



trupanion®
2025 Shareholder Letter

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To Our Shareholders

The opportunity in front of us has never been more compelling. We are operating in a dynamic period – not only for Trupanion, but for the broader pet care industry.

Pet health, nutrition, day care and wellness are all facets of pet parenting that coalesce into a thriving pet-ecosystem. The human-animal bond continues to grow and caring for our pets is no longer an option, it is a necessity. Yet, the task of budgeting for unexpected care has become increasingly more of a challenge.

Today, labor shortages, hospital ownership changes, and the advent of private equity, combined with macro inflation, have led to the veterinary industry increasing costs by over 50% in the last five years. Unexpected veterinary care can now easily run into the thousands, and the cost of credit is materially higher than in years past, making care less accessible, and creating a pinch point in animal health that is a challenge for all.

Veterinarians today, under increasing pressure to retain clients and grow revenue, more readily recognize the benefits of high-quality insurance. Rising costs are bringing the idea of managing the unexpected to the forefront.

According to the American Pet Products Association (APPA), as of 2025, millennials account for approximately 30–33% of pet parents, followed by Gen X at ~25%, baby boomers at ~27%, and Gen Z – currently the fastest-growing segment – at 17–20%. While each generation may relate to their pets differently, they all face the same challenge: how to plan for and manage the cost of unexpected care. Each pet owning cohort will behave differently in their approach to identifying and finding their ideal veterinary cost solution, and understanding this will be critical to expand the market.

This is where we find ourselves today – at a point of broad and diversifying market adoption.

In this letter, I'll outline how we are approaching this opportunity, including sharing details of our plans to evolve our core Trupanion offering and information related to a brand new offering, designed to reach pet parents who are underserved by the market today.

Before we go further however, I'd like to recap our 2025 financial highlights.



2025 Consolidated Results

2025 marked the final year of our 60-month strategic plan, and the conclusion of a dynamic period for Trupanion.

We improved retention against continued and necessary pricing adjustments, strengthened our veterinary partnerships, and exited the year with a more balanced profile of growth, profitability and free cash flow generation.

These results were delivered amid sustained veterinary inflation, which continues to pressure pet parents and create barriers to necessary veterinary care. While challenging in the short-term, this environment reinforces the role Trupanion is built to serve: helping pet parents budget and care for their pets over a lifetime.

Adjusted operating income is compounding at scale:

- 35% CAGR over 2 years
- 22% CAGR over 5 years
- 45% CAGR over 10 years

highlighting the strength of our long-term growth trajectory.

Fig. 01: Key Consolidated Financial Metrics

Year	Enrolled pets	Total revenue	YoY growth	Invested capital to acquire new pets	Adjusted operating income	YoY growth	Net income (loss)	Fully diluted share count*	Net cash**
2014	232,450	\$115.9	38%	11.1	0.9	-80%	(21.2)	33.8	61.5
2015	291,818	\$147.0	27%	14.8	3.6	310%	(17.2)	34.1	45.6
2016	343,649	\$188.2	28%	14.7	14.8	317%	(6.9)	34.9	51.6
2017	423,194	\$242.7	29%	18.4	23.4	58%	(1.5)	35.4	57.8
2018	521,350	\$304.0	25%	23.7	31.9	36%	(0.9)	37.9	135.2
2019	646,728	\$383.9	26%	33.3	44.2	39%	(1.8)	38.0	140.2
2020	862,928	\$502.0	31%	45.1	57.1	29%	(5.8)	42.4	302.6
2021	1,176,778	\$699.0	39%	69.5	78.5	37%	(35.5)	42.8	294.3
2022	1,537,573	\$905.2	29%	80.4	89.3	14%	(44.7)	42.8	239.0
2023	1,714,473	\$1,108.6	22%	70.4	83.5	-6%	(44.7)	43.5	242.0
2024	1,677,570	\$1,285.7	16%	64.5	114.5	37%	(9.6)	44.4	275.2
2025	1,647,565	\$1,439.3	12%	78.0	151.9	33%	19.4	45.3	349.6

Note: Total revenue, Invested capital, Adjusted operating income, Net income, and Net cash shown in \$ millions

* Total share count plus options and warrants granted, which includes outstanding shares plus unexercised/unvested options and RSUs, as well as shares granted in subsequent years pertaining to the year's performance

** Cash, cash equivalents, restricted cash, investments, and our building assets minus debt

At the outset of the year we had four clear priorities – and we delivered on each of them.

Goals for 2025	Results achieved in 2025
Deliver exceptional member experience	<ul style="list-style-type: none"> • Quarterly retention improved every quarter year-over-year
Advance toward our 71% value proposition	<ul style="list-style-type: none"> • 70.5% cost of paying veterinary invoices as a percentage of subscription revenue
Generate high-quality subscription adjusted operating income growth	<ul style="list-style-type: none"> • 14.7% subscription adjusted operating margin • 34.5% growth in subscription adjusted operating income
Scale the business and self-fund growth through consistent cash flow	<ul style="list-style-type: none"> • Record free cash flow of \$75 million • Paid down debt by \$20 million • Net cash increased to \$350 million

Our 15% subscription adjusted operating margin (AOM), translated into \$152 million of total adjusted operating income (AOI), up 33% year-over-year. The growth of adjusted operating income remains a proxy for the growth of intrinsic value, reflecting the underlying earnings power of our business as it scales.

Retention was a clear bright spot and reflected the focus we placed on delivering a strong and consistent member experience. Over the course of the year, we improved retention for four consecutive quarters. Particularly notable was the strength of retention within cohorts experiencing rate changes of over 20%, underscoring the durability of our model when the value proposition is realized.

For the first time in our history, we achieved net income profitability, generating \$19 million in 2025.

Our insurance entities are well capitalized and stronger than ever before. For example, excess capital at our largest entity, APIC, increased to \$169 million. Compare this to less than \$20 million at the beginning of our 60-month plan! Lastly, we delivered free cash flow (FCF) of \$75 million, or 5.2% of total revenue, and our consolidated net cash position increased to \$350 million.

Overall, 2025 was a very strong financial year, with clear progress toward building a durable, profitable business.

Subscription Business

Our Subscription Business is the engine behind our performance, representing approximately 70% of total revenue and over 95% of our adjusted operating income in 2025.

Subscription revenue grew 16% in 2025 marking 25 consecutive years of double-digit revenue growth. The sale of our core Trupanion product continued to drive the majority of this growth, supported by strong cohort performance and steady quarterly ARPU (average revenue per pet) growth.

Revenue alone, however, is not the goal. We aim to acquire pets where we are appropriately priced, deliver a strong member experience, and drive durable long-term economics where our value proposition is realized. In 2025, we paid out \$697 million in veterinary invoices within our subscription business. This amounted to 70.5% of subscription revenue, in line with our value proposition of 71%. Along with this progress, subscription adjusted operating income margins increased to 14.7%, approximating our annual target of 15%.

Our compounding adjusted operating income enabled us to reinvest more into pet growth increasing pet acquisition (PAC) investment by 21% and deploying \$78 million at high compounding internal rates of return. Pet growth followed, with gradual acceleration in the back half of the year.

The core Trupanion brand continued to deliver the lion's share of adjusted operating income, reflecting our deliberate focus on deploying capital where returns are strongest. Alternative channels, including Aflac, PHI and Furkin along with our international markets, remained part of our broader growth strategy, yet investment was limited throughout the year at \$10 million, or 13% of our pet acquisition dollars, a level aligned to each product's current stage of development and return profile.

\$3.7 billion
total veterinary invoices paid

\$1.0 billion + **\$2.7 billion**
the first 20 years since Feb. 2020

Fig. 02: Key Financial Metrics for our Subscription Business and Total Cash Generation

<i>(in \$ millions)</i>	2021	2022	2023	2024	2025
Enrolled Pets in Subscription Segment	704,333	869,862	991,426	1,041,212	1,096,173
Subscription Revenue	\$494.9	\$596.6	\$712.9	\$856.5	\$989.3
<i>YoY Change</i>	28%	21%	19%	20%	16%
Minus paid veterinary invoices	(351.9)	(432.8)	(539.7)	(621.1)	(697.4)
Minus variable expenses	(48.5)	(58.6)	(69.2)	(80.7)	(88.5)
Minus fixed expenses	<u>(23.4)</u>	<u>(25.9)</u>	<u>(33.7)</u>	<u>(46.4)</u>	<u>(57.9)</u>
Subscription Adjusted Operating Income (AOI)	71.0	79.3	70.2	108.3	145.6
<i>YoY Change</i>	31%	12%	-12%	54%	34%
<i>Adjusted Operating Profit Margin (AOM)</i>	14.3%	13.3%	9.8%	12.6%	14.7%
Select Cash Flow Items for our Entire Business					
Pet Acquisition Cost (PAC)	69.5	80.4	70.4	64.5	78.0
Capital Expenditures	12.4	17.1	18.3	9.7	14.1
Free Cash Flow (FCF)	(4.9)	(25.1)	0.4	38.6	75.4
<i>FCF as a % of Total Revenue</i>	<i>(0.7%)</i>	<i>(2.8%)</i>	<i>0.0%</i>	<i>3.0%</i>	<i>5.2%</i>

Subscription revenue growth has moderated from the 20% range to 16% in 2025 as we focused on attaining our target margin – also evidenced by the lower than typical % of PAC investment. As a result, our ability to generate free cash flow has strengthened meaningfully, moving from negative levels in 2021 and 2022 to approximately 5% of total revenue in 2025. The combination of

subscription revenue growth combined with free cash flow is a strong validation of our subscription based model, which involves a natural trade off between topline growth and near-term free cash flow. While helping more pets remains our primary focus, this newer stream of free cash flow provides us durability and flexibility and enables alternative ways to drive value over time: through investments into new, short and long-term initiatives, debt repayment or even share repurchases. We have many candidates for capital allocation, and I believe with more options, we are significantly better positioned as a result.

Unit Economics

Profit per pet hit record levels in 2025, almost double what it was in 2023, at the height of veterinary inflation headwinds. Our results (shown in Fig. 03) highlight the value of our approach to right-size our book and add correctly priced pets from the onset.

Fig. 03: Subscription Financials on a Per-Pet Basis

	2021		2022		2023		2024		2025	
Average monthly cost (ARPU)*	\$63.56	100.0%	\$63.82	100.0%	\$65.26	100.0%	\$72.98	100.0%	\$80.79	100.0%
Less: paying veterinary invoices	(\$45.27)	71.2%	(\$46.38)	72.6%	(\$49.50)	75.9%	(\$53.00)	72.6%	(\$57.11)	70.7%
Less: variable expenses	(\$6.25)	9.8%	(\$6.27)	9.8%	(\$6.34)	9.7%	(\$6.87)	9.4%	(\$7.22)	8.9%
Less: fixed expenses	(\$3.01)	4.7%	(\$2.77)	4.3%	(\$3.10)	4.8%	(\$3.96)	5.4%	(\$4.74)	5.9%
= profit per pet per month*	\$9.03	14.2%	\$8.40	13.2%	\$6.32	9.7%	\$9.15	12.5%	\$11.71	14.5%

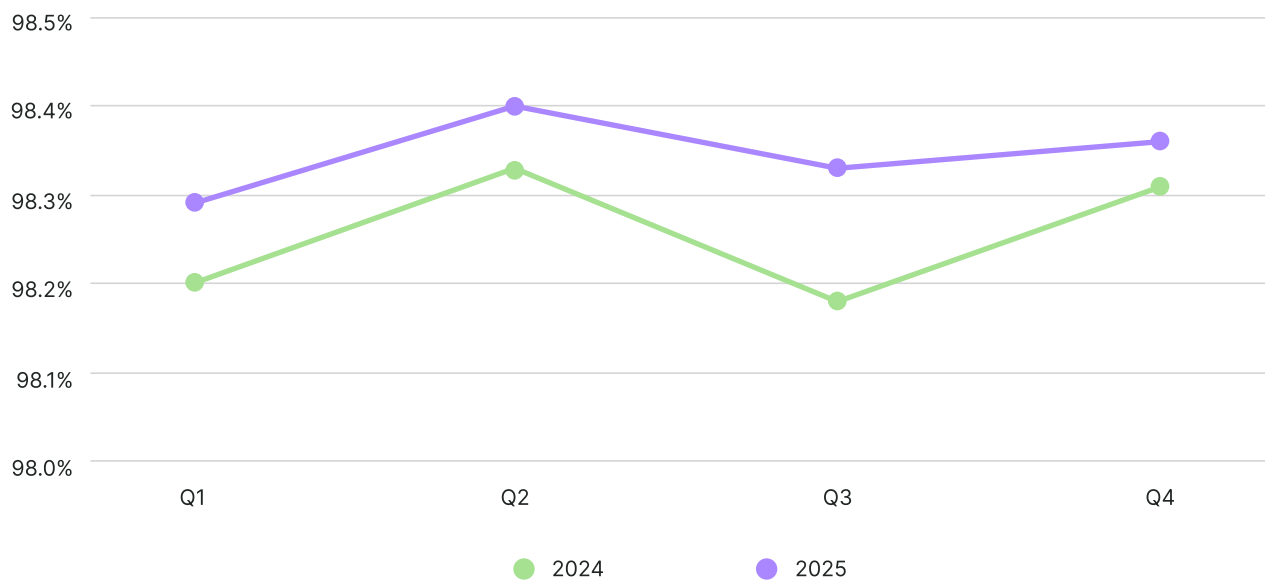
We strongly believe that enrolling members that are priced accurately supports a better long-term member experience compared to cohorts we could have acquired below target margin levels. This eliminates the need for large 'catch-up' pricing adjustments, allowing the team to raise pricing to solely reflect veterinary inflation in the current year period.

*Analysis excludes MGA products

Retention

I commented earlier on our impressive retention performance. Fig. 04 below shows how 2025 outperformed compared to the prior year period, an especially strong achievement given pricing actions required to protect our long-term value proposition.

Fig. 04: Average Monthly Retention by Quarter for our Subscription Business



Average monthly retention in our core Trupanion business improved by approximately 6 basis points year-over-year. At our current scale, each basis point represents more than 1,100 pets on an annualized basis, highlighting the meaningful impact of small improvements.

Fig. 05: 2025 Average Monthly Retention for Core Trupanion

2025	Active pets at year end	Number of cancelled pets	Distribution	Monthly churn	Monthly retention rate	YoY change
First year	151,997	55,273	15.4%	3.14%	96.86%	-0.26%
Rate change <20%	478,879	56,385	48.6%	1.11%	98.89%	+0.03%
Rate change >=20%	353,641	72,712	35.9%	1.54%	98.46%	+0.11%
Total	984,517	184,370	100.0%	1.59%	98.41%	+0.06%

The improvement year-over-year was driven by solid execution across two main areas:

1. Taking earlier rate actions, which resulted in a more favorable mix of pricing cohorts and fewer members experiencing increases above 20% in 2025.
2. Excellent execution from our retention and member-focused teams, driven by efforts to improve coverage clarity, accelerate invoice processing, and deliver a more engaging member experience through improved use of data and service efficiency.

We have learned that we retain members despite increased prices when they understand the reason for the pricing changes and understand our value proposition.

Retention of first year members, who have not yet experienced a rate change, remains an opportunity. We have expanded efforts in the sales funnel (pre-purchase) to better align with post-enrollment, ensuring messaging is consistent and reinforcing. We have increased resourcing and reporting in this area to ensure it remains a priority.



“As a veterinary technician, I see so many pets whose lives are saved because their owners have Trupanion. I recommend it to everyone I meet, and as someone who is behind-the-scenes in pet emergencies, I will never not have my own pets on Trupanion.”

– Angelina & Zuko

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“Without Trupanion, I probably would have had to make the tough decision to stop treatment, and I would have lost Chanel. I'm so grateful for getting some extra time with her, however long that is. Trupanion has a customer for life!”

– Molly & Chanel



Active Hospitals & Same Store Sales

Our partnership with veterinarians remains one of our most important and durable moats. Active hospitals (a veterinary hospital that enrolled at least one new pet in the previous 90 days) and same-store sales (new pets per active hospital per month) help us understand the strength of that moat over time and are key drivers of the long-term value we're building. They are also key indicators for gross pet adds. As gross pet adds grow, we often see corresponding growth in active hospitals, due to a wide-spread distribution of demand.

Fig. 06: Veterinary Hospital Metrics

	Number of countries we are in	Estimated number of addressable hospitals in those countries	Number of territory partners and associates	Estimated number of hospitals we are visiting throughout the year*	Estimated aggregate number of face-to-face visits*	Average number of active hospitals**	Average number of new pets per active hospital per month**	Number of hospitals with our software***
2012	2	25,000	34	15,000	262,000	5,034	0.918	n/a
2013	2	25,000	40	16,200	324,000	5,531	1.008	n/a
2014	2	25,000	58	15,400	404,000	6,098	1.053	n/a
2015	2	25,000	84	19,000	490,000	7,359	1.093	n/a
2016	2	25,000	105	21,300	577,000	7,875	1.066	n/a
2017	2	25,000	107	19,800	662,000	8,242	1.063	n/a
2018	2	25,000	123	20,200	751,000	9,279	1.133	3,184
2019	3	28,000	130	21,600	852,000	10,315	1.141	4,534
2020	3	28,000	152	17,200	909,000	11,517	1.199	5,442
2021	3	28,000	161	17,000	971,000	14,736	1.260	6,430
2022	7	41,000	159	22,900	1,066,000	15,942	1.332	7,965
2023	9	58,000	185	26,900	1,191,000	15,914	1.376	9,504
2024	9	58,000	171	27,200	1,325,000	15,269	1.280	10,513
2025	7	43,000	159	25,700	1,439,000	16,366	1.284	13,615

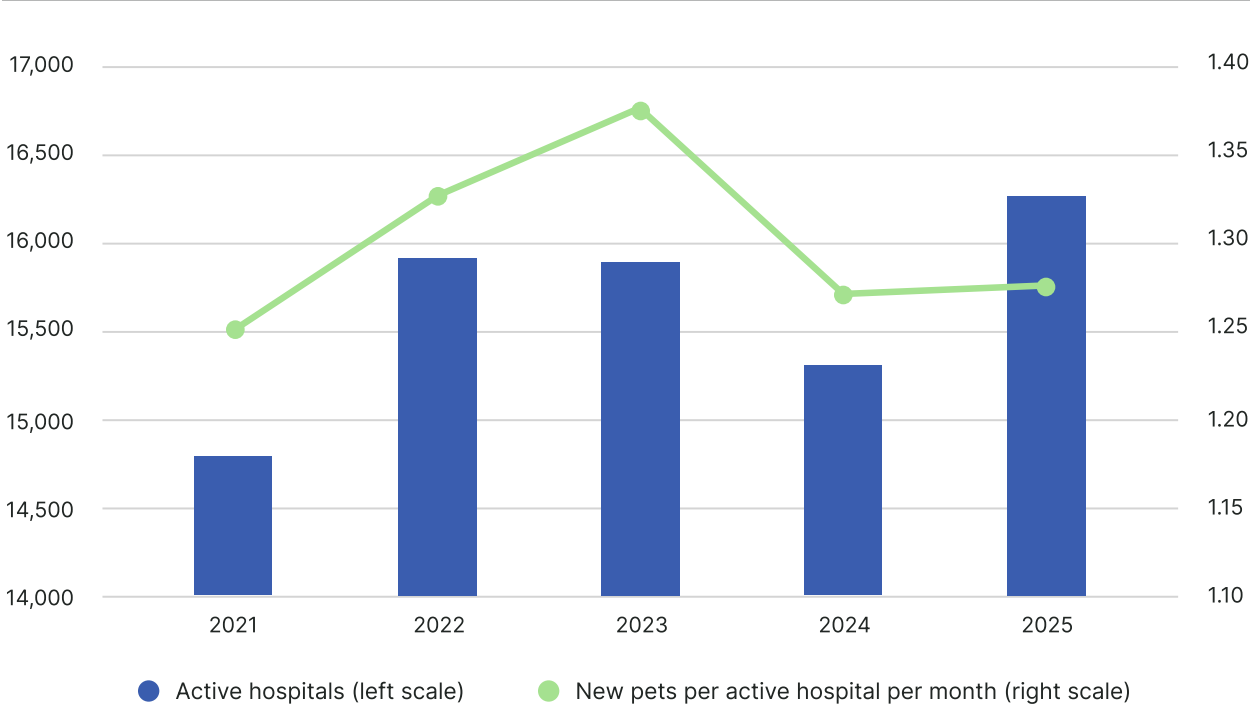
Active hospitals ended the year above 16,000 in 2025 when including our European business. When excluding the impact of the European business, active hospitals grew 2%, while same store sales declined by 2% in 2025 in North America. This reflects the ongoing balance Territory Partners must manage between expanding the breadth of our reach while maintaining the depth of those relationships within individual veterinary hospitals.

* Per the data available. North America hospitals are added when we get a new enrollment from a new hospital that we haven't seen before or if we're alerted by a territory partner that a new hospital has opened up in their area

** North America only pre-2025

*** North America only pre-2025. Includes all hospitals with the ability to pay the veterinarian directly, through vet portal (software), vet portal lite (software lite) and PIMS integrations

Fig. 07: Active Hospitals and Same Store Sales *



Against a backdrop of declining patient visits to veterinary hospitals, the performance reflected in Fig. 07 is encouraging – showing that while there are fewer new clients to hospitals in general, we continue to see healthy lead volume. We expect both metrics to develop further over time, supported by a more consistent in-hospital brand presence that provides continuity between Territory Partner visits.

Net Pet Growth

In 2025, we grew our subscription pet count by approximately 55,000 pets, with momentum building throughout the year. The benefit of this growth came from retention improvements and from the addition of nearly 260,000 pets, up 1% year-over-year. We exited Q4 by adding 13,800 net pets, growth of 50% year-over-year and invested close to record levels of pet acquisition dollars – which over time we expect to increase further.

Overall, I view our net pet growth at year end as a meaningful achievement, yet remain focused on the opportunity in front of us, and the importance of investing to capture it.

As we look ahead, our focus is on deploying capital in a disciplined way to drive incremental pet growth, while maintaining the economics that underpin our model. This balance – between growth and return – is central to how we think about investment.

* North America only pre-2025

Compounding our Business

With stronger retention and per-pet margins achieving our target, in the fourth quarter, we made a choice to invest below our blended target guardrails – increasing investment in pet acquisition efforts, while allocating a measured amount towards initiatives that we believe will pay off over time.

For the full year, our internal rate of return (IRR) was 30% and for the core Trupanion business, 34% – well within our stated guardrails of 30% to 40%.

Our philosophy of investing profits from our existing business to grow our book at high internal rates of return is unchanged. What has evolved is our expectation of when each pet acquisition investment will deliver a return. For example, we are now investing our pet acquisition dollars in ways that support both short-term and long-term growth. This is different to prior years where investment was more tactical and generally returned in the period it was invested in.

Today, we plan to execute on tactics that help and support performance in one quarter, such as online remarketing (which has a virtually immediate return), in addition to investing in longer-term, strategic initiatives – such as animal health sponsorships that build our brand over time. Given our scale, and the size of the opportunity ahead, focusing too narrowly on any single quarter could limit long-term growth and our competitive position and we believe this more balanced investment approach better aligns with long-term shareholder value creation. At its foundation, IRR has been our best estimate of long term per pet performance based on assumptions about retention, pricing, and margin. In our early years – when we operated a single product in one geography – this metric was both useful and representative.



Pet Acquisition Spending

As the business has evolved, so have the inputs behind IRR. Today, with multiple products, geographies, and cohorts – each with distinct economics – a blended IRR is no longer representative of how we run the business or make capital allocation decisions, and on its own provides limited insight and lacks sufficient context. This issue will be further compounded as we introduce products with materially different inputs, for example, pet food.

As the blended IRR is no longer informative to our shareholders we will not be reporting it on a quarterly basis moving forward. Internally, we will continue to evaluate returns at the cohort level based on granular IRRs, while for external reporting we will focus on the compounding growth of adjusted operating income, which will guide how we deploy capital over the next 36 months.



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“If you ever want us to pump up Trupanion staffers by sharing how important their work is and how much of a difference they make in people’s lives (and their pets) – just say the word and we’ll shout it from your rooftops.”

– Lori, David & Deuce



Our New Strategic Plan

In preparing our new strategic plan, the team reflected on what we've done well, what exceeded expectations and where we could have performed better.

Our previous 60-month strategy outlined ambitious growth plans, all complementary to our core business. We intentionally defined several ways to 'win', allowing for variability while still achieving our target growth rates.

The results were strong given the levels of inflation during this period, particularly with subscription adjusted operating income, our most critical metric, providing the fuel to reinvest and grow the business over time. As Fig. 08 shows below, subscription AOI compounded at 22% per year over the 60-month period.

By the end of 2025 we generated \$146 million of subscription AOI.

Fig. 08: Subscription Adjusted Operating Income

2021	2022	2023	2024	2025
\$71.0M	\$79.3M	\$70.2M	\$108.3M	\$145.6M
Growth: 31.5% YoY	Growth: 11.7% YoY	Growth: -12.4% YoY	Growth: 54.3% YoY	Growth: 34.5% YoY

By the end of 2025, we had generated \$146 million of subscription AOI, and our intent for the next three years is to continue growth in this metric, reinvesting at high internal rates of return and continuing to strengthen our balance sheet – the ultimate combination for long-term sustainability.

As we look ahead, this track record of compounding AOI has expanded our options. It enables us to invest in growing the core business, pursue new opportunities, and more recently, invest in our pet food initiative, “Landspath” – all without dilution and while continuing to reinforce the balance sheet.

We’ve also chosen to build on lessons past to plan for a focused future where the majority of our time and energy will be spent growing what we have today, and a smaller percentage building for the medium and long-term. With this in mind, we have shifted our planning horizon from 60 months to 36 months to better balance long-term vision with near-term execution and improve line of sight for decision-making.

OUR NEW STRATEGIC PLAN

Growth In North America

The United States, Canada, and Puerto Rico represent our most immediate and addressable growth opportunity. In 2025, North America generated over 98% of our subscription revenue and subscription adjusted operating income, making it the clear priority for focus, resourcing, and investment.



Pet insurance penetration in North America will be treated as the biggest priority – with focus, resourcing and investment deserving of its stature and opportunity.

For the next three years, the majority of our growth will continue to come from our core, self-branded product. It offers the market's only true lifetime coverage with a lifetime pricing philosophy, paired with our unique ability to pay veterinarians directly. This flagship product worked well when it was launched 25 years ago, and today, it meets an even greater need.

This product has shown what it means to “do” pet insurance the right way. It has shaken off the errors of past providers and helped move the category forward, building awareness and a strong reputation at the grass roots level – across veterinarians, breeders and shelters. Our consistency and willingness to stand behind our promise has built trust, and over time, that trust has grown into a brand. This brand equity now creates a strong foundation for continued value creation – at a time when the market is demanding more. It is with this understanding that we shaped our plans for the next three years.

Addressing Affordability and Choice

I want to address what's becoming apparent: some pet parents are experiencing sticker shock when researching pet insurance – and, in particular, when they first encounter Trupanion.

As we exited 2025, our average ARPU was just over \$83 per month – about 35% higher than five years ago, driven by the cost of increasing veterinary care. It's not lost on us that some pet parents question the initial cost, or look for what appear to be similar, yet lower-priced options.

Without education, pet parents are left to make uninformed decisions. Some will choose to try and self-insure, and some may not yet fully understand the long-term cost of care. For many, the need is clear, but the initial price point unless understood, may well be a constraint – these are pet parents who still want access to high-quality care, but in a way that can better fit their budget.

To address this, we're taking a two-pronged approach:

- Improving clarity around product differences and lifetime pricing
- Unlocking affordability and expanding choice through product evolution.

Understanding Differences

The higher the price, the bigger the problem we solve. Our monthly cost reflects the amount we expect to pay over the life of a pet. The more we charge, the more we pay out – a simple fact. Yet for Trupanion to maximize our opportunity, pet parents must understand product differences which today, are not clear at the point of purchase – **for any brand or product in market.**

This confusion is compounded by a growing segment of pet parents who are less familiar with veterinary costs, the millennials and Gen Z's referred to earlier. Without context, the delta between what one "expects" to pay, and what the "right price" should be, becomes greater. When a pet parent doesn't know or is not shown the differences behind the price and product, they see what they believe is similar

for less, and if we, at Trupanion, don't take time to test and educate, we should not expect to see different results.

Let me be clear: alternative pricing models or annual contracts can make sense but only when both the pet parent AND the veterinarian understand the differences and limitations. Without the clarity and transparency of what's different between Trupanion and 100% of our competition, pet parents are being led into a clear bait and switch experience.

For example: using current data from a competitor, we believe a pet parent should know that a price point is **guaranteed** to increase from \$45 to \$186 per month over a twelve-year period¹ – **before inflation.** Pet parents should know that such an age-based increase is filed for with regulators (hence the

guarantee). **If they were aware of this and knew Trupanion had no such hurdle, would it change consumer behavior?** I would think so.

Our value is recognized by those who understand our lifetime pricing approach, as demonstrated by our industry-leading retention and referral rates. This is further evidenced by our refer-a-friend and add-a-pet programs, which remain our most efficient acquisition channels and represented one third of our enrollments in 2025.

While improving clarity and execution is essential, it is only part of the solution. We are also advancing our product strategy – evolving our core Trupanion offering to improve affordability and introducing a new product to reach a broader set of pet parents – both of which are central to our growth plans.

¹Mixed-breed, medium-sized dog. Source: US insurance regulatory filings (SERFF Filing Nos. TRIG-134338576)

Core Trupanion: Expanding Access

Improving affordability is a key priority, and we are approaching it from several different angles. Most immediately, we're refining our existing product to offer greater flexibility for pet parents seeking high-quality coverage at a lower entry point. This includes expanding our lifetime deductible range and introducing additional co-insurance options – broadening the range of choices available without compromising the quality of coverage.

Still structured as lifetime, per condition, our deductible range will dramatically broaden, meaningfully increasing pricing flexibility at the outset while preserving the core value of our offering and lifetime pricing approach.

We will also be introducing new co-insurance levels ranging from 70–90% to enable pet parents from all demographics to better tailor coverage to their needs.

Adjustments began late Q1, with plans for phased expansion throughout North America during the year. While early, data points are encouraging, and with embedded data monitoring throughout the funnel, we'll track key metrics closely – including trigger-point behaviors, conversion, retention, and ARPU.

Introducing a New Product

As discussed earlier, millennial and Gen Z pet parents, the fastest growing pet parent segments, bring different expectations. They seek a more digitized, streamlined experience requiring less “white glove

support”, while still demanding dependable coverage and clear, transparent policies. Perhaps they'd like the core Trupanion plan but today, simply can't afford it.

In the first half of our three-year plan, we will introduce a new tech-enabled AI-driven Trupanion product designed to better meet pet parents at their point of entry. Using data and insights to tailor coverage options based on a pet profile and a pet parent's needs, this product will create a more accessible starting point in our ecosystem.

Its differentiated structure, distribution, and price point allow us to reach pet parents our core product may not reach today – expanding the market rather than shifting demand from core to new.

Unlike prior products (PHI and Furkin), this product will carry the signature of the Trupanion brand, allowing it to integrate into a broader cross-sell model, enabling the promotion of either our core plan or our 'new' product to all unconverted leads, maximizing our returns on overall pet acquisition investment.

For now, we will continue to offer the alternative, non-Trupanion branded low and mid cost products, PHI and Furkin in Canada. Over time, as our broader offering evolves, we expect to transition away from these brands for new customers, while continuing to support the members who rely on them.

The Brand

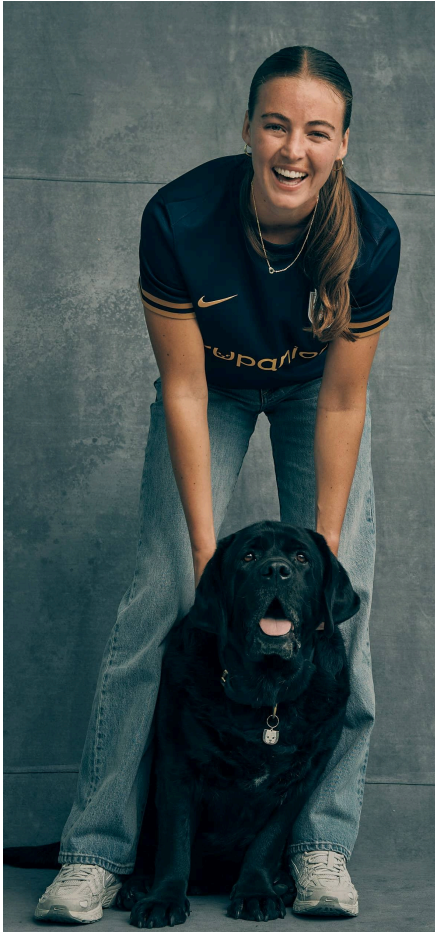
Expanding access points for pet parents drives more active hospitals and stronger same-store sales, which, we believe are key drivers of intrinsic value per share. As discussed earlier, as our AOI grows, we will allocate it across both near-term opportunities and longer-term initiatives that expand the brand and the pet insurance category to support sustainable growth. A great example of this is our sponsorship of Seattle Reign, a leading National Women's Soccer League team. This partnership combines the richness of a heartfelt mission and a large and growing audience engaged in their community and eager to work together for the greater good. Outside of animal health, it's rare to meet such an aligned partner, and we're energized by what's ahead for awareness across both of our respective categories over time.

Seattle Reign FC, 2025



As we increase our investment in growth, we will continue to expand our brand presence with those that can positively influence the category: testing, learning, and scaling with discipline and deploying pet acquisition dollars thoughtfully to deliver strong, long-term returns.







Closing the Gap

As these initiatives take shape, we need to move with pace to fully capture the opportunity in front of us. This means improving how we execute – both in capturing the demand already generated and in bringing our evolving product offering to market.

Today, growth responsibility is more fragmented than it should be, with teams operating under different leaders and priorities. This has slowed decision making and led to less coordinated execution. To address this, we are reorganizing our approach to growth – bringing the full funnel under more unified leadership, from lead generation through conversion and retention, and aligning our markets, channels, and marketing teams to operate as one. This is intended to ensure we are making coordinated decisions, moving faster, and learning across the full customer journey.

Similarly, decision making related to capital allocation, which in recent years has been more distributed, will now be directed by fewer individuals.

We expect this refocus to take time, and in the near term, gross pet adds will not fully reflect the trajectory we are working to establish. Performance early in the year supports this view, with Q1 gross pet adds of approximately 64,700.

Importantly, our highly recurring business model and strong performance across the majority of our P&L supports our confidence in the business, and our Q1 and full year 2026 guidance provided in February remains intact.

OUR NEW STRATEGIC PLAN

International Development

Our goal is to compound value over decades versus optimizing for a single quarter. By extending our business into new markets, we meaningfully expand our growth runway and pave the way for decades of compounding value.



With that lens, international development remains a core pillar of our three-year plan. We intend to build on early shoots of growth in our existing global markets – which we will measure as an increase in lead generation, conversion, and retention for our Trupanion product offerings. Today, Trupanion-like products are available in Germany and Switzerland, with plans for our remaining markets to transition to self-branded products during this strategic plan.

For context, in 2025, International contributed a little less than 1% of subscription revenue and just 2% of subscription AOI, reflecting that the vast majority of our European book is still supported by a third-party underwriter. Long-term, our aspirations are to bring our European book to our own ‘paper’ (adding to APIC, ZPIC and our Canadian underwriter, GPIC). For now, our goal is to scale operations, expand our hospital footprint, and increase software penetration.

By the end of this planning cycle, I expect Europe to reach a run rate comparable to lead generation and conversion levels in some of our more established U.S. states. While margins will be smaller in absolute dollars, they should align with our ~71% value proposition (market permitting).

As local P&Ls strengthen, we will increase investment to further drive intrinsic value per share. In 2026, international investment is expected to remain in the single digits as a % of total pet acquisition, as we prioritize operational strength in these areas ahead of scaling revenue and margins, a balance that will shift over the course of the plan.

I remain confident that, over time, Europe will benefit from a similar level of investment to North America to achieve comparable outcomes, with a few important considerations:

- Given current returns, Europe remains secondary to the U.S. and Canada, resulting in a smaller, more controlled investment pace. Success will depend on efficient operations, strong veterinary partnerships and disciplined attribution to ensure each dollar, euro, or swiss franc goes further.
- Cultural and operating differences between European countries will require tailored approaches, and growth will vary by country as we refine our model over time.
- As regulations evolve, we will lean into markets where conditions are most favorable, using our presence across countries to deploy capital thoughtfully.
- Pet growth will not come at the expense of economics. We will prioritize margin per pet.

OUR NEW STRATEGIC PLAN

Landspath™ Pet Food:

In keeping with our mission of helping pet parents budget and care for their pets, our pet food, Landspath, provides an additional growth lever that complements our existing member base and our veterinary partners.



Done right, it presents potential fuel to drive growth of intrinsic value per share far above that experienced to-date for Trupanion, and should compound on the success of our core business.

Landspath is built on a simple premise: better nutrition leads to improved health outcomes, which can ultimately reduce insurance risk, allowing for regulator-supported discounts to insurance monthly payments.

The intent is for Landspath to earn a greater share of wallet and to create a way for loyalty to be enhanced, with both a physical product touchpoint, and a daily engagement – a constant reminder of the value offered.

This year, with the concept finalized, focus has shifted to manufacturing – developing scalable, multiline production with modular expansion to enable efficient growth. In late 2025, we made our largest commitment to date for Landspath by signing a multi-year lease for our manufacturing facility.

The Vision is Now Closer to Reality

Landspath is becoming a meaningful diversification for the company. Trupanion founder, Darryl Rawlings, is leading a strong and experienced team, and there is growing confidence as the alignment between nutrition, pet health and insurance move closer together.

Over the last 5 years, we've taken a measured approach, investing adjusted operating income selectively to make steady progress toward creating food that is proven to lead to improved health outcomes. With greater confidence in the long-term trajectory, including our recent investment in

our manufacturing facility, we expect momentum to build over the next three years, and aim to begin modest revenue generation late in this strategic cycle.

Long-term, the economics are compelling: we believe it's possible that 100,000 pets on Landspath could generate margin dollars comparable to 1 million Trupanion members today!

This approach deepens our competitive moat and returns revenue to hospitals through commissions that we will pay to veterinarians. Once we pass all our sales and operational tests, our plan will culminate in a targeted North American market launch with a select group of partner hospitals to bring our vision to life.

Landspath[®] Subscription Pet Food

Exclusivity	sold only through veterinarians
Shelf stable (patented)	does not need to be refrigerated or frozen
Portion controlled	a weight management system, allowing veterinarians to adjust as needed
Pet ecosystem	Trupanion gets greater share of pet wallet
Proven risk reduction	measurable health benefits lower monthly insurance cost
Diversified revenue streams	increased share of pet parent wallet



Growth Defined

Trupanion has long been a data-driven business.

As we have scaled across products, channels, and geographies, so too has the lens through which we evaluate our business. While early growth was best demonstrated through granular operating measures, our business today is more accurately assessed through growth in adjusted operating income, which serves as a proxy for intrinsic value growth. AOI captures the durability of our model – disciplined pricing, strong retention, and profitable growth – more clearly than individual volume metrics alone.

At the same time, we have intentionally progressed toward free cash flow and GAAP profitability, demonstrating the strength of the full end-to-end model. We now operate from a position where we can both reinvest at attractive internal rates of return and show a clear path to sustained profitability. **Based on our current plans, we expect to generate well over \$500 million of total AOI over the next three years and compound subscription AOI at a mid-teens annual growth rate.** This positions us to meaningfully invest and drive long-term shareholder value.

The Team

Our results in 2025 showcased the strength and resilience of the Trupanion team.

Transforming our performance and achieving our target margin required focus, discipline, and a deep commitment to our mission. Those more faint-hearted would (and have) failed through these testing times, yet our team navigated them together, all the time considering our member experience, evidenced in our retention rates.

Of course, we will always have opportunities to perform better. As the business has grown, parts of our organization have not evolved at the same pace. The changes discussed earlier – including how we structure and align our growth teams – are a reflection of this. We have built a culture that promotes from within, and that will remain a core strength of Trupanion. At the same time, to succeed at our current scale, we must complement that strength with broader experiences and new ways of thinking.

To capture the opportunity ahead, we will continue to level up – strengthening how we operate, improving coordination and developing the capabilities required for the next phase of growth.

This will mean redefining roles, inviting team members to step into new challenges, and continuing to thoughtfully add new talent where needed. It also means being more intentional in how we develop our leaders – shifting from a ‘deep end’ learning approach to one that combines experience with more structured development and support.

This is a team that cares deeply about our members and each other, thinks like owners and believes in the mission, without exception.

What gives me confidence is the foundation we’ve already established as a team. Our culture is one that unites and does the right



thing, even if it means not following the easiest path. This mindset guides our decisions – on pricing to our value proposition, capital allocation and how we will pursue growth – consistently favoring long-term outcomes over short-term wins. For that, I am immensely grateful and excited for what we can achieve together in the years ahead.

Before we close, I would like to thank Max Brodén for his three years of service on our Board. We are grateful for the insight, judgment, and energy he brought throughout his tenure. We look forward to continuing to collaborate with Aflac on product development initiatives to build out our presence in the worksite channel in support of our North American growth efforts.

In Closing



2025 concluded with Trupanion healthier, more resilient, and financially stronger than at any point in our history.

The completion of our last strategic plan marks not an endpoint, but a transition – one defined by scale, durable economics, and increasing financial independence.

As we look ahead, the opportunity in front of us is significant, and ever more within our control to capture. Realizing it will require continued focus, strong execution, and a commitment to improving how we operate as we grow.

We have built an enduring foundation and remain committed to delivering high-quality, disciplined growth in service of long-term value.

We thank our shareholders for their ongoing confidence and partnership as we continue to incrementally improve the business and look forward to keeping you updated on our progress.

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End Notes

This letter and other publicly available reports include certain non-GAAP financial measures. These non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in its industry as other companies in its industry may calculate or use non-GAAP financial measures differently. In addition, there are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with GAAP, may be different from non-GAAP financial measures used by other companies and exclude expenses that may have a material impact on Trupanion's reported financial results. The presentation and utilization of non-GAAP financial measures is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP. Trupanion urges its investors to review the reconciliation of its non-GAAP financial measures to the most directly comparable GAAP financial measures in its consolidated financial statements, and not to rely on any single financial or operating measure to evaluate its business. These reconciliations are included within our 2025 Earnings Release and Supplemental Financial Information provided on Trupanion's Investor Relations website.

Our internal rate of return is calculated assuming the new subscription pets we enroll during the period will behave like an average subscription pet. 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 monthly average revenue per pet for the four quarters preceding the period end date. Cash inflows from an average pet are calculated based on subscription revenue less cost of revenue from our subscription business segment for the 12 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, minus fixed expenses related to our subscription business, which are the pro-rata portion of general and administrative and technology and development expenses, less stock-based compensation, based on revenues. Further details on the calculation are included within our Supplemental Financial Information provided on Trupanion's Investor Relations website. Because of varying available valuation methodologies, subjective assumptions and the variety of equity instruments that can impact a company's non-cash expenses, Trupanion believes that providing various non-GAAP financial measures that exclude stock-based compensation expense and depreciation and amortization expense allows for more meaningful comparisons between its operating results from period to period. Trupanion offsets new pet acquisition expense with sign-up fee revenue in the calculation of net acquisition cost because it collects sign-up fee revenue from new members at the time of enrollment and considers it to be an offset to a portion of Trupanion's new pet acquisition expenses. Trupanion believes this allows it to calculate and present financial measures in a consistent manner across periods. This letter also presents new pet acquisition expense on an after-tax basis, which management believes facilitates comparisons to companies that grow inorganically. Trupanion's management believes that the non-GAAP financial measures and the related financial measures derived from them are important tools for financial and operational decision-making and for evaluating operating results over different periods of time.

Disclaimer

This letter contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and section 27A of the Securities Act of 1933, as amended (Securities Act). All statements contained in this letter other than statements of historical fact, including statements regarding lifetime values of a pet, discounted cash flows and our intrinsic value model, our new strategic plan, our capital allocation strategies, effects of inflation, future results of operations and financial position (including ARPU, AOM, AOI, IRR, PAC, new pets enrolled, retention and churn, active hospitals, international expansion, veterinary invoices, and variable and fixed expenses), our business strategy and plans and our objectives for future operations.

The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “model,” “plan,” “potentially,” “predict,” “project,” “target,” “will,” “would,” and similar expressions that convey uncertainty of future events or outcomes, are intended to identify forward-looking statements.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including risks relating to:

- our net losses since inception, our ability to maintain revenue growth, maintain profitability, obtain returns on our investments in pet acquisition, and other financial risks;
- our ability to attract online visitors, grow or member base, and maintain retention rates;
- our ability to maintain relationships with Territory Partners, veterinarians and strategic partners;
- our ability to remain competitive and maintain brand recognition;
- our ability to scale our infrastructure, manage our growth, budget for veterinary invoice expenses, and other business risks;
- our other business;
- security breaches, payment processing, and related technology and intellectual property matters;
- compliance with risk-based capital and other regulations;
- litigation or regulatory proceedings;
- dependence on key personnel;
- compliance with covenants in our credit agreement;
- international operations, including exchange rates;
- investments or acquisitions, owning an office building, and other strategic matters;
- tax, accounting and general economic matters;
- being a public company;
- ownership of our common stock; and
- those described under the heading “Risk Factors” in our Annual Report on Form 10-K and other filings we make from time to time with the Securities and Exchange Commission.

Moreover, we operate in a very competitive and rapidly changing environment, and new risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we make. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this letter may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely on forward-looking statements as predictions or guarantees of future events. Although we believe that the assumptions and expectations reflected in the forward-looking statements are reasonable based on our historical experience, these assumptions and expectations involve significant judgment and uncertainty, and in some cases these assumptions and expectations (and therefore the judgment and uncertainty) have been projected over an extended period of time. Future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements may not be achieved or occur. We undertake no obligation to update publicly any forward-looking statements for any reason, except as required by law.