Quarterly Earnings Supplement
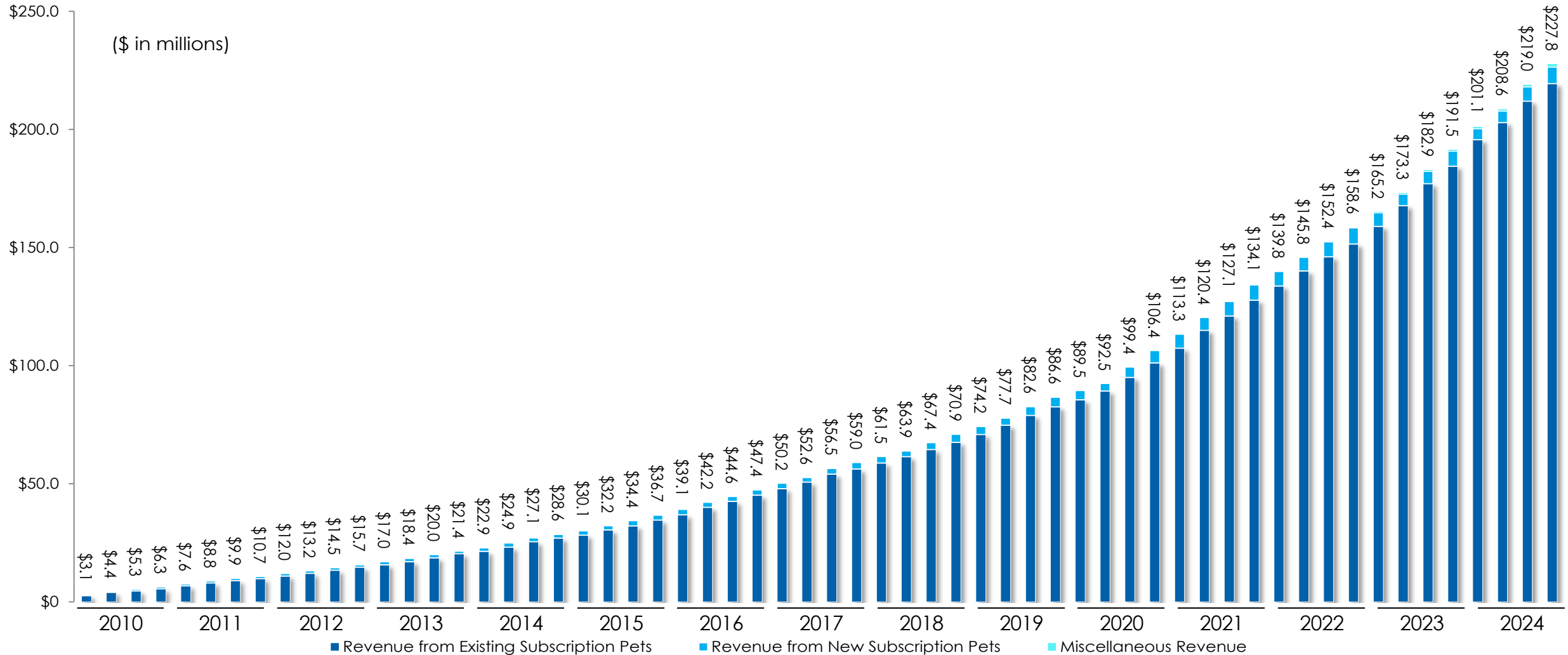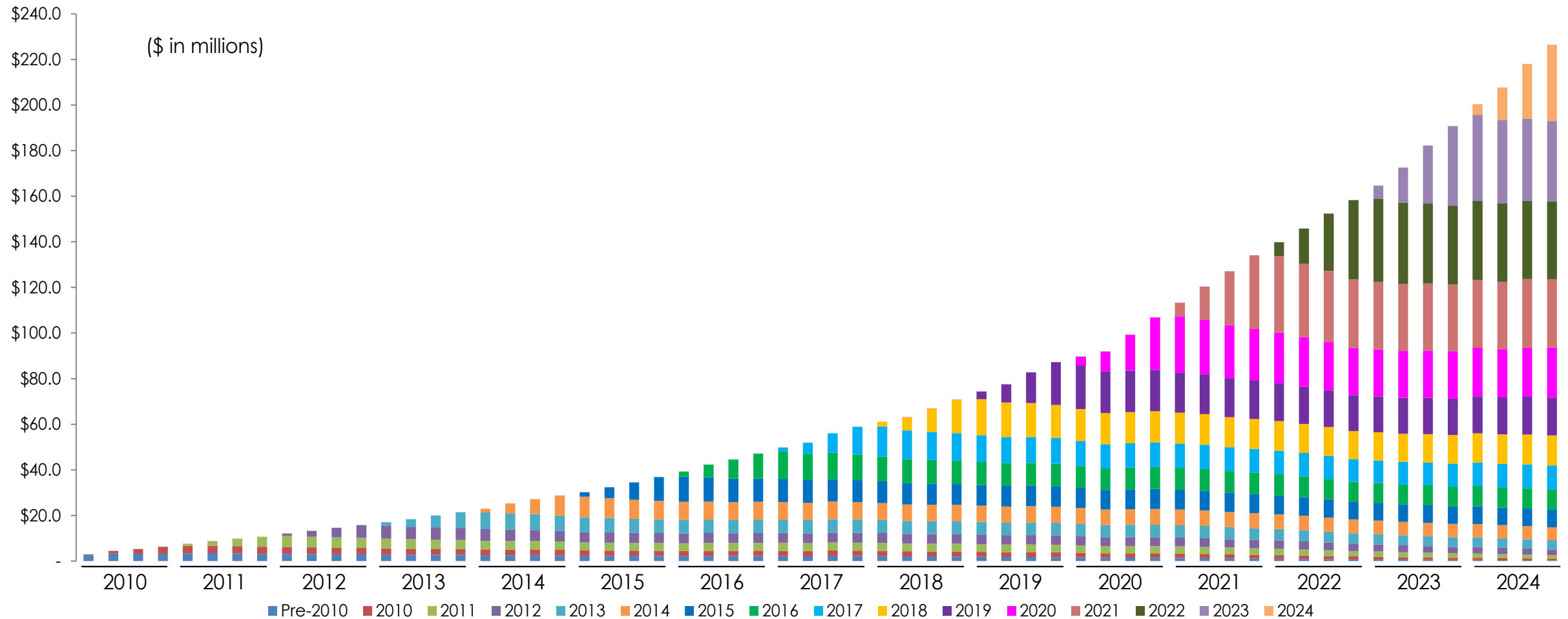## Q4 2024

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Medical insurance for the life of your pet.
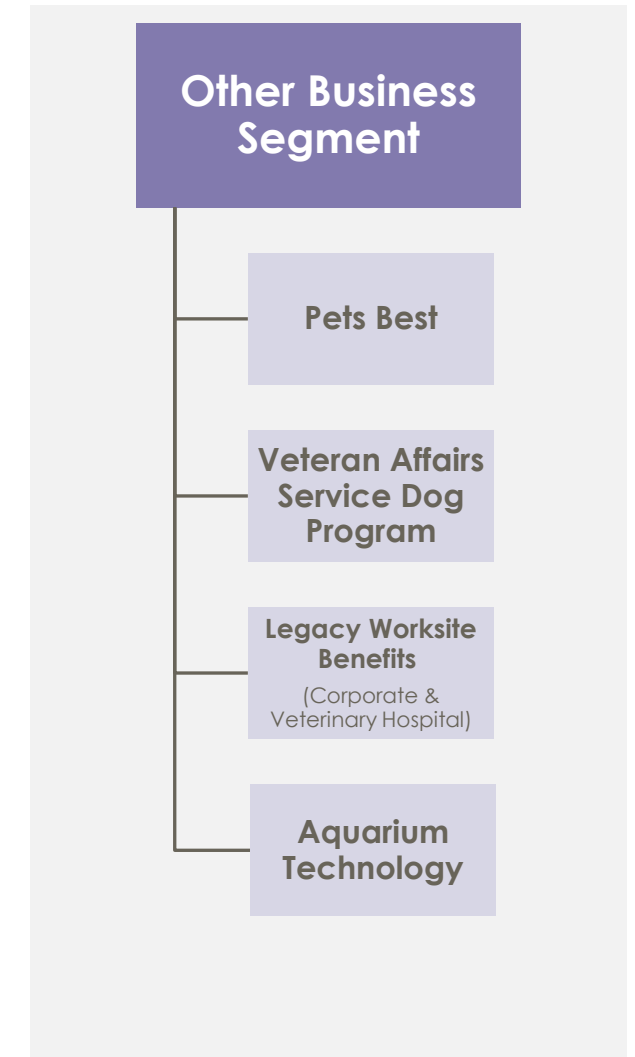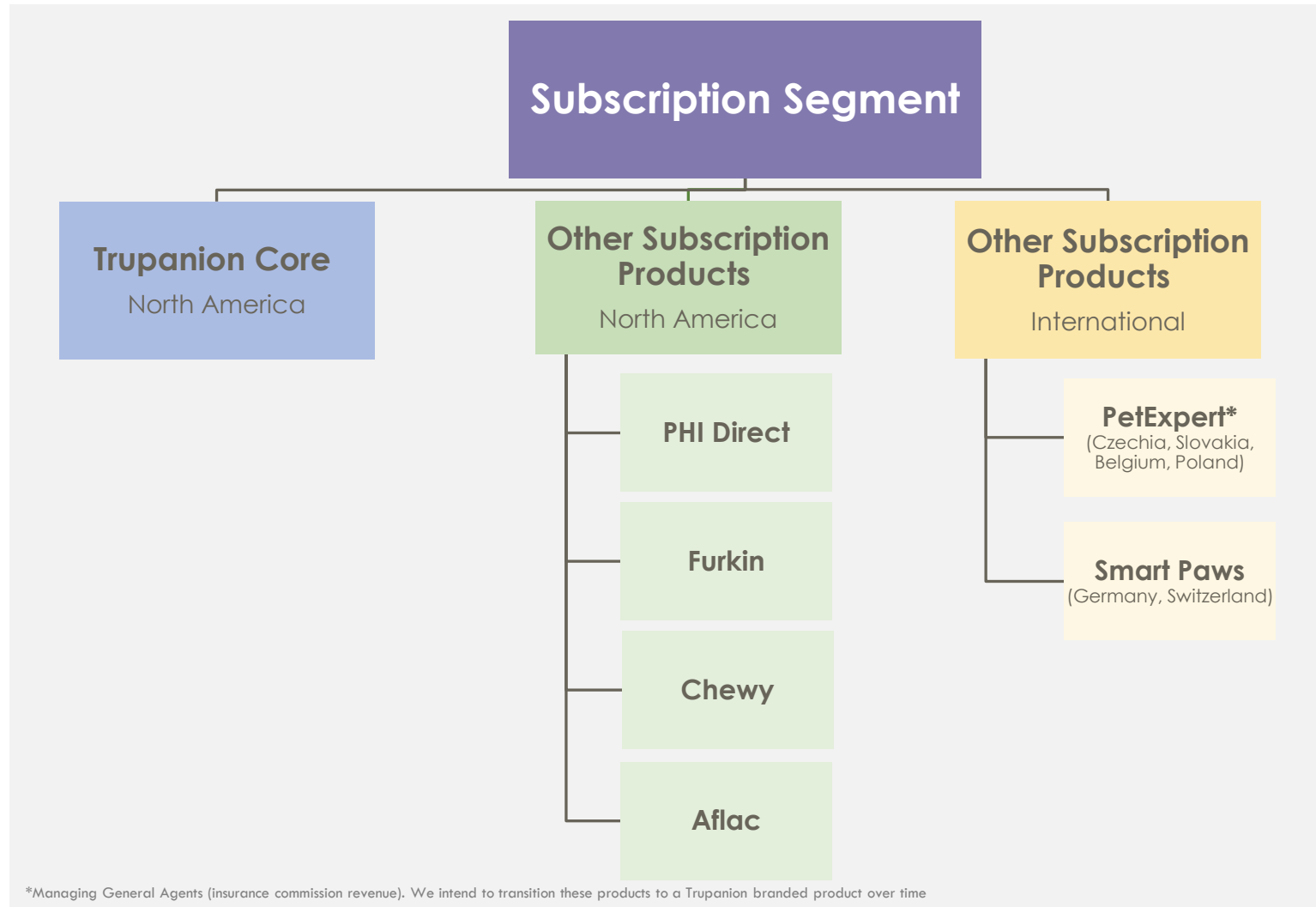
Total Subscription Revenue Growth

($ in millions)

Revenue from Existing Subscription Pets ■ Revenue from New Subscription Pets ■ Miscellaneous Revenue

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Subscription Revenue By Cohort

Product Offerings

Subscription Segment

Trupanion Core
North America

Other Subscription Products
North America
- PHI Direct
- Furkin
- Chewy
- Aflac

Other Subscription Products
International
- PetExpert*
(Czechia, Slovakia, Belgium, Poland)
- Smart Paws
(Germany, Switzerland)

Other Business Segment
- Pets Best
- Veteran Affairs Service Dog Program
- Legacy Worksite Benefits
(Corporate & Veterinary Hospital)
- Aquarium Technology

*Managing General Agents (insurance commission revenue). We intend to transition these products to a Trupanion branded product over time

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Estimated Internal Rates of Return (Trupanion Core)

- 51,300 gross new pets

- $74.19 new pet ARPU

- 11.8% per pet adjusted operating margin (AOM)*

- 68.0 month average subscriber life*

- $598 pet lifetime value (LVP)*

- $269 pet acquisition cost (PAC); $14.7 million (87%) total PAC spend

- 34% Internal rate of return (IRR)*

*Calculated on a trailing three-year basis.

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Estimated Internal Rates of Return (Other Subscription Products)

- 5,500 gross new pets in North America and Europe

- $47.77 new pet ARPU

- 21.3 month average subscriber life*

- Per pet AOM & negative IRR reflect products not at operating scale

- $191 PAC; $1.1 million (6%) total PAC spend

*Calculated on a trailing three-year basis, or since inception for newer Other Subscription Products

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Managing General Agent Metrics

- 3,400 gross new pets in Europe

- $1.1M (7%) of total PAC spend

- The majority of international policies are currently underwritten by third parties and therefore, per pet subscription metrics exclude these policies

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Estimated Internal Rates of Return by P&L

	Q4 2024 Total Sub Segment	Q4 2024 Trupanion Core	Q4 2024 Other Subscription Products*	Q4 2024 Managing General Agent Products
Gross new pets	60,200	51,300	5,500	3,400
Quarterly new pet ARPU	$71.66	$74.19	$47.77	Not included
Quarterly pet acquisition cost	$261	$269	$191	in our per pet
Retention**	98.46%	98.53%	95.31%	metrics
Average subscriber life (in months)**	64.9	68.0	21.3	given MGA
Estimated profit per pet per month**	$8.43	$8.78		underwriting
Margin per pet**	11.8%	11.8%		structure
Pet lifetime value**	$548	$598	Not at scale	
IRR (new methodology)***	32%	34%		

*Includes the Trupanion-branded product in Germany and Switzerland following launch in Q3 2024.

**Calculated on a trailing 3-year basis, or since inception for newer Other Subscription Products.

***New methodology calculates LVP based on new pet ARPU in the period while using a trailing 3-year basis for retention and profit per pet.

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Free Cash Flow

The following table reflects the reconciliation of cash provided by operating activities to free cash flow (in thousands):

	Three Months Ended December 31,		Year Ended December 31,	
	2024	**2023**	**2024**	**2023**
Net cash provided by operating activities	$23,701	$17,507	$48,288	$18,638
Purchases of property, equipment, and internal–use software	$(1,858)	$(3,970)	$(9,716)	$(18,280)
Free cash flow	$21,843	$13,537	$38,571	$358

Outlook

	Q1 2025	Full Year 2025
Revenue	$334M-$340M	$1.379B-$1.414B
Subscription revenue	$230M-$233M	$961M-$984M
Adjusted operating income	$26M-$29M	$120M-$140M
CAD FX Rate	69%	69%

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Appendix

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Medical insurance for the life of your pet.

Estimated Internal Rates of Return (New Methodology)

	Q4 2024						
Quarterly average revenue per new pet	$71.66						
Estimated trailing 3-year profit per pet per month (11.8% margin)	$8.43	X	64.9	**months =**	$548	(Lifetime value of a pet, including fixed expenses)	

Year	**0**	**1**	**2**	**3**	**4**	**5**	
Months*	6	12	12	12	12	10.9	64.9
Estimated profit per pet per month	$8	$8	$8	$8	$8	$8	
Estimated profit per pet	$51	$101	$101	$101	$101	$92	$548
Capital charge**	$(4)	$(9)	$(9)	$(9)	$(9)	$(8)	
Quarterly pet acquisition cost (PAC)	$(261)						**Q4 2024 IRR**
	$(214)	$92	$92	$92	$92	$84	**32%**

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Definitions – New Methodology

- **Average revenue per new pet.** Average revenue per new pet is calculated from total premium for all new pets enrolled for the period divided by the total number of new subscription pet months in the period. Total new subscription pet months in a period represents the sum of all new subscription pets enrolled for each month during the period.

- **Margin per pet.** Margin per pet is calculated based on subscription revenue less cost of revenue from our subscription business segment for the 36 months prior to the period end date excluding stock-based compensation expense, sign-up fee revenue and the change in deferred revenue between periods. This amount is also reduced by the fixed expenses related to our subscription business, less stock-based compensation, based on revenues. The percent margin of this profit is multiplied by quarterly average revenue per new pet.

- **Lifetime value of a pet, including fixed expenses.** Lifetime value of a pet, including fixed expenses, is calculated based on subscription revenue less cost of revenue from our subscription business segment for the 36 months prior to the period end date excluding stock-based compensation expense related to cost of revenue from our subscription business segment, sign-up fee revenue and the change in deferred revenue between periods. This amount is also reduced by the fixed expenses related to our subscription business, which are the pro-rata portion of general and administrative and technology expenses, less stock-based compensation, based on revenues. This amount, on a per pet basis, is multiplied by the implied average subscriber life in months. Implied average subscriber life in months is calculated as the quotient obtained by dividing one by one minus the average monthly retention rate over the past 36 months. We monitor lifetime value of a pet, including fixed expenses, to estimate the value we might expect from new pets over their implied average subscriber life in months, if they behave like the average pet in that respective period. When evaluating the amount of pet acquisition expenses we may want to incur to attract new pet enrollments, we refer to the lifetime value of a pet, including fixed expenses, as well as our estimated internal rate of return calculation for an average pet, which also includes an estimated surplus capital charge, to inform the amount of acquisition spend in relation to the estimated payback period.

- **Average pet acquisition cost.** Average pet acquisition cost (PAC) is calculated as net acquisition cost divided by the total number of new subscription pets enrolled in that period. Net acquisition cost, a non-GAAP financial measure, is calculated in a reporting period as new pet acquisition expense, excluding stock-based compensation expense, other business segment expense, offset by sign-up fee revenue. We exclude stock-based compensation expense because the amount varies from period to period based on number of awards issued and market-based valuation inputs. We offset sign-up fee revenue because it is a one-time charge to new members collected at the time of enrollment used to partially offset initial setup costs, which are included in new pet acquisition expenses. We exclude other business segment pet acquisition expense because that does not relate to subscription enrollments. We monitor average pet acquisition cost to evaluate the efficiency in acquiring new members and measure effectiveness based on our targeted return on investment.

- **Internal rate of return per average subscription pet (IRR)** is calculated assuming the new subscription pets we enroll during the period will behave like an average subscription pet over the last 36 months, and represents the discount rate that results in the net present value of all estimated future cash flows generated over an average enrolled pet's implied subscriber life, to be equal to zero. Cash outflows from an average pet include average pet acquisition cost for the applicable period. Cash outflows also include a monthly capital charge, which we estimate as 1% of the average quarterly revenue per new pet. Cash inflows from an average pet calculated based margin per pet multiplied by average revenue per new pet for the applicable period.

- **Trailing 3-year Retention.** Trailing 3-year retention is measured as the monthly retention rate of enrolled subscription pets for each applicable period averaged over the 36 months prior to the period end date. As such, our average monthly retention rate as of December 31, 2024 is an average of each month's retention from January 1, 2022 through December 31, 2024. We calculate monthly retention as the number of pets that remain after subtracting all pets that cancel during a month, including pets that enroll and cancel within that month, divided by the total pets enrolled at the beginning of that month.