



Pet Valu Announces Acquisition of Chico, Québec's Largest Pet Specialty Franchisor

February 25, 2022

With Chico, Pet Valu now operates almost 700 stores across every Canadian province

MARKHAM, ON, Feb. 25, 2022 /CNW/ - 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 entry into the Québec market with the acquisition of Les Franchises Chico Inc. ("Chico").



Chico is Québec's largest franchisor of pet specialty stores, with 66 locations across the province. Founded in 1983 by Pierre Charbonneau and Michel Joly, Chico has a long heritage of serving devoted pet lovers in Québec. The brand has been consistently growing its store count and same store sales, and in 2021, generated system-wide sales of approximately \$79 million and revenue of approximately \$7 million.

"Entering Québec marks a key milestone in our mission to be Canada's preferred pet retailer," said Richard Maltsbarger, President and Chief Executive Officer of Pet Valu. "The acquisition of Chico is an excellent strategic fit for both companies, as we welcome a great brand with a terrific group of franchisees and loyal customers to the Pet Valu family, with the opportunity to benefit from our scale, infrastructure and franchisee support. We look forward to supporting Chico's continued growth within the province and serving Québec's devoted pet lovers."

Similar to Pet Valu, Chico's stores provide engaging retail experiences, with a focus on expert advice and premium quality products, all within local, small-format locations averaging 3,000 square feet.

Pet Valu plans to operate Chico as a separate subsidiary led by a dedicated Montréal-based management team, with founders Pierre Charbonneau and Michel Joly continuing to be active in the business. Consistent with its multi-banner strategy in other provinces, the Company intends to preserve the Chico banner in Québec.

"I have long envisioned seeing Chico expand across Québec, to provide a place for discerning pet owners to seek expert advice and high-quality products from dedicated, neighbourhood-based franchise owners," said Pierre Charbonneau, Founder and President of Chico. "Pet Valu is the ideal partner to support Chico's continued growth across the province, given the correlation to our values and a strong track record fostering close relationships with their franchise network across Canada."

The acquisition closed February 25, 2022, was funded with cash on hand, and is expected to be immediately accretive to Pet Valu's Adjusted Net Income¹.

¹ Adjusted Net Income is a Non-IFRS Measure. See the Company's Management's Discussion and Analysis of financial condition and results of operations for the third quarter ended October 2, 2021 for a reconciliation from net income, an IFRS measure.

About Pet Valu

Pet Valu is Canada's leading retailer of pet food and pet-related supplies with over 600 corporate-owned or franchised locations across the country. For more than 40 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. Pet Valu's neighbourhood stores offer more than 7,000 competitively-priced products, including a broad assortment of premium, super premium, holistic and award-winning proprietary brands. To learn more, please visit: www.petvalu.ca.

About Chico

Chico specializes in providing support services, accessories, food, and toys for all pets, with 66 franchised locations across Québec. Founded in 1983, the company has strived to offer a healthy environment and a good quality of life to pets for over 35 years.

Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable securities legislation, which reflects the Company's current expectations regarding future events, 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. Some of the specific forward-looking statements contained herein include, but are not limited to, the anticipated benefits of the acquisition of Chico and the anticipated expenses of such acquisition. Forward-looking information is based on a number of assumptions, and is subject to a number of risks and uncertainties, many of which are beyond the Company's control. Such risks and uncertainties include, but are not limited to, the factors discussed under "Risk Factors" in the Company's supplemented PREP prospectus dated June 23, 2021. Actual results could differ materially from those projected herein. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained in this news release is provided as of the date of this news release and Pet Valu does not undertake any obligation to update such forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required under applicable securities laws.

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