**Pet Valu Reports Fourth Quarter and Fiscal Year 2021 Results;**
**2021 Same-Store Sales Growth of 18%**
*Raises Quarterly Dividend and Provides 2022 outlook*

**Markham, Ontario, March 9, 2022** - 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 fourth quarter and fiscal year ended January 1, 2022.

**Fourth Quarter Highlights**

- System-wide sales[(1)] were $288.5 million, an increase of 11.7%, or 18.2% excluding the 14th week in the prior year, primarily driven by same-store sales growth[(1)] of 16.7%.
- Revenue was $223.1 million, up 9.7%, or 18.6% excluding the 14th week in the prior year.
- Adjusted EBITDA[(2)] grew 11.5% to $53.3 million, representing 23.9% of revenue, up 40 basis points versus the prior year. Operating income was $41.3 million, up 19.4% versus the prior year.
- Net income was $26.7 million, up from $13.8 million in the prior year.
- Adjusted Net Income[(2)] was $29.3 million or $0.41 per diluted share.
- Opened 12 new stores in the quarter, increasing the network by 28 stores in the last 12 months.
- The Board of Directors declared a dividend of $0.06 per common share.

**Fiscal Year Highlights**

- System-wide sales were $998.1 million, an increase of 18.6%, or 20.6% excluding the 53rd week in 2020, primarily driven by same-store sales growth [(1)] of 17.8%.
- Revenue was $776.0 million, up 19.7%, or 22.6% excluding the 53rd week in 2020.
- Adjusted EBITDA grew 26.2% to $182.3 million, representing 23.5% of revenue, up 120 basis points versus the prior year. Operating income was $129.4 million, up 26.0%.
- Net income was $98.8 million, up from $28.6 million in the prior year.
- Adjusted Net Income was $73.0 million or $1.02 per diluted share.

**2022 Outlook**

- The Company expects revenue between $845 and $870 million, supported by same-store sales growth between 6% and 9% and 30-45 new store openings, Adjusted EBITDA between $187 and $194 million and Adjusted Net Income per Diluted Share[(2)] between $1.37 and $1.44.

"Our strong fourth quarter performance capped off a record year for our business, where we made significant advancements in our strategic agenda, despite a challenging operating environment," said Richard Maltsbarger, President and Chief Executive Officer. "Attractive holiday assortments and depth of inventory complemented our unique and engaging customer experiences and omnichannel capabilities to help Pet Valu again take market share in Canada's growing pet industry.

"As we look ahead to 2022, we target another year of growth ahead of our long-term model," continued Mr. Maltsbarger. "We are also excited to welcome Chico to the Pet Valu family, providing us with an experienced entry into Quebec, and positioning us to better serve Canada's devoted pet lovers with 700 stores across all 10 provinces. Given our strong financial position, confidence in our outlook and established Quebec expansion plans, we have raised our quarterly dividend to $0.06 per share."

**Financial Results for the Fourth Quarter Fiscal 2021**

*All comparative figures below are for the 13-week period ended January 1, 2022, compared to the 14-week period ended January 2, 2021.*

**Revenue** increased by 9.7% to $223.1 million, compared to $203.4 million in the fourth quarter last year. The comparative quarter includes $15.4 million of revenue from the 14th week. The increase in revenue was driven by growth in retail sales, as well as franchise and other revenues.

**Same-store sales growth**[(1)] was 16.7% in Q4 2021 primarily driven by a 10.8% increase in same-store transactions and a 5.4% increase in same-store average spend per transaction. This is compared to same-store sales growth of 18.0% in Q4 2020 which primarily consisted of a 0.8% increase in same-store transactions and a 17.1% increase in same-store average spend per transaction. Same-store transactions and same-store average spend per transaction in Q4 2020 were impacted by a shift in consumer behaviour associated with COVID-19 restrictions.

**Gross profit** increased by $6.5 million, or 8.6%, to $82.0 million in Q4 2021, compared to $75.5 million in Q4 2020. Gross profit margin was 36.8% in Q4 2021 compared to 37.1% in Q4 2020. The gross profit margin decrease was primarily driven by: (i) the absorption of incremental freight costs due to global supply chain constraints, and higher distribution costs driven by incremental wages and storage to support increased demand and e-commerce sales; (ii) partially offset by the favourable impact of the stronger Canadian dollar on products sourced outside Canada and primarily denominated in U.S. dollars; and (iii) leverage gained on fixed costs due to higher revenue.

**Selling, general and administrative ("SG&A") expenses** decreased by 0.4% to $40.8 million, compared to $40.9 million in the fourth quarter last year. SG&A expenses were 18.3% of revenue compared to 20.1% of revenue in the fourth quarter last year. The decrease of $0.2 million in SG&A expenses was primarily due to: (i) lower professional fees of $3.3 million as the comparative quarter included fees to support the preparation of the Company's initial public offering (the "Offering") and separation activities; (ii) lower compensation costs of $0.9 million as the comparative quarter included additional severance as part of business transformation costs and bonus expense related to the Offering as well an additional week due to the Q4 2020 calendar; (iii) partially offset by $3.3 million of higher other selling, general and administrative expenses primarily due to additional insurance relating to public company requirements and lower gain on the sale of assets due to fewer re-franchised stores in Q4 2021; (iv) higher advertising expenses of $0.5 million; and (v) higher depreciation and amortization of $0.3 million due to leasehold improvements and furniture and fixtures for new and existing corporate-owned stores.

**Adjusted EBITDA**[(2)] was $53.3 million, or 23.9% of revenue, compared to $47.8 million, or 23.5% of revenue, in the fourth quarter last year.

**Net interest expense** was $4.4 million in Q4 2021, a decrease of $11.3 million, or 71.9%, compared to $15.7 million in Q4 2020. The decrease was primarily driven by lower interest expense on the 2021 Credit Facilities (as defined in the Company's Management Discussion and Analysis ("MD&A") for the fourth quarter ended January 1, 2022) resulting from lower interest rates and lower total debt outstanding following the closing of the Offering.

**Income taxes** were $10.0 million in Q4 2021 compared to $5.5 million in Q4 2020, an increase of $4.5 million year over year. The increase in income taxes was primarily the result of higher taxable earnings in Q4 2021. The effective income tax rate was 27.2% in Q4 2021 compared to 28.6% in Q4 2020. The effective tax rates are higher than the blended statutory rate of 26.5% primarily because of non-deductible expenses.

**Net income** was $26.7 million, an increase of $12.9 million from net income of $13.8 million in the fourth quarter last year. The change in net income is explained from the factors described above.

**Adjusted Net Income**(2) increased by $12.0 million to $29.3 million in Q4 2021, compared to $17.3 million in Q4 2020. Adjusted Net Income as a percentage of revenue was 13.1% in Q4 2021 and 8.5% in Q4 2020.

**Adjusted Net Income per Diluted Share**(2) was $0.41 compared to $0.31 in the fourth quarter last year.

**Cash and cash equivalents** at the end of the fourth quarter totaled $50.1 million.

**Free Cash Flow**(2) amounted to $35.3 million in Q4 2021.

**Inventory** at end of the fourth quarter of 2021 was $91.7 million.

**Financial Results for Fiscal 2021**

*All comparative figures below are for the 52-week period ended January 1, 2022, compared to the 53-week period ended January 2, 2021.*

**Revenue** increased by 19.7% to $776.0 million, compared to $648.5 million in the prior year. The comparative year includes $15.4 million of revenue from the 53rd week. The increase in revenue was driven by growth in retail sales, as well as franchise and other revenues.

**Same-store sales growth** was 17.8% in Fiscal 2021 primarily driven by a 10.5% increase in same-store transactions and a 6.6% increase in same-store average spend per transaction. This is compared to same-store sales growth of 10.6% in Fiscal 2020 which primarily consisted of a (5.2)% decrease in same-store transactions and a 16.7% increase in same-store average spend per transaction. Same-store sales growth in Fiscal 2020 was significantly impacted by the onset of the COVID-19 pandemic and the initial round of governmental lock-down measures.

**Gross profit** increased by $56.6 million, or 24.5%, to $287.2 million in Fiscal 2021, compared to $230.6 million in Fiscal 2020. Gross profit margin was 37.0% of revenue in Fiscal 2021 compared to 35.6% in Fiscal 2020. The gross profit margin increase was primarily driven by: (i) the favourable impact of the stronger Canadian dollar on products sourced outside Canada and primarily denominated in U.S. dollars; (ii) leverage gained on fixed costs due to higher revenue and (iii) partially offset by the absorption of incremental freight costs due to global supply chain constraints, and higher distribution costs driven by incremental wages and storage to support increased demand, e-commerce sales and COVID-related absences.

**Selling, general and administrative ("SG&A") expenses** increased by 23.3% to $157.8 million, compared to $128.0 million in Fiscal 2020. SG&A expenses were 20.3% of revenue compared to 19.7% of revenue in Fiscal 2020. The increase of $29.8 million in SG&A expenses was primarily due to: (i) increased compensation costs of $15.1 million as a result of the Company operating separately from the Group, headcount investments made to align with certain strategic initiatives and requirements applicable to becoming a public company, and bonus expense for key management due to the performance of the business and the completion of the Offering as well as an additional week due to the 2020 fiscal calendar; (ii) higher advertising expenses of $4.8 million; (iii) higher other selling, general and administrative expense of $3.8 million primarily due to additional insurance from public company requirements and higher selling expenses for e-commerce sales; (iv) higher information technology expenses of $2.8 million associated with the implementation of software as a service (“SaaS”) arrangements; (v) higher depreciation and amortization of $1.9 million due to leasehold improvements and furniture and fixtures for new and existing corporate-owned stores; and (vi) higher professional fees of $1.2 million to support the preparation of the Offering and the secondary offering of the Company's common shares completed by its principal shareholders on September 28, 2021 (the "Secondary Offering"), separation activities, taxation matters and public entity requirements.

**Adjusted EBITDA** was $182.3 million, or 23.5% of revenue, compared to $144.4 million, or 22.3% of revenue, in the prior year.

**Net interest expense** was $46.9 million in Fiscal 2021, a decrease of $17.1 million, or 26.8%, compared to $64.0 million in Fiscal 2020. The decrease was primarily driven by lower interest expense on the 2021 Credit Facilities resulting from lower interest rates and lower total debt outstanding following the closing of the Offering.

**Income taxes** were $26.3 million in Fiscal 2021 compared to $11.4 million in Fiscal 2020, an increase of $14.8 million year over year. The increase in income taxes was primarily the result of higher taxable earnings in Fiscal 2021. The effective income tax rate was 21.0% in Fiscal 2021 compared to 28.6% in the prior year. The Fiscal 2021 effective tax rate is lower than the blended statutory rate of 26.5% primarily because of the favourable tax treatment on foreign exchange gains related to the repayment of the 2016 Term Loans and on the settlement of a foreign exchange forward contract (See "Liquidity and Capital Resources – Credit Facilities"), partially offset by $1.4 million cumulative income tax expense related to the enactment of Bill C-30 and interest income earned from advances made to its former U.S. legal entity subsidiaries for 2019 and 2020. The Company previously had made protective elections to impute taxable interest income from these advances under the Pertinent Loan or Indebtedness regime. The Fiscal 2020 effective tax rate is higher than the blended statutory rate of 26.5% primarily because of non-deductible expenses.

**Net income** was $98.8 million, an increase of $70.2 million from net income of $28.6 million in Fiscal 2020. The change in net income is explained from the factors described above.

**Adjusted Net Income** increased by $37.5 million to $73.0 million in Fiscal 2021, compared to $35.5 million in Fiscal 2020. Adjusted Net Income as a percentage of revenue was 9.4% in Fiscal 2021 and 5.5% in Fiscal 2020.

**Adjusted Net Income per Diluted Share** was $1.02 compared to $0.64 in Fiscal 2020.

**Cash and cash equivalents** at the end of the year totaled $50.1 million.

**Free Cash Flow** amounted to $86.3 million in Fiscal 2021.

**Inventory** at the end of the year was $91.7 million.

(1) This is a supplementary financial measure. Refer to "Non-IFRS Measures and Supplementary Financial Measures" below.

(2) This is a Non-IFRS financial measure. Non-IFRS financial measures are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Refer to "Non-IFRS Measures and Supplementary Financial Measures" and "Selected Consolidated Financial Information" below, including for a reconciliation of the non-IFRS measures used in this release to the most comparable IFRS measures. Also refer to sections entitled "How We Assess the Performance of our Business", "Non-IFRS Measures and Supplementary Finanical Measures" and "Selected Consolidated Financial Information" in the Company's Management's Discussion and Analysis ("MD&A") for the fourth quarter ended January 1, 2022, incorporated by reference herein, for further details concerning same-store sales growth, Adjusted EBITDA, Adjusted Net Income, Adjusted Net Income per Diluted Share and Free Cash Flow including definitions and reconciliations to the relevant reported IFRS measure.

**Dividends**

On March 9, 2022, the Company announced that its Board declared a dividend of $0.06 per common share payable on April 15, 2022 to holders of common shares of record as at the close of business on March 31, 2022.

**2022 Outlook**

The following information, except for same-store sales growth, includes the impact of Les Franchises Chico Inc. ("Chico"), which was acquired by the Company on February 25, 2022.

For the full year 2022, the Company expects:

- Revenue between $845 and $870 million, supported by same-store sales growth of between 6% and 9%, and 30 to 45 new store openings inclusive of 5 to 10 stores under the Chico banner in Quebec;
- Adjusted EBITDA between $187 and $194 million, which incorporates a full year of public company costs, as well as incremental investments in labour as well as storage and throughput capacity, disclosed in late 2021;
- Adjusted Net Income per Diluted Share between $1.37 and $1.44;
- Information technology expenses of approximately $9 million and share-based compensation of approximately $7 million, both of which are excluded from Adjusted EBITDA and Adjusted Net Income per Diluted Share; and
- Net Capital Expenditures[3] between $20 and $25 million.

Due to the impact of various forms of government mandated operating restrictions imposed in early 2021, the Company expects year-over-year growth to be stronger in the first half of 2022, particularly the first quarter, compared to year-over-year growth in the second half of the year. The Company also continues to expect the pet industry growth to gradually normalize to historical levels through 2022, as pandemic spend tailwinds ease. The relative distribution of revenue is expected to be more representative of pre-pandemic years, such as 2019.

(3) Net Capital Expenditures represents purchase of property and equipment, purchase of intangible assets, proceeds on disposal of property and equipment and tenant allowances.

**Conference Call Details**

A conference call to discuss the Company's fourth quarter results is scheduled for March 9, 2022, at 8:30 a.m. ET. To access Pet Valu's conference call, please dial 1-888-350-3870, (access code: 5518274). 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 1-800-770-2030 (ID: 5518274#) and will be accessible until March 16, 2022. 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 700 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.com.

**Basis of Presentation - Carve-out Financial Information**

Prior to the Offering, the Company was not operating as a stand-alone entity and as a result, the financial information for periods prior to June 30, 2021 are presented on a carve-out basis that includes only legal entities representing the Canadian operations of Pet Valu Holdings Ltd. (referred to as the "Group", prior to the distribution of its U.S. operations to its shareholder). For more information, see the Company's audited consolidated financial statements and related MD&A for the 52-week and 53-week periods ended January 1, 2022 and January 2, 2021, respectively.

**Non-IFRS Measures and Supplementary Financial Measures**

This press release makes reference to certain non-IFRS measures. These measures 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", Adjusted Net Income per Diluted Share" and "Free Cash Flow". This press release also makes reference to certain supplementary financial measures that are commonly used in the retail industry, including "System-wide stores", "System-wide sales", "Same-store sales", and "Same-store sales growth". These non-IFRS measures 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 and these supplementary financial measures in the evaluation of issuers. Management uses non-IFRS 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 fourth quarter ended January 1, 2022 for further information on non-IFRS measures and industry metrics, 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 of 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. 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 securities laws in Canada. 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 is forward-looking information, 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 ("AIF") dated March 8, 2022. Often but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology.

Many factors could cause our 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 AIF. A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

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:**

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## *SELECTED CONSOLIDATED FINANCIAL INFORMATION*

### *Condensed Interim Consolidated Statements of Income and Comprehensive Income (Loss)*

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

| | Quarters Ended | | Fiscal Year Ended | |
|---|---|---|---|---|
| | **January 1, 2022** | **January 2, 2021** | **January 1, 2022** | **January 2, 2021** |
| | **13 weeks** | **14 weeks** | **52 weeks** | **53 weeks** |
| **Revenue:** | | | | |
| Retail sales | $ 96,664 | $ 90,065 | $ 347,305 | $ 295,750 |
| Franchise and other revenues | 126,389 | 113,341 | 428,708 | 352,709 |
| **Total revenue** | 223,053 | 203,406 | 776,013 | 648,459 |
| **Cost of sales** | 141,029 | 127,909 | 488,834 | 417,830 |
| **Gross profit** | 82,024 | 75,497 | 287,179 | 230,629 |
| Selling, general and administrative expenses | 40,758 | 40,933 | 157,773 | 127,953 |
| **Total operating income** | 41,266 | 34,564 | 129,406 | 102,676 |
| Interest expenses, net | 4,403 | 15,671 | 46,873 | 64,009 |
| Loss (gain) on foreign exchange | 105 | (466) | (42,560) | (1,402) |
| Share of loss from associate | 8 | — | 8 | — |
| **Income before income taxes** | 36,750 | 19,359 | 125,085 | 40,069 |
| Income taxes expense | 10,009 | 5,530 | 26,292 | 11,447 |
| **Net income** | 26,741 | 13,829 | 98,793 | 28,622 |
| Less: | | | | |
| Net income attributable to non-controlling interests | — | 1,815 | 3,430 | 7,419 |
| **Net income attributable to the shareholders of the Company** | 26,741 | 12,014 | 95,363 | 21,203 |
| **Other comprehensive income (loss), net of tax:** | | | | |
| Currency translation adjustments reclassified to net income | — | — | (29,665) | — |
| Currency translation adjustments that may be reclassified to net income, net of tax | 2 | 38,347 | 21,082 | 19,017 |
| Comprehensive income for the period attributable to the shareholders of the Company | $ 26,743 | $ 50,361 | $ 86,780 | $ 40,220 |
| **Basic net income per share attributable to the common shareholders** | $ 0.38 | $ 0.22 | $ 1.36 | $ 0.39 |
| **Diluted net income per share attributable to the common shareholders** | $ 0.37 | $ 0.22 | $ 1.33 | $ 0.38 |

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

| | Quarters Ended | | Fiscal Year Ended | |
|---|---|---|---|---|
| | **January 1, 2022** | **January 2, 2021** | **January 1, 2022** | **January 2, 2021** |
| | **13 weeks** | **14 weeks** | **52 weeks** | **53 weeks** |
| **Reconciliation of net income to Adjusted EBITDA:** | | | | |
| Net income | $ 26,741 | $ 13,829 | $ 98,793 | $ 28,622 |
| Depreciation and amortization | 8,637 | 8,646 | 33,714 | 32,052 |
| Interest expenses, net | 4,403 | 15,671 | 46,873 | 64,009 |
| Income taxes expense | 10,009 | 5,530 | 26,292 | 11,447 |
| **EBITDA** | **49,790** | **43,676** | **205,672** | **136,130** |
| Adjustments to EBITDA: | | | | |
| Management fees(1) | — | 48 | 679 | 1,133 |
| Information technology transformation costs(2) | 1,518 | 2,801 | 5,314 | 8,452 |
| IPO readiness and separation costs(3) | — | 4,253 | 4,229 | 7,681 |
| Business transformation costs(4) | 514 | 548 | 2,438 | 1,606 |
| COVID-19 pandemic(5) | — | 2 | — | 1,833 |
| Other professional fees(6) | 246 | 538 | 1,789 | 674 |
| Share-based compensation(7) | 1,154 | 711 | 4,733 | 1,990 |
| Asset impairments(8) | — | — | 17 | — |
| Loss (gain) on foreign exchange(9) | 105 | (466) | (42,560) | (1,402) |
| Share of loss from associate | 8 | — | 8 | — |
| Pro forma costs(10) | — | (4,292) | — | (13,682) |
| **Adjusted EBITDA** | **$ 53,335** | **$ 47,819** | **$ 182,319** | **$ 144,415** |
| **Adjusted EBITDA as a percentage of revenue** | **23.9%** | **23.5%** | **23.5%** | **22.3%** |

Notes:

(1) Represents management fees paid to entities affiliated with Roark Capital Management, LLC (“Roark”). Concurrent with the closing of the Offering, the Company terminated the management agreement with Roark.

(2) Represents discrete, project-based implementation costs associated with new information technology systems and discrete SaaS arrangements for transformational initiatives supporting merchandise planning, inventory and order management, e-commerce and omni-channel capabilities, customer relationship management and other key processes.

(3) Represents expenses incurred related to the following: (i) consulting, legal and accounting fees for projects and process improvements incurred in the preparation of the Offering and the legal restructuring to separate the Company from the Group; (ii) retention bonuses for certain key management personnel in connection with the Offering; and (iii) professional fees incurred with respect to the Secondary Offering. In YTD 2021, the Company recorded share-based compensation expense in relation to the retention bonuses of $1.2 million which is included in SG&A. This amount was previously recorded as bonus expense and included in SG&A in Fiscal 2020 and reclassified to share-based compensation in YTD 2021 as a result of being paid through the issuance of common shares in lieu of cash.

(4) Predominately represents severance, recruitment, and consulting expenses associated to the strategic reorganization in the senior leadership team and key functional departments as part of the Company's separation from the Group.

(5) Represents non-recurring costs incurred in Fiscal 2020 in response to the COVID-19 pandemic including personal protective equipment for Company employees, signage for the stores, short-term increased hourly pay and one-time bonuses for store associates and warehouse staff awarded in the second quarter of 2020, and professional fees associated with planning key initiatives for cash flow management and the negotiation of rent deferrals and abatements with landlords and franchisees.

(6) Professional fees primarily incurred with respect to the CRA’s examination of the Company’s Canadian tax filings for the 2016 fiscal year.

(7) Represents share-based compensation in respect of our legacy option plan, long-term incentive plan, and deferred share unit plan. Share-based compensation for YTD 2021 also includes expense in relation to retention bonuses of $1.2 million which were paid through the issuance of common shares in lieu of cash. This amount was previously recorded as bonus expense and included in SG&A in Fiscal 2020.

(8) Non-cash impairment charge taken against certain right-of-use assets for corporate-owned stores.

(9) Represents foreign exchange gains and losses.

(10) Represents pro forma costs to normalize for on-going expenses previously allocated to entities forming part of the Group, specifically operations in the United States, which are no longer affiliated with the Company, for Fiscal 2020. These costs represent compensation costs associated with supply chain, merchandising, distribution and other corporate functions, as well as information technology costs. Approximately 18% of the pro forma costs relate to cost of sales and 82% to SG&A. Beginning in Q1 2021, our on-going expenses are reported directly in cost of sales and SG&A, as those costs are now directly incurred by the Company.

## *Reconciliation of Net Income to Adjusted Net Income*

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

| | Quarters Ended | | Fiscal Year Ended | |
|---|---|---|---|---|
| | January 1, 2022 | January 2, 2021 | January 1, 2022 | January 2, 2021 |
| | 13 weeks | 14 weeks | 52 weeks | 53 weeks |
| **Reconciliation of net income to Adjusted Net Income:** | | | | |
| Net income | $ 26,741 | $ 13,829 | $ 98,793 | $ 28,622 |
| Adjustments to net income: | | | | |
| Management fees[(1)] | — | 48 | 679 | 1,133 |
| Information technology transformation costs[(2)] | 1,518 | 2,801 | 5,314 | 8,452 |
| IPO readiness and separation costs[(3)] | — | 4,253 | 4,229 | 7,681 |
| Business transformation costs[(4)] | 514 | 548 | 2,438 | 1,606 |
| COVID-19 pandemic[(5)] | — | 2 | — | 1,833 |
| Other professional fees[(6)] | 246 | 538 | 1,789 | 674 |
| Share-based compensation[(7)] | 1,154 | 711 | 4,733 | 1,990 |
| Asset impairments[(8)] | — | — | 17 | — |
| Loss (gain) on foreign exchange[(9)] | 105 | (466) | (42,560) | (1,402) |
| Share of loss from associate | 8 | — | 8 | — |
| Pro forma costs[(10)] | — | (4,292) | — | (13,682) |
| Tax effect of adjustments to net income | (990) | (720) | (2,470) | (1,412) |
| **Adjusted Net Income** | **$ 29,296** | **$ 17,252** | **$ 72,970** | **$ 35,495** |
| **Adjusted Net Income as a percentage of revenue** | **13.1%** | **8.5%** | **9.4%** | **5.5%** |
| **Adjusted Net Income per Diluted Share[(11)]** | **$ 0.41** | **$ 0.31** | **$ 1.02** | **$ 0.64** |

Notes:

(1) Represents management fees paid to entities affiliated with Roark. Concurrent with the closing of the Offering, the Company terminated the management agreement with Roark.

(2) Represents discrete, project-based implementation costs associated with new information technology systems and discrete SaaS arrangements for transformational initiatives supporting merchandise planning, inventory and order management, e-commerce and omni-channel capabilities, customer relationship management and other key processes.

(3) Represents expenses incurred related to the following: (i) consulting, legal and accounting fees for projects and process improvements incurred in the preparation of the Offering and the legal restructuring to separate the Company from the Group; (ii) retention bonuses for certain key management personnel in connection with the Offering; and (iii) professional fees incurred with respect to the Secondary Offering. In YTD 2021, the Company recorded share-based compensation expense in relation to the retention bonuses of $1.2 million which is included in SG&A. This amount was previously recorded as bonus expense and included in SG&A in Fiscal 2020 and reclassified to share-based compensation in YTD 2021 as a result of being paid through the issuance of common shares in lieu of cash.

(4) Predominately represents severance, recruitment, and consulting expenses associated to the strategic reorganization in the senior leadership team and key functional departments as part of the Company's separation from the Group.

(5) Represents non-recurring costs incurred in Fiscal 2020 in response to the COVID-19 pandemic including personal protective equipment for Company employees, signage for the stores, short-term increased hourly pay and one-time bonuses for store associates and warehouse staff awarded in the second quarter of 2020, and professional fees associated with planning key initiatives for cash flow management and the negotiation of rent deferrals and abatements with landlords and franchisees.

(6) Professional fees primarily incurred with respect to the CRA's examination of the Company's Canadian tax filings for the 2016 fiscal year.

(7) Represents share-based compensation in respect of our legacy option plan, long-term incentive plan, and deferred share unit plan. Share-based compensation for YTD 2021 also includes expense in relation to retention bonuses of $1.2 million which were paid through the issuance of common shares in lieu of cash. This amount was previously recorded as bonus expense and included in SG&A in Fiscal 2020.

(8) Non-cash impairment charge taken against certain right-of-use assets for corporate-owned stores.

(9) Represents foreign exchange gains and losses.

(10) Represents pro forma costs to normalize for on-going expenses previously allocated to entities forming part of the Group, specifically operations in the United States, which are no longer affiliated with the Company, for Fiscal 2020. These costs represent compensation costs associated with supply chain, merchandising, distribution and other corporate functions, as well as information technology costs. Approximately 18% of the pro forma costs relate to cost of sales and 82% to SG&A. Beginning in Q1 2021, our on-going expenses are reported directly in cost of sales and SG&A, as those costs are now directly incurred by the Company.

(11) Adjusted Net Income per Diluted Share for Q4 2020 and YTD 2020 are calculated on a pro-forma basis using the weighted average common shares outstanding based on the capital reorganization and the legacy option plan immediately prior to the Offering.

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

| | Quarters Ended | | Fiscal Year Ended | |
|---|---|---|---|---|
| | January 1, 2022 | January 2, 2021 | January 1, 2022 | January 2, 2021 |
| | 13 weeks | 14 weeks | 52 weeks | 53 weeks |
| **Cash provided by (used in):** | | | | |
| **Operating activities:** | | | | |
| Net income for the period | $ 26,741 | $ 13,829 | $ 98,793 | $ 28,622 |
| Adjustments for: | | | | |
| Depreciation and amortization | 8,637 | 8,646 | 33,714 | 32,052 |
| Impairment of right-of-use assets | — | — | 17 | — |
| Deferred franchise fees | 184 | 326 | 849 | 396 |
| Gain on disposal of property and equipment | (158) | (869) | (1,016) | (937) |
| Loss (gain) on sale of right-of-use assets | 402 | 20 | 117 | (56) |
| Loss (gain) on foreign exchange | 105 | (466) | (42,560) | (1,402) |
| Share-based compensation expense | 1,154 | — | 2,199 | — |
| Share of loss from associate | 8 | — | 8 | — |
| Interest expenses, net | 4,403 | 15,671 | 46,873 | 64,009 |
| Income taxes expense | 10,009 | 5,530 | 26,292 | 11,447 |
| Income taxes paid | (2,719) | (7,491) | (13,117) | (9,958) |
| Change in non-cash operating working capital: | | | | |
| Accounts receivable | 1,423 | (2,067) | (1,181) | (447) |
| Inventories | (3,577) | (5,510) | (13,687) | (6,419) |
| Prepaid expenses | 2,019 | (3,253) | 277 | (4,111) |
| Accounts payable and accrued liabilities | 4,460 | 5,328 | 581 | 38,945 |
| **Net cash provided by operating activities** | 53,091 | 29,694 | 138,159 | 152,141 |
| **Financing activities:** | | | | |
| Issuance of common shares, net of transaction costs | — | — | 295,210 | — |
| Proceeds from exercise of share options | 1 | — | 63 | — |
| Dividends paid on common shares | (700) | — | (700) | — |
| Proceeds of 2021 Term Facility | — | — | 355,000 | — |
| Repayment of 2021 Term Facility | (2,219) | — | (4,438) | — |
| Proceeds of 2021 Revolving Credit Facility | — | — | 40,000 | — |
| Repayment of 2021 Revolving Credit Facility | — | — | (40,000) | — |
| Repayment of 2016 Term Loans | — | (1,921) | (680,424) | (7,866) |
| Proceeds of 2016 Revolving Credit Facility | — | — | — | 28,112 |
| Repayment of 2016 Revolving Credit Facility | — | — | — | (28,112) |
| Interest paid on long-term debt | (2,315) | (12,376) | (41,290) | (55,442) |
| Repayment of principal on lease liabilities | (11,473) | (11,903) | (46,640) | (42,446) |
| Interest paid on lease liabilities | (2,908) | (3,130) | (11,557) | (11,316) |
| Financing costs | — | — | (6,589) | — |
| Standby letter of credit commitment fees | (639) | — | (4,994) | — |
| Net distributions | — | (2,907) | (16,983) | (18,828) |
| **Net cash used in financing activities** | (20,253) | (32,237) | (163,342) | (135,898) |
| **Investing activities:** | | | | |
| Purchases of property and equipment | (9,017) | (9,846) | (23,787) | (15,328) |
| Purchase of intangible assets | (805) | (2,248) | (2,399) | (3,814) |
| Proceeds on disposal of property and equipment | 724 | 1,835 | 5,167 | 2,259 |
| Right-of-use asset initial direct costs | (840) | (299) | (2,275) | (1,129) |
| Tenant allowances | 498 | 568 | 744 | 1,016 |
| Notes receivable | (2,585) | (17) | (2,348) | 514 |
| Lease receivables | 6,339 | 6,028 | 24,089 | 22,419 |
| Interest received on lease receivables and other | 1,842 | 1,811 | 6,974 | 6,460 |
| Investment in associate | (2,174) | — | (2,174) | — |
| Repurchase of franchises | — | (567) | — | (850) |
| **Net cash provided by investing activities** | (6,018) | (2,735) | 3,991 | 11,547 |
| **Effect of exchange rate on cash** | (64) | 400 | (221) | (146) |
| **Net increase (decrease) in cash** | 26,756 | (4,878) | (21,413) | 27,644 |
| **Cash, beginning of period** | 23,312 | 76,359 | 71,481 | 43,837 |
| **Cash, end of period** | **$ 50,068** | **$ 71,481** | **$ 50,068** | **$ 71,481** |

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

| | Quarters Ended | | Fiscal Year Ended | |
|---|---|---|---|---|
| | January 1, 2022 | January 2, 2021 | January 1, 2022 | January 2, 2021 |
| | 13 weeks | 14 weeks | 52 weeks | 53 weeks |
| Cash provided by operating activities | $ 53,091 | $ 29,694 | $ 138,159 | $ 152,141 |
| Cash (used in) provided by investing activities | (6,018) | (2,735) | 3,991 | 11,547 |
| Repayment of principal on lease liabilities | (11,473) | (11,903) | (46,640) | (42,446) |
| Interest paid on lease liabilities | (2,908) | (3,130) | (11,557) | (11,316) |
| Notes receivables | 2,585 | 17 | 2,348 | (514) |
| **Free Cash Flow** | **$ 35,277** | **$ 11,943** | **$ 86,301** | **$ 109,412** |

## ***Consolidated Statements of Financial Position***
(Audited, expressed in thousands of Canadian dollars)

| | As at January 1, 2022 | As at January 2, 2021 |
|---|---|---|
| **Assets** | | |
| **Current assets:** | | |
| Cash | $ 50,068 | $ 71,481 |
| Accounts and other receivables | 14,398 | 12,629 |
| Inventories, net | 91,699 | 78,012 |
| Prepaid expenses and other assets | 10,432 | 8,585 |
| Current portion of lease receivable | 26,621 | 23,145 |
| **Total current assets** | 193,218 | 193,852 |
| **Non-current assets:** | | |
| Lease receivables | 121,936 | 96,743 |
| Right-of-use assets | 80,757 | 84,950 |
| Property and equipment | 62,067 | 55,738 |
| Intangible assets | 37,359 | 36,072 |
| Goodwill | 92,938 | 93,276 |
| Deferred tax assets | 5,601 | — |
| Investment in associate | 2,179 | — |
| Other assets | 3,118 | 1,488 |
| **Total non-current assets** | 405,955 | 368,267 |
| **Total assets** | $ 599,173 | $ 562,119 |
| **Liabilities and Shareholders' Deficit** | | |
| **Current liabilities:** | | |
| Accounts payable and accrued liabilities | $ 86,977 | $ 99,954 |
| Income taxes payable | 13,553 | 1,042 |
| Current portion of deferred franchise fees | 1,032 | 891 |
| Current portion of lease liabilities | 41,960 | 42,753 |
| Current portion of long-term debt | 8,875 | 7,448 |
| **Total current liabilities** | 152,397 | 152,088 |
| **Non-current liabilities:** | | |
| Long-term deferred franchise fees | 3,183 | 2,475 |
| Long-term lease liabilities | 196,954 | 173,906 |
| Long-term debt | 336,621 | 698,912 |
| Deferred tax liabilities | 4,540 | 4,282 |
| **Total non-current liabilities** | 541,298 | 879,575 |
| **Total liabilities** | 693,695 | 1,031,663 |
| **Shareholders' deficit:** | | |
| Common shares | 307,497 | — |
| Contributed surplus | 1,779 | — |
| Deficit | (403,619) | — |
| Currency translation reserve | (179) | — |
| Group’s net investment | — | (588,530) |
| Non-controlling interests | — | 118,986 |
| **Total shareholders' deficit** | (94,522) | (469,544) |
| **Total liabilities and shareholders' deficit** | $ 599,173 | $ 562,119 |