

# Reitmans (Canada) Limited announces its results for the 13 and 39 weeks ended October 28, 2023

MONTREAL, Dec. 14, 2023 /CNW/ - Reitmans (Canada) Limited ("RCL" or the "Company") (TSXV: RET) (TSXV: RET-A), Canada's leading specialty apparel retailer, announces its results for the third quarter of fiscal 2024. Unless otherwise indicated, all comparisons of results for the 13 weeks ended October 28, 2023 ("third quarter of 2024") are against results for the 13 weeks ended October 29, 2022 ("third quarter of 2023") and all comparisons of results for the 39 weeks ended October 28, 2023 ("year to date fiscal 2024") are against results for the 39 weeks ended October 29, 2022 ("year to date fiscal 2023"). All amounts are in Canadian dollars.

The Company continued to perform well in the third quarter of 2024, although below the results of the third quarter of 2023, which benefitted from the Company's exceptional performance aided by improved market conditions with pent-up demand following the easing of pandemic-related restrictions. The current economic environment necessitated higher promotional activity as Canadian consumers cautiously managed their discretionary spending budgets. Results continued to be negatively impacted by unfavourable foreign exchange on U.S. dollar denominated merchandise purchases.

"Our Fall styles resonated well with our customers in all three brands, despite the fact that the economic headwinds and warmer than usual weather impacted our traffic. We also are pleased with strong results in two key strategic categories of men's fashion at RW&CO. and HYBA activewear at Reitmans", said Andrea Limbardi, President and Chief Executive Officer of RCL. "Our strong balance sheet and focus on our long-term strategic roadmap to deliver modernization in digital technology and in our distribution centre, continue to progress positively. In the third quarter, we launched a new robotics system in our distribution centre, significantly speeding up processing times. As well, we are on schedule to rollout a nation-wide point-of-sale system in our 400+ stores across Canada in 2024. RCL is well positioned, with our strong customer loyalty and financial standing, to deliver long-term value to our shareholders."

## Third Quarter of 2024

- Net revenues were \$193.4 million compared to \$206.2 million for the third quarter of 2023
- Net earnings were \$5.3 million compared to \$14.6 million for the third quarter of 2023

## Year to date fiscal 2024

- Net revenues were \$573.7 million compared to \$590.4 million for the year to date fiscal 2023
- Net earnings were \$14.8 million compared to \$50.2 million for the year to date fiscal 2023

## Select Financial Information

(in millions of dollars, except for gross profit %)	For the third quarter of			Year to date fiscal		
	2024	2023	Change	2024	2023	Change
Net Revenues <sup>2</sup>	193.4	206.2	(6.2) %	573.7	590.4	(2.8) %
Gross Profit	107.6	118.1	(2.6) %	316.1	341.8	(7.5) %
Gross Profit %	55.6 %	57.3 %	-170 bps	55.1 %	57.9 %	-280 bps
Selling, distribution and administrative expenses <sup>2</sup>	100.5	103.0	(2.4) %	293.7	289.2	1.6 %
Net earnings	5.3	14.6	(63.7) %	14.8	50.2	(70.5) %
Adjusted EBITDA <sup>1</sup>	9.5	18.0	(47.2) %	27.5	60.7	(54.7) %

Adjusted ROA<sup>1</sup>            7.1      15.2      (53.3) %      21.5      51.9      (58.6) %

<sup>1</sup> This is a Non-GAAP Financial Measure. See "Non-GAAP Financial Measures & Supplementary Financial Measures" for reconciliations of these measures.

<sup>2</sup> For the third quarter of 2023 and the year to date fiscal 2023, shipping revenues of \$0.6 and \$1.7 million, respectively, were reclassified from selling, distribution and administrative expenses to net revenues. See Notes 3 and 18 of the unaudited condensed consolidated interim financial statements for the third quarter of 2024. In addition, selling, distribution and administrative expenses includes \$0.1 million of restructuring costs for the third quarter of 2023 and \$0.5 million of restructuring costs for the year to date fiscal 2023.

### **13 weeks ended October 28, 2023**

Net revenues for the third quarter of 2024 decreased by \$12.8 million, or 6.2%, to \$193.4 million. Comparable sales<sup>1</sup>, which include e-commerce net sales, decreased 7.7% during the third quarter of 2024. The decrease in net revenues and comparable sales was primarily due to lower store and e-commerce traffic, lower average transaction values and higher promotional activity. We believe that comparatively higher interest rates and inflation overall compared to the corresponding period last year negatively impacted consumer spending during the third quarter of 2024.

Gross profit for the third quarter of 2024 decreased \$10.5 million to \$107.6 million as compared with \$118.1 million for the third quarter of 2023. Gross profit as a percentage of net revenues for the third quarter of 2024 decreased to 55.6% from 57.3% for the third quarter of 2023. The decrease in gross profit and as a percentage of net revenues is primarily attributable to higher markdown and promotional activity combined with an unfavorable foreign exchange impact of approximately \$3.2 million on U.S. dollar denominated purchases included in cost of goods sold, partially offset by lower supply chain costs in the third quarter of 2024 as global shipping industry disruptions were prevalent in the third quarter of 2023.

Net earnings for the third quarter of 2024 were \$5.3 million (\$0.11 basic and diluted earnings per share) as compared with net earnings of \$14.6 million (\$0.30 basic and diluted earnings per share) for the third quarter of 2023. The decrease in net earnings of \$9.3 million is primarily attributable the decrease in gross profit and an increase in income tax expense, partially offset by a decrease in overall operating costs.

Adjusted results from operating activities ("Adjusted ROA") for the third quarter of 2024 was \$7.1 million as compared with \$15.2 million for the third quarter of 2023. The decrease of \$8.1 million is primarily attributable to a decrease in gross profit, partially offset by a decrease in overall operating costs.

Adjusted EBITDA for the third quarter of 2024 was \$9.5 million as compared to \$18.0 million for the third quarter of 2023. The decrease of \$8.5 million is primarily attributable to a decrease in gross profit, partially offset by a decrease in overall operating costs.

### **39 weeks ended October 28, 2023**

Net revenues for the year to date fiscal 2024 decreased by \$16.7 million, or 2.8%, to \$573.7 million. Comparable sales<sup>1</sup>, which include e-commerce net sales, decreased 3.7% during the year to date fiscal 2024. The decrease in net revenues and comparable sales was primarily due to lower average transaction values and higher promotional activity. We believe that comparatively higher interest rates and inflation overall compared to the corresponding period last year negatively impacted consumer spending during the year to date fiscal 2024.

Gross profit for the year to date fiscal 2024 decreased \$25.7 million to \$316.1 million as compared with \$341.8 million for the year to date fiscal 2023. Gross profit as a percentage of net revenues for the year to date fiscal 2024 decreased to 55.1% from 57.9% for the year to date fiscal 2023. The decrease both in gross profit and as a percentage of net revenues is primarily attributable to higher markdowns and promotional activity in the year to date fiscal 2024 combined with an unfavourable foreign exchange impact of approximately \$11.4 million on U.S. dollar denominated purchases included in cost of goods sold, partially offset by lower supply chain costs in the year to date fiscal 2024 as global shipping industry disruptions were prevalent in the year to date fiscal 2023.

Net earnings for the year to date fiscal 2024 was \$14.8 million (\$0.30 basic and diluted earnings per share) as compared with \$50.2 million (\$1.03 basic and diluted earnings per share) for the year to date fiscal 2023. The decrease in net earnings of \$35.4 million is primarily attributable to the decrease in gross profit, the increase in operating costs and the increase in income tax expense.

Adjusted ROA for the year to date fiscal 2024 was \$21.5 million as compared to \$51.9 million for the year to date fiscal 2023. The decrease of \$30.4 million is primarily attributable to the decrease in gross profit and the increase in operating costs.

Adjusted EBITDA for the year to date fiscal 2024 was \$27.5 million as compared to \$60.7 million for the year to date fiscal 2023. The decrease of \$33.2 million is primarily attributable to the decrease in gross profit and the increase in operating costs.

### **About Reitmans (Canada) Limited**

The Company is a leading women's specialty apparel retailer with retail outlets throughout Canada. As at October 28, 2023, the Company operated 401 stores consisting of 231 Reitmans, 90 Penningtons and 80 RW&CO.

### **<sup>1</sup>NON-GAAP Financial Measures & Supplementary Financial Measures**

This press announcement 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 press announcement discusses the following non-GAAP financial measures: adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), and adjusted results from operating activities ("Adjusted ROA"). This press announcement 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 and Adjusted ROA is to provide additional useful information to investors and analysts. Adjusted EBITDA is currently defined as net earnings before income tax expense/recovery, interest income, interest expense, loss on foreign currency translation differences reclassified to net earnings, pension curtailment gain, 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*, Federal subsidies and restructuring costs and recoveries. 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 restructuring recoveries /costs, Federal subsidies, loss on foreign currency translation differences reclassified to net earnings and pension curtailment gain presents the results of the on-going business. Under IFRS 16, *Leases*, the characteristics of some leases result in lease payments being recognized in net earnings in the period in which the performance or use occurs while other leases are recorded as

right-of-use assets with a corresponding lease liability recognized, which results in depreciation of those assets and interest expense from those liabilities. Management is presenting its Adjusted EBITDA to reflect the payments of its store and equipment lease obligations on a consistent basis. As such, the initial add-back of depreciation of right-of-use assets and interest on lease obligations are removed from the calculation of Adjusted EBITDA, as this better reflects the operational cash flow impact of its leases.

Adjusted ROA is defined as results from operating activities excluding Federal subsidies, restructuring recoveries/costs and pension curtailment gain. Management believes that Adjusted ROA provides a more relevant indicator in assessing current operational performance. The exclusion of restructuring recoveries /costs, pension curtailment gain and Federal subsidies presents the on-going operational performance of the business.

## Reconciliation of NON-IFRS Measures

The tables below provide a reconciliation of net earnings to Adjusted EBITDA and results from operating activities to Adjusted ROA:

	For the third quarter of		Year to date fiscal	
	2024	2023	2024	2023
<b>Net earnings</b>	\$ 5.3	\$ 14.6	\$ 14.8	\$ 50.2
Depreciation, amortization and net impairment losses on property and equipment, and intangible assets	3.3	3.5	10.3	11.7
Depreciation on right-of-use assets	8.5	7.9	24.4	21.0
Interest expense on lease liabilities	1.9	1.3	5.2	3.6
Interest income	(1.1)	(0.3)	(3.3)	(0.5)
Interest expense on revolving credit facility	-	-	-	0.4
Income tax expense (recovery)	2.0	0.1	5.6	(0.4)
Loss on foreign currency translation differences reclassified to net earnings	-	-	1.0	-
Pension curtailment gain	-	-	(0.9)	-
Rent impact from IFRS 16, Leases <sup>1</sup>	(10.4)	(9.2)	(29.6)	(24.6)
Federal subsidies	-	-	-	(1.2)
Restructuring costs, net	-	0.1	-	0.5
<b>Adjusted EBITDA</b>	<b>\$ 9.5</b>	<b>\$ 18.0</b>	<b>\$ 27.5</b>	<b>\$ 60.7</b>
<b>Adjusted EBITDA as % of Net Revenues</b>	<b>4.9 %</b>	<b>8.8 %</b>	<b>4.8 %</b>	<b>10.3 %</b>

<sup>1</sup> Rent Impact from IFRS 16, Leases is comprised as follows;

	For the third quarter of		Year to date fiscal	
	2024	2023	2024	2023
Depreciation on right-of-use assets	\$ 8.5	\$ 7.9	\$ 24.4	\$ 21.0
Interest expense on lease liabilities	1.9	1.3	5.2	3.6
<b>Rent impact from IFRS 16, Leases</b>	<b>\$ 10.4</b>	<b>\$ 9.2</b>	<b>\$ 29.6</b>	<b>\$ 24.6</b>

	For the third quarter of		Year to date fiscal	
	2024	2023	2024	2023
<b>Results from operating activities</b>	<b>\$ 7.1</b>	<b>\$ 15.1</b>	<b>\$ 22.4</b>	<b>\$ 52.6</b>
Pension curtailment gain	-	-	(0.9)	-
Federal subsidies	-	-	-	(1.2)
Restructuring costs, net	-	0.1	-	0.5
<b>Adjusted ROA</b>	<b>\$ 7.1</b>	<b>\$ 15.2</b>	<b>\$ 21.5</b>	<b>\$ 51.9</b>

## Supplementary Financial Measures

The Company uses a key performance indicator ("KPI"), comparable sales, to assess store performance and sales growth. The Company engages in an omnichannel approach in connecting with its customers by appealing to their shopping habits through either online or store channels. This

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

### **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 on 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 press announcement for the purpose of giving information about management's current expectations and plans as of the date of this press announcement, and allowing investors and others to get a better understanding of the Company's operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose. Forward-looking statements are based upon the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and currently expected future developments, as well as other factors it believes, are appropriate in the circumstances.

This press announcement contains forward-looking statements about the Company's objectives, plans, goals, expectations, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this press announcement 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 the Company's Management Discussion & Analysis ("MD&A") including those listed in the "Operating and Financial Risk Management" section of the 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. Please refer to the "Forward-Looking Statements" section of the Company's MD&A for the third quarter of 2024.

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.

The Company's complete financial statements including notes and Management's Discussion and Analysis for the third quarter of 2024 are available online at [www.sedarplus.ca](http://www.sedarplus.ca).

Montreal, December 14, 2023

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

	For the 13 weeks ended		For the 39 weeks ended	
	October 28, 2023	October 29, 2022 <sup>(1)</sup>	October 28, 2023	October 29, 2022 <sup>(1)</sup>
Net revenues	\$ 193,408	\$ 206,206	\$ 573,704	\$ 590,383
Cost of goods sold	85,761	88,133	257,612	248,578
Gross profit	107,647	118,073	316,092	341,805
Selling and distribution expenses	88,442	89,891	258,044	252,451
Administrative expenses	12,066	13,073	35,627	36,257
Restructuring	-	73	-	480
Results from operating activities	7,139	15,036	22,421	52,617
Finance income	2,120	924	4,175	1,151
Finance costs	(1,892)	(1,282)	(6,205)	(4,000)
Earnings before income taxes	7,367	14,678	20,391	49,768
Income tax (expense) recovery	(2,084)	(67)	(5,563)	445
Net earnings	\$ 5,283	\$ 14,611	\$ 14,828	\$ 50,213
Earnings per share:				
Basic	\$ 0.11	\$ 0.30	\$ 0.30	\$ 1.03
Diluted	0.11	0.30	0.30	1.03

(1) For the 13 and 39 weeks ended October 29, 2022, shipping revenues of \$598 and \$1,694, respectively, were reclassified from selling and distribution expenses to net revenues. The adjustments had no effect on results from operating activities or on net earnings. See note 18 of the unaudited condensed consolidated interim financial statements for the 13 and 39 weeks ended October 28, 2023.

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

	For the 13 weeks ended		For the 39 weeks ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Net earnings	\$ 5,283	\$ 14,611	\$ 14,828	\$ 50,213
Other comprehensive income (loss)				

Items that are or may be reclassified subsequently to net earnings:

Cash flow hedges (net of tax of \$883 and \$981 for the 13 and 39 weeks ended October 28, 2023, respectively)	2,447	-	2,720	-
Loss on foreign currency translation differences reclassified to net earnings	-	-	1,044	-
Foreign currency translation differences	-	(270)	-	(288)

Items that will not be reclassified to net earnings:

Net actuarial (loss) gain on defined benefit plan (net of tax of \$64 and \$260 for the 13 and 39 weeks ended October 28, 2023, respectively; net of tax of \$116 and \$954 for the 13 and 39 weeks ended October 29, 2022, respectively)	(176)	323	722	194
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Total other comprehensive income (loss)	2,271	53	4,486	(94)
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Total comprehensive income	\$ 7,554	\$ 14,664	\$ 19,314	\$ 50,119
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**RETMANS (CANADA) LIMITED**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS**  
(Unaudited)  
(in thousands of Canadian dollars)

	October 28, 2023	October 29, 2022	January 28, 2023
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 101,275	\$ 64,298	\$ 103,004
Restricted cash	-	2,783	2,808
Trade and other receivables	3,719	3,785	3,241
Derivative financial asset	3,844	-	-
Inventories	147,905	159,741	142,302
Prepaid expenses and other assets	15,839	22,765	14,502
Total Current Assets	272,582	253,372	265,857
<b>NON-CURRENT ASSETS</b>			
Property and equipment	63,747	61,145	63,833
Intangible assets	1,620	3,081	2,638
Right-of-use assets	108,195	69,461	79,894
Pension asset	1,886	1,235	-
Deferred income taxes	25,866	186	32,308
Total Non-Current Assets	201,314	135,108	178,673
<b>TOTAL ASSETS</b>	<b>\$ 473,896</b>	<b>\$ 388,480</b>	<b>\$ 444,530</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	\$ 63,247	\$ 65,368	\$ 81,087
Deferred revenue	11,597	10,844	14,100
Income taxes payable	789	998	1,018
Current portion of lease liabilities	26,851	25,520	26,741
Total Current Liabilities	102,484	102,730	122,946
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	90,153	51,432	60,758
Total Non-Current Liabilities	90,153	51,432	60,758
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	28,292	27,406	27,406
Contributed surplus	11,104	10,666	10,871
Retained earnings	239,143	197,387	223,593
Accumulated other comprehensive income (loss)	2,720	(1,141)	(1,044)
Total Shareholders' Equity	281,259	234,318	260,826
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 473,896</b>	<b>\$ 388,480</b>	<b>\$ 444,530</b>

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

	Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
<b>Balance as at January 29, 2023</b>	\$ 27,406	\$ 10,871	\$ 223,593	\$ (1,044)	\$ 260,826
Net earnings	-	-	14,828	-	14,828
Total other comprehensive income	-	-	722	3,764	4,486
<b>Total comprehensive income for the period</b>	-	-	15,550	3,764	19,314
Share options exercised	886	(243)	-	-	643
Share-based compensation costs	-	476	-	-	476
<b>Total contributions by owners of the Company</b>	886	233	-	-	1,119
<b>Balance as at October 28, 2023</b>	\$ 28,292	\$ 11,104	\$ 239,143	\$ 2,720	\$ 281,259
<b>Balance as at January 30, 2022</b>	\$ 27,406	\$ 10,295	\$ 146,980	\$ (853)	\$ 183,828
Net earnings	-	-	50,213	-	50,213
Total other comprehensive income (loss)	-	-	194	(288)	(94)
<b>Total comprehensive income (loss) for the period</b>	-	-	50,407	(288)	50,119
Share-based compensation costs	-	371	-	-	371
<b>Total contributions by owners of the Company</b>	-	371	-	-	371
<b>Balance as at October 29, 2022</b>	\$ 27,406	\$ 10,666	\$ 197,387	\$ (1,141)	\$ 234,318

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

	For the 13 weeks ended		For the 39 weeks ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net earnings	\$ 5,283	\$ 14,611	\$ 14,828	\$ 50,213
Adjustments for:				
Depreciation, amortization and net impairment losses on property and equipment and intangible assets	3,316	3,534	10,296	11,744
Depreciation on right-of-use assets	8,511	7,893	24,430	20,986
Share-based compensation costs	101	181	476	371
Net change in transfer of realized gain on cash flow hedges to inventory	(144)	-	(144)	-
Foreign exchange gain	(2,766)	(1,357)	(1,541)	(1,942)
Loss on foreign currency translation differences reclassified to net earnings	-	-	1,044	-
Interest on lease liabilities	1,892	1,282	5,161	3,555
Interest on revolving credit	-	-	-	445
Interest income	(1,162)	(333)	(3,328)	(488)
Income tax expense (recovery)	2,084	67	5,563	(445)
	17,115	25,878	56,785	84,439
Changes in:				
Trade and other receivables	(189)	1,263	(429)	3,929
Inventories	909	(5,991)	(5,603)	(40,769)
Prepaid expenses and other assets	1,448	8,450	(1,337)	19,825
Trade and other payables	(4,442)	8,103	(18,166)	32,177
Pension asset	(8)	(131)	(903)	13
Deferred revenue	(1,108)	(1,117)	(2,503)	(2,646)
	13,725	36,455	27,844	96,968
Interest paid	-	(5)	-	(486)
Interest received	1,194	232	3,279	380
Income taxes paid	-	-	(592)	(46)
<b>Net cash flows from operating activities</b>	<b>14,919</b>	<b>36,682</b>	<b>30,531</b>	<b>96,816</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>				

Additions to property and equipment and intangible assets	(3,351)	(2,383)	(8,867)	(5,633)
Cash flows used in investing activities	(3,351)	(2,383)	(8,867)	(5,633)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>				
Release of restricted cash	-	(18)	2,808	(26)
Net repayment of revolving credit facility	-	-	-	(29,634)
Payment of lease liabilities	(9,810)	(9,373)	(28,448)	(24,451)
Proceeds from issuance of share capital	-	-	643	-
Cash flows used in financing activities	(9,810)	(9,391)	(24,997)	(54,111)
<b>FOREIGN EXCHANGE GAIN ON CASH HELD IN FOREIGN CURRENCY</b>				
	2,836	1,217	1,604	1,724
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>4,594</b>	<b>26,125</b>	<b>(1,729)</b>	<b>38,796</b>
<b>CASH, BEGINNING OF THE PERIOD</b>	<b>96,681</b>	<b>38,173</b>	<b>103,004</b>	<b>25,502</b>
<b>CASH, END OF THE PERIOD</b>	<b>\$ 101,275</b>	<b>\$ 64,298</b>	<b>\$ 101,275</b>	<b>\$ 64,298</b>

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