to be repurchased under the Repurchase Program was $383.5 million. As of May 4, 2025 and February 2, 2025, the total unpaid cost of share repurchases was $5.7 million and $5.6 million, respectively, which included $5.1 million, respectively, for excise taxes.

Recent Accounting Pronouncements

Information regarding recent accounting pronouncements is provided in Item 1 of Part I, "Financial Statements (Unaudited) - Note 2 - Basis of Presentation and Significant Accounting Policies - Recent Accounting Pronouncements" and is incorporated by reference herein.

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 February 2, 2025.

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 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 4, 2025.

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 4, 2025.

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 5– 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 February 2, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table presents information with respect to shares of Class A common stock repurchased by Chewy, Inc. during the thirteen weeks ended May 4, 2025:

Period	Total Number of Shares Purchased	Average Price Paid Per Share [(1)]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [(1)]	Approximate Dollar Value of Shares That May Yet Be Purchased Under The Plans or Programs (in millions) [(1)]
February 3, 2025 - March 2, 2025	183,588	$ 37.39	183,588	$ 399.8
March 3, 2025 - April 6 2025	106,198	$ 32.97	106,198	$ 396.3
April 7, 2025 - May 4, 2025	374,747	$ 34.28	374,747	$ 383.5
Total	664,533		664,533	

(1) On May 24, 2024, the Company's Board of Directors authorized the Company to repurchase up to $500 million of the Company's common stock pursuant to the Repurchase Program. The Repurchase Program has no expiration date and may be modified, suspended or terminated at any time. The average price paid per share and approximate dollar value of shares that may yet be purchased under the Repurchase Program excludes the cost of commissions and excise taxes associated with the repurchases. Refer to Note 2 in the "Notes to Condensed Consolidated Financial Statements" of this Quarterly Report on Form 10-Q for additional information.

Item 5. Other Information

Rule 10b5-1 Plan Elections

On April 9, 2025, Satish Mehta, the Company's Chief Technology Officer, terminated the "Rule 10b5-1 trading arrangement" as defined in Item 408 of Regulation S-K that he had previously adopted on October 6, 2024. On April 9, 2025, Satish Mehta adopted a "Rule 10b5-1 trading arrangement" as defined in Item 408 of Regulation S-K. The trading arrangement is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act and is scheduled to expire on December 31, 2025, subject to earlier termination in accordance with its terms. The aggregate number of shares of Class A common stock authorized to be sold pursuant to the trading arrangement is 144,469 shares.

Item 6. Exhibits

		Incorporation by Reference				
Exhibit No.	Exhibit Description	Form	File No.	Exhibit No.	Filing Date	Filed Herewith
10.1	Amendment No. 3 to the ABL Credit Agreement, dated as of April 1, 2025, among Chewy, Inc., the Lenders party thereto and Wells Fargo Bank, National Association as administrative agent.	8-K	001-38936	10.1	April 2, 2025	
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

* Denotes management contract or compensatory plan or arrangement required to be filed as an exhibit hereto

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 11, 2025	By: /s/ David Reeder
	David Reeder
	Chief Financial Officer

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 11, 2025

/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, David Reeder, 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 11, 2025

/s/ David Reeder
David Reeder
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 4, 2025, as filed with the Securities and Exchange Commission (the "Periodic Report"), we, Sumit Singh, Chief Executive Officer of the Company, and David Reeder, 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 11, 2025

/s/ Sumit Singh

Sumit Singh
Chief Executive Officer
(Principal Executive Officer)

/s/ David Reeder

David Reeder
Chief Financial Officer
(Principal Financial Officer)