

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, <i>Leases</i> 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, <i>Leases</i>	\$ 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 sales¹, 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 sales¹, 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-recurring 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 capital¹ 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.