Pet Valu Reports Third Quarter 2025 Results

November 4, 2025

Delivers 2.3% Same-Store Sales Growth[(1)], 5% Revenue Growth and Narrows 2025 Outlook

MARKHAM, Ontario, Nov. 04, 2025 (GLOBE NEWSWIRE) -- 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 third quarter ended September 27, 2025.

Third Quarter Highlights

- System-wide sales[(1)] were $373.9 million, an increase of 4.4% versus Q3 2024. Same-store sales growth was 2.3%.
- Revenue was $289.5 million, up 4.9% versus Q3 2024.
- Adjusted EBITDA[(2)] was $63.6 million, down 1.5% versus Q3 2024, representing 22.0% of revenue. Operating income was $41.9 million, up 3.9% versus Q3 2024.
- Net income was $24.9 million, up 7.4% versus Q3 2024.
- Adjusted Net Income[(2)] was $27.6 million or $0.40 per diluted share[(3)], compared to $29.9 million or $0.41 per diluted share, respectively, in Q3 2024.
- Opened 16 new stores and ended the quarter with 849 stores across the network.
- Free cash flow[(2)] was $24.7 million, compared to $30.8 million in Q3 2024.
- Officially opened the new Calgary distribution centre.
- Subsequent to Q3 2025, the Board of Directors of the Company declared a dividend of $0.12 per common share.

2025 Outlook

- The Company expects revenue between $1.175 and $1.185 billion, Adjusted EBITDA between $257 and $260 million, Adjusted Net Income per Diluted Share between $1.63 and $1.66 and Net Capital Expenditures[(2)] of approximately $45 million.

“We delivered another quarter of responsible growth in Q3, highlighted by further share gains, continued same-store transaction growth and leverage on our supply chain investments,” said Greg Ramier, Chief Executive Officer of Pet Valu. “I am incredibly thankful for our people, whose dedication to serving our customers creates a meaningful point of difference in today’s environment.

“Our stores and digital channel are well set as we head into the holiday season, supported by a robust commercial plan that will thrill pet parents, while providing everyday value they can count on,” continued Mr. Ramier. “With a great team, strong assets, and a clear strategy, Pet Valu is well positioned to deliver memorable moments and trusted expertise to devoted pet lovers, while driving long-term growth and value for all our stakeholders.”

Financial Results for the Third Quarter Fiscal 2025

All comparative figures below are for the 13-week period ended September 27, 2025, compared to the 13-week period ended September 28, 2024.

Revenue was $289.5 million in Q3 2025, an increase of $13.4 million, or 4.9%, compared to $276.0 million in Q3 2024. The increase in revenue was mostly driven by growth in retail sales, and franchise and other revenues.

Same-store sales growth (decline) was 2.3% in Q3 2025, primarily driven by a 2.0% increase in same-store average spend per transaction growth[(1)] and by a 0.3% increase in same-store transaction growth[(1)]. This is compared to a 2.5% same-store sales decline in Q3 2024, which was primarily driven by a 4.1% same-store transaction decline partially offset by a 1.7% increase in

same-store average spend per transaction growth.

Gross profit increased by $6.2 million, or 6.9%, to $95.6 million in Q3 2025, compared to $89.4 million in Q3 2024. Gross profit margin was 33.0% in Q3 2025, compared to 32.4% in Q3 2024. Excluding costs related to the supply chain transformation of 0.5% in Q3 2025 and 1.1% in Q3 2024, the gross profit margin was 33.5% in Q3 2025 and Q3 2024, respectively. The consistent gross profit margin between periods was primarily driven by: (i) distribution efficiencies from the new distribution centres offset by (ii) higher occupancy costs.

Selling, general and administrative ("SG&A") expenses were $53.6 million in Q3 2025, an increase of $4.6 million, or 9.4%, compared to $49.0 million in Q3 2024. SG&A expenses represented 18.5% and 17.8% of total revenue for Q3 2025 and Q3 2024, respectively. The increase of $4.6 million in SG&A expenses was primarily due to: (i) higher compensation costs; (ii) a lower gain on sale of assets for re-franchised stores; (iii) increased SaaS fees; (iv) higher professional fees; and (v) higher depreciation and amortization from store growth.

Adjusted EBITDA decreased by $1.0 million, or 1.5%, to $63.6 million in Q3 2025, compared to $64.6 million in Q3 2024. The decrease is explained by higher SG&A expenses after excluding share-based compensation and costs not indicative of business performance, driven by higher compensation costs, a lower gain on sale of assets for re-franchised stores, and increased software as a service (“SaaS”) fees, partially offset by higher gross profit excluding costs related to the supply chain transformation. Adjusted EBITDA as a percentage of revenue[(3)] was 22.0% and 23.4% in Q3 2025 and Q3 2024, respectively.

Net interest expense was $7.9 million in Q3 2025, a decrease of $0.4 million, or 5.3%, compared to $8.3 million in Q3 2024. The decrease was mainly driven by lower interest expense on the term facility primarily due to lower interest rates compared to Q3 2024.

Income taxes were $8.9 million in Q3 2025 compared to $9.0 million in Q3 2024. The slight decrease was primarily due to a reduction in non-deductible share-based compensation, which lowered the effective tax rate in the current quarter, partially offset by higher taxable earnings in Q3 2025. The effective income tax rate was 26.4% in Q3 2025 compared to 27.9% in Q3 2024. The Q3 2025 effective tax rate was lower than the blended statutory rate of 26.5%, primarily due to a downward revision in the estimated non-deductible share-based compensation for the full fiscal year, which resulted in a favourable adjustment to the tax expense. The Q3 2024 effective tax rate was higher than the statutory rate due to non-deductible expenses.

Net income increased by $1.7 million to $24.9 million in Q3 2025, compared to $23.2 million in Q3 2024. The increase in net income was primarily driven by higher operating income and lower net interest expense, partially offset by a loss on foreign exchange, as described above.

Adjusted Net Income decreased by $2.3 million to $27.6 million in Q3 2025, compared to $29.9 million in Q3 2024. Adjusted Net Income as a percentage of revenue[(3)] was 9.6% in Q3 2025 and 10.8% in Q3 2024, respectively. The decrease was primarily due to higher SG&A expenses after excluding share-based compensation and costs not indicative of business performance, driven by higher compensation costs, a lower gain on sale of assets for re-franchised stores, and increased SaaS fees, partially offset by higher gross profit excluding costs related to the supply chain transformation, and lower income taxes as described above.

Adjusted Net Income per Diluted Share decreased by $0.01 to $0.40 in Q3 2025, compared to $0.41 in Q3 2024. The 2.4% period over period decrease was primarily due to lower Adjusted Net Income, partially offset by a lower weighted average number of common shares outstanding as a result of share repurchases.

Cash at the end of the third quarter totaled $14.8 million.

Net Capital Expenditures amounted to $8.3 million in Q3 2025 compared to $13.9 million in Q3 2024, a decrease of $5.6 million primarily driven by higher tenant allowances primarily related to the new Calgary distribution centre, partially offset by lower proceeds on disposal of property and equipment from the sale of corporate-owned stores to franchisees.

Free Cash Flow amounted to $24.7 million in Q3 2025 compared to $30.8 million in Q3 2024, a decrease of $6.1 million primarily driven by: (i) a decrease in cash from operating activities due to an unfavourable net change in operating working capital; (ii) an increase in cash used for investing activities due to lower proceeds on the sale of corporate-owned stores to franchisees; and (iii) an increase in payments of principal and interest on lease liabilities due to store network expansion; partially offset by (iv) higher tenant allowances primarily related to the new Calgary distribution centre.

Inventory at the end of Q3 2025 was $141.2 million compared to $124.6 million at the end of Q4 2024, an increase of $16.6 million primarily to support the growth of our store network and wholesale penetration.

Dividends

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.

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 $1.175 and $1.185 billion, supported by approximately 40 new store openings, approximately 2% same-store sales growth and higher wholesale merchandise sales penetration;
- Adjusted EBITDA between $257 and $260 million, which incorporates continued price investments and normalization of operating expenses;
- Adjusted Net Income per Diluted Share between $1.63 and $1.66, 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 $11 million pre-tax, and share-based compensation of approximately $10 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 third quarter ended September 27, 2025, incorporated by reference herein, for the definitions of supplementary financial measures. A copy of the MD&A for the third quarter ended September 27, 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 third quarter ended September 27, 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 third quarter ended September 27, 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 third quarter results is scheduled for November 4, 2025, at 8:30 a.m. ET. To access Pet Valu's conference call, please dial 1-833-950-0062 (ID: 645314). 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: 170496) and will be accessible until November 11, 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, an extensive product offering and engaging in-store services. Through its local neighbourhood stores and digital platform, Pet Valu offers more than 10,000 competitively-priced products, including a broad assortment of exclusive, holistic and award-winning proprietary brands. The Company is headquartered in Markham, Ontario and has distribution centres in Brampton, Ontario, Surrey, British Columbia and Calgary, Alberta. 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 third quarter ended September 27, 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 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.

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

	Quarters Ended		Year to Date Ended	
	September 27, 2025	**September 28, 2024**	**September 27, 2025**	**September 28, 2024**
	13 weeks	**13 weeks**	**39 weeks**	**39 weeks**
Revenue:				
Retail sales	$ 104,601	$ 99,962	$ 306,069	$ 300,428
Franchise and other revenues	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	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	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	$ 0.36	$ 0.32	$ 0.99	$ 0.82
Diluted net income per common share	$ 0.36	$ 0.32	$ 0.97	$ 0.81

Reconciliation of Net Income to EBITDA and Adjusted EBITDA, and Adjusted Net Income
(Unaudited, expressed in thousands of Canadian dollars unless otherwise noted)

	Quarters Ended		Year to Date Ended	
	September 27, 2025	**September 28, 2024**	**September 27, 2025**	**September 28, 2024**
	13 weeks	**13 weeks**	**39 weeks**	**39 weeks**
Reconciliation of net income to Adjusted EBITDA:				
Net income	$ 24,862	$ 23,158	$ 68,434	$ 58,515
Depreciation and amortization	18,380	16,531	53,293	49,129
Interest expenses, net	7,884	8,326	22,463	25,551
Income tax expense	8,933	8,972	25,297	22,814
EBITDA[(1)]	**60,059**	**56,987**	**169,487**	**156,009**
Adjustments to EBITDA:				
Transformation costs[(2)]	3,153	5,324	5,854	14,306
Other professional fees[(3)]	36	239	459	997
Share-based compensation[(4)]	101	2,149	6,857	7,027
Loss (gain) on foreign exchange	249	(100)	(146)	571
Adjusted EBITDA	**$ 63,598**	**$ 64,599**	**$ 182,511**	**$ 178,910**
Adjusted EBITDA as a percentage of revenue	**22.0%**	**23.4%**	**21.5%**	**22.3%**

	Quarters Ended		Year to Date Ended	
	September 27, 2025	**September 28, 2024**	**September 27, 2025**	**September 28, 2024**
	13 weeks	**13 weeks**	**39 weeks**	**39 weeks**
Reconciliation of net income to Adjusted Net Income:				
Net income	$ 24,862	$ 23,158	$ 68,434	$ 58,515
Adjustments to net income:				
Transformation costs[(2)]	3,511	6,358	7,074	20,628
Other professional fees[(3)]	36	239	459	997
Share-based compensation[(4)]	101	2,149	6,857	7,027
Loss (gain) on foreign exchange	249	(100)	(146)	571
Tax effect of adjustments to net income	(1,111)	(1,875)	(3,468)	(6,594)
Adjusted Net Income	**$ 27,648**	**$ 29,929**	**$ 79,210**	**$ 81,144**
Adjusted Net Income as a percentage of revenue	**9.6%**	**10.8%**	**9.3%**	**10.1%**
Adjusted Net Income per Diluted Share	**$ 0.40**	**$ 0.41**	**$ 1.13**	**$ 1.12**

Notes:

(1) EBITDA 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 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 third quarter ended September 27, 2025 for further details including definitions and reconciliations to the relevant reported IFRS measure.

(2) Represents: (i) 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; (ii) costs associated with supply chain and merchandise transformation initiatives, such as duplicative warehousing and distribution costs, implementation costs associated with new information technology systems, other transition costs incurred during the transition to a new distribution centre; and for Adjusted Net Income, duplicative depreciation expense on property and equipment and right-of-use assets, and interest expense on lease liabilities; and (iii) severance expenses associated with restructuring activities in certain business support functions and expenses related to a reorganization of the senior leadership team.

For Adjusted EBITDA, the transformation costs included in cost of sales in Q3 2025 and YTD 2025 were $1.2 million and $1.7 million, respectively (Q3 2024 and YTD 2024 – $2.3 million and $4.4 million, respectively) and in selling, general, and administrative expenses, $2.0 million and $4.1 million, respectively (Q3 2024 and YTD 2024 – $3.0 million and $9.9 million, respectively). For Adjusted Net Income, the transformation costs included in cost of sales in Q3 2025 and YTD 2025 were $1.5 million and $2.6 million, respectively (Q3 2024 and YTD 2024 – $3.0 million and $8.4 million, respectively) and in selling, general, and administrative expenses, $2.0 million and $4.1 million, respectively (Q3 2024 and YTD 2024 – $3.0 million and $9.9 million, respectively). For Adjusted Net Income, the interest expense on the lease liability in Q3 2025 and YTD 2025 was $0.1 million and $0.3 million, respectively (Q3 2024 and YTD 2024 – $0.3 million and $2.3 million, respectively).

(3) Represents professional fees primarily incurred with respect to: (i) the May 2025 Secondary Offering and 2024 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 third quarter ended September 27, 2025. These fees are included in selling, general and administrative expenses.

(4) Represents share-based compensation in respect of our amended and restated share option plan, long-term incentive plan, and deferred share unit plan which is included in selling, general and administrative expenses.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited, expressed in thousands of Canadian dollars)

	Quarters Ended		Year to Date Ended	
	September 27, 2025	**September 28, 2024**	**September 27, 2025**	**September 28, 2024**
	13 weeks	**13 weeks**	**39 weeks**	**39 weeks**
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	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	101	2,149	6,857	7,027
Interest expenses, net	7,884	8,326	22,463	25,551
Income tax expense	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	5,841	3,270	9,125	4,089
Shares repurchased for cancellation	—	(2,043)	(78,015)	(2,043)
Dividends paid on common shares	(8,245)	(7,907)	(24,891)	(23,638)
Repayment of Term Facility	—	(4,437)	—	(13,312)
Net drawings on Revolving Facility	(17,000)	—	15,000	—
Interest paid on long-term debt	(1,703)	(8,493)	(8,965)	(19,805)
Repayment of principal on lease liabilities	(18,158)	(16,541)	(53,029)	(48,108)
Interest paid on lease liabilities	(5,878)	(5,865)	(17,737)	(17,494)

Tenant allowances	7,921	177	8,871	1,046
Standby letter of credit fees	(22)	—	(22)	—
Net cash used in financing activities	(37,244)	(41,839)	(149,663)	(119,265)
Investing activities				
Purchases of property and equipment	(16,837)	(16,661)	(39,790)	(43,139)
Purchase of intangible assets	(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	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	(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

Free Cash Flows
(Unaudited, expressed in thousands of Canadian dollars)

	Quarters Ended		Year to Date Ended	
	September 27, 2025	**September 28, 2024**	**September 27, 2025**	**September 28, 2024**
	13 weeks	**13 weeks**	**39 weeks**	**39 weeks**
Cash provided by operating activities	$ 45,674	$ 55,699	$ 134,812	$ 132,339
Cash used in investing activities	(4,785)	(2,548)	(5,436)	(5,669)
Tenant allowances	7,921	177	8,871	1,046
Repayment of principal on lease liabilities	(18,158)	(16,541)	(53,029)	(48,108)
Interest paid on lease liabilities	(5,878)	(5,865)	(17,737)	(17,494)
Notes receivable	(95)	(154)	(353)	(505)
Free Cash Flow	**$ 24,679**	**$ 30,768**	**$ 67,128**	**$ 61,609**

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

	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	41,258	40,339
Total current assets	241,929	246,510
Long-term lease receivables	165,253	170,052
Right-of-use assets	272,295	242,796
Property and equipment	170,852	151,462
Intangible assets	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		82,470		76,881
Total current liabilities		189,700		184,420
Long-term deferred franchise fees		4,405		4,522
Long-term lease liabilities		428,290		394,393
Long-term debt		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		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

Source: Pet Valu Canada Inc