



Pet Valu Reports Second Quarter 2025 Results

Delivers 2.6% Same-Store Sales Growth⁽¹⁾, 6% Revenue Growth

Raises 2025 Outlook and Announces Chief Executive Officer Succession Plan

Markham, Ontario, August 5, 2025 - Pet Valu Holdings Ltd. ("Pet Valu" or the "Company") (TSX: PET), the leading Canadian specialty retailer of pet food and pet-related supplies, today announced its financial results for the second quarter ended June 28, 2025.

Second Quarter Highlights

- System-wide sales⁽¹⁾ were \$369.9 million, an increase of 4.6% versus Q2 2024. Same-store sales growth was 2.6%.
- Revenue was \$280.6 million, up 5.8% versus Q2 2024.
- Adjusted EBITDA⁽²⁾ was \$60.2 million, up 4.2% versus Q2 2024, representing 21.4% of revenue. Operating income was \$36.7 million, up 8.7% versus Q2 2024.
- Net income was \$21.8 million, up from \$17.8 million in Q2 2024.
- Adjusted Net Income⁽²⁾ was \$26.2 million or \$0.38 per diluted share⁽³⁾, compared to \$25.9 million or \$0.36 per diluted share, respectively, in Q2 2024.
- Opened 3 new stores and ended the quarter with 833 stores across the network.
- Repurchased for cancellation 2.3 million common shares for total consideration of \$65.5 million. Free cash flow⁽²⁾ was \$27.1 million.
- The Board of Directors of the Company declared a dividend of \$0.12 per common share.

2025 Outlook

- The Company expects revenue between \$1.18 and \$1.21 billion, Adjusted EBITDA between \$257 and \$262 million, Adjusted Net Income per Diluted Share between \$1.63 and \$1.68 and Net Capital Expenditures⁽²⁾ of approximately \$45 million.

"Our business strengthened throughout the quarter, with same-store sales and revenue growth supported by positive same-store transaction growth, supporting raising our overall outlook for the year," said Richard Maltsbarger, Chief Executive Officer of Pet Valu. "We are also excited to announce we have completed our multi-year distribution centre network transformation, creating an incredibly effective, omnichannel, coast-to-coast supply chain ready to support our long-term growth goal of over 1,200 stores."

Chief Executive Officer Succession Plan

Pet Valu announced today that its Board of Directors unanimously approved the recommendation of Chief Executive Officer (“CEO”), Richard Maltzbarger, to implement a senior leadership succession plan. Greg Ramier, the Company’s current President and Chief Operating Officer (“COO”), will succeed Mr. Maltzbarger as CEO and be appointed to the Company’s Board of Directors effective September 21, 2025, coinciding with Pet Valu’s annual store manager and franchise conference.

Mr. Maltzbarger will continue in his role as CEO until September 21, 2025, after which he will move into the role of Senior Advisor to assist with the leadership transition until his retirement on April 4, 2026. Mr. Maltzbarger will continue to serve as a member of Pet Valu’s Board of Directors until his retirement date.

“It’s been the honour of my career to lead Pet Valu’s evolution since 2018. Thanks to the passion of our ACEs and franchisees, and the support of our Board of Directors, we’ve become Canada’s #1 pet specialty retailer in stores and market share serving Canada’s most devoted pet lovers. Together, we transformed our customer-facing technologies and supply chain, expanded our loyalty and digital platforms, and opened more than 250 new stores — more than doubling revenue and quintupling net income,” said Mr. Maltzbarger. “With this incredible momentum, now is the time to hand over the reins to Greg. I have every confidence as he leads Pet Valu’s next chapter of growth, and I look forward to working closely with him as he transitions into the role.”

“On behalf of Pet Valu, I want to thank Richard for his incredible leadership and the lasting impact he has had on our business – from sharpening our strategy to elevating our culture – and his commitment to making this a successful transition. His vision and energy played a huge role in getting us to where we are today,” said Tony Truesdale, Chairman of Pet Valu’s Board of Directors. “Greg has been a driving force in the commercial momentum we have achieved over the past year, and we are excited to see him step into the CEO role.”

Mr. Ramier joined Pet Valu as President & COO in August 2024 and has led several commercial planning and strategic initiatives that have contributed to the current sales and revenue momentum in the business. Mr. Ramier previously served over 20 years with Loblaw Companies Ltd., including senior executive positions leading the Market Division and Emerging Business segments, as well as experiences in financial services, supply chain, and retail operations.

“It’s a real honour to step into the CEO role and I’m excited to carry the momentum forward as we continue to grow, innovate and deliver great experiences for our devoted pet lovers, our franchisees, and our ACEs,” said Mr. Ramier. “I look forward to working with Richard over the coming months as we continue to deliver long-term growth.”

Financial Results for the Second Quarter Fiscal 2025

All comparative figures below are for the 13-week period ended June 28, 2025, compared to the 13-week period ended June 29, 2024.

Revenue was \$280.6 million in Q2 2025, an increase of \$15.4 million, or 5.8%, compared to \$265.2 million in Q2 2024. The increase in revenue was mostly driven by growth in franchise and other revenues, and retail sales.

Same-store sales growth was 2.6% in Q2 2025, primarily driven by a 1.8% increase in same-store average spend per transaction growth⁽¹⁾ and by a 0.8% increase in same-store transaction growth⁽¹⁾. This is compared to flat same-store sales growth in Q2 2024, which primarily consisted of a 2.5% increase in same-store average spend per transaction growth partially offset by a 2.4% same-store transaction decline.

Gross profit increased by \$5.9 million, or 6.8%, to \$93.6 million in Q2 2025, compared to \$87.7 million in Q2 2024. Gross profit margin was 33.4% in Q2 2025, compared to 33.1% in Q2 2024. Excluding costs related to the supply chain transformation of 0.2% in Q2 2025 and 1.1% in Q2 2024, the gross profit margin was 33.6% in Q2 2025 and 34.2% in Q2 2024, respectively, and decreased by 0.6%. The decrease was primarily driven by: (i) higher wholesale merchandise sales; and (ii) higher distribution costs, from the new distribution centres, and occupancy costs.

Selling, general and administrative ("SG&A") expenses were \$56.9 million in Q2 2025, an increase of \$3.0 million, or 5.6%, compared to \$53.9 million in Q2 2024. SG&A expenses represented 20.3% of total revenue for Q2 2025 and Q2 2024. The increase of \$3.0 million in SG&A expenses was primarily due to: (i) increased compensation costs; (ii) lower gain on sale of assets for re-franchised stores and other leasing costs; and (iii) higher marketing and advertising expenses; partially offset by (iv) lower technology expenditures related to the implementation of e-commerce tools.

Adjusted EBITDA increased by \$2.4 million, or 4.2%, to \$60.2 million in Q2 2025, compared to \$57.7 million in Q2 2024. The increase is explained by higher EBITDA⁽²⁾ of \$5.0 million and \$2.6 million of net lower adjustments to EBITDA for Q2 2025 compared to Q2 2024 from lower transformation costs, and higher gain on foreign exchange, partially offset by higher share-based compensation. Adjusted EBITDA as a percentage of revenue⁽³⁾ was 21.4% and 21.8% in Q2 2025 and Q2 2024, respectively.

Net interest expense was \$7.4 million in Q2 2025, a decrease of \$1.2 million, or 14.1%, compared to \$8.7 million in Q2 2024. The decrease was primarily driven by lower interest expense on the term facility resulting primarily from lower interest rates compared to Q2 2024.

Income taxes were \$8.1 million in Q2 2025 compared to \$7.0 million in Q2 2024, an increase of \$1.1 million year over year. The increase in income taxes was primarily the result of higher taxable earnings in Q2 2025. The effective income tax rate was 27.1% in Q2 2025 compared to 28.2% in Q2 2024. The Q2 2025 and Q2 2024 effective tax rates were higher than the blended statutory rate of 26.5% due to non-deductible expenses.

Net income increased by \$4.0 million to \$21.8 million in Q2 2025, compared to \$17.8 million in Q2 2024. The increase in net income is primarily explained by higher operating income, lower net interest expense, and higher gain on foreign exchange, partially offset by higher income taxes, as described above.

Adjusted Net Income increased by \$0.3 million to \$26.2 million in Q2 2025, compared to \$25.9 million in Q2 2024. Adjusted Net Income as a percentage of revenue⁽³⁾ was 9.3% in Q2 2025 and 9.8% in Q2 2024, respectively. The increase is explained by the changes in net income described above, and net lower adjustments for Q2 2025 compared to Q2 2024 from lower transformation costs, which include the adjustment for duplicative depreciation expense on property and equipment, and right-of-use assets and interest expense on lease liabilities related to the supply chain transformation initiatives, and higher gain on foreign exchange; partially offset by higher share-based compensation.

Adjusted Net Income per Diluted Share increased by \$0.02 to \$0.38 in Q2 2025, compared to \$0.36 in Q2 2024. The 5.6% year over year increase results primarily from the changes in Adjusted Net Income and the factors described above, and a lower weighted average number of common shares outstanding as a result of share repurchases.

Cash at the end of the second quarter totaled \$11.4 million.

Net Capital Expenditures were \$11.9 million in Q2 2025 compared to \$12.5 million in Q2 2024, a decrease of \$0.6 million primarily due to lower expenditures on store network expansion and lower proceeds on disposal of property and equipment from the sale of corporate-owned stores to franchisees.

Free Cash Flow amounted to \$27.1 million in Q2 2025 compared to \$7.7 million in Q2 2024, an increase of \$19.4 million primarily driven by an increase in cash from operating activities and a decrease in cash used for investing activities; partially offset by an increase in payments of principal and interest on lease liabilities due to store network expansion.

Inventory at the end of Q2 2025 was \$140.6 million compared to \$124.6 million at the end of Q4 2024, an increase of \$16.0 million primarily in support of the growth of our store network and wholesale penetration.

Dividends

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.

Outlook

Fiscal 2025 will be a 53-week fiscal year for Pet Valu, compared to a 52-week fiscal year in Fiscal 2024. Factoring in YTD 2025 performance, together with market conditions and the impact of the 53rd week of operation in Fiscal 2025, the Company expects:

- Revenue between \$1.18 and \$1.21 billion, supported by approximately 40 new store openings, same-store sales growth between 1% and 4% and higher wholesale merchandise sales penetration;
- Adjusted EBITDA between \$257 and \$262 million, which incorporates continued price investments and normalization of operating expenses;
- Adjusted Net Income per Diluted Share between \$1.63 and \$1.68, which incorporates approximately \$12 million pre-tax, or \$0.12 per diluted share, of incremental depreciation and lease liability interest expense associated with the new distribution centres;
- Transformation costs of approximately \$13 million pre-tax, and share-based compensation of approximately \$13 million pre-tax, both of which are excluded from Adjusted EBITDA and Adjusted Net Income per Diluted Share; and
- Net Capital Expenditures of approximately \$45 million.

The Company continues to monitor the evolving governmental foreign trade environment and believes it has the appropriate mechanisms in place to adapt, as necessary. The above Outlook is based on several assumptions, including, but not limited to, governmental foreign trade policies currently in place as of this release.

⁽¹⁾ This is a supplementary financial measure. Refer to "Non-IFRS and Other Financial Measures" below and to the section entitled "How We Assess the Performance of Our Business" in the MD&A for the second quarter ended June 28, 2025, incorporated by reference herein, for the definitions of supplementary financial measures. A copy of the MD&A for the second quarter ended June 28, 2025 is available on SEDAR+ at www.sedarplus.ca.

⁽²⁾ This is a non-IFRS financial measure. Non-IFRS financial measures are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other

companies. Refer to "Non-IFRS and Other Financial Measures" and "Selected Consolidated Financial Information" below for a reconciliation of the non-IFRS measures (except for Net Capital Expenditures) used in this release to the most comparable IFRS measures. Also refer to the sections entitled "How We Assess the Performance of Our Business", "Non-IFRS and Other Financial Measures" and "Selected Consolidated Financial Information and Industry Metrics" in the MD&A for the second quarter ended June 28, 2025 for further details concerning EBITDA, Adjusted EBITDA, Adjusted Net Income, Free Cash Flow, and Net Capital Expenditures including definitions and reconciliations to the relevant reported IFRS measure.

⁽³⁾ This is a non-IFRS ratio. Non-IFRS ratios are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. Refer to "Non-IFRS and Other Financial Measures" below and to the section entitled "How We Assess the Performance of Our Business" in the MD&A for the second quarter ended June 28, 2025 for the definitions of non-IFRS ratios and each non-IFRS measure that is used as a component of such non-IFRS ratios.

Conference Call Details

A conference call to discuss the Company's second quarter results is scheduled for August 5, 2025, at 8:30 a.m. ET. To access Pet Valu's conference call, please dial 1-833-950-0062 (ID: 381882). A live webcast of the call will also be available through the Events & Presentations section of the Company's website at <https://investors.petvalu.com/>.

For those unable to participate, a playback will be available shortly after the conclusion of the call by dialing 1-866-813-9403 (ID: 521731) and will be accessible until August 12, 2025. The webcast will also be archived and available through the Events & Presentations section of the Company's website at <https://investors.petvalu.com/>.

About Pet Valu

Pet Valu is Canada's leading retailer of pet food and pet-related supplies with over 800 corporate-owned or franchised locations across the country. For more than 45 years, Pet Valu has earned the trust and loyalty of pet parents by offering knowledgeable customer service, a premium product offering and engaging in-store services. Through its neighbourhood stores and digital platform, Pet Valu offers more than 10,000 competitively-priced products, including a broad assortment of premium, super premium, holistic and award-winning proprietary brands. The Company is headquartered in Markham, Ontario and its shares trade on the Toronto Stock Exchange (TSX: [PET](#)). To learn more, please visit: www.petvalu.ca.

Non-IFRS and Other Financial Measures

This press release makes reference to certain non-IFRS measures and non-IFRS ratios. These measures and ratios are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Pet Valu uses non-IFRS measures, including "EBITDA", "Adjusted EBITDA", "Adjusted Net Income", "Free Cash Flow" and "Net Capital Expenditures", and non-IFRS ratios, including "Adjusted EBITDA as a percentage of revenue", "Adjusted Net Income as a percentage of revenue", and "Adjusted Net Income per Diluted Share". This press release also makes reference to certain supplementary financial measures that are commonly used in the retail industry, including "System-wide sales", "Same-store sales growth (decline)", "Same-store transaction growth (decline)" and "Same-store average spend per transaction growth (decline)". These non-IFRS measures, non-IFRS ratios and supplementary financial measures are used to provide investors with supplemental measures of Pet Valu's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures, non-IFRS ratios and these supplementary financial measures in the evaluation of issuers. Management uses non-IFRS measures, non-IFRS ratios and supplementary financial measures in order to facilitate operating

performance comparisons from period to period, to prepare annual operating budgets and to determine components of management compensation. Refer to the MD&A for the second quarter ended June 28, 2025 for further information on non-IFRS measures, non-IFRS ratios (including each non-IFRS measure that is used as a component of such non-IFRS ratios) and supplementary measures, including for their definition and, for non-IFRS measures, a reconciliation to the most comparable IFRS measure.

Forward-Looking Information

Some of the information contained in this press release is forward-looking information. Forward-looking information is provided as at the date of this press release and is based on management's opinions, estimates and assumptions in light of its experience and perception of historical trends, current trends, current conditions and expected future developments, as well as other factors that management believes appropriate and reasonable in the circumstances. Such forward-looking information is intended to provide information about management's current expectations and plans, and may not be appropriate for other purposes. Pet Valu does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable Canadian securities laws. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors. Particularly, information regarding our expectations of future results, targets, performance achievements, prospects or opportunities, including the information under the headings "2025 Outlook" and "Outlook" in this press release, is "future-oriented financial information" or a "financial outlook" within the meaning of applicable securities legislation, which is based on the factors and assumptions, and subject to the risks, as set out herein and in the Company's annual information form dated March 3, 2025 ("AIF"). 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", "continue", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "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.

Many factors could cause our actual results, level of activity, performance or achievements, future events or developments, or outlook to differ materially from those expressed or implied by the forward-looking information, including, without limitation, the factors discussed in the "Risk Factors" section of the AIF. A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on SEDAR+ at www.sedarplus.ca.

The Company cautions that the list of risk factors and uncertainties described in the AIF is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating forward-looking information and are cautioned not to place undue reliance on such information.

For more information:

James Allison
Senior Director, Investor Relations
investors@petvalu.com
289-806-4559

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Condensed Interim Consolidated Statements of Income

(Unaudited, expressed in thousands of Canadian dollars, except per share amounts)

	Quarters Ended		Year to Date Ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
	13 weeks	13 weeks	26 weeks	26 weeks
Revenue:				
Retail sales	\$ 101,747	\$ 100,157	\$ 201,468	\$ 200,466
Franchise and other revenues	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	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	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	\$ 0.31	\$ 0.25	\$ 0.62	\$ 0.49
Diluted net income per share attributable to the common shareholders	\$ 0.31	\$ 0.25	\$ 0.62	\$ 0.49

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

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

	Quarters Ended		Year to Date Ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
	13 weeks	13 weeks	26 weeks	26 weeks
Reconciliation of net income to Adjusted EBITDA:				
Net income	\$ 21,810	\$ 17,839	\$ 43,572	\$ 35,357
Depreciation and amortization	17,658	16,479	34,913	32,598
Interest expenses, net	7,447	8,670	14,579	17,225
Income tax expense	8,125	7,013	16,364	13,842
EBITDA	55,040	50,001	109,428	99,022
Adjustments to EBITDA:				
Transformation costs ⁽¹⁾	1,266	5,345	2,701	8,982
Other professional fees ⁽²⁾	405	302	423	758
Share-based compensation ⁽³⁾	4,098	1,809	6,756	4,878
(Gain) loss on foreign exchange ⁽⁴⁾	(634)	274	(395)	671
Adjusted EBITDA	\$ 60,175	\$ 57,731	\$ 118,913	\$ 114,311
Adjusted EBITDA as a percentage of revenue	21.4%	21.8%	21.2%	21.7%

Notes:

- (1) Represents discrete, project-based implementation costs associated with new information technology systems and discrete Software-as-a-Service ("SaaS") arrangements for transformational initiatives supporting e-commerce and omni-channel capabilities, customer relationship management and other key processes (Q2 2025 – \$0.2 million, Q2 2024 – \$2.3 million, YTD 2025 – \$0.5 million, and YTD 2024 – \$4.5 million). Also, represents expenses associated with supply chain and merchandise transformation initiatives, such as duplicative warehousing and distribution costs, implementation costs associated with new information technology systems and other transition costs incurred during the transition to a new distribution centre (Q2 2025 – \$1.1 million, Q2 2024 – \$2.8 million, YTD 2025 – \$2.2 million, and YTD 2024 – \$4.3 million). Additionally, transformation costs include \$0.2 million of expenses related to other transformation initiatives for Q2 2024 and YTD 2024, respectively. The expenses included in cost of sales in Q2 2025 and YTD 2025 were \$0.3 million and \$0.6 million, respectively (Q2 2024 and YTD 2024 – \$1.4 million and \$2.1 million, respectively). The expenses included in selling, general, and administrative expenses in Q2 2025 and YTD 2025 were \$1.0 million and \$2.1 million, respectively (Q2 2024 and YTD 2024 – \$3.9 million and \$6.9 million, respectively).
- (2) Represents professional fees primarily incurred with respect to: (i) the secondary offering of the Company's common shares completed on May 16, 2025 and the exercise in full of the over-allotment option in connection with the secondary offering completed on May 21, 2025 (collectively the "May 2025 Secondary Offering"), and (ii) the Canada Revenue Agency's ("CRA") examination of the Company's Canadian tax filings discussed in the "Income Taxes" section of the Company's MD&A for the second quarter ended June 28, 2025.
- (3) Represents share-based compensation in respect of our amended and restated share option plan, long-term incentive plan, and deferred share unit plan.
- (4) Represents foreign exchange gains and losses.

Reconciliation of Net Income to Adjusted Net Income

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

	Quarters Ended		Year to Date Ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
	13 weeks	13 weeks	26 weeks	26 weeks
Reconciliation of net income to Adjusted Net Income:				
Net income	\$ 21,810	\$ 17,839	\$ 43,572	\$ 35,357
Adjustments to net income:				
Transformation costs ⁽¹⁾	1,920	7,982	3,563	14,270
Other professional fees ⁽²⁾	405	302	423	758
Share-based compensation ⁽³⁾	4,098	1,809	6,756	4,878
(Gain) loss on foreign exchange ⁽⁴⁾	(634)	274	(395)	671
Tax effect of adjustments to net income	(1,391)	(2,325)	(2,357)	(4,719)
Adjusted Net Income	\$ 26,208	\$ 25,881	\$ 51,562	\$ 51,215
Adjusted Net Income as a percentage of revenue	9.3%	9.8%	9.2%	9.7%
Adjusted Net Income per Diluted Share	\$ 0.38	\$ 0.36	\$ 0.73	\$ 0.71

Notes:

- (1) Represents discrete, project-based implementation costs associated with new information technology systems and discrete SaaS arrangements for transformational initiatives supporting e-commerce and omni-channel capabilities, customer relationship management and other key processes (Q2 2025 – \$0.2 million, Q2 2024 – \$2.3 million, YTD 2025 – \$0.5 million, and YTD 2024 – \$4.5 million). Also, represents expenses associated with supply chain and merchandise transformation initiatives (Q2 2025 – \$1.7 million, Q2 2024 – \$5.4 million, YTD 2025 – \$3.1 million, and YTD 2024 – \$9.6 million), such as duplicative warehousing and distribution costs, implementation costs associated with new information technology systems, and other transition costs incurred during the transition to a new distribution centre including duplicative depreciation expense on property and equipment and right-of-use assets, and interest expense on lease liabilities. Additionally, transformation costs include \$0.2 million of expenses related to other transformation initiatives for Q2 2024 and YTD 2024, respectively. The expenses included in cost of sales in Q2 2025 and YTD 2025 were \$0.7 million and \$1.2 million, respectively (Q2 2024 and YTD 2024 – \$3.0 million and \$5.4 million, respectively). The expenses included in selling, general, and administrative expenses in Q2 2025 and YTD 2025 were \$1.0 million and \$2.1 million, respectively (Q2 2024 and YTD 2024 – \$3.9 million and \$6.9 million, respectively). The interest expense on the lease liability in Q2 2025 and YTD 2025 was \$0.2 million and \$0.3 million, respectively (Q2 2024 and YTD 2024 – \$1.0 million and \$2.0 million, respectively).
- (2) Represents professional fees primarily incurred with respect to: (i) the May 2025 Secondary Offering, and (ii) the CRA's examination of the Company's Canadian tax filings discussed in the "Income Taxes" section of the Company's MD&A for the second quarter ended June 28, 2025.
- (3) Represents share-based compensation in respect of our amended and restated share option plan, long-term incentive plan, and deferred share unit plan.
- (4) Represents foreign exchange gains and losses.

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

	Quarters Ended		Year to Date Ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
	13 weeks	13 weeks	26 weeks	26 weeks
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	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	4,098	1,809	6,756	4,878
Interest expenses, net	7,447	8,670	14,579	17,225
Income tax expense	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	541	819	3,284	819
Shares repurchased for cancellation	(65,482)	—	(78,015)	—
Dividends paid on common shares	(16,646)	(15,731)	(16,646)	(15,731)
Repayment of Term Facility	—	(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	(17,714)	(15,944)	(34,871)	(31,567)
Interest paid on lease liabilities	(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	(11,947)	(14,168)	(22,953)	(26,478)
Purchase of intangible assets	(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	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	(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

Free Cash Flows

(Unaudited, expressed in thousands of Canadian dollars)

	Quarters Ended		Year to Date Ended	
	June 28, 2025	June 29, 2024	June 28, 2025	June 29, 2024
	13 weeks	13 weeks	26 weeks	26 weeks
Cash provided by operating activities	\$ 52,525	\$ 31,756	\$ 89,138	\$ 76,640
Cash (used in) provided by investing activities	(1,554)	(2,055)	299	(2,252)
Repayment of principal on lease liabilities	(17,714)	(15,944)	(34,871)	(31,567)
Interest paid on lease liabilities	(5,958)	(5,857)	(11,859)	(11,629)
Notes receivable	(151)	(194)	(258)	(351)
Free Cash Flow	\$ 27,148	\$ 7,706	\$ 42,449	\$ 30,841

Condensed Interim Consolidated Statements of Financial Position

(Unaudited, expressed in thousands of Canadian dollars)

	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	—	905
Prepaid expenses and other assets	12,729	10,585
Current portion of lease receivables	41,105	40,339
Total current assets	234,714	246,510
Non-current assets:		
Long-term lease receivables	169,007	170,052
Right-of-use assets, net	265,908	242,796
Property and equipment, net	160,809	151,462
Intangible assets, net	49,029	50,248
Goodwill	99,720	98,180
Deferred tax assets	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	659	—
Current portion of deferred franchise fees	1,419	1,427
Current portion of lease liabilities	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	419,116	394,393
Long-term debt	310,494	278,020
Deferred tax liabilities	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	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