



PET VALU HOLDINGS LTD.

Condensed Interim Consolidated Financial Statements
For the 13-week periods ended March 29, 2025 and March 30, 2024
(Unaudited)

PET VALU HOLDINGS LTD.

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

	Note	As at March 29, 2025	As at December 28, 2024
Assets			
Current assets:			
Cash		\$ 36,887	\$ 35,141
Accounts and other receivables		30,006	34,963
Inventories, net		133,661	124,577
Income taxes recoverable	11	2,505	905
Prepaid expenses and other assets		10,827	10,585
Current portion of lease receivables	5	40,955	40,339
Total current assets		254,841	246,510
Non-current assets:			
Long-term lease receivables	5	170,634	170,052
Right-of-use assets, net	5	265,451	242,796
Property and equipment, net	7	153,771	151,462
Intangible assets, net	8	49,531	50,248
Goodwill		98,374	98,180
Deferred tax assets	11	7,818	7,814
Other assets		3,821	3,869
Total non-current assets		749,400	724,421
Total assets		\$ 1,004,241	\$ 970,931
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 105,623	\$ 105,757
Provisions		355	355
Current portion of deferred franchise fees		1,417	1,427
Current portion of lease liabilities	5	78,077	76,881
Total current liabilities		185,472	184,420
Non-current liabilities:			
Long-term deferred franchise fees		4,441	4,522
Long-term lease liabilities	5	419,246	394,393
Long-term debt	9	278,257	278,020
Deferred tax liabilities	11	7,555	7,551
Other liabilities		2,086	2,711
Provisions		3,594	3,565
Total non-current liabilities		715,179	690,762
Total liabilities		900,651	875,182
Shareholders' equity:			
Common shares	12	318,579	313,829
Contributed surplus		10,747	10,376
Deficit		(225,595)	(228,315)
Currency translation reserve		(141)	(141)
Total shareholders' equity		103,590	95,749
Total liabilities and shareholders' equity		\$ 1,004,241	\$ 970,931

Commitments, contingencies and guarantees (Note 16)

Subsequent events (Note 17)

On behalf of the Board of Directors: *Anthony Truesdale (signed)*, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PET VALU HOLDINGS LTD.

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

	Note	13-week periods ended	
		March 29, 2025	March 30, 2024
Revenue:			
Retail sales	4 \$	99,721 \$	100,309
Franchise and other revenues	4	179,366	160,477
Total revenue		279,087	260,786
Cost of sales		187,032	173,435
Gross profit		92,055	87,351
Selling, general and administrative expenses		54,683	54,052
Total operating income		37,372	33,299
Interest expenses, net	10	7,132	8,555
Loss on foreign exchange		239	397
Income before income taxes		30,001	24,347
Income tax expense	11	8,239	6,829
Net income		21,762	17,518
Basic net income per share attributable to the common shareholders	13 \$	0.31 \$	0.25
Diluted net income per share attributable to the common shareholders	13 \$	0.31 \$	0.24

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PET VALU HOLDINGS LTD.

Condensed Interim Consolidated Statements of Shareholders' Equity
(Unaudited, expressed in thousands of Canadian dollars)

	Common shares	Contributed surplus	Deficit	Currency translation reserve	Total
For the period ended March 29, 2025					
Balance, December 28, 2024	\$ 313,829	\$ 10,376	\$ (228,315)	\$ (141)	\$ 95,749
Net income	—	—	21,762	—	21,762
Exercise of share options (Notes 12, 14)	3,451	(708)	—	—	2,743
Share-based compensation on option plans (Note 14)	—	1,079	—	—	1,079
Dividends on common shares (Note 12)	—	—	(8,459)	—	(8,459)
Shares repurchased for cancellation (Note 12)	(2,201)	—	(10,583)	—	(12,784)
Change in automatic share purchase plan commitment (Note 12)	3,500	—	—	—	3,500
Balance, March 29, 2025	\$ 318,579	\$ 10,747	\$ (225,595)	\$ (141)	\$ 103,590

	Common shares	Contributed surplus	Deficit	Currency translation reserve	Total
For the period ended March 30, 2024					
Balance, December 30, 2023	\$ 321,752	\$ 6,877	\$ (258,768)	\$ (141)	\$ 69,720
Net income	—	—	17,518	—	17,518
Share-based compensation on option plans (Note 14)	—	1,637	—	—	1,637
Dividends on common shares (Note 12)	—	—	(7,861)	—	(7,861)
Balance, March 30, 2024	\$ 321,752	\$ 8,514	\$ (249,111)	\$ (141)	\$ 81,014

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PET VALU HOLDINGS LTD.

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

	Note	13-week periods ended	
		March 29, 2025	March 30, 2024
Cash provided by (used in):			
Operating activities:			
Net income for the period		\$ 21,762	\$ 17,518
Adjustments for items not affecting cash:			
Depreciation and amortization	5, 7, 8	17,255	16,119
Deferred franchise fees		(141)	(154)
Gain on disposal of property and equipment		(70)	(327)
Loss (gain) on sale of right-of-use assets		25	(2)
Loss on foreign exchange		239	397
Share-based compensation expense	14	2,658	3,069
Interest expenses, net	10	7,132	8,555
Income tax expense	11	8,239	6,829
Income taxes paid		(9,805)	(7,090)
Changes in non-cash operating working capital:			
Accounts receivable		4,802	(3,056)
Inventories		(9,018)	(7,707)
Prepaid expenses		(242)	8,702
Accounts payable and accrued liabilities		(6,223)	2,031
Net cash provided by operating activities		36,613	44,884
Financing activities:			
Proceeds from exercise of share options	12	2,743	—
Shares repurchased for cancellation	12	(12,533)	—
Repayment of long-term debt	9	—	(4,437)
Interest paid on long-term debt		(3,689)	(5,828)
Repayment of principal on lease liabilities	5	(17,157)	(15,623)
Interest paid on lease liabilities	5, 10	(5,901)	(5,772)
Net cash used in financing activities		(36,537)	(31,660)
Investing activities:			
Purchases of property and equipment	7	(11,006)	(12,310)
Purchase of intangible assets	8	(339)	(728)
Proceeds on disposal of property and equipment		610	1,026
Right-of-use asset initial direct costs		(399)	(590)
Tenant allowances		563	850
Notes receivable		107	157
Lease receivables	5	9,660	8,391
Interest received on lease receivables and other		2,920	3,007
Repurchase of franchises	6	(263)	—
Net cash provided by (used in) investing activities		1,853	(197)
Effect of exchange rate on cash		(183)	(321)
Net increase in cash		1,746	12,706
Cash, beginning of period		35,141	28,444
Cash, end of period		\$ 36,887	\$ 41,150

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

PET VALU HOLDINGS LTD.

Notes to Condensed Interim Consolidated Financial Statements
(Expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week periods ended March 29, 2025 and March 30, 2024

1. Description of business:

Pet Valu Holdings Ltd. and its subsidiaries (collectively referred to as the "Company") is a specialty retailer and wholesaler of pet food and pet-related supplies. As at March 29, 2025, the Company operates 224 corporate-owned stores (December 28, 2024 — 220) and has 606 franchise stores (December 28, 2024 — 604) in 10 provinces in Canada.

The Company is incorporated under the *Business Corporations Act* (British Columbia). The Company's head office is located at 130 Royal Crest Court, Markham, Ontario, Canada.

The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "PET".

2. Basis of presentation:

(a) Statement of compliance:

These condensed interim consolidated financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). The interim financial statements are prepared on a basis consistent with those accounting policies followed by the Company in the most recent audited annual consolidated financial statements. Certain notes normally included in the audited annual consolidated financial statements have been omitted or condensed. Accordingly, these interim financial statements do not include all the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements and the notes thereto for the 52-week period ended December 28, 2024.

These interim financial statements were approved and authorized for issuance by the Board of Directors of the Company on May 5, 2025.

(b) Use of estimates and judgments:

In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied in Note 2 of the audited annual consolidated financial statements for the 52-week period ended December 28, 2024. Actual results could differ from those estimates and assumptions.

(c) Seasonality:

The Company's operations are impacted to a limited degree by seasonality given the high penetration of consumables products sold throughout the year. In general, the fourth quarter has the strongest volume, and as such, revenue and net income, due to the holiday season. In particular, the Company sells select holiday merchandise that is not part of its core assortment throughout the rest of the year which includes holiday specific toys, apparel, and giftable items causing a slightly higher proportion of revenue volume in the fourth quarter.

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Notes to Condensed Interim Consolidated Financial Statements
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3. Material accounting policies:

These interim financial statements have been prepared using the accounting policies as outlined in Note 3 of the audited annual consolidated financial statements for the 52-week period ended December 28, 2024 and have been applied consistently in the preparation of these interim financial statements.

4. Revenue:

The following table disaggregates the Company's retail sales and franchise revenue by category for the periods ended March 29, 2025 and March 30, 2024:

	13-week periods ended	
	March 29, 2025	March 30, 2024
Retail sales:		
Merchandise sales	\$ 98,534	\$ 98,900
In-store services	1,187	1,409
Total retail sales	99,721	100,309
Franchise and other revenues:		
Wholesale merchandise sales	143,378	125,886
Royalties and sub-lease revenues	27,765	25,667
Promotion and other service fees	8,223	8,924
Total franchise and other revenues	179,366	160,477
Total revenue	\$ 279,087	\$ 260,786

5. Leases:

(a) Right-of-use ("ROU") assets:

The following table reconciles the changes in ROU assets for the period ended March 29, 2025:

	Leased premises		Other	Total
Balance, December 28, 2024	\$ 237,551	\$ 5,245	\$	242,796
Net additions ⁽¹⁾	31,681	250		31,931
Depreciation	(8,896)	(380)		(9,276)
Balance, March 29, 2025	\$ 260,336	\$ 5,115	\$	265,451

⁽¹⁾ Includes net additions to ROU assets of \$18,693 related to the new Calgary distribution centre.

PET VALU HOLDINGS LTD.

Notes to Condensed Interim Consolidated Financial Statements
(Expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week periods ended March 29, 2025 and March 30, 2024

5. Leases (continued):

Depreciation on ROU assets is included in cost of sales and selling, general and administrative expenses in the condensed interim consolidated statements of income. The depreciation included in cost of sales for the 13-week period ended March 29, 2025 was \$9,143 (13-week period ended March 30, 2024 — \$8,913). The depreciation included in selling, general and administrative expenses for the 13-week period ended March 29, 2025 was \$133 (13-week period ended March 30, 2024 — \$133).

(b) Lease liabilities:

The following table reconciles the changes in lease liabilities for the period ended March 29, 2025:

	Leased premises		Other		Total
Balance, December 28, 2024	\$	466,028	\$	5,246	\$ 471,274
Additions ⁽¹⁾		42,751		248	42,999
Interest expense on lease liabilities		6,042		66	6,108
Repayment of interest and principal		(22,607)		(451)	(23,058)
Balance, March 29, 2025	\$	492,214	\$	5,109	\$ 497,323
Current portion of lease liabilities	\$	76,607	\$	1,470	\$ 78,077
Long-term lease liabilities		415,607		3,639	419,246
Total lease liabilities	\$	492,214	\$	5,109	\$ 497,323

⁽¹⁾ Includes additions to lease liabilities of \$18,693 related to the new Calgary distribution centre.

The Company makes variable lease payments for common area maintenance, property tax, security, and utilities on leased premises. The Company also has certain retail store leases where portions of the lease payments are contingent on a percentage of sales earned in the retail store. Expenses for variable lease payments are included in cost of sales and selling, general and administrative expenses in the condensed interim consolidated statements of income. Expenses for variable lease payments included in cost of sales for the 13-week period ended March 29, 2025 were \$9,886 (13-week period ended March 30, 2024 — \$9,164). Expenses for variable lease payments included in selling, general and administrative expenses for the 13-week period ended March 29, 2025 were \$33 (13-week period ended March 30, 2024 — \$83).

(c) Lease receivables:

The Company is considered an intermediate lessor related to head leases the Company has for franchise store locations. As at March 29, 2025 and December 28, 2024, the Company had lease receivables as follows:

		March 29, 2025		December 28, 2024
Current portion of lease receivables	\$	40,955	\$	40,339
Long-term lease receivables		170,634		170,052
Total lease receivables	\$	211,589	\$	210,391

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For the 13-week periods ended March 29, 2025 and March 30, 2024

5. Leases (continued):

Finance income on lease receivables for the 13-week period ended March 29, 2025 was \$2,603 (13-week period ended March 30, 2024 — \$2,415). Franchisees make variable lease payments primarily for common area maintenance, property tax, and a percentage of sales earned in their retail store. Revenue from variable lease payments included in franchise and other revenues in the condensed interim consolidated statements of income for the 13-week period ended March 29, 2025 was \$13,243 (13-week period ended March 30, 2024 — \$12,177).

6. Business acquisitions:

Franchise repurchases:

The following table discloses franchise repurchases for the period ended March 29, 2025. The franchise repurchases have been accounted for through the acquisition method.

	March 29, 2025
Number of stores repurchased	1
Inventories	\$ 66
Property and equipment	3
Goodwill	194
Cash consideration	\$ 263

7. Property and equipment:

During the 13-week period ended March 29, 2025, the Company had property and equipment additions of \$9,751 (13-week period ended March 30, 2024 — \$14,269). During the 13-week period ended March 29, 2025, the Company had net disposals of \$519, the majority of which were related to leasehold improvements and furniture and fixtures for its corporate-owned stores (13-week period ended March 30, 2024 — \$687). Depreciation on property and equipment for the 13-week period ended March 29, 2025 was \$6,923 (13-week period ended March 30, 2024 — \$6,147).

8. Intangible assets:

During the 13-week period ended March 29, 2025, the Company had intangible asset additions of \$339, the majority of which were related to software (13-week period ended March 30, 2024 — \$728). Amortization on intangible assets for the 13-week period ended March 29, 2025 was \$1,056 (13-week period ended March 30, 2024 — \$926).

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For the 13-week periods ended March 29, 2025 and March 30, 2024

9. Long-term debt:

Total long-term debt as at March 29, 2025 and December 28, 2024 consists of the following:

	March 29, 2025		December 28, 2024	
Term Facility ⁽¹⁾	\$	281,689	\$	281,638
Deferred financing costs		(3,432)		(3,618)
Total long-term debt	\$	278,257	\$	278,020

⁽¹⁾ Net of repayments, as applicable, gain on modification of debt, and related accretion.

As at March 29, 2025 and March 30, 2024, the Company was in full compliance with all of its covenants, and there was no indication that it will have difficulty complying with these covenants in the future.

The Company had unused borrowing capacity available under the Revolving Facility of \$175,000 and \$175,000 as at March 29, 2025 and December 28, 2024, respectively.

10. Interest expenses:

Interest expenses, net consist of the following for the periods ended:

	13-week periods ended			
	March 29, 2025		March 30, 2024	
Credit Facilities	\$	3,582	\$	5,617
Accretion of gain on modification of debt		51		—
Accretion of deferred financing costs		186		283
Interest on lease liabilities		6,108		5,772
Interest income on lease receivables		(2,603)		(2,415)
Other interest income, net		(192)		(702)
Interest expenses, net	\$	7,132	\$	8,555

11. Income taxes:

The income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year. To the extent that forecasts differ from actual results, adjustments are recognized in subsequent periods. Income tax expense for the 13-week period ended March 29, 2025 was \$8,239 (13-week period ended March 30, 2024 — \$6,829). The Company's effective income tax rates for the 13-week period ended March 29, 2025 was 27.5% (13-week period ended March 30, 2024 — 28.0%). The statutory income tax rate for the 13-week period ended March 29, 2025 was 26.5% (13-week period ended March 30, 2024 — 26.5%).

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(Expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week periods ended March 29, 2025 and March 30, 2024

11. Income taxes (continued):

The Company is subject to routine audits of its tax filing positions by the Canada Revenue Agency ("CRA"). In September 2023, the CRA reassessed the Company an additional approximately \$6,000 of income tax plus interest in respect of the Company's 2018 taxation year on the basis that certain interest expenses incurred in that year were not deductible ("2018 reassessment"). In April 2024, the Company received proposal letters from the CRA proposing to deny the deduction of certain interest expenses incurred by the Company in the 2019 and 2020 taxation years on a basis consistent with the 2018 reassessment. In June 2024, the CRA reassessed the Company an additional approximately \$6,400 of income tax plus interest in respect of the Company's 2019 taxation year ("2019 reassessment"). In January 2025, the Company received a further proposal from the CRA to reassess the Company to deny the deduction of certain intercompany dividends in the 2016, 2017 and 2018 taxation years. The January 2025 proposal also indicated that the CRA will not be proceeding with the April 2024 proposal to deny interest deductions for the 2020 taxation year. In March 2025, the CRA reassessed the Company approximately \$18,400 of income tax plus interest on the basis set out in the January 2025 proposal. The Company has filed objections to, and intends to vigorously contest, the 2018 reassessment and the 2019 reassessment, and intends similarly to contest the reassessment received in March 2025. The Company and its tax advisors believe that the Company's tax filing positions are appropriate. Accordingly, no amount or provision has been recorded in the interim financial statements in respect of the 2018 reassessment, the 2019 reassessment or the reassessment received in March 2025.

12. Share capital:

(a) Authorized share capital:

As at March 29, 2025, there were 70,491,240 common shares and no preferred shares issued and outstanding.

The following table provides a summary of changes to the Company's share capital:

	Common shares outstanding	Amount
Balance, December 28, 2024	70,744,844 \$	313,829
Exercise of share options	234,848	3,451
Shares repurchased for cancellation	(488,452)	(2,201)
Change in automatic share purchase plan commitment	—	3,500
Balance, March 29, 2025	70,491,240 \$	318,579

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Notes to Condensed Interim Consolidated Financial Statements
(Expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week periods ended March 29, 2025 and March 30, 2024

12. Share capital (continued):

(b) Dividends:

The Company's dividend policy is at the discretion of the Board of Directors. For the 13-week period ended March 29, 2025, the Company announced that its Board declared \$8,459 in dividends to holders of common shares (13-week period ended March 30, 2024 — \$7,861) or \$0.12 per common share (13-week period ended March 30, 2024 — \$0.11 per common share). These dividends were paid on April 15, 2025 and recorded as dividends payable in accounts payable and accrued liabilities as at March 29, 2025. There were no dividends paid during the 13-week period ended March 30, 2024.

(c) Normal course issuer bid ("NCIB") and automatic share purchase plan ("ASPP"):

On November 28, 2024, the Company announced that the TSX had accepted its notice of intention to renew its NCIB ("2024 NCIB"). Pursuant to the 2024 NCIB, the Company may purchase for cancellation, up to an aggregate of 3,572,004 common shares, representing approximately 5% of the Company's issued and outstanding common shares as at November 18, 2024. The 2024 NCIB commenced on December 2, 2024, and will continue until the earliest of (a) the close of trading on December 1, 2025, (b) the date upon which the Company acquires the maximum number of common shares to be purchased under the 2024 NCIB, and (c) the date on which the Company provides written notice of termination of the 2024 NCIB to the TSX.

During the 13-week period ended March 29, 2025, the Company repurchased 488,452 common shares for cancellation under the 2024 NCIB for total cash consideration of \$12,533. The Company also recognized taxes of \$251 for common shares repurchased during the 13-week period ended March 29, 2025, with a corresponding increase to deficit.

The Company records a liability for the share purchase commitment during blackout periods based on the parameters of the ASPP that was effective on December 2, 2024 ("2024 ASPP"). As at March 29, 2025, an estimated maximum obligation of \$5,500 under the 2024 ASPP was included in accounts payable and accrued liabilities.

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Notes to Condensed Interim Consolidated Financial Statements
(Expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week periods ended March 29, 2025 and March 30, 2024

13. Net income per share:

(a) Basic net income per share:

Basic net income per share is calculated by dividing the net income for the period attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period.

	13-week periods ended	
	March 29, 2025	March 30, 2024
Net income attributable to shareholders of the Company	\$ 21,762	\$ 17,518
Weighted average number of common shares outstanding during the period (<i>thousands</i>)	70,592	71,464
Basic net income per share attributable to the common shareholders	\$ 0.31	\$ 0.25

(b) Diluted net income per share:

Diluted net income per share is calculated by dividing the net income for the period attributable to shareholders, adjusted for the effects of dilutive options and share units, if applicable, for the period attributable to the shareholders of the Company by the weighted average number of common shares outstanding during the period, plus the weighted average number of common shares that would be issued on exercise of dilutive options and share units granted, as calculated under the treasury stock method.

	13-week periods ended	
	March 29, 2025	March 30, 2024
Net income attributable to shareholders of the Company	\$ 21,762	\$ 17,518
Weighted average number of common shares outstanding during the period (<i>thousands</i>)	71,056	72,514
Diluted net income per share attributable to the common shareholders	\$ 0.31	\$ 0.24

The following table provides a reconciliation from the basic weighted average number of common shares outstanding to the diluted weighted average number of common shares outstanding (number of shares in thousands):

	13-week periods ended	
	March 29, 2025	March 30, 2024
Basic weighted average number of common shares	70,592	71,464
Dilutive effect of share options in the Amended and Restated Share Option Plan	413	807
Dilutive effect of share options in the LTIP	51	243
Diluted weighted average number of common shares	71,056	72,514

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(Expressed in thousands of Canadian dollars, unless otherwise stated)

For the 13-week periods ended March 29, 2025 and March 30, 2024

13. Net income per share (continued):

For the 13-week period ended March 29, 2025, 26,912 performance-based share options granted pursuant to the Amended and Restated Share Option Plan were not included in the calculation of diluted net income per share, as the vesting conditions required to convert these options to common shares were not met (13-week week period ended March 30, 2024 — 81,664).

For the 13-week period ended March 29, 2025, 1,641,226 service-based LTIP share options were not included in the calculation of diluted net income per share as they were not in the money (13-week period ended March 30, 2024 — 371,604).

For the 13-week period ended March 29, 2025, 564,374 performance-based LTIP share options were not included in the calculation of diluted net income per share, as the vesting conditions required to convert these options to common shares were not met (13-week week period ended March 30, 2024 — 282,187).

14. Share-based compensation:

(a) Amended and Restated Share Option Plan:

The tables below summarize the option activity under the Amended and Restated Share Option Plan:

	Options	Weighted average exercise price
Outstanding, December 28, 2024	797,486	\$9.72
Exercised	(190,248)	\$9.73
Outstanding, March 29, 2025	607,238	\$9.71

The table below provides information relating to the share options outstanding and exercisable under the Amended and Restated Share Option Plan as at March 29, 2025:

Exercise price range	Share options outstanding			Share options exercisable		
	Number of share options	Weighted average remaining contractual term (years)	Weighted average exercise price	Number of share options	Weighted average remaining contractual term (years)	Weighted average exercise price
\$0.01 - \$9.73	607,238	4.56	\$9.71	553,414	4.44	\$9.71

During the 13-week period ended March 29, 2025, the Company recorded share-based compensation expense in relation to the Amended and Restated Share Option Plan of \$13 (13-week periods ended March 30, 2024 — \$46), which was included in selling, general and administrative expenses.

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14. Share-based compensation (continued):

(b) LTIP:

(i) Share options:

The tables below summarize the share option activity under the LTIP:

	Options	Weighted average exercise price
Outstanding, December 28, 2024	1,897,834	\$26.81
Granted	516,772	\$23.51
Exercised	(44,600)	\$20.00
Forfeited	(17,986)	\$32.95
Outstanding, March 29, 2025	2,352,020	\$26.17

The table below provides information relating to the share options outstanding and exercisable under the LTIP as at March 29, 2025:

Exercise price range	Share options outstanding			Share options exercisable		
	Number of share options	Weighted average remaining contractual term (years)	Weighted average exercise price	Number of share options	Weighted average remaining contractual term (years)	Weighted average exercise price
\$20.00 - \$29.98	2,013,372	7.19	\$24.44	412,391	6.48	\$23.96
\$30.26 - \$40.24	338,648	7.59	\$36.44	170,660	7.58	\$36.47
\$20.00 - \$40.24	2,352,020	7.25	\$26.17	583,051	6.80	\$27.62

The Company uses the Black-Scholes option pricing model to calculate the fair value of options at the date of grant. The weighted-average assumptions used in the model for options granted during the 13-week period ended March 29, 2025 are as follows:

Weighted-average risk-free interest rate	2.60 %
Expected life (years)	5.50 - 7.00
Expected dividend yield	2.04 %
Expected volatility	29.64 %
Forfeiture rate	10.00 %
Weighted-average fair value per option granted	\$6.26

During the 13-week period ended March 29, 2025, the Company recorded share-based compensation expense in relation to the LTIP share options of \$1,066 (13-week period ended March 30, 2024 — \$1,591), which was included in selling, general and administrative expenses.

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14. Share-based compensation (continued):

(ii) RSUs:

The table below summarizes the RSU activity under the LTIP:

	Number of RSUs
Outstanding, December 28, 2024	303,152
Granted	145,133
Exercised	(68,834)
Forfeited	(3,154)
Outstanding, March 29, 2025	376,297

The fair market value of future RSU cash-settlement obligations was \$2,587 at March 29, 2025 (March 30, 2024 — \$3,002). During the 13-week period ended March 29, 2025, the Company recorded share-based compensation expense for RSU cash-settlement obligations of \$994 (13-week period ended March 30, 2024 — \$795).

(iii) PSUs:

The table below summarizes the PSU activity under the LTIP:

	Number of PSUs
Outstanding, December 28, 2024	195,356
Granted	132,945
Exercised	(34,887)
Forfeited	(18,711)
Outstanding, March 29, 2025	274,703

The expectation of the adjustment factor for the performance target linked to the total return to the Company's shareholders relative to the total return of companies comprising a blend of the S&P/TSX Completion Index, S&P/TSX Capped Consumer Discretionary, and the S&P/TSX Capped Consumer Staples is measured based on the Monte Carlo simulation method.

The key inputs used in the measurement of the fair value of the PSUs granted during the 13-week period ended March 29, 2025 are as follows:

Share price as at grant date	\$24.12
Risk-free interest rate	2.33 %
Expected life (years)	3.00
Expected volatility	25.94 %

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14. Share-based compensation (continued):

The fair market value of future PSU cash-settlement obligations was \$795 at March 29, 2025 (March 30, 2024 — \$1,881). During the 13-week period ended March 29, 2025, the Company recorded share-based compensation expense for PSU cash-settlement obligations of \$340 (13-week period ended March 30, 2024 — \$365).

(c) Deferred share unit plan ("DSU Plan"):

The following is a summary of the Company's DSU Plan activity:

	Number of DSUs
Outstanding, December 28, 2024	74,115
Granted	946
Outstanding, March 29, 2025	75,061

The fair market value of future DSU cash-settlement obligations was \$1,972 at March 29, 2025 (March 30, 2024 — \$1,719). During the 13-week period ended March 29, 2025, the Company recorded share-based compensation expense for DSU cash-settled obligations of \$245 (13-week period ended March 30, 2024 — \$272).

15. Financial instruments:

Fair values:

Financial instruments that are measured subsequent to initial recognition at fair value are to be categorized in Levels 1 to 3 of the fair value hierarchy, based on the degree to which the fair value is observable. The three levels of the fair value hierarchy are:

- Level 1 – inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2 – inputs other than quoted market prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Level 3 – inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable, and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect the difference between the instruments.

There were no transfers between levels of the fair value hierarchy for the 13-week periods ended March 29, 2025 and March 30, 2024.

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15. Financial instruments (continued):

The carrying values of cash, accounts and other receivables, and accounts payable and accrued liabilities approximate fair values due to the short-term maturity of these financial instruments.

The carrying amounts and fair values of the long-term debt are as follows:

	March 29, 2025		December 28, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Liabilities:				
Long-term debt ⁽¹⁾	(Level 2) \$ 278,257	\$ 282,625	\$ 278,020	\$ 282,625

⁽¹⁾ Carrying value is net of deferred financing costs and gain on modification of debt.

16. Commitments, contingencies and guarantees:

(a) Distribution centre commitments:

The Company has provided the following commitments as at March 29, 2025:

(i) Metro Vancouver Region:

The Company entered into agreements to procure certain equipment with commitments totaling approximately \$363 to be paid in fiscal year 2025.

(ii) Calgary:

The Company entered into agreements to procure certain equipment with commitments totaling approximately \$1,661 to be paid in fiscal year 2025.

(b) Bank comfort letters:

The Company has provided comfort letters to certain financial institutions at their request when these financial institutions provide financing to new franchisees. In the comfort letters, the Company has agreed that for three years from the date of the letter, if the bank is forced to realize on its security, including inventory held by the franchisee, the Company will repurchase the inventory previously sold to the franchisee at a stated discount of 15%, provided that such inventory can be sold by the bank to the Company free and clear of any and all liens, charges and encumbrances or rights of others.

Standard practice is for the Company to realize its rights under the franchise agreement prior to the franchisee reaching default under their finance arrangement; therefore, the risk associated with being required to repurchase inventory under these comfort letters is considered remote. Accordingly, no amount has been provided for in the accompanying interim financial statements.

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16. Commitments, contingencies and guarantees (continued):

(c) Other:

The Company may, from time to time, be named as a defendant in legal proceedings that arise from its normal course of business. Although the amount of any liability that could arise with respect to any pending claims cannot be estimated, the Company believes that any such liability is not reasonably likely to have a material adverse effect on its consolidated financial position, operating results, or liquidity.

17. Subsequent events:

On May 5, 2025, the Board of Directors of the Company declared a dividend of \$0.12 per common share payable on June 16, 2025 to holders of common shares of record as at the close of business on May 30, 2025.