Pet Valu Reports Third Quarter 2026 Results

November 10, 2026

Same-Store Sales Growth[1] +1.5%, Net Income +6% and Adjusted Net Income per Diluted Share[2] +10% Updates 2026 Outlook

MARKHAM, Ontario, Nov. 10, 2026 (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 2026.

Third Quarter Highlights

- Revenue was $299.5 million, up 3.5% versus Q3 2025.
- System-wide sales[1] were $388.6 million, an increase of 3.9% versus Q3 2025. Same-store sales growth was 1.5%.
- Adjusted EBITDA[3] was $66.6 million, up 4.8% versus Q3 2025, representing 22.2% of revenue. Operating income was $43.4 million, up 3.4% versus Q3 2025.
- Adjusted Net Income[3] was $29.8 million or $0.44 per diluted share, compared to $27.6 million or $0.40 per diluted share, respectively, in Q3 2025. Net income was $26.3 million, up 5.8% versus Q3 2025.
- Opened 7 new stores and ended the quarter with 882 stores across the network.
- Free cash flow[3] was $25.2 million, compared to $24.7 million in Q3 2025.
- Subsequent to Q3 2026, the Board of Directors of the Company declared a dividend of $0.13 per common share.

2026 Outlook

- On a 52-week comparable basis, the Company now expects revenue growth between 2.5% and 3.5%, Adjusted EBITDA margin[2] of approximately 21.5%, and Adjusted Net Income per Diluted Share growth in the low single-digits.

“We delivered strong third quarter performance, highlighted by positive same-store sales growth and compelling earnings growth in a constrained consumer environment," said Greg Ramier, Chief Executive Officer of Pet Valu. "These results reflect the appeal of our commercial plan, the disciplined execution of our teams and the unmatched scale of our stores and supply chain network.

“Reflecting the strength of year-to-date performance, we have updated our 2026 Outlook, including improved profit expectations," continued Mr. Ramier. "By focusing on the needs of devoted pet lovers and the elements within our control, we are reinforcing our industry leadership and positioning Pet Valu to drive sustainable, profitable growth in current market conditions.”

Financial Results for the Third Quarter Fiscal 2026

All comparative figures below are for the quarter ended October 3, 2026, compared to the quarter ended September 27, 2025.

Revenue was $299.5 million in Q3 2026 compared to $289.5 million in Q3 2025, an increase of $10.1 million, or 3.5%. The increase was primarily due to higher retail sales and franchise and other revenues.

Same-store sales growth was 1.5% in Q3 2026, primarily due to a 1.4% same-store average spend per transaction growth[1] and a 0.1% same-store transaction growth[1]. This is compared to a 2.3% same-store sales growth in Q3 2025, which was primarily driven by a 2.0% same-store average spend per transaction growth and a 0.3% same-store transaction growth.

Gross profit was $97.2 million in Q3 2026 compared to $95.6 million in Q3 2025, an increase of $1.7 million, or 1.7%. Gross profit margin was 32.5% in Q3 2026 compared to 33.0% in Q3 2025, a decrease of 0.5%. Excluding costs related to the supply chain transformation, gross profit margin was 32.5% in Q3 2026 and 33.5% in Q3 2025, respectively, a decrease of 1.0%. The decrease was primarily due to (i) price investments made in late 2025; (ii) higher fuel costs; (iii) higher occupancy costs; partially offset by (iv) distribution efficiencies from the new distribution centres.

Selling, general and administrative ("SG&A") expenses were $53.9 million in Q3 2026 compared to $53.6 million in Q3 2025, an increase of $0.2 million, or 0.5%. The increase was primarily due to (i) higher gain on sale of assets for re-franchised stores; and (ii) lower professional fees; partially offset by (iii) higher marketing and advertising expenses; (iv) impairment of assets for corporate-owned stores; (v) higher technology expenditures related to cloud services. SG&A expenses, as a percentage of revenue, for Q3 2026 and Q3 2025, were 18.0% and 18.5%, respectively.

Interest expense, net was $7.3 million in Q3 2026 compared to $7.9 million in Q3 2025, a decrease of $0.6 million, or 7.4%. The decrease was primarily due to lower interest expense on the Term Facility primarily due to a decline in interest rates compared to

Q3 2025.

Income tax expense was $9.8 million in Q3 2026 compared to $8.9 million in Q3 2025, an increase of $0.9 million, or 9.5%. The increase was primarily due to higher taxable earnings in Q3 2026 with an effective tax rate of 27.1% in Q3 2026, compared to 26.4% in Q3 2025. The Q3 2026 and Q3 2025 effective tax rates were higher than the statutory tax rate primarily because of non-deductible expenses.

Net income was $26.3 million in Q3 2026 compared to $24.9 million in Q3 2025, an increase of $1.5 million, or 5.8%. The increase was primarily due to higher operating income, lower interest expense, net, and gain on foreign exchange, partially offset by higher income tax expense as described above.

Adjusted EBITDA was $66.6 million in Q3 2026 compared to $63.6 million in Q3 2025, an increase of $3.0 million, or 4.8%. The increase was primarily due to (i) lower SG&A expenses, excluding share-based compensation and costs not indicative of business performance, driven by higher gain on sale of assets for re-franchised stores, lower professional fees, and lower compensation costs, partially offset by higher advertising expenses, and higher technology expenditures related to cloud services; and (ii) higher gross profit, excluding costs related to the supply chain transformation. Adjusted EBITDA as a percentage of revenue[(2)] was 22.2% and 22.0% in Q3 2026 and Q3 2025, respectively.

Adjusted Net Income was $29.8 million in Q3 2026, compared to $27.6 million in Q3 2025, an increase of $2.2 million, or 8.0%. The increase was primarily due to (i) lower SG&A expenses, excluding share-based compensation and costs not indicative of business performance, driven by higher gain on sale of assets for re-franchised stores, lower professional fees, and lower compensation costs, partially offset by higher advertising expenses, and higher technology expenditures related to cloud services; partially offset by (ii) higher income taxes (adjusted for items not indicative of business performance). Adjusted Net Income as a percentage of revenue[(2)] was 10.0% and 9.6% in Q3 2026 and Q3 2025, respectively.

Adjusted Net Income per Diluted Share was $0.44 in Q3 2026, compared to $0.40 in Q3 2025, an increase of $0.04 per common share or 10.0%. The increase was primarily due to higher Adjusted Net Income and the lower diluted weighted average number of common shares outstanding as a result of the common share repurchases under the 2025 NCIB.

Cash at the end of Q3 2026 totaled $23.1 million.

Net Capital Expenditures[(3)] were $3.0 million in Q3 2026 compared to $8.3 million in Q3 2025, a decrease of $5.4 million. The decrease was primarily due to lower expenditures on property and equipment as the comparative period included construction costs related to the new distribution centres, and higher proceeds on disposal of property and equipment from the sale of corporate-owned stores to franchisees, partially offset by lower tenant allowances received as the comparative period included the new Calgary distribution centre.

Free Cash Flow was $25.2 million in Q3 2026 compared to $24.7 million in Q3 2025, an increase of $0.5 million. The increase was primarily due to (i) an increase in cash provided by investing activities as the comparative period included construction costs related to the new distribution centres and higher proceeds on disposal of property and equipment from the sale of corporate-owned stores to franchisees; partially offset by (ii) lower tenant allowances received as the comparative period included the new Calgary distribution centre; (iii) a decrease in cash from operating activities resulting from an unfavourable net change in operating working capital, partially offset by lower income taxes paid, and higher net income (adjusted for items not involving cash); and (iv) an increase in payments of principal and interest on lease liabilities due to store network expansion.

Inventory at the end of Q3 2026 was $138.2 million compared to $131.1 million at the end of Q4 2025, an increase of $7.1 million primarily to support the growth of the store network and wholesale penetration.

Dividends

On November 9, 2026, the Board of Directors of the Company declared a dividend of $0.13 per common share payable on December 15, 2026 to holders of common shares of record as at the close of business on November 30, 2026.

Outlook

Fiscal 2026 will be a 52-week fiscal year, compared to a 53-week fiscal year in Fiscal 2025. Factoring in Q3 2026 performance, the Company now expects the following in Fiscal 2026, on a 52-week comparable basis:

- revenue growth between 2.5% and 3.5%, supported by approximately 37 new store openings, flat to 1% same-store sales growth and higher wholesale merchandise sales penetration;
- Adjusted EBITDA margin of approximately 21.5%, which incorporates heightened value-seeking consumer demand trends and higher fuel costs, offset by operating expense leverage;
- Adjusted Net Income per Diluted Share growth in the low single-digit range;
- business reinvestment of approximately $30 million, consisting of approximately $18 million in Net Capital Expenditures and approximately $12 million in transformation costs.

The Company estimates the 53rd week contributed approximately 2% of reported revenue, Adjusted EBITDA and Adjusted Net

Income in Fiscal 2025. This estimate was derived using (i) actual revenue recorded and employee benefits expense incurred in the 53rd week, and (ii) gross profit margin and prorated expenses, other than employee benefits, from the final fiscal period of 2025.

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 Outlook for 2026 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 October 3, 2026, incorporated by reference herein, for the definitions of supplementary financial measures.

(2) 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 October 3, 2026 for the definitions of non-IFRS ratios and each non-IFRS financial measure that is used as a component of such non-IFRS ratios.

(3) 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 financial 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 October 3, 2026 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 measures. A copy of the MD&A for the third quarter ended October 3, 2026 is available on SEDAR+ at www.sedarplus.ca.

Conference Call Details

A conference call to discuss the Company's third quarter results is scheduled for November 10, 2026, at 8:30 a.m. ET. A live webcast of the call will be available through the Events & Presentations section of the Company's website at investors.petvalu.ca. For those unable to participate, the webcast will be archived and available for replay following the conclusion of the live event through the same link.

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 50 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 financial 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, these measures should not be considered in isolation nor as a substitute for the Company's analysis of its financial information reported under IFRS. The Company uses non-IFRS financial measures, including "EBITDA", "Adjusted EBITDA", "Adjusted Net Income", "Free Cash Flow" and "Net Capital Expenditures", and non-IFRS ratios, including "Adjusted EBITDA margin", "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 financial measures, non-IFRS ratios and supplementary financial measures are used to provide investors with supplemental measures of the Company's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. The Company also believes that securities analysts, investors and other interested parties frequently use such non-IFRS financial measures, non-IFRS ratios and supplementary financial measures in the evaluation of issuers. Management of the Company uses non-IFRS financial 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 October 3, 2026 for further information on non-IFRS financial measures, non-IFRS ratios (including each non-IFRS financial measure that is used as a component of such non-IFRS ratios) and supplementary measures, including for their definition and, for non-IFRS financial

measures, a reconciliation to the most comparable IFRS measure.

Forward-Looking Information

This press release contains 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.

Forward-looking information may relate to the Company's future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, store openings and enhancements, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments 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 MD&A for the third quarter ended October 3, 2026 and in the Company's Annual Information Form dated March 2, 2026 ("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. These factors are not intended to represent a complete list of the factors that could affect the Company; however, these factors should be considered carefully.

The purpose of the forward-looking information is to provide the reader with a description of management's current expectations regarding the Company's financial performance and may not be appropriate for other purposes. Readers should not place undue reliance on forward-looking information contained herein. To the extent any forward-looking information in this press release constitutes future-oriented financial information, within the meaning of applicable securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information, as with forward-looking information generally, is based on current assumptions and subject to risks, uncertainties and other factors. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

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SELECTED CONSOLIDATED FINANCIAL INFORMATION

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

	Quarters Ended		Year to Date	
	October 3, 2026	September 27, 2025	**October 3, 2026**	September 27, 2025
	13 weeks	13 weeks	**39 weeks**	39 weeks
	$	$	**$**	$
Revenue				
Retail sales	**108,607**	104,601	**324,168**	306,069
Franchise and other revenues	**190,917**	184,861	**553,981**	543,127
Total revenue	**299,524**	289,462	**878,149**	849,196
Cost of sales	**202,297**	193,900	**595,876**	567,937
Gross profit	**97,227**	95,562	**282,273**	281,259

Selling, general and administrative expenses	**53,877**	53,634	**162,100**	165,211
Total operating income	**43,350**	41,928	**120,173**	116,048
Interest expenses, net	**7,299**	7,884	**21,996**	22,463
(Gain) loss on foreign exchange	**(47)**	249	**263**	(146)
Income before income taxes	**36,098**	33,795	**97,914**	93,731
Income tax expense	**9,784**	8,933	**26,620**	25,297
Net income and comprehensive income	**26,314**	24,862	**71,294**	68,434
Net income per share				
Basic	**0.39**	0.36	**1.05**	0.99
Diluted	**0.39**	0.36	**1.05**	0.97

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

	Quarters Ended		**Year to Date**	
	October 3, 2026	September 27, 2025	**October 3, 2026**	September 27, 2025
	13 weeks	13 weeks	**39 weeks**	39 weeks
	$	$	**$**	$
Reconciliation of net income to Adjusted EBITDA				
Net income	**26,314**	24,862	**71,294**	68,434
Depreciation and amortization	**18,635**	18,380	**57,009**	53,293
Interest expenses, net	**7,299**	7,884	**21,996**	22,463
Income tax expense	**9,784**	8,933	**26,620**	25,297
EBITDA[(1)]	**62,032**	60,059	**176,919**	169,487
Adjustments to EBITDA				
Transformation costs[(2)]	**2,494**	3,153	**6,692**	5,854
Other professional fees[(3)]	**27**	36	**55**	459
Share-based compensation[(4)]	**1,118**	101	**2,476**	6,857
Asset impairments[(5)]	**1,000**	—	**1,115**	—
(Gain) loss on foreign exchange	**(47)**	249	**263**	(146)
Adjusted EBITDA	**66,624**	63,598	**187,520**	182,511
Adjusted EBITDA as a percentage of revenue	**22.2%**	22.0%	21.4%	21.5%

	Quarters Ended		**Year to Date**	
	October 3, 2026	September 27, 2025	**October 3, 2026**	September 27, 2025
	13 weeks	13 weeks	**39 weeks**	39 weeks
	$	$	**$**	$
Reconciliation of net income to Adjusted Net Income				
Net income	**26,314**	24,862	**71,294**	68,434
Adjustments to net income				
Transformation costs[(2)]	**2,494**	3,511	**6,692**	7,074
Other professional fees[(3)]	**27**	36	**55**	459
Share-based compensation[(4)]	**1,118**	101	**2,476**	6,857
Asset impairments[(5)]	**1,000**	—	**1,115**	—

(Gain) loss on foreign exchange	**(47)**	249	**263**	(146)
Tax effect of adjustments to net income	**(1,057)**	(1,111)	**(2,286)**	(3,468)
Adjusted Net Income	**29,849**	27,648	**79,609**	79,210
Adjusted Net Income as a percentage of revenue	**10.0%**	9.6%	**9.1%**	9.3%
Adjusted Net Income per Diluted Share	**0.44**	0.40	**1.17**	1.13

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 October 3, 2026 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 related to transformational initiatives supporting finance systems, e-commerce and omni-channel capabilities 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 2026 and YTD 2026 were $nil (Q3 2025 and YTD 2025 – $1.2 million and $1.7 million, respectively) and in selling, general, and administrative expenses were $2.5 million and $6.7 million, respectively (Q3 2025 and YTD 2025 – $2.0 million and $4.1 million, respectively).

For Adjusted Net Income, the transformation costs included in cost of sales in Q3 2026 and YTD 2026 were $nil (Q3 2025 and YTD 2025 – $1.5 million and $2.6 million, respectively) and in selling, general, and administrative expenses were $2.5 million and $6.7 million, respectively (Q3 2025 and YTD 2025 – $2.0 million and $4.1 million, respectively). For Adjusted Net Income, the interest expense on the lease liability in Q3 2026 and YTD 2026 were $nil (Q3 2025 and YTD 2025 – $0.1 million and $0.3 million, respectively).

(3) Represents professional fees primarily incurred with respect to (i) the Canada Revenue Agency's ("CRA") examination of the Company's Canadian tax filings discussed in the "Income Taxes" section in the MD&A for the third quarter ended October 3, 2026; and (ii) the secondary offering of the Company's common shares completed by the principal shareholders on May 21, 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.

(5) Represents non-cash impairment charges primarily related to property and equipment, and right-of-use assets for corporate stores which were included in selling, general and administrative expenses.

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

	Quarters Ended		**Year to Date**	
	October 3, 2026	September 27, 2025	**October 3, 2026**	September 27, 2025
	13 weeks	13 weeks	**39 weeks**	39 weeks
	$	$	**$**	$
Cash provided by (used in)				
Operating activities				
Net income	**26,314**	24,862	**71,294**	68,434
Adjustments for items not affecting cash:				
Depreciation and amortization	**18,635**	18,380	**57,009**	53,293
Impairment of property and equipment	**336**	—	**336**	—
Impairment of right-of-use assets	**664**	—	**779**	—
Deferred franchise fees	**73**	46	**180**	(140)
Gain on disposal of property and equipment	**(2,887)**	(58)	**(7,091)**	(113)
(Gain) loss on disposal of right-of-use assets	**(155)**	16	**(391)**	57

(Gain) loss on foreign exchange	**(47)**	249	**263**	(146)
Share-based compensation expense	**1,118**	101	**2,476**	6,857
Interest expenses, net	**7,299**	7,884	**21,996**	22,463
Income tax expense	**9,784**	8,933	**26,620**	25,297
Income taxes paid	**(10,375)**	(11,910)	**(38,139)**	(27,931)
Changes in operating working capital:				
Trade and other receivables	**(2,552)**	(639)	**(4,094)**	5,076
Inventories	**(3,750)**	(541)	**(5,932)**	(15,899)
Prepaid expenses and other assets	**(1,648)**	(264)	**(2,622)**	(2,408)
Trade and other payables	**(488)**	(1,385)	**894**	(28)
Net cash provided by operating activities	**42,321**	45,674	**123,578**	134,812
Financing activities				
Proceeds from exercise of share options	**—**	5,841	**1,530**	9,125
Shares repurchased for cancellation	**(14,631)**	—	**(49,553)**	(78,015)
Dividends paid on common shares	**(8,707)**	(8,245)	**(26,423)**	(24,891)
Net drawings on Revolving Facility	**—**	(17,000)	**—**	15,000
Interest paid on long-term debt	**(3,211)**	(1,703)	**(9,439)**	(8,965)
Repayment of principal on lease liabilities	**(20,122)**	(18,158)	**(59,300)**	(53,029)
Interest paid on lease liabilities	**(6,359)**	(5,878)	**(19,009)**	(17,737)
Tenant allowances received	**418**	7,921	**747**	8,871
Standby letter of credit fees	**(59)**	(22)	**(176)**	(22)
Net cash used in financing activities	**(52,671)**	(37,244)	**(161,623)**	(149,663)
Investing activities				
Purchases of property and equipment	**(6,445)**	(16,837)	**(18,034)**	(39,790)
Purchases of intangible assets	**(750)**	(478)	**(2,017)**	(1,231)
Proceeds on disposal of property and equipment	**3,812**	1,071	**10,876**	1,747
Right-of-use asset initial direct costs	**(567)**	(1,071)	**(1,590)**	(1,838)
Notes receivable	**160**	95	**410**	353
Receipt of principal on lease receivables	**10,671**	9,998	**31,530**	29,571
Interest received on lease receivables and other	**2,814**	2,692	**8,240**	8,394
Repurchase of franchises	**(607)**	(255)	**(3,925)**	(2,642)
Net cash provided by (used in) investing activities	**9,088**	(4,785)	**25,490**	(5,436)
Effect of exchange rate on cash and cash equivalents	**96**	(263)	**(49)**	(96)
Net (decrease) increase in cash and cash equivalents	**(1,166)**	3,382	**(12,604)**	(20,383)
Cash and cash equivalents, beginning of period	**24,283**	11,376	**35,721**	35,141
Cash and cash equivalents, end of period	**23,117**	14,758	**23,117**	14,758

Free Cash Flow
(Unaudited, in thousands of Canadian dollars)

	Quarters Ended		**Year to Date**	
	October 3, 2026	September 27, 2025	**October 3, 2026**	September 27, 2025
	13 weeks	13 weeks	**39 weeks**	39 weeks
	$	$	**$**	$
Cash provided by operating activities	**42,321**	45,674	**123,578**	134,812
Cash provided by (used in) investing activities	**9,088**	(4,785)	**25,490**	(5,436)
Tenant allowances	**418**	7,921	**747**	8,871
Repayment of principal on lease liabilities	**(20,122)**	(18,158)	**(59,300)**	(53,029)
Interest paid on lease liabilities	**(6,359)**	(5,878)	**(19,009)**	(17,737)
Notes receivable	**(160)**	(95)	**(410)**	(353)
Free Cash Flow	**25,186**	24,679	**71,096**	67,128

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

	As at October 3, 2026 $	As at January 3, 2026 $
Assets		
Current assets		
Cash and cash equivalents	**23,117**	35,721
Trade and other receivables	**38,028**	34,346
Inventories	**138,182**	131,050
Prepaid expenses and other assets	**17,572**	14,950
Lease receivables	**44,316**	41,508
Income taxes recoverable	**8,304**	—
Total current assets	**269,519**	257,575
Long-term lease receivables	**183,282**	172,171
Right-of-use assets	**263,991**	272,944
Property and equipment	**165,204**	174,225
Intangible assets	**47,462**	48,444
Goodwill	**101,962**	100,412
Deferred tax assets	**8,174**	8,174
Other assets	**3,863**	3,715
Total assets	**1,043,457**	1,037,660
Liabilities		
Current liabilities		
Trade and other payables	**108,914**	106,992
Deferred franchise fees	**1,502**	1,481
Lease liabilities	**82,353**	77,126
Income taxes payable	**—**	2,144
Other liabilities	**13,267**	11,004
Provisions	**—**	120
Total current liabilities	**206,036**	198,867
Long-term deferred franchise fees	**4,721**	4,578
Long-term lease liabilities	**440,738**	437,029
Long-term debt	**289,698**	288,987
Deferred tax liabilities	**2,892**	2,892
Other liabilities	**2,724**	2,996
Provisions	**4,133**	4,037
Total liabilities	**950,942**	939,386
Shareholders' equity		
Common shares	**319,769**	332,655
Contributed surplus	**6,203**	4,957
Deficit	**(233,316)**	(239,197)
Currency translation reserve	**(141)**	(141)
Total shareholders' equity	**92,515**	98,274
Total liabilities and shareholders' equity	**1,043,457**	1,037,660