

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 and 39 weeks ended November 2, 2019 and the audited annual consolidated financial statements for the fiscal year ended February 2, 2019 and the notes thereto which are available on the SEDAR website at www.sedar.com. This MD&A is dated December 4, 2019.

All financial information contained in this MD&A and Reitmans' unaudited condensed consolidated interim financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS"), also referred to as Generally Accepted Accounting Principles ("GAAP"), as issued by the International Accounting Standards Board ("IASB"). 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 financial statements and this MD&A were reviewed by Reitmans' Audit Committee and were approved by its Board of Directors on December 4, 2019.

Unless otherwise indicated, all comparisons of results for the 13 weeks ended November 2, 2019 ("third quarter of 2020") are against results for the 13 weeks ended November 3, 2018 ("third quarter of 2019") and all comparisons of results for the 39 weeks ended November 2, 2019 ("year to date fiscal 2020") are against results for the 39 weeks ended November 3, 2018 ("year to date fiscal 2019"). As outlined in the "New Accounting Policies Adopted in Fiscal 2020" section of this MD&A, the Company adopted IFRS 16 – *Leases*, using the modified retrospective approach, effective for the annual reporting period beginning on February 3, 2019. Accordingly, comparative figures as at and for the year ended February 2, 2019, for the third quarter of 2019, and for the year to date fiscal 2019, have not been restated and continue to be reported under IAS 17 – *Leases*. For analysis purposes only, this MD&A also shows, where applicable, amounts for the third quarter of 2020 and year to date fiscal 2020 as if the Company continued to report under IAS 17 – *Leases*, and did not adopt IFRS 16.

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

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. Consequently, actual future results may differ materially from the anticipated results expressed in forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. 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, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and 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:

- 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;
- heightened competition, whether from current competitors or new entrants to the marketplace;
- the changing consumer preferences toward e-commerce, online retailing and the introduction of new technologies;
- seasonality and weather;
- 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;
- 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

The Company has identified several key operating performance measures and non-GAAP financial measures which management believes are useful in assessing the performance of the Company; however, readers are cautioned that some of these measures may not have standardized meanings under IFRS and, therefore, may not be comparable to similar terms used by other companies.

In addition to discussing earnings in accordance with IFRS, this MD&A provides adjusted earnings before interest, taxes, depreciation and amortization (“adjusted EBITDA”) as a non-GAAP financial measure. Adjusted EBITDA is defined as net earnings before income tax expense/recovery, dividend income, interest income, net change in fair value of marketable securities, realized gains or losses on disposal of marketable securities, interest expense, impairment of goodwill, depreciation, amortization and net impairment charges. The following table reconciles the most comparable GAAP measure, net earnings or loss, to adjusted EBITDA. 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 the metric for this purpose. The exclusion of dividend income, interest income and expense and the net change in fair value of marketable securities eliminates the impact on earnings derived from non-operational activities. The exclusion of depreciation, amortization and impairment charges eliminates the non-cash impact. The intent of adjusted EBITDA is to provide additional useful information to investors and analysts. The measure does not have any standardized meaning under IFRS. Although depreciation, amortization and impairment charges are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, as such, adjusted EBITDA does not reflect any cash requirements for these replacements. Adjusted EBITDA should not be considered either as discretionary cash available to invest in the growth of the business or as a measure of cash that will be available to meet the Company’s obligations. Other companies may calculate adjusted EBITDA differently. From time to time, the Company may exclude additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring. Adjusted EBITDA should not be used in substitute for measures of performance prepared in accordance with IFRS or as an alternative to net earnings, net cash provided by operating, investing or financing activities or any other financial statement data presented as indicators of financial performance or liquidity, each as presented in accordance with IFRS. Although adjusted EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies, it has limitations as an analytical tool, and should not be considered in isolation, or as a substitute for analysis of the Company’s results as reported under IFRS.

The Company considers results from operating activities a useful measure of the Company’s performance from its retail operations. Given that the Company has recorded a goodwill impairment in the third quarter of and year to date fiscal 2020, it has also determined that a useful measure would be results from operating activities before impairment of goodwill, as noted on pages 7 and 10 of this MD&A. Additionally, (loss) earnings per share excluding impairment of goodwill both on a basic and diluted basis have been presented which removes the impact of impairment of goodwill on net (loss) earnings used for calculation purposes. Both of these supplementary measures are considered useful information and should not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS.

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, 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 behaviour, the Company reports a single comparable sales metric, inclusive of store and e-commerce channels. Comparable sales are defined as sales generated by stores that have been continuously open during both of the periods being compared and include e-commerce sales. Comparable sales exclude sales from wholesale accounts. The comparable sales metric compares the same calendar days for each period. Although this KPI is expressed as a ratio, it is a non-GAAP 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 sales and considers it useful in helping to determine what portion of new 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.

The following table reconciles net (loss) earnings to adjusted EBITDA:

	For the third quarter of			Year to date fiscal		
	2020	2020 Excluding impact of IFRS 16 ⁽¹⁾	2019	2020	2020 Excluding impact of IFRS 16 ⁽¹⁾	2019
Net (loss) earnings	\$ (23.1)	\$ (22.5)	\$ 8.9	\$ (35.8)	\$ (32.9)	\$ 15.7
Depreciation, amortization and net impairment losses	25.9	8.5	8.5	78.4	25.5	28.8
Dividend income	(0.1)	(0.1)	(0.5)	(1.4)	(1.4)	(1.8)
Interest income	(0.4)	(0.4)	(0.7)	(1.3)	(1.3)	(1.5)
Impairment of goodwill	11.8	11.8	-	11.8	11.8	-
Net change in fair value and loss on disposal of marketable securities	4.4	4.4	2.7	8.3	8.3	3.8
Interest expense on lease liabilities	1.8	-	-	5.7	-	-
Income tax (recovery) expense	(1.8)	(1.6)	3.5	(6.3)	(5.3)	5.7
Adjusted EBITDA	\$ 18.5	\$ 0.1	\$ 22.4	\$ 59.4	\$ 4.7	\$ 50.7
Adjusted EBITDA as % of Sales	8.3%	0.0%	9.3%	9.3%	0.7%	7.3%

¹ Adjusted EBITDA for the third quarter of 2020 and year to date fiscal 2020 excluding impact of IFRS 16 assumes the Company continued to report under IAS 17 – Leases and did not adopt IFRS 16. Under IFRS 16, the nature and timing of expenses related to operating leases have changed as the straight-line operating lease expenses have been replaced with a depreciation charge for right-of-use assets and interest expense on lease liabilities. Accordingly, IFRS 16 had a favourable impact of approximately \$18.4 million and \$54.7 million on adjusted EBITDA for the third quarter of 2020 and for year to date fiscal 2020, respectively, as operating lease expenses have been replaced with depreciation and interest expenses, which are not included in the calculation of adjusted EBITDA.

OVERVIEW

The Company has a single reportable segment that derives its revenue primarily from the sale of ladies' 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:

Reitmans

The Reitmans banner, operating stores averaging 4,600 sq. ft., is one of Canada's largest women's apparel specialty chains and a leading fashion brand. Reitmans has developed strong customer loyalty through superior service, insightful marketing and quality merchandise.

Penningtons

Penningtons is a leader in the Canadian plus-size market, offering trend-right styles and affordable quality for plus-size fashion sizes 12–32. Penningtons operates stores averaging 6,000 sq. ft. in power centres across Canada.

ADDITION ELLE

Addition Elle is a fashion destination for plus-size women with a focus on fashion, quality and fit delivering the latest trends to updated fashion essentials in an inspiring shopping environment. Addition Elle operates stores averaging 6,000 sq. ft. in major malls and power centres nationwide.

RW&CO.

RW & CO. operates stores averaging 4,500 sq. ft. in premium locations in major shopping malls, catering to a customer with an urban mindset by offering fashions for men and women.



Thyme Maternity is a leading fashion brand for moms-to-be, offering current styles for every aspect of life, from casual to work, plus a complete line of nursing fashions and accessories. Thyme operates stores averaging 2,000 sq. ft. in major malls and power centres across Canada.

RETAIL BANNERS

	Number of stores at February 2, 2019	Q1 Closings	Q2 Closings	Q3 Openings	Q3 Closings	Number of stores at November 2, 2019	Number of stores at November 3, 2018
Reitmans	263	(4)	(1)	3	(1)	260	265
Penningtons	115	-	(1)	-	(2)	112	118
Addition Elle	81	(1)	-	-	(1)	79	83
RW & CO.	83	(1)	(1)	-	-	81	83
Thyme Maternity	58	-	-	-	(3)	55	61
Hyba	-	-	-	-	-	-	14
Total	600	(6)	(3)	3	(7)	587	624

Store closings take place for a variety of reasons as 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.

STRATEGIC INITIATIVES

The Company has undertaken a number of strategic initiatives to enhance its brands, improve productivity and profitability at all levels through system advances and foster a culture of process improvements.

Ongoing and new Company initiatives include:

INITIATIVES	STATUS
<p>With the current quarter's poor operating results of its plus-size banners, the Company re-organized its plus-size leadership team in the third quarter of 2020.</p>	<p>The new leadership team is reviewing all strategic aspects of the plus-size banners to ensure corrective action is taken to improve operating results.</p>
<p>Related to the planned growth of its e-commerce business, the Company intends to optimally fulfill orders by leveraging the inventory in its network of stores throughout Canada (ship from store). It is anticipated that this initiative, which includes enhancing inventory visibility and availability across all channels, will improve speed of delivery, accuracy of allocation and profitability.</p>	<p>The Company completed the deployment of its retail system upgrades and distribution and handling systems, and this initiative was operational for all its banners in the first half of fiscal 2020.</p> <p>The Company continues to build on this initiative to optimally fulfill its online and in-store orders and minimize split shipments. The availability of inventory across all channels was completed in the third quarter of fiscal 2020, while system and process improvements aimed at minimizing split shipments is now targeted to be completed by the end the fourth quarter of fiscal 2020.</p>
<p>The Company is committed to deliver best-in-class digital customer experiences. Strategically, the Company has adopted a digital-first approach, to facilitate rapid and sustainable growth in the digital and omnichannel retail environment. This includes continued improvement to the customer's mobile experience along with an initiative to provide a more personalized shopping experience for its customers utilizing improved data quality to deliver a more individualized and relevant product offering.</p>	<p>The Company continues to enhance its core e-commerce platform, evolve its customer relationship management and marketing automation infrastructure and optimize its customer data management capabilities.</p> <p>The Company has re-designed its current online shopping site for an enhanced mobile-friendly customer experience for the Addition Elle banner. This initiative is being deployed in a phased approach with the remaining banners targeted from early to mid-fiscal 2021.</p>
<p>The Company will replace its current point-of-sale system ("POS") in all stores.</p>	<p>During the third quarter of fiscal 2020, the Company completed its vendor selection for this initiative. The Company anticipates the rollout of its new POS in fiscal 2021.</p>

OPERATING RESULTS FOR THE THIRD QUARTER OF 2020 COMPARED TO THE THIRD QUARTER OF 2019

The poor results from operating activities for the third quarter of 2020 are primarily attributed to the disappointing results from the plus-size banners. Strategic brand initiatives implemented early in the fiscal year failed to resonate with their customer base. Although a variety of corrective measures were implemented to improve profitability, the implementation of these new corrective strategies occurred late in the third quarter of 2020 and did not have a positive impact on the operating results.

Excluding Impact of IFRS 16⁽¹⁾

	Third quarter of 2020	Third quarter of 2019	\$ Change	% Change	Third quarter of 2020	Third quarter of 2019	\$ Change	% Change
Sales	\$ 222.3	\$ 239.7	\$ (17.4)	(7.3%)	\$ 222.3	\$ 239.7	\$ (17.4)	(7.3%)
Cost of goods sold	106.4	103.3	3.1	3.0%	106.4	103.3	3.1	3.0%
Gross profit	115.9	136.4	(20.5)	(15.0%)	115.9	136.4	(20.5)	(15.0%)
Gross profit %	52.1%	56.9%			52.1%	56.9%		
Selling, distribution and administrative expenses	123.2	122.3	0.9	0.7%	124.2	122.3	1.9	1.6%
Results from operating activities before impairment of goodwill	(7.3)	14.1	(21.4)		(8.3)	14.1	(22.4)	
Impairment of goodwill	11.8	-	11.8		11.8	-	11.8	
Results from operating activities	(19.1)	14.1	(33.2)		(20.1)	14.1	(34.2)	
Net finance (costs) income	(5.8)	(1.7)	(4.1)		(4.0)	(1.7)	(2.3)	
(Loss) earnings before income taxes	(24.9)	12.4	(37.3)		(24.1)	12.4	(36.5)	
Income tax (recovery) expense	(1.8)	3.5	(5.3)		(1.6)	3.5	(5.1)	
Net (loss) earnings	\$ (23.1)	\$ 8.9	\$ (32.0)		\$ (22.5)	\$ 8.9	\$ (31.4)	
Adjusted EBITDA	\$ 18.5	\$ 22.4	\$ (3.9)	(17.4%)	\$ 0.1	\$ 22.4	\$ (22.3)	(99.6%)
(Loss) earnings per share:								
Basic	\$ (0.47)	\$ 0.14	\$ (0.61)		\$ (0.46)	\$ 0.14	\$ (0.60)	
Diluted	(0.47)	0.14	(0.61)		(0.46)	0.14	(0.60)	
(Loss) earnings per share excluding impairment of goodwill:								
Basic	\$ (0.23)	\$ 0.14	\$ (0.37)		\$ (0.22)	\$ 0.14	\$ (0.36)	
Diluted	(0.23)	0.14	(0.37)		(0.22)	0.14	(0.36)	

¹ Excluding impact of IFRS 16 assumes the Company continued to report under IAS 17 – Leases, in the third quarter of 2020 and did not adopt IFRS 16.

Sales

Sales for the third quarter of 2020 decreased by \$17.4 million, or 7.3%, to \$222.3 million, primarily due to lower sales in the plus-size banners, and a net reduction of 37 stores. The Company continues to execute on its plan of adapting to the new retail environment by reducing its store presence in select markets while enhancing its e-commerce capabilities.

Comparable sales, which include e-commerce sales, decreased 2.8%. The decrease was primarily due to store traffic being down 0.7%, and customers' overall transaction value being down 5.9% for the third quarter of 2020. The Company continues to experience strong growth through its online channel.

Gross Profit

Gross profit for the third quarter of 2020 decreased \$20.5 million or 15.0%, to \$115.9 million as compared with \$136.4 million for the third quarter of 2019, primarily attributable to lower sales and a net reduction of 37 stores. Gross profit as a percentage of sales for the third quarter of 2020 decreased to 52.1% from 56.9% for the third quarter of 2019 primarily due to increased promotional activity, particularly in the plus-size banners, along with a negative foreign exchange impact of approximately \$2.2 million on U.S. dollar denominated purchases included in cost of goods sold.

Selling, Distribution and Administrative Expenses

Total selling, distribution and administrative expenses for the third quarter of 2020 increased 0.7%, or \$0.9 million to \$123.2 million. The increase is primarily attributable to increases in advertising, freight and software costs, partially offset by reductions in store operating costs due to fewer stores.

Total selling, distribution and administrative expenses for the third quarter of 2020, excluding the impact of IFRS 16, amounted to \$124.2 million. IFRS 16 had a favourable impact of \$1.0 million, as depreciation expense related to the right-of-use assets is lower than the previous operating lease expenses under IAS 17.

Impairment of Goodwill

Following a review of the profitability of the Addition Elle banner, the Company's impairment testing concluded that the carrying value of goodwill exceeded the recoverable amount (refer to Note 6 of the November 2, 2019 unaudited condensed consolidated interim financial statements). As a result, the Company recorded a goodwill impairment loss of \$11.8 million in the third quarter of fiscal 2020.

Net Finance Costs

Net finance costs were \$5.8 million for the third quarter of 2020 as compared to net finance costs of \$1.7 million for the third quarter of 2019. This change of \$4.1 million is primarily attributable to a \$4.4 million loss on the disposal of the marketable securities portfolio in the third quarter of 2020, a \$0.7 million reduction in interest and dividend income and an increase of \$1.8 million in interest expense on lease liabilities due to the impact of the adoption of IFRS 16. This increase in net finance costs was partially offset by the absence of any mark-to-market gain or loss in the third quarter of 2020 as the marketable securities portfolio was disposed of, compared to a \$2.7 million expense recognized in the third quarter of 2019 due to a decrease in the fair value of the marketable securities.

Excluding the \$1.8 million increase in interest expense due to the impact of IFRS 16, net finance costs were \$4.0 million for the third quarter of 2020 as compared to net finance costs of \$1.7 million for the third quarter of 2019.

Income Taxes

The income tax recovery recognized for the third quarter of 2020 due to the losses incurred was impacted primarily by a non-deductible goodwill impairment of \$11.8 million, a \$4.4 million loss on the sale of marketable securities for which no deferred tax asset has been recognized and tax exempt dividend income relative to the Company's active business income. The Company's effective tax rates include the impact of changes in substantively enacted tax rates in various tax jurisdictions in Canada.

Net Loss

Net loss for the third quarter of 2020 was \$23.1 million (\$0.47 basic and diluted loss per share) as compared with \$8.9 million net earnings (\$0.14 basic and diluted earnings per share) for the third quarter of 2019. This unfavourable change of \$32.0 million included an unfavourable impact of IFRS 16 of \$0.6 million. Excluding this \$0.6 million impact of IFRS 16, the deterioration in net earnings of \$31.4 million is primarily attributable to lower sales, the decrease in gross profit, a goodwill impairment expense of \$11.8 million and the increase in net finance costs, partially offset by an increase in income tax recovery.

Excluding the impact of the impairment of goodwill, the net loss for the third quarter of 2020 was \$11.3 million (\$0.23 basic and diluted loss per share) as compared with net earnings of \$8.9 million (\$0.14 basic and diluted earnings per share) for the third quarter of 2019.

Adjusted EBITDA

Adjusted EBITDA for the third quarter of 2020 was \$18.5 million as compared with \$22.4 million for the third quarter of 2019, a decrease of \$3.9 million. The decrease in adjusted EBITDA includes a favourable impact from the adoption of IFRS 16 of \$18.4 million. Excluding this \$18.4 million impact of IFRS 16, adjusted EBITDA for the third quarter of 2020 was \$0.1 million as compared with \$22.4 million for the third quarter of 2019, a decrease of \$22.3 million. The decrease is primarily attributable to the decrease in gross profit, as noted above.

OPERATING RESULTS FOR THE YEAR TO DATE FISCAL 2020 COMPARED TO THE YEAR TO DATE FISCAL 2019

The poor results from operating activities for the year to date fiscal 2020 are primarily attributed to the disappointing results from the plus-size banners. Strategic brand initiatives implemented early in the fiscal year failed to resonate with their customer base. Although a variety of corrective measures were implemented to improve profitability, the implementation of these corrective strategies occurred late in the year to date fiscal 2020 and were not expected to, and did not, have a positive impact on the operating results for the year to date fiscal 2020.

Excluding Impact of IFRS 16⁽¹⁾

	Year to Date Fiscal 2020	Year to Date Fiscal 2019	\$ Change	% Change	Year to Date Fiscal 2020	Year to Date Fiscal 2019	\$ Change	% Change
Sales	\$ 640.3	\$ 696.1	\$ (55.8)	(8.0%)	\$ 640.3	\$ 696.1	\$ (55.8)	(8.0%)
Cost of goods sold	299.9	305.7	(5.8)	(1.9%)	299.9	305.7	(5.8)	(1.9%)
Gross profit	340.4	390.4	(50.0)	(12.8%)	340.4	390.4	(50.0)	(12.8%)
Gross profit %	53.2%	56.1%			53.2%	56.1%		
Selling, distribution and administrative expenses	359.0	370.3	(11.3)	(3.1%)	360.8	370.3	(9.5)	(2.6%)
Results from operating activities before impairment of goodwill	(18.6)	20.1	(38.7)		(20.4)	20.1	(40.5)	
Impairment of goodwill	11.8	-	11.8		11.8	-	11.8	
Results from operating activities	(30.4)	20.1	(50.5)		(32.2)	20.1	(52.3)	
Net finance (costs) income	(11.7)	1.3	(13.0)		(6.0)	1.3	(7.3)	
(Loss) earnings before income taxes	(42.1)	21.4	(63.5)		(38.2)	21.4	(59.6)	
Income tax (recovery) expense	(6.3)	5.7	(12.0)		(5.3)	5.7	(11.0)	
Net (loss) earnings	\$ (35.8)	\$ 15.7	\$ (51.5)		\$ (32.9)	\$ 15.7	\$ (48.6)	
Adjusted EBITDA	\$ 59.4	\$ 50.7	\$ 8.7	17.2%	\$ 4.7	\$ 50.7	\$ (46.0)	(90.7%)
(Loss) earnings per share:								
Basic	\$ (0.61)	\$ 0.25	\$ (0.86)		\$ (0.56)	\$ 0.25	\$ (0.81)	
Diluted	(0.61)	0.25	(0.86)		(0.56)	0.25	(0.81)	
(Loss) earnings per share excluding impairment of goodwill:								
Basic	\$ (0.41)	\$ 0.25	\$ (0.66)		\$ (0.36)	\$ 0.25	\$ (0.61)	
Diluted	(0.41)	0.25	(0.66)		(0.36)	0.25	(0.61)	

¹ Excluding impact of IFRS 16 assumes the Company continued to report under IAS 17 – Leases, in the year to date fiscal 2020 and did not adopt IFRS 16.

Sales

Sales for the year to date fiscal 2020 decreased by \$55.8 million, or 8.0%, to \$640.3 million, primarily due to lower sales in the plus-size banners, a net reduction of 37 stores and unseasonable weather conditions that were prevalent during the earlier portion of year to date fiscal 2020. The Company continues to execute on its plan of adapting to the new retail environment by reducing its store presence in select markets while enhancing its e-commerce capabilities.

Comparable sales, which include e-commerce sales, decreased 3.3%. The decrease was primarily due to store traffic being down 3.0% for the year to date fiscal 2020. The Company continues to experience strong growth through its online channel.

Gross Profit

Gross profit for the year to date fiscal 2020 decreased \$50.0 million or 12.8%, to \$340.4 million as compared with \$390.4 million for the year to date fiscal 2019, primarily attributable to lower sales and a net reduction of 37 stores. Gross profit as a percentage of sales for the year to date fiscal 2020 decreased to 53.2% from 56.1% for the year to date fiscal 2019 primarily due to increased promotional activity, despite a positive foreign exchange impact on U.S. dollar denominated purchases included in cost of goods sold.

Selling, Distribution and Administrative Expenses

Total selling, distribution and administrative expenses for the year to date fiscal 2020 decreased 3.1%, or \$11.3 million to \$359.0 million. The decrease is primarily attributable to a reduction in store operating costs due to fewer stores, lower non-IFRS 16 related depreciation, amortization and net impairment losses on property and equipment and intangible assets (i.e. excluding depreciation and net impairment losses on right-of-use assets) and decreases in employee performance incentive plan and termination costs, partially offset by increases in advertising and freight costs.

Total selling, distribution and administrative expenses for the year to date fiscal 2020, excluding the impact of IFRS 16, would have been \$360.8 million. IFRS 16 had a favourable impact of \$1.8 million, as depreciation expense related to the right-of-use assets is lower than the previous operating lease expenses under IAS 17.

Impairment of Goodwill

Following a review of the profitability of the Addition Elle banner, the Company's impairment testing concluded that the carrying value of goodwill exceeded the recoverable amount (refer to Note 6 of the November 2, 2019 unaudited condensed consolidated interim financial statements). As a result, the Company recorded a goodwill impairment loss of \$11.8 million in the year to date fiscal 2020.

Net Finance Costs

Net finance costs were \$11.7 million for the year to date fiscal 2020 as compared to a net finance income of \$1.3 million for the year to date fiscal 2019. This change is primarily attributable to the following:

- an increase of \$5.7 million in interest expense on lease liabilities due to the impact of the adoption of IFRS 16;
- a foreign exchange loss of \$0.5 million for the year to date fiscal 2020 compared to a gain of \$1.8 million for the year to date fiscal 2019, largely attributable to the foreign exchange impact on U.S. denominated monetary assets and liabilities;

- a \$4.5 million increase in finance costs due to the \$8.3 million net change in fair value and loss on disposal of marketable securities for the year to date fiscal 2020 compared to the \$3.8 million net change in fair value and loss on disposal of marketable securities for the year to date fiscal 2019;
- a \$0.4 million decrease in dividend income due to the complete disposition of the marketable securities portfolio.

Excluding the \$5.7 million increase in interest expense due to the impact of IFRS 16, net finance costs were \$6.0 million for the year to date fiscal 2020 as compared to an income of \$1.3 million for the year to date fiscal 2019.

Income Taxes

The income tax recovery recognized for the year to date fiscal 2020 due to the losses incurred was impacted primarily by a non-deductible goodwill impairment of \$11.8 million, \$8.3 million of losses on marketable securities for which no deferred tax asset has been recognized and tax exempt dividend income relative to the Company's active business income. The Company's effective tax rates include the impact of changes in substantively enacted tax rates in various tax jurisdictions in Canada.

Net Loss

Net loss for the year to date fiscal 2020 was \$35.8 million (\$0.61 basic and diluted loss per share) as compared with \$15.7 million net earnings (\$0.25 basic and diluted earnings per share) for the year to date fiscal 2019. The unfavourable change of \$51.5 million included an unfavourable impact of IFRS 16 of \$2.9 million. Excluding this \$2.9 million impact of IFRS 16, the deterioration in net earnings of \$48.6 million is primarily attributable to lower sales, the decrease in gross profit, a goodwill impairment expense of \$11.8 million and the increase in net finance costs, partially offset by reduced store operating costs and an increase in income tax recovery.

Excluding the impact of the impairment of goodwill, the net loss for the year to date fiscal 2020 was \$24.0 million (\$0.41 basic and diluted loss per share) as compared with net earnings of \$15.7 million (\$0.25 basic and diluted earnings per share) for the year to date fiscal 2019.

Adjusted EBITDA

Adjusted EBITDA for the year to date fiscal 2020 was \$59.4 million as compared with \$50.7 million for the year to date fiscal 2019, an increase of \$8.7 million. The increase in adjusted EBITDA includes a favourable impact from the adoption of IFRS 16 of \$54.7 million. Excluding this \$54.7 million impact of IFRS 16, adjusted EBITDA for the year to date fiscal 2020 was \$4.7 million as compared with \$50.7 million for the year to date fiscal 2019, a decrease of \$46.0 million. The decrease is primarily attributable to the decrease in gross profit, as noted above.

FOREIGN EXCHANGE CONTRACTS

The Company imports a majority of its merchandise purchases from foreign vendors, with lead times in some cases extending twelve months. The Company enters into foreign exchange forward contracts to hedge a significant portion of its exposure to fluctuations in the value of the U.S. dollar, generally up to twelve months in advance. The Company's policy is to satisfy at least 80% of projected U.S. dollar denominated merchandise purchases in any given fiscal year by way of foreign exchange forward hedge contracts, with any additional requirements being met through spot U.S. dollar purchases. In the year to date fiscal 2020, merchandise purchases, payable in U.S. dollars, approximated \$192.1 million U.S.

Details of the foreign exchange forward 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, 2019	\$ 1.319	\$ 165.0	\$ 0.2	\$ (1.0)	\$ (0.8)
November 3, 2018	\$ 1.274	\$ 130.0	\$ 4.5	\$ -	\$ 4.5
February 2, 2019	\$ 1.299	\$ 155.0	\$ 1.9	\$ (1.0)	\$ 0.9

SUMMARY OF QUARTERLY RESULTS

Due to seasonality and the timing of holidays, 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 "2020" are to the Company's fiscal year ending February 1, 2020, "2019" are to the Company's fiscal year ended February 2, 2019 and "2018" are to the Company's fiscal year ended February 3, 2018.

	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
	2020 ¹ (13 weeks)	2019 (13 weeks)	2020 ¹ (13 weeks)	2019 (13 weeks)	2020 ¹ (13 weeks)	2019 (13 weeks)	2019 (13 weeks)	2018 (14 weeks)
Sales	\$ 222.3	\$ 239.7	\$ 232.8	\$ 248.8	\$ 185.2	\$ 207.6	\$ 226.9	\$ 264.2
Net (loss) earnings (Loss) earnings per share	(23.1) ²	8.9	(0.1)	10.0	(12.6)	(3.2)	(8.9)	(2.0)
Basic	\$ (0.47) ²	\$ 0.14	\$ (0.00)	\$ 0.16	\$ (0.20)	\$ (0.05)	\$ (0.14)	\$ (0.03)
Diluted	(0.47) ²	0.14	(0.00)	0.16	(0.20)	(0.05)	(0.14)	(0.03)
Net (loss) earnings before impairment of goodwill	\$ (11.3)	\$ 8.9	\$ (0.1)	\$ 10.0	\$ (12.6)	\$ (3.2)	\$ (8.9)	\$ (2.0)
(Loss) earnings per share excluding impairment of goodwill								
Basic	\$ (0.23)	\$ 0.14	\$ (0.00)	\$ 0.16	\$ (0.20)	\$ (0.05)	\$ (0.14)	\$ (0.03)
Diluted	(0.23)	0.14	(0.00)	0.16	(0.20)	(0.05)	(0.14)	(0.03)

¹ Includes the impact of the adoption of IFRS 16.

² Includes the impact of an impairment of goodwill of \$11.8 million related to the Addition Elle banner.

BALANCE SHEET

Selected line items from the Company's balance sheets as at November 2, 2019 and February 2, 2019 are presented below:

	November 2, 2019	February 2, 2019	\$ Change	% Change
Cash and cash equivalents	\$ 67.3	\$ 112.5	\$ (45.2)	(40.2%)
Marketable securities	-	49.7	(49.7)	(100.0%)
Inventories	175.3	146.8	28.5	19.4%
Prepaid expenses	15.2	19.8	(4.6)	(23.2%)
Property and equipment & intangible assets	109.0	117.6	(8.6)	(7.3%)
Right-of-use assets	193.8	-	193.8	-
Goodwill	-	11.8	(11.8)	(100.0%)
Deferred income taxes	30.6	24.8	5.8	23.4%
Trade and other payables (current and non-current)	111.3	104.0	7.3	7.0%
Income taxes payable	0.3	4.2	(3.9)	(92.9%)
Net derivative financial (liability) asset	(0.8)	0.9	(1.7)	-
Deferred revenue	10.3	15.2	(4.9)	(32.2%)
Deferred lease credits	-	7.8	(7.8)	(100.0%)
Lease liabilities (current and non-current)	203.2	-	203.2	-
Share capital	27.4	38.4	(11.0)	(28.6%)

Changes at November 2, 2019 as compared to February 2, 2019 were primarily due to the following:

- cash and cash equivalents decreased \$45.2 million due to reduction of cash generated from operations primarily from weaker sales performance, significant payments pursuant to the substantial issuer bid, investments made in property and equipment and dividend payments, partially offset by the receipt of proceeds of \$41.4 million from the disposal of the marketable securities portfolio in the year to date fiscal 2020;
- marketable securities decreased due to the Company disposing of its marketable securities portfolio;
- inventories increased primarily in the Company's plus-size banners due to sales of fall merchandise not meeting expectations;
- prepaid expenses are typically comprised of prepaid maintenance contracts and realty and business taxes. The decrease is primarily due to lease payments of approximately \$6.2 million previously recognized as prepaid expenses under IAS 17, which were applied to right-of-use assets under IFRS 16 at February 3, 2019 (see note 3 of the unaudited condensed consolidated interim financial statements for the third quarter of 2020 for additional details), partially offset by an increase in prepaid software contracts;
- the Company continues to closely manage its investment in property and equipment and intangible assets. The decrease reflects the reduction in the number of stores. For the year to date fiscal 2020, \$17.4 million was invested mainly in digital technology and retail system upgrades, distribution and handling system improvements and existing store renovations. Depreciation, amortization and net impairment losses of \$25.5 million were recognized in the year to date fiscal 2020 on property and equipment & intangible assets (i.e. excluding right-of-use assets);
- right-of-use assets of \$210.9 million were recognized with the adoption of IFRS 16 as at February 3, 2019 and mainly represent the right to use the Company's retail stores and certain equipment over their lease terms. Right-of-use assets further increased by \$35.8 million due to lease additions during the year to date fiscal 2020 offset by depreciation, amortization and net impairment losses on right-of-use assets of \$52.9 million recognized in the year to date fiscal 2020;
- the reduction of goodwill is attributable to the recognition of an impairment of goodwill of \$11.8 million;

- deferred income taxes arise primarily due to deductible temporary timing differences on property and equipment and intangible assets and pension liability;
- trade and other payables, which consist largely of trade payables, personnel liabilities and sales tax liabilities, increased primarily due to timing of payments. Trade and other payables were impacted by approximately \$6.5 million arising from deferred rent liabilities and provisions for onerous contracts previously recognized as trade and other payables under IAS 17, which were applied against right-of-use assets under IFRS 16 at February 3, 2019 (see note 3 of the unaudited condensed consolidated interim financial statements for the third quarter of 2020 for additional details);
- income taxes payable decreased primarily due to payments made to tax authorities for prior year amounts owed;
- the change in the net derivative financial liability is attributable to the impact of mark-to-market adjustments on foreign exchange forward contracts outstanding at the end of the third quarter of 2020;
- deferred revenue decreased largely due to the timing of gift card redemptions. Deferred revenue consists of unredeemed gift cards, loyalty points and awards granted under customer loyalty programs. Revenue is recognized when the gift cards, loyalty points and awards are redeemed;
- deferred lease credits were applied against right-of-use assets under IFRS 16 at February 3, 2019 (see note 3 of the unaudited condensed consolidated interim financial statements for the third quarter of 2020 for additional details);
- lease liabilities of \$218.5 million were recognized with the adoption of IFRS 16 as at February 3, 2019 and represent the present value of the Company's obligations to make lease payments for its store and equipment leases (see note 3 of the unaudited condensed consolidated interim financial statements for the third quarter of 2020 for additional details). In the year to date fiscal 2020, lease liabilities further increased by lease additions of \$35.8 million and interest expense of \$5.7 million, offset by lease payments of \$56.8 million.
- share capital decreased by \$11.0 million as the Company entered into a substantial issuer bid and purchased 14.5 million Class A non-voting shares for an aggregate consideration of \$43.7 million, with the excess of \$32.7 million being recognized as a reduction to retained earnings in the year to date fiscal 2020.

OPERATING AND FINANCIAL RISK MANAGEMENT

Detailed descriptions of the operating and financial risks management strategies are included in the Company's annual MD&A and Annual Information Form for the fiscal year ended February 2, 2019 (which are available on the SEDAR website at www.sedar.com).

There have been no significant changes in the Company's operating and financial risk exposures during the year to date fiscal 2020, aside from the removal of any credit and equity risk associated with the marketable securities portfolio, which has been disposed of.

LIQUIDITY, CASH FLOWS AND CAPITAL RESOURCES

The Company primarily uses funds for working capital requirements and capital expenditures. Shareholders' equity as at November 2, 2019 amounted to \$251.9 million or \$4.31 per share (November 3, 2018 - \$355.0 million or \$5.61 per share; February 2, 2019 - \$339.6 million or \$5.36 per share). The Company has significant cash reserves and no long-term financing debt (other than its lease liabilities). The Company's principal sources of liquidity are its cash and cash equivalents of \$67.3 million as at November 2, 2019 (November 3, 2018 - \$124.7 million; February 2, 2019 - \$112.5 million). Cash is held in interest bearing accounts with major Canadian financial institutions. The Company closely monitors its risk with respect to cash investments. As at November 2, 2019, the Company had unsecured borrowing and working capital credit facilities available up to an amount of \$75.0 million or its U.S. dollar equivalent of which \$2.9 million (November 3, 2018 - \$4.4 million; February 2, 2019 - \$4.2 million) of the operating lines of credit were committed for documentary and standby letters of credit. Subsequent to November 2, 2019, the Company reduced its unsecured borrowing and working capital credit facilities to \$65.0 million or its US dollar equivalent. These credit facilities are used principally to support U.S. dollar foreign exchange forward contract purchases and for U.S. dollar letters of credit to satisfy international third-party vendors which require such backing before confirming purchase orders issued by the Company. The Company rarely uses such credit facilities for other purposes.

The Company purchases insurance coverage from financially stable third-party insurance companies. The Company maintains comprehensive internal security and loss prevention programs aimed at mitigating the financial impact of theft.

The Company paid \$0.05 dividends per share in the third quarter of 2020 totalling \$2.4 million, compared to \$3.2 million the third quarter of 2019. With regard to dividend policy, the Board of Directors considers the Company's earnings per share, cash flow from operations, the level of planned capital expenditures and its cash. The targeted payout ratio is approximately 50% to 80% of sustainable earnings per share, 50% to 75% of cash flow from operations with consideration as to the ability to augment the dividend from the liquidity on the Company's balance sheet, if these targets are missed in a given year. The Board of Directors reviews these guidelines regularly and on December 4, 2019, due to the Company's current operating performance, the Board of Directors decided to suspend the quarterly dividend. The Company will continue to assess potential future dividend levels on a quarterly basis.

In the third quarter of 2020, the Company invested \$5.3 million in capital expenditures on a cash basis, primarily in existing store renovations and digital technology and retail system upgrades, distribution and handling system improvements and new store builds. In the year to date fiscal 2020, the Company invested \$17.4 million in capital expenditures on a cash basis, primarily in digital technology and retail system upgrades, distribution and handling system improvements and existing store renovations and new store builds. In fiscal 2020, the Company expects to invest approximately \$27.0 million in capital expenditures, to be funded by the Company's existing financial resources and funds derived from its operations.

The Company expects that cash and cash equivalents, future operating cash flows and amounts available to be drawn under lines of credit will enable the Company to finance its capital investment program and fund its ongoing business requirements over the next 12 months, including working capital and financial obligations.

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 2, 2019.

OUTSTANDING SHARE DATA

On June 17, 2019, the Company announced the terms of a substantial issuer bid (the "Offer") to purchase for cancellation up to 15,000,000 of its issued and outstanding Class A non-voting shares at a price of \$3.00 per share. The Offer commenced on June 20, 2019 and expired on July 26, 2019. The Offer resulted in the Company purchasing 14,462,944 Class A non-voting shares, which were subsequently cancelled, for an aggregate consideration of \$43.7 million including related transaction costs of \$0.3 million.

At December 4, 2019, 13,440,000 Common shares and 35,427,322 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. The Company has 1,780,000 share options outstanding at an average exercise price of \$8.18. 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.

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 hedge contracts with maturities generally not exceeding twelve months.

Details of the foreign currency contracts outstanding as at November 2, 2019, November 3, 2018 and February 2, 2019 are included in the "Foreign Exchange Contracts" section of this MD&A.

A forward foreign exchange contract is a contractual agreement to buy or sell a specified currency at a specific price and date in the future. Credit risks exist in the event of failure by a counterparty to fulfill its obligations. The Company reduces this risk by dealing only with highly-rated counterparties, normally major Canadian chartered banks. The Company does not use derivative financial instruments for speculative purposes.

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 2, 2019.

FINANCIAL INSTRUMENTS

The Company is liquid with significant cash and cash equivalents. The Company uses its cash resources to fund ongoing capital expenditures along with working capital needs. Financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, trade and other receivables and foreign currency contracts. The Company reduces this risk by dealing only with highly-rated counterparties, normally major Canadian financial institutions. The Company closely monitors its risk with respect to short-term cash investments.

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 2, 2019 (which are available on the SEDAR website at www.sedar.com), except as disclosed in Note 2 e) of the unaudited condensed consolidated interim financial statements for the year to date fiscal 2020.

NEW ACCOUNTING POLICIES ADOPTED IN FISCAL 2020

The new accounting policies set out below have been adopted in the unaudited condensed consolidated interim financial statements as at and for the year to date fiscal 2020:

- IFRS 16 – Leases
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

Further information on these new accounting policies can be found in Note 3 of the unaudited condensed consolidated interim financial statements as at and for the year to date fiscal 2020.

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

In designing such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is required to use judgment in evaluating controls and procedures.

As reported previously, the Company has selected a lease accounting software to gather its lease information and to quantify the required components of IFRS 16. The Company finalized the process of implementing this lease accounting software and finalized the development of new reports to capture information required for presentation and disclosure under IFRS 16 during the year to date fiscal 2020. Accordingly, internal controls processes and procedures have been put in place and updated in order to ensure proper internal controls over financial reporting, and disclosure controls and procedures have been updated to capture information required for presentation and disclosure under IFRS 16.

There were no other changes in the Company's internal control over financial reporting during the year to date fiscal 2020 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTLOOK

The disappointing operating results in fiscal 2020 are primarily attributed to the Company's plus-size banners. Sales and the operating results from the plus-size banners were well below expectations as the strategic initiatives implemented early in the fiscal year in these banners failed to resonate with their customer base. A variety of measures were implemented late in the third quarter of 2020 to improve profitability, including new leadership focused on enhancing the product offerings and improving the customer experience both in stores and online to meet customer demands. As changes continue to be implemented, the positive impact of these initiatives is expected to benefit fiscal 2021. While the immediate focus is to improve sales and operating performance in the plus-size banners, the Company continues to enhance its core e-commerce platform, evolve its customer relationship management and marketing automation infrastructure and optimize its customer data management capabilities.

The retail industry and consumer shopping behaviours are changing faster than ever before and, as a result, the Company recognizes its need to significantly increase its agility and improve efficiencies. The Company is optimistic that it has a strong team in place to drive growth and execute on its strategy. The Company continues to believe that it has premium brands with excellent digital capabilities, highly recognizable celebrity collaborations and strategies in place with the potential to generate long-term profitable growth. The Company is well positioned for the future with recognizable banners each offering a powerful, positive brand experience able to capitalize on a strong network of stores and an exceptional e-commerce proposition.