

A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the final short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only to persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Senior Director, Investor Relations of Pet Valu Holdings Ltd. at 130 Royal Crest Court, Markham, Ontario, L3R 0A1, Telephone (905) 946-1200 and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM PROSPECTUS

Secondary Offering

September 16, 2021



Pet Valu Holdings Ltd.

\$225,750,000

7,000,000 Common Shares

This short form prospectus (the "**Prospectus**") qualifies the distribution to the public (the "**Offering**") of an aggregate of 7,000,000 common shares (the "**Offered Shares**" and, together with all other common shares in the capital of the Company, the "**Shares**") of Pet Valu Holdings Ltd. ("**we**", "**our**", "**Pet Valu**" or the "**Company**") at a price of \$32.25 per Offered Share (the "**Offering Price**") by PV Holdings S.à r.l., Roark Capital Partners II AIV AG, L.P., RCPS Equity Cayman LP and Roark Capital Partners Parallel II AIV AG, L.P. (collectively, the "**Selling Shareholders**"), each an entity controlled directly or indirectly by Roark Capital Management, LLC. **We will not receive any of the proceeds of the Offering or from any exercise of the Over-Allotment Option (as defined herein).** See "Plan of Distribution and "Selling Shareholders".

The Selling Shareholders currently hold an aggregate of 50,796,449 Shares, representing approximately 72.6% of our issued and outstanding Shares. Upon completion of the Offering, and assuming no exercise of the Over-Allotment Option, the Selling Shareholders will in aggregate, directly or indirectly, own or control approximately 62.6% of our issued and outstanding Shares.

The Offering is being underwritten by RBC Dominion Securities Inc. ("**RBC**"), Barclays Capital Canada Inc. ("**Barclays**") and CIBC World Markets Inc. ("**CIBC**" and together with RBC and Barclays, the "**Lead Underwriters**"), and National Bank Financial Inc. ("**NBF**"), TD Securities Inc. ("**TD**"), ATB Capital Markets Inc. ("**ATB**"), Laurentian Bank Securities Inc. ("**Laurentian Bank**") and Raymond James Ltd. ("**Raymond James**") (collectively with the Lead Underwriters, the "**Underwriters**"). See "Plan of Distribution.

Price: \$32.25 per Offered Share

	Price to the Public ⁽¹⁾	Underwriters' Fee ⁽²⁾	Net Proceeds to the Selling Shareholders ⁽³⁾
Per Offered Share.....	\$32.25	\$1.29	\$30.96
Total Offering ⁽⁴⁾⁽⁵⁾	\$225,750,000	\$9,030,000	\$216,720,000

Notes:

- (1) The Offering Price has been determined by negotiation between the Selling Shareholders and the Underwriters.
- (2) The Selling Shareholders will pay a cash fee equal to 4.00% (the "Underwriters' Fee") of the gross proceeds raised from the Offered Shares sold pursuant to the Offering.
- (3) After deducting the Underwriters' Fee payable by the Selling Shareholders. The expenses of the Offering are estimated to be approximately \$400,000 and will be paid by the Company.
- (4) Assumes no exercise of the Over-Allotment Option.
- (5) The Selling Shareholders have agreed to grant to the Underwriters an over-allotment option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days (the "Over-Allotment Option") from the closing of the Offering (the "Closing"), to purchase up to an additional 1,050,000 Shares (the "Over-Allotment Shares"), representing 15% of the Offered Shares sold under this Prospectus. The Over-Allotment Shares will be sold on the same terms as set out above solely to cover over-allotments, if any, and for consequent market stabilization. The Selling Shareholders will pay the Underwriters' fee in respect of Over-Allotment Shares sold by them hereunder if the Over-Allotment Option is exercised. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Selling Shareholders" will be approximately \$259,612,500, \$10,384,500 and \$249,228,000, respectively. This Prospectus qualifies the distribution of the Over-Allotment Option. A purchaser who acquires Shares forming part of the Underwriters' over-allocation position acquires those securities under this Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

The following table sets out the number of Shares that may be sold by the Selling Shareholders to the Underwriters pursuant to the exercise of the Over-Allotment Option.

Underwriters' Position	Maximum Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option.....	1,050,000 Over-Allotment Shares	Up to 30 days following Closing	\$32.25 per Over-Allotment Share

In connection with the Offering, the Underwriters may, subject to applicable law, over-allot or effect transactions that stabilize or maintain the market price of the Shares at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may offer the Offered Shares at a lower price than the Offering Price. See "Plan of Distribution".**

RBC is a wholly-owned subsidiary of a Canadian chartered bank that is the administrative agent and a lender and CIBC, NBF, TD, ATB, Laurentian Bank and Raymond James are affiliates of chartered banks or financial institutions that are lenders under the Credit Agreement (as defined herein). Consequently, the Company may be considered a "connected issuer", as such term is defined in National Instrument 33-105 – *Underwriting Conflicts*, of RBC, CIBC, NBF, TD, ATB, Laurentian Bank and Raymond James. See "Plan of Distribution – Relationships Between the Company and Certain Underwriters".

The Underwriters, as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when sold and delivered by the Selling Shareholders and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement among the Company, the Selling Shareholders and the Underwriters dated September 16, 2021 (the "**Underwriting Agreement**") referred to under "Plan of Distribution", and subject to the approval of certain legal matters on behalf of the Company by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that Closing will occur on or about September 28, 2021, or such later date as the Company and the Underwriters may agree, but in any event not later than October 5, 2021 (the "**Closing Date**"). The Offered Shares to be sold in the Offering will be deposited with CDS Clearing and Depository Services Inc., or its nominee ("**CDS**"), in electronic form on the Closing Date. A purchaser of Offered Shares will receive only a client confirmation of purchase from the registered dealer from or through which the Offered Shares are purchased.

An investment in the Offered Shares is subject to a number of risks that should be considered by a prospective purchaser. Investors should carefully consider the risk factors described under "Risk Factors" before purchasing the Offered Shares. The issued and outstanding Shares are listed and posted for trading on the TSX under the symbol "PET". The Offered Shares qualified under this Prospectus (including the Over-Allotment Shares) are already listed and posted for trading on the TSX. On September 14, 2021, the date of the announcement of the Offering, the closing price of the Shares on the TSX was \$33.50.

The Company is incorporated under the *Business Corporations Act* (British Columbia) (“**BCBCA**”). The Company’s head office is located at 130 Royal Crest Court, Markham, Ontario, L3R 0A1 and its registered office is located at 595 Burrard Street, Suite 2600, Vancouver, British Columbia, V7X 1L3.

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ABOUT THIS PROSPECTUS

Unless otherwise indicated or the context otherwise requires, all references to the “Company”, “Pet Valu”, “we”, “us” or “our” refer to Pet Valu Holdings Ltd., together with, as the context requires, its subsidiaries. Certain capitalized terms used in this Prospectus are defined in the “Glossary”.

An investor should rely only on the information contained in this Prospectus. None of the Company, the Selling Shareholders nor any of the Underwriters has authorized anyone to provide investors with additional or different information. Information presented on or accessed through the Company’s website at www.petvalu.ca is not incorporated into, or made part of, this Prospectus and prospective investors should not rely on such information when deciding whether or not to invest in the Offered Shares. Prospective purchasers should assume that the information appearing in this Prospectus is accurate only as at its date, regardless of its time of delivery or of any sale of Offered Shares. The Company’s business, financial condition, results of operations and prospects may have changed since that date.

Any graphs, tables, diagrams or information included in this Prospectus to demonstrate the Company’s historical performance are (a) intended to illustrate past performance and are not necessarily indicative of future performance of the Company, and (b) may include approximations due to rounding.

None of the Selling Shareholders nor any of the Underwriters is offering to sell the Offered Shares in any jurisdiction where the offer or sale of such securities is not permitted. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the possession or distribution of this Prospectus.

In this Prospectus, unless otherwise indicated, all references to “\$” are to Canadian dollars and all references to “US\$” are to U.S. dollars.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Senior Director, Investor Relations of Pet Valu Holdings Ltd. at 130 Royal Crest Court, Markham, Ontario, L3R 0A1, Telephone (905) 946-1200. In addition, copies of the documents incorporated by reference herein may be obtained from the securities commissions or similar authorities in Canada electronically on SEDAR, at www.sedar.com.

As of the date of this Prospectus, the Company has not yet filed its first annual information form as a reporting issuer. Instead, the Company has incorporated by reference into this Prospectus certain disclosure from its long form supplemented PREP prospectus dated June 23, 2021 (the “**IPO Prospectus**”) in respect of its initial public offering (the “**IPO**”).

Except to the extent that their contents are modified or superseded by a statement contained in this Prospectus or in any other subsequently filed document that is also incorporated by reference in this Prospectus, the following documents or portions of documents, filed with the securities commissions or similar authorities in Canada, are specifically incorporated by reference into and form an integral part of this Prospectus:

- (a) The following sections of our IPO Prospectus, prepared in connection with our IPO:
 - (i) “General Matters”, beginning at page 1 of the IPO Prospectus;
 - (ii) “Non-IFRS Measures and Industry Metrics”, beginning at page 2 of the IPO Prospectus;
 - (iii) “Market and Industry Data”, beginning at page 7 of the IPO Prospectus;
 - (iv) “Glossary”, beginning at page 9 of the IPO Prospectus;
 - (v) “Corporate Structure” beginning at page 35 of the IPO Prospectus;
 - (vi) “The Company’s Business”, beginning at page 36 of the IPO Prospectus;
 - (vii) “Dividend Policy”, beginning at page 68 of the IPO Prospectus;
 - (viii) “Selected Consolidated Financial Information”, beginning at page 69 of the IPO Prospectus;
 - (ix) “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, beginning at page 71 of the IPO Prospectus;

- (x) “Pre-Closing Transactions”, beginning at page 98 of the IPO Prospectus;
 - (xi) “Options to Purchase Securities”, beginning at page 102 of the IPO Prospectus;
 - (xii) “Principal Shareholder”, beginning at page 103 of the IPO Prospectus;
 - (xiii) “Directors and Executive Officers”, beginning at page 107 of the IPO Prospectus;
 - (xiv) “Executive Compensation”, beginning at page 114 of the IPO Prospectus;
 - (xv) “Director Compensation”, beginning at page 126 of the IPO Prospectus;
 - (xvi) “Indebtedness of Directors and Executive Officers”, beginning at page 128 of the IPO Prospectus;
 - (xvii) “Corporate Governance”, beginning at page 128 of the IPO Prospectus;
 - (xviii) “Risk Factors”, beginning at page 144 of the IPO Prospectus;
 - (xix) “Legal Proceedings and Regulatory Actions”, beginning at page 169 of the IPO Prospectus;
 - (xx) “Interests of Management and Others in Material Transactions”, beginning at page 169 of the IPO Prospectus;
 - (xxi) “Material Contracts”, beginning at page 170 of the IPO Prospectus;
 - (xxii) our audited carve-out consolidated financial statements as at and for the 53-week period ended January 2, 2021 and 52-week periods ended December 28, 2019 and December 29, 2018, together with the notes thereto and the independent auditor’s report thereon, beginning at page F-16 of the IPO Prospectus;
 - (xxiii) “Board of Directors Mandate”, beginning at page A-1 of the IPO Prospectus; and
 - (xxiv) “Audit Committee Mandate”, beginning at page B-1 of the IPO Prospectus.
- (b) Our unaudited condensed interim consolidated financial statements for the 13-week and 26-week periods ended July 3, 2021 and June 27, 2020 (**Interim Financial Statements**);
- (c) Management’s discussion and analysis of financial condition and results of operations of the Company for the 13-week and 26-week period ended July 3, 2021 (**Interim MD&A**); and
- (d) The term sheet dated September 14, 2021 in respect of the Offering.

Any document of the type required by National Instrument 44-101 — *Short Form Prospectus Distributions* to be incorporated by reference into a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), business acquisition reports, interim financial statements, annual financial statements (in each case, including any applicable exhibits containing updated earnings coverage information) and the independent auditor’s report thereon, management’s discussion and analysis and information circulars of the Company filed by the Company with securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the termination of the distribution of the Offered Shares shall be deemed to be incorporated by reference into this Prospectus. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should review all information contained in this Prospectus and the documents incorporated or deemed to be incorporated by reference herein and therein.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

CURRENCY AND EXCHANGE RATE DATA

The following table sets out the high and low rates of exchange for one U.S. dollar expressed in Canadian dollars during each of the following periods, the average rate of exchange for those periods and the rate of exchange in effect at the end of each of

those periods, each based on the rate of exchange published by the Bank of Canada for conversion of U.S. dollars into Canadian dollars.

	Quarter Ended		Year Ended		
	<u>July 3, 2021</u>	<u>June 27, 2020</u>	<u>January 2, 2021</u>	<u>December 28, 2019</u>	<u>December 29, 2018</u>
	(\$)	(\$)	(\$)	(\$)	(\$)
Highest rate during the period.....	1.2617	1.4217	1.4496	1.3642	1.3641
Lowest rate during the period.....	1.2040	1.3383	1.2718	1.3038	1.2288
Average rate for the period.....	1.2278	1.3869	1.3411	1.3273	1.2955
Rate at the end of the period.....	1.2353	1.3676	1.2732	1.3078	1.3638

On September 15, 2021 the rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was US\$1.00 equals \$1.2651. No representation is made that any currency could be converted at any given rate.

The foregoing rates may differ from the actual rates used in the preparation of the financial statements and other financial data appearing in this Prospectus. The inclusion of these exchange rates is not meant to suggest that the amounts in one currency actually represent such amounts in another currency, or that one currency could have been converted into another currency at any particular rate, if at all.

FORWARD-LOOKING INFORMATION

This Prospectus contains “forward-looking information” and “forward-looking statements” (collectively, “**forward-looking information**”) within the meaning of applicable securities laws. Forward-looking information may relate to the Company’s future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances. We have based the forward-looking information on our current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. This forward-looking information includes, among other things, statements relating to:

- the completion, size, expenses and timing of the Offering;
- intentions with respect to, and the ability to execute, our business plans, strategies and growth prospects, including expectations regarding the growth of our customer base, performance and expansion opportunities;
- expectations regarding industry and market trends and challenges;
- our competitive position in the industry;
- the size and growth rates of addressable markets in which we operate;
- expectations regarding our ability to open new stores and the renovation and expansion of our existing stores;
- expectations regarding our revenue and revenue generation potential;

- expectations that we will generate positive net cash flow from operating activities for Fiscal 2021;
- expectations regarding our available liquidity;
- expectations from our operational improvement initiatives;
- the expected penetration of our proprietary brands;
- the expansion of our omni-channel capabilities;
- the timing of the replacement of store POS systems and store networks;
- the sufficiency of our information technology infrastructure;
- expectations regarding the size of our franchise mix;
- expectations regarding in-store services volumes;
- expectations regarding the expansion of our loyalty program;
- our dividend policy; and
- expectations regarding our exposure in the event that our tax filings are reassessed by tax authorities.

Forward-looking information is based on our opinions, estimates and assumptions in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances, and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect and there can be no assurance that actual results will be consistent with the forward-looking information. Given these risks, uncertainties and assumptions, prospective purchasers of Shares should not place undue reliance on the forward-looking information contained herein. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "Risk Factors", which include, among others:

- the COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic;
- our ability to compete effectively in the industry;
- changes in consumer preferences, perceptions and spending patterns;
- our ability to retain existing customers, increase sales to existing customers and attract new customers;
- risks associated with implementing the Company's growth strategy, including our ability to open additional franchised and company-owned stores, and the willingness of franchisees to continue to invest in and open new franchises;
- our ability to effectively manage our growth;
- availability and pricing of suitable real estate development or retail vacancies to meet unit growth expectations;
- sufficiency of available, qualified and appropriately capitalized franchisee candidates for future stores;
- the operational and financial success of franchised and company-owned stores;
- the willingness of franchisees to participate in and comply with our business model and policies;

- the Company's ability to successfully enter new markets and complete construction, including renovations of existing and new stores;
- changes in global economic conditions and the Company's ability to access capital;
- our ability to retain our highly-skilled personnel and our ability to hire additional highly-skilled personnel;
- our dependence on key personnel;
- the ability of our key suppliers, including international suppliers, to continue to deliver high-quality products to us at prices similar to historical levels;
- disruptions in the supply of specific products or to the business operations of key or recommended suppliers;
- the effectiveness of our marketing and advertising programs;
- changes in interest rates, commodity prices and other expenses;
- the accidental or unauthorized access to or disclosure, loss, destruction or modification of data we collect or may collect through cybersecurity breaches, computer viruses or otherwise and the impact of any resulting liability or damage to our reputation;
- our failure to maintain adequate insurance coverage;
- our ability to maintain and protect our intellectual property rights;
- current or future litigation;
- changes in estimates relating to critical accounting policies or changes in accounting standards and interpretations and our adoption thereof;
- exchange rate fluctuations;
- tax-related risks, including possible reassessments of our tax filings by tax authorities;
- fluctuations in our quarterly results;
- serious disruptions or catastrophic events, including public health issues, geopolitical events, and weather;
- volatility of the market price of the Shares;
- the impact on the price of Shares as a result of future issuances or sales of Shares in the public market following completion of the Offering;
- the limited ability of shareholders, other than the Selling Shareholders, to control changes in our policies and operations;
- costs incurred by us as a result of recently becoming a public company;
- our ability to establish effective systems and implement financial and management controls, reporting systems and procedures in order to establish and maintain effective internal controls in accordance with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*;
- volatility in the market price of the Shares; and
- our ability to pay dividends on the Shares.

These factors should not be considered exhaustive and should be read together with the other cautionary statements in this Prospectus.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking information prove incorrect, actual results might vary materially from those anticipated in the forward-looking information.

Although we base forward-looking information on assumptions that we believe are reasonable when made, we caution investors that forward-looking information is not a guarantee of future performance and that our actual results of operations, financial condition and liquidity and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking information contained in this Prospectus. In addition, even if our results of operations, financial condition and liquidity and the development of the industry in which we operate are consistent with the forward-looking information contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, investors are cautioned not to place undue reliance on forward-looking information. Any forward-looking information that is contained in this Prospectus speaks only as of the date of such statement, and we undertake no obligation to update any forward-looking information or to publicly announce the results of any revisions to any of those statements to reflect future events or developments, except as required by applicable securities laws. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless specifically expressed as such, and should only be viewed as historical data.

All of the forward-looking information contained in this Prospectus is expressly qualified by the foregoing cautionary statements. Investors should read this entire Prospectus and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Offered Shares.

MARKETING MATERIALS

Any “template version” of the following “marketing materials” (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements*) filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada are specifically incorporated by reference into this Prospectus:

- the term sheet for the Offering dated September 14, 2021.

The term sheet referred to above is available under our profile on SEDAR at www.sedar.com.

In addition, any template version of any other “marketing materials” filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada in connection with this Offering, after the date hereof, but prior to the termination of the distribution of the Offered Shares under this Prospectus (including any amendments to, or an amended version of, any template version of any marketing materials), is deemed to be incorporated by reference herein.

Any “template version” of any “marketing materials” that are utilized in connection with the Offering are not part of this Prospectus to the extent that the contents of the “template version” of the “marketing materials” have been modified or superseded by a statement contained in this Prospectus.

TRADE-MARKS, TRADE NAMES AND COPYRIGHTS

This Prospectus includes trade-marks, trade names and material subject to copyright, including the trade-mark/trade names “Pet Valu”, “Bosley’s by Pet Valu”, “Paulmac’s Pets”, “Tisol”, “Total Pet”, “Bailey & Bella”, “Barker’s”, “Essentials Pet Expert Approved”, “Fresh4life”, “Head to Tail”, “Jump”, “Lovibles”, “Naturally Crafted”, “Our Four Paws”, “Performatrin”, “Performatrin Naturals”, “Performatrin Ultra”, “Solesca Woods”, “Your Pet. Your Store” and “Your Rewards” which are protected under applicable intellectual property laws and are our property. Solely for convenience, the Company’s trade-marks, trade names and copyrighted material referred to in this Prospectus may appear without the TM, ® or © symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, its rights to these trade-marks, trade names and copyrights. See “The Company’s Business – Intellectual Property”. All other trade-marks used in this Prospectus are the property of their respective owners.

ELIGIBILITY FOR INVESTMENT

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder (the “**Tax Act**”), provided that the Shares are then listed on a “designated stock exchange” for purposes of the Tax Act (which currently includes the TSX), the Shares will be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan (“**RESP**”), a registered disability savings plan (“**RDSP**”), a tax-free savings account (“**TFSA**”) or a deferred profit sharing plan, each as defined in the Tax Act.

Notwithstanding that the Shares may be a qualified investment for a trust governed by a TFSA, RRSP, RRIF, RESP or RDSP, the holder, annuitant or subscriber thereof, as the case may be, will be subject to a penalty tax under the Tax Act if the Shares are a “prohibited investment” (within the meaning of the Tax Act) for the particular TFSA, RRSP, RRIF, RESP or RDSP. The Shares will not be a prohibited investment for a TFSA, RRSP, RRIF, RESP or RDSP provided the holder, annuitant or subscriber thereof, as the case may be, deals at arm’s length with the Company for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in the Company. In addition, the Shares will not be a prohibited investment if the Shares are “excluded property”, as defined for purposes of the prohibited investment rules in the Tax Act, for trusts governed by a TFSA, RRSP, RRIF, RESP or RDSP. Holders, annuitants and subscribers should consult their own tax advisors with respect to whether the Shares would be prohibited investments in their particular circumstances, including with respect to whether the Shares would be excluded property.

THE COMPANY'S BUSINESS

Pet Valu's Mission

To be Canada's preferred pet retailer delivering the products, care, expertise, and memorable moments that devoted pet lovers want... locally in stores and everywhere online.

Business Overview

Pet Valu is Canada's leading pet retailer. Since opening our first store in 1976, we have grown to over 600 corporate-owned and franchised locations across the country – more than four times the number of stores of our closest competitor. Over our history, we have earned the trust and loyalty of discerning pet owners with our compassionate and knowledgeable service, our premium product offering which includes our award-winning, proprietary brands, our in-store services and our expanding omni-channel capabilities. This winning strategy is underpinned by our highly flexible operating model which allows us to deliver superior unit economics and growth.

We and our licensed franchisees have the **largest specialty pet store network** in Canada which creates significant brand awareness and provides our stores with access to millions of Canadian pet owners. We combine our scale with a highly localized retail strategy allowing us to offer our customers premium products at competitive prices while delivering personalized service.

We and our franchisees deliver **compelling and engaging retail experiences** through our welcoming, easy-to-shop stores and our friendly, compassionate and highly trained Animal Care Experts (“ACEs”). Our premium consumables-focused product offering, e.g., pet food and treats, accounts for 70% of product sales, drives recurring revenue and repeat store traffic, and is complemented and differentiated by our proprietary brands, with over 1,500 items, which are available only at Pet Valu's banners. Our proprietary brands represent over 30% of system-wide sales. Our complementary in-store service offerings, which include full-service grooming and self-serve dog washes, drive incremental customer traffic, extend the duration of customer store visits and increase overall engagement. At the end of Fiscal 2020, we and our franchisees had over 1.4 million active loyalty members, a loyalty program penetration of 53% of system-wide sales, and loyal customers who have a 72% higher average basket size vs. non-loyalty members. To provide our customers added convenience, since 2019, we have made significant investments in our omni-channel capabilities and now offer “Shop Ahead” options for in-store pickup and direct-to-customer shipping for online orders. Together with our pet-centric culture, these offerings create the “memorable moments” our customers have come to associate with Pet Valu.

We have a **highly flexible, franchise-led operating model** due to our small store format, adaptable store layouts, and both franchise and corporate ownership model. Pet Valu stores typically range in size from 3,000 to 5,500 square feet and each store is merchandised and designed to meet the needs and customer preferences of its surrounding community. This adaptability helps create consistent, exceptional unit economics across urban, suburban, and rural markets, and provides the flexibility to invest in competitive real estate markets. Our approach to store ownership, in which 62% of stores are owned and operated by franchisees, leverages the advantages of both franchised and company-owned operating models. Our franchisees engender a level of operational commitment and passion for pets and their communities that drives customer loyalty and strengthens our overall brand, and they typically see an approximately four-year payback on their initial franchise investment. Our corporate-owned stores allow us to test new products, develop and standardize best practices, and serve as a complementary growth mechanism allowing us to react quickly to attractive real estate opportunities. This hybrid operating strategy is key to our ability to sustain strong store and sales growth, generate significant Free Cash Flow and strong investment returns for mature stores. Over the last five years the business has consistently generated a strong system-wide sales compound annual growth rate of approximately 15% by combining new store expansion with 10% average same-store sales' increases. Our research indicates significant, long-term whitespace opportunities exist to continue expanding to over 1,200 locations – creating additional neighbourhood connections and effective, close-to-home, in-store pick-up experiences for online purchases.

We and our franchisees are the **local pet authority for Canadian pet lovers**. Together, our highly trained, pet-loving ACEs provide trusted advice and expert product recommendations to pet owners in all stages of their pet's lifecycle and Pet Valu's stores are often the first place new and existing pet owners turn to for their pet care needs. This high-touch, compassionate service environment allows ACEs to establish trusted, long-term relationships in which they play an active role in their local pet community. Outside stores, we and our franchisees proudly support pets throughout the communities we serve.

Recent Developments

During the second quarter of 2021, our system-wide sales grew 33.4%, versus the second quarter of 2020, to \$231.5 million, driven primarily by same-store sales growth of 28.4%. On a two-year basis, same-store sales growth was 24.5% for the second quarter of 2021, above our first quarter 2021 trend of 21.5%. Revenue increased 38.4% to \$182.2 million while Adjusted EBITDA grew 52.6% to \$42.3 million, representing 23.2% of revenue, up 210 basis points versus the second quarter of the prior year. Net income for the second quarter of 2021 was \$44.3 million, up \$0.3 million from the same period last year and Adjusted Net Income was \$8.7 million or \$0.12 per diluted share.

We opened 7 new stores in the second quarter of 2021 and have increased our store network by 27 net new stores over the last 12 months.

We also announced that Sarah Davis was appointed to the Board of Directors on July 28, 2021, replacing Paul House who retired from the Board on the same date, and that Linda Drysdale was appointed to the Board of Directors effective August 12, 2021.

DESCRIPTION OF SHARE CAPITAL

The following description of the Company's share capital summarizes certain provisions contained in the Articles. These summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the Articles.

The Company's authorized share capital consists of (i) an unlimited number of Shares and (ii) an unlimited number of preferred shares, issuable in series. As at the date hereof, an aggregate of 69,992,508 Shares are issued and outstanding and no preferred shares are issued and outstanding.

Shares

Voting rights and meetings of shareholders

Holders of Shares are entitled to receive notice of any meetings of shareholders, to attend and to cast one vote per Share at all such meetings. The quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 25% of the issued shares entitled to vote at the meeting.

Dividends

Holders of the Shares are entitled to receive on a *pro rata* basis dividends, if any, out of the Company's assets legally available for the payment of such dividends at such times and in such amounts and form as the Board may from time to time deem advisable.

Liquidation

Upon the liquidation, dissolution or winding-up of the Company, whether voluntarily or involuntarily, holders of Shares, without preference or distinction, will be entitled to receive on a *pro rata* basis the net assets of the Company remaining after payment of all debts and liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a *pro rata* basis with the Shares with respect to dividends or liquidation.

Preferred Shares

The preferred shares may at any time and from time to time be issued in one or more series. Prior to the issue of preferred shares of any series, the Board shall, subject to the rights, privileges, restrictions and conditions attached to the preferred shares as a class, the Articles and the provisions of the BCBCA, by resolution amend the Articles to fix the number of preferred shares in such series and determine the designation of, and the rights, restrictions, privileges and conditions attached to, the preferred shares of such series, including any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms or conditions of redemption or purchase, any conversion rights, any retraction rights, any rights on the Company's liquidation, dissolution or winding-up and any sinking fund or other provisions, attached to the preferred shares of the series.

Voting rights and meetings of shareholders

Except as provided in any special rights or restrictions attaching to any series of preferred shares issued from time to time, the holders of preferred shares will not be entitled to receive notice of, attend or vote at any meeting of shareholders.

Dividends

Preferred shares of each series, if and when issued, will, with respect to the payment of dividends, rank *pari passu* with the preferred shares of every other series and be entitled to preference over the Shares and any other of the Company's shares ranking junior to the preferred shares with respect to payment of dividends.

Liquidation

Upon the liquidation, dissolution or winding-up of the Company, whether voluntarily or involuntarily, holders of preferred shares will be entitled to preference with respect to distribution of the net assets of the Company remaining after payment of all debts and liabilities over the Shares and any other of the Company's shares ranking junior to the preferred shares with respect to the repayment of capital paid up on and the payment of unpaid dividends accrued on the preferred shares.

DESCRIPTION OF MATERIAL INDEBTEDNESS

The following is a summary of certain provisions of agreements and instruments evidencing the Company's material indebtedness as at the date of this Prospectus. This summary does not purport to be complete, and is subject to, and is qualified in its entirety by reference to, all of the provisions of such agreements and instruments, including the definitions of certain terms therein that are not otherwise defined in this Prospectus.

The Credit Agreement

Pet Valu Canada Inc. (the "**Borrower**"), a subsidiary of the Company, entered into a credit agreement dated June 30, 2021, with the Canadian chartered bank affiliate of RBC, as administrative agent, and a syndicate of lenders, including the chartered bank or financial institution affiliates of RBC, CIBC, NBF, TD, ATB, CWB, Laurentian Bank and Raymond James (the "**Credit Agreement**") The Credit Agreement is comprised of (i) a \$355 million term facility (the "**Term Facility**") and (ii) a \$130 million revolving credit facility, a portion of which not in excess of \$20 million is available for the issuance of letters of credit in Canadian or U.S. dollars (the "**Revolving Facility**" and together with the Term Facility, the "**Credit Facilities**"). The Credit Facilities will mature on June 30, 2026.

Borrowings under the Credit Facilities bear interest, according to the type of borrowing advanced, at short-term floating rates (based on a reference rate of U.S. base rate, the Canadian prime rate or the LIBOR rate or bankers' acceptance rate, as applicable), plus a margin per annum depending on the Company's net total leverage ratio.

The Term Facility is repayable in quarterly installments and contains mandatory prepayment provisions with respect to non-ordinary course asset sales, excess cash flow and issuances of debt obligations (excluding debt permitted to be incurred under the Credit Agreement) by the Company and its subsidiaries (in each case, subject to customary thresholds, qualifications and exceptions set forth in the Credit Agreement). Voluntary prepayments of the Term Facility are permitted at any time (subject to minimum repayment amounts and customary notice periods set forth in the Credit Agreement) without premium or penalty (other than customary "breakage" costs, if applicable) and reduce the scheduled principal repayments. The Credit Agreement provides that amounts under the Revolving Facilities may be borrowed, repaid and re-borrowed.

The obligations under the Credit Agreement are unconditionally guaranteed by the Company, Pet Valu Canada Holding Corporation, Pet Holdings ULC and all of the material wholly-owned subsidiaries of the Borrower (together with the Borrower, the "**Loan Parties**"). The Credit Agreement and guarantees are secured by a charge over substantially all of the property and assets of the Borrower and the guarantors.

The Credit Agreement contains affirmative and negative covenants customary for credit facilities of this nature, subject to certain exceptions set forth in the Credit Agreement. The Credit Agreement also contains financial covenants over the term of the Credit Facilities that require the Company to maintain:

- (i) a net total leverage ratio not to exceed 5.75x, subject to two step downs;

- (ii) a net first lien leverage ratio not to exceed 4.75x, subject to two step downs; and
- (iii) an interest coverage ratio of not less than 3.00x.

The Credit Agreement provides for customary events of default (in each case, subject to customary grace periods, basket and materiality thresholds set forth in the Credit Agreement). Upon the occurrence of an event of default that is continuing and absent a waiver or an amendment from the lenders, the administrative agent at the discretion of the required lenders, can terminate the commitments and accelerate payment of all outstanding obligations under the Credit Agreement, subject to, in the case of a financial covenant default, the applicable cure period.

CONSOLIDATED CAPITALIZATION

Other than as described in this Prospectus, there have been no material changes in our share or loan capital since July 3, 2021, the date of our most recently filed unaudited condensed interim consolidated financial statements. No material change will result from the Offering as no Shares will be issued in connection with the Offering and we will not receive any of the proceeds of the Offering or from any exercise of the Over-Allotment Option.

PRIOR SALES

On June 30, 2021, the Company completed an initial public offering of 15,812,500 Shares (including Shares issued pursuant to the exercise of an over-allotment option) at a price of \$20.00 per Share (the “**IPO Issuance**”).

Other than the IPO Issuance, the following table summarizes details of sales of Shares or securities converted or exercised into Shares during the 12-month period prior to the date of this Prospectus. Pursuant to the Pre-Closing Transactions (as defined in the IPO Prospectus), described in the IPO Prospectus under “Pre-Closing Transactions”, all of the Company’s outstanding class X common shares, class Y common shares, class A preferred shares, class B preferred shares, and class C preferred shares were exchanged for Shares and cancelled by the Company and all of the outstanding options to acquire class X common shares of the Company under the Legacy Option Plan (as defined in the IPO Prospectus) became options to acquire Shares. The “Number of Securities Issued” and “Issue / Exercise Price per Security” in this table are presented on an as adjusted basis after giving effect to the Pre-Closing Transactions.

Date of Issuance	Type of Security	Number of Securities	Issue / Exercise Price Per Security
January 8, 2021 ⁽¹⁾	Class X common shares	13,920	US\$1.42
January 8, 2021 ⁽²⁾	Class X common shares	147,510	US\$0.01
May 25, 2021 ⁽³⁾	Class X common shares	29,502	US\$0.01
June 2, 2021 ⁽⁴⁾	Class X common shares	13,410	US\$5.60
June 2, 2021 ⁽⁵⁾	Class X common shares	18,606	US\$6.84
June 2, 2021 ⁽⁶⁾	Class X common shares	6,648	US\$9.64
June 7, 2021 ⁽⁷⁾	Class X common shares	5,568	US\$9.64
June 9, 2021 ⁽⁸⁾	Class X common shares	27,840	US\$9.64
June 10, 2021 ⁽⁹⁾	Class X common shares	34,801	US\$9.64
June 11, 2021 ⁽¹⁰⁾	Class X common shares	53,640	US\$0.01
June 11, 2021 ⁽¹¹⁾	Class X common shares	33,697	US\$3.90
June 11, 2021 ⁽¹²⁾	Class X common shares	9,280	US\$9.64
September 10, 2021 ⁽¹³⁾	Shares	13,410	CAD\$0.81
September 10, 2021 ⁽¹⁴⁾	Shares	5,185	CAD\$9.73

Note:

- (1) Issued to a former employee of the Company pursuant to the exercise of options to acquire class X common shares of the Company granted on November 11, 2014.
- (2) Issued to a former employee of the Company pursuant to the exercise of options to acquire class X common shares of the Company granted on November 16, 2009 and March 30, 2011.
- (3) Issued to a former employee of the Company pursuant to the exercise of options to acquire class X common shares of the Company granted on September 30, 2012.
- (4) Issued to a former director of the Company pursuant to the exercise of options to acquire class X common shares of the Company granted on February 10, 2015.
- (5) Issued to a former director of the Company pursuant to the exercise of options to acquire class X common shares of the Company granted on June 16, 2015.
- (6) Issued to a former director of the Company pursuant to the exercise of options to acquire class X common shares of the Company granted on August 15, 2019.
- (7) Issued to a former employee of the Company pursuant to the exercise of options to acquire class X common shares of the Company granted on May 17, 2018.
- (8) Issued to a former employee of the Company pursuant to the exercise of options to acquire class X common shares of the Company granted on August 15, 2019.
- (9) Issued to a former employee of the Company pursuant to the exercise of options to acquire class X common shares of the Company granted on August 15, 2019.
- (10) Issued to a former employee of the Company pursuant to the exercise of options to acquire class X common shares of the Company granted on December 3, 2013.
- (11) Issued to a former employee of the Company pursuant to the exercise of options to acquire class X common shares of the Company granted on August 11, 2015.
- (12) Issued to a former employee of the Company pursuant to the exercise of options to acquire class X common shares of the Company granted on May 17, 2018.
- (13) Issued to a former director of the Company pursuant to the exercise of options to acquire Shares of the Company granted on February 10, 2015.
- (14) Issued to a former director of the Company pursuant to the exercise of options to acquire Shares of the Company granted on August 15, 2019.

TRADING PRICES AND VOLUME

The Shares are listed for trading on the TSX under the symbol “PET”. The following table shows the monthly range of high and low prices per Share at the close of market on the TSX, as well as total monthly volumes of the Shares traded on the TSX from June 24, 2021 to the date immediately before the date of this Prospectus:

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
June 24-30, 2021	\$27.86	\$24.00	2,164,233
July 2021	\$27.50	\$25.56	451,052
August 2021	\$35.00	\$26.50	381,504
September 1-14, 2021	\$34.99	\$31.56	123,307

SELLING SHAREHOLDERS

The Selling Shareholders under this Offering are PV Holdings S.à r.l., Roark Capital Partners II AIV AG, L.P., RCPS Equity Cayman LP and Roark Capital Partners Parallel II AIV AG, L.P. The Selling Shareholders have agreed to sell 7,000,000 Shares (8,050,000 Shares assuming the Over-Allotment Option is exercised in full) to the Underwriters pursuant to the Underwriting Agreement (909,850 Shares by PV Holdings S.à r.l., 3,548,141 Shares by Roark Capital Partners II AIV AG, L.P., 2,513,559 Shares by RCPS Equity Cayman LP and 28,450 Shares by Roark Capital Partners Parallel II AIV AG, L.P.), as described under the heading “Plan of Distribution”. PV Holdings S.à r.l., Roark Capital Partners II AIV AG, L.P., RCPS Equity Cayman LP and Roark Capital Partners Parallel II AIV AG, L.P. will receive net proceeds of \$28,168,956, \$109,850,445, \$77,819,786 and \$880,812, respectively, from the sale of the Offered Shares under this Offering.

Following the Offering, and assuming that the Over-Allotment Option is not exercised, the Selling Shareholders will, in the aggregate, beneficially own 43,796,449 Shares representing 62.6% of the outstanding shares of the Company. If the Over-Allotment Option is exercised in full, the Selling Shareholders will, in the aggregate, beneficially own 42,746,449 Shares representing 61.1% of the outstanding shares of the Company.

The following table sets forth information with respect to the ownership of Shares by the Selling Shareholders as of the date hereof, as adjusted to reflect the completion of the Offering assuming no exercise of the Over-Allotment Option.

Name of Shareholder	Shares Beneficially Owned Prior to Closing		Shares Beneficially Owned Immediately Following Closing	
	Number of Shares	Percentage of Total Outstanding Shares	Number of Shares	Percentage of Outstanding Shares ⁽¹⁾
PV Holdings S.à r.l.	6,602,448	9.4%	5,692,598	8.1% ⁽²⁾
Roark Capital Partners II AIV AG, L.P.	25,747,566	36.8%	22,199,425	31.7% ⁽³⁾
RCPS Equity Cayman LP	18,239,988	26.1%	15,726,429	22.5% ⁽⁴⁾
Roark Capital Partners Parallel II AIV AG, L.P.	206,448	0.3%	177,998	0.3% ⁽⁵⁾

Note:

- (1) Assumes that the Over-Allotment Option is not exercised.
- (2) On a fully-diluted basis, assuming the exercise in full of outstanding options, 7.8%. If the Over-Allotment Option is exercised in full, PV Holdings S.à r.l. will beneficially own 7.9% (7.6% on a fully-diluted basis) of the issued and outstanding Shares immediately following the Closing.
- (3) On a fully-diluted basis, assuming the exercise in full of outstanding options, 30.4%. If the Over-Allotment Option is exercised in full, Roark Capital Partners II AIV AG, L.P. will beneficially own 31.0% (29.7% on a fully-diluted basis) of the issued and outstanding Shares immediately following the Closing.
- (4) On a fully-diluted basis, assuming the exercise in full of outstanding options, 21.5%. If the Over-Allotment Option is exercised in full, RCPS Equity Cayman LP will beneficially own 21.9% (21.0% on a fully-diluted basis) of the issued and outstanding Shares immediately following the Closing.
- (5) On a fully-diluted basis, assuming the exercise in full of outstanding options, 0.2%. If the Over-Allotment Option is exercised in full, Roark Capital Partners Parallel II AIV AG, L.P. will beneficially own 0.2% (0.2% on a fully-diluted basis) of the issued and outstanding Shares immediately following the Closing.

PROCEEDS TO THE SELLING SHAREHOLDERS

The aggregate estimated net proceeds of the Offering to be received by the Selling Shareholders will be approximately \$216,720,000 (\$249,228,000 assuming the exercise of the Over-Allotment Option in full), before deducting the expenses of the Offering.

We will not receive any proceeds from the Offering or the exercise of the Over-Allotment Option. In accordance with the Investor Rights Agreement and the Underwriting Agreement, the Selling Shareholders will not pay any expenses of the Offering or the exercise of the Over-Allotment Option other than the Underwriters' fee. We will pay all other expenses of the Offering and the exercise of the Over-Allotment Option, other than all out-of-pocket expenses incurred by the Underwriters and all legal fees and disbursements of counsel to the Underwriters, which shall be paid by the Underwriters, subject to the Offering not being completed, other than by reason of default of one or more of the Underwriters, as set out in the Underwriting Agreement.

PLAN OF DISTRIBUTION

General

Pursuant to the Underwriting Agreement dated September 16, 2021 between the Company, the Selling Shareholders and the Underwriters, the Selling Shareholders have agreed to sell and the Underwriters have severally agreed to purchase, on the Closing Date, an aggregate of 7,000,000 Offered Shares, each at a price of \$32.25 per Offered Share, payable in cash to the Selling Shareholders against delivery of the Offered Shares, for aggregate gross proceeds of \$225,750,000. The Selling Shareholders have agreed to pay the Underwriters a fee equal to \$1.29 per Offered Share sold pursuant to the Offering (representing 4.00% of the gross proceeds of the Offering), including any Shares sold pursuant to the Over-Allotment Option. It is estimated that the total expenses of the Offering, not including the Underwriters' Fee, will be approximately \$400,000. All such expenses of the Offering will be paid by the Company, as required by the terms of the Investor Rights Agreement. The Company will not be entitled to any of the proceeds from the sale of the Offered Shares. The Underwriters may form a selling group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Underwriters out of their fees.

The obligations of the Underwriters under the Underwriting Agreement are conditional and may be terminated at their discretion upon the occurrence of certain stated events, including “material change out”, “disaster out” and “proceedings to restrict distribution out” clauses. The Underwriters are, however, severally obligated to take up and pay for all of the Offered Shares, if any, purchased under the Underwriting Agreement.

Under applicable securities laws in Canada, certain persons and individuals, including the Company, the Selling Shareholders and the Underwriters, have statutory liability for any misrepresentation in this Prospectus, subject to available defences. The Company and the Selling Shareholders have agreed to indemnify the Underwriters and their affiliates and their directors, officers, employees and agents against certain liabilities, including, without restriction, civil liabilities under securities legislation in Canada, and to contribute to any payments that the Underwriters may be required to make in respect thereof. The Company has also agreed to indemnify the Selling Shareholders against certain liabilities, including, without restriction, civil liabilities under securities legislation in Canada, and to contribute to any payments that the Selling Shareholders may be required to make in respect thereof.

The Offering is being made in each of the provinces and territories of Canada. The Offered Shares will be offered in each of the provinces and territories of Canada through those Underwriters, or their affiliates who are registered to offer the Offered Shares for sale in such provinces and territories and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, the Underwriters may offer the Shares outside of Canada.

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. It is expected that Closing will occur on or about September 28, 2021, or such later date as the Company, the Selling Shareholders and the Underwriters may agree, but in any event not later than October 5, 2021.

The Offered Shares offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement and applicable laws of the United States, the Offered Shares will not be offered or sold in the United States. The Underwriting Agreement provides that the Underwriters may offer and sell the Offered Shares that they have acquired pursuant to the Underwriting Agreement to (i) qualified institutional buyers in the United States in accordance with Rule 144A under the U.S. Securities Act and in compliance with applicable state securities laws and (ii) outside the United States in accordance with Rule 903 of Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Offered Shares within the U.S. by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

In connection with the Offering, certain of the Underwriters or securities dealers may distribute this Prospectus electronically.

Pricing of the Offering

The Offering Price has been determined by negotiation among the Company, the Selling Shareholders and the Underwriters. The Underwriters propose to offer the Offered Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Shares at the Offering Price, the price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Shares is less than the aggregate price paid by the Underwriters to the Company.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, subject to applicable law, the Underwriters may over-allocate or effect transactions that stabilize or maintain the market price of the Shares at levels other than those that otherwise might prevail on the open market, including stabilizing transactions, short sales, purchases to cover positions created by short sales, imposition of penalty bids and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Shares while the Offering is in progress. These transactions may also include making short sales of the Shares, which involve the sale by the Underwriters of a greater number of Shares than they are required to purchase in the Offering.

Short sales may be “covered short sales”, which are short positions in an amount not greater than the Over-Allotment Option, or may be “naked short sales”, which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Shares available for purchase in the open market compared with the price at which they may purchase Shares through the Over-Allotment Option.

The Underwriters must close out any naked short position by purchasing Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Shares in the open market that could adversely affect investors who purchase in the Offering. Any naked short sales will form part of the Underwriters’ over-allocation position. A purchaser who acquires Shares forming part of the Underwriters’ over-allocation position resulting from any covered short sales or naked short sales will, in each case, acquire such Shares under this Prospectus, regardless of whether the Underwriters’ over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Shares. These exceptions include a bid or purchase permitted under the rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a client where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Shares are listed, in the over-the-counter market, or otherwise.

Over-Allotment Option

The Selling Shareholders have granted to the Underwriters the Over-Allotment Option, exercisable, in whole or in part, at the sole discretion of the Underwriters, for a period of 30 days from the Closing Date, to purchase up to an aggregate of 1,050,000 additional Shares (representing 15% of the Offered Shares), at the Offering Price, payable in cash against delivery of such Over-Allotment Shares. The Over-Allotment Option is exercisable in whole or in part only for the purpose of covering the Underwriters’ over-allocation position, if any, and for consequent market stabilization. The Selling Shareholders will pay the Underwriters’ Fee in respect of the Shares sold thereby under the Over-Allotment Option if the Over-Allotment Option is exercised. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters’ Fee and net proceeds to the Selling Shareholders before deducting other expenses of the Offering will be \$259,612,500, \$10,384,500 and \$249,228,000, respectively.

This Prospectus qualifies the grant of the Over-Allotment Option. A purchaser who acquires Shares forming part of the Underwriters’ over-allocation position acquires those Shares under this Prospectus, regardless of whether the position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Relationships Between the Company and Certain Underwriters

RBC is a wholly-owned subsidiary of a Canadian chartered bank that is the administrative agent and a lender and CIBC, NBF, TD, ATB, Laurentian and Raymond James are affiliates of chartered banks or financial institutions that are lenders under the Credit Agreement. See “Description of Material Indebtedness”. Consequently, the Company may be considered a “connected issuer”, as such term is defined in National Instrument 33-105 – *Underwriting Conflicts*, of RBC, CIBC, NBF, TD, ATB, Laurentian and Raymond James.

The determination of the terms of the Offering was made through negotiations between the Company, the Selling Shareholders and the Underwriters. The Underwriters will not receive any benefit in connection with the Offering other than the applicable Underwriters’ fee payable to the Underwriters pursuant to the Underwriting Agreement.

Lock-Up Arrangements

Pursuant to the Underwriting Agreement, the Company and the Selling Shareholders will agree not to, directly or indirectly, without the prior written consent of the Lead Underwriters, on behalf of the Underwriters, issue, sell, grant any option for the sale of, or otherwise dispose or monetize, or offer to announce an intention to do so, in a public offering or by way of private placement or otherwise, any Shares, retained interest securities, or any securities convertible or exchangeable into Shares for a period of 90 days after the Closing Date. Pursuant to the underwriting agreement entered into in connection with the Company's IPO, the Company agreed not to, directly or indirectly, without the prior written consent of the lead underwriters of the IPO, on behalf of the underwriters of the IPO, issue, sell, grant any option for the sale of, or otherwise dispose or monetize, or offer to announce an intention to do so, in a public offering or by way of private placement or otherwise, any Shares, retained interest securities, or any securities convertible or exchangeable into Shares for a period of 180 days after June 30, 2021. Furthermore, each Locked-up Securityholder (as defined in the IPO Prospectus), including the Selling Shareholders, agreed not to, directly or indirectly, without the prior written consent of the lead underwriters of the IPO, on behalf of the underwriters of the IPO, (i) sell, grant any option for the sale of, or otherwise dispose of any Shares, retained interest securities or securities convertible into or exercisable or exchangeable for Shares in a public offering, by way of private placement or otherwise; (ii) make any short sale, engage in any hedge transaction other than a currency hedge, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction is to be settled by delivery of Shares, other securities, cash or otherwise; or (iii) agree to or announce any intention to do any of the foregoing things, for a period beginning on the date of the underwriting agreement entered into in connection with the Company's IPO and ending on the day that is the 180th calendar day following June 30, 2021.

Notwithstanding the foregoing, the Company may (i) grant stock options or issue securities of the Company pursuant to any stock option plan or other equity incentive compensation plan of the Company existing on the Closing Date, (ii) issue securities of the Company upon the conversion, exercise or exchange of convertible, exercisable or exchangeable securities of the Company existing on the Closing Date or pursuant to the exercise of stock options or securities of the Company subsequently granted or issued as permitted in accordance with the Lock-Up Agreement, (iii) issue securities of the Company pursuant to any dividend reinvestment plan, shareholder rights plan or employee share purchase plan, (iv) issue securities of the Company as consideration or partial consideration in connection with acquisitions by the Company, or (v) issue securities of the Company in connection with joint ventures, commercial relationship, debt financings, charitable contributions, or other strategic transactions, provided that, the aggregate number of Shares that the Company may sell or issue or agree to sell or issue pursuant to the exceptions in clauses (iv) and (v) shall not exceed in aggregate 20% of the total number of issued and outstanding Shares, on a fully diluted basis, immediately following the completion of the Offering.

In addition, pursuant to the terms and conditions of their Lock-Up Agreements, each of the Locked-Up Securityholders, including the Selling Shareholders, may transfer securities (i) to any person (including a corporation, company, limited liability company, limited partnership, partnership or other entity) or trust controlled, directly or indirectly, by each Locked-Up Securityholder, provided the recipients thereof agree in writing with the lead underwriters of the IPO, on behalf of the underwriters of the IPO, to be bound by the terms of a similar agreement; (ii) pursuant to a bona fide third party take-over bid made to all shareholders of the Company or an arrangement, amalgamation or similar acquisition transaction involving the acquisition by a third party of 50% or more of the voting power attached to the Shares provided that in the event that the take-over bid, arrangement, amalgamation or similar acquisition transaction is not completed, any Shares held directly or indirectly by the Locked-Up Securityholder shall remain subject to the restrictions contained in the Lock-Up Agreement; and (iii) as bona fide gifts to immediate family of the Locked-Up Securityholder, provided the recipient thereof agrees in writing with the lead underwriters of the IPO, on behalf of the underwriters of the IPO, to be bound by the terms of a similar agreement.

Non-Certificated Inventory System

No certificates representing the Shares to be sold in the Offering will be issued to purchasers under this Prospectus. Registration will be made in the depository service of CDS, or to its nominee, and electronically deposited with CDS on the Closing Date. Each purchaser of Shares will receive only a client confirmation of purchase from the participants in the CDS depository service ("CDS Participants") from or through which such Shares are purchased, in accordance with the practices and procedures of such CDS Participant. Transfers of ownership of Shares in Canada will be effected through records maintained by the CDS Participants, which include securities brokers and dealers, banks and trust companies. Indirect access to the CDS book entry system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder who: (i) acquires as beneficial owner Shares pursuant to the Offering; (ii) for the purposes of the Tax Act and at all relevant times, acquires and holds the Shares as capital property; (iii) for purposes of the Tax Act and at all relevant times, deals at arm's length with the Company and each of the Underwriters and is not affiliated with the Company or any of the Underwriters; and (iv) has not entered into a "derivative forward agreement" or a "synthetic disposition arrangement" (each as defined in the Tax Act) with respect to the Shares (a "**Holder**"). A Share will generally be capital property to a Holder provided that the Holder does not hold or use such Share in the course of carrying on a business of trading or dealing in securities and such Holder has not acquired or been deemed to have acquired the Share in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon: (i) the provisions of the Tax Act and the regulations thereunder (the "**Regulations**") and the Canada-United States Income Tax Convention (1980), as amended (the "**Treaty**"), in each case in force as of the date hereof; (ii) all specific proposals to amend the Tax Act and the Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"); and (iii) counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing by the CRA prior to the date hereof. This summary assumes the Proposed Amendments will be enacted in the form proposed, however, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in the law or administrative policy or assessing practice, whether by legislative, regulatory, administrative governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder or prospective Holder of Shares, and no representations with respect to the tax consequences to any Holder or prospective Holder are made herein. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Holders and prospective Holders of Shares are urged to consult their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of Shares, having regard to their particular circumstances.

Resident Holders

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is or is deemed to be resident in Canada (a "**Resident Holder**").

This summary is not applicable to a Resident Holder: (i) that is a "financial institution" (as defined in the Tax Act for the purposes of the mark-to-market rules); (ii) an interest in which would be a "tax shelter investment" (as defined in the Tax Act); (iii) that is a "specified financial institution" (as defined in the Tax Act); (iv) that has elected to report its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency; or (v) that receives dividends on Shares under or as part of a "dividend rental arrangement" (as defined in the Tax Act). Such investors should consult their own tax advisors with respect to an investment in the Shares.

Certain Resident Holders who might not otherwise be considered to hold their Shares as capital property may, in certain circumstances, be entitled to have their Shares, and all other "Canadian securities" (as defined in the Tax Act) owned by such Resident Holders, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Such Resident Holders should consult their own tax advisors regarding this election.

Dividends on Shares

Dividends received or deemed to be received on Shares held by a Resident Holder will be included in the Resident Holder's income for the purposes of the Tax Act.

Such dividends received by a Resident Holder who is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Company as

“eligible dividends” in accordance with the Tax Act. There may be limitations on the ability of the Company to designate dividends as “eligible dividends” and the Company has made no commitments in this regard.

Taxable dividends received or deemed to be received by a Resident Holder who is an individual (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

Dividends received or deemed to be received on a Share by a Resident Holder that is a corporation will generally be deductible in computing its taxable income for that taxation year, subject to all relevant restrictions under the Tax Act. In certain circumstances, a dividend received or deemed to be received by a Resident Holder that is a corporation may be deemed to be proceeds of disposition or a capital gain pursuant to subsection 55(2) of the Tax Act. Resident Holders that are corporations should consult their own tax advisors with respect to the application of subsection 55(2) of the Tax Act having regard to their particular circumstances.

A Resident Holder that is a “private corporation” or a “subject corporation”, each as defined in the Tax Act, may be liable to pay an additional tax under Part IV of the Tax Act on dividends received or deemed to be received on a Share to the extent such dividends are deductible in computing the Resident Holder’s taxable income. Such additional tax may be refundable in certain circumstances.

Dispositions of Shares

A disposition or a deemed disposition of a Share (other than to the Company unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market) by a Resident Holder will generally result in a Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Share exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder thereof and any reasonable costs of disposition. The adjusted cost base to a Resident Holder of a Share acquired at any time will be determined by averaging the cost of the Share with the adjusted cost base of all other Shares (if any) held by the Resident Holder as capital property immediately before that time. Such capital gain (or capital loss) will be subject to the treatment described below under “Taxation of Capital Gains and Capital Losses”.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Resident Holder in a taxation year must be included in computing the Resident Holder’s income for the year, and one-half of any capital loss (an “**allowable capital loss**”) realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent year against net taxable capital gains realized in such years (but not against other income), to the extent and under the circumstances described in the Tax Act.

If a Resident Holder is a corporation, the amount of any capital loss realized on the disposition or deemed disposition of a Share may, in certain circumstances, be reduced by the amount of any dividends received or deemed to be received by the Resident Holder on such Share (or on a share for which the Share has been substituted) to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Shares, directly or indirectly through a partnership or a trust. Such Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation”, as defined in the Tax Act, may be liable to pay an additional tax (refundable under certain circumstances) on its “aggregate investment income”, which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

Non-Resident Holders

The following discussion applies to a Holder who, at all relevant times, for purposes of the Tax Act and any relevant income tax treaty or convention: (i) is neither resident nor deemed to be resident in Canada; and (ii) does not, and is not deemed to, use or hold Shares in carrying on a business in Canada (a “**Non-Resident Holder**”). This summary does not apply to a Non-Resident Holder that carries on an insurance business in Canada and elsewhere and such holders should consult their own tax advisors.

Dividends on Shares

Dividends paid or credited, or deemed to be paid or credited, on a Share to a Non-Resident Holder will generally be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend unless the rate is reduced under the provisions of an applicable income tax convention between Canada and the Non-Resident Holder’s country of residence. For example, where the Non-Resident Holder is a resident of the United States that is entitled to full benefits under the Treaty, and is the beneficial owner of the dividends, the rate of Canadian withholding tax applicable to dividends is generally reduced to 15% (or 5% in the case of a Non-Resident Holder that is a corporation entitled to full benefits under the Treaty beneficially owning at least 10% of the Company’s voting shares). Non-Resident Holders should consult their own tax advisors in this regard.

Dispositions of Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition or deemed disposition of a Share unless the Share constitutes “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Provided the Shares are listed on a “designated stock exchange”, as defined in the Tax Act (which currently includes the TSX), at the time of disposition, Shares generally will not constitute taxable Canadian property of a Non-Resident Holder, unless at any time during the 60 month period that ends at the time of the disposition of the Shares: (i)(a) the Non-Resident Holder; (b) persons with whom the Non-Resident Holder did not deal at arm’s length (for purposes of the Tax Act); (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; or (d) the Non-Resident Holder together with such persons, owned 25% or more of the issued shares of any class of the capital stock of the Company; and (ii) more than 50% of the fair market value of the Shares was derived directly or indirectly from one or any combination of: (a) real or immovable property situated in Canada; (b) “Canadian resource properties” (as defined in the Tax Act); (c) “timber resource properties” (as defined in the Tax Act); and (d) options in respect of, or interests in or for civil law rights in, property described in (a) to (c), whether or not such property exists. Notwithstanding the foregoing, Shares may otherwise be deemed to be taxable Canadian property to a Non-Resident Holder for purposes of the Tax Act.

A Non-Resident Holder contemplating a disposition of Shares that may constitute taxable Canadian property should consult their own tax advisor prior to such disposition.

In the event that a Share constitutes taxable Canadian property of a Non-Resident Holder and any capital gain that would be realized on the disposition thereof is not exempt from tax under the Tax Act or pursuant to an applicable income tax convention, the income tax consequences discussed above for Resident Holders under “Disposition of Shares” will generally apply to the Non-Resident Holder.

RISK FACTORS

Our business is subject to a variety of risks and special considerations. As a result, prospective investors should carefully consider the risks described below and the other information included in this Prospectus and any information incorporated by reference in this Prospectus (and in particular, the risk factors under the heading “Risk Factors” beginning at page 144 of the IPO Prospectus) before deciding to invest in the Offered Shares. The summary of “risk factors” described, and incorporated by reference in, this Prospectus does not purport to be exhaustive or to summarize all the risks that may be associated with purchasing or owning Shares. Additional risks and uncertainties not presently known to Pet Valu, or that it believes to be immaterial, may impair our business. Each potential investor is advised and expected to conduct its own investigation into us and to arrive at an independent evaluation of the investment. If any of the following risks actually occur, our business, financial condition and results of operations could suffer. In that case, the value of the Shares could decline and the investor could lose all or part of its investment.

Risks Related to the Offering

The price of the Shares in public markets may experience significant fluctuations and investors may not be able to sell the Shares at or above the Offering Price.

The market price for Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following:

- (i) market conditions resulting from the COVID-19 pandemic or an escalation thereof;
- (ii) actual or anticipated fluctuations in our quarterly results of operations;
- (iii) changes in estimates of our future results of operations by us;
- (iv) changes in forecasts, estimates or recommendations of securities research analysts regarding our future results of operations or financial performance;
- (v) changes in the economic operating, performance or market valuations of other companies in the industry in which we operate or of other companies that investors deem comparable to us;
- (vi) failure of securities analysts to initiate or maintain coverage of us, changes in ratings and financial estimates and the publication of other news by any securities analysts who follow it, or our failure to meet these estimates or the expectations of investors;
- (vii) release or expiration of lock-up or other transfer restrictions on outstanding Shares or securities issuable upon exchange of options;
- (viii) price and volume fluctuations in the trading of the Shares and in the overall stock market, including as a result of trends in the economy as a whole;
- (ix) changes in general political, economic, industry and market conditions and trends;
- (x) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- (xi) new laws or regulations or new interpretations of existing laws or regulations applicable to our business or industry;
- (xii) lawsuits threatened or filed against us for claims relating to intellectual property, employment issues, or otherwise;
- (xiii) sales or perceived intent to sell Shares by our insiders or the issuance of additional Shares by us;
- (xiv) the size of the public float;
- (xv) changes in the Board, our management or other key personnel;
- (xvi) short sales, hedging, and other derivative transactions involving the Shares; and
- (xvii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Shares may decline even if our business, financial condition and results of operations or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines

and criteria, and failure to satisfy such criteria may result in limited or no investment in the Offered Shares by those institutions, which could materially adversely affect the trading price of the Shares. There can be no assurance that fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our business, financial condition and results of operations could be materially adversely impacted and the trading price of the Shares could also be materially adversely affected.

There can be no assurance that the forward-looking statements in this Prospectus will prove to be correct

The forward-looking statements relating to, among other things, our future results, performance, achievements, prospects or opportunities included or incorporated by reference in this Prospectus (including, in particular, the information contained under “The Company’s Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” in the IPO Prospectus), are based on our opinions, assumptions and estimates made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Our actual results in the future may vary significantly from historical and estimated results and those variations may be material. There is no representation by us that actual results achieved by us in the future will be the same, in whole or in part, as those included in this Prospectus. See “Forward-Looking Information”.

The Selling Shareholders will continue to have significant control over the business and significant transactions after the Offering and investors may not have the same corporate governance protections they would have if we were not a majority controlled company.

Upon the completion of the Offering, the Selling Shareholders will continue to control a majority of our voting power and will be entitled to elect the majority of our directors. As a result, the Selling Shareholders will have the ability to exert substantial influence over many matters affecting our business, policies and affairs, including:

- (i) the composition of the Board and, through the Board, any determination with respect to the business plans and policies, including the appointment and removal of our officers;
- (ii) determinations with respect to acquisitions of businesses, mergers or other business combinations;
- (iii) our capital structure, including financing activities;
- (iv) compensation, option programs and other human resource policy decisions;
- (v) changes to agreements that may adversely affect us; and
- (vi) our payment or non-payment of dividends.

We may issue additional securities in the future, including Shares and preferred shares.

The Articles provide that we may issue an unlimited number of Shares and preferred shares, issuable in one or more series. Subject to the requirements of the TSX, we are not required to obtain the approval of shareholders for the issuance of additional Shares or preferred shares. If we were to issue any additional Shares or preferred shares or such other classes of authorized shares that are convertible or exchangeable for Shares, the percentage ownership of existing shareholders may be reduced and diluted. We cannot foresee the terms and conditions of any future offerings of securities nor the effect of such offerings on the market price of Shares. Any issuance of a significant percentage of our securities, or the perception that such issuances may occur, could have a material adverse effect on the market price of the Shares and limit our ability to fund operations through capital raising transactions in the future.

We have no present plans to issue any preferred shares. However, the Board has the authority to issue preferred shares in different series and to determine the rights, privileges, restrictions and conditions of such preferred shares and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our shareholders. Our preferred shares may be issued with liquidation, dividend and other rights superior to the rights of the Shares. The potential issuance of preferred shares may delay or prevent a change in control of us, discourage bids for the Shares at a premium over the market price and adversely affect the market price and other rights of the shareholders.

Our issuance of additional Shares in connection with financings, acquisitions, investments, equity incentive plans, or otherwise will dilute all other shareholders.

We may raise additional funds in the future by issuing equity securities, including Shares and other securities convertible, exercisable or exchangeable into equity securities, including Shares. Other than the Selling Shareholders, holders of Shares will have no pre-emptive rights in connection with such further issues. The Board has the discretion to determine if an issuance of Shares or other equity securities is warranted, the price at which such issuance is effected and the other terms of issuing Shares. In addition, we may issue additional Shares in connection with the exercise of options. Any such issuances of additional Shares may cause shareholders to experience significant dilution of their ownership interests and the per share value of the Shares to decline.

The Selling Shareholders have the right to oblige us to arrange the sale of any or all of their Shares by way of a prospectus pursuant to their registration rights described under “Principal Shareholder – Investor Rights Agreement – Registration Rights” in the IPO Prospectus. Any sale of Shares by the Selling Shareholders by way of prospectus or otherwise could significantly reduce the market price of the Shares and impede our ability to raise capital through the issuance of additional Shares.

Future sales of a substantial amount of the Shares may depress the market price of the Shares.

If our shareholders sell substantial amounts of the Shares in the public market, the market price of the Shares could decline, as a result of these sales, or create the market perception that the holders of a large number of Shares intend to sell their position. We cannot predict the effect, if any, that future public sales of these securities or the availability of these securities for sale will have on the market price of the Shares. These sales may also impede our ability to sell our equity or equity-related securities in the future at a time and price that we deem appropriate and might cause remaining shareholders to lose all or part of their investments.

There can be no assurance that we will be in a position to pay dividends.

The declaration and payment of future dividends will be at the discretion of the Board and may be subject to restrictions under our credit facilities and may be affected by various other factors, including, but not limited to, our earnings, financial condition and legal or contractual restrictions. There can be no assurance that we will be in a position to pay dividends at the same rate (or at all) in the future. See “See “Dividend Policy” in the IPO Prospectus.

We are a holding company with no operations of our own and, as such, we depend on our subsidiaries for cash to fund our operations and expenses, including future dividend payments, if any.

As a holding company for our operating subsidiary, we do not have any significant operations of our own. Our principal source of cash flow to fund our obligations, including payment of dividends, are dividends and distributions from our operating subsidiary. Therefore, our ability to fund and conduct our business, service debt and pay dividends, if any, in the future will depend on the ability of our operating subsidiary to generate sufficient cash flow to make upstream cash distributions to us. The ability of any of our subsidiaries to distribute cash to us will also be subject to, among other things, the availability of sufficient funds in such subsidiary, as well as statutory, regulatory, contractual, tax or other limitations. Claims of any creditors of our subsidiaries generally will have priority as to the assets of such subsidiaries over our claims and claims of our creditors and shareholders. If the cash we receive from our subsidiaries pursuant to such distributions is insufficient, or if the subsidiaries are unable to make such distributions, we may be required to raise cash through the incurrence of debt, the issuance of additional equity or the sale of assets to fund our obligations. However, there can be no assurance that we would be able to raise cash by any of these means in a timely manner or on terms that are favourable to the Company.

Public shareholders have limited control over our operations.

Public shareholders have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in us. The Board determines major policies, including policies regarding financing, growth, debt capitalization and any future dividends to shareholders. Generally, the Board may amend or revise these and other policies without a vote of the shareholders. Shareholders only have a right to vote, as a class, in the circumstances described under “Description of Share Capital – Authorized Share Capital upon Closing – Shares – Voting rights and meetings of shareholders” in the IPO Prospectus. The Board’s broad discretion in setting policies and the limited ability of shareholders to exert control over those policies increases the uncertainty and risks of an investment in us.

After giving effect to the Offering, the Selling Shareholders will hold an aggregate of approximately 62.6% of our total issued and outstanding Shares (approximately 61.1% if the Over-Allotment Option is exercised in full). As a result, the Selling Shareholders will retain control with respect to all matters submitted to our shareholders for approval, including without limitation the election and removal of directors, amendments to our constating documents and the approval of certain material transactions.

Failure to establish and maintain effective internal controls in accordance with NI 52-109 could have a material adverse effect on our business and the market price of the Shares.

On the completion of the IPO, we became a reporting issuer subject to reporting and other obligations under applicable Canadian securities laws, including NI 52-109, which requires us to establish disclosure controls and procedures and internal controls over financial reporting, and evaluate their effectiveness on an ongoing basis. In order to meet such requirements, we have, among other things, established systems, and implemented financial and management controls, reporting systems and procedures.

Effective disclosure controls and procedures and internal controls over financial reporting are necessary for us to provide reliable financial reports and effectively prevent fraud. However, we do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all error and fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

We may in the future discover significant deficiencies or material weaknesses in our internal controls, and we cannot be certain that we will be successful in maintaining adequate control over our financial reporting and financial processes. If we or our independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market value of the Shares. Additionally, the existence of any significant deficiency or material weakness could require management to devote significant time and incur significant expense to remediate any such significant deficiency or material weakness, and management may not be able to remediate any such significant deficiency or material weakness in a timely manner, or at all. Moreover, any failure to maintain effective internal controls over financial reporting could cause us to fail to satisfy our reporting obligations or result in material misstatements in our financial statements. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the market value of the Shares.

The Selling Shareholders control a majority of our voting power, which may reduce the likelihood that we may be acquired by a third party and that investors will receive a premium upon a change of control.

The Selling Shareholders have the sole ability to transfer control of us, which may reduce the likelihood of transactions involving a change of control of us, including transactions in which an investor as a holder of the Shares might otherwise receive a premium for its Shares over the then-current market price.

Requirements to comply with public company reporting obligations, as well as those of any stock exchange, may strain our systems and resources.

As a public entity, we are subject to the reporting requirements and related rules and regulations of the Canadian provincial securities regulators, as well as the rules of any stock exchange on which our securities may be listed from time to time. These requirements may place a strain on our systems and resources. The applicable securities legislation requires that we file annual, quarterly and event-driven reports with respect to its business and financial condition and operations, and requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures, significant resources and management oversight will be required. We cannot assure prospective purchasers of Offered Shares that the procedures and processes we have implemented will be sufficient to allow us to satisfy our obligations as a public company on a timely basis. In addition, sustaining our growth will also require us to commit additional management, operational and financial resources to identify new professionals to join

us and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, financial performance and cash flows.

If securities or industry analysts cease to publish research or publish inaccurate or unfavourable research about us or our business, the trading price and volume of the Shares could decline.

The trading market for the Shares relies in part on the research and reports that industry or financial analysts publish about us or our business. If one or more of the analysts who cover us downgrade their evaluations of the Shares or Share price, or publish inaccurate or unfavourable reports about our business, the trading price of the Shares may decline. Similarly, the trading price of the Shares may decline if our actual results of operations do not match analysts' projections. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the market for the Shares, which could cause the trading price and volume of the Shares to decline.

The majority of our directors and some of our officers reside outside of Canada, it may be difficult for Canadian investors to enforce civil liabilities against our directors and officers residing outside of Canada.

The majority of our directors and some of officers are residents of countries other than Canada and all or a substantial portion of the assets of such persons are located outside Canada. As a result, it may be difficult for Canadian investors to initiate a lawsuit within Canada against these non-Canadian residents. In addition, it may not be possible for Canadian investors to collect from these non-Canadian residents judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation of certain of the provinces and territories of Canada. It may also be difficult for Canadian investors to succeed in a lawsuit in the United States, based solely on violations of Canadian securities laws.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Prospectus, none of (a) the Company's directors or executive officers, (b) the shareholders who beneficially own, control or direct, directly or indirectly, more than 10% of the Company's voting securities, or (c) any associate or affiliate of the persons referred to in (a) and (b), has or has had any material interest, direct or indirect, in any transaction within the three years before the date of this Prospectus that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditor is Ernst & Young LLP located at 100 Adelaide Street West, Toronto, Ontario, M5H 0B3. Ernst & Young LLP has advised the Company that it is independent in the context of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

The transfer agent and registrar for the Shares is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

LEGAL MATTERS AND EXPERTS

Certain legal matters relating to the Offering will be passed upon on the Company's behalf by Blake, Cassels & Graydon LLP and on behalf of the Underwriters by Osler, Hoskin and Harcourt LLP. The partners and associates of Blake, Cassels & Graydon LLP, collectively, beneficially own, directly and indirectly, less than 1% of the issued and outstanding securities of any class of the Company. The partners and associates of Osler, Hoskin and Harcourt LLP, collectively, beneficially own, directly and indirectly, less than 1% of the issued and outstanding securities of any class of the Company.

The Company has retained Ernst & Young LLP to be the independent auditor of the Company in the context of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Except as noted above, no person or company whose profession or business gives authority to a report, valuation, statement or opinion and whom is named as having prepared or certified a report or valuation described or included in this Prospectus holds or is to hold any beneficial or registered interest, direct or indirect, in any securities or property of the Company or any associate of the Company.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

Each of Clayton Harmon, Patrick Hillegass, Kevin Hofmann, Rick Puckett, Steven Townsend and Anthony Truesdale, directors of the Company, James Grady, an officer of the Company, and the Selling Shareholders are existing or reside outside of Canada, as applicable, and have appointed the Company at 130 Royal Crest Court, Markham, Ontario, L3R 0A1, as their agent for service of process in Canada.

Purchasers are advised that it may not be possible for investors to enforce judgements obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if such party has appointed an agent for service of process. See “*Risk Factors*”.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE ISSUER

Dated: September 16, 2021

This short form prospectus, together with the documents incorporated in this prospectus by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required under the securities legislation of each of the provinces and territories of Canada.

(Signed) “*Richard Maltzbarger*”
Chief Executive Officer

(Signed) “*James Grady*”
Chief Financial Officer

On behalf of the Board of Directors
of Pet Valu Holdings Ltd.

(Signed) “*Patrick Hillegass*”
Director

(Signed) “*Clayton Harmon*”
Director

CERTIFICATE OF THE UNDERWRITERS

Dated: September 16, 2021

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required under the securities legislation of each of the provinces and territories of Canada.

**RBC DOMINION SECURITIES
INC.**

(Signed) "*Carrie Cook*"

**BARCLAYS CAPITAL CANADA
INC.**

(Signed) "*Erik Charbonneau*"

CIBC WORLD MARKETS INC.

(Signed) "*Mark Landry*"

**NATIONAL BANK FINANCIAL
INC.**

(Signed) "*Daniel McCarthy*"

TD SECURITIES INC.

(Signed) "*Lindsay Scott*"

ATB CAPITAL MARKETS INC.

(Signed) "*Tim Hart*"

**LAURENTIAN BANK
SECURITIES INC.**

(Signed) "*Frédéric Bélisle*"

RAYMOND JAMES LTD.

(Signed) "*Russell Green*"