REITMANS

(CANADA) LIMITED

Management's Discussion and Analysis
and
Unaudited Condensed Consolidated Interim Financial Statements

For the 13 weeks ended May 4, 2024

REITMANS

(CANADA) LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of Reitmans (Canada) Limited and its subsidiaries ("Reitmans" or the "Company") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Reitmans as at and for the 13 weeks ended May 4, 2024 and the audited annual consolidated financial statements for the fiscal year ended February 3, 2024 and the notes thereto which are available on the SEDAR+ website at www.sedarplus.ca. This MD&A is dated June 18, 2024.

All financial information contained in this MD&A and Reitmans' unaudited condensed consolidated interim financial statements has been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") also referred to as Generally Accepted Accounting Principles ("GAAP"). All monetary amounts shown in the tables in this MD&A are in millions of Canadian dollars unless otherwise indicated, except per share and strike price amounts. The unaudited condensed consolidated interim financial statements and this MD&A were reviewed by Reitmans' Audit Committee and were approved by its Board of Directors on June 18, 2024.

Unless otherwise indicated, all comparisons of results for the 13 weeks ended May 4, 2024 ("first quarter of 2025") are against results for the 13 weeks ended April 29, 2023 ("first quarter of 2024").

Additional information about Reitmans is available on the Company's website at www.reitmanscanadalimited.com or on the SEDAR+ website at www.sedarplus.ca.

FORWARD-LOOKING STATEMENTS

All of the statements contained herein, other than statements of fact that are independently verifiable at the date hereof, are forward-looking statements. Such statements, based as they are on the current expectations of management, inherently involve numerous risks and uncertainties, known and unknown, many of which are beyond the Company's control, including statements regarding the Company's financial position and operations, and are based on several assumptions which give rise to the possibility that actual results could differ materially from the Company's expectations expressed in or implied by such forward-looking statements and that the objectives, plans, strategic priorities and business outlook may not be achieved. Consequently, the Company cannot guarantee that any forward-looking statement will materialize, or if any of them do, what benefits the Company will derive from them. Forward-looking statements are provided in this MD&A for the purpose of giving information about management's current expectations and plans as of the date of this MD&A, and allowing investors and others to get a better understanding of the Company's operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose. Forward-looking statements are based upon the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and currently expected future developments, as well as other factors it believes, are appropriate in the circumstances.

This MD&A contains forward-looking statements about the Company's objectives, plans, goals, expectations, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities, and the risks related to the normal course issuer bid, including regulatory approval, and other legal and regulatory matters. Specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the Company's belief in its strategies and its brands and their capacity to generate long-term profitable growth, future liquidity, planned capital expenditures, amount of pension plan contributions, status and impact of systems implementation, the ability of the Company to successfully implement its strategic initiatives and cost reduction and productivity improvement initiatives as well as the impact of such initiatives. These specific forward-looking statements are contained throughout this MD&A including those listed in the “Operating Risk Management” and “Financial Risk Management” sections of this MD&A. Forward-looking statements are typically identified by words such as “expect”, “anticipate”, “believe”, “foresee”, “could”, “estimate”, “goal”, “intend”, “plan”, “seek”, “strive”, “will”, “may” and “should” and similar expressions, as they relate to the Company and its management.

Numerous risks and uncertainties could cause the Company’s actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including:

- foreign currency fluctuations, including high levels of volatility of the Canadian dollar in relation to the US dollar;
- changes in economic conditions, including economic recession or changes in the rate of inflation or deflation, employment rates, interest rates, currency exchange rates or derivative prices;
- significant economic disruptions caused by global health risks that influence sanitary measures (such as confinement and store closures), consumer demand and hamper the ability to get merchandise on a timely basis;
- changes in product costs and disruption of the Company’s supply chain;
- heightened competition, whether from current competitors or new entrants to the marketplace;
- the changing consumer preferences toward more e-commerce, online retailing and the introduction of new technologies;
- seasonality, weather and the Company’s ineffectiveness in responding to consumer trends;
- the inability of the Company’s information technology (“IT”) infrastructure to support the requirements of the Company’s business, or the occurrence of any internal or external security breaches, denial of service attacks, viruses, worms and other known or unknown cyber security or data breaches;
- failure to realize benefits from investments in the Company’s new IT systems;
- the inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory and to control shrinkage;
- failure to realize anticipated results, including revenue growth, anticipated cost savings or operating efficiencies associated with the Company’s major initiatives, including those from restructuring; and
- changes in the Company’s income, capital, property and other tax and regulatory liabilities, including changes in tax laws, regulations or future assessments.

This is not an exhaustive list of the factors that may affect the Company’s forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company’s materials filed with the Canadian securities regulatory authorities from time to time. The reader should not place undue reliance on any forward-looking statements included herein. These statements speak only as of the date made and the Company is under no obligation and disavows any intention to update or revise such statements as a result of any event, circumstances or otherwise, except to the extent required under applicable securities law.

NON-GAAP FINANCIAL MEASURES & SUPPLEMENTARY FINANCIAL MEASURES

This MD&A makes reference to certain non-GAAP 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, these measures should not be considered in isolation nor as a substitute for the Company's analysis of its financial information reported under IFRS.

NON-GAAP FINANCIAL MEASURES

This MD&A discusses the following non-GAAP financial measures: adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and working capital. This MD&A also indicates Adjusted EBITDA as a percentage of net revenues and is considered a non-GAAP financial ratio. Net revenues represent the sale of merchandise less discounts and returns ("net sales") and includes shipping fees charged to customers on e-commerce orders. The intent of presenting Adjusted EBITDA is to provide additional useful information to investors and analysts. Adjusted EBITDA is defined as net earnings/loss before income tax expense/recovery, interest income, interest expense, loss on foreign currency translation differences reclassified to net earnings/loss, depreciation, amortization, net impairment of non-financial assets, adjusted for the impact of certain items, including a deduction of interest expense and depreciation relating to leases accounted for under IFRS 16, *Leases*. Management believes that Adjusted EBITDA is an important indicator of the Company's ability to generate liquidity through operating cash flow to fund working capital needs and fund capital expenditures and uses this metric for this purpose. Management believes that Adjusted EBITDA as a percentage of net revenues indicates how much liquidity is generated for each dollar of net revenues. The exclusion of interest income and expenses, other than interest expense related to lease liabilities as explained hereafter, eliminates the impact on earnings derived from non-operational activities. The exclusion of depreciation, amortization and net impairment charges, other than depreciation related to right-of-use assets as explained hereafter, eliminates the non-cash impact, and the exclusion of the loss on foreign currency translation differences reclassified to net earnings/loss presents the results of the on-going business. Under IFRS 16, *Leases*, the characteristics of some leases result in lease payments being recognized in net earnings in the period in which the performance or use occurs while other leases are recorded as right-of-use assets with a corresponding lease liability recognized, which results in depreciation of those assets and interest expense from those liabilities. Management is presenting its Adjusted EBITDA to reflect the payments of its store and equipment lease obligations on a consistent basis. As such, the initial add-back of depreciation of right-of-use assets and interest on lease obligations are removed from the calculation of Adjusted EBITDA, as this better reflects the operational cash flow impact of its leases.

Working capital is defined as current assets less current liabilities. Management believes that working capital provides information that is helpful to understand the financial condition of the Company. Due to the seasonality of the Company's business, it is more relevant to compare the working capital position at the same point in time.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The tables below provide a reconciliation of net loss to Adjusted EBITDA and the composition of working capital:

	For the first quarter of	
	2025	**2024**
Net loss	**$ (1.5)**	$ (3.8)
Depreciation, amortization and net impairment losses on property and equipment, and intangible assets	**4.1**	3.6
Depreciation on right-of-use assets	**9.3**	7.8
Interest income	**(1.1)**	(0.9)
Interest expense on lease liabilities	**2.5**	1.6
Loss on foreign currency translation differences reclassified to net loss	**-**	1.0
Income tax recovery	**(0.6)**	(1.1)
Rent impact from IFRS 16, *Leases*[1]	**(11.8)**	(9.4)
Adjusted EBITDA	**$ 0.9**	$ (1.2)
Adjusted EBITDA as % of Net revenues	**0.5%**	(0.7)%

[1] Rent Impact from IFRS 16, *Leases* is comprised as follows;

	For the first quarter of	
	2025	**2024**
Depreciation on right-of use assets	**$ 9.3**	$ 7.8
Interest expense on lease liabilities	**2.5**	1.6
Rent impact from IFRS 16, *Leases*	**$ 11.8**	$ 9.4

	As at May 4, 2024	**As at April 29, 2023**	**As at February 3, 2024**
Current assets	**$ 253.1**	$ 233.7	$ 259.9
Current liabilities	**99.7**	94.0	105.5
Working capital	**$ 153.4**	$ 139.7	$ 154.4

SUPPLEMENTARY FINANCIAL MEASURES

The Company uses a key performance indicator (“KPI”), comparable sales, to assess store performance and sales growth. The Company engages in an omnichannel approach in connecting with its customers by appealing to their shopping habits through either online or store channels. This approach allows customers to shop online for home delivery or to pick up in store, purchase in any of our store locations or ship to home from another store when the products are unavailable in a particular store. Due to customer cross-channel behavior, the Company reports a single comparable sales metric, inclusive of store and e-commerce channels. Comparable sales are defined as net sales generated by stores that have been continuously open during both of the periods being compared and include e-commerce net sales. The comparable sales metric compares the same calendar days for each period. Although this KPI is expressed as a ratio, it is a supplementary financial measure that does not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures used by other companies. Management uses comparable sales in evaluating the performance of stores and online net sales and considers it useful in helping to determine what portion of new net sales has come from sales growth and what portion can be attributed to the opening of new stores. Comparable sales is a measure widely used amongst retailers and is considered useful information for both investors and analysts. Comparable sales should not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS.

OVERVIEW

The Company has a single reportable segment that derives its revenue primarily from the sale of women's specialty apparel to consumers through its retail banners. The Company's stores are primarily located in malls and retail power centres across Canada while also offering e-commerce website shopping for all of its banners. The online channels provide customers convenience, selection and ease of purchase, while enhancing customer loyalty and continuing to build the brands. The Company currently operates under the following banners:

The Reitmans banner, founded in 1926, operates stores averaging 4,700 sq. ft. and is one of Canada's leading specialty fashion destinations. With a strong online presence and store locations across the country, Reitmans customers account for over one-third of Canadian women. Reitmans ambition is to offer a feel-good and inclusive space featuring on-trend styles in the most extensive size range, from 0-22.

PENN. is Canada's premiere destination for plus-size fashion, ranging from sizes 14 to 32. Through championing body diversity and size inclusivity, the brand believes that women deserve to experience the freedom that comes with feeling confident in their clothing. PENN. operates stores averaging 5,800 sq. ft. in power centres across Canada.

RW&CO. operates stores averaging 4,500 sq. ft. in premium locations in major shopping malls as well as on their e-commerce site. Specializing in menswear and womenswear, the brand delivers versatile, well-crafted collections and exceptional brand experiences to an open and inclusive brand community.

RETAIL BANNERS

	Number of stores at February 4, 2024	Q1 Openings	Q1 Closings	Number of stores at May 4, 2024	Number of stores at April 29, 2023
Reitmans	**226**	1	-	227	235
Penningtons	**86**	-	(1)	85	91
RW&CO.	**81**	-	(1)	80	80
Total stores	**393**	**1**	**(2)**	**392**	**406**

The viability of each store and its location is constantly monitored and assessed for continuing profitability. In most cases when a store is closed, merchandise at that location is sold off in the normal course of business and any unsold merchandise remaining at the closing date is generally transferred to other stores operating under the same banner for sale in the normal course of business.

OPERATING RESULTS FOR THE FIRST QUARTER OF 2025 COMPARED TO THE FIRST QUARTER OF 2024

	First Quarter of 2025	First Quarter of 2024	$ Change	% Change
Net revenues[1]	**$ 165.7**	$ 165.7	$ -	0.0%
Cost of goods sold	**71.8**	76.9	(5.1)	(6.6)%
Gross profit	**93.9**	88.8	5.1	5.7%
Gross profit %	**56.7%**	53.6%		
Selling, general and administrative expenses[1,3]	**95.1**	92.4	2.7	2.9%
Results from operating activities	**(1.2)**	(3.6)	2.4	66.7%
Net finance costs	**(0.9)**	(1.3)	0.4	30.8%
Loss before income taxes	**(2.1)**	(4.9)	2.8	57.1%
Income tax recovery	**0.6**	1.1	(0.5)	(45.5)%
Net loss	**$ (1.5)**	$ (3.8)	$ 2.3	60.5%
Adjusted EBITDA[2]	**$ 0.9**	$ (1.2)	$ 2.1	n/a
Loss per share:				
Basic	**$ (0.03)**	$ (0.08)	$ 0.05	62.5%
Diluted	**(0.03)**	(0.08)	0.05	62.5%

[1] For the first quarter of 2024, shipping revenues of $0.7 million were reclassified from selling, general and administrative expenses to net revenues. See Note 17 of the unaudited condensed consolidated interim financial statements for the first quarter of 2025.

[2] This is a Non-GAAP Financial Measure. See section entitled “Non-GAAP Financial Measures and Supplementary Financial Measures” for reconciliations of these measures.

[3] In order to align to presentation in the industry, previously captioned selling, distribution and administrative expenses for the first quarter of 2024 are now captioned as selling, general and administrative expenses.

Net Revenues

Net revenues of $165.7 million for the first quarter of 2025 were comparable to the first quarter of 2024 despite 14 less stores. Although Canadian consumers continued to tighten discretionary spending, net revenues were maintained mainly through improved sales dollar per transaction. Comparable sales[1], which include e-commerce net revenues, decreased 4.6% during the first quarter of 2025. The decrease in comparable sales was primarily due to lower online traffic.

The breakdown of net revenues was as follows:

	First Quarter of 2025		First Quarter of 2024		$ Change	% Change
Retail stores	**$ 125.0**	**75.4%**	$ 120.9	73.0%	$ 4.1	3.4%
E-commerce	**40.7**	**24.6%**	44.8	27.0%	(4.1)	(9.2)%
Net revenues	**$ 165.7**	**100.0%**	$ 165.7	100.0%	$ -	0.0%

[1] This is a supplementary financial measure. See section entitled “Supplementary Financial Measures”.

Gross Profit

Gross profit for the first quarter of 2025 increased $5.1 million to $93.9 million as compared with $88.8 million for the first quarter of 2024. Gross profit as a percentage of net revenues for the first quarter of 2025 increased to 56.7% from 53.6% for the first quarter of 2024. The increase in gross profit and in gross profit as a percentage of sales is primarily attributable to lower promotional activity and changes in product mix sold during the first quarter of 2025 as compared to the first quarter of 2024.

Selling, General and Administrative Expenses

Total selling, general and administrative expenses of $95.1 million for the first quarter of 2025 increased by $2.7 million or 2.9%, as compared to the first quarter of 2024, primarily attributable to the following:

- previous preferential rent arrangements were renewed at closer to market lease rates during the past twelve months. Rent increases in the first quarter of 2025 were approximately 9% over the first quarter of 2024. Rent expense should stabilize as the Company has secured long-term lease arrangements;

- although the number of stores in the Company's store network decreased compared to the first quarter of 2024, store operating costs increased due primarily to higher store personnel costs;

- a $0.5 million increase in depreciation, amortization and net impairment losses due primarily to the economic underperformance of a few stores based on the Company's impairment assessment of its property and equipment; and

- higher software costs due to the Company's initiatives to support growth areas of the business.

Results from Operating Activities ("ROA")

ROA for the first quarter of 2025 was $(1.2) million as compared with $(3.6) million for the first quarter of 2024. The increase of $2.4 million is primarily attributable to the increase in gross profit, partially offset by an increase in operating costs, as noted above.

Net Finance Costs

Net finance costs were $0.9 million for the first quarter of 2025 and $1.3 million for the first quarter of 2024. The decrease in net finance costs was primarily attributable to the non-recurrence of a $1.0 million loss on foreign currency translation differences from the wind-up of a foreign operation for the first quarter of 2024 and higher interest income earned on funds held with a Canadian bank for the first quarter of 2025, partially offset by higher interest expense related to lease liabilities as compared to the first quarter of 2024.

Income Taxes

Income tax recovery for the first quarter of 2025 amounted to $0.6 million. The effective tax rate for the first quarter of 2025 of approximately 30% was primarily impacted by the difference in tax rate related to the operations of a foreign subsidiary and by non-deductible permanent differences.

The income tax recovery of $1.1 million for the first quarter of 2024 was negatively impacted by a non-deductible foreign currency translation loss reclassified to net loss due to the wind-up of a foreign operation of $1.0 million.

Net Loss

Net loss for the first quarter of 2025 was $1.5 million ($0.03 basic and diluted loss per share) as compared with a net loss of $3.8 million ($0.08 basic and diluted loss per share) for the first quarter of 2024. The decrease in net loss of $2.3 million is primarily attributable to the increase in ROA, as noted above.

Adjusted EBITDA

Adjusted EBITDA for the first quarter of 2025 was $0.9 million as compared to $(1.2) million for the first quarter of 2024. The increase of $2.1 million is primarily attributable the increase in gross profit, partially offset by an increase in operating costs, as noted above.

SUMMARY OF QUARTERLY RESULTS

The results of operations for any quarter are not necessarily indicative of the results of operations for the fiscal year. The table below presents selected consolidated financial data for the eight most recently completed quarters. All references to “2025” are to the Company’s fiscal year ending February 1, 2025, “2024” are to the Company’s fiscal year ended February 3, 2024 and “2023” are to the Company’s fiscal year ended January 28, 2023.

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
	2025	2024	2024	2023	2024	2023	2024	2023
Net revenues	$ 165.7	$ 165.7[4]	$ 221.0	$ 212.9	$ 193.4	$ 206.2	$ 214.5[4]	$ 229.9[4]
Net (loss) earnings	(1.5)	(3.8)	0.0	27.5[1]	5.3	14.6[2]	13.4[3]	37.3[3]
(Loss) earnings per share								
Basic	$ (0.03)	$ (0.08)	$ 0.00	$ 0.56[1]	$ 0.11	$ 0.30[2]	$ 0.27[3]	$ 0.76[3]
Diluted	(0.03)	(0.08)	0.00	0.56[1]	0.11	0.30[2]	0.27[3]	0.76[3]

[1] During the fourth quarter of 2023, net earnings include $1.9 million of restructuring costs recovery.

[2] During the third quarter of 2023, net earnings include restructuring costs of $0.1 million.

[3] During the second quarter of 2024, net earnings include a pension curtailment gain of $0.9 million. During the second quarter of 2023, net earnings include restructuring costs recovery of $0.2 million.

[4] Net revenues for the first quarter of 2024 have been increased by $0.7 million, and net revenues for the second quarter of 2024 have been increased by $1.3 million ($0.7 million for the second quarter of 2023), representing shipping revenues on e-commerce sales reclassified from selling, general and administrative expenses.

BALANCE SHEET

Selected line items from the Company's balance sheets as at May 4, 2024 and February 3, 2024 are presented below:

	May 4, 2024	February 3, 2024	$ Change	% Change
Cash	**$ 98.9**	$ 116.7	$ (17.8)	(15.3)%
Trade and other receivables	**5.8**	3.5	2.3	65.7%
Derivative financial asset	**2.2**	1.4	0.8	57.1%
Inventories	**127.6**	122.0	5.6	4.6%
Prepaid expenses and other assets	**18.5**	16.3	2.2	13.5%
Property and equipment & intangible assets	**71.3**	71.2	0.1	0.1%
Right-of-use assets	**130.6**	131.5	(0.9)	(0.7)%
Pension asset	**0.8**	1.1	(0.3)	(27.3)%
Deferred income taxes	**27.6**	27.0	0.6	2.2%
Trade and other payables	**56.2**	61.8	(5.6)	(9.1)%
Deferred revenue	**10.1**	11.9	(1.8)	(15.1)%
Lease liabilities (current and non-current)	**138.7**	137.6	1.1	0.8%

Changes at May 4, 2024 as compared to February 3, 2024 were primarily due to the following:

- cash decreased $17.8 million primarily due to net cash outflows from operations, including the payment of lease liabilities, and the investments made in property and equipment in the first quarter of 2025;
- trade and other receivables increased primarily due to higher credit card receivables as at May 4, 2024 as compared to as at February 3, 2024;
- the change in the derivative financial asset position is attributable to the impact of mark-to-market adjustments on foreign exchange forwards contracts outstanding at the end of the first quarter of 2025;
- the increase in inventories is largely attributable to the normal build-up of merchandise for the spring and summer seasons;
- the increase of $2.2 million in prepaid expenses and other assets is primarily due to the timing of payments related to in-cloud hosting service contracts;
- property and equipment & intangible assets increased by $0.1 million. During the first quarter of 2025, $6.3 million was invested, on a cash basis, primarily on store renovations and distribution centre investments. Depreciation and amortization of $3.4 million and a net impairment of $0.7 million on property and equipment and intangible assets were recognized in the first quarter of 2025 ($3.3 million of depreciation and amortization and a net impairment of $0.3 million on property and equipment and intangible assets were recognized in the first quarter of 2024);
- right-of-use assets represent the right-to-use the retail stores and certain equipment over their lease terms. Right-of-use assets decreased by a net $0.9 million primarily due to depreciation and amortization of right-of-use assets, partially offset by lease additions during the first quarter of 2025. Depreciation and amortization of $9.3 million was recognized in the first quarter of 2025 ($7.8 million in the first quarter of 2024);
- pension asset decreased by $0.3 million due primarily to an actuarial loss recognized in other comprehensive income in the first quarter of 2025. During the year ended February 3, 2024, the Company's Board of Directors approved the dissolution of the defined benefit pension plan. The effective date of the windup for the Plan is June 30, 2024;
- deferred tax assets arise primarily due to temporary differences and operating losses carried forward relating to the Canadian operations as a result of management's assessment that the Company has the ability to generate future profitable operations and that it is probable that future taxable profits will be available to utilize the tax benefits;

- trade and other payables decreased by $5.6 million due to the timing of payments related to trade and other liabilities;
- deferred revenue decreased by $1.8 million due primarily to the timing of gift card redemptions. Deferred revenue consists of unredeemed gift cards, loyalty points and awards granted under customer loyalty programs; and
- lease liabilities represent the present value of the Company's obligations to make lease payments for its store and equipment leases. During the first quarter of 2025, lease liabilities increased by lease additions of $8.7 million and interest expense of $2.5 million, offset by payments of $9.8 million and lease terminations of $0.2 million.

OPERATING AND FINANCIAL RISK MANAGEMENT

Detailed descriptions of the Company's operating and financial risks are included in the Company's annual MD&A for the fiscal year ended February 3, 2024 (which is available on the SEDAR+ website at www.sedarplus.ca).

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES

The Company primarily uses funds for working capital requirements and capital expenditures. As at May 4, 2024, compared to April 29, 2023, the Company increased its working capital[1] position by $13.7 million with current assets of $253.1 million (April 29, 2023 – $233.7 million; February 3, 2024 - $259.9 million) and current liabilities of $99.6 million (April 29, 2023 - $94.0 million; February 3, 2024 - $105.5 million) and had no long-term debt (other than lease liabilities). As at May 4, 2024, included in the Company's current assets is cash of $98.9 million (April 29, 2023 - $69.4 million; February 3, 2024 - $116.7 million). Cash is held in interest bearing accounts mainly with a major Canadian financial institution.

The Company has a senior secured asset-based revolving credit facility with a Canadian financial institution of up to $115.0 million (or its U.S. dollar equivalent), which matures on January 12, 2025. If and when necessary, this committed facility is used to finance the ongoing operations of the Company. No amount was drawn under the secured asset-based credit facility as at May 4, 2024 (April 29, 2023 - nil; February 3, 2024 - nil). In the first quarter of 2025, the Company invested $6.3 million in capital expenditures. The Company expects to invest approximately $32.0 million in capital expenditures in fiscal 2025, including an amount of $12.0 million investment in the Company's distribution centre fulfillment operations. The Company's capital allocation strategy focuses on three main investment areas:

1. Investment in store renovations to ensure the existing fleet of stores remains current and relevant and in new stores as suitable locations are identified;
2. Technology, continuing to upgrade systems including migrating legacy systems to cloud service providers and omnichannel network, including in-store and ecommerce digital capabilities;
3. Distribution improvements, including optimizing and further automating distribution capabilities and upgrading existing distribution.

[1] This is a Non-GAAP Financial Measure. See section entitled "Non-GAAP Financial Measures & Supplementary Financial Measures" for a reconciliation of this measure.

FINANCIAL COMMITMENTS

There have been no material changes in the Company's financial commitments that are outside of the ordinary course of the Company's business from those described in the Company's audited annual consolidated financial statements for the year ended February 3, 2024.

OUTSTANDING SHARE DATA

At June 18, 2024, 13,440,000 Common shares and 35,866,322 Class A non-voting shares of the Company were issued and outstanding. Each Common share entitles the holder thereof to one vote at meetings of shareholders of the Company. As at June 18, 2024, the Company has a total of 2,235,869 share options outstanding at a weighted average exercise price of $2.49. Each share option entitles the holder to purchase one Class A non-voting share of the Company at an exercise price established based on the market price of the shares at the date the option was granted.

On June 18, 2024, the Company's Board of Directors approved the initiation of a Normal Course Issuer Bid ("NCIB") to purchase up to approximately 10% of the issued and outstanding Class A non-voting shares of the Company (the "Non-Voting Shares"). The NCIB will be conducted through a registered broker, through the facilities of the TSX Venture Exchange, and is expected to take place over a period of 12 months. The extent to which the Company repurchases its shares and the timing of such purchases will depend upon market conditions and other corporate considerations. The NCIB is subject to regulatory approval.

OFF-BALANCE SHEET ARRANGEMENTS

Derivative Financial Instruments

The Company in its normal course of business must make long lead-time commitments for a significant portion of its merchandise purchases, in some cases as long as twelve months. Most of these purchases must be paid for in U.S. dollars. The Company considers a variety of strategies designed to manage the cost of its continuing U.S. dollar long-term commitments, including spot rate purchases and foreign currency forward contracts with maturities generally not exceeding twelve months and are normally designated as cash flow hedges.

Details of the foreign exchange contracts outstanding, all of which are designated as cash flow hedges, are as follows:

	Average Strike Price	Notional Amount in U.S. Dollars	Derivative Financial Asset	Derivative Financial Liability	Net
As at May 4, 2024	**$ 1.332**	**$ 69.0**	**$ 2.2**	**$ -**	**$ 2.2**
As at February 3, 2024	$ 1.328	$ 90.0	$ 1.4	$ -	$ 1.4

As at April 29, 2023, the Company's hedging program was temporarily paused and there were no foreign exchange contracts outstanding.

RELATED PARTY TRANSACTIONS

There have been no significant changes in related party transactions from those disclosed in the Company's audited annual consolidated financial statements for the year ended February 3, 2024.

FINANCIAL INSTRUMENTS

The Company uses its cash resources and its credit facilities to fund ongoing working capital needs along with capital expenditures. Financial instruments that are exposed to concentrations of credit risk consist primarily of cash and trade and other receivables. The Company reduces this risk by dealing only with highly-rated counterparties, normally major Canadian financial institutions.

The volatility of the U.S. dollar vis-à-vis the Canadian dollar impacts earnings and while the Company considers a variety of strategies designed to manage the cost of its continuing U.S. dollar commitments, such as spot rate purchases and foreign exchange contracts, this volatility can result in exposure to risk.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

Key Sources of Estimation Uncertainty

There have been no significant changes in the key sources of estimation uncertainty and judgements made in relation to the accounting policies applied as disclosed in the Company's annual MD&A for the year ended February 3, 2024 (which is available on the SEDAR+ website at www.sedarplus.ca).

ADOPTION OF NEW ACCOUNTING POLICIES

The new accounting policy set out below has been adopted in the unaudited condensed consolidated interim financial statements as at and for the first quarter of 2025:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

Further information on this new accounting policy can be found in Note 3 of the unaudited condensed consolidated interim financial statements for the first quarter of 2025.

NEW ACCOUNTING STANDARDS AND AMENDMENTS NOT YET ADOPTED

The new standard and amendment not yet effective for the first quarter of 2025 for which earlier adoption was permitted has not been applied in preparing the unaudited condensed consolidated interim financial statements as at and for the 13 weeks ended May 4, 2024. The standard and amendment that is currently under review:

- Presentation and Disclosure in Financial Statements (IFRS 18)

Further information on this standard and amendment can be found in Note 3 of the unaudited condensed consolidated interim financial statements for the first quarter of 2025.

REITMANS (CANADA) LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS
(Unaudited)
(in thousands of Canadian dollars except per share amounts)

	Notes	For the 13 weeks ended May 4, 2024	For the 13 weeks ended April 29, 2023[1] [2]
Net revenues	17	**$ 165,719**	$ 165,718
Cost of goods sold	5	**71,792**	76,917
Gross profit		**93,927**	88,801
Selling, general and administrative expenses		**95,131**	92,377
Results from operating activities		**(1,204)**	(3,576)
Finance income	14	**1,548**	1,292
Finance costs	14	**(2,467)**	(2,630)
Loss before income taxes		**(2,123)**	(4,914)
Income tax recovery		**644**	1,074
Net loss		**$ (1,479)**	$ (3,840)
Loss per share:	15		
Basic		**$ (0.03)**	$ (0.08)
Diluted		**(0.03)**	(0.08)

(1) For the 13 weeks ended April 29, 2023, shipping revenues of $700 were reclassified from selling, general and administrative expenses to net revenues. The adjustments had no effect on results from operating activities or on net loss. See note 17.
(2) For the 13 weeks ended April 29, 2023, selling and distribution expenses of $80,969 and administrative expenses of $11,408, were combined to present selling, general and administrative expenses of $92,377 in order to align with presentation in the industry. The adjustments had no effect on results from operating activities or on net loss.

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

REITMANS (CANADA) LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)
(in thousands of Canadian dollars)

	Notes	For the 13 weeks ended May 4, 2024	For the 13 weeks ended April 29, 2023
Net loss		**$ (1,479)**	$ (3,840)
Other comprehensive income			
Items that are or may be reclassified subsequently to net earnings:			
Cash flow hedges (net of tax of $224)	11	**621**	-
Foreign currency translation differences reclassified to net loss	11	**-**	1,044
Items that will not be reclassified to net earnings:			
Net actuarial (loss) gain on defined benefit plan (net of tax of $96 for the 13 weeks ended May 4, 2024; net of tax of $346 for the 13 weeks ended April 29, 2023)	7	**(266)**	958
Total other comprehensive income		**355**	2,002
Total comprehensive loss		**$ (1,124)**	$ (1,838)

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

REITMANS (CANADA) LIMITED
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
(Unaudited)
(in thousands of Canadian dollars)

	Notes	May 4, 2024	April 29, 2023	February 3, 2024
ASSETS				
CURRENT ASSETS				
Cash	4	**$ 98,917**	$ 69,394	$ 116,653
Restricted cash	4	**-**	2,838	-
Trade and other receivables		**5,849**	3,857	3,542
Derivative financial asset	18	**2,223**	-	1,382
Inventories	5	**127,617**	139,053	122,025
Prepaid expenses and other assets		**18,460**	18,565	16,341
Total Current Assets		**253,066**	233,707	259,943
NON-CURRENT ASSETS				
Property and equipment		**69,909**	63,483	69,609
Intangible assets		**1,400**	2,240	1,566
Right-of-use assets	6	**130,581**	88,355	131,457
Pension asset	7	**801**	1,290	1,149
Deferred income taxes		**27,616**	33,067	27,026
Total Non-Current Assets		**230,307**	188,435	230,807
TOTAL ASSETS		**$ 483,373**	$ 422,142	$ 490,750
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade and other payables	9	**$ 56,168**	$ 53,684	$ 61,754
Deferred revenue	10	**10,059**	12,223	11,939
Income taxes payable		**420**	457	445
Current portion of lease liabilities	6	**33,044**	27,622	31,329
Total Current Liabilities		**99,691**	93,986	105,467
NON-CURRENT LIABILITIES				
Lease liabilities	6	**105,657**	68,859	106,265
Total Non-Current Liabilities		**105,657**	68,859	106,265
SHAREHOLDERS' EQUITY				
Share capital	11	**28,312**	27,406	28,292
Contributed surplus		**11,318**	11,180	11,207
Retained earnings		**236,923**	220,711	238,668
Accumulated other comprehensive income	11	**1,472**	-	851
Total Shareholders' Equity		**278,025**	259,297	279,018
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 483,373**	$ 422,142	$ 490,750

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

REITMANS (CANADA) LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(in thousands of Canadian dollars)

	Notes	Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance as at February 4, 2024		**$ 28,292**	**$ 11,207**	**$ 238,668**	**$ 851**	**$ 279,018**
Net loss		**-**	**-**	**(1,479)**	**-**	**(1,479)**
Total other comprehensive (loss) income	11	**-**	**-**	**(266)**	**621**	**355**
Total comprehensive (loss) income for the period		**-**	**-**	**(1,745)**	**621**	**(1,124)**
Share options exercised	11	**20**	**(5)**	**-**	**-**	**15**
Share based compensation costs	12	**-**	**116**	**-**	**-**	**116**
Total contributions by owners of the Company		**20**	**111**	**-**	**-**	**131**
Balance as at May 4, 2024		**$ 28,312**	**$ 11,318**	**$ 236,923**	**$ 1,472**	**$ 278,025**
Balance as at January 29, 2023		$ 27,406	$ 10,871	$ 223,593	$ (1,044)	$ 260,826
Net loss		-	-	(3,840)	-	(3,840)
Total other comprehensive income	11	-	-	958	1,044	2,002
Total comprehensive (loss) income for the period		-	-	(2,882)	1,044	(1,838)
Share based compensation costs	12	-	309	-	-	309
Total contributions by owners of the Company		-	309	-	-	309
Balance as at April 29, 2023		$ 27,406	$ 11,180	$ 220,711	$ -	$ 259,297

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

REITMANS (CANADA) LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands of Canadian dollars)

	Notes	For the 13 weeks ended May 4, 2024	For the 13 weeks ended April 29, 2023
CASH FLOWS USED IN OPERATING ACTIVITIES			
Net loss		**$ (1,479)**	$ (3,840)
Adjustments for:			
Depreciation, amortization and net impairment losses on property and equipment, and intangible assets		**4,128**	3,575
Depreciation on right-of-use assets	6	**9,342**	7,774
Share-based compensation costs	12	**116**	309
Net change in transfer of realized loss on cashflow hedges to inventory		**5**	-
Foreign exchange gain		**(1,527)**	(308)
Loss on foreign currency translation differences reclassified to net loss	11,14	**-**	1,044
Interest on lease liabilities	14	**2,467**	1,586
Interest income	14	**(1,126)**	(921)
Income tax recovery		**(644)**	(1,074)
		11,282	8,145
Changes in:			
Trade and other receivables		**(2,675)**	(666)
Inventories	5	**(5,592)**	3,249
Prepaid expenses and other assets		**(2,119)**	(4,063)
Trade and other payables	9	**(3,546)**	(26,769)
Pension asset	7	**(15)**	14
Deferred revenue	10	**(1,880)**	(1,877)
		(4,545)	(21,967)
Interest received		**1,494**	971
Income taxes paid		**(97)**	(592)
Net cash flows used in operating activities		**(3,148)**	(21,588)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Additions to property and equipment and intangible assets	16	**(6,303)**	(3,462)
Cash flows used in investing activities		**(6,303)**	(3,462)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Restricted cash	4	**-**	(30)
Payment of lease liabilities	6	**(9,848)**	(8,873)
Proceeds from issue of share capital	11	**15**	-
Cash flows used in financing activities		**(9,833)**	(8,903)
FOREIGN EXCHANGE GAIN ON CASH HELD IN FOREIGN CURRENCY		**1,548**	343
NET DECREASE IN CASH		**(17,736)**	(33,610)
CASH, BEGINNING OF THE PERIOD		**116,653**	103,004
CASH, END OF THE PERIOD		**$ 98,917**	$ 69,394

Supplementary cash flow information (note 16)

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

1. REPORTING ENTITY

Reitmans (Canada) Limited (the "Company") is a company domiciled in Canada and is incorporated under the *Canada Business Corporations Act*. The address of the Company's registered office is 155 Wellington Street West, 40th Floor, Toronto, Ontario M5V 3J7. The principal business activity of the Company is the sale of women's wear. The Company's issued and outstanding Common and Class A shares are listed on the Toronto Stock Venture Exchange under the symbol "RET.V" and "RET-A.V", respectively.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") on a basis consistent with those accounting policies followed by the Company in the most recent audited annual consolidated financial statements except where noted below. These unaudited condensed consolidated interim financial statements have been prepared under IFRS in accordance with IAS 34, *Interim Financial Reporting*. Certain information, in particular the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the year ended February 3, 2024.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on June 18, 2024.

b) Basis of Measurement

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items:

- lease liabilities are initially measured at the present value of the lease payments that are not paid at the lease commencement date;
- pension asset is recognized as fair value of the plan assets less the present value of the defined benefit obligation;
- liabilities for cash-settled share-based payment arrangements are measured in accordance with IFRS 2, *Share-Based Payment*; and
- derivative financial instruments are measured at fair value.

c) Seasonality of Interim Operations

The retail business is seasonable and the results of operations for any interim period are not necessarily indicative of the results of operation for the full fiscal year or any future period.

d) Functional and Presentation Currency

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts.

e) Estimates, Judgments and Assumptions

The preparation of the unaudited condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. These estimates and assumptions are based on historical experience, other relevant factors and expectations of the future and are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied and described in the Company's audited annual consolidated financial statements for the year ended February 3, 2024.

3. MATERIAL ACCOUNTING POLICIES

Except as described below, the material accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended February 3, 2024 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements.

Adoption of new accounting policies

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued *Presentation of Financial Statements (Amendments to IAS 1)*. The amendments are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted. These amendments clarify the classification of liabilities as current or non-current. The amendments remove the requirement for a right to defer settlement or rollover of a liability for at least twelve months to be unconditional. Instead, such a right must exist at the end of the reporting period and have substance. The adoption of these amendments did not have any impact on the Company's unaudited condensed consolidated interim financial statements.

New standards and amendments not yet adopted

New standards and amendments to existing standards have been issued by the IASB, which are mandatory but not yet effective for the 13 weeks ended May 4, 2024. The following new standards and amendments have not been applied in preparing these condensed consolidated interim financial statements.

Presentation and Disclosure in Financial Statements (IFRS 18)

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements to improve reporting of financial performance*. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Early adoption is permitted. The Company is currently evaluating the impact from the adoption of IFRS 18 on its consolidated financial statements.

4. CASH AND RESTRICTED CASH

	May 4, 2024	**April 29, 2023**	**February 3, 2024**
Cash (1)	**$ 98,917**	$ 69,394	$ 116,653
Restricted cash (2)	**-**	2,838	-
	$ 98,917	$ 72,232	$ 116,653

(1) The Company's cash held with banks bears interest at variable rates.

(2) Restricted cash represented cash held in trust by a Canadian financial institution as security on a standby letter of credit, which expired on July 7, 2023. The cash bore interest at variable rates.

5. INVENTORIES

During the 13 weeks ended May 4, 2024, inventories recognized as cost of goods sold amounted to $69,033 (April 29, 2023 - $72,609). In addition, for the 13 weeks ended May 4, 2024, the Company recorded $2,759 (April 29, 2023 - $4,308) of write-downs of inventories as a result of net realizable value being lower than cost which were recognized in cost of goods sold. No inventory write-downs recognized in previous periods were reversed for the 13 weeks ended May 4, 2024 and April 29, 2023.

Included in inventories is a return asset for the right to recover returned goods for $2,304 as at May 4, 2024 (April 29, 2023 - $2,613; February 3, 2024 - $1,703).

6. LEASES

The Company renews leases of its retail locations as part of its normal course of business. The following tables represent changes in right-of-use assets and lease liabilities:

Right-of-use assets

	For the 13 weeks ended	
	May 4, 2024	**April 29, 2023**
Balance at the beginning of the period	**$ 131,457**	$ 79,894
Lease additions	**8,695**	16,363
Lease modifications	**(229)**	(128)
Depreciation	**(9,342)**	(7,774)
Balance at the end of the period	**$ 130,581**	$ 88,355

Lease liabilities

	For the 13 weeks ended	
	May 4, 2024	**April 29, 2023**
Balance at the beginning of the period	**$ 137,594**	$ 87,499
Lease additions	**8,695**	16,363
Lease modifications	**(207)**	(94)
Payment of lease liabilities	**(9,848)**	(8,873)
Interest expense (note 14)	**2,467**	1,586
Balance at the end of the period	**$ 138,701**	$ 96,481

	May 4, 2024	**April 29, 2023**
Current portion of lease liabilities	**$ 33,044**	$ 27,622
Non-current portion of lease liabilities	**105,657**	68,859
Total lease liabilities	**$ 138,701**	$ 96,481

7. PENSION ASSET

The Company recognized an actuarial loss of $362 in other comprehensive income for the 13 weeks ended May 4, 2024 (gain of $1,304 for the 13 weeks ended April 29, 2023) and subsequently reclassified the gain from accumulated other comprehensive income to retained earnings based on an updated valuation to the net pension asset.

During the year ended February 3, 2024, the Board of Directors approved the dissolution of the Company's defined benefit pension plan (the "Plan"). The effective date of the windup for the Plan is June 30, 2024 and subject to regulatory approval from Retraite Quebec. The Board of Directors approved the replacement of the Plan with a defined contribution pension plan.

8. REVOLVING CREDIT FACILITY

The Company has access to a senior secured asset-based revolving facility with a Canadian financial institution for an amount of up to $115,000 ("Borrowing Base"), or its US dollar equivalent, which matures on January 12, 2025. The Borrowing Base is dependent on certain factors including, but not limited to, the level of the Company's inventory, credit card receivables and the statutory amount payables to governmental authorities. As at May 4, 2024, the Company's Borrowing Base was $95,750 (April 29, 2023 – $95,250, February 3, 2024 – $92,037).

The Company can borrow funds in Canadian or US dollars at prime, base, the Canadian Dollar Offered Rate ("CDOR") or the Secured Overnight Financing Rate ("SOFR"). The facility bears interest at the prime or base rate, plus 0.50% or 0.75%, up to 2.00%, and at the CDOR or SOFR rate, plus 1.75% or 2.00%, based on the average excess availability of the credit facility per the Borrowing Base. Up to $35,000 (or its U.S. dollar equivalent) of the facility can be withdrawn through secured letters of credit.

As at May 4, 2024, no amount (April 29, 2023 – nil, February 3, 2024 – nil) was drawn under the revolving credit facility and $1,000 was committed for secured letters of credit (April 29, 2023 – nil, February 3, 2024 – $2,010).

The facility is secured by certain of the Company's assets including trade receivables, inventories and property and equipment. The Company is required to maintain certain financial covenants related to this revolving credit facility. As at May 4, 2024, April 29, 2023 and February 3, 2024, the Company was in compliance of all financial covenants.

9. TRADE AND OTHER PAYABLES

	May 4, 2024	April 29, 2023	February 3, 2024
Trade payables	**$ 9,851**	$ 12,839	$ 22,844
Personnel liabilities	**16,579**	16,911	21,720
Other non-trade payables	**23,292**	16,716	13,687
Refund liability	**5,932**	6,480	3,250
Payables relating to premises	**514**	738	253
	$ 56,168	$ 53,684	$ 61,754

10. DEFERRED REVENUE

	May 4, 2024	April 29, 2023	February 3, 2024
Loyalty points and awards granted under loyalty programs	**$ 122**	$ 271	$ 201
Unredeemed gift cards	**9,937**	11,952	11,738
	$ 10,059	$ 12,223	$ 11,939

11. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

	For the 13 weeks ended			
	May 4, 2024		April 29, 2023	
	Number of shares (in 000's)	Carrying amount	Number of shares (in 000's)	Carrying amount
Common shares				
Balance at beginning and end of the period	**13,440**	**$ 482**	13,440	$ 482
Class A non-voting shares				
Balance at beginning of the period	**35,856**	**27,810**	35,427	26,924
Shares issued pursuant to exercise of share options	**10**	**20**	-	-
Balance at end of the period	**35,866**	**27,830**	35,427	26,924
Total share capital	**49,306**	**$ 28,312**	48,867	$ 27,406

Authorized Share Capital

The Company has authorized for issuance an unlimited number of Common shares and Class A non-voting shares. Both Common shares and Class A non-voting shares have no par value. All issued shares are fully paid.

The Common shares and Class A non-voting shares of the Company rank equally and pari passu with respect to the right to receive dividends and upon any distribution of the assets of the Company. However, in the case of share dividends, the holders of Class A non-voting shares shall have the right to receive Class A non-voting shares and the holders of Common shares shall have the right to receive Common shares.

Issuance of Class A Non-Voting Shares

During the 13 weeks ended May 4, 2024, 10,000 (April 29, 2023 – nil) Class A non-voting shares were issued from the exercise of vested share options arising from the Company's share option program (note 12). During the 13 weeks ended May 4, 2024, the amounts credited to share capital from the exercise of share options include a cash consideration of $15 with an ascribed value from contributed surplus of $5.

Accumulated Other Comprehensive Income ("AOCI")

AOCI is comprised of the following:

	Cash Flow Hedges	Foreign Currency Translation Differences	Total AOCI
Balance at February 4, 2024	**$ 851**	**$ -**	**$ 851**
Net change in fair value of cash flow hedges (net of tax of $541)	**1,500**	**-**	**1,500**
Transfer to cost of inventory (net of tax of $317)	**(879)**	**-**	**(879)**
Balance at May 4, 2024	**$ 1,472**	**$ -**	**$ 1,472**
Balance at January 29, 2023	$ -	$ (1,044)	$ (1,044)
Foreign currency translation differences reclassified to net loss (1)	-	1,044	1,044
Balance at April 29, 2023	$ -	$ -	$ -

(1) During the 13 weeks ended April 29, 2023, a subsidiary of the Company was wound-up. Amounts previously recognized in other comprehensive income were reclassified to net loss.

Dividends

No dividends were declared or paid during the 13 weeks ended May 4, 2024 and April 29, 2023.

12. SHARE-BASED PAYMENTS

Under the share option plan, the Company is limited to issue 3,500,000 Class A non-voting shares pursuant to the exercise of options. Further details regarding the share option plan can be found in the Company's audited annual consolidated financial statements for the year ended February 3, 2024.

Service-based share options

During the 13 weeks ended May 4, 2024 and April 29, 2023, no service-based share options were granted.

The changes in outstanding share options were as follows:

	For the 13 weeks ended			
	May 4, 2024		April 29, 2023	
	Options (in 000's)	Weighted Average Exercise Price	Options (in 000's)	Weighted Average Exercise Price
Outstanding, at beginning of period	**1,697**	**$ 3.55**	1,635	$ 3.63
Exercised	**(10)**	**1.50**	-	-
Forfeited and expired	**(281)**	**6.00**	(148)	5.29
Outstanding, at end of period	**1,406**	**$ 3.07**	1,487	$ 3.47
Options exercisable, at end of period	**772**	**$ 3.68**	906	$ 4.72

During the 13 weeks ended May 4, 2024, the Company recognized $116 of compensation costs related to the Company's service-based share options with a corresponding credit to contributed surplus ($82 for the 13 weeks ended April 29, 2023).

Market-condition share options

During the 13 weeks ended May 4, 2024 and April 29, 2023, no market-condition share options were granted.

The changes in outstanding market-condition share options were as follows:

	For the 13 weeks ended			
	May 4, 2024		April 29, 2023	
	Options (in 000's)	Weighted Average Exercise Price	Options (in 000's)	Weighted Average Exercise Price
Outstanding, at beginning and end of the period	**830**	**$ 1.50**	1,110	$ 1.50
Options exercisable, at end of period	**830**	**$ 1.50**	860	$ 1.50

During the 13 weeks ended May 4, 2024, no compensation costs related to the Company's market-condition share options were recognized ($227 for the 13 weeks ended April 29, 2023 with a corresponding credit to contributed surplus).

No Performance Share Units ("PSUs") were granted and no share-based compensation costs related to PSUs were recognized during the 13 weeks ended May 4, 2024 and April 29, 2023.

13. INCOME TAX

In the interim periods, the income tax provision is based on an estimate of the earnings that will be generated in a full year. The estimated average annual effective income tax rates are re-estimated at each interim reporting date, based on full year projections of earnings. To the extent that forecasts differ from actual results, adjustments are recognized in subsequent periods.

14. FINANCE INCOME AND FINANCE COSTS

	For the 13 weeks ended	
	May 4, 2024	**April 29, 2023**
Interest income	**$ 1,126**	$ 921
Foreign exchange gain	**422**	371
Finance income	**1,548**	1,292
Interest expense on lease liabilities (note 6)	**2,467**	1,586
Loss on foreign currency translation differences reclassified to net loss (note 11)	**-**	1,044
Finance costs	**2,467**	2,630
Net finance costs	**$ (919)**	$ (1,338)

15. LOSS PER SHARE

The number of shares (in thousands) used in the basic and diluted loss per share calculations is as follows:

	For the 13 weeks ended	
	May 4, 2024	**April 29, 2023**
Weighted average number of shares – basic and diluted	**49,297**	48,867

All share options were excluded from the calculation of diluted loss per share for the 13 weeks ended May 4, 2024 and April 29, 2023 as these options were deemed to be anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options is based on quoted market prices for the period during which the options were outstanding.

16. SUPPLEMENTARY CASH FLOW INFORMATION

	May 4, 2024	**April 29, 2023**	**February 3, 2024**
Non-cash transactions:			
Additions to property and equipment and intangible assets included in trade and other payables	**$502**	$702	$2,542

Net impairment losses

As at May 4, 2024, the Company tested for impairment certain cash-generating units ("CGUs") for which there were indications that their carrying amounts may not be recoverable, which resulted in $725 of impairment losses recognized related to property and equipment for the 13 weeks ended May 4, 2024 ($264 for the 13 weeks ended April 29, 2023). During the 13 weeks ended May 4, 2024 and April 29, 2023, no asset impairment losses were reversed. Net impairment losses have been recorded in selling, general and administrative expenses.

17. NET REVENUES

Net revenues disaggregated for retail stores and e-commerce is as follows:

	For the 13 weeks ended	
	May 4, 2024	**April 29, 2023[1]**
Retail stores	**$ 124,971**	$ 120,908
E-commerce	**40,748**	44,810
Net revenues	**$ 165,719**	$ 165,718

(1) For the 13 weeks ended April 29, 2023, shipping revenues of $700 were reclassified from selling, general and administrative expenses to net revenues as part of e-commerce.

18. FINANCIAL INSTRUMENTS

Accounting classification and fair values

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value. The Company has determined that the fair value of its current financial assets and liabilities (other than those included below) approximates their respective carrying amounts as at the reporting dates because of the short-term nature of those financial instruments.

	May 4, 2024						
	Carrying Amount				Fair Value		
	Fair Value through Profit or Loss	Fair Value of Hedging Instruments	Amortized Cost	Total	Level 1	Level 2	Total
Financial assets measured at fair value through profit or loss							
Derivative financial asset	**$ -**	**$ 2,223**	**$ -**	**$ 2,223**	**$ -**	**$ 2,223**	**$ 2,223**

	February 3, 2024						
	Carrying Amount				Fair Value		
	Fair Value through Profit or Loss	Fair Value of Hedging Instruments	Amortized Cost	Total	Level 1	Level 2	Total
Financial assets measured at fair value through profit or loss							
Derivative financial asset	$ -	$ 1,382	$ -	$ 1,382	$ -	$ 1,382	$ 1,382

There were no transfers between levels of the fair value hierarchy for the periods ended May 4, 2024, April 29, 2023 and February 3, 2024.

Derivative financial instruments

The Company entered into forward contracts with its banks on the U.S. dollar. These foreign exchange contracts extend over a period normally not exceeding twelve months.

Details of the foreign exchange contracts outstanding, all of which are designated as cash flow hedges are as follows:

	Average Strike Price	Notional Amount in U.S. Dollars	Derivative Financial Asset	Derivative Financial Liability	Net
May 4, 2024	**$ 1.332**	**$ 69,000**	**$ 2,223**	**$ -**	**$ 2,223**
February 3, 2024	$ 1.328	$ 90,000	$ 1,382	$ -	$ 1,382

19. FINANCIAL RISK MANAGEMENT

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. There have been no significant changes in the Company's risk exposures during the 13 weeks ended May 4, 2024 from those described in the Company's audited annual consolidated financial statements for the year ended February 3, 2024.