PET VALU HOLDINGS LTD.

Condensed Interim Consolidated Financial Statements

For the 13-week periods ended April 4, 2026 and March 29, 2025

(Unaudited)

PET VALU HOLDINGS LTD.

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

		13-week periods ended	
	Note	**April 4, 2026 $**	March 29, 2025 $
Revenue			
Retail sales	4	**107,707**	99,721
Franchise and other revenues	4	**180,236**	179,366
Total revenue		**287,943**	279,087
Cost of sales		**197,498**	187,032
Gross profit		**90,445**	92,055
Selling, general and administrative expenses		**55,521**	54,683
Total operating income		**34,924**	37,372
Interest expenses, net	14	**7,244**	7,132
Loss on foreign exchange		**122**	239
Income before income taxes		**27,558**	30,001
Income tax expense	11	**7,511**	8,239
Net income and comprehensive income		**20,047**	21,762
Net income per share			
Basic	13	**0.29**	0.31
Diluted	13	**0.29**	0.31

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

PET VALU HOLDINGS LTD.

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

	Note	As at April 4, 2026 $	As at January 3, 2026 $
Assets			
Current assets			
Cash and cash equivalents		**32,347**	35,721
Trade and other receivables		**36,424**	34,346
Inventories		**142,841**	131,050
Prepaid expenses and other assets		**15,174**	14,950
Lease receivables	5	**42,136**	41,508
Income taxes recoverable		**7,434**	—
Total current assets		**276,356**	257,575
Long-term lease receivables	5	**172,263**	172,171
Right-of-use assets	5	**274,262**	272,944
Property and equipment	6	**171,959**	174,225
Intangible assets	7	**48,170**	48,444
Goodwill		**100,412**	100,412
Deferred tax assets		**8,174**	8,174
Other assets		**3,747**	3,715
Total assets		**1,055,343**	1,037,660
Liabilities			
Current liabilities			
Trade and other payables		**118,346**	106,992
Deferred franchise fees		**1,487**	1,481
Lease liabilities	5	**78,985**	77,126
Income taxes payable		**—**	2,144
Other liabilities	8	**23,759**	11,004
Provisions		**84**	120
Total current liabilities		**222,661**	198,867
Long-term deferred franchise fees		**4,429**	4,578
Long-term lease liabilities	5	**438,448**	437,029
Long-term debt	9	**289,224**	288,987
Deferred tax liabilities		**2,892**	2,892
Other liabilities	8	**2,174**	2,996
Provisions		**4,069**	4,037
Total liabilities		**963,897**	939,386
Shareholders' equity			
Common shares	12	**327,007**	332,655
Contributed surplus		**5,015**	4,957
Deficit		**(240,435)**	(239,197)
Currency translation reserve		**(141)**	(141)
Total shareholders' equity		**91,446**	98,274
Total liabilities and shareholders' equity		**1,055,343**	1,037,660

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 Shareholders' Equity
(Unaudited, in thousands of Canadian dollars)

	Note	Common shares $	Contributed surplus $	Deficit $	Currency translation reserve $	Total $
As at January 3, 2026		332,655	4,957	(239,197)	(141)	98,274
Net income and comprehensive income		—	—	20,047	—	20,047
Exercise of share options	12, 15	2,199	(669)	—	—	1,530
Share-based compensation - option plans	15	—	727	—	—	727
Dividends on common shares	12	—	—	(8,901)	—	(8,901)
Shares repurchased for cancellation	12	(2,847)	—	(12,384)	—	(15,231)
Change in automatic share purchase plan commitment	12	(5,000)	—	—	—	(5,000)
As at April 4, 2026		**327,007**	**5,015**	**(240,435)**	**(141)**	**91,446**

	Note	Common shares $	Contributed surplus $	Deficit $	Currency translation reserve $	Total $
As at December 28, 2024		313,829	10,376	(228,315)	(141)	95,749
Net income and comprehensive income		—	—	21,762	—	21,762
Exercise of share options	12, 15	3,451	(708)	—	—	2,743
Share-based compensation - option plans	15	—	1,079	—	—	1,079
Dividends on common shares	12	—	—	(8,459)	—	(8,459)
Shares repurchased for cancellation	12	(2,201)	—	(10,583)	—	(12,784)
Change in automatic share purchase plan commitment	12	3,500	—	—	—	3,500
As at March 29, 2025		318,579	10,747	(225,595)	(141)	103,590

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, in thousands of Canadian dollars)

		13-week periods ended	
	Note	April 4, 2026 $	March 29, 2025 $
Cash provided by (used in)			
Operating activities			
Net income		**20,047**	21,762
Adjustments for items not affecting cash:			
Depreciation and amortization	5, 6, 7	**19,223**	17,255
Deferred franchise fees		**(106)**	(141)
Gain on disposal of property and equipment		**—**	(70)
Loss on disposal of right-of-use assets		**63**	25
Loss on foreign exchange		**122**	239
Share-based compensation expense	15	**238**	2,658
Interest expenses, net	14	**7,244**	7,132
Income tax expense	11	**7,511**	8,239
Income taxes paid		**(17,389)**	(9,805)
Changes in operating working capital:			
Trade and other receivables		**(2,402)**	4,802
Inventories		**(11,791)**	(9,018)
Prepaid expenses		**(225)**	(242)
Trade and other payables		**10,936**	(6,223)
Net cash provided by operating activities		**33,471**	36,613
Financing activities			
Proceeds from exercise of share options	12	**1,530**	2,743
Shares repurchased for cancellation	12	**(14,933)**	(12,533)
Interest paid on long-term debt		**(3,028)**	(3,689)
Repayment of principal on lease liabilities	5	**(19,315)**	(17,157)
Interest paid on lease liabilities	5	**(6,321)**	(5,901)
Tenant allowances received		**380**	563
Standby letter of credit fees	9	**(58)**	—
Net cash used in financing activities		**(41,745)**	(35,974)
Investing activities			
Purchases of property and equipment	6	**(6,882)**	(11,006)
Purchases of intangible assets	7	**(769)**	(339)
Proceeds on disposal of property and equipment		**—**	610
Right-of-use asset initial direct costs	5	**(491)**	(399)
Notes receivable		**153**	107
Receipt of principal on lease receivables	5	**10,266**	9,660
Interest received on lease receivables and other	5	**2,716**	2,920
Repurchase of franchises		**—**	(263)
Net cash provided by investing activities		**4,993**	1,290
Effect of exchange rate on cash and cash equivalents		**(93)**	(183)
Net (decrease) increase in cash and cash equivalents		**(3,374)**	1,746
Cash and cash equivalents, beginning of period		**35,721**	35,141
Cash and cash equivalents, end of period		**32,347**	36,887

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

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 April 4, 2026, the Company operates 257 corporate-owned stores (January 3, 2026 — 250) and has 613 franchise stores (January 3, 2026 — 613) 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 for the 13-week periods ended April 4, 2026 and March 29, 2025 (the "Interim Financial Statements") have been prepared in accordance with IFRS® Accounting Standards applicable to the preparation of the Interim Financial Statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting ("IAS 34").

The Interim Financial Statements do not include all disclosures required in the annual consolidated financial statements and, accordingly, should be read in conjunction with the Company’s consolidated financial statements as at and for the years ended January 3, 2026 and December 28, 2024 (the “Annual Financial Statements”).

Certain comparative amounts have been reclassified in the Interim Financial Statements to conform with the current period's presentation. Specifically, the automatic share purchase plan obligation, dividends payable, and interest payable were reclassified from trade and other payables to other liabilities in the condensed interim consolidated statements of financial position.

The Interim Financial Statements are presented in Canadian dollars, which is the Company’s functional currency. All values are rounded to the nearest thousand, except where otherwise indicated.

The Interim Financial Statements were approved and authorized for issuance by the Board of Directors of the Company on May 11, 2026.

(b) Basis of consolidation

The financial statements include the accounts of the Company and the following wholly owned subsidiaries: Pet Valu Canada Holding Corporation, Pet Holdings ULC, Pet Valu Canada Inc., Les Franchises Chico Inc., Pet Retail Brands North America Holdings ULC, Pet Valu Management Services Inc., and Pet Retail Brands US Holdings LLC. Subsidiaries are consolidated from the date on which control is determined, which is when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

All intercompany balances, transactions, unrealized gains and losses resulting from intercompany transactions, and dividends are eliminated in full.

(c) Use of estimates and judgments

The preparation of the Interim Financial Statements requires management to make judgments and estimates in applying the Company’s accounting policies. These judgments and estimates affect the reported amounts and the disclosures presented in the financial statements.

The judgments and estimates are based on management's historical experience, knowledge of current events and conditions and other factors considered reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant judgments, estimates and assumptions used in the preparation of the Interim Financial Statements are described in detail in Note 2 of the Annual Financial Statements. In preparing the Interim Financial Statements, there were no material changes to the significant judgments, estimates and assumptions used.

(d) Seasonality

The Company's operations are subject to limited seasonality due to the high penetration of consumable products sold consistently throughout the year. Historically, the fourth quarter generates the highest sales volumes, and accordingly higher revenue and net income, primarily as a result of the holiday season. During the fourth quarter, the Company also sells certain holiday-related merchandise that is not part of its core, year-round assortment, including seasonal toys, apparel, and giftable items, which results in a slightly higher proportion of annual revenue being recognized in that period.

3. Material accounting policies

The material accounting policies applied in the preparation of the Interim Financial Statements remain consistent with those used in the preparation of the Annual Financial Statements, except as outlined below.

- Impact of amended IFRS Accounting Standards that are effective for the current period

Beginning January 4, 2026, the Company applied the amendments to IFRS 9, Financial Instruments ("IFRS 9") and IFRS 7, Financial Instruments: Disclosures ("IFRS 7"). The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. In addition to these clarifications, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. Also included in the amendments, are clarifications regarding the classification of financial assets, including those with features linked to environmental, social and corporate governance. Under the amendments, additional disclosures are required for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. There was no material impact on the Interim Financial Statements.

4. Operating segment and revenue

The Company defines an operating segment on the same basis that it uses to evaluate performance internally and to allocate resources by the Chief Operating Decision Maker (the "CODM"). The Company has determined that the Chief Executive Officer is its CODM and there is one operating segment.

All of the Company's revenue and non-current assets are derived from and located within Canada. The Company does not derive revenue from any single customer that exceeds 10% of the Company's revenue.

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

The following table presents a disaggregation of retails sales and franchise and other revenues for the 13-week periods ended April 4, 2026 and March 29, 2025:

	April 4, 2026	March 29, 2025
	$	$
Retail sales		
Merchandise sales	**106,529**	98,534
In-store services	**1,178**	1,187
	107,707	99,721
Franchise and other revenues		
Wholesale merchandise sales	**143,666**	143,378
Royalties and sub-lease revenues	**28,033**	27,765
Promotion and other service fees	**8,537**	8,223
	180,236	179,366
Total revenue	**287,943**	279,087

5. Leases

(a) ROU assets

The following table presents the changes in ROU assets for the 13-week period ended April 4, 2026:

	Leased premises	**Other**	**Total**
	$	**$**	**$**
As at January 3, 2026	266,908	6,036	272,944
Net additions	11,300	229	11,529
Depreciation	(9,817)	(394)	(10,211)
As at April 4, 2026	**268,391**	**5,871**	**274,262**

During the 13-week period ended April 4, 2026, depreciation on ROU assets of $10,078 and $133 was recognized within cost of sales and selling, general and administrative expenses, respectively, in the condensed interim consolidated statements of income and comprehensive income (13-week period ended March 29, 2025 — $9,143 and $133, respectively).

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

(b) Lease liabilities

The following table presents the changes in lease liabilities for the 13-week period ended April 4, 2026:

	Leased premises	**Other**	**Total**
	$	**$**	**$**
As at January 3, 2026	507,968	6,187	514,155
Additions	22,253	231	22,484
Interest expense on lease liabilities	6,360	70	6,430
Repayment of interest and principal	(25,155)	(481)	(25,636)
As at April 4, 2026	**511,426**	**6,007**	**517,433**
Current portion of lease liabilities	**77,529**	**1,456**	**78,985**
Long-term lease liabilities	**433,897**	**4,551**	**438,448**
Total lease liabilities	**511,426**	**6,007**	**517,433**

The Company incurs variable lease payments for common area maintenance, property taxes, security and utilities related to its leased premises. In addition, certain retail store leases include payments that are contingent on a percentage of the store's sales. During the 13-week period ended April 4, 2026, variable lease expenses of $11,290 and $21 were included in cost of sales and selling, general and administrative expenses, respectively, in the condensed interim consolidated statements of income and comprehensive income (13-week period ended March 29, 2025 — $9,886 and $33, respectively).

(c) Lease receivables

The Company is considered an intermediate lessor for certain head leases associated with franchise store locations. Details of the Company's lease receivables include the following:

	As at April 4, 2026	As at January 3, 2026
	$	$
Current portion of lease receivables	**42,136**	41,508
Long-term lease receivables	**172,263**	172,171
Total lease receivables	**214,399**	213,679

For the 13-week period ended April 4, 2026, the Company recognized finance income on lease receivables of $2,551 in interest expenses, net in the condensed interim consolidated statements of income and comprehensive income (13-week period ended March 29, 2025 — $2,603).

Franchisees also make variable lease payments primarily for common area maintenance, property taxes and a percentage of sales earned in their retail store. For the 13-week period ended April 4, 2026, revenue from these variable lease payments was $13,474 and has been included in franchise and other revenues in the condensed interim consolidated statements of income and comprehensive income (13-week period ended March 29, 2025 — $13,243).

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

6. Property and equipment

During the 13-week period ended April 4, 2026, the Company had property and equipment additions of $5,703 (13-week period ended March 29, 2025 — $9,751) and no disposals (13-week period ended March 29, 2025 — $519). Depreciation on property and equipment for the 13-week period ended April 4, 2026 was $7,969 (13-week period ended March 29, 2025 — $6,923).

7. Intangible assets

During the 13-week period ended April 4, 2026, the Company had intangible asset additions of $769, the majority of which were related to software (13-week period ended March 29, 2025 — $339). Amortization on intangible assets for the 13-week period ended April 4, 2026 was $1,043 (13-week period ended March 29, 2025 — $1,056).

8. Other liabilities

Other liabilities include the following:

	As at April 4, 2026	As at January 3, 2026
	$	$
Cash-settled shared-based compensation (Note 15)	**5,634**	7,630
ASPP obligation (Note 12)	**10,000**	5,000
Dividends payable (Note 12)	**8,901**	—
Interest payable	**1,176**	1,148
Other	**222**	222
Total other liabilities	**25,933**	14,000
Current portion of other liabilities	**23,759**	11,004
Long-term other liabilities	**2,174**	2,996
Total other liabilities	**25,933**	14,000

9. Long-term debt

Long-term debt includes the following:

	As at April 4, 2026	As at January 3, 2026
	$	$
Term Facility[(1)]	**281,897**	281,846
Revolving Facility	**10,000**	10,000
	291,897	291,846
Deferred financing costs	**(2,673)**	(2,859)
Total long-term debt	**289,224**	288,987

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

Under the Revolving Facility, standby letters of credit, not in excess of $20,000, may be advanced to the Company in Canadian or U.S. dollars. As at April 4, 2026, the Company has outstanding standby letters of credit under the Revolving Facility of $14,501 (January 3, 2026 — $14,501). The standby letters of credit were advanced in relation to income tax matters with the Canada Revenue Agency

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

("CRA") (refer to Note 11 for additional information). For the 13-week period ended April 4, 2026, the Company incurred fees on the outstanding standby letters of credit of $60 (13-week period ended March 29, 2025 — $nil).

As at April 4, 2026 and January 3, 2026, the Company has unused borrowing capacity available under the Revolving Facility of $150,499, respectively.

Borrowings under the Credit Facilities bear interest, according to the type of borrowing advanced, at short-term floating rates based on a reference rate (CORRA, the U.S. base rate, the Canadian prime rate, or SOFR as applicable), plus a margin per annum determined by the Company's net total leverage ratio. As at April 4, 2026, the interest rate in effect on the Credit Facilities is 4.09% (March 29, 2025 — 5.40%). During the 13-week period ended April 4, 2026, interest expense incurred on the Credit Facilities was $3,056 (13-week period ended March 29, 2025 — $3,582).

The Credit Agreement contains affirmative and negative covenants customary for credit facilities of this nature, subject to certain exceptions. The Credit Agreement also contains certain financial covenants to be complied with over the term of the Credit Facilities, specifically, (i) a net total leverage ratio and a net first lien leverage coverage ratio that must be no greater than 5 times and 4.25 times, respectively, of consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA") as defined in the credit agreement; and (ii) an interest coverage ratio of not less than 3 times consolidated EBITDA. The covenants are tested for compliance at the end of each quarter. As at April 4, 2026, the Company was in full compliance with all of its covenants, and there are no indications that it will have difficulty complying with these covenants in the future.

10. Financial instruments and risk management

Fair values of financial instruments

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the periods ended April 4, 2026 and March 29, 2025, there were no transfers between levels of the fair value hierarchy.

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, and certain other liabilities approximate their fair values due to the short-term maturity of these financial instruments. The carrying amounts and fair values of the Company's long-term debt are as follows:

		As at April 4, 2026		As at January 3, 2026	
		Carrying value	**Fair value**	Carrying value	Fair value
		$	**$**	$	$
Long-term debt[1]	(Level 2)	**289,224**	**292,625**	288,987	292,625

[1] Carrying value is net of deferred financing costs and gain on modification of debt.

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

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 April 4, 2026 was $7,511 (13-week period ended March 29, 2025 — $8,239). The Company's effective income tax rates for the 13-week period ended April 4, 2026 were 27.3% (13-week period ended March 29, 2025 — 27.5%). The statutory income tax rate for the 13-week period ended April 4, 2026 was 26.5% (13-week period ended March 29, 2025 — 26.5%).

The Company is subject to routine audits of its tax filing positions by the CRA. In January 2025, the CRA issued a proposal to deny the deduction of certain intercompany dividends for the Company's 2016, 2017, and 2018 taxation years. In March 2025, the CRA reassessed the Company approximately $18,400 of additional income tax plus interest based on the January 2025 proposal ("2016–2018 reassessments").

The Company has filed objections to, and intends to vigorously contest, the 2016–2018 reassessments. 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 2016–2018 reassessments.

The Company has outstanding standby letters of credit related to the notice of objections for the 2016–2018 reassessments (refer to Note 9 for additional information).

12. Share capital

(a) Authorized share capital

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

As at April 4, 2026, there are 68,471,021 common shares issued and outstanding. No preferred shares have been issued by the Company.

The following tables present the changes in the Company's share capital for the 13-week periods ended April 4, 2026 and March 29, 2025:

	Common shares outstanding #	**Amount** $
As at January 3, 2026	68,926,379	332,655
Exercise of share options	133,665	2,199
Shares repurchased for cancellation	(589,023)	(2,847)
Change in automatic share purchase plan commitment	—	(5,000)
As at April 4, 2026	**68,471,021**	**327,007**

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

	Common shares outstanding #	Amount $
As at 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
As at March 29, 2025	70,491,240	318,579

(b) Dividends

The Company’s dividend policy is at the discretion of the Board of Directors. For the 13-week period ended April 4, 2026, the Company announced that its Board declared $8,901 in dividends to holders of common shares (13-week period ended March 29, 2025 — $8,459) or $0.13 per common share (13-week period ended March 29, 2025 — $0.12 per common share). These dividends were paid on April 15, 2026 and recorded as dividends payable in other liabilities (refer to Note 8) as at April 4, 2026. There were no dividends paid during the 13-week period ended March 29, 2025.

(c) Normal course issuer bid (“NCIB”) and automatic share purchase plan (“ASPP”)

2025 NCIB

On November 28, 2025, the Company announced that the TSX had accepted its notice of intention to renew its NCIB (“2025 NCIB”). The 2025 NCIB permits the purchase of up to 3,449,181 common shares, representing approximately 5% of the common shares of the Company outstanding as at November 19, 2025. The 2025 NCIB commenced December 2, 2025 and will continue until the earliest of December 1, 2026, the date the authorized number of shares is acquired, or earlier termination by the Company.

During the 13-week period ended April 4, 2026, the Company repurchased 589,023 common shares for cancellation under the 2025 NCIB for total cash consideration of $14,933. The Company also recognized taxes of $298 for common shares repurchased under the 2025 NCIB during the 13-week period ended April 4, 2026, with a corresponding increase to deficit.

2025 ASPP

In connection with the 2025 NCIB, the Company implemented an ASPP with a designated broker, effective December 2, 2025 (“2025 ASPP”). The 2025 ASPP allows for repurchases during periods in which the Company would otherwise be restricted from buying shares under insider-trading or blackout rules. Prior to entering blackout periods, the Company may, but is not required to, instruct its broker to make purchases at the broker’s discretion, subject to parameters set by the Company and in accordance with the 2025 NCIB, TSX rules, securities laws, and the terms of the 2025 ASPP. The ASPP is operated concurrently with, and terminated upon completion or expiry of, its related NCIB.

The Company records a liability for the share purchase commitment during blackout periods based on the parameters of the 2025 ASPP. As at April 4, 2026, an estimated maximum obligation of $10,000 under the 2025 ASPP is included in other liabilities (Note 8).

13. Net income per share

(a) Basic net income per share

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

	13-week periods ended	
	April 4, 2026	March 29, 2025
	$	$
Net income	**20,047**	21,762
Basic weighted average number of common shares outstanding during the period *(thousands)*	**68,731**	70,592
Basic net income per common share	**0.29**	0.31

(b) Diluted net income per share

Diluted net income per share is calculated by dividing the net income attributable to shareholders of the Company, adjusted for the effects of dilutive options and share units, if applicable, 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	
	April 4, 2026	March 29, 2025
	$	$
Net income	**20,047**	21,762
Diluted weighted average number of common shares outstanding during the period *(thousands)*	**68,884**	71,056
Diluted net income per common share	**0.29**	0.31

The following table presents 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	
	April 4, 2026	March 29, 2025
	#	#
Basic weighted average number of common shares outstanding during the period	**68,731**	70,592
Dilutive effect of share options in the Share Option Plan	**97**	413
Dilutive effect of share options in the LTIP	**56**	51
Diluted weighted average number of common shares outstanding during the period	**68,884**	71,056

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

For the 13-week period ended April 4, 2026, 898,794 service-based LTIP share options were not included in the calculation of diluted net income per share as they were not in the money or the vesting conditions were not expected to be met (13-week period ended March 29, 2025 — 1,641,226).

For the 13-week period ended March 29, 2025, 26,912 performance-based share options granted pursuant to the 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.

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.

14. Interest expenses, net

The following table presents a breakdown of interest expenses, net for the 13-week periods ended April 4, 2026 and March 29, 2025:

	13-week periods ended	
	April 4, 2026	March 29, 2025
	$	$
Interest on long-term debt (Note 9)	**3,056**	3,582
Accretion of gain on modification of long-term debt	**51**	51
Accretion of deferred financing costs	**186**	186
Interest on lease liabilities (Note 5)	**6,430**	6,108
Interest income on lease receivables (Note 5)	**(2,551)**	(2,603)
Standby letter of credit fees (Note 9)	**60**	—
Other interest expense (income), net	**12**	(192)
Interest expenses, net	**7,244**	7,132

15. Share-based compensation

(a) Amended and Restated Share Option Plan (“Share Option Plan”)

The following table summarizes the option activity under the Share Option Plan for the 13-week period ended April 4, 2026:

	Number of Options	Weighted average exercise price $
Outstanding, January 3, 2026	148,485	9.73
Exercised	(111,365)	9.73
Outstanding, April 4, 2026	**37,120**	**9.73**

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

The following table provides information relating to the share options outstanding and exercisable under the Share Option Plan as at April 4, 2026:

	Share options outstanding			Share options exercisable		
Exercise price $	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 $
9.73	37,120	2.94	9.73	37,120	2.94	9.73

During the 13-week period ended April 4, 2026, no share-based compensation expense in relation to the Share Option Plan was recognized as the previously granted options were fully vested. During the 13-week period ended March 29, 2025, the Company recognized share-based compensation expense in relation to the Share Option Plan of $13, which was included in selling, general and administrative expenses in the condensed interim consolidated statements of income and comprehensive income.

(b) Long-term incentive plan (“LTIP”)

(i) Share options

The following table summarizes the share option activity under the LTIP for the 13-week period ended April 4, 2026:

	Number of Options	Weighted average exercise price $
Outstanding, January 3, 2026	1,638,801	27.08
Granted	417,829	28.43
Exercised	(22,300)	20.00
Forfeited	(750,981)	25.19
Outstanding, April 4, 2026	**1,283,349**	**28.74**

The following table provides information relating to the share options outstanding and exercisable under the LTIP as at April 4, 2026:

	Share options outstanding			Share options exercisable		
Exercise price range $	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	1,028,654	8.98	26.82	269,985	7.91	26.60
30.26 — 40.24	254,695	6.71	36.51	197,678	6.59	36.68
20.00 — 40.24	1,283,349	8.53	28.74	467,663	7.35	30.86

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

The Company uses the Black-Scholes option pricing model to calculate the fair value of the service-based options at the date of grant. The weighted average assumptions used in the model for options granted during the 13-week period ended April 4, 2026 are as follows:

Weighted average risk-free interest rate		**2.88 %**
Expected life (years)		**5.50 — 7.00**
Expected dividend yield		**1.83 %**
Expected volatility		**28.35 %**
Weighted average fair value per option granted	**$**	**7.65**

During the 13-week period ended April 4, 2026, the Company recognized share-based compensation expense in relation to the LTIP share options of $727, which was included in selling, general and administrative expenses in the condensed interim consolidated statements of income and comprehensive income (13-week period ended March 29, 2025 — $1,066).

(ii) RSUs

The following table summarizes the RSU activity under the LTIP for the 13-week period ended April 4, 2026:

	Number of RSUs
Outstanding, January 3, 2026	388,844
Granted[(1)]	127,604
Exercised	(54,786)
Forfeited	(71,832)
Outstanding, April 4, 2026	**389,830**

[(1)] Includes additional units issued in lieu of cash dividends.

The fair market value of future RSU cash-settled obligations was $2,731 as at April 4, 2026 (January 3, 2026 — $4,043). During the 13-week period ended April 4, 2026, the Company recognized share-based compensation recovery for RSU cash-settled obligations of $23, which was included in selling, general and administrative expenses in the condensed interim consolidated statements of income and comprehensive income (13-week period ended March 29, 2025 — expense of $994).

(iii) PSUs

The following table summarizes the PSU activity under the LTIP for the 13-week period ended April 4, 2026:

	Number of PSUs
Outstanding, January 3, 2026	263,235
Granted[(1)]	85,595
Exercised	(9,732)
Forfeited	(159,040)
Outstanding, April 4, 2026	**180,058**

[(1)] Includes additional units issued in lieu of cash dividends.

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

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 Composite Consumer Discretionary, and the S&P/TSX Capped Composite 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 for the 13-week period ended April 4, 2026 are as follows:

Share price as at valuation date	$	**28.10**
Average risk-free interest rate		**2.43 %**
Average expected remaining life (years)		**3.00**
Average expected volatility		**28.37 %**

The fair market value of future PSU cash-settled obligations was $679 as at April 4, 2026 (January 3, 2026 — $848). During the 13-week period ended April 4, 2026, the Company recognized share-based compensation expense for PSU cash-settled obligations of $49, which was included in selling, general and administrative expenses in the condensed interim consolidated statements of income and comprehensive income (13-week period ended March 29, 2025 — $340).

(c) DSU Plan

The following table summarizes the Company's DSU Plan activity for the 13-week period ended April 4, 2026:

	Number of DSUs
Outstanding, January 3, 2026	102,251
Granted[(1)]	2,893
Forfeited	(699)
Outstanding, April 4, 2026	**104,445**

[(1)] Includes additional units issued in lieu of cash dividends.

The fair market value of future DSU cash-settled obligations was $2,224 as at April 4, 2026 (January 3, 2026 — $2,739). During the 13-week period ended April 4, 2026, the Company recognized share-based compensation recovery for DSU cash-settled obligations of $515, which was included in selling, general and administrative expenses in the condensed interim consolidated statements of income and comprehensive income (13-week period ended March 29, 2025 — expense of $245).

16. Commitments, contingencies and guarantees

(a) Lease commitments

As at April 4, 2026, the Company has future undiscounted minimum lease payments of $16,658 for leases committed to but not yet commenced.

(b) Bank comfort letters

The Company has provided comfort letters to certain financial institutions upon their request when they provide financing to new franchisees. Under these letters, the Company agrees that, for a period of three years from the date of issuance, if the bank is forced to realize on its security, including inventory held by the franchisee, the Company will repurchase inventory previously sold to the franchisee at a discount of 15%, provided the inventory can be transferred to the Company free and clear of all liens, charges, and encumbrances and third-party rights.

In practice, the Company typically exercises its rights under the franchise agreement before the franchisee reaches default under their finance arrangement; therefore, the likelihood of being required to repurchase inventory under these comfort letters is considered remote. As a result, no provision has been recorded in the accompanying financial statements.

(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

The declared dividend of $0.13 per common share or $8,901 was paid on April 15, 2026 to shareholders of record at the close of business on March 31, 2026.

On May 11, 2026, the Board of Directors of the Company declared a dividend of $0.13 per common share payable on June 15, 2026 to holders of common shares of record as at the close of business on May 29, 2026.

Subsequent to the 13-week period ended April 4, 2026, under the 2025 NCIB, the Company repurchased 475,591 common shares for cash consideration of $9,997, which have been, or will be, cancelled.