Pet Valu Reports Third Quarter 2022 Results; Same-Store Sales Growth[(1)] of 15%

Revenue up 22%, exceeding 20% for the third consecutive quarter

Raises full-year outlook following strong performance in Q3 2022

Markham, Ontario, November 8, 2022 - Pet Valu Holdings Ltd. ("Pet Valu" or the "Company") (TSX: PET), the leading Canadian specialty retailer of pet food and pet-related supplies, today announced its financial results for the third quarter ended October 1, 2022.

Third Quarter Highlights

- System-wide sales[(1)] were $331.6 million, an increase of 28.3% versus the prior year. Excluding Chico[(2)], system-wide sales grew 17.6%, driven predominantly by same-store sales growth[(1)] of 14.7%, with both basket and traffic growth contributing.
- Revenue was $244.7 million, an increase of 21.9% versus the prior year. Excluding Chico, revenue grew 20.3%, similar to system-wide sales growth.
- Adjusted EBITDA[(3)] was $57.0 million, up 12.4%, representing 23.3% of revenue. Operating income was $43.3 million, up 11.2% versus the prior year.
- Net income was $27.0 million, up from $24.3 million in the prior year.
- Adjusted Net Income[(3)] was $30.7 million or $0.43 per diluted share, up 11.1% and 10.3%, respectively, versus the prior year.
- Opened 13 new stores and ended the quarter with 729 stores across the network.
- Launched AutoShip subscription service on September 21, 2022.
- The Board of Directors declared a dividend of $0.06 per common share.

2022 Outlook

- The Company now expects 2022 revenue between $938 and $947 million, driven by same-store sales growth between 15.5% and 16.5% and 40-45 new store openings, Adjusted EBITDA between $212 and $214 million and Adjusted Net Income per Diluted Share[(3)] between $1.56 and $1.58.

“Our momentum continued into Q3 as we delivered another quarter of exceptional same-store sales growth across our network, bolstered by the resilient strength of the pet industry and further market share gains,” said Richard Maltsbarger, President and Chief Executive Officer of Pet Valu. “At the same time, we made significant advancements on our strategic agenda, including the rollout of our AutoShip subscription service, initial launch of our Performatrin Ultra brand in Chico stores and the introductions of what we believe are our best ever seasonable product lineups for fall, winter and the holidays.

“We continue to see robust signals from devoted pet lovers across Canada as our team and franchisees work tirelessly to provide value to our customers,” continued Mr. Maltsbarger. “We have once again raised our 2022 outlook, built on recent performance and our excitement as we head into the holiday season.”

Financial Results for the Third Quarter Fiscal 2022

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

Revenue was $244.7 million in Q3 2022, an increase of $44.0 million, or 21.9%, as compared to $200.7 million in Q3 2021. The current quarter includes $3.3 million of franchise and other revenues from the acquisition of Chico. The increase in revenue was driven by growth in retail sales, as well as franchise and other revenues.

Same-store sales growth was 14.7% in Q3 2022 driven by a 7.6% increase in same-store transactions and a 6.6% increase in same-store average spend per transaction. This is compared to same-store sales growth of 20.3% in Q3 2021, which primarily consisted of a 12.9% increase in same-store transactions and a 6.6% increase in same-store average spend per transaction.

Gross profit increased by $15.2 million, or 19.4%, to $93.5 million in Q3 2022, compared to $78.3 million in Q3 2021. Gross profit margin was 38.2% in Q3 2022 compared to 39.0% in Q3 2021. The gross profit margin decrease was primarily driven by: (i) lower product margins as pricing adjustments were more than offset by higher costs including incremental freight costs and rebates to our franchisees; (ii) the unfavourable impact of the weaker Canadian dollar on non-domestic sourced products primarily denominated in U.S. dollars; partially offset by (iii) a duty recovery associated to COVID relief measures; and (iv) the acquisition of Chico.

Selling, general and administrative ("SG&A") expenses were $50.2 million in Q3 2022, an increase of $10.9 million, or 27.6%, compared to $39.4 million in Q3 2021. SG&A expenses represented 20.5% and 19.6% of total revenue for Q3 2022 and Q3 2021, respectively. The $10.9 million increase in SG&A expenses was primarily due to: (i) increased compensation costs as a result of headcount and salary investments; (ii) higher technology and telecommunication costs to modernize our technology infrastructure and expand our omni-channel capabilities; (iii) higher advertising expenses; (iv) higher travel and meeting expenses; partially offset by (v) lower professional fees as Q3 2021 included fees to support post-initial public offering (the “Offering”) and separation activities.

Adjusted EBITDA increased by $6.3 million, or 12.4%, to $57.0 million in Q3 2022, compared to $50.7 million in Q3 2021. The increase in Adjusted EBITDA was primarily due to higher EBITDA of $5.1 million as explained by the factors above and excludes share-based compensation, business transformation costs, readiness for the Offering and separation costs, loss on foreign exchange, information technology transformation costs, investment in associate, and other professional fees. Adjusted EBITDA as a percentage of revenue was 23.3% and 25.2% respectively in Q3 2022 and Q3 2021.

Net interest expense was $5.5 million in Q3 2022, an increase of $1.0 million, or 22.6%, compared to $4.5 million in Q3 2021. The increase was primarily driven by: (i) higher interest expense on the 2021 Term Facility (as hereinafter defined) resulting from higher interest rates on lower total debt outstanding compared to Q3 2021.

Income taxes were $10.1 million in Q3 2022 compared to $9.8 million in Q3 2021, an increase of $0.3 million year over year. The increase in income taxes was primarily the result of higher taxable earnings in Q3 2022. The effective income tax rate was 27.2% in Q3 2022 compared to 28.6% in Q3 2021. The Q3 2022 and Q3 2021 effective tax rate is higher than the blended statutory rate of 26.5% primarily because of non-deductible expenses.

Net income increased by $2.6 million to $27.0 million in Q3 2022, compared to $24.3 million in Q3 2021. The change in net income is explained by the factors described above.

Adjusted Net Income increased by $3.1 million to $30.7 million in Q3 2022, compared to $27.7 million in Q3 2021. Adjusted Net Income as a percentage of revenue was 12.6% in Q3 2022 and 13.8% in Q3 2021. The 1.2% year over year decrease results from the factors described above.

Adjusted Net Income per Diluted Share increased by $0.04 to $0.43 in Q3 2022, compared to $0.39 in Q3 2021. The 10.3% year over year increase results primarily from the factors described above.

Cash and cash equivalents at the end of the third quarter totaled $47.8 million.

Free Cash Flow[(3)] amounted to $19.9 million in Q3 2022 compared to $46.8 million in Q3 2021, a decrease of $26.9 million mostly driven by a decrease in cash from operating activities and investing activities, and higher repayment of principal and interest on lease liabilities given the growth in store count and the renewal of existing leases.

Inventory at end of the third quarter of 2022 was $136.0 million compared to $91.7 million at the end of Fiscal 2021, an increase of $44.3 million primarily due to higher demand, inflation in product cost, a heightened level of safety stock and accelerated purchase of seasonal goods in light of global supply chain challenges, and initial load-ins to support proprietary brand launches at Chico.

[(1)] This is a supplementary financial measure. Refer to "Non-IFRS Measures and Supplementary Financial Measures" below and to the section entitled "How We Assess the Performance of our Business" in the MD&A for the definitions of supplementary financial measures.

[(2)] On February 25, 2022, the Company acquired all of the issued and outstanding shares of Les Franchises Chico Inc. and 9353-0145 Quebec Inc. (collectively referred to as "Chico"), a franchisor of pet specialty stores in Quebec, Canada.

[(3)] This is a Non-IFRS financial measure. Non-IFRS financial measures are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Refer to "Non-IFRS Measures and Supplementary Financial Measures" and "Selected Consolidated Financial Information" below, including for a reconciliation of the non-IFRS measures used in this release to the most comparable IFRS measures. Also refer to the sections entitled "How We Assess the Performance of our Business", "Non-IFRS Measures and Supplementary Financial Measures" and "Selected Consolidated Financial Information and Industry Metrics" in the MD&A, incorporated by reference herein, for further details concerning Adjusted EBITDA, Adjusted Net Income, Adjusted Net Income per Diluted Share and Free Cash Flow including definitions and reconciliations to the relevant reported IFRS measure

Dividends

On November 7, 2022, the Board of Directors of the Company declared a dividend of $0.06 per common share payable on December 15, 2022 to holders of common shares of record as at the close of business on November 30, 2022.

Outlook

The following information, except for same-store sales growth, includes the impact of Chico, which was acquired on February 25, 2022. Based on strong performance year-to-date, and expectations for the fourth quarter, the Company now expects to achieve the following for the full year 2022:

- Revenue between $938 and $947 million, supported by same-store sales growth of between 15.5% and 16.5%, and 40 to 45 new store openings;

- Adjusted EBITDA between $212 and $214 million, which incorporates a full year of public company costs, as well as incremental investments in labour as well as storage and throughput capacity, disclosed in late 2021;

- Adjusted Net Income per Diluted Share between $1.56 and $1.58;

- Information technology transformation costs of approximately $8 million and share-based compensation of approximately $6 million, both of which are excluded from Adjusted EBITDA and Adjusted Net Income per Diluted Share; and
- Net Capital Expenditures[4] between $35 and $40 million, including approximately $15 million in advanced payments and leasehold improvements related to the build-out of the new distribution centre in the Greater Toronto Area.

[4] Net Capital Expenditures represents purchase of property and equipment, purchase of intangible assets, proceeds on disposal of property and equipment and tenant allowances.

Conference Call Details

A conference call to discuss the Company's third quarter results is scheduled for November 8, 2022, at 8:30 a.m. ET. To access Pet Valu's conference call, please dial 1-888-350-3870, (access code: 5518274). A live webcast of the call will also be available through the Events & Presentations section of the Company's website at https://investors.petvalu.com/.

For those unable to participate, a playback will be available shortly after the conclusion of the call by dialing 1-800-770-2030 (ID: 5518274#) and will be accessible until November 15, 2022. The webcast will also be archived and available through the Events & Presentations section of the Company's website at https://investors.petvalu.com/.

About Pet Valu

Pet Valu is Canada's leading retailer of pet food and pet-related supplies with over 700 corporate-owned or franchised locations across the country. For more than 40 years, Pet Valu has earned the trust and loyalty of pet parents by offering knowledgeable customer service, a premium product offering and engaging in-store services. Pet Valu's neighbourhood stores offer more than 7,000 competitively-priced products, including a broad assortment of premium, super premium, holistic and award-winning proprietary brands. To learn more, please visit: www.petvalu.com.

Basis of Presentation - Carve-out Financial Information

Prior to the Offering, the Company was not operating as a stand-alone entity and as a result, the financial information for periods prior to June 30, 2021 are presented on a carve-out basis that includes only legal entities representing the Canadian operations of Pet Valu Holdings Ltd. (referred to as the "Group", prior to the distribution of its U.S. operations to its shareholder). For more information, see the Company's unaudited condensed interim consolidated financial statements and related MD&A for the 13-week and 39-week periods ended October 1, 2022 and October 2, 2021, respectively.

Non-IFRS Measures and Supplementary Financial Measures

This press release makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. They are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Pet Valu uses non-IFRS measures, including "EBITDA", "Adjusted EBITDA", "Adjusted Net

Income", Adjusted Net Income per Diluted Share" and "Free Cash Flow". This press release also makes reference to certain supplementary financial measures that are commonly used in the retail industry, including "System-wide stores", "System-wide sales", "Same-store sales", and "Same-store sales growth". These non-IFRS measures and supplementary financial measures are used to provide investors with supplemental measures of Pet Valu's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures and these supplementary financial measures in the evaluation of issuers. Management uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and to determine components of management compensation. Refer to the MD&A for the second quarter ended October 1, 2022 for further information on non-IFRS measures and industry metrics, including for their definition and, for non-IFRS measures, a reconciliation to the most comparable IFRS measure.

Forward-Looking Information

Some of the information contained in this press release is forward-looking information. Forward-looking information is provided as of the date of this press release and is based on management's opinions, estimates and assumptions in light of its experience and perception of historical trends, current trends, current conditions and expected future developments, as well as other factors that management believes appropriate and reasonable in the circumstances. Pet Valu does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable Canadian securities laws. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors. Particularly, information regarding our expectations of future results, targets, performance achievements, prospects or opportunities, including the information under the heading "Outlook" in this press release, is forward-looking information, which is based on the factors and assumptions, and subject to the risks, as set out herein and in the Company's annual information form ("AIF") dated March 8, 2022. Often but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology.

Many factors could cause our actual results, level of activity, performance or achievements, future events or developments, or outlook to differ materially from those expressed or implied by the forward-looking information, including, without limitation, the factors discussed in the "Risk Factors" section of the AIF. A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

The Company cautions that the list of risk factors and uncertainties described in the AIF is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating forward-looking information and are cautioned not to place undue reliance on such information.

For more information:

James Allison
Senior Director, Investor Relations
investors@petvalu.com
289-806-4559

SELECTED CONSOLIDATED FINANCIAL INFORMATION

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

	Quarters Ended		Year to Date Ended	
	October 1, 2022	**October 2, 2021**	**October 1, 2022**	**October 2, 2021**
	13 weeks	**13 weeks**	**39 weeks**	**39 weeks**
Revenue:				
Retail sales	$ 103,167	$ 88,836	$ 293,297	$ 250,641
Franchise and other revenues	141,557	111,870	392,356	302,319
Total revenue	244,724	200,706	685,653	552,960
Cost of sales	151,182	122,374	429,660	347,805
Gross profit	93,542	78,332	255,993	205,155
Selling, general and administrative expenses	50,231	39,371	138,212	117,015
Total operating income	43,311	38,961	117,781	88,140
Interest expenses, net	5,508	4,492	14,049	42,470
Loss (gain) on foreign exchange	832	369	931	(42,665)
Other income	(83)	—	(207)	—
Income before income taxes	37,054	34,100	103,008	88,335
Income taxes expense	10,068	9,751	28,123	16,283
Net income	26,986	24,349	74,885	72,052
Less:				
Net income attributable to non-controlling interests	—	—	—	3,430
Net income attributable to the shareholders of the Company	26,986	24,349	74,885	68,622
Other comprehensive income, net of tax:				
Currency translation adjustments reclassified to net income	—	—	—	(29,665)
Currency translation adjustments that may be reclassified to net income, net of tax	22	10	25	21,080
Comprehensive income for the period attributable to the shareholders of the Company	$ 27,008	$ 24,359	$ 74,910	$ 60,037
Basic net income per share attributable to the common shareholders	$ 0.38	$ 0.35	$ 1.06	$ 0.98
Diluted net income per share attributable to the common shareholders	$ 0.38	$ 0.34	$ 1.04	$ 0.96

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

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

	Quarters Ended		Year to Date Ended	
	October 1, 2022	**October 2, 2021**	**October 1, 2022**	**October 2, 2021**
	13 weeks	**13 weeks**	**39 weeks**	**39 weeks**
Reconciliation of net income to Adjusted EBITDA:				
Net income	$ 26,986	$ 24,349	$ 74,885	$ 72,052
Depreciation and amortization	9,595	8,434	27,741	25,077
Interest expenses, net	5,508	4,492	14,049	42,470
Income taxes expense	10,068	9,751	28,123	16,283
EBITDA	**52,157**	**47,026**	**144,798**	**155,882**
Adjustments to EBITDA:				
Management fees(1)	—	—	—	679
Information technology transformation costs(2)	1,252	1,239	3,329	3,796
IPO readiness and separation costs(3)	—	709	—	4,229
Business transformation costs(4)	834	205	1,215	1,924
Other professional fees(5)	163	80	1,159	1,543
Share-based compensation(6)	1,799	1,023	4,318	3,579
Asset impairments(7)	—	17	—	17
Loss (gain) on foreign exchange(8)	832	369	931	(42,665)
Investment in associate(9)	(83)	—	(207)	—
Adjusted EBITDA	**$ 56,954**	**$ 50,668**	**$ 155,543**	**$ 128,984**
Adjusted EBITDA as a percentage of revenue	**23.3%**	**25.2%**	**22.7%**	**23.3%**

Notes:

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

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

(3) Represents expenses incurred related to the following: (i) consulting, legal and accounting fees for projects and process improvements incurred in the preparation of the Offering and the legal restructuring to separate the Company from the Group; and (ii) retention bonuses for certain key management personnel in connection with the Offering.

(4) For Fiscal 2022, represents expenses associated to supply chain transformation initiatives including the new distribution centre. For Fiscal 2021, predominately represents severance, recruitment, and consulting expenses associated to the strategic reorganization in the senior leadership team and key functional departments as part of the Company's separation from the Group.

(5) Professional fees primarily incurred with respect to: (i) the CRA's examination of the Company's Canadian tax filings for the 2016 fiscal year; and (ii) acquisition and integration costs incurred in relation to Chico in Fiscal 2022.

(6) Represents share-based compensation in respect of our amended and restated share option plan, long-term incentive plan, and deferred share unit plan.

(7) Non-cash impairment charge taken against certain leasehold improvements and right-of-use assets for stores.

(8) Represents foreign exchange gains and losses.

(9) Represents the Company's share of loss from associate (Q3 2022 and YTD 2022 — $0.2 million and $0.3 million, respectively) and the gain on the fair value of the related call option (Q3 2022 and YTD 2022 — $0.3 million and $0.5 million, respectively). During Q3 2022, the Company revised its definition of Adjusted EBITDA to exclude the gain on the fair value of the related call option. Comparative figures prior to Q2 2022 are not impacted by the change in definition. Refer to the section entitled "– Selected Quarterly Results and Performance Measures" in the MD&A for additional details.

Reconciliation of Net Income to Adjusted Net Income

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

	Quarters Ended		Year to Date Ended	
	October 1, 2022	**October 2, 2021**	**October 1, 2022**	**October 2, 2021**
	13 weeks	**13 weeks**	**39 weeks**	**39 weeks**
Reconciliation of net income to Adjusted Net Income:				
Net income	$ 26,986	$ 24,349	$ 74,885	$ 72,052
Adjustments to net income:				
Management fees[(1)]	—	—	—	679
Information technology transformation costs[(2)]	1,252	1,239	3,329	3,796
IPO readiness and separation costs[(3)]	—	709	—	4,229
Business transformation costs[(4)]	834	205	1,215	1,924
Other professional fees[(5)]	163	80	1,159	1,543
Share-based compensation[(6)]	1,799	1,023	4,318	3,579
Asset impairments[(7)]	—	17	—	17
Loss (gain) on foreign exchange[(8)]	832	369	931	(42,665)
Investment in associate[(9)]	(83)	—	(207)	—
Tax effect of adjustments to net income	(1,034)	(304)	(2,186)	(1,480)
Adjusted Net Income	**$ 30,749**	**$ 27,687**	**$ 83,444**	**$ 43,674**
Adjusted Net Income as a percentage of revenue	**12.6%**	**13.8%**	**12.2%**	**7.9%**
Adjusted Net Income per Diluted Share	**$ 0.43**	**$ 0.39**	**$ 1.16**	**$ 0.61**

Notes:

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

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

(3) Represents expenses incurred related to the following: (i) consulting, legal and accounting fees for projects and process improvements incurred in the preparation of the Offering and the legal restructuring to separate the Company from the Group; and (ii) retention bonuses for certain key management personnel in connection with the Offering.

(4) For Fiscal 2022, represents expenses associated to supply chain transformation initiatives including the new distribution centre. For Fiscal 2021, predominately represents severance, recruitment, and consulting expenses associated to the strategic reorganization in the senior leadership team and key functional departments as part of the Company's separation from the Group.

(5) Professional fees primarily incurred with respect to: (i) the CRA's examination of the Company's Canadian tax filings for the 2016 fiscal year; and (ii) acquisition and integration costs incurred in relation to Chico in Fiscal 2022.

(6) Represents share-based compensation in respect of our amended and restated share option plan, long-term incentive plan, and deferred share unit plan.

(7) Non-cash impairment charge taken against certain leasehold improvements and right-of-use assets for stores.

(8) Represents foreign exchange gains and losses.

(9) Represents the Company's share of loss from associate (Q3 2022 and YTD 2022 — $0.2 million and $0.3 million, respectively) and the gain on the fair value of the related call option (Q3 2022 and YTD 2022 — $0.3 million and $0.5 million, respectively). During Q3 2022, the Company revised its definition of Adjusted Net Income to exclude the gain on the fair value of the related call option. Comparative figures prior to Q2 2022 are not impacted by the change in definition. Refer to the section entitled "– Selected Quarterly Results and Performance Measures" in the MD&A for additional details.

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

	Quarters ended		Year to Date ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
	13 weeks	**13 weeks**	**39 weeks**	**39 weeks**
Cash provided by (used in):				
Operating activities:				
Net income for the period	$ 26,986	$ 24,349	$ 74,885	$ 72,052
Adjustments for items not affecting cash:				
Depreciation and amortization	9,595	8,434	27,741	25,077
Impairment of right-of-use assets	—	17	—	17
Deferred franchise fees	160	336	66	665
Gain on disposal of property and equipment	(277)	(430)	(319)	(858)
Loss (gain) on sale of right-of-use assets	300	(109)	460	(285)
Loss (gain) on foreign exchange	832	369	931	(42,665)
Gain on financial instruments	(255)	—	(499)	—
Share-based compensation expense	1,799	1,023	4,318	1,045
Share of loss from associate	172	—	292	—
Interest expenses, net	5,508	4,492	14,049	42,470
Income taxes expense	10,068	9,751	28,123	16,283
Income taxes paid	(5,550)	(2,719)	(31,123)	(10,398)
Security deposits paid	—	—	(5,073)	—
Change in non-cash operating working capital:				
Accounts receivable	(1,927)	1,999	(5,606)	(2,604)
Inventories	(19,191)	(1,333)	(43,747)	(10,110)
Prepaid expenses	(1,378)	(1,922)	(3,215)	(1,742)
Accounts payable and accrued liabilities	6,982	12,184	15,301	(3,879)
Net cash provided by operating activities	33,824	56,441	76,584	85,068
Financing activities:				
Issuance of common shares, net of transaction costs	—	—	—	295,210
Proceeds from exercise of share options	511	62	4,694	62
Dividends paid on common shares	(4,236)	—	(12,676)	—
Proceeds of 2021 Term Facility	—	—	—	355,000
Repayment of 2021 Term Facility	(2,218)	(2,219)	(6,656)	(2,219)
Proceeds of 2021 Revolving Credit Facility	—	—	—	40,000
Repayment of 2021 Revolving Credit Facility	—	(40,000)	—	(40,000)
Repayment of 2016 Term Loans	—	—	—	(680,424)
Interest paid on long-term debt	(5,468)	(2,560)	(12,639)	(38,975)
Repayment of principal on lease liabilities	(12,026)	(11,361)	(35,841)	(35,167)
Interest paid on lease liabilities	(2,970)	(2,888)	(8,788)	(8,649)
Financing costs	—	—	—	(6,589)
Standby letter of credit commitment fees	(314)	(52)	(628)	(4,355)
Net distributions	—	—	—	(16,983)
Net cash used in financing activities	(26,721)	(59,018)	(72,534)	(143,089)
Investing activities:				
Business acquisition, net of cash	291	—	(12,538)	—
Purchases of property and equipment	(7,041)	(4,490)	(16,693)	(14,770)
Purchase of intangible assets	(713)	(461)	(2,686)	(1,594)
Proceeds on disposal of property and equipment	607	2,240	1,382	4,443
Right-of-use asset initial direct costs	(600)	(598)	(1,218)	(1,435)
Tenant allowances	117	(25)	672	246
Notes receivable	597	16	895	237
Lease receivables	6,788	6,118	20,017	17,750
Interest received on lease receivables and other	2,237	1,775	6,052	5,132
Investment in associate	(645)	—	(1,779)	—
Net cash provided by (used in) investing activities	1,638	4,575	(5,896)	10,009
Effect of exchange rate on cash	(426)	(168)	(440)	(157)
Net increase (decrease) in cash	8,315	1,830	(2,286)	(48,169)
Cash, beginning of period	39,467	21,482	50,068	71,481
Cash, end of period	$ 47,782	$ 23,312	$ 47,782	$ 23,312

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

	Quarters Ended		Year to Date Ended	
	October 1, 2022	**October 2, 2021**	**October 1, 2022**	**October 2, 2021**
	13 weeks	**13 weeks**	**39 weeks**	**39 weeks**
Cash provided by operating activities	$ 33,824	$ 56,441	$ 76,584	$ 85,068
Cash provided by (used in) investing activities	1,638	4,575	(5,896)	10,009
Repayment of principal on lease liabilities	(12,026)	(11,361)	(35,841)	(35,167)
Interest paid on lease liabilities	(2,970)	(2,888)	(8,788)	(8,649)
Notes receivables	(597)	(16)	(895)	(237)
Free Cash Flow	**$ 19,869**	**$ 46,751**	**$ 25,164**	**$ 51,024**

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

	As at October 1, 2022	As at January 1, 2022
Assets		
Current assets:		
Cash	$ 47,782	$ 50,068
Accounts and other receivables	21,653	14,398
Inventories, net	136,024	91,699
Prepaid expenses and other assets	16,724	10,432
Current portion of lease receivables	28,389	26,621
Total current assets	250,572	193,218
Non-current assets:		
Lease receivables	132,218	121,936
Right-of-use assets, net	80,757	80,757
Property and equipment, net	66,594	62,067
Intangible assets, net	52,171	37,359
Goodwill	97,673	92,938
Deferred tax assets	5,565	5,601
Investment in associate	4,494	2,179
Other assets	7,304	3,118
Total non-current assets	446,776	405,955
Total assets	$ 697,348	$ 599,173
Liabilities and Shareholders' Deficit		
Current liabilities:		
Accounts payable and accrued liabilities	$ 108,127	$ 86,977
Income taxes payable	11,186	13,553
Current portion of deferred franchise fees	1,651	1,032
Current portion of lease liabilities	45,155	41,960
Current portion of long-term debt	15,531	8,875
Total current liabilities	181,650	152,397
Non-current liabilities:		
Long-term deferred franchise fees	3,712	3,183
Long-term lease liabilities	204,908	196,954
Long-term debt	324,205	336,621
Deferred tax liabilities	6,973	4,540
Other liabilities	1,240	—
Total non-current liabilities	541,038	541,298
Total liabilities	722,688	693,695
Shareholders' deficit:		
Common shares	312,191	307,497
Contributed surplus	4,033	1,779
Deficit	(341,410)	(403,619)
Currency translation reserve	(154)	(179)
Total shareholders' deficit	(25,340)	(94,522)
Total liabilities and shareholders' deficit	$ 697,348	$ 599,173