



PET VALU HOLDINGS LTD.

Condensed Interim Consolidated Financial Statements
For the 13-week and 39-week periods ended September 27, 2025 and September 28, 2024
(Unaudited)

PET VALU HOLDINGS LTD.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited, expressed in thousands of Canadian dollars)

	Note	As at September 27, 2025	As at December 28, 2024
Assets			
Current assets			
Cash		\$ 14,758	\$ 35,141
Trade and other receivables		29,354	34,963
Inventories		141,218	124,577
Income taxes recoverable		2,348	905
Prepaid expenses and other assets		12,993	10,585
Current portion of lease receivables	5	41,258	40,339
Total current assets		241,929	246,510
Long-term lease receivables	5	165,253	170,052
Right-of-use assets	5	272,295	242,796
Property and equipment	7	170,852	151,462
Intangible assets	8	48,572	50,248
Goodwill		99,893	98,180
Deferred tax assets		7,818	7,814
Other assets		3,697	3,869
Total assets		\$ 1,010,309	\$ 970,931
Liabilities			
Current liabilities			
Trade and other payables		\$ 105,595	\$ 105,757
Provisions		193	355
Current portion of deferred franchise fees		1,442	1,427
Current portion of lease liabilities	5	82,470	76,881
Total current liabilities		189,700	184,420
Long-term deferred franchise fees		4,405	4,522
Long-term lease liabilities	5	428,290	394,393
Long-term debt	9	293,731	278,020
Deferred tax liabilities		7,555	7,551
Other liabilities		3,625	2,711
Provisions		3,874	3,565
Total liabilities		931,180	875,182
Shareholders' equity			
Common shares	12	322,839	313,829
Contributed surplus		8,179	10,376
Deficit		(251,748)	(228,315)
Currency translation reserve		(141)	(141)
Total shareholders' equity		79,129	95,749
Total liabilities and shareholders' equity		\$ 1,010,309	\$ 970,931

Commitments, contingencies and guarantees (Note 16)

Subsequent events (Note 17)

On behalf of the Board of Directors: *Anthony Truesdale (signed)*, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PET VALU HOLDINGS LTD.

Condensed Interim Consolidated Statements of Income and Comprehensive Income
(Unaudited, expressed in thousands of Canadian dollars, except per share amounts)

	Note	13-week periods ended		39-week periods ended	
		September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Revenue:					
Retail sales	4	\$ 104,601	\$ 99,962	\$ 306,069	\$ 300,428
Franchise and other revenues	4	184,861	176,068	543,127	501,616
Total revenue		289,462	276,030	849,196	802,044
Cost of sales		193,900	186,651	567,937	537,621
Gross profit		95,562	89,379	281,259	264,423
Selling, general and administrative expenses		53,634	49,023	165,211	156,972
Total operating income		41,928	40,356	116,048	107,451
Interest expenses, net	10	7,884	8,326	22,463	25,551
Loss (gain) on foreign exchange		249	(100)	(146)	571
Income before income taxes		33,795	32,130	93,731	81,329
Income tax expense	11	8,933	8,972	25,297	22,814
Net income and comprehensive income		\$ 24,862	\$ 23,158	\$ 68,434	\$ 58,515
Basic net income per common share	13	\$ 0.36	\$ 0.32	\$ 0.99	\$ 0.82
Diluted net income per common share	13	\$ 0.36	\$ 0.32	\$ 0.97	\$ 0.81

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PET VALU HOLDINGS LTD.

Condensed Interim Consolidated Statements of Shareholders' Equity
(Unaudited, expressed in thousands of Canadian dollars)

For the period ended September 27, 2025	Note	Common shares	Contributed surplus	Deficit	Currency translation reserve	Total
Balance, December 28, 2024		\$ 313,829	\$ 10,376	\$ (228,315)	\$ (141)	\$ 95,749
Net income		—	—	68,434	—	68,434
Exercise of share options	12, 14	12,609	(3,484)	—	—	9,125
Share-based compensation on option plans	14	—	1,287	—	—	1,287
Dividends on common shares	12	—	—	(24,891)	—	(24,891)
Shares repurchased for cancellation	12	(12,599)	—	(66,976)	—	(79,575)
Change in automatic share purchase plan commitment	12	9,000	—	—	—	9,000
Balance, September 27, 2025		\$ 322,839	\$ 8,179	\$ (251,748)	\$ (141)	\$ 79,129

For the period ended September 28, 2024	Note	Common shares	Contributed surplus	Deficit	Currency translation reserve	Total
Balance, December 30, 2023		\$ 321,752	\$ 6,877	\$ (258,768)	\$ (141)	\$ 69,720
Net income		—	—	58,515	—	58,515
Exercise of share options	12, 14	6,187	(2,098)	—	—	4,089
Share-based compensation on option plans	14	—	4,873	—	—	4,873
Dividends on common shares	12	—	—	(23,638)	—	(23,638)
Shares repurchased for cancellation	12	(353)	—	(1,731)	—	(2,084)
Change in automatic share purchase plan commitment	12	(7,957)	—	—	—	(7,957)
Balance, September 28, 2024		\$ 319,629	\$ 9,652	\$ (225,622)	\$ (141)	\$ 103,518

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PET VALU HOLDINGS LTD.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, expressed in thousands of Canadian dollars)

	Note	13-week periods ended		39-week periods ended	
		September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Cash provided by (used in):					
Operating activities					
Net income		\$ 24,862	\$ 23,158	\$ 68,434	\$ 58,515
Adjustments for items not affecting cash:					
Depreciation and amortization	5, 7, 8	18,380	16,531	53,293	49,129
Deferred franchise fees		46	181	(140)	88
Gain on disposal of property and equipment		(58)	(1,200)	(113)	(2,810)
Loss (gain) on sale of right-of-use assets		16	(180)	57	(32)
Loss (gain) on foreign exchange		249	(100)	(146)	571
Share-based compensation expense	14	101	2,149	6,857	7,027
Interest expenses, net	10	7,884	8,326	22,463	25,551
Income tax expense	11	8,933	8,972	25,297	22,814
Income taxes paid		(11,910)	(8,881)	(27,931)	(24,881)
Changes in non-cash operating working capital:					
Trade and other receivables		(639)	979	5,076	(1,515)
Inventories		(541)	(1,150)	(15,899)	(12,505)
Prepaid expenses		(264)	10,155	(2,408)	8,023
Trade and other payables		(1,385)	(3,241)	(28)	2,364
Net cash provided by operating activities		45,674	55,699	134,812	132,339
Financing activities					
Proceeds from exercise of share options	12	5,841	3,270	9,125	4,089
Shares repurchased for cancellation	12	—	(2,043)	(78,015)	(2,043)
Dividends paid on common shares	12	(8,245)	(7,907)	(24,891)	(23,638)
Repayment of Term Facility		—	(4,437)	—	(13,312)
Net drawings on Revolving Facility	9	(17,000)	—	15,000	—
Interest paid on long-term debt		(1,703)	(8,493)	(8,965)	(19,805)
Repayment of principal on lease liabilities	5	(18,158)	(16,541)	(53,029)	(48,108)
Interest paid on lease liabilities	5	(5,878)	(5,865)	(17,737)	(17,494)
Tenant allowances	5	7,921	177	8,871	1,046
Standby letter of credit fees	9	(22)	—	(22)	—
Net cash used in financing activities		(37,244)	(41,839)	(149,663)	(119,265)
Investing activities					
Purchases of property and equipment	7	(16,837)	(16,661)	(39,790)	(43,139)
Purchase of intangible assets	8	(478)	(254)	(1,231)	(1,518)
Proceeds on disposal of property and equipment		1,071	2,848	1,747	6,104
Right-of-use asset initial direct costs		(1,071)	(474)	(1,838)	(1,418)
Notes receivable		95	154	353	505
Lease receivables	5	9,998	8,890	29,571	25,829
Interest received on lease receivables and other		2,692	2,949	8,394	8,939
Repurchase of franchises	6	(255)	—	(2,642)	(971)
Net cash used in investing activities		(4,785)	(2,548)	(5,436)	(5,669)
Effect of exchange rate on cash		(263)	31	(96)	(419)
Net increase (decrease) in cash		3,382	11,343	(20,383)	6,986
Cash, beginning of period		11,376	24,087	35,141	28,444
Cash, end of period		\$ 14,758	\$ 35,430	\$ 14,758	\$ 35,430

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PET VALU HOLDINGS LTD.

Notes to Condensed Interim Consolidated Financial Statements
(Unaudited, expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week and 39-week periods ended September 27, 2025 and September 28, 2024

1. Description of business:

Pet Valu Holdings Ltd. and its subsidiaries (collectively referred to as the "Company") is a specialty retailer and wholesaler of pet food and pet-related supplies. As at September 27, 2025, the Company operates 241 corporate-owned stores (December 28, 2024 — 220) and has 608 franchise stores (December 28, 2024 — 604) in 10 provinces in Canada.

The Company is incorporated under the *Business Corporations Act* (British Columbia). The Company's head office is located at 130 Royal Crest Court, Markham, Ontario, Canada.

The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "PET".

2. Basis of presentation:

(a) Statement of compliance:

These condensed interim consolidated financial statements for the 13-week and 39-week periods ended September 27, 2025 and September 28, 2024 (the "interim financial statements") have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of the interim financial statements, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting* ("IAS 34").

The interim financial statements are prepared on a basis consistent with those accounting policies followed by the Company in the most recent audited annual consolidated financial statements. Certain notes normally included in the audited annual consolidated financial statements have been omitted or condensed. Accordingly, the interim financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the 52-week period ended December 28, 2024.

Certain comparative amounts have been reclassified in the interim financial statements to conform with the current period's presentation.

The interim financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 3, 2025.

(b) Presentation currency:

The interim financial statements are presented in Canadian dollars, the Company's functional currency, unless otherwise stated. All financial information presented in Canadian dollars has been rounded to the nearest thousand, unless otherwise stated.

(c) Use of estimates and judgments:

In preparing the interim financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied in Note 2 of the audited annual consolidated financial statements for the 52-week period ended December 28, 2024. Actual results could differ from those estimates and assumptions.

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Notes to Condensed Interim Consolidated Financial Statements
(Unaudited, expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week and 39-week periods ended September 27, 2025 and September 28, 2024

2. Basis of presentation (continued):

(d) Seasonality:

The Company's operations are impacted to a limited degree by seasonality given the high penetration of consumable products sold throughout the year. In general, the fourth quarter has the strongest volume, revenue, and net income due to the holiday season. In particular, the Company sells select holiday merchandise, including holiday-specific toys, apparel, and giftable items, which is not part of its core assortment throughout the rest of the year, resulting in a slightly higher proportion of revenue volume in the fourth quarter.

3. Material accounting policies:

The interim financial statements have been prepared using the accounting policies as outlined in Note 3 of the audited annual consolidated financial statements for the 52-week period ended December 28, 2024 and have been applied consistently in the preparation of the interim financial statements.

4. Revenue:

The following table disaggregates the Company's retail sales and franchise revenue by category for the periods ended September 27, 2025 and September 28, 2024:

	13-week periods ended		39-week periods ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Retail sales:				
Merchandise sales	\$ 103,161	\$ 98,477	\$ 302,053	\$ 295,969
In-store services	1,440	1,485	4,016	4,459
Total retail sales	104,601	99,962	306,069	300,428
Franchise and other revenues:				
Wholesale merchandise sales	148,117	139,940	434,324	396,201
Royalties and sub-lease revenues	27,821	26,352	83,338	77,917
Promotion and other service fees	8,923	9,776	25,465	27,498
Total franchise and other revenues	184,861	176,068	543,127	501,616
Total revenue	\$ 289,462	\$ 276,030	\$ 849,196	\$ 802,044

PET VALU HOLDINGS LTD.

Notes to Condensed Interim Consolidated Financial Statements
(Unaudited, expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week and 39-week periods ended September 27, 2025 and September 28, 2024

5. Leases:

(a) Right-of-use ("ROU") assets:

The following table reconciles the changes in ROU assets for the period ended September 27, 2025:

	Leased premises		Other		Total
Balance, December 28, 2024	\$	237,551	\$	5,245	\$ 242,796
Net additions ⁽¹⁾		57,264		1,279	58,543
Depreciation		(27,914)		(1,130)	(29,044)
Balance, September 27, 2025	\$	266,901	\$	5,394	\$ 272,295

⁽¹⁾ Includes net additions to leased premises of \$18,693 related to the new Calgary distribution centre.

Depreciation on ROU assets is included in cost of sales and selling, general and administrative expenses in the condensed interim consolidated statements of income and comprehensive income. The depreciation included in cost of sales for the 13-week and 39-week periods ended September 27, 2025 was \$9,896 and \$28,644, respectively (13-week and 39-week periods ended September 28, 2024 — \$9,053 and \$27,030, respectively). The depreciation included in selling, general and administrative expenses for the 13-week and 39-week periods ended September 27, 2025 was \$133 and \$400, respectively (13-week and 39-week periods ended September 28, 2024 — \$133 and \$400, respectively).

During the 13-week and 39-week periods ended September 27, 2025, the Company received a cash tenant allowance of \$6,508 from the landlord following the completion of leasehold improvements at the new Calgary distribution centre.

(b) Lease liabilities:

The following table reconciles the changes in lease liabilities for the period ended September 27, 2025:

	Leased premises		Other		Total
Balance, December 28, 2024	\$	466,028	\$	5,246	\$ 471,274
Additions ⁽¹⁾		89,994		1,597	91,591
Interest expense on lease liabilities		18,469		192	18,661
Repayment of interest and principal		(69,382)		(1,384)	(70,766)
Balance, September 27, 2025	\$	505,109	\$	5,651	\$ 510,760
Current portion of lease liabilities	\$	80,950	\$	1,520	\$ 82,470
Long-term lease liabilities		424,159		4,131	428,290
Total lease liabilities	\$	505,109	\$	5,651	\$ 510,760

⁽¹⁾ Includes additions to leased premises of \$18,693 related to the new Calgary distribution centre.

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Notes to Condensed Interim Consolidated Financial Statements
(Unaudited, expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week and 39-week periods ended September 27, 2025 and September 28, 2024

5. Leases (continued):

The Company makes variable lease payments for common area maintenance, property tax, security, and utilities on leased premises. The Company also has certain retail store leases where portions of the lease payments are contingent on a percentage of sales earned in the retail store. Expenses for variable lease payments are included in cost of sales and selling, general and administrative expenses in the condensed interim consolidated statements of income and comprehensive income. Expenses for variable lease payments included in cost of sales for the 13-week and 39-week periods ended September 27, 2025 were \$10,075 and \$30,050, respectively (13-week and 39-week periods ended September 28, 2024 — \$9,335 and \$27,970, respectively). Expenses for variable lease payments included in selling, general and administrative expenses for the 13-week and 39-week periods ended September 27, 2025 were \$21 and \$74, respectively (13-week and 39-week periods ended September 28, 2024 — \$23 and \$81, respectively).

(c) Lease receivables:

The Company is considered an intermediate lessor related to head leases the Company has for franchise store locations. As at September 27, 2025 and December 28, 2024, the Company has lease receivables as follows:

	September 27, 2025	December 28, 2024
Current portion of lease receivables	\$ 41,258	\$ 40,339
Long-term lease receivables	165,253	170,052
Total lease receivables	\$ 206,511	\$ 210,391

Finance income on lease receivables for the 13-week and 39-week periods ended September 27, 2025 was \$2,514 and \$7,678, respectively (13-week and 39-week periods ended September 28, 2024 — \$2,527 and \$7,406, respectively). Franchisees make variable lease payments primarily for common area maintenance, property tax, and a percentage of sales earned in their retail store. Revenue from variable lease payments included in franchise and other revenues in the condensed interim consolidated statements of income and comprehensive income for the 13-week and 39-week periods ended September 27, 2025 was \$13,200 and \$39,667, respectively (13-week and 39-week periods ended September 28, 2024 — \$12,418 and \$36,918, respectively).

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Notes to Condensed Interim Consolidated Financial Statements
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For the 13-week and 39-week periods ended September 27, 2025 and September 28, 2024

6. Business acquisitions:

Franchise repurchases:

The following table discloses the fair value of net assets acquired from franchise repurchases for the 39-week periods ended September 27, 2025 and September 28, 2024. The franchise repurchases have been recognized in accordance with the acquisition method.

	September 27, 2025	September 28, 2024
Number of stores repurchased	6	1
Inventories	\$ 742	\$ 176
Property and equipment	187	20
Goodwill	1,713	775
Cash consideration	\$ 2,642	\$ 971

7. Property and equipment:

During the 13-week and 39-week periods ended September 27, 2025, the Company had property and equipment additions of \$18,400 and \$42,267, respectively (13-week and 39-week periods ended September 28, 2024 — \$18,348 and \$46,464, respectively), of which \$1,706 and \$11,578 are related to the new Calgary distribution centre. During the 13-week and 39-week periods ended September 27, 2025, the Company had net disposals of \$941 and \$1,535, respectively, the majority of which were related to leasehold improvements and furniture and fixtures for its corporate-owned stores (13-week and 39-week periods ended September 28, 2024 — \$1,262 and \$2,906, respectively). Depreciation on property and equipment for the 13-week and 39-week periods ended September 27, 2025 was \$7,416 and \$21,342, respectively (13-week and 39-week period ended September 28, 2024 — \$6,290 and \$18,727, respectively).

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Notes to Condensed Interim Consolidated Financial Statements
(Unaudited, expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week and 39-week periods ended September 27, 2025 and September 28, 2024

8. Intangible assets:

During the 13-week and 39-week periods ended September 27, 2025, the Company had intangible asset additions of \$478 and \$1,231, respectively, the majority of which were related to software (13-week and 39-week periods ended September 28, 2024 — \$254 and \$1,518, respectively). Amortization on intangible assets for the 13-week and 39-week periods ended September 27, 2025 was \$935 and \$2,907, respectively (13-week and 39-week periods ended September 28, 2024 — \$1,055 and \$2,972, respectively).

9. Long-term debt:

Total long-term debt as at September 27, 2025 and December 28, 2024 consists of the following:

	September 27, 2025	December 28, 2024
Term Facility ⁽¹⁾	\$ 281,791	\$ 281,638
Revolving Facility	15,000	—
	296,791	281,638
Deferred financing costs	(3,060)	(3,618)
Total long-term debt	\$ 293,731	\$ 278,020

⁽¹⁾ Net of repayments, as applicable, gain on modification of debt, and related accretion.

During the 26-week period ended June 28, 2025, the Company drew down \$32,000 under the Revolving Facility in connection with common shares repurchased for cancellation (refer to Note 12 for additional information). Subsequently, during the 13-week period ended September 27, 2025, \$17,000 of the Revolving Facility was repaid.

Under the Revolving Facility, standby letters of credit, not in excess of \$20,000, may be advanced to the Company in Canadian or U.S. dollars. As at September 27, 2025, the Company has outstanding standby letters of credit of \$19,785 (December 28, 2024 — \$nil). The standby letters of credit were advanced in relation to income tax matters with the Canada Revenue Agency ("CRA") (refer to Note 11 for additional information). For the 13-week and 39-week periods ended September 27, 2025, the Company incurred fees on the outstanding standby letters of credit of \$79 and \$100, respectively (13-week and 39-week periods ended September 28, 2024 — \$nil).

As at September 27, 2025 and December 28, 2024, the Company has unused borrowing capacity available under the Revolving Facility of \$140,215 and \$175,000, respectively.

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Notes to Condensed Interim Consolidated Financial Statements
(Unaudited, expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week and 39-week periods ended September 27, 2025 and September 28, 2024

9. Long-term debt (continued):

The credit agreement contains affirmative and negative covenants customary for credit facilities of this nature, subject to certain exceptions. The credit agreement also contains certain financial covenants to be complied with over the term of the credit facilities, which include a net leverage ratio, a net first lien leverage coverage ratio, and an interest coverage ratio. As at September 27, 2025, the Company is in full compliance with all of its financial covenants, and there are no facts or circumstances that would suggest that the Company will be unable to comply with its covenants over the next 12 months.

10. Interest expenses, net:

Interest expenses, net consist of the following:

	13-week periods ended		39-week periods ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Credit facilities	\$ 3,781	\$ 5,115	\$ 10,933	\$ 16,168
Accretion of gain on modification of debt	51	—	153	—
Accretion of deferred financing costs	186	279	558	853
Interest on lease liabilities	6,313	5,865	18,661	17,494
Interest income on lease receivables	(2,514)	(2,527)	(7,678)	(7,406)
Standby letter of credit fees	79	—	100	—
Other interest income, net	(12)	(406)	(264)	(1,558)
Interest expenses, net	\$ 7,884	\$ 8,326	\$ 22,463	\$ 25,551

11. Income taxes:

The income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year. To the extent that forecasts differ from actual results, adjustments are recognized in subsequent periods. Income tax expense for the 13-week and 39-week periods ended September 27, 2025 was \$8,933 and \$25,297, respectively (13-week and 39-week periods ended September 28, 2024 — \$8,972 and \$22,814, respectively). The Company's effective income tax rates for the 13-week and 39-week periods ended September 27, 2025 were 26.4% and 27.0%, respectively (13-week and 39-week periods ended September 28, 2024 — 27.9% and 28.1%, respectively). The statutory income tax rate for the 13-week and 39-week periods ended September 27, 2025 was 26.5% (13-week and 39-week periods ended September 28, 2024 — 26.5%).

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(Unaudited, expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week and 39-week periods ended September 27, 2025 and September 28, 2024

11. Income taxes (continued):

The Company is subject to routine audits of its tax filing positions by the CRA. In September 2023, the CRA reassessed the Company approximately \$6,000 of additional income tax plus interest for the 2018 taxation year, citing the non-deductibility of certain interest expenses (“2018 reassessment”). In April 2024, the CRA issued proposal letters indicating its intent to deny similar interest expense deductions for the Company’s 2019 and 2020 taxation years, consistent with the 2018 reassessment, and accordingly, in June 2024, the CRA reassessed the Company approximately \$6,400 of additional income tax plus interest for the 2019 taxation year (“2019 reassessment”).

In January 2025, the CRA issued a further proposal to deny the deduction of certain intercompany dividends for the Company’s 2016, 2017, and 2018 taxation years. This proposal also confirmed that the CRA would not proceed with the April 2024 proposal regarding interest deductions for the Company’s 2020 taxation year. In March 2025, the CRA reassessed the Company approximately \$18,400 of additional income tax plus interest based on the January 2025 proposal (“2016–2018 reassessments”).

The Company had previously filed objections with the CRA in relation to the 2018 reassessment and the 2019 reassessment. In August 2025, the CRA notified the Company that it would allow the objections in full, and subsequently, it reversed both the 2018 reassessment and the 2019 reassessment.

The Company has filed objections to, and intends to vigorously contest, the 2016-2018 reassessments. The Company and its tax advisors believe that the Company’s tax filing positions are appropriate. Accordingly, no amount or provision has been recorded in the interim financial statements in respect of the 2016-2018 reassessments.

The Company has outstanding standby letters of credit related to the notice of objections for the 2019 reassessment and the 2016-2018 reassessments (refer to Note 9 for additional information). The Company has requested that the letter of credit related to the 2019 reassessment be released by the CRA.

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Notes to Condensed Interim Consolidated Financial Statements
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For the 13-week and 39-week periods ended September 27, 2025 and September 28, 2024

12. Share capital:

(a) Authorized share capital:

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. As at September 27, 2025, there are 68,706,949 common shares issued and outstanding. No preferred shares have been issued by the Company.

The following table provides a summary of changes to the Company's share capital:

	Common shares outstanding	Amount
Balance, December 28, 2024	70,744,844 \$	313,829
Exercise of share options	748,101	12,609
Shares repurchased for cancellation	(2,785,996)	(12,599)
Change in automatic share purchase plan commitment	—	9,000
Balance, September 27, 2025	68,706,949 \$	322,839

(b) Dividends:

The Company's dividend policy is at the discretion of the Board of Directors. For the 39-week period ended September 27, 2025, the Company paid \$24,891 in dividends to holders of common shares (39-week period ended September 28, 2024 — \$23,638) or \$0.36 per common share (39-week period ended September 28, 2024 — \$0.33 per common share).

(c) Shares repurchased for cancellation:

i. Normal course issuer bid ("NCIB") and automatic share purchase plan ("ASPP"):

On November 28, 2024, the Company announced that the TSX had accepted its notice of intention to renew its NCIB ("2024 NCIB"). Pursuant to the 2024 NCIB, the Company may purchase for cancellation, up to an aggregate of 3,572,004 common shares, representing approximately 5% of the Company's issued and outstanding common shares as at November 18, 2024. The 2024 NCIB commenced on December 2, 2024, and will continue until the earliest of (a) the close of trading on December 1, 2025, (b) the date upon which the Company acquires the maximum number of common shares to be purchased under the 2024 NCIB, and (c) the date on which the Company provides written notice of termination of the 2024 NCIB to the TSX. During the 39-week period ended September 27, 2025, the Company repurchased 706,996 common shares for cancellation under the 2024 NCIB for total cash consideration of \$18,035. The Company also recognized taxes of \$360 for common shares repurchased under the 2024 NCIB during the 39-week period ended September 27, 2025, with a corresponding increase to deficit.

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12. Share capital (continued):

The Company records a liability for the share purchase commitment during blackout periods based on the parameters of the ASPP that was effective on December 2, 2024 ("2024 ASPP"). As at September 27, 2025, no obligations are recorded in trade and other payables under the 2024 ASPP (December 28, 2024 — \$9,000).

ii. Share repurchase:

On May 12, 2025, the Company purchased for cancellation an aggregate of 2,079,000 common shares at a price of \$28.85 per common share from 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 "principal shareholders"), each an entity controlled directly or indirectly by Roark Capital Management, LLC, for total cash consideration of \$59,979 (the "Share Repurchase"). The Company also recognized taxes of \$1,200 in relation to the Share Repurchase during the 39-week period ended September 27, 2025, with a corresponding increase to deficit.

In total, during the 39-week period ended September 27, 2025, under the 2024 NCIB and the Share Repurchase, the Company repurchased an aggregate of 2,785,996 common shares for cancellation for cash consideration of \$78,014.

(d) Secondary offerings:

On May 16, 2025, a secondary offering of the Company's common shares was completed by its principal shareholders on a bought deal basis and on May 21, 2025, the exercise in full of the over-allotment option granted to the underwriters in connection with the secondary offering was completed (collectively the "May 2025 Secondary Offering"). The May 2025 Secondary Offering of 5,980,000 common shares at an offering price of \$28.85 per common share raised gross proceeds of \$172,523 for the principal shareholders. The Company did not issue additional common shares or receive any of the proceeds from the May 2025 Secondary Offering. Underwriting fees were paid by the principal shareholders, and other expenses related to the May 2025 Secondary Offering of approximately \$319 were paid by the Company and included in selling, general and administrative expenses for the 39-week period ended September 27, 2025.

On June 9, 2025, a secondary offering (the "June 2025 Secondary Offering") of the Company's common shares was completed by its principal shareholders on a bought deal basis. The June 2025 Secondary Offering of 19,969,450 common shares at an offering price of \$28.85 per common share raised gross proceeds of \$576,119 for the principal shareholders. The Company did not issue additional common shares or receive any of the proceeds from the June 2025 Secondary Offering. Underwriting fees and other expenses were paid by the principal shareholders. Following the completion of the June 2025 Secondary Offering, the principal shareholders no longer own any common shares of the Company.

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13. Net income per share:

(a) Basic net income per share:

Basic net income per share is calculated by dividing the net income for the period attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period.

	13-week periods ended		39-week periods ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net income	\$ 24,862	\$ 23,158	\$ 68,434	\$ 58,515
Basic weighted average number of common shares outstanding during the period (<i>thousands</i>)	68,476	71,679	69,437	71,546
Basic net income per common share	\$ 0.36	\$ 0.32	\$ 0.99	\$ 0.82

(b) Diluted net income per share:

Diluted net income per share is calculated by dividing the net income for the period attributable to shareholders, adjusted for the effects of dilutive options and share units, if applicable, by the weighted average number of common shares outstanding during the period, plus the weighted average number of common shares that would be issued on exercise of dilutive options and share units granted, as calculated under the treasury stock method.

	13-week periods ended		39-week periods ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net income	\$ 24,862	\$ 23,158	\$ 68,434	\$ 58,515
Diluted weighted average number of common shares outstanding during the period (<i>thousands</i>)	69,235	72,423	70,195	72,513
Diluted net income per common share	\$ 0.36	\$ 0.32	\$ 0.97	\$ 0.81

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13. Net income per share (continued):

The following table provides a reconciliation from the basic weighted average number of common shares outstanding to the diluted weighted average number of common shares outstanding (number of shares in thousands):

	13-week periods ended		39-week periods ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Basic weighted average number of common shares outstanding	68,476	71,679	69,437	71,546
Dilutive effect of share options in the Amended and Restated Share Option Plan	317	669	466	835
Dilutive effect of share options in the LTIP	442	75	292	132
Diluted weighted average number of common shares outstanding	69,235	72,423	70,195	72,513

For the 13-week and 39-week periods ended September 27, 2025, 23,200 performance-based share options granted pursuant to the Amended and Restated Share Option Plan were not included in the calculation of diluted net income per share, as the vesting conditions required to convert these options to common shares were not met (13-week and 39-week periods ended September 28, 2024 — 81,664).

For the 13-week and 39-week periods ended September 27, 2025, 434,792 and 572,599 service-based LTIP share options, respectively, were not included in the calculation of diluted net income per share as they were not in the money or the vesting conditions were not expected to be met (13-week and 39-week periods ended September 28, 2024 — 729,461 and 662,329, respectively).

For the 13-week and 39-week periods ended September 27, 2025, 376,249 performance-based LTIP share options were not included in the calculation of diluted net income per share, as the vesting conditions required to convert these options to common shares were not met (13-week and 39-week periods ended September 28, 2024 — 564,374).

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14. Share-based compensation:

(a) Amended and Restated Share Option Plan:

The tables below summarize the option activity under the Amended and Restated Share Option Plan:

	Options	Weighted average exercise price
Outstanding, December 28, 2024	797,486	\$9.72
Exercised	(584,040)	\$9.71
Forfeited	(7,424)	\$9.73
Outstanding, September 27, 2025	206,022	\$9.73

The table below provides information relating to the share options outstanding and exercisable under the Amended and Restated Share Option Plan as at September 27, 2025:

Exercise price range	Share options outstanding			Share options exercisable		
	Number of share options	Weighted average remaining contractual term (years)	Weighted average exercise price	Number of share options	Weighted average remaining contractual term (years)	Weighted average exercise price
\$9.73	206,022	5.00	\$9.73	159,622	4.90	\$9.73

During the 13-week and 39-week periods ended September 27, 2025, the Company recorded share-based compensation (recovery) expense in relation to the Amended and Restated Share Option Plan of \$(5) and \$22, respectively (13-week and 39-week periods ended September 28, 2024 — \$45 and \$137, respectively), which was included in selling, general and administrative expenses.

(b) Long-term incentive plan ("LTIP"):

(i) Share options:

The tables below summarize the share option activity under the LTIP:

	Options	Weighted average exercise price
Outstanding, December 28, 2024	1,897,834	\$26.81
Granted	526,993	\$23.70
Exercised	(164,061)	\$21.06
Forfeited	(100,185)	\$29.94
Outstanding, September 27, 2025	2,160,581	\$26.35

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14. Share-based compensation (continued):

The table below provides information relating to the share options outstanding and exercisable under the LTIP as at September 27, 2025:

Exercise price range	Share options outstanding			Share options exercisable		
	Number of share options	Weighted average remaining contractual term (years)	Weighted average exercise price	Number of share options	Weighted average remaining contractual term (years)	Weighted average exercise price
\$20.00 - \$29.98	1,844,017	6.67	\$24.62	294,830	5.98	\$25.05
\$30.26 - \$40.24	316,564	7.19	\$36.42	188,237	7.02	\$35.76
\$20.00 - \$40.24	2,160,581	6.75	\$26.35	483,067	6.38	\$29.22

The Company uses the Black-Scholes option pricing model to calculate the fair value of options at the date of grant. The weighted-average assumptions used in the model for options granted during the 39-week period ended September 27, 2025 are as follows:

Weighted-average risk-free interest rate	2.62 %
Expected life (years)	5.50 - 7.00
Expected dividend yield	2.03 %
Expected volatility	29.65 %
Forfeiture rate	10.00 %
Weighted-average fair value per option granted	\$6.33

During the 13-week and 39-week periods ended September 27, 2025, the Company recorded share-based compensation (recovery) expense in relation to the LTIP share options of \$(827) and \$1,265, respectively (13-week and 39-week periods ended September 28, 2024 — \$1,480 and \$4,736, respectively), which was included in selling, general and administrative expenses.

(ii) Restricted share units ("RSUs"):

The table below summarizes the RSU activity under the LTIP:

	Number of RSUs
Outstanding, December 28, 2024	303,152
Granted	194,907
Exercised	(83,501)
Forfeited	(26,783)
Outstanding, September 27, 2025	387,775

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14. Share-based compensation (continued):

The fair market value of future RSU cash-settlement obligations is \$4,327 as at September 27, 2025 (September 28, 2024 — \$3,204). During the 13-week and 39-week periods ended September 27, 2025, the Company recorded share-based compensation expense for RSU cash-settlement obligations of \$800 and \$3,245, respectively (13-week and 39-week periods ended September 28, 2024 — \$322 and \$1,200, respectively), which was included in selling, general and administrative expenses.

(iii) Performance share units ("PSUs"):

The table below summarizes the PSU activity under the LTIP:

	Number of PSUs
Outstanding, December 28, 2024	195,356
Granted	135,987
Exercised	(34,887)
Forfeited	(34,301)
Outstanding, September 27, 2025	262,155

The expectation of the adjustment factor for the performance target linked to the total return to the Company's shareholders relative to the total return of companies comprising a blend of the S&P/TSX Completion Index, S&P/TSX Capped Consumer Discretionary, and the S&P/TSX Capped Consumer Staples is measured based on the Monte Carlo simulation method.

The key inputs used in the measurement of the fair value of the PSUs granted during the 39-week period ended September 27, 2025 are as follows:

Share price as at grant date	\$24.12
Risk-free interest rate	2.33 %
Expected life (years)	3.00
Expected volatility	25.94 %

The fair market value of future PSU cash-settlement obligations is \$1,304 as at September 27, 2025 (September 28, 2024 — \$2,219). During the 13-week and 39-week periods ended September 27, 2025, the Company recorded share-based compensation (recovery) expense for PSU cash-settlement obligations of \$(373) and \$849, respectively (13-week and 39-week periods ended September 28, 2024 — \$187 and \$703, respectively), which was included in selling, general and administrative expenses.

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14. Share-based compensation (continued):

(c) Deferred share unit plan ("DSU Plan"):

The following is a summary of the Company's DSU Plan activity:

	Number of DSUs
Outstanding, December 28, 2024	74,115
Granted	26,830
Outstanding, September 27, 2025	100,945

The fair market value of future DSU cash-settlement obligations is \$3,204 as at September 27, 2025 (September 28, 2024 — \$1,698). During the 13-week and 39-week periods ended September 27, 2025, the Company recorded share-based compensation expense for DSU cash-settled obligations of \$506 and \$1,476, respectively (13-week and 39-week periods ended September 28, 2024 — \$115 and \$251, respectively), which was included in selling, general and administrative expenses.

15. Financial instruments:

Fair values:

Financial instruments that are measured subsequent to initial recognition at fair value are to be categorized in Levels 1 to 3 of the fair value hierarchy, based on the degree to which the fair value is observable. The three levels of the fair value hierarchy are:

- Level 1 – inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2 – inputs other than quoted market prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Level 3 – inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect the difference between the instruments.

There were no transfers between levels of the fair value hierarchy for the 13-week and 39-week periods ended September 27, 2025 and September 28, 2024.

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15. Financial instruments (continued):

The carrying values of cash, trade and other receivables, and trade and other payables approximate fair values due to the short-term maturity of these financial instruments.

The carrying amounts and fair values of the long-term debt are as follows:

	September 27, 2025		December 28, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Liabilities:				
Long-term debt ⁽¹⁾	(Level 2) \$ 293,731	\$ 297,625	\$ 278,020	\$ 282,625

⁽¹⁾ Carrying value is net of deferred financing costs and gain on modification of debt.

16. Commitments, contingencies and guarantees:

(a) Lease commitments:

As at September 27, 2025, the Company has future undiscounted minimum lease payments of \$16,042 for leases committed to but not yet commenced.

(b) Bank comfort letters:

The Company has provided comfort letters to certain financial institutions at their request when these financial institutions provide financing to new franchisees. In the comfort letters, the Company has agreed that for three years from the date of the letter, if the bank is forced to realize on its security, including inventory held by the franchisee, the Company will repurchase the inventory previously sold to the franchisee at a stated discount of 15%, provided that such inventory can be sold by the bank to the Company free and clear of any and all liens, charges, and encumbrances or rights of others.

Standard practice is for the Company to realize its rights under the franchise agreement prior to the franchisee reaching default under their finance arrangement; therefore, the risk associated with being required to repurchase inventory under these comfort letters is considered remote. Accordingly, no amount has been provided for in the accompanying interim financial statements.

(c) Other:

The Company may, from time to time, be named as a defendant in legal proceedings that arise from its normal course of business. Although the amount of any liability that could arise with respect to any pending claims cannot be estimated, the Company believes that any such liability is not reasonably likely to have a material adverse effect on its consolidated financial position, operating results, or liquidity.

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17. Subsequent events:

On November 3, 2025, the Board of Directors of the Company declared a dividend of \$0.12 per common share payable on December 15, 2025 to holders of common shares of record as at the close of business on November 28, 2025.