Pet Valu Reports Second Quarter 2026 Results

Grows Revenue 4%, Adjusted EBITDA[(1)] 8% and Net Income 14%

Reaffirms 2026 Outlook

Markham, Ontario, August 11, 2026 - Pet Valu Holdings Ltd. ("Pet Valu" or the "Company") (TSX: PET), the leading Canadian specialty retailer of pet food and pet-related supplies, today announced its financial results for the second quarter 2026.

Second Quarter Highlights

- Revenue was $290.7 million, up 3.6% versus Q2 2025.
- System-wide sales[(2)] were $377.3 million, an increase of 2.0% versus Q2 2025. Same-store sales decline[(2)] was 0.2%.
- Adjusted EBITDA[(1)] was $65.0 million, up 8.0% versus Q2 2025, representing 22.4% of revenue. Operating income was $41.9 million, up 14.0% versus Q2 2025.
- Adjusted Net Income[(1)] was $28.2 million or $0.41 per diluted share[(3)], compared to $26.2 million or $0.38 per diluted share, respectively, in Q2 2025. Net income was $24.9 million, up 14.3% versus Q2 2025.
- Opened 7 new stores and ended the quarter with 877 stores across the network.
- Free cash flow[(1)] was $32.9 million, compared to $27.1 million in Q2 2025.
- Subsequent to Q2 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 expects revenue growth between 2% and 4%, Adjusted EBITDA margin[(3)] of approximately 21%, and Adjusted Net Income per Diluted Share similar to Fiscal 2025.

"We were pleased with our Q2 performance, demonstrating our ability to adapt in a dynamic environment," said Greg Ramier, Chief Executive Officer of Pet Valu. "Our teams delivered improved profitability, solid revenue growth and further market share gains, supported by disciplined execution across the business.

"The strength of our model continues to be reflected in the capital-light growth of our network, increasing engagement across our digital and loyalty platforms, and strong demand for our differentiated offering," continued Mr. Ramier. "With a clear strategy, passionate people and actions within our control, we remain confident in achieving our 2026 Outlook."

Financial Results for the Second Quarter Fiscal 2026

All comparative figures below are for the quarter ended July 4, 2026, compared to the quarter ended June 28, 2025.

Revenue was $290.7 million in Q2 2026 compared to $280.6 million in Q2 2025, an increase of $10.0 million, or 3.6%. The increase was primarily due to higher retail sales and franchise and other revenues.

Same-store sales decline was 0.2% in Q2 2026, primarily due to a 1.4% same store transaction decline(2) partially offset by a 1.2% same-store average spend per transaction growth(2). This is compared to a 2.6% same-store sales growth in Q2 2025, which was primarily driven by a 1.8% same-store average spend per transaction growth and a 0.8% same-store transaction growth.

Gross profit was $94.6 million in Q2 2026 compared to $93.6 million in Q2 2025, an increase of $1.0 million, or 1.0%. Gross profit margin was 32.5% in Q2 2026 compared to 33.4% in Q2 2025, a decrease of 0.9%. Excluding costs related to the supply chain transformation, gross profit margin was 32.5% in Q2 2026 compared to 33.6% in Q2 2025, respectively, a decrease of 1.1%. The decrease was primarily due to (i) price investments made in late 2025; and (ii) higher occupancy costs; partially offset by (iii) distribution efficiencies from the new distribution centres.

Selling, general and administrative ("SG&A") expenses were $52.7 million in Q2 2026 compared to $56.9 million in Q2 2025, a decrease of $4.2 million, or 7.4%. The decrease was primarily due to (i) higher gain on sale of assets for re-franchised stores; (ii) lower employee benefits related to share-based compensation; partially offset by (iii) higher technology expenditures related to cloud services; and (iv) higher depreciation and amortization primarily driven by corporate store network growth. SG&A expenses, as a percentage of revenue, for Q2 2026 and Q2 2025, were 18.1% and 20.3%, respectively.

Interest expense, net was $7.5 million in Q2 2026 compared to $7.4 million in Q2 2025, an increase of $0.1 million, or 0.1%. The increase was primarily due to (i) higher interest expense on lease liabilities resulting from store network expansion and renewal of existing leases; partially offset by (ii) lower interest expense on the Term Facility primarily due to a decline in interest rates compared to Q2 2025.

Income tax expense was $9.3 million in Q2 2026 compared to $8.1 million in Q2 2025, an increase of $1.2 million, or 14.8%. The increase was primarily due to higher taxable earnings in Q2 2026 with an effective tax rate of 27.2% in Q2 2026 compared to 27.1% in Q2 2025. The Q2 2026 and Q2 2025 effective tax rates were higher than the statutory tax rate primarily because of non-deductible expenses.

Net income was $24.9 million in Q2 2026 compared to $21.8 million in Q2 2025, an increase of $3.1 million, or 14.3%. The increase was primarily due to higher operating income, partially offset by loss on foreign exchange, higher income tax expense, and higher interest expense, net as described above.

Adjusted EBITDA was $65.0 million in Q2 2026 compared to $60.2 million in Q2 2025, an increase of $4.8 million, or 8.0%. The increase was primarily due to (i) higher gross profit, excluding costs related to the supply chain transformation; and (ii) 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 and lower professional fees, partially offset by higher technology expenditures. Adjusted EBITDA as a percentage of revenue(3) was 22.4% and 21.4% in Q2 2026 and Q2 2025, respectively.

Adjusted Net Income was $28.2 million in Q2 2026, compared to $26.2 million in Q2 2025, an increase of $2.0 million or 7.5%. 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 and lower professional fees, partially offset by higher depreciation and amortization, and technology expenditures; partially offset by (ii) higher income taxes (adjusted for items not indicative of business performance). Adjusted Net Income as a percentage of revenue(3) was 9.7% and 9.3% in Q2 2026 and Q2 2025, respectively.

Adjusted Net Income per Diluted Share was $0.41 in Q2 2026, compared to $0.38 in Q2 2025, an increase of $0.03 per common share or 7.9%. 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 Q2 2026 totaled $24.3 million.

Net Capital Expenditures[(1)] were an inflow of $1.8 million in Q2 2026 compared to an outflow of $11.9 million in Q2 2025, a decrease of $13.7 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.

Free Cash Flow was $32.9 million in Q2 2026 compared to $27.1 million in Q2 2025, an increase of $5.7 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) a decrease in cash from operating activities resulting from higher income taxes paid and lower net income (adjusted for items not involving cash); and (iii) an increase in payments of principal and interest on lease liabilities due to the store network expansion.

Inventory at the end of Q2 2026 was $134.3 million compared to $131.1 million at the end of Q4 2025, an increase of $3.2 million primarily to support the growth of the store network and wholesale penetration.

Dividends

On August 10, 2026, the Board of Directors of the Company declared a dividend of $0.13 per common share payable on September 15, 2026 to holders of common shares of record as at the close of business on August 31, 2026.

Outlook

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

- revenue growth between 2% and 4%, supported by approximately 40 new store openings, flat to 2% same-store sales growth and higher wholesale merchandise sales penetration;
- Adjusted EBITDA margin of approximately 21%, which incorporates heightened value-seeking consumer demand trends and higher fuel costs, offset by operating expense leverage;
- Adjusted Net Income per Diluted Share similar to Fiscal 2025; and
- business reinvestment of approximately $35 million, consisting of approximately $20 million in Net Capital Expenditures and approximately $15 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 non-IFRS financial measure. Non-IFRS financial measures are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. Refer to "Non-IFRS and Other Financial Measures" and "Selected Consolidated Financial Information" below

for a reconciliation of the non-IFRS measures (except for Net Capital Expenditures) used in this release to the most comparable IFRS measures. Also refer to the sections entitled "How We Assess the Performance of Our Business", "Non-IFRS and Other Financial Measures" and "Selected Consolidated Financial Information and Industry Metrics" in the MD&A for the second quarter ended July 4, 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 second quarter ended July 4, 2026 is available on SEDAR+ at www.sedarplus.ca.

(2) This is a supplementary financial measure. Refer to "Non-IFRS and Other Financial Measures" below and to the section entitled "How We Assess the Performance of Our Business" in the MD&A for the second quarter ended July 4, 2026, incorporated by reference herein, for the definitions of supplementary financial measures.

(3) This is a non-IFRS ratio. Non-IFRS ratios are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. Refer to "Non-IFRS and Other Financial Measures" below and to the section entitled "How We Assess the Performance of Our Business" in the MD&A for the second quarter ended July 4, 2026 for the definitions of non-IFRS ratios and each non-IFRS measure that is used as a component of such non-IFRS ratios.

Conference Call Details

A conference call to discuss the Company's second quarter results is scheduled for August 11, 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 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 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 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 measures, non-IFRS ratios and supplementary financial measures in the evaluation of issuers. Management of the Company uses non-IFRS measures, non-IFRS ratios and supplementary financial measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and to determine components of management compensation. Refer to the MD&A for the second quarter ended July 4, 2026 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

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 second quarter ended July 4, 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	
	July 4, 2026	June 28, 2025	**July 4, 2026**	June 28, 2025
	13 weeks	13 weeks	**26 weeks**	26 weeks
	$	$	**$**	$
Revenue				
Retail sales	**107,854**	101,747	**215,561**	201,468
Franchise and other revenues	**182,828**	178,900	**363,064**	358,266
Total revenue	**290,682**	280,647	**578,625**	559,734
Cost of sales	**196,081**	187,005	**393,579**	374,037
Gross profit	**94,601**	93,642	**185,046**	185,697
Selling, general and administrative expenses	**52,702**	56,894	**108,223**	111,577
Total operating income	**41,899**	36,748	**76,823**	74,120
Interest expenses, net	**7,453**	7,447	**14,697**	14,579
Loss (gain) on foreign exchange	**188**	(634)	**310**	(395)
Income before income taxes	**34,258**	29,935	**61,816**	59,936
Income tax expense	**9,325**	8,125	**16,836**	16,364
Net income and comprehensive income	**24,933**	21,810	**44,980**	43,572
Net income per share				
Basic	**0.37**	0.31	**0.66**	0.62
Diluted	**0.37**	0.31	**0.66**	0.62

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	
	July 4, 2026	June 28, 2025	**July 4, 2026**	June 28, 2025
	13 weeks	13 weeks	**26 weeks**	26 weeks
	$	$	**$**	$
Reconciliation of net income to Adjusted EBITDA				
Net income	**24,933**	21,810	**44,980**	43,572
Depreciation and amortization	**19,151**	17,658	**38,374**	34,913
Interest expenses, net	**7,453**	7,447	**14,697**	14,579
Income tax expense	**9,325**	8,125	**16,836**	16,364
EBITDA[1]	**60,862**	55,040	**114,887**	109,428
Adjustments to EBITDA				
Transformation costs[2]	**2,675**	1,266	**4,198**	2,701
Other professional fees[3]	**25**	405	**28**	423
Share-based compensation[4]	**1,120**	4,098	**1,358**	6,756
Asset impairments[5]	**115**	—	**115**	—
Loss (gain) on foreign exchange	**188**	(634)	**310**	(395)
Adjusted EBITDA	**64,985**	60,175	**120,896**	118,913
Adjusted EBITDA as a percentage of revenue	**22.4 %**	21.4 %	20.9 %	21.2 %

	Quarters Ended		Year to Date	
	July 4, 2026	June 28, 2025	**July 4, 2026**	June 28, 2025
	13 weeks	13 weeks	**26 weeks**	26 weeks
	$	$	**$**	$
Reconciliation of net income to Adjusted Net Income				
Net income	**24,933**	21,810	**44,980**	43,572
Adjustments to net income				
Transformation costs[2]	**2,675**	1,920	**4,198**	3,563
Other professional fees[3]	**25**	405	**28**	423
Share-based compensation[4]	**1,120**	4,098	**1,358**	6,756
Asset impairments[5]	**115**	—	**115**	—
Loss (gain) on foreign exchange	**188**	(634)	**310**	(395)
Tax effect of adjustments to net income	**(893)**	(1,391)	**(1,229)**	(2,357)
Adjusted Net Income	**28,163**	26,208	**49,760**	51,562
Adjusted Net Income as a percentage of revenue	**9.7%**	9.3%	**8.6%**	9.2%
Adjusted Net Income per Diluted Share	**0.41**	0.38	**0.73**	0.73

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 second quarter July 4, 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 Q2 2026 and YTD 2026 were $nil (Q2 2025 and YTD 2025 – $0.3 million and $0.6 million, respectively) and in selling, general, and administrative expenses were $2.7 million and $4.2 million, respectively (Q2 2025 and YTD 2025 – $0.9 million and $2.1 million, respectively).

For Adjusted Net Income, the transformation costs included in cost of sales in Q2 2026 and YTD 2026 were $nil (Q2 2025 and YTD 2025 – $0.8 million and $1.2 million, respectively) and in selling, general, and administrative expenses were $2.7 million and $4.2 million, respectively (Q2 2025 and YTD 2025 – $0.9 million and $2.1 million, respectively). For Adjusted Net Income, the interest expense on the lease liability in Q2 2026 and YTD 2026 were $nil (Q2 2025 and YTD 2025 – $0.2 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; 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 a non-cash impairment charge primarily related to the right-of-use asset for a corporate store which was 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	
	July 4, 2026	June 28, 2025	**July 4, 2026**	June 28, 2025
	13 weeks	13 weeks	**26 weeks**	26 weeks
	$	$	**$**	$
Cash provided by (used in)				
Operating activities				
Net income	**24,933**	21,810	**44,980**	43,572
Adjustments for items not affecting cash:				
Depreciation and amortization	**19,151**	17,658	**38,374**	34,913
Impairment of right-of-use assets	**115**	—	**115**	—
Deferred franchise fees	**213**	(45)	**107**	(186)
(Gain) loss on disposal of property and equipment	**(4,204)**	15	**(4,204)**	(55)
(Gain) loss on disposal of right-of-use assets	**(299)**	16	**(236)**	41
Loss (gain) on foreign exchange	**188**	(634)	**310**	(395)
Share-based compensation expense	**1,120**	4,098	**1,358**	6,756
Interest expenses, net	**7,453**	7,447	**14,697**	14,579
Income tax expense	**9,325**	8,125	**16,836**	16,364
Income taxes paid	**(10,375)**	(6,216)	**(27,764)**	(16,021)
Changes in operating working capital:				
Trade and other receivables	**860**	913	**(1,542)**	5,715
Inventories	**9,609**	(6,340)	**(2,182)**	(15,358)
Prepaid expenses	**(749)**	(1,902)	**(974)**	(2,144)
Trade and other payables	**(9,554)**	7,580	**1,382**	1,357
Net cash provided by operating activities	**47,786**	52,525	**81,257**	89,138
Financing activities				
Proceeds from exercise of share options	**—**	541	**1,530**	3,284
Shares repurchased for cancellation	**(19,989)**	(65,482)	**(34,922)**	(78,015)
Dividends paid on common shares	**(17,716)**	(16,646)	**(17,716)**	(16,646)
Net drawings on Revolving Facility	**—**	32,000	**—**	32,000
Interest paid on long-term debt	**(3,200)**	(3,573)	**(6,228)**	(7,262)
Repayment of principal on lease liabilities	**(19,863)**	(17,714)	**(39,178)**	(34,871)
Interest paid on lease liabilities	**(6,329)**	(5,958)	**(12,650)**	(11,859)
Tenant allowances received	**(51)**	387	**329**	950
Standby letter of credit fees	**(59)**	—	**(117)**	—
Net cash used in financing activities	**(67,207)**	(76,445)	**(108,952)**	(112,419)
Investing activities				
Purchases of property and equipment	**(4,707)**	(11,947)	**(11,589)**	(22,953)
Purchases of intangible assets	**(498)**	(414)	**(1,267)**	(753)
Proceeds on disposal of property and equipment	**7,064**	66	**7,064**	676
Right-of-use asset initial direct costs	**(532)**	(368)	**(1,023)**	(767)
Notes receivable	**97**	151	**250**	258
Receipt of principal on lease receivables	**10,593**	9,913	**20,859**	19,573
Interest received on lease receivables and other	**2,710**	2,782	**5,426**	5,702
Repurchase of franchises	**(3,318)**	(2,124)	**(3,318)**	(2,387)
Net cash provided by (used in) investing activities	**11,409**	(1,941)	**16,402**	(651)
Effect of exchange rate on cash and cash equivalents	**(52)**	350	**(145)**	167
Net decrease in cash and cash equivalents	**(8,064)**	(25,511)	**(11,438)**	(23,765)
Cash and cash equivalents, beginning of period	**32,347**	36,887	**35,721**	35,141
Cash and cash equivalents, end of period	**24,283**	11,376	**24,283**	11,376

Free Cash Flows

(Unaudited, in thousands of Canadian dollars)

	Quarters Ended		Year to Date	
	July 4, 2026	June 28, 2025	**July 4, 2026**	June 28, 2025
	13 weeks	13 weeks	**26 weeks**	26 weeks
	$	$	**$**	$
Cash provided by operating activities	**47,786**	52,525	**81,257**	89,138
Cash provided by (used in) investing activities	**11,409**	(1,941)	**16,402**	(651)
Tenant allowances	**(51)**	387	**329**	950
Repayment of principal on lease liabilities	**(19,863)**	(17,714)	**(39,178)**	(34,871)
Interest paid on lease liabilities	**(6,329)**	(5,958)	**(12,650)**	(11,859)
Notes receivable	**(97)**	(151)	**(250)**	(258)
Free Cash Flow	**32,855**	27,148	**45,910**	42,449

__Condensed Interim Consolidated Statements of Financial Position__
(Unaudited, in thousands of Canadian dollars)

	As at July 4, 2026	As at January 3, 2026
	$	$
Assets		
Current assets		
Cash and cash equivalents	**24,283**	35,721
Trade and other receivables	**35,206**	34,346
Inventories	**134,258**	131,050
Prepaid expenses and other assets	**16,976**	14,950
Lease receivables	**43,432**	41,508
Income taxes recoverable	**8,084**	—
Total current assets	**262,239**	257,575
Long-term lease receivables	**185,398**	172,171
Right-of-use assets	**268,255**	272,944
Property and equipment	**165,811**	174,225
Intangible assets	**47,517**	48,444
Goodwill	**101,766**	100,412
Deferred tax assets	**8,174**	8,174
Other assets	**3,838**	3,715
Total assets	**1,042,998**	1,037,660
Liabilities		
Current liabilities		
Trade and other payables	**108,865**	106,992
Deferred franchise fees	**1,499**	1,481
Lease liabilities	**81,034**	77,126
Income taxes payable	**—**	2,144
Other liabilities	**11,234**	11,004
Provisions	**—**	120
Total current liabilities	**202,632**	198,867
Long-term deferred franchise fees	**4,679**	4,578
Long-term lease liabilities	**445,350**	437,029
Long-term debt	**289,461**	288,987
Deferred tax liabilities	**2,892**	2,892
Other liabilities	**2,505**	2,996
Provisions	**4,100**	4,037
Total liabilities	**951,619**	939,386
Shareholders' equity		
Common shares	**325,655**	332,655
Contributed surplus	**5,645**	4,957
Deficit	**(239,780)**	(239,197)
Currency translation reserve	**(141)**	(141)
Total shareholders' equity	**91,379**	98,274
Total liabilities and shareholders' equity	**1,042,998**	1,037,660