
Condensed Interim Consolidated Financial
Statements of
Groupe Dynamite Inc.

For the 13-week and 39-week periods ended November 1, 2025 and November 2,
2024

(Unaudited, expressed in thousands of Canadian dollars, unless otherwise noted)

Groupe Dynamite Inc.**Condensed Interim Consolidated Statements of Net Earnings and Comprehensive Income****For the 13-week and 39-week periods ended November 1, 2025 and November 2, 2024**

(Unaudited, expressed in thousands of Canadian dollars, except share and per share amounts)

	Notes	13-week periods ended		39-week periods ended	
		November 1, 2025	November 2, 2024	November 1, 2025	November 2, 2024
		\$	\$	\$	\$
Revenue	6	362,970	258,772	916,051	686,760
Cost of sales	7	122,926	95,845	327,815	245,477
Gross profit		240,044	162,927	588,236	441,283
Selling, general and administrative expenses	7	95,818	80,030	258,178	226,134
Depreciation and amortization	7	24,294	20,027	68,230	54,509
Foreign exchange (gain) loss		(182)	(182)	136	(844)
Operating income		120,114	63,052	261,692	161,484
Finance expense	8	7,497	8,755	23,179	26,618
Finance income	8	(1,893)	(2,773)	(3,532)	(8,902)
Net financing expense		5,604	5,982	19,647	17,716
Earnings before income taxes		114,510	57,070	242,045	143,768
Income taxes		33,005	16,630	69,319	39,034
Net earnings		81,505	40,440	172,726	104,734
Other comprehensive income <i>Items that may be reclassified subsequently to net earnings</i>					
Foreign currency translation adjustments		681	273	(1,811)	971
Gains (losses) on cash flow hedges, net of income taxes	18	3,458	(530)	5,881	(782)
Total comprehensive income		85,644	40,183	176,796	104,923
Earnings per share					
Basic net earnings per share	9	\$0.75	\$0.38	\$1.60	\$0.97
Diluted net earnings per share	9	\$0.71	\$0.38	\$1.51	\$0.97
Weighted average number of shares outstanding (thousands)		108,062	107,549	107,969	107,549
Weighted average number of diluted shares outstanding (thousands)		114,612	107,549	114,149	107,549

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

Groupe Dynamite Inc.
Condensed Interim Consolidated Statements of Financial Position
As at November 1, 2025 and February 1, 2025
(Unaudited, expressed in thousands of Canadian dollars)

	Notes	November 1, 2025	February 1, 2025
		\$	\$
Assets			
Current assets			
Cash		253,823	74,195
Receivables	10	19,423	12,993
Income taxes receivable		9,664	19,132
Inventories		66,610	44,952
Prepaid expenses and other financial instruments		32,858	10,296
Total current assets		382,378	161,568
Non-current assets			
Property and equipment		155,814	107,465
Right-of-use assets	11	380,205	330,105
Intangible assets		14,996	13,049
Deferred tax assets		3,425	6,450
Total assets		936,818	618,637
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	12	131,010	74,436
Income taxes payable		36,024	814
Deferred revenue		22,709	18,972
Notes payable to parent companies	13	-	10,520
Current portion of lease liabilities	11	33,518	32,479
Total current liabilities		223,261	137,221
Non-current liabilities			
Lease liabilities	11	404,111	340,102
Other long-term liabilities	16	2,873	-
Total liabilities		630,245	477,323
Shareholders' equity			
Share capital	15	7,047	1,491
Retained earnings		274,417	119,083
Contributed surplus		17,107	16,808
Accumulated other comprehensive income		8,002	3,932
Total shareholders' equity		306,573	141,314
Total liabilities and shareholders' equity		936,818	618,637

Commitments and contingencies

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

Groupe Dynamite Inc.

Condensed Interim Consolidated Statements of Changes in Equity

For the 39-week periods ended November 1, 2025 and November 2, 2024

(Unaudited, expressed in thousands of Canadian dollars)

	Notes	Share capital	Retained earnings	Contributed surplus	Accumulated other comprehensive income	Total
		\$	\$	\$	\$	\$
Balance, February 3, 2024		-	(8,645)	12,759	814	4,928
Net earnings		-	104,734	-	-	104,734
Foreign currency translation adjustments		-	-	-	971	971
Losses on financial instruments designated as hedges, net of taxes		-	-	-	(782)	(782)
Total comprehensive income		-	104,734	-	189	104,923
Stock-based compensation expense	16	-	-	2,740	-	2,740
Options cancelled	16	-	532	(532)	-	-
Refundable taxes		-	(7,462)	-	-	(7,462)
Balance, November 2, 2024		-	89,159	14,967	1,003	105,129
Balance, February 1, 2025		1,491	119,083	16,808	3,932	141,314
Net earnings		-	172,726	-	-	172,726
Foreign currency translation adjustments		-	-	-	(1,811)	(1,811)
Gain on financial instruments designated as hedges, net of taxes		-	-	-	5,881	5,881
Total comprehensive income		-	172,726	-	4,070	176,796
Stock-based compensation expense	16	-	-	2,667	-	2,667
Exercise of stock options	16	5,643	-	(2,368)	-	3,275
Shares purchased under normal course issuer bid, net of taxes	15	(87)	(17,392)	-	-	(17,479)
Balance, November 1, 2025		7,047	274,417	17,107	8,002	306,573

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

Groupe Dynamite Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the 39-week periods ended November 1, 2025 and November 2, 2024
(Unaudited, expressed in thousands of Canadian dollars, unless noted otherwise)

	Notes	39-week periods ended	
		November 1, 2025	November 2, 2024
Operating activities		\$	\$
Net earnings for the period		172,726	104,734
Adjustments for:			
Depreciation and amortization	7	68,230	54,509
Amortization of financing costs	8	745	620
Change in fair value of derivative financial instruments	8	(2,330)	(155)
Unrealized loss on foreign exchange		69	1,684
Deferred income taxes		873	(2,546)
Stock-based compensation expense	16	2,667	2,740
		242,980	161,586
Changes in non-cash working capital components	17	49,886	(2,507)
Cash generated from operating activities		292,866	159,079
Investing activities			
Additions to property and equipment		(51,862)	(44,079)
Additions to intangible assets		(7,268)	(6,602)
Cash used in investing activities		(59,130)	(50,681)
Financing activities			
Repayment of principal on lease liabilities, net of lease incentives received	11	(29,231)	(29,300)
Repayment of notes payable to parent companies	13	(10,520)	-
Proceeds from long-term debt	14	-	7,000
Repayment of long-term debt	14	-	(79,500)
Payment of financing fees		(447)	(72)
Proceeds from exercise of stock options	16	3,275	-
Shares repurchased for cancellation	15	(17,135)	-
Cash used in financing activities		(54,058)	(101,872)
Effect of foreign exchange rate changes on cash		(50)	(2,103)
Net increase in cash		179,628	4,423
Cash, beginning of year		74,195	8,135
Cash, end of period		253,823	12,558
Supplemental information⁽¹⁾			
Income taxes paid		(24,306)	(41,583)
Interest paid		(22,434)	(26,153)
Interest received		3,532	8,902

(1) Amounts paid or received for income taxes and interest were reflected as cash generated from operating activities in the condensed interim consolidated statements of cash flows.

See additional information presented in Note 17

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

1 Nature of operations and general information

Groupe Dynamite Inc. (the “Company”) designs and distributes women’s apparel under the brands Dynamite and Garage and sells its products to markets in Canada and the United States of America, through corporate stores and online. The Company is indirectly controlled by the Chair and Chief Executive Officer, Andrew Lufy, through ownership of Canadian entities.

These condensed interim consolidated financial statements (the “interim financial statements”) were authorized for issue in accordance with a resolution of the Board of Directors on December 8, 2025. The Company is incorporated under the Canada Business Corporations Act and domiciled in Canada. The registered office is located at 5592 Ferrier, Mont-Royal, Quebec, Canada, H4P 1M2. The Company’s subordinate voting shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol “GRGD”.

On April 14, 2025, the Company approved a normal course issuer bid (“NCIB”), authorizing the purchase of approximately 1.3 million subordinate voting shares, representing approximately 10% of the public float, over the course of twelve months commencing on or around April 17, 2025, and ending at the latest on April 16, 2026. All subordinate voting shares repurchased under the NCIB are cancelled upon their repurchase.

The Company’s third quarter end is the Saturday closest to October 31. The period ended November 1, 2025 (referred to as Q3 2025 and YTD 2025) and November 2, 2024 (referred to as Q3 2024 and YTD 2024) covers a 13-week and a 39-week period.

2 Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting”. Accordingly, these interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the annual consolidated financial statements and the notes thereto for the fiscal year ended February 1, 2025 (“Fiscal 2024”) which have been prepared in accordance with IFRS® Accounting Standards, as issued by the International Accounting Standards Board (IASB) (“IFRS Accounting Standards”). These unaudited condensed interim consolidated financial statements are presented in thousands of Canadian dollars, unless otherwise noted.

Seasonality of operations

The apparel sector operates on a seasonal basis, with a higher proportion of revenue and operational profit being realized in the third and fourth quarters of the fiscal year, coinciding with key shopping periods such as back-to-school and the holiday season. Additionally, our working capital demands escalate prior to the introduction of new seasonal lines, due to launching new seasons and acquiring new inventory. Consequently, results for the 13-week and 39-week periods ended November 1, 2025 may not be representative of results for subsequent quarters or for the full fiscal year.

3 Material accounting policies

These interim financial statements have been prepared using the accounting policies as outlined in note 2 of the Fiscal 2024 annual consolidated financial statements, except for the new accounting policies described below.

New accounting policies

Share Capital

Multiple voting shares and subordinate voting shares are classified as share capital. Incremental costs directly attributable to the issuance of shares or options, if any, are recorded in share capital as a deduction, net of tax, from the proceeds of the issuance. When subordinate voting shares are repurchased for cancellation under the NCIB, the portion of the consideration paid, including directly attributable costs, net of tax, that corresponds to the book value of the shares is recognized as a reduction of share capital. Any excess of the repurchase price over the carrying amount is charged to retained earnings.

Stock-based compensation

Equity-settled stock-based compensation awards are measured at fair value at the grant date using the Black-Scholes option-pricing model. The fair value determined at the grant date of the equity-settled stock option awards is expensed using the graded vesting method over the vesting period and credited to contributed surplus. An estimate of forfeitures during the vesting period is made at the date of grant, which is adjusted to reflect actual forfeitures.

The fair value of cash-settled stock-based awards is measured based on the fair value of the liability at each reporting date until the awards are settled. The initial fair value is determined at the grant date by multiplying the number of units expected to vest by the market price of the Company's subordinate voting shares, considering progress toward vesting. The liability is remeasured at the end of each reporting period and at the settlement date, with changes in fair value recognized as stock-based compensation expense in the consolidated statement of net earnings over the vesting period.

Cash flow hedge

The Company uses hedge accounting to hedge the equity risk related to the unrecognized obligation of the Restricted Stock Unit (RSU) and Deferred Stock Unit (DSU) plans. The amounts accumulated in other comprehensive income are reclassified to profit or loss in the period in which the underlying hedged item has an impact on profit or loss. Any ineffective portion is immediately recognized in profit or loss. When the hedging relationship no longer satisfies hedge accounting requirements or when the hedging instrument reaches maturity or is sold, terminated, or exercised, the Company ceases to prospectively apply hedge accounting to this relationship or instrument. If the hedged item is a financial asset or liability, accumulated gains or losses remain in the hedging reserve and are reclassified in profit or loss in the same period in which the underlying hedged item is recognized in profit or loss.

4 Standards, interpretations and amendments adopted during the current fiscal year, or not yet effective

A number of new standards, and amendments to standards and interpretations, are effective for the current periods, and some are effective in future periods and have not been applied in preparing these interim financial statements. Those adopted or those not yet effective and under review include:

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 is the new standard on financial statement presentation and disclosure with a focus on updates to the statement of profit or loss. IFRS 18 will replace IAS 1, Presentation of Financial Statements, and retains many of the existing principles in IAS 1. The new presentation requirements introduced in IFRS 18 will increase comparability of the financial performance of similar entities, especially related to how “operating profit or loss” is defined. The new disclosure requirements for “management-defined performance measures” will enhance transparency. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Early adoption is permitted. The Company is currently evaluating the impact from the adoption of IFRS 18 on its interim and annual financial statements.

Amendments to the Classification and Measurement of Financial Instruments (IFRS 7 and IFRS 9)

In May 2024, the IASB issued IFRS 7 and IFRS 9 Amendments to the Classification and Measurement of Financial Instruments. The amendments clarify the date of recognition and derecognition of some financial assets and liabilities with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows such as instruments with features linked to the achievement of environment, social and governance (ESG) targets; and update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). IFRS 7 and IFRS 9 amendments applies for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted. The Company is currently evaluating the impact from the adoption on its interim and annual financial statements.

5 Significant accounting judgments and estimates

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent assets and contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. These estimates and assumptions are based on historical experience, other relevant factors and expectations of the future and are reviewed regularly.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgments made by management in applying the Company’s accounting policies and key sources of estimation of uncertainty were the same as those applied in note 4 of the Fiscal 2024 annual consolidated financial statements.

Groupe Dynamite Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the 13-week and 39-week periods ended November 1, 2025 and November 2, 2024

(Unaudited, expressed in thousands of Canadian dollars, unless noted otherwise)

6 Revenue

	13-week periods ended		39-week periods ended	
	November 1, 2025	November 2, 2024	November 1, 2025	November 2, 2024
	\$	\$	\$	\$
Retail	299,740	214,682	768,824	576,572
Online	63,230	44,090	147,227	110,188
	362,970	258,772	916,051	686,760

7 Expenses by nature included in operating income

	13-week periods ended		39-week periods ended	
	November 1, 2025	November 2, 2024	November 1, 2025	November 2, 2024
	\$	\$	\$	\$
Cost of sales				
Cost of goods sold, labour and transportation	102,086	78,615	271,733	204,156
Occupancy costs	20,840	17,230	56,082	41,321
Total cost of sales	122,926	95,845	327,815	245,477
Selling, general and administrative expenses				
Selling and marketing	19,816	16,490	53,413	43,297
Wages, salaries and employee benefits	65,215	53,460	175,734	153,533
Administrative costs	10,787	10,080	29,031	29,304
Total selling, general and administrative expenses	95,818	80,030	258,178	226,134
Depreciation and amortization				
Depreciation of property and equipment and right-of-use assets	22,165	18,428	62,559	51,359
Amortization of intangible assets	2,129	1,599	5,671	3,150
Total depreciation and amortization	24,294	20,027	68,230	54,509

During the 13-week period ended November 1, 2025, the Company recorded a write-down to value inventory to its estimated net realizable value. This resulted in an expense in cost of goods sold of \$384 (\$449 for the 13-week period ended November 2, 2024). No inventory adjustments recognized in previous periods were reversed.

Groupe Dynamite Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the 13-week and 39-week periods ended November 1, 2025 and November 2, 2024

(Unaudited, expressed in thousands of Canadian dollars, unless noted otherwise)

During the 39-week period ended November 1, 2025, the Company recorded a write-down to value inventory to its estimated net realizable value. This resulted in an expense in cost of goods sold of \$1,687 (\$1,136 for the 39-week period ended November 2, 2024). No inventory adjustments recognized in previous periods were reversed.

8 Net financing expense

	13-week periods ended		39-week periods ended	
	November 1, 2025	November 2, 2024	November 1, 2025	November 2, 2024
	\$	\$	\$	\$
Interest expense	41	2,486	1,767	8,830
Interest on lease liabilities (note 11)	7,169	6,052	20,667	17,323
Change in fair value of derivative financial instruments (note 18)	-	-	-	(155)
Amortization of financing costs	287	217	745	620
Finance expense	7,497	8,755	23,179	26,618
Interest income	1,893	470	3,532	1,683
Interest income promissory note receivable from parent company	-	2,303	-	7,219
Finance income	1,893	2,773	3,532	8,902
Net financing expense	5,604	5,982	19,647	17,716

9 Earnings per share

Basic and diluted net earnings per share ("EPS") are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of shares outstanding during the period, and by the diluted weighted average number of shares outstanding, respectively.

<i>Basic</i>	13-week periods ended		39-week periods ended	
	November 1, 2025	November 2, 2024	November 1, 2025	November 2, 2024
	\$	\$	\$	\$
Net earnings attributable to shareholders of the Company	81,505	40,440	172,726	104,734
Weighted average number of shares outstanding (thousands)	108,062	107,549	107,969	107,549
Basic net earnings per share	\$0.75	\$0.38	\$1.60	\$0.97

Groupe Dynamite Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the 13-week and 39-week periods ended November 1, 2025 and November 2, 2024

(Unaudited, expressed in thousands of Canadian dollars, unless noted otherwise)

<i>Diluted</i>	13-week periods ended		39-week periods ended	
	November 1, 2025	November 2, 2024	November 1, 2025	November 2, 2024
	\$	\$	\$	\$
Net earnings attributable to shareholders of the Company	81,505	40,440	172,726	104,734
Weighted average number of shares outstanding (thousands)	108,062	107,549	107,969	107,549
Dilutive share-based compensation instruments (thousands)	6,550	-	6,180	-
Diluted weighted average number of shares outstanding (thousands)	114,612	107,549	114,149	107,549
Diluted net earnings per share	\$0.71	\$0.38	\$1.51	\$0.97

During the 13-week period ended November 1, 2025, 38,984 RSUs and 16,421 DSUs were not included in the calculation of diluted weighted average number of shares outstanding as they were anti-dilutive.

During the 39-week period ended November 1, 2025, 183,410 RSUs, 733 DSUs and 359 stock options were not included in the calculation of diluted weighted average number of shares outstanding as they were anti-dilutive.

10 Receivables

	November 1, 2025	February 1, 2025
	\$	\$
Credit cards receivables	8,708	6,701
Trade and other receivables	9,573	5,317
Government grant receivable	1,142	975
Total	19,423	12,993

11 Leases

The Company has the right to use real estate properties for its stores, its two distribution centers and support offices under non-cancellable lease agreements, together with periods covered by an option to extend or terminate, if the Company is reasonably certain it will exercise those options. The initial lease term of stores typically runs for a period of up to approximately 10 years. Leases may include one or more options to renew the lease for additional periods of five years each after the end of the initial term.

Groupe Dynamite Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the 13-week and 39-week periods ended November 1, 2025 and November 2, 2024

(Unaudited, expressed in thousands of Canadian dollars, unless noted otherwise)

Right-of-use assets:

	November 1, 2025	February 1, 2025
	\$	\$
Balance, beginning of year	330,105	246,240
Additions, net of lease incentives received	80,383	66,543
Modifications	20,940	57,626
Depreciation	(45,012)	(53,902)
Foreign exchange	(6,211)	13,598
Balance, end of period	380,205	330,105

Lease liabilities:

	November 1, 2025	February 1, 2025
	\$	\$
Balance, beginning of year	372,581	268,336
Additions	79,985	67,100
Modifications	21,342	57,878
Interest expense on lease liabilities	20,667	23,768
Repayment of interest and principal on lease liabilities	(49,898)	(60,537)
Foreign exchange	(7,048)	16,036
Balance, end of period	437,629	372,581
Current portion	33,518	32,479
Long-term portion	404,111	340,102

During the 13-week period ended November 1, 2025, the Company expensed \$5,229 (\$2,928 for the 13-week period ended November 2, 2024) of variable lease payments in cost of sales, which are not included in the lease liabilities. The Company also expensed \$868 (\$282 for the 13-week period ended November 2, 2024) of lease payments relating to short-term leases or leases with underlying low-value asset in cost of sales for which the payments were not included in the lease liabilities.

During the 39-week period ended November 1, 2025, the Company expensed \$11,377 (\$6,827 for the 39-week period ended November 2, 2024) of variable lease payments in cost of sales, which are not included in the lease liabilities. The Company also expensed \$1,864 (\$1,361 for the 39-week period ended November 2, 2024) of lease payments relating to short-term leases or leases with underlying low-value asset in cost of sales for which the payments were not included in the lease liabilities.

12 Accounts payable and accrued expenses

	November 1, 2025	February 1, 2025
	\$	\$
Trade payables	20,729	19,466
Government remittances	7,867	3,199
Accrued expenses	66,490	30,438
Accrued employee benefits	35,924	21,333
Total	131,010	74,436

13 Notes payable to parent companies

	November 1, 2025	February 1, 2025
	\$	\$
Notes payable to parent companies, non-interest bearing, payable on demand	-	10,520

14 Long-term debt*Credit agreement*

The original credit agreement dated November 10, 2022 (the "Original Credit Agreement") was amended and restated on March 25, 2024 (the "Amended and Restated Credit Agreement"), and the maturity date was extended by one year to November 10, 2026. Under the terms of the Amended and Restated Credit Agreement, proceeds from the revolving facility were used to refinance the term facility, such that the total commitments of the revolving facility under the Original Credit Agreement were increased by an amount of \$70,000, and the total commitments under the term facility were decreased by the same amount. As such, the Company was entitled to borrow up to an aggregate amount of \$326,250 under the terms of the Amended and Restated Credit Agreement. The Amended and Restated Credit Agreement also allowed for an increase of the revolving facility (accordion feature) up to \$100,000.

On November 20, 2024, the Amended and Restated Credit Agreement was further amended and restated (the "Second Amended and Restated Credit Agreement"). Under the terms of the Second Amended and Restated Credit Agreement, the outstanding balance of the term loan (\$86,750) was fully repaid by using proceeds from the repayment of the promissory note receivable from a parent company, reducing the term loan borrowings to \$nil. The outstanding balance of the revolving credit facility (\$7,000) was also fully repaid, reducing the borrowings to \$nil. Under the Second Amended and Restated Credit Agreement, the Company can borrow up to an aggregate amount of \$312,000 in

the form of a revolving credit facility, with up to \$30,000 of letter of credit availability under the revolving credit facility, and swingline facilities of up to \$30,000 under the revolving credit facility.

On June 16, 2025, the Second Amended and Restated Credit Agreement was further amended, extending the maturity date by 18 months to May 10, 2028.

Funds advanced under the Amended and Restated Credit Agreement bore interest at the Canadian bank prime rate and US bank base rate plus a margin, or at the CORRA rate and SOFR plus a margin (previously bore interest at the Canadian bank prime rate and U.S. bank base rate plus a margin, or at bankers' acceptances rate and CDOR plus a margin). The margin was determined based on a financial ratio. Post June 28, 2024, CDOR rates were no longer being published. As a result, in the second quarter of Fiscal 2024, the Company entered into amendments that included the transition from the CDOR to the CORRA.

During the 39-week period ended November 1, 2025, the Company did not borrow any amounts under the credit facility.

During the 39-week period ended November 2, 2024, the Company repaid \$9,500 on its term loan, \$70,000 on its revolving facility and had drawings of \$7,000 under the revolving facility. The average interest rate for this period was 7.12%.

The credit facilities are secured by first ranking security on all the movable and immovable, present and future assets of the Company, including all cash on hand.

As at November 1, 2025, the Company was compliant with all of its financial ratio requirements.

15 Share capital

On or about November 20, 2024, as part of a Pre-Closing Reorganization, the Company amended its articles to create new share categories: preferred shares, multiple voting shares, and subordinate voting shares. Following this, the Company re-designated all issued and outstanding Class "A" shares as multiple voting shares on the basis of 4.249 Class "A" shares per multiple voting share (the "Share Consolidation"). Finally, 16084915 Canada Inc., 16084958 Canada Inc. and 16084834 Canada Inc. (collectively, the "Selling Shareholders") converted 14,285,715 multiple voting shares into subordinate voting shares to satisfy their obligations under the underwriting agreement entered into in connection with the Company's initial public offering ("IPO"). Following this, the shareholders also granted the underwriters an over-allotment option to purchase up to an additional 2,142,857 subordinate voting shares at a price of \$21, which was partially exercised, resulting in additional gross proceeds of approximately \$13.6 million and the issuance of 671,967 subordinate voting shares.

Prior to the Pre-Closing Reorganization, the authorized equity share capital, consisted of, without par value, an unlimited number of:

- Class A shares, participating, voting
- Class B shares, participating, non-voting
- Class H shares, participating, voting

Since the Pre-Closing Reorganization, the authorized equity share capital, consists of, without par value, an unlimited number of:

Groupe Dynamite Inc.**Notes to Condensed Interim Consolidated Financial Statements****For the 13-week and 39-week periods ended November 1, 2025 and November 2, 2024**

(Unaudited, expressed in thousands of Canadian dollars, unless noted otherwise)

Preferred shares, issuable in series, nonvoting, entitled to preference over subordinated voting shares and multiple voting shares with respect to payment of dividends and distribution of assets

Multiple voting shares, voting rights at 10 votes per share, entitled to receive dividends on a share-for-share basis, but subject to the rights of the holders of any preferred shares, and convertible on a share-for-share basis into subordinate voting shares

Subordinate voting shares, voting rights at 1 vote per share, entitled to receive dividends on a share-for-share basis, but subject to the rights of the holders of any preferred shares, non-convertible into any other class of shares

During the 39-week period ended November 1, 2025, the Company repurchased 648,000 subordinate voting shares for cancellation under the NCIB at an average price of \$26.44 per subordinate voting share for total cash consideration of approximately \$17,135.

On April 21, 2025, the Company entered into an automatic share purchase plan (“ASPP”) to facilitate repurchases of subordinate voting shares under its NCIB. Under the ASPP, the Company’s broker may purchase subordinate voting shares from the effective date of the ASPP until the termination of the ASPP. All purchases of subordinate voting shares made under the ASPP will be included in determining the number of subordinate voting shares purchased under the NCIB. As at November 1, 2025, there was no provision for the repurchase of subordinate voting shares under the ASPP.

Equity shares are issued as fully paid and without par value

	39-week periods ended			
	November 1, 2025		November 2, 2024	
	Number of shares	Carrying amount	Number of shares	Carrying amount
Class A shares	-	-	456,977,801	-
Multiple voting shares	92,615,622	500	-	-
Subordinate voting shares				
Beginning balance	15,405,043	991	-	-
Exercise of stock options	951,680	5,643	-	-
Purchased and cancelled	(648,000)	(87)	-	-
Ending balance	15,708,723	6,547	-	-
Equity shares	108,324,345	7,047	456,977,801	-

16 Stock-based compensation

Commencing in 2021, the Company established a stock option plan whereby certain members of management were granted stock options (each, a “Legacy Option”) to purchase Class “H” shares in the Company (the “Legacy Option Plan”). The options had a 5-year term, were granted annually, and vested in different tranches over a four-year period from the date of the grant.

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In connection with the IPO, in Fiscal 2024, the Legacy Option Plan was amended and restated to extend the expiry date of outstanding options held by non-U.S. citizens such that each option now has a term of 10 years from its original grant date. Additionally, each Legacy Option allowed the holder to acquire 0.235 subordinate voting shares at an exercise price that is 4.249 times the original exercise price.

During Fiscal 2024, the Company established two new equity incentive plans.

The new omnibus equity incentive plan includes stock options, restricted share units ("RSUs"), deferred share units ("DSUs") and performance share units ("PSUs"). The units can be settled in cash or shares at the discretion of the Company. Settlement is currently anticipated to be in cash, with a vesting period of up to three years. The maximum number of subordinate voting shares available for issuance under the Omnibus Plan is 16,000,000. Following establishment of the new omnibus equity incentive plan, no additional options were granted under the Legacy Plan.

Under the new Shared Success Program, all of our then current eligible employees, and going forward, all of our newly-hired eligible employees, will receive a grant of DSUs. Each employee's vested DSUs will be settled for cash equal to the market value of the DSUs and related dividend share units when the employee ceases to hold all positions with the Company and its related entities. The units vest on the second anniversary of the grant date.

Stock options

The following number of stock options, along with their respective exercise prices, were issued and outstanding during the periods after giving effect, on a retrospective basis, to the Share Consolidation:

	39-week periods ended			
	November 1, 2025		November 2, 2024	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding, at beginning of period	7,441,441	\$3.87	8,327,273	\$3.85
Granted	740,588	\$13.79	525,455	\$4.29
Exercised	(985,175)	\$3.80	-	-
Cancelled	(204,826)	\$4.00	(730,492)	\$4.07
Outstanding, at the end of period	6,992,028	\$4.92	8,122,236	\$3.86

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Information relating to share options outstanding and vested as at November 1, 2025 is as follows:

Range of exercise prices	Stock options outstanding			Stock options exercisable		
	Number issued	Weighted average remaining contractual life (years)	Weighted average exercise price	Number issued	Weighted average remaining contractual life (years)	Weighted average exercise price
\$0.01 – \$4.00	4,765,066	4.6	\$3.74	4,357,127	4.5	\$3.74
\$4.01 - \$8.00	1,486,374	7.3	\$4.29	575,393	7.2	\$4.29
\$8.01 - \$14.00	737,691	9.5	\$13.75	-	-	-
\$14.01 - \$25.00	2,897	9.6	\$24.26	-	-	-
	6,992,028	5.7	\$4.92	4,932,520	4.8	\$3.80

Key inputs into the determination of the fair value of the stock options granted include the following:

	November 1, 2025	November 2, 2024
	\$	\$
Weighted average share price at grant date	\$13.79	\$4.29
Expected volatility ⁽¹⁾	59.3%	64.0%
Expected option life	7 years	5 years
Dividend yield	-	-
Risk-free interest rate	3.00%	2.90%

- (1) The Company has determined expected volatility based on comparable entities from the fashion retail industry sector of the TMX and NYSE. Volatility has been calculated using the daily historical closing values of those entities selected for the period of time prior to the grant date of the equity share option, or similar instrument, that is equal in length to the expected term of the equity share option or similar instrument.

Stock-based compensation awards

As of November 1, 2025, the following awards were granted under the new equity incentive plans.

	39-week period ended November 1, 2025			
	RSUs		DSUs	
	Number of awards	Weighted average grant date fair value \$	Number of awards	Weighted average grant date fair value \$
Outstanding, at beginning of period	-	-	-	-
Granted	285,920	\$18.12	332,176	\$17.54
Cancelled	(15,372)	\$14.31	(86,451)	\$14.35
Outstanding, at the end of period	270,548	\$18.34	245,725	\$18.66

As at November 1, 2025, the fair value of the RSU liability is \$2,251 and the fair value of the DSU

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liability is \$1,974. The long-term portion of these liabilities is presented under Other long-term liabilities.

Stock-based compensation expense

Total compensation cost recognized for stock-based compensation awards is:

	13-week periods ended		39-week periods ended	
	November 1, 2025	November 2, 2024	November 1, 2025	November 2, 2024
	\$	\$	\$	\$
Equity-settled plans				
Stock options	1,054	900	2,667	2,740
Cash-settled plans				
Restricted share units	1,694	-	2,251	-
Deferred share units	1,287	-	1,974	-
Total return swap (note 18)	(1,856)	-	(2,330)	-
	2,179	900	4,562	2,740

17 Additional information relating to the consolidated statement of cash flows

The changes in operating assets and liabilities are detailed as follows:

	39-week periods ended	
	November 1, 2025	November 2, 2024
	\$	\$
Receivables	(6,753)	(777)
Inventories	(21,924)	(22,041)
Prepaid expenses and other financial instruments	(12,301)	5,831
Accounts payable and accrued expenses	42,687	14,672
Income taxes	44,141	(3)
Deferred revenue	4,036	(189)
	49,886	(2,507)

The Company entered into the following transactions which had no impact on cash flows:

	November 1, 2025	November 2, 2024
	\$	\$
Acquisition of property and equipment included in accounts payable and accrued expenses	20,870	2,802

18 Fair value of financial instruments

The Company determines the fair value of its financial instruments using market-observable data to the extent it is available. These financial instruments include cash, receivables, total return swap receivables, accounts payable and accrued expenses, notes payable to parent companies, long-term debt, lease liabilities and financial derivative instruments.

Cash, receivables, accounts payable and accrued expenses, notes payable to parent companies and long-term debt are all financial instruments measured at amortized cost. The fair value of these instruments approximate their carrying value due to their short-term maturities or market interest rates.

Total return swap receivable

The total return swap is a contractual agreement to exchange payments based on a specified notional amount and the underlying financial assets for a specific period. The total return to the Company includes the total return generated by the underlying notional shares of the Company, plus any appreciation, if there is any, in the market value of the notional shares of the Company, less the amount equal to any decline, if there is any, in the market value of the underlying notional shares of the Company. The total return swap agreement requires the exchange of net contractual payments periodically with the exchange of the notional principal amounts on which the payments are based.

The method of recognizing the resulting gain or loss depends on the application of hedge accounting. The total return swap receivable reflects the market value of the swap agreement and is determined by reference to the value of the underlying notional shares of the Company at each reporting date. The total return swap receivables have been classified as level 2.

During the 39-week period ended November 1, 2025, the Company uses total return swaps to hedge the risk of changes in future cash flows related to the RSU and DSU plans. The Company has funded the total return swap by prepayments to the counterparty of the initial notional amount of the swap. The Company receives the economic benefit of the share price appreciation while providing payments to the financial institution for any share price depreciation. These financial instruments are designated as part of a cash flow hedge against the portion of the unrecognized obligation of the RSU and DSU plans. The total return swaps receivables are recorded in prepaid expense and other financial instruments. As at November 1, 2025, the carrying amount of the hedging instrument was \$13,733 (nil as at February 1, 2025).

During the 39-week period ended November 1, 2025, the effective portion of the changes in fair values of the hedging instrument resulted in a gain of \$8,063 which has been recorded in other comprehensive income. There was no hedge ineffectiveness recorded in net earnings.

Financial derivative instruments

The Company may enter into foreign currency forward contracts and interest rate swaps. Financial derivative instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The fair value of foreign currency forward instruments is determined using valuation techniques and calculated as the present value of estimated

future cash flows using interest rate yield curve as well as market data. The financial derivative instruments reflect the estimated amounts that the Company would receive or pay to transfer the contracts in an orderly transaction between market participants at each reporting date. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

During the 39-week period ended November 2, 2024, the Company recorded unrealized gains of \$155 for the change in fair value for these contracts in net earnings, \$758 realized gains arising from the settlement of derivative contracts and \$1,061 unrealized losses in other comprehensive income. The derivative financial instruments have been classified as level 2.

There were no transfers between the levels of the fair value of hierarchy for the periods ended November 1, 2025 and November 2, 2024.

19 Capital management

The Company's objectives when managing capital are to ensure sufficient liquidity to enable the financing of capital projects thereby facilitating its growth and maintaining a flexible capital structure that optimizes the cost of capital and preserves the ability to meet financial obligations. The Company defines capital as its credit facility and shareholders' equity. The Company's primary uses of capital are to finance new store and renovation projects and other investment projects. The Company currently funds these requirements out of its internally generated cash flows. The Company is subject to financial covenants pursuant to its revolving credit facility presented in note 14.

20 Related party transactions

As at November 1, 2025, the outstanding balance of lease liabilities owed to a company under common control totaled \$19,443 (\$21,167 as at February 1, 2025).

During the 13-week period ended November 1, 2025, occupancy costs charged by the company under common control but not included in the lease liabilities totaled \$367 (\$209 for the 13-week period ended November 2, 2024). These locations include the head office as well as specific leased retail sites. The Company also recognized \$nil (\$2,303 for the 13-week period ended November 2, 2024) for the interest received on the promissory note receivable from parent entity and \$13 (\$132 for the 13-week period ended November 2, 2024) for the administrative services rendered to the parent entity.

During the 39-week period ended November 1, 2025, occupancy costs charged by the company under common control but not included in the lease liabilities totaled \$1,206 (\$363 for the 39-week period ended November 2, 2024). The Company also recognized \$nil (\$7,219 for the 39-week period ended November 2, 2024) for the interest received on the promissory note receivable from parent entity and \$76 (\$395 for the 39-week period ended November 2, 2024) for the administrative services rendered to the parent entity.

These transactions are recorded at the amount of consideration paid as established and agreed to by the related parties, which approximate market value. The related parties and the parent company are entities under the control of the Chair and CEO, Andrew Lutfy.

21 Commitments and contingencies

Commitments

In the normal course of business, the Company delivered irrevocable standby letters of credit issued by highly rated financial institutions to various third parties to indemnify them in the event the Company does not perform its contractual obligations. As at November 1, 2025, standby letters of credit outstanding amounted to \$10,676 (\$11,140 as at February 1, 2025).

Our third-party manufacturers acquire raw materials on our behalf for use in upcoming production in the normal course of business. As of November 1, 2025, we have purchase obligations totaling \$12,630 (\$16,202 as at February 1, 2025), which reflect commitments for fabric expected to be utilized in the next seasons.

Contingencies

In the ordinary course of business, the Company is exposed to various proceedings and claims. The Company assesses the validity of these proceedings and claims. Provisions are made whenever a penalty seems probable and a reliable estimate of the amount can be made. Management believes that any settlement arising from claims will not have a significant effect on the Company's consolidated financial position or overall trends in consolidated results of operations.

22 Segmented information

The Company defines an operating segment on the same basis that it uses to evaluate performance internally and to allocate resources by the Chief Operating Decision Maker (the "CODM"). The Company has determined that the Chief Executive Officer with the Chief Operating Officer, and Chief Financial Officer, are its CODM and there is one operating segment. Therefore, the Company reports as a single segment. This includes all sales channels accessed by the Company's clients, including sales through the Company's website and sales at the Company's boutiques.

The following table summarizes Revenue by geographic location of the Company's customers:

	13-week periods ended		39-week periods ended	
	November 1, 2025	November 2, 2024	November 1, 2025	November 2, 2024
	\$	\$	\$	\$
Canada	159,347	127,895	417,731	346,436
United States	203,623	130,877	498,320	340,324
Revenue	362,970	258,772	916,051	686,760

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The Company's non-current, non-financial assets (property and equipment, intangible assets and right-of-use assets) are geographically located as follows:

	November 1, 2025	February 1, 2025
	\$	\$
Canada	212,454	183,889
United States	338,561	266,730
	551,015	450,619

23 Subsequent events

On December 8, 2025, the Board of Directors declared a one-time special cash dividend to shareholders of \$2.30 per share on its subordinate voting shares and multiple voting shares. This dividend is payable on December 29, 2025 to shareholders of record at the close of business on December 19, 2025.