



PET VALU HOLDINGS LTD.

Condensed Interim Consolidated Financial Statements
For the 13-week and 26-week periods ended June 28, 2025 and June 29, 2024
(Unaudited)

PET VALU HOLDINGS LTD.

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

	Note	As at June 28, 2025	As at December 28, 2024
Assets			
Current assets:			
Cash		\$ 11,376	\$ 35,141
Accounts and other receivables		28,909	34,963
Inventories, net		140,595	124,577
Income taxes recoverable	11	—	905
Prepaid expenses and other assets		12,729	10,585
Current portion of lease receivables	5	41,105	40,339
Total current assets		234,714	246,510
Non-current assets:			
Long-term lease receivables	5	169,007	170,052
Right-of-use assets, net	5	265,908	242,796
Property and equipment, net	7	160,809	151,462
Intangible assets, net	8	49,029	50,248
Goodwill		99,720	98,180
Deferred tax assets	11	7,818	7,814
Other assets		3,731	3,869
Total non-current assets		756,022	724,421
Total assets		\$ 990,736	\$ 970,931
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 102,309	\$ 105,757
Provisions		355	355
Income taxes payable	11	659	—
Current portion of deferred franchise fees		1,419	1,427
Current portion of lease liabilities	5	79,252	76,881
Total current liabilities		183,994	184,420
Non-current liabilities:			
Long-term deferred franchise fees		4,374	4,522
Long-term lease liabilities	5	419,116	394,393
Long-term debt	9	310,494	278,020
Deferred tax liabilities	11	7,555	7,551
Other liabilities		3,858	2,711
Provisions		3,842	3,565
Total non-current liabilities		749,239	690,762
Total liabilities		933,233	875,182
Shareholders' equity:			
Common shares	12	314,497	313,829
Contributed surplus		11,512	10,376
Deficit		(268,365)	(228,315)
Currency translation reserve		(141)	(141)
Total shareholders' equity		57,503	95,749
Total liabilities and shareholders' equity		\$ 990,736	\$ 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
(Unaudited, expressed in thousands of Canadian dollars, except per share amounts)

	Note	13-week periods ended		26-week periods ended	
		June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Revenue:					
Retail sales	4	\$ 101,747	\$ 100,157	\$ 201,468	\$ 200,466
Franchise and other revenues	4	178,900	165,071	358,266	325,548
Total revenue		280,647	265,228	559,734	526,014
Cost of sales		187,005	177,535	374,037	350,970
Gross profit		93,642	87,693	185,697	175,044
Selling, general and administrative expenses		56,894	53,897	111,577	107,949
Total operating income		36,748	33,796	74,120	67,095
Interest expenses, net	10	7,447	8,670	14,579	17,225
(Gain) loss on foreign exchange		(634)	274	(395)	671
Income before income taxes		29,935	24,852	59,936	49,199
Income tax expense	11	8,125	7,013	16,364	13,842
Net income		21,810	17,839	43,572	35,357
Basic net income per share attributable to the common shareholders	13	\$ 0.31	\$ 0.25	\$ 0.62	\$ 0.49
Diluted net income per share attributable to the common shareholders	13	\$ 0.31	\$ 0.25	\$ 0.62	\$ 0.49

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 June 28, 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		—	—	43,572	—	43,572
Exercise of share options	12, 14	4,267	(983)	—	—	3,284
Share-based compensation on option plans	14	—	2,119	—	—	2,119
Dividends on common shares	12	—	—	(16,646)	—	(16,646)
Shares repurchased for cancellation	12	(12,599)	—	(66,976)	—	(79,575)
Change in automatic share purchase plan commitment	12	9,000	—	—	—	9,000
Balance, June 28, 2025		\$ 314,497	\$ 11,512	\$ (268,365)	\$ (141)	\$ 57,503

For the period ended June 29, 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		—	—	35,357	—	35,357
Exercise of share options	12, 14	1,195	(376)	—	—	819
Share-based compensation on option plans	14	—	3,348	—	—	3,348
Dividends on common shares	12	—	—	(15,731)	—	(15,731)
Balance, June 29, 2024		\$ 322,947	\$ 9,849	\$ (239,142)	\$ (141)	\$ 93,513

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PET VALU HOLDINGS LTD.

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

	Note	13-week periods ended		26-week periods ended	
		June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Cash provided by (used in):					
Operating activities:					
Net income for the period		\$ 21,810	\$ 17,839	\$ 43,572	\$ 35,357
Adjustments for items not affecting cash:					
Depreciation and amortization	5, 7, 8	17,658	16,479	34,913	32,598
Deferred franchise fees		(45)	61	(186)	(93)
Loss (gain) on disposal of property and equipment		15	(1,283)	(55)	(1,610)
Loss on sale of right-of-use assets		16	150	41	148
(Gain) loss on foreign exchange		(634)	274	(395)	671
Share-based compensation expense	14	4,098	1,809	6,756	4,878
Interest expenses, net	10	7,447	8,670	14,579	17,225
Income tax expense	11	8,125	7,013	16,364	13,842
Income taxes paid		(6,216)	(8,910)	(16,021)	(16,000)
Changes in non-cash operating working capital:					
Accounts receivable		913	562	5,715	(2,494)
Inventories		(6,340)	(3,648)	(15,358)	(11,355)
Prepaid expenses		(1,902)	(10,834)	(2,144)	(2,132)
Accounts payable and accrued liabilities		7,580	3,574	1,357	5,605
Net cash provided by operating activities		52,525	31,756	89,138	76,640
Financing activities:					
Proceeds from exercise of share options	12	541	819	3,284	819
Shares repurchased for cancellation	12	(65,482)	—	(78,015)	—
Dividends paid on common shares	12	(16,646)	(15,731)	(16,646)	(15,731)
Repayment of Term Facility	9	—	(4,438)	—	(8,875)
Net drawings on Revolving Facility		32,000	—	32,000	—
Interest paid on long-term debt		(3,573)	(5,484)	(7,262)	(11,312)
Repayment of principal on lease liabilities	5	(17,714)	(15,944)	(34,871)	(31,567)
Interest paid on lease liabilities	5, 10	(5,958)	(5,857)	(11,859)	(11,629)
Net cash used in financing activities		(76,832)	(46,635)	(113,369)	(78,295)
Investing activities:					
Purchases of property and equipment	7	(11,947)	(14,168)	(22,953)	(26,478)
Purchase of intangible assets	8	(414)	(536)	(753)	(1,264)
Proceeds on disposal of property and equipment		66	2,230	676	3,256
Right-of-use asset initial direct costs		(368)	(354)	(767)	(944)
Tenant allowances		387	19	950	869
Notes receivable		151	194	258	351
Lease receivables	5	9,913	8,548	19,573	16,939
Interest received on lease receivables and other		2,782	2,983	5,702	5,990
Repurchase of franchises	6	(2,124)	(971)	(2,387)	(971)
Net cash (used in) provided by investing activities		(1,554)	(2,055)	299	(2,252)
Effect of exchange rate on cash		350	(129)	167	(450)
Net decrease in cash		(25,511)	(17,063)	(23,765)	(4,357)
Cash, beginning of period		36,887	41,150	35,141	28,444
Cash, end of period		\$ 11,376	\$ 24,087	\$ 11,376	\$ 24,087

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

PET VALU HOLDINGS LTD.

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

For the 13-week and 26-week periods ended June 28, 2025 and June 29, 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 June 28, 2025, the Company operates 228 corporate-owned stores (December 28, 2024 — 220) and has 605 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 ("interim financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). 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, these interim financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements and the notes thereto for the 52-week period ended December 28, 2024.

These interim financial statements were approved and authorized for issuance by the Board of Directors of the Company on August 4, 2025.

(b) Use of estimates and judgments:

In preparing these 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.

(c) 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, that 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.

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(Expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week and 26-week periods ended June 28, 2025 and June 29, 2024

3. Material accounting policies:

These 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 these interim financial statements.

4. Revenue:

The following table disaggregates the Company's retail sales and franchise revenue by category for the periods ended June 28, 2025 and June 29, 2024:

	13-week periods ended		26-week periods ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Retail sales:				
Merchandise sales	\$ 100,358	\$ 98,592	\$ 198,892	\$ 197,492
In-store services	1,389	1,565	2,576	2,974
Total retail sales	101,747	100,157	201,468	200,466
Franchise and other revenues:				
Wholesale merchandise sales	142,829	130,375	286,207	256,261
Royalties and sub-lease revenues	27,752	25,898	55,517	51,565
Promotion and other service fees	8,319	8,798	16,542	17,722
Total franchise and other revenues	178,900	165,071	358,266	325,548
Total revenue	\$ 280,647	\$ 265,228	\$ 559,734	\$ 526,014

5. Leases:

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

The following table reconciles the changes in ROU assets for the period ended June 28, 2025:

	Leased premises		Other	Total
Balance, December 28, 2024	\$ 237,551	\$ 5,245	\$	242,796
Net additions ⁽¹⁾	41,649	478		42,127
Depreciation	(18,270)	(745)		(19,015)
Balance, June 28, 2025	\$ 260,930	\$ 4,978	\$	265,908

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

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

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5. Leases (continued):

Depreciation on ROU assets is included in cost of sales and selling, general and administrative expenses in the condensed interim consolidated statements of income. The depreciation included in cost of sales for the 13-week and 26-week periods ended June 28, 2025 was \$9,605 and \$18,748, respectively (13-week and 26-week periods ended June 29, 2024 — \$9,064 and \$17,977, respectively). The depreciation included in selling, general and administrative expenses for the 13-week and 26-week periods ended June 28, 2025 was \$134 and \$267, respectively (13-week and 26-week periods ended June 29, 2024 — \$134 and \$267, respectively).

(b) Lease liabilities:

The following table reconciles the changes in lease liabilities for the period ended June 28, 2025:

	Leased premises		Other		Total
Balance, December 28, 2024	\$	466,028	\$	5,246	\$ 471,274
Additions ⁽¹⁾		60,981		495	61,476
Interest expense on lease liabilities		12,220		128	12,348
Repayment of interest and principal		(45,819)		(911)	(46,730)
Balance, June 28, 2025	\$	493,410	\$	4,958	\$ 498,368
Current portion of lease liabilities	\$	77,828	\$	1,424	\$ 79,252
Long-term lease liabilities		415,582		3,534	419,116
Total lease liabilities	\$	493,410	\$	4,958	\$ 498,368

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

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. Expenses for variable lease payments included in cost of sales for the 13-week and 26-week periods ended June 28, 2025 were \$10,089 and \$19,975, respectively (13-week and 26-week periods ended June 29, 2024 — \$9,471 and \$18,635, respectively). Expenses (recoveries) for variable lease payments included in selling, general and administrative expenses for the 13-week and 26-week periods ended June 28, 2025 were \$20 and \$53, respectively (13-week and 26-week periods ended June 29, 2024 — \$(25) and \$58, respectively).

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

For the 13-week and 26-week periods ended June 28, 2025 and June 29, 2024

5. Leases (continued):

(c) Lease receivables:

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

		June 28, 2025		December 28, 2024
Current portion of lease receivables	\$	41,105	\$	40,339
Long-term lease receivables		169,007		170,052
Total lease receivables	\$	210,112	\$	210,391

Finance income on lease receivables for the 13-week and 26-week periods ended June 28, 2025 was \$2,561 and \$5,164, respectively (13-week and 26-week periods ended June 29, 2024 — \$2,464 and \$4,879, 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 for the 13-week and 26-week periods ended June 28, 2025 was \$13,224 and \$26,467, respectively (13-week and 26-week periods ended June 29, 2024 — \$12,323 and \$24,500, respectively).

6. Business acquisitions:

Franchise repurchases:

The following table discloses franchise repurchases for the 26-week periods ended June 28, 2025 and June 29, 2024. The franchise repurchases have been accounted for through the acquisition method.

		June 28, 2025		June 29, 2024
Number of stores repurchased		4		1
Inventories	\$	660	\$	176
Property and equipment		187		20
Goodwill		1,540		775
Cash consideration	\$	2,387	\$	971

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

For the 13-week and 26-week periods ended June 28, 2025 and June 29, 2024

7. Property and equipment:

During the 13-week and 26-week periods ended June 28, 2025, the Company had property and equipment additions of \$14,116 and \$23,867, respectively (13-week and 26-week periods ended June 29, 2024 — \$13,847 and \$28,116, respectively). During the 13-week and 26-week periods ended June 28, 2025, the Company had net disposals of \$75 and \$594, respectively, the majority of which were related to leasehold improvements and furniture and fixtures for its corporate-owned stores (13-week and 26-week periods ended June 29, 2024 — \$957 and \$1,644, respectively). Depreciation on property and equipment for the 13-week and 26-week periods ended June 28, 2025 was \$7,003 and \$13,926, respectively (13-week and 26-week period ended June 29, 2024 — \$6,290 and \$12,437, respectively).

8. Intangible assets:

During the 13-week and 26-week periods ended June 28, 2025, the Company had intangible asset additions of \$414 and \$753, respectively, the majority of which were related to software (13-week and 26-week periods ended June 29, 2024 — \$536 and \$1,264, respectively). Amortization on intangible assets for the 13-week and 26-week periods ended June 28, 2025 was \$916 and \$1,972, respectively (13-week and 26-week periods ended June 29, 2024 — \$991 and \$1,917, respectively).

9. Long-term debt:

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

	June 28, 2025	December 28, 2024
Term Facility ⁽¹⁾	\$ 281,740	\$ 281,638
Revolving Facility	32,000	—
	313,740	281,638
Deferred financing costs	(3,246)	(3,618)
Total long-term debt	\$ 310,494	\$ 278,020

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

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 June 28, 2025, the Company had an outstanding letter of credit of \$5,284 (December 28, 2024 — \$nil). Subsequent to June 28, 2025, the Company entered into an additional standby letter of credit of \$14,501. The standby letters of credit were advanced in relation to income tax matters with the Canada Revenue Agency (refer to Note 11 for additional information).

As at June 28, 2025 and December 28, 2024, the Company had unused borrowing capacity available under the Revolving Facility of \$137,716 and \$175,000, respectively.

As at June 28, 2025, the Company was in full compliance with all of its covenants, and there was no indication that it will have difficulty complying with these covenants over the next 12 months.

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

For the 13-week and 26-week periods ended June 28, 2025 and June 29, 2024

10. Interest expenses:

Interest expenses, net consist of the following:

	13-week periods ended		26-week periods ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Credit Facilities	\$ 3,570	\$ 5,436	\$ 7,152	\$ 11,053
Accretion of gain on modification of debt	51	—	102	—
Accretion of deferred financing costs	186	291	372	574
Interest on lease liabilities	6,240	5,857	12,348	11,629
Interest income on lease receivables	(2,561)	(2,464)	(5,164)	(4,879)
Other interest income, net	(39)	(450)	(231)	(1,152)
Interest expenses, net	\$ 7,447	\$ 8,670	\$ 14,579	\$ 17,225

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 26-week periods ended June 28, 2025 was \$8,125 and \$16,364, respectively (13-week and 26-week periods ended June 29, 2024 — \$7,013 and \$13,842, respectively). The Company's effective income tax rates for the 13-week and 26-week periods ended June 28, 2025 was 27.1% and 27.3%, respectively (13-week and 26-week periods ended June 29, 2024 — 28.2% and 28.1%, respectively). The statutory income tax rate for the 13-week and 26-week periods ended June 28, 2025 was 26.5% (13-week and 26-week periods ended June 29, 2024 — 26.5%).

The Company is subject to routine audits of its tax filing positions by the Canada Revenue Agency ("CRA"). In September 2023, the CRA reassessed the Company an additional approximately \$6,000 of income tax plus interest in respect of the Company's 2018 taxation year on the basis that certain interest expenses incurred in that year were not deductible ("2018 reassessment"). In April 2024, the Company received proposal letters from the CRA proposing to deny the deduction of certain interest expenses incurred by the Company in the 2019 and 2020 taxation years on a basis consistent with the 2018 reassessment. In June 2024, the CRA reassessed the Company an additional approximately \$6,400 of income tax plus interest in respect of the Company's 2019 taxation year ("2019 reassessment"). In January 2025, the Company received a further proposal from the CRA to reassess the Company to deny the deduction of certain intercompany dividends in the 2016, 2017 and 2018 taxation years. The January 2025 proposal also indicated that the CRA will not be proceeding with the April 2024 proposal to deny interest deductions for the 2020 taxation year. In March 2025, the CRA reassessed the Company approximately \$18,400 of income tax plus interest on the basis set out in the January 2025 proposal ("2016-2018 reassessments"). The Company has filed objections to, and intends to vigorously contest, the 2018 reassessment, the 2019 reassessment, and 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 2018 reassessment, the 2019 reassessment, or 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).

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

For the 13-week and 26-week periods ended June 28, 2025 and June 29, 2024

12. Share capital:

(a) Authorized share capital:

As at June 28, 2025, there were 68,224,704 common shares and no preferred shares issued and outstanding.

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	265,856	4,267
Shares repurchased for cancellation	(2,785,996)	(12,599)
Change in automatic share purchase plan commitment	—	9,000
Balance, June 28, 2025	68,224,704 \$	314,497

(b) Dividends:

The Company's dividend policy is at the discretion of the Board of Directors. For the 26-week period ended June 28, 2025, the Company announced that its Board declared \$16,646 in dividends to holders of common shares (26-week period ended June 29, 2024 — \$15,731) or \$0.24 per common share (26-week period ended June 29, 2024 — \$0.22 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 26-week period ended June 28, 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 26-week period ended June 28, 2025, with a corresponding increase to deficit.

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 June 28, 2025, no obligations were recorded in accounts payable and accrued liabilities under the 2024 ASPP (December 28, 2024 — \$9,000).

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12. Share capital (continued):

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 26-week period ended June 28, 2025, with a corresponding increase to deficit.

In total, during the 26-week period ended June 28, 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 13-week and 26-week periods ended June 28, 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		26-week periods ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Net income attributable to shareholders of the Company	\$ 21,810	\$ 17,839	\$ 43,572	\$ 35,357
Basic weighted average number of common shares outstanding during the period (<i>thousands</i>)	69,242	71,495	69,917	71,479
Basic net income per share attributable to the common shareholders	\$ 0.31	\$ 0.25	\$ 0.62	\$ 0.49

(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, for the period attributable to the shareholders of the Company 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		26-week periods ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Net income attributable to shareholders of the Company	\$ 21,810	\$ 17,839	\$ 43,572	\$ 35,357
Diluted weighted average number of common shares outstanding during the period (<i>thousands</i>)	69,856	72,461	70,480	72,500
Diluted net income per share attributable to the common shareholders	\$ 0.31	\$ 0.25	\$ 0.62	\$ 0.49

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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		26-week periods ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
Basic weighted average number of common shares	69,242	71,495	69,917	71,479
Dilutive effect of share options in the Amended and Restated Share Option Plan	386	778	403	806
Dilutive effect of share options in the LTIP	228	188	160	215
Diluted weighted average number of common shares	69,856	72,461	70,480	72,500

For the 13-week and 26-week periods ended June 28, 2025, 26,912 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 26-week periods ended June 29, 2024 — 81,664).

For the 13-week and 26-week periods ended June 28, 2025, 562,289 and 616,787 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 (13-week and 26-week periods ended June 29, 2024 — 670,121).

For the 13-week and 26-week periods ended June 28, 2025, 564,374 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 26-week periods ended June 29, 2024 — 282,187).

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	(203,054)	\$9.67
Outstanding, June 28, 2025	594,432	\$9.73

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14. Share-based compensation (continued):

The table below provides information relating to the share options outstanding and exercisable under the Amended and Restated Share Option Plan as at June 28, 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
\$0.01 - \$9.73	594,432	4.30	\$9.73	540,608	4.17	\$9.73

During the 13-week and 26-week periods ended June 28, 2025, the Company recorded share-based compensation expense in relation to the Amended and Restated Share Option Plan of \$14 and \$27, respectively (13-week and 26-week periods ended June 29, 2024 — \$46 and \$92, respectively), which was included in selling, general and administrative expenses.

(b) 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	516,772	\$23.51
Exercised	(62,802)	\$21.02
Forfeited	(73,098)	\$30.89
Outstanding, June 28, 2025	2,278,706	\$26.09

The table below provides information relating to the share options outstanding and exercisable under the LTIP as at June 28, 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	1,964,161	6.91	\$24.43	392,493	6.21	\$23.96
\$30.26 - \$40.24	314,545	7.34	\$36.49	187,126	7.26	\$35.80
\$20.00 - \$40.24	2,278,706	6.97	\$26.09	579,619	6.55	\$27.78

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14. Share-based compensation (continued):

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 26-week period ended June 28, 2025 are as follows:

Weighted-average risk-free interest rate	2.60 %
Expected life (years)	5.50 - 7.00
Expected dividend yield	2.04 %
Expected volatility	29.64 %
Forfeiture rate	10.00 %
Weighted-average fair value per option granted	\$6.26

During the 13-week and 26-week periods ended June 28, 2025, the Company recorded share-based compensation expense in relation to the LTIP share options of \$1,026 and \$2,092, respectively (13-week and 26-week periods ended June 29, 2024 — \$1,665 and \$3,256, respectively), which was included in selling, general and administrative expenses.

(ii) RSUs:

The table below summarizes the RSU activity under the LTIP:

	Number of RSUs
Outstanding, December 28, 2024	303,152
Granted	159,600
Exercised	(68,834)
Forfeited	(15,936)
Outstanding, June 28, 2025	377,982

The fair market value of future RSU cash-settlement obligations was \$4,039 at June 28, 2025 (June 29, 2024 — \$2,884). During the 13-week and 26-week periods ended June 28, 2025, the Company recorded share-based compensation expense for RSU cash-settlement obligations of \$1,451 and \$2,445, respectively (13-week and 26-week periods ended June 29, 2024 — \$83 and \$878, respectively).

(iii) PSUs:

The table below summarizes the PSU activity under the LTIP:

	Number of PSUs
Outstanding, December 28, 2024	195,356
Granted	135,172
Exercised	(34,887)
Forfeited	(26,030)
Outstanding, June 28, 2025	269,611

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14. Share-based compensation (continued):

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 26-week period ended June 28, 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 was \$1,677 at June 28, 2025 (June 29, 2024 — \$2,032). During the 13-week and 26-week periods ended June 28, 2025, the Company recorded share-based compensation expense for PSU cash-settlement obligations of \$882 and \$1,222, respectively (13-week and 26-week periods ended June 29, 2024 — \$151 and \$516, respectively).

(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	25,827
Outstanding, June 28, 2025	99,942

The fair market value of future DSU cash-settlement obligations was \$2,697 at June 28, 2025 (June 29, 2024 — \$1,583). During the 13-week and 26-week periods ended June 28, 2025, the Company recorded share-based compensation expense (recovery) for DSU cash-settled obligations of \$725 and \$970, respectively (13-week and 26-week periods ended June 29, 2024 — \$(136) and \$136, respectively).

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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 26-week periods ended June 28, 2025 and June 29, 2024.

The carrying values of cash, accounts and other receivables, and accounts payable and accrued liabilities 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:

	June 28, 2025		December 28, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Liabilities:				
Long-term debt ⁽¹⁾	(Level 2) \$ 310,494	\$ 314,625	\$ 278,020	\$ 282,625

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

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16. Commitments, contingencies and guarantees:

(a) Distribution centre commitments:

The Company has provided the following commitments as at June 28, 2025:

(i) Metro Vancouver Region:

The Company entered into agreements to procure certain equipment with commitments totalling approximately \$501 to be paid in fiscal year 2025.

(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.

17. Subsequent events:

On August 4, 2025, the Board of Directors of the Company declared a dividend of \$0.12 per common share payable on September 15, 2025 to holders of common shares of record as at the close of business on August 29, 2025.