

Exhibit 1.0 - Financial Ratio Comparison

Purpose - To compare JRP's financial ratios to industry comparisons

Financial Ratio	Formula	2022	2021	2020	Industry	Trend	Comparison
Annual revenue growth rate	$(CY\ Rev - PY\ Rev) / PY\ Rev$	4.7%	-2.7%		2.3%	Increasing	Higher
Marketing - % of revenue	$Marketing\ exp / Rev$	5.4%	6.3%	5.2%	3.0%	Decreasing	Higher
Wages & salaries - % of revenue	$Wages / Rev$	18.9%	19.0%	19.1%	14.0%	Decreasing	Higher
Rent & occupancy costs - % of revenue	$Rent\ exp / Rev$	10.0%	10.1%	9.6%	11.0%	Decreasing	Lower
Current ratio	CA / CL	1.5	1.7	1.4	1.7	Decreasing	Lower
Days in receivable	$AVG (CYAR, PYAR) / Rev * 365$	3	3		32 days	Steady	Lower
Days in inventory	$AVG (CYInv, PYInv) / COGS * 365$	40	40		58 days	Steady	Lower
Days in payable	$AVG (CYAP, PYAP) / COGS * 365$	33	33		52 days	Steady	Lower
Total debt-to-assets	$Total\ liab / Total\ assets$	36.8%	38.9%	43.9%	52.0%	Decreasing	Lower
Return on assets	$NI / AVG(CYA, PYA)$	4.5%	4.1%		10.5%	Increasing	Lower
Gross profit margin	GP / Rev	45.4%	45.7%	47.0%	42.0%	Decreasing	Higher
Operating profit margin	OI / Rev	2.4%	2.3%	4.5%	5.0%	Increasing	Lower
Net profit margin	NI / Rev	1.5%	1.4%	3.0%	4.0%	Increasing	Lower
Revenue per employee	$Rev / \#employees$	\$206,989	\$197,742	\$203,226	\$194,000	Increasing	Higher
Sales per square foot	$Rev / (sqft * \# of\ stores)$	\$500	\$478	\$491	\$496	Increasing	Higher
Debt-to-equity	TL / TSE	0.6	0.6	0.8		Decreasing	

Exhibit 1.1 - Financial Ratio Comparison

Purpose - To compare JRP's financial ratios to BPF's

Financial Ratio	Formula	JRP 2022	JRP 2021	BPF 2022	BPF 2021
Marketing - % of revenue	Marketing exp / Rev	5.4%	6.3%	5.8%	5.7%
Wages & salaries - % of revenue	Wages / Rev	18.9%	19.0%	3.2%	3.2%
Current ratio	CA / CL	1.5	1.7	1.3	1.4
Total debt-to-assets	Total liab / Total assets	36.8%	38.9%	64.1%	70.0%
Return on assets	NI / AVG(CYA,PYA)	4.5%	4.1%	7.8%	
Gross profit margin	GP/Rev	45.4%	45.7%	26.3%	26.3%
Operating profit margin	OI / Rev	2.4%	2.3%	4.6%	4.7%
Net profit margin	NI / Rev	1.5%	1.4%	3.1%	3.1%
Debt-to-equity	TL/TSE	0.6	0.6	1.8	2.3
Interest Bearing Debt to EBITDA	Debt / EBITDA (Operating Income + Amortization)	0.9	1.1	3.2	3.5

Exhibit 1.2

Purpose: To value the equity of BPF using the discounted cash flow method
in (000's)

	Notes	2023	2024	2025	2026	2027	2028	2029	Terminal Growth (2%)
Franchisee system sales									
System sales by # years in operation:									
First year	1	7,600	6,650	4,750	4,750				
Second year	1		15,200	13,300	9,500	9,500			
3 or more years	1	75,000	75,000	95,000	112,500	125,000	137,500	137,500	
		82,600	96,850	113,050	126,750	134,500	137,500	137,500	
Inflation adjustment (1.5% increase per year)		101.5%	103.0%	104.6%	106.1%	107.7%	109.3%	111.0%	
		83,800	99,800	118,200	134,500	144,900	150,300	152,600	
Revenue									
Total franchise fees	2	7,523	8,833	10,297	11,683	12,317	12,776	12,971	
Product sales	3	32,263	38,423	45,507	51,783	55,787	57,866	58,751	
Total Revenue		39,786	47,256	55,804	63,465	68,103	70,641	71,722	
Expenses									
Product purchases	4	29,037	34,581	40,956	46,604	50,208	52,079	52,876	
Franchisee set-up costs	5	440	385	275	275	0	0	0	
Direct operating costs - franchisees	6	3,352	3,992	4,728	5,380	5,796	6,012	6,104	
Wages and salaries	7	1,250	1,269	1,288	1,307	1,327	1,347	1,367	
Marketing and sales	8	2,514	2,994	3,546	4,035	4,347	4,509	4,578	
Head office occupancy	7	670	680	690	701	711	722	733	
General, administrative, and IT	7	560	568	577	586	594	603	612	
Total expenses before interest, taxes, and amortization		37,823	44,469	52,060	58,888	62,983	65,272	66,270	
Projected EBITDA		1,963	2,787	3,744	4,577	5,120	5,369	5,452	
Less income taxes @ 27%		- 530	- 753	- 1,011	- 1,236	- 1,382	- 1,450	- 1,472	
Cash flow from operations		1,433	2,035	2,733	3,342	3,738	3,920	3,980	
Less capital investment, net of tax shield	9	- 921	- 921	- 921	- 921	- 921	- 921	- 921	
Discretionary cash flow		512	1,114	1,812	2,421	2,817	2,999	3,059	3,120
Capitalization rate	10								7.69
Terminal value									24,004
Present value factor		0.87	0.76	0.66	0.57	0.50	0.43	0.38	0.38
Discounted value		445	842	1,191	1,384	1,400	1,296	1,150	9,024
Present value of discretionary cash flows		16,734							
Add: present value of existing tax shield		750							
Enterprise value		17,484							
Less: interest bearing debt	11	- 6,500							
Equity value		10,984							
Range of equity value (+/- 5%)		Low 10,434	High 11,533						

Conclusion: The value of BPF's shares based on projected discounted cash flows range from \$10.4M to \$11.5M subject to the following assumptions:

Projections for number of new franchises each year is accurate. The projections were provided by BPF based on current potential franchise applications however these may not all pass BPF's rigorous review system so the numbers may be overstated.

Average system sales for stores remains consistent with historical averages

WACC and Industry long-term growth rate is accurate

The franchisee minimum 55% product purchase from BPF is used. Product sales revenue could be higher if more purchased than the minimum requirement.

Notes

The last franchise was opened in 2019 so all opening franchises in 2023 have been in operation at

1 least 3 years

Projected franchise numbers:	2023	2024	2025	2026
Opening number	30	38	45	50
New franchises	8	7	5	5
Total franchises	<u>38</u>	<u>45</u>	<u>50</u>	<u>55</u>

Calculated as \$50K x # new stores + 8.5% (6.0% ongoing franchise fee + 2.5% advertising fee) x total

2 franchise system revenues

Calculated based on system sales x 70% (there is a 30% gross margin for franchisee) x the 55%

3 minimum the Franchisee must purchase from BPF.

4 90% of product sales (BPF has 10% gross margin)

5 includes \$25K of marketing and \$30K of other set-up costs

6 4% of gross system sales

7 increase of 1.5% inflation per year

8 3% of gross sytem sales

9	Annual capital investment (C)	CCA rate (d)	Tax rate (T)	Discount rate (WACC) (k)	Tax shield	Capital investment net of tax shield
Furniture	500	20%	27%	15%	82	418
Computers	650	55%	27%	15%	147	503
						<u>921</u>

Present value of tax shield calculation = $((CdT/(d+k))/((1+1.5k)/(1+k)))$

10 Capitalization rate:

Discount rate (WACC)	15%
Less: Long-term rowth rate	<u>-2%</u>
	13%

11 Total interest bearing debt as of the end of 2022 per Financial Statements

Exhibit 1.3

Purpose: To determine the impact on the debt covenant if JRP acquires BPF

	JRP	BPF	Combined
Total interest bearing debt:	6,800	6,140	12,940
EBITDA	2,570	1,963	4,533
Debt to EBITDA	<u>2.65</u>	<u>3.13</u>	<u>2.85</u>

Debt covenant: Total interest bearing debt/ EBITDA no greater than 2.5

Conclusion: JRP will be offside of their debt covenant in 2023 if they use the loan to fund the acquisition of BPF

Assumptions used in the calculation:

BPF shares are purchased in 2023 and no payments have been made towards the new debt before year-end.

2023 EBITDA for JRP is based on 2022 EBITDA x 2.3% average annual industry revenue growth rate

Exhibit 1.4 - Key Financial Objectives

Purpose: To determine if key financial objectives are met under BPF proposal by 2026

Key Financial Objectives	2024	2025	2026	Result
#1 - Decrease revenues from pet supplies to less than 15%	15.4%	14.2%	13.3%	Met
#2 - Increase operating profit to 7%	4.3%	4.9%	5.4%	Not met
#3 - Increase loyalty reward customers by 15%	5.0%	10.0%	15.0%	Met
#4 - Offer at least two additional pet-related services	No impact	No impact	No impact	Not met

Objective #1

JRP Pet supplies rev % stays constant at 33.4%

	2024	2025	2026
JRP Rev - Rev growth at 2.3% (industry avg)	40,291	41,218	42,166
BPF Rev (per Exhibit 1.2)	47,256	55,804	63,465
Consolidated Rev	87,547	97,022	105,631
JRP Pet supply % of rev sales at 33.4%	13,457	13,767	14,083
% of pet supply rev of total revenue	15.4%	14.2%	13.3%

Objective #2

JRP Rev - Rev growth at 2.3% (industry avg)	40,291	41,218	42,166
BPF Rev (per Exhibit 1.2)	47,256	55,804	63,465
Consolidated Rev	87,547	97,022	105,631
JRP OPM at 5% (industry avg)	1,007	1,057	1,110
BPF OPM (per Exhibit 1.2)	2,787	3,744	4,577
Consolidated OPM	3,794	4,801	5,687
Operating profit margin %	4.3%	4.9%	5.4%

Objective #3

BPF has a successful loyalty program, with many more members than JRP. Also, BPF has demonstrated the ability to attract and keep members of their loyalty program. Given that, JRP can learn from BPF and incorporate the practices used by BPF and adopt enough members into their own program to hit their objective. As such, we have assumed that they can adopt their practices and increase their loyalty program by 5% a year.

Exhibit 2.1

Purpose: To calculate the net present value of investment in Bonheur des Animaux au Lac Agathe

		Board Capacity		60 dogs		Parent rooms		30	
year		2023	2024	2025	2026	2027	2028	2029	
		0	1	2	3	4	5	6	
Existing Camp	Land	(950,000)							
	building	(1,400,000)							
	equipment	(650,000)							
Additional buildings		(800,000)							
New equipments		(350,000)							
New Fencing		(500,000)							
New computers		(150,000)							
Application software		(90,000)							
Sale of Land and building by the end of 2029									2,550,000
tax shield (+)	Building	150,828							
	Equipment	139,655							
	Fencing	48,342							
	New computers	29,210							
	Application software	20,948							
daily rate for each dog			\$105	\$110	\$115	\$115	\$115	\$115	
Occupation Rate			50%	60%	75%	80%	80%	80%	
Daily rate per cabin for pet owners			\$200	\$200	\$200	\$200	\$200	\$200	
Occupation % for pet owner cabins			20%	20%	25%	30%	30%	30%	
Training fees			\$500,000	\$500,000	\$600,000	\$600,000	\$600,000	\$600,000	
Grooming Fees			\$65,000	\$65,000	\$85,000	\$85,000	\$85,000	\$85,000	
Revenue			\$2,152,750	\$2,448,400	\$3,121,375	\$3,356,800	\$3,356,800	\$3,356,800	
Sale of Land and Building									2,550,000
Initial Inventory costs			(35,000)						
Direct Operating Cost			(322,913)	(367,260)	(468,206)	(503,520)	(503,520)	(503,520)	
Wages and Salaries			(680,000)	(900,000)	(1,020,000)	(1,020,000)	(1,020,000)	(1,020,000)	
Marketing Cost			(100,000)	(100,000)	(75,000)	(60,000)	(60,000)	(60,000)	
Occupation Costs			(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	(110,000)	
Operation Profit			904,838	971,140	1,448,169	1,663,280	1,663,280	4,213,280	
Income tax	27%		(\$244,306)	(\$262,208)	(\$391,006)	(\$449,086)	(\$449,086)	(\$466,733)	
cash flow		(4,501,017)	660,531	708,932	1,057,163	1,214,194	1,214,194	3,746,547	
(WACC)	16%	1.00	0.86	0.74	0.64	0.55	0.48	0.41	
discounted CF		(4,501,017)	569,424	526,852	677,280	670,589	578,094	1,537,741	

after tax:

NPV: **58,962**

tax shield on:	Building	Equipment	Fencing	Computer	Application Software
investment	2,200,000	1,000,000	500,000	150,000	90,000
tax rate	27%	27%	27%	27%	27%
CCA rate	6%	20%	10%	55%	100%
discount rate	16%	16%	16%	16%	16%
benefits	150,828	139,655	48,342	29,210	20,948

CCA(-)								Remaining in CCA
Building	6%	(198,000)	(120,120)	(112,913)	(106,138)	(99,770)	(93,784)	1,469,276
Fences	10%	(75,000)	(42,500)	(38,250)	(34,425)	(30,983)	(27,884)	250,958
Equipment	20%	(300,000)	(140,000)	(112,000)	(89,600)	(71,680)	(57,344)	229,376
Computer Equipment	55%	(123,750)	(14,438)	(6,497)	(2,924)	(1,316)	(592)	484
Applications Software	100%	(90,000)						

Assumptions:

1. The capacity to board and the number of parent room will remain constant throughout the 6 years
2. The occupancy rate, revenues and costs will incur as forecasted

Note:

1. Direct operating costs will be 15% of annual revenues
2. General and Administrative costs would be handled by JRP's existing head office, therefore is not included in the calculation.
3. The travel cost incurred is considered as sink cost and is not included in the analysis.

Exhibit 2.2 - Key Financial Objectives

Purpose: To determine if key financial objective are met under the BALA proposal by 2026

Key Financial Objectives	2024	2025	2026	Result
#1 - Decrease revenue from pet supplies to less than 15% (Note 1)	31.7%	31.5%	31.1%	Not Met
#2 - Increase operating profit margin to 7%	4.4%	4.5%	5.5%	Not Met
#3 - Offer at least two additional types of pet related services (Note 3)				Met
#4 - Increase the number of loyal reward customers by 15% (Note 4)				Met

Assumption: JRP's revenue will increase at 2.3% (industry benchmark) per year (industry benchmark) during 2024 to 2026
Note 1 Pet Supply (33.4% of JRP revenue) / Total revenue (JRP & BALA)

Assumption: JRP's operation profit margin will be 3.1% (average rate between 2020 to 2022) from 2024 to 2026
Note 2 Total operating profit (JRP + BALA) / Total revenue (JRP & BALA)

Note 3 BALA will help JRP to enter the luxury dog camp market which will add boarding and training services
Note 4 It is expected that the number of loyal reward customers will increase by 15% by 2026 since JRP will enter the market which consist about 70% of the pet service revenue.

Exhibit 3.1

Purpose: To determine the cash flows from Osler over the term of the loan and to calculate the projected return for JRP.

Forecasts

Sales in Stores	20%	20%	15%	10%	5%
Online Sales	30%	30%	20%	15%	5%
Subscription Sales	35%	35%	30%	15%	5%
Costs of Goods Sold	54%	52%	51%	51%	51%
Advertising	10%	10%	9%	8%	8%
Shipping	3%	3%	3%	3%	3%
Reserach	8%	6%	3%	3%	3%
General	6%	5%	3%	2%	2%
Additions to PPE	6,000	3,200	3,200	2,500	3,000
Increase Working Cap	50	50	50	50	20

Assumptions

Tax rate remain constant with prior year (Calculated at 27%)

Interest on long term loan has been calculated for each year assuming no amendments to debt.

Forecasts made by Lena and Julia are accurate.

Amortization is consistent at 5% each year.

Osler will not need to draw from its line of credit

Conclusion: JRP's projected return is 111% and using this model Osler will not have sufficient cash flow to pay the full principal back by 2032

Exhibit 3.2

Purpose: To determine if key financial objectives are/will be met under the Osler Farms Pet Kitchen Proposal

Key Financial Objectives	2024	2025	2026	Result
Decrease revenues from pet supplies to less than 15.0%	No impact	No impact	No impact	Not Met
Increase operating profit to 7.0%	4.5%	4.5%	4.5%	Increased but not met
Offer at least two additional pet-related services	No impact	No impact	No impact	Not Met
Increase loyalty reward customers by 15.0%	No impact	No impact	No impact	Not Met

Increase Operating Profit to 7.0%

Lena mentioned to Julia that if they were to invest in the building of the facility and purchase \$500,000 of product a year that JRP would obtain a discount. This would help to increase the operating profits as the gross margin will increase. We have performed an analysis below

	Total		Osler Brand With Discount	
JRP Revenue for Pet Food	19,725		931	2,177
Costs of Goods sold	<u>8,475</u>	43%	400	500
Gross Profit	11,250	57%	531	1,677

Assuming JRP could purchase at 20% discount

Conclusion: JRP does not meet any of their key financial objectives but operating profit would slightly increase

Exhibit 4.1

Purpose: To determine the contribution margin per additional service and the payback period if JRP chooses to renovate the stores.

Contribution Margin per Service			
	Chiro	Massage	Nutrition
Price per service	115	65	80
Costs:			
Contractor	50	30	40
Supplies	0.4	1.5	0.75
Cleaning Supplies	0.5	0.5	0.5
Total costs	50.90	32.00	41.25
Contribution Margin	64.10	33.00	38.75
Contribution Margin as a %	55.70%	50.80%	48.40%

Note: It is believed that fixed costs will not be affected by the renovations. (A1)

Conclusion: The contribution margin per chiropractic service is \$64.10, per massage treatment is \$33.00 and per nutritional consult is \$38.75

Paypack Period

Purpose: To calculate the payback period

$$\text{Payback Period} = A + B/C$$

A the last period with a negative cumulative cash flow

B the absolute value of cumulative CF at the end of period A

C the total cash flow during the period right after period A

				Total
CM per service per above	64.1	33	38.75	
# of treatment rooms per store	1	1	1	
# bookings per room	6	6	6	
CM per service per day per store	384.6	198.0	232.5	815.1
Max days available	280	280	280	A2
Annual CM per service per store	107,688	55,440	65,100	228,228

Annual cash flows	2023	2024	2025 & 2026
Avg days available	80	210	280
# of stores	10	20	20
CM per store	815	815	815
Increase in CM from services	652,080	3,423,420	4,564,560
Loss of supplies CM	-1,280,000	-2,560,000	-2,560,000
Change in CM	-627,920	863,420	2,004,560
Investment required	-1,500,000	-1,500,000	
Change in cash flows	-2,127,920	-636,580	2,004,560
Tax Rate			0.27
After Tax Change in Cash Flows			1,463,328.80

Year	Cash Flows	Cumulative CF's
1	-2,127,920.00	-2,127,920.00
2	-636,580.00	-2,764,500.00
3	1,463,328.80	-1,301,171.20
4	1,463,328.80	162,157.60
5	1,463,328.80	1,625,486.40
6	1,463,328.80	3,088,815.20

payback= 2.110814193

Conclusion: The payback period for this option is 2.11 years, which is below the required 3 years

Operating Income

Purpose: To calculate if this option will increase the operating profit margin to 7% to align with key financial objectives by 2026

	2025&2026
Pet Food	8,785,000.00
Pet Groom	2,560,000.00
Pet Services	<u>4,564,560.00</u>
Total Revenue	15,909,560.00
Add CM increase from above	<u>2,004,560.00</u>
	13,905,000.00
Deduct Fixed Costs	<u>12,482,000.00</u>
Operating Income	1,423,000.00

% Operating Profit Margin 8.94%

Conclusion: The operating profit margin will meet their object of an increase of 7% by 2026

Debt Covenant

Purpose: To determine the impact of the debt covenant under this strategic option

	2025&2026
Total Interest-bearing Debt	<u>6,800,000</u>
Net Income	775,658
Interest Expense	266,333 A3
Income Taxes	286,887.00
Amortization	2,120,000
EBITDA	<u>3,448,878</u>
Debt to EBITDA	2.0
Less than 2.5	Yes

Note: Refer to Exhibit 5.1 for calculations

Conclusion: JRP will not breach their covenants with this strategic option

Notes & Assumptions

Note:

To provide a full quantitative assessment of this option we must identify the assumptions and missing costs that would need to be considered:

Assumptions:

- A1 JRP's current fixed costs will not be affected by the decision
- A2 To calculate payback period we assumed that all treatment rooms would be operating at maximum capacity for all days applicable, this is unlikely and would therefore increase the payback period if lower capacity were to happen
- A3 For this strategic option we have calculated the total interest bearing debt of only this option and not with the existing debt.

Missing Costs:

Amortisation costs have not been considered in the contribution margin analysis, if it had the contribution margin per unit would decrease and therefore increase the payback period

We also did not include any marketing and advertising costs that would be incurred to promote the new treatment rooms

There might be an increase to the general and administrative fees as it is unclear if the therapists or JRP would facilitate the booking process

Exhibit 5.1

Purpose: To update the financial statements (Income statement and Balance sheet) to reflect strategic option 2

J.R Pet Inc.

Pro-Forma profit or loss and comprehensive income for the year ended December 31, 20XX

	Audited 2022	2023	2024	2025	2026	2027
	\$	\$	\$	\$	\$	\$
Revenues (Note 1)	38,500,000	36,930,000	32,998,890	35,593,328	36,011,974	36,438,994
Costs of Goods Sold (Note 2)	21,020,000	19,518,000	15,396,390	16,580,738	16,760,613	16,944,085
Gross Profit	17,480,000	17,412,000	17,602,500	19,012,590	19,251,362	19,494,909
Expenses						
Amortization (Note 3)	1,599,000	1,881,400	2,008,980	1,970,658	1,933,653	1,898,336
Direct store costs (Note 4)	590,000	559,920	644,580	679,440	679,440	679,440
Marketing and advertising (Note 5)	2,090,000	1,873,701	2,016,932	2,075,909	2,075,909	2,075,909
Wages and salaries (Note 6)	7,258,000	6,258,000	6,445,740	6,639,112	6,639,112	6,639,112
Rent and occupancy costs (Note 7)	3,840,000	3,683,408	3,291,318	3,550,088	3,591,844	3,634,435
Security Costs (See Implementation)	-	100,000	10,000	10,000	10,000	10,000
Bonus (See Implementation)	-	87,924	84,056	122,815	134,516	146,330
Website (See Implementation)	-	100,000	5,000	5,000	5,000	5,000
General and administrative (Note 6)	1,190,000	1,297,100	1,413,839	1,541,085	1,541,085	1,541,085
Total Expenses	16,567,000	15,841,453	15,920,444	16,594,106	16,610,558	16,629,646
Operating Income	913,000	1,570,547	1,682,056	2,418,484	2,640,804	2,865,263
Interest Expense (Note 8)	116,000	266,333	491,866	437,446	328,665	274,265
Income before taxes	797,000	1,304,214	1,190,190	1,981,038	2,312,139	2,590,998
Income taxes	215,000	352,138	321,351	534,880	624,277	699,569
Net income for the year	582,000	952,076	868,838	1,446,158	1,687,861	1,891,428
Opening retained earnings	6,753,000	7,335,000	8,287,076	9,155,915	10,602,072	12,289,933
Dividends	-	-	-	-	-	-
Closing retained earnings	7,335,000	8,287,076	9,155,915	10,602,072	12,289,933	14,181,362
		78,527	84,103	120,924	132,040	143,263

J.R Pet Inc.
Pro-Forma Balance Sheet ended December 31, 20XX

	Audited 2022	2023	2024	2025	2026	2027
	\$	\$	\$	\$	\$	\$
Assets						
Current Assets						
Cash and cash equivalents	1,091,000	6,131,997	5,363,864	6,102,630	8,286,252	10,636,178
Accounts receivable (Note 9)	285,000	273,378	244,277	263,483	266,582	269,743
Inventories (Note 10)	2,360,000	2,191,364	1,728,615	1,861,586	1,881,781	1,902,381
Prepaid supplies and expenses (Note 9)	347,000	332,850	297,419	320,802	324,575	328,424
Total Current Assets	4,083,000	8,929,589	7,634,175	8,548,502	10,759,191	13,136,726
Property, plant, and equipment - net (Note 3)	9,100,000	10,218,600	11,209,620	10,738,962	10,305,309	9,906,973
Total Assets	13,183,000	19,148,189	18,843,795	19,287,464	21,064,500	23,043,699
	-	(268,037)	(302,398)	(410,791)	(522,289)	(642,433)
Liabilities						
Current Liabilities						
Trade payables and accrued liabilities (Note 10)	2,088,000	1,938,800	1,529,385	1,647,030	1,664,898	1,683,123
Income taxes payable (Note 11)	160,000	262,056	239,145	398,050	464,579	520,610
Interest Expense Payable (Note 8)	-	491,866	437,446	383,066	328,665	274,265
Current portion - term loan (Note 8)	400,000	680,004	680,004	680,004	680,004	680,004
Total current liabilities	2,648,000	3,372,727	2,885,980	3,108,151	3,138,146	3,158,002
Future income taxes (Note 9)	400,000	383,688	342,846	369,801	374,150	378,587
Long-tem debt - term loan	1,800,000	5,836,661	5,156,657	3,796,649	3,739,982	3,683,315
Total Liabilities	4,848,000	9,593,076	8,385,482	7,274,601	7,252,278	7,219,904
Shareholders' Equity						
Share capital	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Retained earnings	7,335,000	8,287,076	9,155,915	10,602,072	12,289,933	14,181,362
Total shareholders' equity	8,335,000	9,287,076	10,155,915	11,602,072	13,289,933	15,181,362
Total liabilities and shareholders' equity	13,183,000	18,880,152	18,541,397	18,876,673	20,542,211	22,401,266

Note 1 - Revenue

	Audited 2022	2023	2024	2025	2026	2027
Pet Food	19,725,000	20,119,500	20,521,890	20,932,328	21,350,974	21,777,994
Pet Supplies (Note 2.1)	12,850,000	9,637,500	-	-	-	-
Pet Grooming/Training	5,925,000	5,925,000	5,925,000	5,925,000	5,925,000	5,925,000
Pet Chiro	-	552,000	2,898,000	3,864,000	3,864,000	3,864,000
Pet Massage	-	312,000	1,638,000	2,184,000	2,184,000	2,184,000
Pet Nutrition	-	384,000	2,016,000	2,688,000	2,688,000	2,688,000
	38,500,000	36,930,000	32,998,890	35,593,328	36,011,974	36,438,994

Note 2 - Costs of Goods Sold

	Audited 2022	2023	2024	2025	2026	2027
Pet Food	8,475,000	8,644,500	8,817,390	8,993,738	9,173,613	9,357,085
Pet Supplies (Note 2.1)	8,990,000	6,742,500	-	-	-	-
Pet Grooming/Training	3,555,000	3,555,000	3,555,000	3,555,000	3,555,000	3,555,000
Pet Chiro	-	240,000	1,260,000	1,680,000	1,680,000	1,680,000
Pet Massage	-	144,000	756,000	1,008,000	1,008,000	1,008,000
Pet Nutrition	-	192,000	1,008,000	1,344,000	1,344,000	1,344,000
	21,020,000	19,518,000	15,396,390	16,580,738	16,760,613	16,944,085

Note 2.1

Pet Supplies Revenue 2022	12,850,000
Revenue per store	642,500
Weighted average stores selling supplies during 2023	15
Expected revenue for 2023	9,637,500
Expected COGS for 2023	6,742,500

Note 3 - Property Plant and Equipment

	Year	Opening NBV	Additions	Amortization	Closing NBV
Equipment	2023	5,214,000	1,500,000	1,342,800	5,371,200
	2024	5,371,200	1,500,000	1,374,240	5,496,960
	2025	5,496,960	1,500,000	1,399,392	5,597,568
	2026	5,597,568	1,500,000	1,419,514	5,678,054
	2027	5,678,054	1,500,000	1,435,611	5,742,444
Leasehold improvements Assumed weighted average of 10 years remaining on lease term	2023	3,886,000	1,500,000	538,600	4,847,400
	2024	4,847,400	1,500,000	634,740	5,712,660
	2025	5,712,660	0	571,266	5,141,394
	2026	5,141,394	0	514,139	4,627,255
	2027	4,627,255	0	462,725	4,164,529
Summary	2023	9,100,000	3,000,000	1,881,400	10,218,600
	2024	10,218,600	3,000,000	2,008,980	11,209,620
	2025	11,209,620	1,500,000	1,970,658	10,738,962
	2026	10,738,962	1,500,000	1,933,653	10,305,309
	2027	10,305,309	1,500,000	1,898,336	9,906,973

Note 4 - Direct Costs

	2023	2024	2025	2026	2027
Appointments per year	4,800	25,200	33,600	33,600	33,600
Chiro	4,320	22,680	30,240	30,240	30,240
Massage	9,600	50,400	67,200	67,200	67,200
Nutrition	6,000	31,500	42,000	42,000	42,000
Total Additional Direct Costs	19,920	104,580	139,440	139,440	139,440
Food	80,000	80,000	80,000	80,000	80,000
Grooming	40,000	40,000	40,000	40,000	40,000
Fixed	420,000	420,000	420,000	420,000	420,000
	559,920	644,580	679,440	679,440	679,440

Note 5 - Marketing

	Audited 2022	2023	2024	2025	2026	2027
Pet Food	385,000	385,000	385,000	385,000	385,000	385,000
Pet Supplies	250,000	-	-	-	-	-
Pet Grooming/Training	160,000	160,000	160,000	160,000	160,000	160,000
Pet Chiro	-	14,906	78,258	104,344	104,344	104,344
Pet Massage	-	8,425	44,233	58,977	58,977	58,977
Pet Nutrition	-	10,370	54,441	72,587	72,587	72,587
Fixed	1,295,000	1,295,000	1,295,000	1,295,000	1,295,000	1,295,000
	2,090,000	1,873,701	2,016,932	2,075,909	2,075,909	2,075,909

Note 6 - Assumed to continue based from changes from 2021 to 2022, after removing variable costs from pet supplies up to 2025 then remain constant

Note 7 - Rent and Occupancy Costs

	Audited 2022	2023	2024	2025	2026	2027
Revenue by Year	38,500,000	36,930,000	32,998,890	35,593,328	36,011,974	36,438,994
% increase		-4.08%	-10.64%	7.86%	1.18%	1.19%
Rent and Occupancy Cost	3,840,000	3,683,408	3,291,318	3,550,088	3,591,844	3,634,435

Note 8 - Long Term Debt

Year	Loan at Dec 31	Principal	Interest
2023	6,516,665	340,002	266,333
2024	5,836,661	680,004	491,866
2025	4,476,653	680,004	437,446
2026	4,419,986	680,004	383,066
2027	4,363,319	680,004	328,665
2028	4,306,652	680,004	274,265

Note 9 - Assumes growth with Revenue

Note 10 - Assumes growth with Costs of Goods Sold

Note 11 - Assumes growth with Income taxes

Conclusion - Pro Forma Income statement and balance sheet are favourable

Exhibit 5.2

Purpose - To calculate the loan covenant using the pro forma statements

	2023	2024	2025	2026	2027
Total Interest-bearing Debt	6,516,665	5,836,661	4,476,653	4,419,986	4,363,319
Net Income	952,076	868,838	1,446,158	1,687,861	1,891,428
Interest Expense	266,333	491,866	437,446	328,665	274,265
Income Taxes	352,138	321,351	534,880	624,277	699,569
Amortization	1,881,400	2,008,980	1,970,658	1,933,653	1,898,336
EBITDA	3,451,947	3,691,036	4,389,142	4,574,457	4,763,599
Debt to EBIDTA	1.89	1.58	1.02	0.97	0.92
Less than 2.5	Yes	Yes	Yes	Yes	Yes

Conclusion - The loan covenant has not been breached any year of the proposal

Exhibit 5.3

Purpose - To evaluate JRP's key objectives under the strategic option 2.

Key Objectives

	2023	2024	2025	2026	Result
Decrease revenues from pet supplies to less than 15% of total revenue by 2026	26.1%	0.0%	0.0%	0.0%	Met
Increase operating profit margin to at least 7% by 2026	4.3%	5.1%	6.8%	7.3%	Met
Offer at least two additional pet-related services by 2026	4	4	4	4	Met
Increase the number of loyalty reward customers by 15% by 2026	Expected to increase	Expected to increase	Expected to increase	Expected to increase	Met

Conclusion - JRP meets 4 of the 4 objectives