



Pet Valu Reports Fourth Quarter and Fiscal Year 2025 Results

March 3, 2026

*Grows 2025 Revenue 7%, Adjusted EBITDA⁽¹⁾ 4% and Net Income 12%
Raises Quarterly Dividend 8% and Issues 2026 Outlook*

MARKHAM, Ontario, March 03, 2026 (GLOBE NEWSWIRE) -- Pet Valu Holdings Ltd. ("Pet Valu" or the "Company") (TSX: PET), the leading Canadian specialty retailer of pet food and pet-related supplies, today announced its financial results for the fourth quarter and fiscal year ended January 3, 2026.

Fourth Quarter Highlights

- System-wide sales⁽²⁾ were \$423.7 million, an increase of 9.2% versus Q4 2024. Same-store sales growth⁽²⁾ was 0.3%.
- Revenue was \$326.4 million, up 10.6% versus Q4 2024.
- Adjusted EBITDA was \$74.6 million, up 9.4% versus Q4 2024, representing 22.9% of revenue. Operating income was \$48.1 million, up 0.5% versus Q4 2024.
- Adjusted Net Income⁽¹⁾ was \$34.0 million or \$0.49 per diluted share⁽³⁾, compared to \$32.2 million or \$0.45 per diluted share, respectively, in Q4 2024. Net income was \$29.4 million, up 1.6% versus Q4 2024.
- Opened 14 new stores and ended the quarter with 863 stores across the network.
- Free cash flow⁽¹⁾ was \$37.0 million, compared to \$41.0 million in Q4 2024.
- Subsequent to Q4 2025, the Board of Directors of the Company declared a dividend of \$0.13 per common share.

Fiscal Year Highlights

- System-wide sales were \$1,533.5 million, an increase of 5.6% versus the prior year. Same-store sales growth was 1.6%.
- Revenue was \$1,175.6 million, up 7.1% versus the prior year.
- Adjusted EBITDA was \$257.1 million, up 4.1% versus the prior year, representing 21.9% of revenue. Operating income was \$164.2 million, up 5.7% versus the prior year.
- Adjusted Net Income was \$113.2 million or \$1.61 per diluted share, compared to \$113.3 million or \$1.57 per diluted share, respectively, in the prior year. Net income was \$97.8 million, up 11.9% versus the prior year.

2026 Outlook

- On a 52-week comparable basis, the Company expects revenue growth between 2% and 4%, flat to slight expansion in Adjusted EBITDA margin⁽³⁾, and Adjusted Net Income per Diluted Share growth in the mid to high single-digits.

"We closed out 2025 with solid operational execution in Q4 amid heightened value-seeking and competitive activity," said Greg Ramier, Chief Executive Officer of Pet Valu. "Through our decisive actions in 2025, we continued to gain market share, drove growth led by our proprietary brands, and increased units per transaction, all while supporting our franchisees' success.

"As we celebrate our 50th anniversary in 2026, we plan to strengthen our legacy and leadership in the Canadian pet industry through a continued focus on convenience, quality, value and expertise, while delivering benefits from recent investments," continued Mr. Ramier. "Together, we expect these actions to support solid revenue and profit growth, enabling compelling returns to shareholders in the near and long term."

Financial Results for the Fourth Quarter Fiscal 2025

All comparative figures below are for the quarter ended January 3, 2026, compared to the quarter ended December 28, 2024.

Revenue was \$326.4 million in Q4 2025 compared to \$295.1 million in Q4 2024, an increase of \$31.2 million, or 10.6%. Excluding the impact of the additional week in Q4 2025 of \$20.9 million, revenue was \$305.5 million in Q4 2025 compared to \$295.1 million in Q4 2024, an increase of \$10.3 million or 3.5%. The increase was primarily due to higher retail sales and increased franchise and other revenues.

Same-store sales growth was 0.3% in Q4 2025, primarily due to a 0.5% increase in same-store average spend per transaction growth⁽²⁾ partially offset by a 0.2% same-store transaction decline⁽²⁾. This is compared to a 0.2% same-store sales decline in Q4 2024, which was primarily driven by a 2.1% same-store transaction decline partially offset by a 2.0% increase in same-store average spend per transaction growth.

Gross profit was \$107.6 million in Q4 2025 compared to \$100.2 million in Q4 2024, an increase of \$7.4 million, or 7.3%. Gross profit margin was 33.0% in Q4 2025 compared to 34.0% in Q4 2024, a decrease of 1.0%. Excluding costs related to the supply chain transformation, gross profit margin was 33.1% in Q4 2025 compared to 34.0% in Q4 2024, a decrease of 0.9%. The decrease was primarily due to (i) investments in pricing and promotions; partially offset by (ii) distribution efficiencies from the new distribution centres.

Selling, general and administrative ("SG&A") expenses were \$59.5 million in Q4 2025 compared to \$52.3 million in Q4 2024, an increase of \$7.1 million, or 13.6%. The increase was primarily due to (i) higher compensation costs, including restructuring activities in certain business support functions and the impact of the additional week in Q4 2025; (ii) higher depreciation and amortization and other store expenses driven by corporate store network growth, and the impact of the additional week in Q4 2025; and (iii) higher technology expenditures related to cloud services; partially offset by (iv) lower professional fees. SG&A expenses, as a percentage of revenue, for Q4 2025 and Q4 2024, were 18.2% and 17.7%, respectively.

Interest expense, net was \$8.0 million in Q4 2025 compared to \$6.6 million in Q4 2024, an increase of \$1.5 million, or 22.4%. The increase was primarily due to (i) higher interest expense on lease liabilities resulting from store network expansion and renewal of existing leases; (ii) the comparative period gain recognized on the modification of long-term debt; and (iii) the impact of the additional week in Q4 2025; partially offset by (iv) lower interest expense on the term facility primarily due to a decline in interest rates compared to Q4 2024.

Income tax expense was \$10.7 million in Q4 2025 compared to \$11.2 million in Q4 2024, a decrease of \$0.5 million or 4.4%. The decrease was primarily due to (i) a decrease in the effective tax rate from 27.8% in Q4 2024 to 26.6% in Q4 2025; (ii) favourable tax adjustments to prior periods that were recognized in Q4 2025; and (iii) slightly lower taxable earnings in Q4 2025. The Q4 2025 effective tax rate was higher than the blended statutory tax rate of 26.5%, primarily due to non-deductible expenses, partially offset by favourable tax adjustments recorded in Q4 2025. The Q4 2024 effective tax rate was higher than the statutory tax rate primarily because of non-deductible expenses.

Net income was \$29.4 million in Q4 2025 compared to \$28.9 million in Q4 2024, an increase of \$0.5 million, or 1.6%. The increase was primarily due to higher operating income and lower foreign exchange loss, partially offset by an increase in interest expense, net as described above.

Adjusted EBITDA was \$74.6 million in Q4 2025 compared to \$68.2 million in Q4 2024, an increase of \$6.4 million, or 9.4%. The increase was primarily due to higher gross profit, excluding costs related to the supply chain transformation; partially offset by higher SG&A expenses, excluding share-based compensation and costs not indicative of business performance, driven by higher technology expenditures, higher compensation costs, and higher other store expenses. Adjusted EBITDA as a percentage of revenue⁽³⁾ was 22.9% and 23.1% in Q4 2025 and Q4 2024, respectively.

Adjusted Net Income was \$34.0 million in Q4 2025, compared to \$32.2 million in Q4 2024, an increase of \$1.8 million or 5.5%. The increase was primarily due to higher gross profit, excluding costs related to the supply chain transformation, partially offset by higher SG&A expenses, excluding share-based compensation and costs not indicative of business performance, driven by higher technology expenditures, higher compensation costs, and higher depreciation and amortization and other store expenses. Results were also affected by higher income taxes (adjusted for items not indicative of business performance) and higher interest expense, net as described above. Adjusted Net Income as a percentage of revenue⁽³⁾ was 10.4% in Q4 2025 and 10.9% in Q4 2024, respectively.

Adjusted Net Income per Diluted Share was \$0.49 in Q4 2025, compared to \$0.45 in Q4 2024, an increase of \$0.04 per common share or 8.9%. The increase was primarily due to higher Adjusted Net Income and a lower diluted weighted average number of common shares outstanding as a result of the common share repurchases.

Cash at the end of the fourth quarter totaled \$35.7 million.

Net Capital Expenditures⁽¹⁾ were \$8.2 million in Q4 2025 compared to \$14.8 million in Q4 2024, a decrease of \$6.6 million. The decrease was primarily due to higher proceeds on disposal of property and equipment from the sale of corporate-owned stores to franchisees, and lower expenditures on property and equipment due to a decline in construction costs related to the new distribution centres.

Free Cash Flow was \$37.0 million in Q4 2025 compared to \$41.0 million in Q4 2024, a decrease of \$4.1 million. The decrease was primarily due to an increase in payments of principal and interest on lease liabilities due to the additional week in Q4 2025, partially offset by higher proceeds on disposal of property and equipment from the sale of corporate-owned stores to franchisees.

Inventory at the end of Q4 2025 was \$131.1 million compared to \$124.6 million at the end of Q4 2024, an increase of \$6.5 million primarily to support the growth of the store network and wholesale penetration.

Financial Results for Fiscal 2025

All comparative figures below are for the year ended January 3, 2026, compared to the year ended December 28, 2024.

Revenue was \$1,175.6 million in Fiscal 2025 compared to \$1,097.2 million in Fiscal 2024, an increase of \$78.4 million, or 7.1%. Excluding the impact of the additional week in Fiscal 2025 of \$20.9 million, revenue was \$1,154.7 million in Fiscal 2025 compared to \$1,097.2 million in Fiscal 2024, an increase of \$57.5 million, or 5.2%. The increase was primarily due to higher retail sales and franchise and other revenues.

Same-store sales growth was 1.6% in Fiscal 2025 primarily due to a 1.7% increase in same-store average spend per transaction growth partially offset by a 0.1% same-store transaction decline. This is compared to same-store sales decline of 0.5% in Fiscal 2024, which was primarily driven by a 2.7% same-store transaction decline partially offset by a 2.3% increase in same-store average spend per transaction growth.

Gross profit was \$388.8 million in Fiscal 2025 compared to \$364.6 million in Fiscal 2024, an increase of \$24.2 million, or 6.6%. Gross profit margin was 33.1% in Fiscal 2025 compared to 33.2% in Fiscal 2024, a decrease of 0.1%. Excluding the costs related to the supply chain transformation, gross profit margin was 33.3% in Fiscal 2025 compared to 34.0% in Fiscal 2024, a decrease of 0.7%. The decrease was primarily due to (i) higher wholesale merchandise sales; and (ii) higher occupancy costs.

SG&A expenses were \$224.7 million in Fiscal 2025 compared to \$209.3 million in Fiscal 2024, an increase of \$15.4 million, or 7.3%. The increase was primarily due to (i) higher compensation costs, including restructuring activities in certain business support functions, higher variable compensation costs, and the impact of the additional week in Fiscal 2025; (ii) higher depreciation and amortization and other store expenses driven by corporate store network growth and the impact of the additional week in Fiscal 2025; and (iii) higher marketing and advertising expenses; partially offset by (iv) lower technology expenditures related to our investment in our e-commerce platform. SG&A expenses, as a percentage of revenue was, 19.1% for both Fiscal 2025 and Fiscal 2024.

Interest expense, net was \$30.5 million in Fiscal 2025 compared to \$32.1 million in Fiscal 2024, a decrease of \$1.6 million, or 5.1%. The decrease was primarily due to (i) lower interest expense on the term facility primarily due to a decline in interest rates compared to Fiscal 2024; partially offset by (ii) higher interest expense on lease liabilities resulting from store network expansion and renewal of existing leases, and the additional week in Fiscal 2025; (iii) lower interest income due to lower interest earned on cash balances; and (iv) the comparative period gain recognized on the modification of long-term debt.

Income tax expense was \$36.0 million in Fiscal 2025 compared to \$34.0 million in Fiscal 2024, an increase of \$2.0 million or 5.9%. The increase was primarily due to higher taxable earnings in Fiscal 2025. The effective income tax rate was 26.9% in Fiscal 2025 compared to 28.0% in Fiscal 2024. The Fiscal 2025 and Fiscal 2024 effective tax rates were higher than the blended statutory tax rate of 26.5% primarily because of non-deductible expenses.

Net income was \$97.8 million in Fiscal 2025 compared to \$87.4 million in Fiscal 2024, an increase of \$10.4 million or 11.9%. The increase was primarily due to higher operating income, lower interest expense, net and gain on foreign exchange, partially offset by higher income tax expense, as described above.

Adjusted EBITDA was \$257.1 million in Fiscal 2025, compared to \$247.1 million in Fiscal 2024, an increase of \$10.0 million, or 4.1%. The increase was primarily due to higher gross profit, excluding costs related to the supply chain transformation, partially offset by higher SG&A expenses, excluding share-based compensation and costs not indicative of business performance, driven by higher compensation costs, higher technology expenditures, and higher other store expenses. Adjusted EBITDA as a percentage of revenue was 21.9% and 22.5% in Fiscal 2025 and Fiscal 2024, respectively.

Adjusted Net Income was \$113.2 million in Fiscal 2025 compared to \$113.3 million in Fiscal 2024, a decrease of \$0.2 million, or 0.1%. The decrease was primarily due to higher SG&A expenses, excluding share-based compensation and costs not indicative of business performance, driven by higher compensation costs, higher technology expenditures, higher depreciation and amortization and other store expenses. This was partially offset by higher gross profit, excluding costs related to the supply chain transformation, and lower interest expense, net as described above. Adjusted Net Income as a percentage of revenue was 9.6% in Fiscal 2025 and 10.3% in Fiscal 2024, respectively.

Adjusted Net Income per Diluted Share was \$1.61 in Fiscal 2025, compared to \$1.57 in Fiscal 2024, an increase of \$0.04 per common share or 2.5%. The increase was primarily driven by lower diluted weighted average number of common shares outstanding as a result of the common share repurchases, partially offset by the impact of lower Adjusted Net Income.

Net Capital Expenditures were \$38.6 million in Fiscal 2025 compared to \$52.3 million in Fiscal 2024, a decrease of \$13.7 million. The decrease was primarily due to higher tenant allowances received, including for the new Calgary distribution centre, higher proceeds on disposal of property and equipment from the sale of corporate-owned stores to franchisees, and lower expenditures on property and equipment due to a decline in construction costs related to the new distribution centres.

Free Cash Flow was \$104.1 million in Fiscal 2025 compared to \$102.6 million in Fiscal 2024, an increase of \$1.5 million. The increase was primarily due to (i) higher tenant allowances received, including for the new Calgary distribution centre; (ii) lower

expenditures on property and equipment and higher principal payments collected on lease receivables; and (iii) an increase in cash from operating activities; partially offset by (iv) an increase in principal and interest payments on lease liabilities due to store network expansion and the additional week in Fiscal 2025.

Dividends

On March 2, 2026, the Board of Directors of the Company declared a dividend of \$0.13 per common share payable on April 15, 2026 to holders of common shares of record as at the close of business on March 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;
- flat to slight expansion of Adjusted EBITDA margin, supported by operating expense leverage while maintaining competitiveness;
- Adjusted Net Income per Diluted Share growth in the mid to high single-digits; 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 fiscal year ended January 3, 2026 for further details concerning EBITDA, Adjusted EBITDA, Adjusted Net Income, Free Cash Flow, and Net Capital Expenditures including definitions and reconciliations to the relevant reported IFRS measures.

(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 fiscal year ended January 3, 2026, incorporated by reference herein, for the definitions of supplementary financial measures. A copy of the MD&A for the fiscal year ended January 3, 2026 is available on SEDAR+ at www.sedarplus.ca.

(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 fiscal year ended January 3, 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 fourth quarter results is scheduled for March 3, 2026, at 8:30 a.m. ET. To access Pet Valu's conference call, please dial 1-833-950-0062 (ID: 141358). 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 1-866-813-9403 (ID: 304363) and will be accessible until March 10, 2026. 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 over 800 corporate-owned or franchised locations across the country. For more than 45 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 fiscal year ended January 3, 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 fiscal year ended January 3, 2026 and in the Company's annual information form dated March 2, 2026 ("AIF"). A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on SEDAR+ at www.sedarplus.ca. These factors are not intended to represent a complete list of the factors that could affect the Company; however, these factors should be considered carefully.

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

For more information:

James Allison
Vice President, Investor Relations & Treasury
investors@petvalu.ca
289-806-4559

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Consolidated Statements of Income and Comprehensive Income

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

	Quarters Ended		Years ended	
	January 3, 2026 \$	December 28, 2024 \$	January 3, 2026 \$	December 28, 2024 \$
Revenue				
Retail sales	121,275	104,929	427,344	405,357
Franchise and other revenues	205,085	190,220	748,212	691,836
Total revenue	326,360	295,149	1,175,556	1,097,193
Cost of sales	218,779	194,933	786,716	732,554
Gross profit	107,581	100,216	388,840	364,639
Selling, general and administrative expenses	59,473	52,344	224,684	209,316
Total operating income	48,108	47,872	164,156	155,323
Interest expenses, net	8,017	6,552	30,480	32,103
Loss (gain) on foreign exchange	68	1,265	(78)	1,836
Income before income taxes	40,023	40,055	133,754	121,384
Income tax expense	10,657	11,150	35,954	33,964
Net income and comprehensive income	29,366	28,905	97,800	87,420
Net income per share				
Basic	0.43	0.41	1.41	1.22
Diluted	0.42	0.40	1.39	1.21

Reconciliation of Net Income of EBITDA and Adjusted EBITDA, and Adjusted Net Income

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

	Quarters Ended		Years Ended	
	January 3, 2026 14 weeks \$	December 28, 2024 13 weeks \$	January 3, 2026 53 weeks \$	December 28, 2024 52 weeks \$
Reconciliation of net income to Adjusted EBITDA				
Net income	29,366	28,905	97,800	87,420
Depreciation and amortization	20,394	16,784	73,687	65,913
Interest expenses, net	8,017	6,552	30,480	32,103
Income tax expense	10,657	11,150	35,954	33,964
EBITDA⁽¹⁾	68,434	63,391	237,921	219,400
Adjustments to EBITDA				
Transformation costs ⁽²⁾	6,673	2,376	12,527	16,682
Other professional fees ⁽³⁾	—	221	459	1,218
Share-based compensation ⁽⁴⁾	(842)	176	6,015	7,203
Asset impairments ⁽⁵⁾	272	744	272	744
Loss (gain) on foreign exchange	68	1,265	(78)	1,836
Adjusted EBITDA	74,605	68,173	257,116	247,083

Adjusted EBITDA as a percentage of revenue	22.9 %	23.1 %	21.9 %	22.5 %
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	Quarters Ended		Years Ended	
	January 3, 2026 14 weeks \$	December 28, 2024 13 weeks \$	January 3, 2026 53 weeks \$	December 28, 2024 52 weeks \$
Reconciliation of net income to Adjusted Net Income				
Net income	29,366	28,905	97,800	87,420
<i>Adjustments to net income</i>				
Transformation costs ⁽²⁾	6,680	2,496	13,754	23,124
Other professional fees ⁽³⁾	—	221	459	1,218
Share-based compensation ⁽⁴⁾	(842)	176	6,015	7,203
Asset impairments ⁽⁵⁾	272	744	272	744
Gain on modification of debt ⁽⁶⁾	—	(1,019)	—	(1,019)
Loss (gain) on foreign exchange	68	1,265	(78)	1,836
Tax effect of adjustments to net income	(1,582)	(605)	(5,050)	(7,199)
Adjusted Net Income	33,962	32,183	113,172	113,327
Adjusted Net Income as a percentage of revenue	10.4%	10.9%	9.6%	10.3%
Adjusted Net Income per Diluted Share	0.49	0.45	1.61	1.57

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 fiscal year ended January 3, 2026 for further details including definitions and reconciliations to the relevant reported IFRS measure.

(2) Represents (i) discrete, project-based implementation costs associated with new information technology systems and discrete Software-as-a-Service ("SaaS") arrangements for transformational initiatives supporting 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 Q4 2025 and Fiscal 2025 were \$0.4 million and \$2.2 million, respectively (Q4 2024 and Fiscal 2024 — \$nil and \$4.4 million, respectively) and in selling, general, and administrative expenses, \$6.2 million and \$10.4 million, respectively (Q4 2024 and Fiscal 2024 — \$2.4 million and \$12.3 million, respectively).

For Adjusted Net Income, the transformation costs included in cost of sales in Q4 2025 and Fiscal 2025 were \$0.4 million and \$3.0 million, respectively (Q4 2024 and Fiscal 2024 — \$0.2 million and \$8.5 million, respectively) and in selling, general, and administrative expenses, \$6.2 million and \$10.4 million, respectively (Q4 2024 and Fiscal 2024 — \$2.3 million and \$12.3 million, respectively). For Adjusted Net Income, the interest expense on the lease liability in Q4 2025 and Fiscal 2025 was \$nil and \$0.3 million, respectively (Q4 2024 and Fiscal 2024 — \$nil and \$2.3 million, respectively).

(3) Represents professional fees primarily incurred with respect to (i) a secondary offering of the Company's common shares completed by the principal shareholders on May 21, 2025 (the "May 2025 Secondary Offering") and a secondary offering of the Company's common shares completed by the principal shareholders on May 15, 2024 (the "2024 Secondary Offering"); and (ii) the Canada Revenue Agency's ("CRA") examination of the Company's Canadian tax filings discussed in the "Income Taxes" section of the Company's MD&A for the fiscal year ended January 3, 2026. 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 and certain other assets for a corporate store which was included in selling, general and administrative expenses.

(6) Represents a gain on debt modification recognized in interest expenses, net in connection with the third amendment of the credit agreement completed on October 31, 2024.

Consolidated Statements of Cash Flow

(Unaudited, in thousands of Canadian dollars)

	Quarters ended		Years ended	
	January 3, 2026 \$	December 28, 2024 \$	January 3, 2026 \$	December 28, 2024 \$
Cash provided by (used in)				
Operating activities				
Net income	29,366	28,905	97,800	87,420
Adjustments for items not affecting cash:				
Depreciation and amortization	20,394	16,784	73,687	65,913
Impairment of property and equipment	109	216	109	216
Impairment of right-of-use assets	163	528	163	528
Deferred franchise fees	298	41	158	129
Gain on disposal of property and equipment	(4,735)	(755)	(4,848)	(3,565)
Gain on disposal of right-of-use assets	(163)	(17)	(106)	(49)
Loss (gain) on foreign exchange	68	1,265	(78)	1,836
Share-based compensation expense	(842)	176	6,015	7,203
Interest expenses, net	8,017	6,552	30,480	32,103
Income tax expense	10,657	11,150	35,954	33,964
Income taxes paid	(11,362)	(6,332)	(39,293)	(31,213)
Changes in operating working capital:				
Trade and other receivables	(5,311)	(5,836)	(235)	(7,351)
Inventories	10,733	10,246	(5,166)	(2,259)
Prepaid expenses	(1,957)	795	(4,365)	8,818
Trade and other payables	11,919	4,019	11,891	6,383
Net cash provided by operating activities	67,354	67,737	202,166	200,076
Financing activities				
Proceeds from exercise of share options	12,888	—	22,013	4,089
Shares repurchased for cancellation	(10,000)	(27,964)	(88,015)	(30,007)
Dividends paid on common shares	(8,271)	(7,832)	(33,162)	(31,470)
Repayment of Term Facility	—	—	—	(13,312)
Net drawings on Revolving Facility	(5,000)	—	10,000	—
Interest paid on long-term debt	(5,553)	(3,042)	(14,518)	(22,847)
Repayment of principal on lease liabilities	(26,459)	(16,790)	(79,488)	(64,898)
Interest paid on lease liabilities	(6,782)	(5,915)	(24,519)	(23,409)
Tenant allowances received	769	1,226	9,640	2,272
Financing costs	—	(1,971)	—	(1,971)
Standby letter of credit fees	(149)	—	(171)	—
Net cash used in financing activities	(48,557)	(62,288)	(198,220)	(181,553)
Investing activities				
Purchases of property and equipment	(14,740)	(17,473)	(54,530)	(60,612)
Purchases of intangible assets	(957)	(603)	(2,188)	(2,121)
Proceeds on disposal of property and equipment	6,733	2,074	8,480	8,178
Right-of-use asset initial direct costs	(631)	(1,131)	(2,469)	(2,549)
Notes receivable	109	93	462	598
Receipt of principal on lease receivables	10,960	9,347	40,531	35,176
Interest received on lease receivables and other	2,889	2,975	11,283	11,914
Repurchase of franchises	(2,155)	(407)	(4,797)	(1,378)
Net cash provided by (used in) investing activities	2,208	(5,125)	(3,228)	(10,794)
Effect of exchange rate on cash	(42)	(613)	(138)	(1,032)

Net increase (decrease) in cash	20,963	(289)	580	6,697
Cash, beginning of year	14,758	35,430	35,141	28,444
Cash, end of year	35,721	35,141	35,721	35,141

Free Cash Flow

(Unaudited, in thousands of Canadian dollars)

	Quarters Ended		Years Ended	
	January 3, 2026 14 weeks \$	December 28, 2024 13 weeks \$	January 3, 2026 53 weeks \$	December 28, 2024 52 weeks \$
Cash provided by operating activities	67,354	67,737	202,166	200,076
Cash provided by (used) in investing activities	2,208	(5,125)	(3,228)	(10,794)
Tenant allowances	769	1,226	9,640	2,272
Repayment of principal on lease liabilities	(26,459)	(16,790)	(79,488)	(64,898)
Interest paid on lease liabilities	(6,782)	(5,915)	(24,519)	(23,409)
Notes receivable	(109)	(93)	(462)	(598)
Free Cash Flow	36,981	41,040	104,109	102,649

Consolidated Statements of Financial Position

(Audited, in thousands of Canadian dollars)

	As at January 3, 2026 \$	As at December 28, 2024 \$
Assets		
Current assets		
Cash	35,721	35,141
Trade and other receivables	34,346	34,963
Inventories	131,050	124,577
Prepaid expenses and other assets	14,950	10,585
Lease receivables	41,508	40,339
Income taxes recoverable	—	905
Total current assets	257,575	246,510
Long-term lease receivables	172,171	170,052
Right-of-use assets	272,944	242,796
Property and equipment	174,225	151,462
Intangible assets	48,444	50,248
Goodwill	100,412	98,180
Deferred tax assets	8,174	7,814
Other assets	3,715	3,869
Total assets	1,037,660	970,931

Liabilities

Current liabilities		
Trade and other payables	113,140	101,638
Deferred franchise fees	1,481	1,427
Lease liabilities	77,126	76,881
Income taxes payable	2,144	—
Other liabilities	4,856	4,119
Provisions	120	355
Total current liabilities	198,867	184,420

Long-term deferred franchise fees	4,578	4,522
Long-term lease liabilities	437,029	394,393
Long-term debt	288,987	278,020
Deferred tax liabilities	2,892	7,551
Other liabilities	2,996	2,711
Provisions	4,037	3,565
Total liabilities	939,386	875,182
Shareholders' equity		
Common shares	332,655	313,829
Contributed surplus	4,957	10,376
Deficit	(239,197)	(228,315)
Currency translation reserve	(141)	(141)
Total shareholders' equity	98,274	95,749
Total liabilities and shareholders' equity	1,037,660	970,931



Source: Pet Valu Canada Inc