REITMANS

(CANADA) LIMITED

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

For the 13 and 39 weeks ended November 2, 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 ("RCL" or the "Company") should be read in conjunction with the unaudited condensed consolidated interim financial statements of RCL for the 13 and 39 weeks ended November 2, 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 December 19, 2024.

All financial information contained in this MD&A and RCL's 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 RCL's Audit Committee and were approved by its Board of Directors on December 19, 2024.

Unless otherwise indicated, all comparisons of results for the 13 weeks ended November 2, 2024 ("third quarter of 2025") are against results for the 13 weeks ended October 28, 2023 ("third quarter of 2024") and all comparisons of results for the 39 weeks ended November 2, 2024 ("year to date fiscal 2025") are against results for the 39 weeks ended October 28, 2023 ("year to date fiscal 2024").

Additional information about RCL 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 to allow 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 and prospects. 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 U.S. 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 and other 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 the Company's investments in capital projects;
- 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; 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, pension curtailment gain, pension annuity settlement gain, 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 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 earnings to Adjusted EBITDA and the composition of working capital:

	For the third quarter of		Year to date fiscal	
	2025	**2024**	**2025**	**2024**
Net earnings	**$ 2.1**	$ 5.3	**$ 16.3**	$ 14.8
Depreciation, amortization and net impairment losses on property and equipment, and intangible assets	**3.3**	3.3	**10.9**	10.3
Depreciation on right-of-use assets	**10.1**	8.5	**29.2**	24.4
Interest expense on lease liabilities	**2.5**	1.9	**7.5**	5.2
Interest income	**(1.5)**	(1.1)	**(4.2)**	(3.3)
Loss on foreign currency translation differences reclassified to net earnings	**-**	-	**-**	1.0
Income tax expense	**0.7**	2.0	**5.8**	5.6
Rent impact from IFRS 16, *Leases*[1]	**(12.6)**	(10.4)	**(36.7)**	(29.6)
Pension annuity settlement gain	**(0.8)**	-	**(0.8)**	-
Pension curtailment gain	**-**	-	**-**	(0.9)
Adjusted EBITDA	**$ 3.8**	$ 9.5	**$ 28.0**	$ 27.5
Adjusted EBITDA as % of net revenues	**2.0%**	4.9%	**4.9%**	4.8%

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

	For the third quarter of		Year to date fiscal	
	2025	**2024**	**2025**	**2024**
Depreciation on right-of-use assets	**$ 10.1**	$ 8.5	**$ 29.2**	$ 24.4
Interest expense on lease liabilities	**2.5**	1.9	**7.5**	5.2
Rent impact from IFRS 16, *Leases*	**$ 12.6**	$ 10.4	**$ 36.7**	$ 29.6

	As at November 2, 2024	**As at October 28, 2023**	**As at February 3, 2024**
Current assets	**$ 295.6**	$ 272.6	$ 259.9
Current liabilities	**122.7**	102.5	105.5
Working capital	**$ 172.9**	$ 170.1	$ 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 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 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:

Reitmans

The Reitmans banner, founded in 1926, operates stores averaging 4,700 sq. ft. and is one of Canada's leading specialty fashion destinations for Canadian women, with a strong online presence and store locations across the country. 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.
PENNINGTONS

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.

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 3, 2024	Q1 Openings	Q1 Closings	Q2 Openings	Q2 Closings	Q3 Openings	Q3 Closings	Number of stores at November 2, 2024	Number of stores at October 28, 2023
Reitmans	**226**	1	-	-	(3)	-	(1)	223	231
Penningtons	**86**	-	(1)	1	(1)	2	(1)	86	90
RW&CO.	**81**	-	(1)	-	-	1	-	81	80
Total stores	**393**	**1**	**(2)**	**1**	**(4)**	**3**	**(2)**	**390**	**401**

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 THIRD QUARTER OF 2025 COMPARED TO THE THIRD QUARTER OF 2024

	Third Quarter of 2025	Third Quarter of 2024	$ Change	% Change
Net revenues	**$ 187.7**	$ 193.4	$ (5.7)	(2.9)%
Cost of goods sold	**80.1**	85.8	(5.7)	(6.6)%
Gross profit	**107.6**	107.6	-	0.0%
Gross profit %	**57.3%**	55.6%		
Selling, general and administrative expenses[1]	**103.7**	100.5	3.2	3.2%
Results from operating activities	**3.9**	7.1	(3.2)	(45.1)%
Net finance (costs) income	**(1.2)**	0.2	(1.4)	n/a
Earnings before income taxes	**2.7**	7.3	(4.6)	(63.0)%
Income tax expense	**(0.6)**	(2.0)	1.4	70.0%
Net earnings	**$ 2.1**	$ 5.3	$ (3.2)	(60.4)%
Adjusted EBITDA[2]	**$ 3.8**	$ 9.5	$ (5.7)	(60.0)%
Earnings per share:				
Basic	**$ 0.04**	$ 0.11	$ (0.07)	(63.6)%
Diluted	**0.04**	0.11	(0.07)	(63.6)%

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

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

Net Revenues

Net revenues of $187.7 million for the third quarter of 2025 decreased by $5.7 million or 2.9% compared to the third quarter of 2024. Comparable sales[1], which include e-commerce net revenues, decreased 1.9% during the third quarter of 2025. The decrease in net revenues and comparable sales was primarily due to a lower store count (11 less retail stores) and lower e-commerce traffic, partially offset by increased sales dollars per transaction.

The breakdown of net revenues was as follows:

	Third Quarter of 2025		Third Quarter of 2024		$ Change	% Change
Retail stores	**$ 141.3**	**75.3%**	$ 143.8	74.4%	$ (2.5)	(1.7)%
E-commerce	**46.4**	**24.7%**	49.6	25.6%	(3.2)	(6.5)%
Net revenues	**$ 187.7**	**100.0%**	$ 193.4	100.0%	$ (5.7)	(2.9)%

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

Gross Profit

Gross profit for the third quarter of 2025 was $107.6 million, on par with the third quarter of 2024. Gross profit as a percentage of net revenues for the third quarter of 2025 increased to 57.3% from 55.6% for the third quarter of 2024. The increase in gross profit as a percentage of net revenues is primarily attributable to lower markdowns and promotional activity during the third quarter of 2025 as compared to the third quarter of 2024.

Selling, General and Administrative Expenses ("SGA")

SGA of $103.7 million for the third quarter of 2025 increased by $3.2 million or 3.2%, as compared to the third quarter of 2024, primarily attributable to the following:

- the majority of previous preferential rent arrangements have been renewed at closer to market lease rates. Depreciation on right-of-use assets has increased by $1.6 million in the third quarter of 2025;
- a $0.6 million increase in performance incentive plan expense;
- a $0.7 million increase in software expenses due to the Company's initiatives in e-commerce and support growth areas; partially offset by
- a pension annuity settlement gain of $0.8 million recognized in the third quarter of 2025 related to the annuitization and transfer, to a third-party insurer, of the portion of the pension asset related to retirees, beneficiaries and active members who elected an immediate or deferred pension.

Net Finance (Costs) Income

Net finance costs were $1.2 million for the third quarter of 2025 as compared with $0.2 million of net finance income for the third quarter of 2024. The increase in net finance costs was primarily attributable to a $1.1 million increase in foreign exchange loss on U.S. denominated net monetary assets, partially offset by a $0.4 million increase in interest income earned on funds held with a Canadian bank for the third quarter of 2025.

Income Taxes

Income tax expense for the third quarter of 2025 amounted to $0.6 million compared to $2.0 million for the third quarter of 2024, in line with the decrease in earnings before income taxes and relates to the operations of a foreign subsidiary as income taxes on the Canadian operations have been offset by losses carried forward reflected in deferred income tax assets. The effective tax rate for the third quarters of 2025 and 2024 were primarily impacted by the difference in tax rates related to the operations of a foreign subsidiary and by non-deductible permanent differences.

Net Earnings

Net earnings for the third quarter of 2025 was $2.1 million ($0.04 basic and diluted earnings per share) as compared with net earnings of $5.3 million ($0.11 basic and diluted earnings per share) for the third quarter of 2024. The decrease in net earnings of $3.2 million is primarily attributable to the increase in SGA, as noted above.

Adjusted EBITDA

Adjusted EBITDA for the third quarter of 2025 was $3.8 million as compared to $9.5 million for the third quarter of 2024. The decrease of $5.7 million is primarily attributable to the increase in SGA and increase in foreign exchange loss, as noted above.

OPERATING RESULTS FOR THE YEAR TO DATE FISCAL 2025 COMPARED TO THE YEAR TO DATE FISCAL 2024

	Year to date fiscal 2025	Year to date fiscal 2024	$ Change	% Change
Net revenues	**$ 568.9**	$ 573.7	$ (4.8)	(0.8)%
Cost of goods sold	**240.1**	257.6	(17.5)	(6.8)%
Gross profit	**328.8**	316.1	12.7	4.0%
Gross profit %	**57.8%**	55.1%		
Selling, distribution and administrative expenses[1]	**304.6**	293.7	10.9	3.7%
Results from operating activities	**24.2**	22.4	1.8	8.0%
Net finance costs	**(2.1)**	(2.0)	(0.1)	(5.0)%
Earnings before income taxes	**22.1**	20.4	1.7	8.3%
Income tax expense	**(5.8)**	(5.6)	(0.2)	(3.6)%
Net earnings	**$ 16.3**	$ 14.8	$ 1.5	10.1%
Adjusted EBITDA[2]	**$ 28.0**	$ 27.5	$ 0.5	1.8%
Earnings per share:				
Basic	**$ 0.33**	$ 0.30	$ 0.03	10.0%
Diluted	**0.33**	0.30	0.03	10.0%

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

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

Net revenues

Net revenues for the year to date fiscal 2025 decreased by $4.8 million, or 0.8%, to $568.9 million. Comparable sales[1], which include e-commerce net revenues, decreased 0.8% during the year to date fiscal 2025. The decrease in net revenues and comparable sales was primarily due to the decrease in e-commerce net revenues, partially offset by increased sales dollars per transaction at retail stores, despite 11 less retail stores.

The breakdown of net revenues was as follows:

	Year to date fiscal 2025		Year to date fiscal 2024		$ Change	% Change
Retail stores	**$ 429.7**	**75.5%**	$ 426.5	74.3%	$ 3.2	0.8%
E-commerce	**139.2**	**24.5%**	147.2	25.7%	(8.0)	(5.4)%
Net revenues	**$ 568.9**	**100.0%**	$ 573.7	100.0%	$ (4.8)	(0.8)%

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

Gross Profit

Gross profit for the year to date fiscal 2025 increased $12.7 million to $328.8 million as compared with $316.1 million for the year to date fiscal 2024. Gross profit as a percentage of net revenues for the year to date fiscal 2025 increased to 57.8% from 55.1% for the year to date fiscal 2024. The increase in gross profit and gross profit as a percentage of net revenues is primarily attributable to a decrease in markdowns and promotional activity in the year to date fiscal 2025.

Selling, General and Administrative Expenses

SGA of $304.6 million for the year to date fiscal 2025 increased by $10.9 million or 3.7%, as compared to the year to date fiscal 2024 primarily attributable to the following:

- the majority of previous preferential rent arrangements have been renewed at closer to market lease rates. Depreciation on right-of-use assets has increased by $4.8 million in the year to date fiscal 2025;
- a $2.5 million increase in performance incentive plan expense;
- a $2.1 million increase in software expenses due to the Company's initiatives in e-commerce and support growth areas;
- a $0.9 million non-recuring pension curtailment gain recognized in the year to date fiscal 2024; partially offset by
- a pension annuity settlement gain of $0.8 million recognized in the third quarter of 2025 related to the annuitization and transfer, to a third-party insurer, of the portion of the pension asset related to retirees, beneficiaries and active members who elected an immediate or deferred pension.

Net Finance Costs

Net finance costs were $2.1 million for the year to date fiscal 2025 as compared to $2.0 million for the year to date fiscal 2024. The increase of $0.1 million is primarily attributable to $0.9 million higher interest income earned on funds held with a Canadian bank, partially offset by an increase of $2.3 million in interest expense related to lease liabilities and a $1.0 million loss on foreign currency translation differences from the wind-up of a foreign operation for the year to date fiscal 2024.

Income Taxes

Income tax expense for the year to date fiscal 2025 amounted to $5.8 million compared to $5.6 million for the year to date fiscal 2024 in line with increased earnings before income taxes and relates to the operations of a foreign subsidiary as income taxes on the Canadian operations have been offset by losses carried forward reflected in deferred income tax assets. The effective tax rate for the year to date fiscal 2025 and 2024 were primarily impacted by the difference in tax rates related to the operations of a foreign subsidiary and by non-deductible permanent differences.

Net Earnings

Net earnings for the year to date fiscal 2025 was $16.3 million ($0.33 basic and diluted earnings per share) as compared with $14.8 million ($0.30 basic and diluted earnings per share) for the year to date fiscal 2024. The increase in net earnings of $1.5 million is primarily attributable to the increase in gross profit, partially offset by the increase in SGA, as noted above.

Adjusted EBITDA

Adjusted EBITDA for the year to date fiscal 2025 was $28.0 million as compared to $27.5 million for the year to date fiscal 2024. The increase of $0.5 million is primarily attributable to the increase in net earnings, partially offset by the exclusion of a $0.8 million pension annuity settlement gain.

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.

	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	**2024**	**2023**
Net revenues	$ 187.7	$ 193.4	$ 215.5	$ 214.6[2]	$ 165.7	$ 165.7[2]	$ 221.0	$ 212.9
Net earnings (loss)	2.1[1]	5.3	15.8	13.4[3]	(1.5)	(3.8)	0.0	27.5[4]
Earnings (loss) per share								
Basic	$ 0.04[1]	$ 0.11	$ 0.32	$ 0.27[3]	$ (0.03)	$ (0.08)	$ 0.00	$ 0.56[4]
Diluted	0.04[1]	0.11	0.32	0.27[3]	(0.03)	(0.08)	0.00	0.56[4]

[1] During the third quarter of 2025, net earnings include a pension annuity settlement gain of $0.8 million.

[2] Net revenues for the first and second quarter of 2024 have been increased by $0.7 million and $1.4 million, respectively, representing shipping revenues on e-commerce sales reclassified from selling, general and administrative expenses.

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

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

BALANCE SHEET

Selected line items from the Company's balance sheets as at November 2, 2024 and February 3, 2024 are presented below:

	November 2, 2024	February 3, 2024	$ Change	% Change
Cash	**$ 123.1**	$ 116.7	$ 6.4	5.5%
Trade and other receivables	**6.6**	3.5	3.1	88.6%
Derivative financial asset	**6.0**	1.4	4.6	n/a
Inventories	**141.3**	122.0	19.3	15.8%
Prepaid expenses and other assets	**17.4**	16.3	1.1	6.7%
Property and equipment & intangible assets	**79.7**	71.2	8.5	11.9%
Right-of-use assets	**138.2**	131.5	6.7	5.1%
Deferred income taxes	**20.5**	27.0	(6.5)	(24.1)%
Trade and other payables	**78.7**	61.8	16.9	27.3%
Deferred revenue	**9.9**	11.9	(2.0)	(16.8)%
Lease liabilities (current and non-current)	**148.2**	137.6	10.6	7.7%

Changes at November 2, 2024 as compared to February 3, 2024 were primarily due to the following:

- cash increased $6.4 million primarily due to higher net cash inflows from operations, partially offset by higher payments of lease liabilities;
- trade and other receivables increased primarily due to higher credit card receivables as at November 2, 2024 as compared to as at February 3, 2024;
- the derivative financial asset is due to the mark-to-market adjustment on foreign exchange forward contracts outstanding as at November 2, 2024 compared to February 3, 2024;
- the increase in inventories is largely attributable to the normal build-up of merchandise for the holiday selling season;

- property and equipment & intangible assets increased by $8.5 million. During year to date fiscal 2025, $20.1 million was invested, on a cash basis, primarily on store renovations, point-of-sale hardware upgrades and distribution centre investments. Depreciation, amortization and net impairment losses of $10.9 million on property and equipment and intangible assets were recognized in year to date fiscal 2025 ($10.3 million of depreciation, amortization and net impairment losses on property and equipment and intangible assets were recognized in year to date fiscal 2024);
- right-of-use assets represent the right-to-use the retail stores and certain equipment over their lease terms. Right-of-use assets increased by a net $6.7 million primarily due to $36.5 million of additions, partially offset by $29.2 million of depreciation of right-of-use assets during year to date fiscal 2025. ($24.4 million of depreciation of right-of-use assets during the year to date fiscal 2024);
- deferred tax assets decreased by $6.5 million primarily due to the net reversal of deductible temporary differences and the utilization of losses carried forward. Deferred tax assets arise primarily due to temporary differences and operating losses carried forward relating to the Canadian operations;
- trade and other payables increased by $16.9 million primarily due to the timing of payments related to trade payables, a $7.8 million increase in sales taxes liabilities and a $2.2 million other non-trade payable related to the Company's share repurchase program under an automatic share repurchase program, which is further detailed in the "Outstanding Share Data" section below of this MD&A;
- deferred revenue decreased by $2.0 million due primarily to the timing of gift card redemptions and a $1.2 million increase related to 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 retail store and equipment leases. Lease liabilities increased by $10.6 million due to lease additions of $36.5 million and interest expense of $7.5 million, partially offset by lease payments of $32.9 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 November 2, 2024, compared to October 28, 2023, the Company increased its working capital[1] position by $2.8 million with current assets of $295.6 million (October 28, 2023 – $272.6 million; February 3, 2024 - $259.9 million) and current liabilities of $122.7 million (October 28, 2023 - $102.5 million; February 3, 2024 - $105.5 million) and had no long-term debt (other than lease liabilities). As at November 2, 2024, included in the Company's current assets is cash of $123.1 million (October 28, 2023 - $101.3 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 November 2, 2024, October 28, 2023 and February 3, 2024.

In the year to date fiscal 2025, the Company invested $20.1 million in capital expenditures. The Company expects to invest approximately $31.0 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 to support the 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 December 19, 2024, 13,440,000 Common shares and 35,946,089 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 December 19, 2024, the Company has a total of 3,058,119 share options outstanding at a weighted average exercise price of $2.56. 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 July 31, 2024, the Company received approval the TSX Venture Exchange to proceed with a normal course issuer bid ("NCIB"). Under the NCIB, the Company may acquire up to an aggregate of 3,283,582 Class A non-voting shares of the Company ("Shares") over the 12-month period commencing on August 5, 2024, and ending on August 4, 2025, representing approximately 10% of the public float of the Shares. Additionally, under the NCIB, the Company may not acquire more than 2% of the public float of the Shares, representing 718,326 Shares, in any 30-day period.

In connection with the NCIB, the Company entered into an automatic share purchase plan ("ASPP") with a designated broker to facilitate the purchase of Shares under the NCIB during times when the Company would ordinarily not be permitted to purchase Shares during self-imposed blackout periods. During the third quarter of 2025, under the NCIB and ASPP, the Company purchased for cancellation 91,100 Shares for an aggregate cash consideration of $0.2 million.

As at November 2, 2024, a financial liability of $2.2 million representing the maximum value of Shares authorized to be repurchased under the ASPP in any 30-day period was recognized in trade and other payables. Subsequent to November 2, 2024 and through to December 6, 2024, under the terms and conditions of the NCIB, the Company purchased for cancellation 90,800 Shares for an aggregate cash consideration of $0.2 million.

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, mainly through 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
November 2, 2024	**$ 1.346**	**$ 158.0**	**$ 6.0**	**$ -**	**$ 6.0**
October 28, 2023	$ 1.316	$ 57.0	$ 3.8	$ -	$ 3.8
February 3, 2024	$ 1.328	$ 90.0	$ 1.4	$ -	$ 1.4

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 third 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 third quarter of 2025.

NEW ACCOUNTING STANDARDS AND AMENDMENTS NOT YET ADOPTED

The new standard and amendment not yet effective set out below for the third 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 39 weeks ended November 2, 2024.

- 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 third quarter of 2025.

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

	Notes	For the 13 weeks ended November 2, 2024	For the 13 weeks ended October 28, 2023[1]	For the 39 weeks ended November 2, 2024	For the 39 weeks ended October 28, 2023[1]
Net revenues	16	**$ 187,670**	$ 193,408	**$ 568,960**	$ 573,704
Cost of goods sold	4	**80,097**	85,761	**240,136**	257,612
Gross profit		**107,573**	107,647	**328,824**	316,092
Selling, general and administrative expenses		**103,683**	100,508	**304,630**	293,671
Results from operating activities		**3,890**	7,139	**24,194**	22,421
Finance income	13	**1,496**	2,120	**5,329**	4,175
Finance costs	13	**(2,665)**	(1,892)	**(7,465)**	(6,205)
Earnings before income taxes		**2,721**	7,367	**22,058**	20,391
Income tax expense		**(655)**	(2,084)	**(5,750)**	(5,563)
Net earnings		**$ 2,066**	$ 5,283	**$ 16,308**	$ 14,828
Earnings per share:	14				
Basic		**$ 0.04**	$ 0.11	**$ 0.33**	$ 0.30
Diluted		**0.04**	0.11	**0.33**	0.30

(1) For the 13 and 39 weeks ended October 28, 2023, selling and distribution expenses of $88,442 and $258,044, and administrative expenses of $12,066 and $35,627, were combined to present selling, general and administrative expenses of $100,508 and $293,671, respectively, in order to align with presentation in the industry. The adjustments had no effect on results from operating activities or on net earnings.

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

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

	Notes	For the 13 weeks ended November 2, 2024	For the 13 weeks ended October 28, 2023	For the 39 weeks ended November 2, 2024	For the 39 weeks ended October 28, 2023
Net earnings		**$ 2,066**	$ 5,283	**$ 16,308**	$ 14,828
Other comprehensive income					
Items that are or may be reclassified subsequently to net earnings:					
Cash flow hedges (net of tax of $998 and $1,162 for the 13 and 39 weeks ended November 2, 2024, respectively; net of tax of $883 and $981 for the 13 and 39 weeks ended October 28, 2023, respectively)	10	**2,766**	2,447	**3,222**	2,720
Loss on foreign currency translation differences reclassified to net earnings	10	**-**	-	**-**	1,044
Items that will not be reclassified to net earnings:					
Net actuarial (loss) gain on defined benefit plan (net of tax of $47 and $147 for the 13 and 39 weeks ended November 2, 2024, respectively; net of tax of $64 and $260 for the 13 and 39 weeks ended October 28, 2023, respectively)	6	**(127)**	(176)	**(406)**	722
Total other comprehensive income		**2,639**	2,271	**2,816**	4,486
Total comprehensive income		**$ 4,705**	$ 7,554	**$ 19,124**	$ 19,314

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	November 2, 2024	October 28, 2023	February 3, 2024
ASSETS				
CURRENT ASSETS				
Cash		**$ 123,073**	$ 101,275	$ 116,653
Trade and other receivables		**6,567**	3,719	3,542
Derivative financial asset	17	**5,956**	3,844	1,382
Inventories	4	**141,305**	147,905	122,025
Prepaid expenses and other assets		**17,385**	15,839	16,341
Pension asset	6	**1,286**	-	-
Total Current Assets		**295,572**	272,582	259,943
NON-CURRENT ASSETS				
Property and equipment		**77,644**	63,747	69,609
Intangible assets		**2,029**	1,620	1,566
Right-of-use assets	5	**138,198**	108,195	131,457
Pension asset	6	**-**	1,886	1,149
Deferred income taxes		**20,496**	25,866	27,026
Total Non-Current Assets		**238,367**	201,314	230,807
TOTAL ASSETS		**$ 533,939**	$ 473,896	$ 490,750
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade and other payables	8	**$ 78,732**	$ 63,247	$ 61,754
Deferred revenue	9	**9,916**	11,597	11,939
Income taxes payable		**582**	789	445
Current portion of lease liabilities	5	**33,483**	26,851	31,329
Total Current Liabilities		**122,713**	102,484	105,467
NON-CURRENT LIABILITIES				
Lease liabilities	5	**114,667**	90,153	106,265
Total Non-Current Liabilities		**114,667**	90,153	106,265
SHAREHOLDERS' EQUITY				
Share capital	10	**28,787**	28,292	28,292
Contributed surplus		**11,435**	11,104	11,207
Retained earnings		**252,264**	239,143	238,668
Accumulated other comprehensive income	10	**4,073**	2,720	851
Total Shareholders' Equity		**296,559**	281,259	279,018
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 533,939**	$ 473,896	$ 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 earnings		**-**	**-**	**16,308**	**-**	**16,308**
Total other comprehensive (loss) income	10	**-**	**-**	**(406)**	**3,222**	**2,816**
Total comprehensive income for the period		**-**	**-**	**15,902**	**3,222**	**19,124**
Share options exercised	10	**566**	**(158)**	**-**	**-**	**408**
Share repurchase program under ASPP	10	**(71)**	**-**	**(2,306)**	**-**	**(2,377)**
Share-based compensation costs	11	**-**	**386**	**-**	**-**	**386**
Total contributions by (distributions to) owners of the Company		**495**	**228**	**(2,306)**	**-**	**(1,583)**
Balance as at November 2, 2024		**$ 28,787**	**$ 11,435**	**$ 252,264**	**$ 4,073**	**$ 296,559**
Balance as at January 29, 2023		$ 27,406	$ 10,871	$ 223,593	$ (1,044)	$ 260,826
Net earnings		-	-	14,828	-	14,828
Total other comprehensive income	10	-	-	722	3,764	4,486
Total comprehensive income for the period		-	-	15,550	3,764	19,314
Share options exercised	10	886	(243)	-	-	643
Share-based compensation costs	11	-	476	-	-	476
Total contributions by owners of the Company		886	233	-	-	1,119
Balance as at October 28, 2023		$ 28,292	$ 11,104	$ 239,143	$ 2,720	$ 281,259

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 November 2, 2024	For the 13 weeks ended October 28, 2023	For the 39 weeks ended November 2, 2024	For the 39 weeks ended October 28, 2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Net earnings		**$ 2,066**	$ 5,283	**$ 16,308**	$ 14,828
Adjustments for:					
Depreciation, amortization and net impairment losses on property and equipment and intangible assets		**3,280**	3,316	**10,907**	10,296
Depreciation on right-of-use assets	5	**10,074**	8,511	**29,183**	24,430
Share-based compensation costs	11	**156**	101	**386**	476
Net change in transfer of realized gain on cashflow hedges inventory		**(68)**	(144)	**(190)**	(144)
Foreign exchange gain		**(655)**	(2,766)	**(4,487)**	(1,541)
Loss on foreign currency translation differences reclassified to net earnings	10,13	**-**	-	**-**	1,044
Interest on lease liabilities	5,13	**2,500**	1,892	**7,465**	5,161
Interest income	13	**(1,496)**	(1,162)	**(4,230)**	(3,328)
Income tax expense		**655**	2,084	**5,750**	5,563
		16,512	17,115	**61,092**	56,785
Changes in:					
Trade and other receivables		**(406)**	(189)	**(3,223)**	(429)
Inventories	4	**(3,771)**	909	**(19,280)**	(5,603)
Prepaid expenses and other assets		**2,112**	1,448	**(1,044)**	(1,337)
Trade and other payables	8	**1,291**	(4,442)	**15,490**	(18,166)
Pension asset	6	**(686)**	(8)	**(690)**	(903)
Deferred revenue	9	**269**	(1,108)	**(2,023)**	(2,503)
		15,321	13,725	**50,322**	27,844
Interest received		**1,482**	1,194	**4,428**	3,279
Income taxes paid		**-**	-	**(97)**	(592)
Net cash flows from operating activities		**16,803**	14,919	**54,653**	30,531
CASH FLOWS USED IN INVESTING ACTIVITIES					
Additions to property and equipment and intangible assets	15	**(7,002)**	(3,351)	**(20,069)**	(8,867)
Cash flows used in investing activities		**(7,002)**	(3,351)	**(20,069)**	(8,867)
CASH FLOWS USED IN FINANCING ACTIVITIES					
Restricted cash		**-**	-	**-**	2,808
Payment of lease liabilities	5	**(11,510)**	(9,810)	**(32,860)**	(28,448)
Purchase of Class A non-voting shares for cancellation	10	**(226)**	-	**(226)**	-
Proceeds from issuance of share capital pursuant to exercise of share options	10	**318**	-	**408**	643
Cash flows used in financing activities		**(11,418)**	(9,810)	**(32,678)**	(24,997)
FOREIGN EXCHANGE GAIN ON CASH HELD IN FOREIGN CURRENCY		**653**	2,836	**4,514**	1,604
NET (DECREASE) INCREASE IN CASH		**(964)**	4,594	**6,420**	(1,729)
CASH, BEGINNING OF THE PERIOD		**124,037**	96,681	**116,653**	103,004
CASH, END OF THE PERIOD		**$ 123,073**	$ 101,275	**$ 123,073**	$ 101,275

Supplementary cash flow information (note 15)

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, as issued by the International Accounting Standards Board 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 December 19, 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 the 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 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 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 39 weeks ended November 2, 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*. The standard introduces new required subtotals in the statement of earnings and disclosure requirements for management-defined performance measures. 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. INVENTORIES

During the 13 and 39 weeks ended November 2, 2024, inventories recognized as cost of goods sold amounted to $77,425 and $235,534, respectively ($82,438 and $251,144 for the 13 and 39 weeks ended October 28, 2023, respectively). In addition, for the 13 and 39 weeks ended November 2, 2024, the Company recorded $2,672 and $4,602, respectively, related to the write-downs of inventories as a result of net realizable value being lower than cost, which were recognized in cost of goods sold ($3,323 and $6,468 for the 13 and 39 weeks ended October 28, 2023, respectively).

Included in inventories is a return asset for the right to recover returned goods for $2,125 as at November 2, 2024 (October 28, 2023 - $2,129; February 3, 2024 - $1,703).

5. 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		For the 39 weeks ended	
	November 2, 2024	**October 28, 2023**	**November 2, 2024**	**October 28, 2023**
Balance at the beginning of the period	**$ 132,000**	$ 90,881	**$ 131,457**	$ 79,894
Lease additions	**16,428**	25,942	**36,499**	53,212
Lease modifications	**(156)**	(117)	**(575)**	(481)
Depreciation	**(10,074)**	(8,511)	**(29,183)**	(24,430)
Balance at the end of the period	**$ 138,198**	$ 108,195	**$ 138,198**	$ 108,195

Lease liabilities

	For the 13 weeks ended		For the 39 weeks ended	
	November 2, 2024	**October 28, 2023**	**November 2, 2024**	**October 28, 2023**
Balance at the beginning of the period	**$ 140,890**	$ 99,027	**$ 137,594**	$ 87,499
Lease additions	**16,428**	25,942	**36,499**	53,212
Lease modifications	**(158)**	(47)	**(548)**	(420)
Payment of lease liabilities	**(11,510)**	(9,810)	**(32,860)**	(28,448)
Interest expense (note 13)	**2,500**	1,892	**7,465**	5,161
Balance at the end of the period	**$ 148,150**	$ 117,004	**$ 148,150**	$ 117,004

	November 2, 2024	**October 28, 2023**
Current portion of lease liabilities	**$ 33,483**	$ 26,851
Non-current portion of lease liabilities	**114,667**	90,153
Total lease liabilities	**$ 148,150**	$ 117,004

6. PENSION ASSET

The Company recognized an actuarial loss of $174 and $553 in other comprehensive income for the 13 and 39 weeks ended November 2, 2024, respectively, (loss of $240 and gain of $982 for the 13 and 39 weeks ended October 28, 2023) and subsequently reclassified the amounts from accumulated other comprehensive income to retained earnings based on an updated valuation of 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 was June 30, 2024. The Board of Directors approved the replacement of the Plan with a defined contribution pension plan.

During the 13 and 39 weeks ended November 2, 2024, as part of the Plan windup process, the Company annuitized and transferred to a third party insurer, the portion of the pension asset related to retirees, beneficiaries and active members who elected an immediate or deferred pension. As a result, for the 13 and 39 weeks ended November 2, 2024, the Company recognized a settlement gain of $749 in selling, general and administrative expenses.

Subsequent to November 2, 2024, Retraite Quebec approved the windup and dissolution of the Plan. Members who have selected a lump sum payment are expected to be paid by January 31, 2025 and all other obligations of the Plan are expected to be fully settled within the next twelve months. As a result, the pension asset is classified as current on the condensed consolidated interim balance sheets as at November 2, 2024.

7. 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 November 2, 2024, the Company’s Borrowing Base was $95,750 (October 28, 2023 – $95,250, February 3, 2024 – $92,037).

The Company can borrow funds in Canadian or US dollars at prime, base, the Canadian Overnight Repo Rate Average (“CORRA”) 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 CORRA 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 November 2, 2024, no amount (October 28, 2023 – nil, February 3, 2024 – nil) was drawn under the revolving credit facility and $1,000 was committed for secured letters of credit (October 28, 2023 – $2,000, 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 November 2, 2024, October 28, 2023 and February 3, 2024, the Company was in compliance of all financial covenants.

8. TRADE AND OTHER PAYABLES

	November 2, 2024	October 28, 2023	February 3, 2024
Trade payables	**$ 29,105**	$ 14,089	$ 22,844
Personnel liabilities	**18,385**	16,494	21,720
Other non-trade payables	**23,437**	26,622	13,687
Refund liability	**5,313**	5,252	3,250
Obligation under the ASPP (note 10)	**2,151**	-	-
Payables relating to premises	**341**	790	253
	$ 78,732	$ 63,247	$ 61,754

9. DEFERRED REVENUE

	November 2, 2024	October 28, 2023	February 3, 2024
Loyalty points and awards granted under loyalty programs	**$ 1,360**	$ 1,163	$ 201
Unredeemed gift cards	**8,556**	10,434	11,738
	$ 9,916	$ 11,597	$ 11,939

10. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

	For the 39 weeks ended			
	November 2, 2024		**October 28, 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	**272**	**566**	429	886
Shares purchased for cancellation under ASPP	**(91)**	**(71)**	-	-
Balance at end of the period	**36,037**	**28,305**	35,856	27,810
Total share capital	**49,477**	**$ 28,787**	49,296	$ 28,292

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 and 39 weeks ended November 2, 2024, 211,667 and 271,667, respectively, (429,000 for the 39 weeks ended October 28, 2023) Class A non-voting shares were issued from the exercise of vested share options arising from the Company's share option program (note 11).

During the 13 and 39 weeks ended November 2, 2024, the amounts credited to share capital from the exercise of share options include a cash consideration of $318 and $408, respectively, with an ascribed value from contributed surplus of $125 and $158, respectively. During the 39 weeks ended October 28, 2023, the amounts credited to share capital from the exercise of share options include a cash consideration of $643 with an ascribed value from contributed surplus of $243.

Purchase of shares for cancellation under normal course issuer bid

On July 31, 2024, the Company received approval the TSX Venture Exchange to proceed with a normal course issuer bid ("NCIB"). Under the NCIB, the Company may acquire up to an aggregate of 3,283,582 Class A non-voting shares of the Company ("Shares") over the 12-month period commencing on August 5, 2024, and ending on August 4, 2025, representing approximately 10% of the public float of the Shares. Additionally, under the NCIB, the Company may not acquire more than 2% of the public float of the Shares, representing 718,326 Shares, in any 30-day period.

In connection with the NCIB, the Company entered into an automatic share purchase plan ("ASPP") with a designated broker to facilitate the purchase of Shares under the NCIB during times when the Company would ordinarily not be permitted to purchase Shares during self-imposed blackout periods. During the 13 and 39 months ended November 2, 2024, under the NCIB and ASPP, the Company purchased for cancellation 91,100 Shares having a carrying amount of $71 for an aggregate cash consideration of $226. The premium over of the carrying amount of $155 for the 13 and 39 weeks ended November 2, 2024, was charged to retained earnings.

As at November 2, 2024, a financial liability with a corresponding amount charged to retained earnings of $2,151 was recognized in trade and other payables. This liability represents the maximum value of Shares authorized to be repurchased under the ASPP in any 30-day period. Subsequent to November 2, 2024, under the terms and conditions of the NCIB, the Company purchased for cancellation 90,800 Shares for an aggregate cash consideration of $238.

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 $2,006)	**5,563**	**-**	**5,563**
Transfer to cost of inventory (net of tax of $844)	**(2,341)**	**-**	**(2,341)**
Balance at November 2, 2024	**$ 4,073**	**$ -**	**$ 4,073**
Balance at January 29, 2023	$ -	$ (1,044)	$ (1,044)
Net change in fair value of cash flow hedges (net of tax of $1,316)	3,649	-	3,649
Transfer to cost of inventory (net of tax of $335)	(929)	-	(929)
Loss on foreign currency translation differences reclassified to net earnings [(1)]	-	1,044	1,044
Balance at October 28, 2023	$ 2,720	$ -	$ 2,720

(1) During the 39 weeks ended October 28, 2023, a subsidiary of the Company had been wound-up. Amounts previously recognized in other comprehensive income were reclassified to net earnings (note 13).

Dividends

No dividends were declared or paid during the 13 and 39 weeks ended November 2, 2024 and October 28, 2023.

11. SHARE-BASED PAYMENTS

Under the share option plan, the Company can issue up to 4,300,000 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

The Company grants service-based share options to certain executives, for which service conditions are expected to be satisfied. Options normally vest in equal tranches over the first three to four years after the grant date and will expire three to four years and a month after the grant date. Estimated fair values of options on the grant date were determined using the Black Scholes option pricing model based on the following assumptions (amounts in dollars):

	For the 39 weeks ended November 2, 2024	
	75,000 Share Options Granted September 19, 2024	**1,109,917 Share Options Granted June 26, 2024**
Weighted average expected share option life	**2.7 years**	**3.0 years**
Weighted average risk-free interest rate	**2.84%**	**3.88%**
Weighted average expected share price volatility	**36.83%**	**38.96%**
Dividend yield	**-**	**-**
Share price at grant date	**$2.40**	**$2.42**
Exercise price	**$2.40**	**$2.42**
Weighted average fair value	**$0.62**	**$0.71**

	For the 39 weeks ended October 28, 2023	
	327,869 Share Options Granted September 5, 2023	**32,000 Share Options Granted August 3, 2023**
Expected share option life	3.3 years	1.5 years
Risk-free interest rate	4.30%	4.78%
Expected share price volatility	68.10%	73.40%
Dividend yield	-	-
Share price at grant date	$3.05	$3.04
Exercise price	$3.05	$3.04
Weighted average fair value	$1.52	$1.13

The expected volatility is based on the historical volatility of the Company.

The changes in outstanding service-based share options were as follows:

	For the 13 weeks ended				For the 39 weeks ended			
	November 2, 2024		October 28, 2023		November 2, 2024		October 28, 2023	
	Options (in 000's)	**Weighted Average Exercise Price**	**Options (in 000's)**	**Weighted Average Exercise Price**	**Options (in 000's)**	**Weighted Average Exercise Price**	**Options (in 000's)**	**Weighted Average Exercise Price**
Outstanding, at beginning of period	**2,466**	**$ 2.81**	1,378	$ 3.62	**1,697**	**$ 3.55**	1,635	$ 3.63
Granted	**75**	**2.40**	360	3.05	**1,185**	**2.42**	360	3.05
Exercised (note 10)	**(162)**	**1.50**	-	-	**(222)**	**1.50**	(109)	1.50
Forfeited and expired	**(56)**	**2.16**	-	-	**(337)**	**5.36**	(148)	5.29
Outstanding, at end of period	**2,323**	**$ 2.90**	1,738	$ 3.50	**2,323**	**$ 2.90**	1,738	$ 3.50
Options exercisable, at end of period	**642**	**$ 4.31**	797	$ 5.17	**642**	**$ 4.31**	797	$ 5.17

During the 13 and 39 weeks ended November 2, 2024, the Company recognized $156 and $386, respectively, of compensation costs related to the Company's service-based share options with a corresponding credit to contributed surplus ($73 and $189, respectively, for the 13 and 39 weeks ended October 28, 2023).

Market-condition share options

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

	For the 13 weeks ended				For the 39 weeks ended			
	November 2, 2024		October 28, 2023		November 2, 2024		October 28, 2023	
	Options (in 000's)	**Weighted Average Exercise Price**	**Options (in 000's)**	**Weighted Average Exercise Price**	**Options (in 000's)**	**Weighted Average Exercise Price**	**Options (in 000's)**	**Weighted Average Exercise Price**
Outstanding, at beginning of period	**830**	**$ 1.50**	790	$ 1.50	**830**	**$ 1.50**	1,110	$ 1.50
Exercised (note 10)	**(50)**	**1.50**	-	-	**(50)**	**1.50**	(320)	1.50
Outstanding and exercisable, at end of period	**780**	**$ 1.50**	790	$ 1.50	**780**	**$ 1.50**	790	$ 1.50

During the 13 and 39 weeks ended November 2, 2024, no compensation costs related to the Company's market-condition share options were recognized ($27 and $287, respectively, for the 13 and 39 weeks ended October 28, 2023 with a corresponding credit to contributed surplus).

12. 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.

13. FINANCE INCOME AND FINANCE COSTS

	For the 13 weeks ended		For the 39 weeks ended	
	November 2, 2024	**October 28, 2023**	**November 2, 2024**	**October 28, 2023**
Interest income	**$ 1,496**	$ 1,162	**$ 4,230**	$ 3,328
Foreign exchange gain	**-**	958	**1,099**	847
Finance income	**1,496**	2,120	**5,329**	4,175
Interest expense on lease liabilities	**2,500**	1,892	**7,465**	5,161
Foreign exchange loss	**165**	-	**-**	-
Loss on foreign currency translation differences reclassified to net earnings (note 10)	**-**	-	**-**	1,044
Finance costs	**2,665**	1,892	**7,465**	6,205
Net finance (costs) income	**$ (1,169)**	$ 228	**$ (2,136)**	$ (2,030)

14. EARNINGS PER SHARE

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

	For the 13 weeks ended		For the 39 weeks ended	
	November 2, 2024	**October 28, 2023**	**November 2, 2024**	**October 28, 2023**
Weighted average number of shares – basic	**49,359**	49,296	**49,324**	49,058
Dilutive effect of stock options granted	**545**	604	**543**	698
Weighted average number of shares – diluted	**49,904**	49,900	**49,867**	49,756

As at November 2, 2024, 1,819,786 (October 28, 2023 – 956,869) share options were excluded from the calculation of diluted earnings per share 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.

15. SUPPLEMENTARY CASH FLOW INFORMATION

	November 2, 2024	October 28, 2023	February 3, 2024
Non-cash transactions:			
Additions to property and equipment and intangible assets included in trade and other payables	**$ 1,878**	$ 1,662	$2,542

Net impairment losses

As at November 2, 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 $99 and $1,068 of impairment losses recognized related to property and equipment and intangible assets for the 13 and 39 weeks ended November 2, 2024, respectively ($88 and $528 for the 13 and 39 weeks ended October 28, 2023, respectively). During the 13 and 39 weeks ended November 2, 2024 and October 28, 2023, no asset impairment losses were reversed following an improvement in profitability of certain CGU's. Net impairment losses have been recorded in selling, general and administrative expenses.

16. NET REVENUES

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

	For the 13 weeks ended		For the 39 weeks ended	
	November 2, 2024	October 28, 2023	November 2, 2024	October 28, 2023
Retail stores	**$ 141,318**	$ 143,830	**$ 429,704**	$ 426,489
E-commerce	**46,352**	49,578	**139,256**	147,215
Net revenues	**$ 187,670**	$ 193,408	**$ 568,960**	$ 573,704

17. 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.

Financial assets measured at fair value through profit or loss	Carrying Amount				Fair Value		
	Fair Value through Profit or Loss	Fair Value of Hedging Instruments	Amortized Cost	Total	Level 1	Level 2	Total
Derivative financial asset as at:							
November 2, 2024	**$ -**	**$ 5,956**	**$ -**	**$ 5,956**	**$ -**	**$ 5,956**	**$ 5,956**
October 28, 2023	-	3,844	$ -	3,844	-	3,844	3,844
February 3, 2024	-	1,382	-	1,382	-	1,382	1,382

There were no transfers between levels of the fair value hierarchy for the periods ended November 2, 2024, October 28, 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
November 2, 2024	**$ 1.346**	**$ 158,000**	**$ 5,956**	**$ -**	**$ 5,956**
October 28, 2023	$ 1.316	$ 57,000	$ 3,844	$ -	$ 3,844
February 3, 2024	$ 1.328	$ 90,000	$ 1,382	$ -	$ 1,382

18. 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 and 39 weeks ended November 2, 2024 from those disclosed in the Company's audited annual consolidated financial statements for the year ended February 3, 2024.