

REITMANS

(CANADA) LIMITED

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

For the 13 and 26 weeks ended July 29, 2023

REITMANS

(CANADA) LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of Reitmans (Canada) Limited and its subsidiaries ("Reitmans" or the "Company") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Reitmans as at and for the 13 and 26 weeks ended July 29, 2023 and the audited annual consolidated financial statements for the fiscal year ended January 28, 2023 and the notes thereto which are available on the SEDAR+ website at www.sedarplus.ca. This MD&A is dated September 14, 2023.

All financial information contained in this MD&A and Reitmans' unaudited condensed consolidated interim financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS"), also referred to as Generally Accepted Accounting Principles ("GAAP"), as issued by the International Accounting Standards Board ("IASB"). All monetary amounts shown in the tables in this MD&A are in millions of Canadian dollars unless otherwise indicated, except per share and strike price amounts. The unaudited condensed consolidated interim financial statements and this MD&A were reviewed by Reitmans' Audit Committee and were approved by its Board of Directors on September 14, 2023.

Unless otherwise indicated, all comparisons of results for the 13 weeks ended July 29, 2023 ("second quarter of 2024") are against results for the 13 weeks ended July 30, 2022 ("second quarter of 2023") and all comparisons of results for the 26 weeks ended July 29, 2023 ("year to date fiscal 2024") are against results for the 26 weeks ended July 30, 2022 ("year to date fiscal 2023").

Additional information about Reitmans 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 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 MD&A 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 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 US 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 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 and weather;
- the inability of the Company's information technology ("IT") infrastructure to support the requirements of the Company's business, or the occurrence of any internal or external security breaches, denial of service attacks, viruses, worms and other known or unknown cyber security or data breaches;
- failure to realize benefits from investments in the Company's new IT systems;
- the inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory and to control shrinkage;
- failure to realize anticipated results, including revenue growth, anticipated cost savings or operating efficiencies associated with the Company's major initiatives, including those from restructuring; 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"), adjusted results from operating activities ("Adjusted ROA") and working capital. This MD&A also indicates Adjusted EBITDA as a percentage of net sales and is considered a non-GAAP financial ratio. Net sales represent the sale of merchandise less discounts and returns. 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 sales indicates how much liquidity is generated for each dollar of net sales. 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 items, 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 items, pension curtailment gain and Federal subsidies presents the on-going operational performance of the business.

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, results from operating activities to Adjusted ROA and the composition of working capital:

	For the second quarter of		Year to date fiscal	
	2024	2023	2024	2023
Net earnings	\$ 13.4	\$ 37.3	\$ 9.5	\$ 35.6
Depreciation, amortization and net impairment losses on property and equipment, and intangible assets	3.4	3.1	7.0	8.2
Depreciation on right-of-use assets	8.1	7.3	15.9	13.1
Interest income	(1.3)	(0.2)	(2.2)	(0.2)
Interest expense on lease liabilities	1.7	1.3	3.3	2.3
Interest expense on revolving credit facility	-	0.1	-	0.4
Income tax expense (recovery)	4.6	(0.5)	3.5	(0.5)
Loss on foreign currency translation differences reclassified to net earnings	-	-	1.0	-
Pension curtailment gain	(0.9)	-	(0.9)	-
Rent impact from IFRS 16, <i>Leases</i> ¹	(9.8)	(8.6)	(19.2)	(15.4)
Federal subsidies	-	-	-	(1.2)
Restructuring (recoveries) costs, net	-	(0.2)	-	0.4
Adjusted EBITDA	\$ 19.2	\$ 39.6	\$ 17.9	\$ 42.7
Adjusted EBITDA as % of Sales	9.0%	17.3%	4.7%	11.1%

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

	For the second quarter of		Year to date fiscal	
	2024	2023	2024	2023
Depreciation on right-of-use assets	\$ 8.1	\$ 7.3	\$ 15.9	\$ 13.1
Interest expense on lease liabilities	1.7	1.3	3.3	2.3
Rent impact from IFRS 16, <i>Leases</i>	\$ 9.8	\$ 8.6	\$ 19.2	\$ 15.4

	For the second quarter of		Year to date fiscal	
	2024	2023	2024	2023
Results from operating activities	\$ 18.9	\$ 38.0	\$ 15.3	\$ 37.6
Pension curtailment gain	(0.9)	-	(0.9)	-
Federal subsidies	-	-	-	(1.2)
Restructuring (recoveries) costs, net	-	(0.2)	-	0.4
Adjusted ROA	\$ 18.0	\$ 37.8	\$ 14.4	\$ 36.8

	As at July 29, 2023	As at July 30, 2022	As at January 28, 2023
Current assets	\$266.7	\$230.9	\$265.9
Current liabilities	106.7	97.2	122.9
Working capital	\$160.0	\$133.7	\$143.0

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.

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 of its banners. The online channels provide customers convenience, selection and ease of purchase, while enhancing customer loyalty and continuing to build the brands. The Company currently operates under the following banners:

Reitmans

The Reitmans banner, founded in 1926, operates stores averaging 4,700 sq. ft. and is Canada's leading specialty fashion destination. With a strong online presence and store locations across the country, Reitmans customers account for over one-third of Canadian women. 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 January 28, 2023	Q1 Openings	Q1 Closings	Q2 Openings	Q2 Closings	Number of stores at July 29, 2023	Number of stores at July 30, 2022
Reitmans	235	1	(1)	2	(2)	235	236
PENN.	91	1	(1)	1	(2)	90	91
RW&CO.	80	-	-	-	-	80	77
Total stores	406	2	(2)	3	(4)	405	404

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 SECOND QUARTER OF 2024 COMPARED TO THE SECOND QUARTER OF 2023

	Second Quarter of 2024	Second Quarter of 2023	\$ Change	% Change
Net sales	\$ 213.2	\$ 229.2	\$ (16.0)	(7.0)%
Cost of goods sold	94.9	90.5	4.4	4.9%
Gross profit	118.3	138.7	(20.4)	(14.7)%
Gross profit %	55.5%	60.5%		
Selling, distribution and administrative expenses ¹	99.4	100.7	(1.3)	(1.3)%
Results from operating activities	18.9	38.0	(19.1)	(50.3)%
Net finance costs	(0.9)	(1.2)	0.3	25.0%
Earnings before income taxes	18.0	36.8	(18.8)	(51.1)%
Income tax (expense) recovery	(4.6)	0.5	(5.1)	n/a
Net earnings	\$ 13.4	\$ 37.3	\$ (23.9)	(64.1)%
Adjusted EBITDA ²	\$ 19.2	\$ 39.6	\$ (20.4)	(51.5)%
Adjusted ROA ²	\$ 18.0	\$ 37.8	\$ (19.8)	(52.4)%
Earnings per share:				
Basic	\$ 0.27	\$ 0.76	\$ (0.49)	(64.5)%
Diluted	0.27	0.76	(0.49)	(64.5)%

¹ Includes \$0.9 million of pension curtailment gain for the second quarter of 2024 and \$0.2 million of restructuring costs recovery for the second quarter of 2023.

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 Sales

Net sales for the second quarter of 2024 decreased by \$16.0 million, or 7.0%, to \$213.2 million. Comparable sales¹, which include e-commerce net sales, decreased 7.0% during the second quarter of 2024. The decrease in comparable sales was primarily due to lower average transaction values and higher promotional activity. In addition, we believe that comparatively higher interest rates and inflation overall compared to the corresponding period last year negatively impacted consumer spending during the second quarter of 2024.

The breakdown of net sales was as follows:

	Second Quarter of 2024	Second Quarter of 2023	\$ Change	% Change
Retail stores	\$ 161.8 75.9%	\$ 172.8 75.4%	\$ (11.0)	(6.4)%
E-commerce	51.4 24.1%	56.4 24.6%	(5.0)	(8.9)%
Net sales	\$ 213.2 100.0%	\$ 229.2 100.0%	\$ (16.0)	(7.0)%

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

Gross Profit

Gross profit for the second quarter of 2024 decreased \$20.4 million to \$118.3 million as compared with \$138.7 million for the second quarter of 2023. Gross profit as a percentage of net sales for the second quarter of 2024 decreased to 55.5% from 60.5% for the second quarter of 2023. The decrease in gross profit and as a percentage of net sales is primarily attributable to higher markdown and promotional activity combined with an unfavorable foreign exchange impact of approximately \$4.8 million on U.S. dollar denominated purchases included in cost of goods sold, partially offset by

lower supply chain costs in the second quarter of 2024 as global shipping industry disruptions were prevalent in the second quarter of 2023.

Selling, Distribution and Administrative Expenses

Total selling, distribution and administrative expenses of \$99.4 million for the second quarter of 2024 decreased by \$1.3 million or 1.3%, as compared to the second quarter of 2023, primarily attributable to the following:

- a \$6.4 million decrease in performance incentive plan expense, which plan expense is based upon the forecasted attainment of operating performance targets in the second quarter of 2024;
 - a \$0.9 million non-recurring curtailment gain recognized in the second quarter of 2024 as a result of the Company's decision to wind-up its defined benefit pension plan as at June 30, 2024;
- partially offset by,
- Increased store operating costs due primarily to higher store personnel costs;
 - higher head office and distribution centre personnel costs due to wage increases and to support targeted growth areas of the business;
 - increased software expenses as a result of the Company's investment in cloud service providers and e-commerce initiatives;
 - a \$0.3 million increase in depreciation, amortization and net impairment losses on property and equipment and intangible assets.

Net Finance Costs

Net finance costs were \$0.9 million for the second quarter of 2024 and \$1.2 million for the second quarter of 2023. The decrease of \$0.3 million in net finance costs is primarily attributable to higher interest income of \$1.1 million earned on funds held with a Canadian bank and no interest incurred on the revolving credit facility, partially offset by higher interest expense of \$0.4 million related to lease liabilities as compared to the second quarter of 2023, and a foreign exchange loss of \$0.5 million on U.S. denominated net monetary assets in the second quarter of 2024.

Income Taxes

Income tax expense for the second quarter of 2024 amounted to \$4.6 million for an effective tax rate of 25.56%. The effective tax rate for the second quarter of 2024 was primarily impacted by the difference in tax rate related to the operations of a foreign subsidiary and by non-deductible permanent differences.

The income tax recovery of \$0.5 million for the second quarter of 2023 is mainly comprised of adjustments in respect of prior periods, net of the estimated tax expense related to the operations of a foreign subsidiary. As at July 30, 2022, management's assessment, was that it was not probable that future taxable profits would be available. Consequently, as at July 30, 2022, the Company did not recognize deferred tax assets on all temporary differences and operating losses carried forward relating to its Canadian based operations.

Net Earnings

Net earnings for the second quarter of 2024 were \$13.4 million (\$0.27 basic and diluted earnings per share) as compared with net earnings of \$37.3 million (\$0.76 basic and diluted earnings per share) for the second quarter of 2023. The decrease in net earnings of \$23.9 million is primarily attributable the decrease in gross profit and an increase in income tax expense, as noted above.

Adjusted EBITDA

Adjusted EBITDA for the second quarter of 2024 was \$19.2 million as compared to \$39.6 million for the second quarter of 2023. The decrease of \$20.4 million is primarily attributable to a decrease in gross profit, as noted above.

Adjusted ROA

Adjusted ROA for the second quarter of 2024 was \$18.0 million as compared with \$37.8 million for the second quarter of 2023. The decrease of \$19.8 million is primarily attributable to a decrease in gross profit, as noted above.

OPERATING RESULTS FOR THE YEAR TO DATE FISCAL 2024 COMPARED TO THE YEAR TO DATE FISCAL 2023

	Year to date Fiscal 2024	Year to date Fiscal 2023	\$ Change	% Change
Net sales	\$ 378.3	\$ 383.1	\$ (4.8)	(1.3)%
Cost of goods sold	171.9	160.4	11.5	7.2%
Gross profit	206.4	222.7	(16.3)	(7.3)%
Gross profit %	54.6%	58.1%		
Selling, distribution and administrative expenses ¹	191.1	185.1	6.0	3.2%
Results from operating activities	15.3	37.6	(22.3)	(59.3)%
Net finance costs	(2.3)	(2.5)	0.2	8.0%
Earnings before income taxes	13.0	35.1	(22.1)	(63.0)%
Income tax (expense) recovery	(3.5)	0.5	(4.0)	n/a
Net earnings	\$ 9.5	\$ 35.6	\$ (26.1)	(73.3)%
Adjusted EBITDA ²	\$ 17.9	\$ 42.7	\$ (24.8)	(58.1)%
Adjusted ROA ²	\$ 14.4	\$ 36.8	\$ (22.4)	(60.9)%
Earnings per share:				
Basic	\$ 0.20	\$ 0.73	\$ (0.53)	(72.6)%
Diluted	0.19	0.73	(0.54)	(74.0)%

¹ Includes \$0.9 million of pension curtailment gain for the year to date fiscal 2024 and \$0.4 million of restructuring costs for the year to date fiscal 2023.

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 sales

Net sales for the year to date fiscal 2024 decreased by \$4.8 million, or 1.3%, to \$378.3 million. Comparable sales¹, which include e-commerce net sales, decreased 1.6% during the year to date fiscal 2024. The decrease in comparable sales was primarily due to lower average transaction values and higher promotional activity. In addition, 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.

The breakdown of net sales was as follows:

	Year to date Fiscal 2024	Year to date Fiscal 2023	\$ Change	% Change
Retail stores	\$ 282.7 74.7%	\$ 281.7 73.5%	\$ 1.0	0.4%
E-commerce	95.6 25.3%	101.4 26.5%	(5.8)	(5.7)%
Net sales	\$ 378.3 100.0%	\$ 383.1 100.0%	\$ (4.8)	(1.3)%

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

Gross Profit

Gross profit for the year to date fiscal 2024 decreased \$16.3 million to \$206.4 million as compared with \$222.7 million for the year to date fiscal 2023. Gross profit as a percentage of sales for the year to date fiscal 2024 decreased to 54.6% from 58.1% for the year to date fiscal 2023. The decrease both in gross profit and as a percentage of sales 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 \$8.2 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.

Selling, Distribution and Administrative Expenses

Total selling, distribution and administrative expenses of \$191.1 million for the year to date fiscal 2024 increased by \$6.0 million or 3.2%, as compared to the year to date fiscal 2023 primarily attributable to the following:

- increased store operating costs due primarily to higher store personnel costs;
- previous preferential rent arrangements were renewed at closer to market lease rates. The Company continues to benefit from excellent relationships with its landlords;
- a \$1.2 million decrease in financial support from Federal subsidy programs that ended in the earlier portion of the year to date fiscal 2023;
- higher head office and distribution centre personnel costs due to wage increases and to support growth areas of the business;
- increased software expenses as a result of the Company's investment in cloud service providers and e-commerce initiatives;

partially offset by,

- a \$6.4 million decrease in performance incentive plan expense, which plan expense is based upon the forecasted attainment of operating performance targets in the year to date fiscal 2024;
- a \$0.9 million non-recurring curtailment gain recognized in the year to date fiscal 2024, as a result of the Company's decision to wind-up its defined benefit pension plan effective as at June 30, 2024;
- a \$1.2 million decrease in depreciation, amortization and net impairment losses due primarily to the Company's controlled spending in property and equipment and intangible assets.

Net Finance Costs

Net finance costs were \$2.3 million for the year to date fiscal 2024 as compared to \$2.5 million for the year to date fiscal 2023. The decrease of \$0.2 million is primarily attributable to \$2.0 million of higher interest income earned on funds held with a Canadian bank and no interest incurred on the revolving credit facility, partially offset by a \$1.0 million loss on foreign currency translation differences from the wind-up of a foreign operation, higher interest expense of \$1.0 million related to lease liabilities as compared to the year to date fiscal 2023, and a foreign exchange loss on U.S. denominated net monetary assets in the second quarter of 2024.

Income Taxes

Income tax expense for the year to date fiscal 2024 amounted to \$3.5 million for an effective tax rate of 26.92%. The effective tax rate for the year to date fiscal 2024 was primarily impacted by a non-deductible foreign currency translation loss reclassified to net earnings due to the wind-up of a foreign operation of \$1.0 million, non-deductible permanent differences and the difference in tax rate related to the operations of a foreign subsidiary.

The income tax recovery of \$0.5 million for the year to date fiscal 2023 is mainly comprised of adjustments in respect of prior periods, net of the estimated tax expense related to the operations of a foreign subsidiary. As at July 30, 2022, management's assessment, was that it was not probable that future taxable profits would be available. Consequently, as at July 30, 2022, the Company did

not recognize deferred tax assets on all temporary differences and operating losses carried forward relating to its Canadian based operations.

Net Earnings

Net earnings for the year to date fiscal 2024 was \$9.5 million (\$0.20 basic and \$0.19 diluted earnings per share) as compared with \$35.6 million (\$0.73 basic and diluted earnings per share) for the year to date fiscal 2023. The decrease in net earnings of \$26.1 million is primarily attributable to the decrease in gross profit, the increase in operating costs and the increase in income tax expense, as noted above.

Adjusted EBITDA

Adjusted EBITDA for the year to date fiscal 2024 was \$17.9 million as compared to \$42.7 million for the year to date fiscal 2023. The decrease of \$24.8 million is primarily attributable to the decrease in gross profit and the increase in operating costs, as noted above.

Adjusted ROA

Adjusted ROA for the year to date fiscal 2024 was \$14.4 million as compared to \$36.8 million for the year to date fiscal 2023. The decrease of \$22.4 million is primarily attributable to the decrease in gross profit and the increase in operating costs, as noted above.

FOREIGN EXCHANGE CONTRACTS

The Company imports a majority of its merchandise purchases from foreign vendors, with lead times in some cases extending twelve months. In June 2023, the Company began entering into foreign exchange forward contracts to hedge a portion of its exposure to fluctuations in the value of the U.S. dollar, generally up to twelve months in advance. The Company's policy is to satisfy up to 80% of projected U.S. dollar denominated merchandise purchases in any given fiscal year by way of foreign exchange forward contracts, with any additional requirements being met through spot U.S. dollar purchases.

Details of the foreign exchange contracts outstanding as at July 29, 2023, 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
Foreign exchange forward contracts	\$ 1.316	\$ 72.0	\$ 0.4	\$ -	\$ 0.4

As at July 30, 2022 and January 28, 2023, the Company's hedging program were temporarily paused and there were no foreign exchange contracts outstanding.

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 “2024” are to the Company’s fiscal year ending February 3, 2024, “2023” are to the Company’s fiscal year ended January 28, 2023 and “2022” are to the Company’s fiscal year ended January 29, 2022.

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
	2024	2023	2024	2023	2023	2022	2023	2022
Sales	\$ 213.2	\$ 229.2	\$ 165.0	\$ 153.9	\$ 211.9	\$ 190.2	\$ 205.6	\$ 178.2
Net earnings (loss) from continuing operations ⁵	16.8	37.3	(3.8)	(1.7)	27.5	97.2	14.6	22.0
Earnings from discontinued operations, net of tax ⁵	-	-	-	-	-	-	-	4.8
Net earnings (loss)	16.8 ¹	37.3 ¹	(3.8)	(1.7) ²	27.5 ³	97.2 ³	14.6 ⁴	26.8 ⁴
Earnings (loss) per share								
Basic	\$ 0.27 ¹	\$ 0.76 ¹	\$ (0.08)	\$ (0.04) ²	\$ 0.56 ³	\$ 1.99 ³	\$ 0.30 ⁴	\$ 0.55 ⁴
Diluted	0.27 ¹	0.76 ¹	(0.08)	(0.04) ²	0.56 ³	1.99 ³	0.30 ⁴	0.55 ⁴
Earnings (loss) per share, continuing operations ⁵								
Basic	\$ 0.27	\$ 0.76	\$ (0.08)	\$ (0.04)	\$ 0.56	\$ 1.99	\$ 0.30	\$ 0.45
Diluted	0.27	0.76	(0.08)	(0.04)	0.56	1.99	0.30	0.45

¹ During the second quarter of 2024, net earnings includes a pension curtailment gain of \$0.9 million. During the second quarter of 2023, net earnings includes restructuring costs recovery of \$0.2 million.

² During the first quarter of 2023, net loss includes restructuring costs of \$0.6 million, partially offset by the impact of Federal subsidies totalling \$1.2 million.

³ During the fourth quarter of 2023, net earnings include \$1.9 million of restructuring costs recovery. During the fourth quarter of 2022, net earnings include the impact of Federal subsidies totalling \$4.7 million, gain on settlement of liabilities subject to compromise of \$88.6 million, partially offset by restructuring costs of \$0.5 million.

⁴ During the third quarter of 2023, net earnings include restructuring costs of \$0.1 million. During the third quarter of 2022, net earnings include the impact of Federal subsidies totalling \$1.6 million and a restructuring costs recovery of \$0.3 million.

⁵ During fiscal 2021, the Company closed the Thyme Maternity and Addition Elle banners which resulted in the termination of approximately 1,600 employees in its retail locations and head office and, as a result, these results had been classified as discontinued operations in fiscal 2022 and 2021. Discontinued operations were excluded from the net earnings (loss) from continuing operations and were presented as earnings (loss) from discontinued operations, net of tax, as a separate line item in the consolidated statements of earnings (loss).

BALANCE SHEET

Selected line items from the Company's balance sheets as at July 29, 2023 and January 28, 2023 are presented below:

	<u>July 29, 2023</u>	<u>January 28, 2023</u>	<u>\$ Change</u>	<u>% Change</u>
Cash	\$ 96.7	\$ 103.0	\$ (6.3)	(6.1)%
Trade and other receivables	3.6	3.2	0.4	12.5%
Derivative financial asset	0.4	-	0.4	n/a%
Inventories	148.8	142.3	6.5	4.6%
Prepaid expenses and other assets	17.3	14.5	2.8	19.3%
Property and equipment & intangible assets	63.9	66.5	(2.6)	(3.9)%
Right-of-use assets	90.9	79.9	11.0	13.8%
Pension asset	2.1	-	2.1	n/a%
Deferred income taxes	28.6	32.3	(3.7)	(11.5)%
Trade and other payables	66.3	81.1	(14.8)	(18.2)%
Deferred revenue	12.7	14.1	(1.4)	(9.9)%
Income taxes payable	0.7	1.0	(0.3)	(30.0)%
Lease liabilities (current and non-current)	99.0	87.5	11.5	13.1%

Changes at July 29, 2023 as compared to January 28, 2023 were primarily due to the following:

- cash decreased \$6.3 million primarily due to the payment of fiscal 2023 performance incentive plan award and the investments made in property and equipment, partially offset by cash generated from operations and the receipt of an amount of \$2.8 million previously held in trust by a Canadian financial institution;
- trade and other receivables increased primarily due to higher credit card receivables as at July 29, 2023 as compared to as at January 28, 2023;
- the derivative financial asset position is attributable to the mark-to-market adjustment on foreign exchange forward contracts that were entered into by the Company during the second quarter of 2024;
- inventories are higher primarily due to the normal build-up for the fall selling season;
- the increase of \$2.8 million in prepaid expenses and other assets is primarily due to the timing of payments related to service contracts;
- property and equipment & intangible assets decreased by \$2.6 million. During year to date fiscal 2024, \$5.5 million had been spent primarily on new stores, store renovations and corporate hardware and software investments. Depreciation and amortization of \$6.6 million and a net impairment of \$0.4 million on property and equipment and intangible assets were recognized in fiscal 2024 (\$7.6 million of depreciation and amortization and a net impairment of \$0.6 million on property and equipment and intangible assets were recognized in year to date fiscal 2023);
- 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 \$11.0 million primarily due to leases signed during the year to date fiscal 2024. Depreciation and amortization of \$15.9 million was recognized in year to date fiscal 2024 (\$13.1 million of depreciation and amortization was recognized in year to date fiscal 2023). No impairment charges were recognized in the year to date fiscal 2024 and 2023;
- pension asset increased by \$2.1 million primarily due to an actuarial gain of \$1.2 million recognized in other comprehensive income and a pension curtailment gain of \$0.9 million in the year to date fiscal 2024. On May 19, 2023, the Company's Board of Directors had approved the dissolution of the defined benefit pension plan ("Plan"). The effective date of the windup for the Plan is June 30, 2024;
- deferred tax assets decreased by \$3.7 million primarily due to the net reversal of deductible temporary differences. Deferred tax assets arise primarily due to temporary differences and

operating losses carried forward relating to the Canadian operations as a result of management's assessment that the Company has the ability to generate future profitable operations and that it is probable that future taxable profits will be available to utilize the tax benefits;

- trade and other payables decreased by \$14.8 million primarily due to the timing of payments related to trade and non-trade payables and personnel-related liabilities (including performance incentive plan awards);
- deferred revenue decreased by \$1.4 million largely due to gift card redemptions, partially offset by an increase in awards granted under customer loyalty programs;
- income taxes payable consists of estimated net tax liabilities of a foreign subsidiary. The decrease of \$0.3 million in income taxes payable is primarily due to payments made by a foreign subsidiary, partially offset by estimated income tax for the year to date fiscal 2024 by a foreign subsidiary;
- lease liabilities represent the present value of the Company's obligations to make lease payments for its store and equipment leases. During year to date fiscal 2024, lease liabilities increased by lease additions of \$27.2 million and interest expense of \$3.3 million, offset by payments of \$18.6 million and lease terminations of \$0.4 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 January 28, 2023 (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 July 29, 2023, compared to July 30, 2022, the Company increased its working capital¹ position by \$26.3 million with current assets of \$266.7 million (July 30, 2022 – \$230.9 million; January 28, 2023 - \$265.9 million) and current liabilities of \$106.7 million (July 30, 2022 - \$97.2 million; January 28, 2023 - \$122.9 million) and no long-term debt (other than lease liabilities). As at July 29, 2023, included in the Company's current assets is cash of \$96.7 million (July 30, 2022 - \$38.2 million; January 28, 2023 - \$103.0 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 July 29, 2023, July 30, 2022 and January 28, 2023.

In the year to date fiscal 2024, the Company invested \$5.5 million in capital expenditures. The Company expects to invest approximately \$20.0 million in capital expenditures in fiscal 2024. 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 including migrating legacy systems to cloud service providers and 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 January 28, 2023.

OUTSTANDING SHARE DATA

At September 14, 2023, 13,440,000 Common shares and 35,856,322 Class A non-voting shares of the Company were issued and outstanding. Each Common share entitles the holder thereof to one vote at meetings of shareholders of the Company. As at September 14, 2023, the Company has a total of 2,527,869 share options outstanding at an average exercise price of \$2.88. Each share option entitles the holder to purchase one Class A non-voting share of the Company at an exercise price established based on the market price of the shares at the date the option was granted.

OFF-BALANCE SHEET ARRANGEMENTS

Derivative Financial Instruments

The Company in its normal course of business must make long lead-time commitments for a significant portion of its merchandise purchases, in some cases as long as twelve months. Most of these purchases must be paid for in U.S. dollars. The Company considers a variety of strategies designed to manage the cost of its continuing U.S. dollar long-term commitments, including spot rate purchases and foreign currency forward contracts with maturities generally not exceeding twelve months and are normally designated as cash flow hedges.

Details of the foreign exchange contracts outstanding as at July 29, 2023, July 30, 2022 and January 28, 2023 are included in the "Foreign Exchange Contracts" section of this MD&A.

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 January 28, 2023.

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 January 28, 2023 (which is available on the SEDAR+ website at www.sedarplus.ca).

ADOPTION OF NEW ACCOUNTING POLICIES

The new accounting policies set out below have been adopted in the unaudited condensed consolidated interim financial statements as at and for the second quarter of 2024:

- Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

Further information on these new accounting policies can be found in Note 3 of the unaudited condensed consolidated interim financial statements for the second quarter of 2024.

REITMANS (CANADA) LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

(Unaudited)

(in thousands of Canadian dollars except per share amounts)

	Notes	For the 13 weeks ended		For the 26 weeks ended	
		July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Net sales	17	\$ 213,245	\$ 229,222	\$ 378,263	\$ 383,081
Cost of goods sold	5	94,934	90,549	171,851	160,445
Gross profit		118,311	138,673	206,412	222,636
Selling and distribution expenses		87,300	88,207	167,569	161,464
Administrative expenses		12,153	12,702	23,561	23,184
Restructuring	10	-	(213)	-	407
Results from operating activities		18,858	37,977	15,282	37,581
Finance income	14	1,245	147	2,166	227
Finance costs	14	(2,165)	(1,357)	(4,424)	(2,718)
Earnings before income taxes		17,938	36,767	13,024	35,090
Income tax (expense) recovery		(4,553)	552	(3,479)	512
Net earnings		\$ 13,385	\$ 37,319	\$ 9,545	\$ 35,602
Earnings per share:	15				
Basic		\$ 0.27	\$ 0.76	\$ 0.20	\$ 0.73
Diluted		0.27	0.76	0.19	0.73

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

REITMANS (CANADA) LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)
(in thousands of Canadian dollars)

	Notes	For the 13 weeks ended		For the 26 weeks ended	
		July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Net earnings		\$ 13,385	\$ 37,319	\$ 9,545	\$ 35,602
Other comprehensive income (loss)					
Items that are or may be reclassified subsequently to net earnings:					
Cash flow hedges (net of tax of \$98 for the 13 and 26 weeks ended July 29, 2023)	11	273	-	273	-
Loss on foreign currency translation differences reclassified to net earnings	11	-	-	1,044	-
Foreign currency translation differences	11	-	(11)	-	(18)
Items that will not be reclassified to net earnings:					
Net actuarial (loss) gain on defined benefit plan (net of tax of \$22 and \$324 for the 13 and 26 weeks ended July 29, 2023, respectively; net of tax of \$838 for the 13 and 26 weeks ended July 30, 2022)	6	(60)	(1,040)	898	(129)
Total other comprehensive income (loss)		213	(1,051)	2,215	(147)
Total comprehensive income		\$ 13,598	\$ 36,268	\$ 11,760	\$ 35,455

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

REITMANS (CANADA) LIMITED
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS

(Unaudited)
(in thousands of Canadian dollars)

	Notes	July 29, 2023	July 30, 2022	January 28, 2023
ASSETS				
CURRENT ASSETS				
Cash	4	\$ 96,681	\$ 38,173	\$ 103,004
Restricted cash	4	-	2,765	2,808
Trade and other receivables		3,562	4,947	3,241
Derivative financial asset	18	371	-	-
Inventories	5	148,814	153,750	142,302
Prepaid expenses and other assets		17,287	31,215	14,502
Total Current Assets		<u>266,715</u>	<u>230,850</u>	<u>265,857</u>
NON-CURRENT ASSETS				
Property and equipment		62,031	61,735	63,833
Intangible assets		1,891	3,469	2,638
Right-of-use assets		90,881	71,533	79,894
Pension asset	6	2,118	664	-
Deferred income taxes		28,646	186	32,308
Total Non-Current Assets		<u>185,567</u>	<u>137,587</u>	<u>178,673</u>
TOTAL ASSETS		<u>\$ 452,282</u>	<u>\$ 368,437</u>	<u>\$ 444,530</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade and other payables	8	\$ 66,280	\$ 57,098	\$ 81,087
Deferred revenue	9	12,705	11,961	14,100
Income taxes payable		666	816	1,018
Current portion of lease liabilities		27,022	27,299	26,741
Total Current Liabilities		<u>106,673</u>	<u>97,174</u>	<u>122,946</u>
NON-CURRENT LIABILITIES				
Lease liabilities		72,005	51,790	60,758
Total Non-Current Liabilities		<u>72,005</u>	<u>51,790</u>	<u>60,758</u>
SHAREHOLDERS' EQUITY				
Share capital	11	28,292	27,406	27,406
Contributed surplus		11,003	10,485	10,871
Retained earnings		234,036	182,453	223,593
Accumulated other comprehensive income (loss)	11	273	(871)	(1,044)
Total Shareholders' Equity		<u>273,604</u>	<u>219,473</u>	<u>260,826</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>\$ 452,282</u>	<u>\$ 368,437</u>	<u>\$ 444,530</u>

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

REITMANS (CANADA) LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS'
EQUITY

(Unaudited)
(in thousands of Canadian dollars)

	Notes	Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance as at January 29, 2023		\$ 27,406	\$ 10,871	\$ 223,593	\$ (1,044)	\$ 260,826
Net earnings		-	-	9,545	-	9,545
Total other comprehensive income	11	-	-	898	1,317	2,215
Total comprehensive income for the period		-	-	10,443	1,317	11,760
Cash consideration on exercise of share options	11	643	-	-	-	643
Ascribed value credited to share capital from exercise of share options	11	243	(243)	-	-	-
Share-based compensation costs	12	-	375	-	-	375
Total contributions by owners of the Company		886	132	-	-	1,018
Balance as at July 29, 2023		\$ 28,292	\$ 11,003	\$ 234,036	\$ 273	\$ 273,604
Balance as at January 30, 2022		\$ 27,406	\$ 10,295	\$ 146,980	\$ (853)	\$ 183,828
Net earnings		-	-	35,602	-	35,602
Total other comprehensive loss	11	-	-	(129)	(18)	(147)
Total comprehensive income (loss) for the period		-	-	35,473	(18)	35,455
Share-based compensation costs	12	-	190	-	-	190
Total contributions by owners of the Company		-	190	-	-	190
Balance as at July 30, 2022		\$ 27,406	\$ 10,485	\$ 182,453	\$ (871)	\$ 219,473

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

REITMANS (CANADA) LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited)
(in thousands of Canadian dollars)

		For the 13 weeks ended		For the 26 weeks ended	
	Notes	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Net earnings		\$ 13,385	\$ 37,319	\$ 9,545	\$ 35,602
Adjustments for:					
Depreciation, amortization and net impairment losses on property and equipment and intangible assets		3,405	3,130	6,980	8,210
Depreciation on right-of-use assets		8,145	7,282	15,919	13,093
Share-based compensation costs	12	66	190	375	190
Foreign exchange loss (gain)		1,533	1,262	1,225	(585)
Loss on foreign currency translation differences reclassified to net earnings	11,14	-	-	1,044	-
Interest on lease liabilities	14	1,683	1,258	3,269	2,273
Interest on revolving credit	14	-	99	-	445
Interest income	14	(1,245)	(121)	(2,166)	(155)
Income tax expense (recovery)		4,553	(552)	3,479	(512)
		31,525	49,867	39,670	58,561
Changes in:					
Trade and other receivables		426	-	(240)	2,666
Inventories	5	(9,761)	(16,245)	(6,512)	(34,778)
Prepaid expenses and other assets		(1,121)	5,463	(5,184)	11,375
Trade and other payables	8	15,444	3,843	(11,325)	24,074
Pension asset	6	(909)	(449)	(895)	144
Deferred revenue	9	482	(189)	(1,395)	(1,529)
Cash from operating activities		36,086	42,290	14,119	60,513
Interest paid		-	(165)	-	(481)
Interest received		1,114	97	2,085	148
Income taxes paid		-	-	(592)	(46)
Net cash flows from operating activities		37,200	42,222	15,612	60,134
CASH FLOWS USED IN INVESTING ACTIVITIES					
Additions to property and equipment and intangible assets	16	(2,054)	(774)	(5,516)	(3,250)
Cash flows used in investing activities		(2,054)	(774)	(5,516)	(3,250)
CASH FLOWS USED IN FINANCING ACTIVITIES					
Restricted cash	5	2,838	(6)	2,808	(8)
Net repayment of revolving credit facility	7	-	(34,439)	-	(29,634)
Payment of lease liabilities		(9,765)	(7,714)	(18,638)	(15,078)
Proceeds from issuance of share capital	11	643	-	643	-
Cash flows used in financing activities		(6,284)	(42,159)	(15,187)	(44,720)
FOREIGN EXCHANGE (LOSS) GAIN ON CASH HELD IN FOREIGN CURRENCY					
		(1,575)	(1,326)	(1,232)	507
NET INCREASE (DECREASE) IN CASH					
		27,287	(2,037)	(6,323)	12,671
CASH, BEGINNING OF THE PERIOD					
		69,394	40,210	103,004	25,502
CASH, END OF THE PERIOD					
		\$ 96,681	\$ 38,173	\$ 96,681	\$ 38,173

Supplementary cash flow information (note 16)

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

REITMANS (CANADA) LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Unaudited)

1. REPORTING ENTITY

Reitmans (Canada) Limited (the “Company”) is a company domiciled in Canada and is incorporated under the Canada Business Corporations Act. The address of the Company’s registered office is 155 Wellington Street West, 40th Floor, Toronto, Ontario M5V 3J7. The principal business activity of the Company is the sale of women’s wear. The Company’s issued and outstanding Common and Class A shares are listed on the Toronto Stock Venture Exchange under the symbol “RET.V” and “RET-A.V”, respectively.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) on a basis consistent with those accounting policies followed by the Company in the most recent audited annual consolidated financial statements except where noted below. These unaudited condensed consolidated interim financial statements have been prepared under IFRS in accordance with IAS 34, *Interim Financial Reporting*. Certain information, in particular the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements and the notes thereto for the year ended January 28, 2023.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on September 14, 2023.

b) Basis of Measurement

These unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for the following material items:

- lease liabilities are initially measured at the present value of the lease payments that are not paid at the lease commencement date;
- pension asset (liability) is recognized as the present value of the defined benefit obligation less the fair value of the plan assets;
- liabilities for cash-settled share-based payment arrangements are measured in accordance with IFRS 2, *Share-Based Payment*; and
- derivative financial instruments measured at fair value.

c) Seasonality of Interim Operations

The retail business is seasonable and the results of operations for any interim period are not necessarily indicative of the results of operation for the full fiscal year or any future period.

d) Functional and Presentation Currency

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand, except per share amounts.

e) Estimates, Judgments and Assumptions

The preparation of the unaudited condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosure of contingent assets and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. These estimates and assumptions are based on historical experience, other relevant factors and expectations of the future and are reviewed regularly. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates.

In preparing these unaudited condensed consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those applied and described in the Company's audited annual consolidated financial statements for the year ended January 28, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the significant accounting policies as disclosed in the Company's audited annual consolidated financial statements for the year ended January 28, 2023 have been applied consistently in the preparation of these unaudited condensed consolidated interim financial statements.

Adoption of new accounting policies:

Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued *Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements)*.

The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments help companies provide useful accounting policy disclosures. The key amendments include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*. The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

On May 7, 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*. The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The adoption of these amendments did not have a significant impact on the Company's unaudited condensed consolidated interim financial statements.

4. CASH AND RESTRICTED CASH

	<u>July 29, 2023</u>	<u>July 30, 2022</u>	<u>January 28, 2023</u>
Cash ⁽¹⁾	\$ 96,681	\$ 38,173	\$ 103,004
Restricted cash ⁽²⁾	-	2,765	2,808
	<u>\$ 96,681</u>	<u>\$ 40,938</u>	<u>\$ 105,812</u>

(1) The Company's cash held with banks bears interest at variable rates.

(2) Restricted cash represented cash held in trust by a Canadian financial institution as security on a standby letter of credit, which expired during the 13 and 26 weeks ended July 29, 2023. The cash bore interest at variable rates.

5. INVENTORIES

During the 13 and 26 weeks ended July 29, 2023, inventories recognized as cost of goods sold amounted to \$96,097 and \$168,706, respectively (\$93,936 and \$159,404 for the 13 and 26 weeks ended July 30, 2022, respectively). In addition, for the 13 and 26 weeks ended July 29, 2023, the Company recorded a reversal of \$1,163 and loss of \$3,145, respectively, of write-downs of inventories as a result of net realizable value being lower than cost (reversal of \$3,387 and loss of \$1,041 for the 13 and 26 weeks ended July 30, 2022, respectively).

Included in inventories is a return asset for the right to recover returned goods for \$1,952 as at July 29, 2023 (July 30, 2022 - \$1,935; January 28, 2023 - \$2,100).

6. PENSION ASSET

The Company recognized an actuarial loss of \$82 and gain of \$1,222 in other comprehensive income for the 13 and 26 weeks ended July 29, 2023, respectively, (loss of \$202 and gain of \$709 for the 13 and 26 weeks ended July 30, 2022) and subsequently reclassified the amounts from accumulated other comprehensive income to retained earnings based on an updated valuation of the net pension asset (liability).

On May 19, 2023, the Board of Directors approved the dissolution of the Company's defined benefit pension plan (the "Plan"). The effective date of the windup for the Plan is June 30, 2024 and subject to regulatory approval from Retraite Quebec. The Board of Directors approved the replacement of the Plan with a defined contribution pension plan. The curtailment of the Plan required a revaluation resulting in the recognition of a gain of \$919 for the 13 and 26 weeks ended July 29, 2023, recorded as \$576 in selling and distribution expenses and \$343 in administrative expenses.

7. REVOLVING CREDIT FACILITY

The Company has access to a senior secured asset-based revolving facility with a Canadian financial institution for an amount of up to \$115,000 ("Borrowing Base"), or its US dollar equivalent, which matures on January 12, 2025. The revolving credit facility is classified as a current liability in the unaudited condensed consolidated interim balance sheets as it is being managed and expected to be settled by the Company in its normal operating cycle. The Borrowing Base is dependent on certain factors including, but not limited to, the level of the Company's inventory, credit card receivables and the statutory amount payables to governmental authorities. As at July 29, 2023, the Company's Borrowing Base was \$95,250 (July 30, 2022 – \$95,250, January 28, 2023 – \$92,762).

The Company can borrow funds in Canadian or US dollars at prime, base, the Canadian Dollar Offered Rate ("CDOR") or the Second Overnight Financing Rate ("SOFR"). The facility bears interest at the prime or base rate, plus 0.50% or 0.75%, up to 2.00%, and at the CDOR or SOFR rate, plus 1.75% or 2.00%, based on the average excess availability of the credit facility per the Borrowing Base. Up to \$35,000 (or its U.S. dollar equivalent) of the facility can be withdrawn through secured letters of credit.

As at July 29, 2023, no amount (July 30, 2022 – nil, January 28, 2023 – nil) was drawn under the revolving credit facility and \$2,000 was committed for secured letters of credit (July 30, 2022 – \$2,008, January 28, 2023 – \$2,000).

The facility is secured by certain of the Company's assets including trade receivables, inventories and property and equipment. The Company is required to maintain certain financial covenants related to this revolving credit facility. As at July 29, 2023, July 30, 2022 and January 28, 2023, the Company was in compliance of all financial covenants.

8. TRADE AND OTHER PAYABLES

	<u>July 29, 2023</u>	<u>July 30, 2022</u>	<u>January 28, 2023</u>
Trade payables	\$ 24,641	\$ 13,056	\$ 18,282
Personnel liabilities	15,488	19,726	37,027
Other non-trade payables	21,180	19,420	20,683
Refund liability	4,251	4,575	4,024
Payables relating to premises	720	321	1,071
	<u>\$ 66,280</u>	<u>\$ 57,098</u>	<u>\$ 81,087</u>

9. DEFERRED REVENUE

	July 29, 2023	July 30, 2022	January 28, 2023
Loyalty points and awards granted under loyalty programs	\$ 1,818	\$ 1,765	\$ 242
Unredeemed gift cards	10,887	10,196	13,858
	<u>\$ 12,705</u>	<u>\$ 11,961</u>	<u>\$ 14,100</u>

10. RESTRUCTURING

During the year ended January 29, 2022, the Company emerged from Companies' Creditors Arrangement Act ("CCAA") proceedings. In connection with the restructuring plan and the CCAA proceedings, the following restructuring costs and recoveries were recognized:

	For the 13 weeks ended		For the 26 weeks ended	
	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Legal and other fees	\$ -	\$ 281	\$ -	\$ 901
Other recoveries	-	(494)	-	(494)
	<u>\$ -</u>	<u>\$ (213)</u>	<u>\$ -</u>	<u>\$ 407</u>

11. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

	For the 26 weeks ended			
	July 29, 2023		July 30, 2022	
	Number of shares (in 000's)	Carrying amount	Number of shares (in 000's)	Carrying amount
Common shares				
Balance at beginning and end of the period	13,440	\$ 482	13,440	\$ 482
Class A non-voting shares				
Balance at beginning of the period	35,427	26,924	35,427	26,924
Shares issued pursuant to exercise of share options	429	886	-	-
Balance at end of the period	<u>35,856</u>	<u>27,810</u>	<u>35,427</u>	<u>26,924</u>
Total share capital	<u>49,296</u>	<u>\$ 28,292</u>	<u>48,867</u>	<u>\$ 27,406</u>

Authorized Share Capital

The Company has authorized for issuance an unlimited number of Common shares and Class A non-voting shares. Both Common shares and Class A non-voting shares have no par value. All issued shares are fully paid.

The Common shares and Class A non-voting shares of the Company rank equally and pari passu with respect to the right to receive dividends and upon any distribution of the assets of the Company. However, in the case of share dividends, the holders of Class A non-voting shares shall have the right to receive Class A non-voting shares and the holders of Common shares shall have the right to receive Common shares.

Issuance of Class A Non-Voting Shares

During the 13 and 26 weeks ended July 29, 2023, 429,000 (July 30, 2022 – nil) Class A non-voting shares were issued from the exercise of vested share options arising from the Company’s share option program (note 12). During the 13 and 26 weeks ended July 29, 2023, the amounts credited to share capital from the exercise of share options include a cash consideration of \$643 with an ascribed value from contributed surplus of \$243.

Accumulated Other Comprehensive Income (“AOCI”)

AOCI is comprised of the following:

	Cash Flow Hedges	Foreign Currency Translation Differences	Total AOCI
Balance at January 29, 2023	\$ -	\$ (1,044)	\$ (1,044)
Net change in fair value of cash flow hedges (net of tax of \$98)	273	-	273
Loss on foreign currency translation differences reclassified to net earnings ⁽¹⁾	-	1,044	1,044
Balance at July 29, 2023	<u>\$ 273</u>	<u>\$ -</u>	<u>\$ 273</u>
Balance at January 30, 2022	\$ -	\$ (853)	\$ (853)
Change in foreign currency translation differences	-	(18)	(18)
Balance at July 30, 2022	<u>\$ -</u>	<u>\$ (871)</u>	<u>\$ (871)</u>

(1) During the 26 weeks ended July 29, 2023, a subsidiary of the Company has been wound-up. Amounts previously recognized in other comprehensive income were reclassified to net earnings (note 14).

Dividends

No dividends were declared or paid during the 13 and 26 weeks ended July 29, 2023 and July 30, 2022.

12. SHARE-BASED PAYMENTS

Under the share option plan, the Company is limited to issue 3,500,000 Class A non-voting shares pursuant to the exercise of options. Further details regarding the share option plan can be found in the Company's audited annual consolidated financial statements for the year ended January 28, 2023.

Service-based share options

During the 26 weeks ended July 29, 2023, no service-based share options were granted. During the 26 weeks ended July 30, 2022, the Company granted 940,000 service-based share options to certain executives, for which service conditions are expected to be satisfied. Options will vest in equal tranches over the first three years after the grant date and will expire three years and a month after the grant date. Estimated fair values of options on the grant date were determined using the Black Scholes option pricing model based on the following assumptions (amounts in dollars):

	940,000 Share Options Granted April 26, 2022
Expected share option life	2.5 years
Risk-free interest rate	2.46%
Expected share price volatility	71.90%
Dividend yield	-
Share price at grant date	\$1.40
Exercise price	\$1.50

The expected volatility is based on the historical volatility of comparable companies traded in the industry. The average fair value of stock options granted was \$0.60 per option.

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

	For the 13 weeks ended				For the 26 weeks ended			
	July 29, 2023		July 30, 2022		July 29, 2023		July 30, 2022	
	Options (in 000's)	Weighted Average Exercise Price	Options (in 000's)	Weighted Average Exercise Price	Options (in 000's)	Weighted Average Exercise Price	Options (in 000's)	Weighted Average Exercise Price
Outstanding, at beginning of period	1,487	\$ 3.47	1,740	\$ 3.73	1,635	\$ 3.63	1,126	\$ 8.56
Granted	-	-	-	-	-	-	940	1.50
Exercised (note 11)	(109)	1.50	-	-	(109)	1.50	-	-
Forfeited and expired	-	-	(55)	4.02	(148)	5.29	(381)	12.52
Outstanding, at end of period	1,378	\$ 3.62	1,685	\$ 3.72	1,378	\$ 3.62	1,685	\$ 3.72
Options exercisable, at end of period	797	\$ 5.17	770	\$ 6.37	797	\$ 5.17	770	\$ 6.37

During the 13 and 26 weeks ended July 29, 2023, the Company recognized \$33 and \$115, respectively, of compensation costs related to the Company's service-based share options with a corresponding credit to contributed surplus (\$76 for the 13 and 26 weeks ended July 30, 2022).

Market-condition share options

During the 26 weeks ended July 29, 2023, no market-condition share options were granted. During the 26 weeks ended July 30, 2022, the Company granted 1,110,000 market-condition share options to certain executives for which service and market conditions exist and will expire three years and a month after the grant date. The performance condition attached to those share options are Class A non-voting share price targets being met. The fair value of options was estimated at the grant date using the Monte Carlo pricing model based on the following assumptions (amounts in dollars):

	1,110,000 Share Options Granted April 26, 2022
Expected share option life	2.6 years
Risk-free interest rate	2.48%
Expected share price volatility	71.90%
Dividend yield	-
Share price at grant date	\$1.40
Exercise price	\$1.50

The expected volatility is based on the historical volatility of comparable companies traded in the industry. The average fair value of stock options granted was \$0.57 per option.

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

	For the 13 weeks ended				For the 26 weeks ended			
	July 29, 2023		July 30, 2022		July 29, 2023		July 30, 2022	
	Options (in 000's)	Weighted Average Exercise Price	Options (in 000's)	Weighted Average Exercise Price	Options (in 000's)	Weighted Average Exercise Price	Options (in 000's)	Weighted Average Exercise Price
Outstanding, at beginning of period	1,110	\$ 1.50	1,110	\$ 1.50	1,110	\$ 1.50	-	\$ -
Granted	-	-	-	-	-	-	1,110	1.50
Exercised (note 11)	(320)	1.50	-	-	(320)	1.50	-	-
Outstanding, at end of period	790	\$ 1.50	1,110	\$ 1.50	790	\$ 1.50	1,110	\$ 1.50
Options exercisable, at end of period	540	\$ 1.50	-	\$ -	540	\$ 1.50	-	\$ -

During the 13 and 26 weeks ended July 29, 2023, the Company recognized \$33 and \$260, respectively, of compensation costs related to the Company's market-condition share options with a corresponding credit to contributed surplus (\$114 for the 13 and 26 weeks ended July 30, 2022).

No Performance Share Units were granted and no related share-based compensation costs were recognized during the 13 and 26 weeks ended July 29, 2023 and July 30, 2022.

13. INCOME TAX

In the interim periods, the income tax provision is based on an estimate of the earnings that will be generated in a full year. The estimated average annual effective income tax rates are re-estimated at each interim reporting date, based on full year projections of earnings. To the extent that forecasts differ from actual results, adjustments are recognized in subsequent periods.

14. FINANCE INCOME AND FINANCE COSTS

	For the 13 weeks ended		For the 26 weeks ended	
	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Interest income	\$ 1,245	\$ 121	\$ 2,166	\$ 155
Foreign exchange gain	-	26	-	72
Finance income	<u>1,245</u>	<u>147</u>	<u>2,166</u>	<u>227</u>
Interest expense on lease liabilities	1,683	1,258	3,269	2,273
Foreign exchange loss	482	-	111	-
Loss on foreign currency translation differences reclassified to net earnings (note 11)	-	-	1,044	-
Interest expense on revolving credit facility	-	99	-	445
Finance costs	<u>2,165</u>	<u>1,357</u>	<u>4,424</u>	<u>2,718</u>
Net finance costs	<u>\$ 920</u>	<u>\$ 1,210</u>	<u>\$ 2,258</u>	<u>\$ 2,491</u>

15. EARNINGS PER SHARE

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

	For the 13 weeks ended		For the 26 weeks ended	
	July 29, 2023	July 30, 2022	July 29, 2023	July 30, 2022
Weighted average number of shares – basic	49,010	48,867	48,938	48,867
Dilutive effect of stock options granted	732	-	665	-
Weighted average number of shares – diluted	<u>49,742</u>	<u>48,867</u>	<u>49,603</u>	<u>48,867</u>

As at July 29, 2023, 597,000 share options were excluded from the calculation of diluted earnings per share as these options were deemed to be anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options is based on quoted market prices for the period during which the options were outstanding.

16. SUPPLEMENTARY CASH FLOW INFORMATION

	<u>July 29, 2023</u>	<u>July 30, 2022</u>	<u>January 28, 2023</u>
Non-cash transactions:			
Additions to property and equipment and intangible assets included in trade and other payables	\$ 253	\$ 99	\$1,336

Net impairment losses

As at July 29, 2023, the Company tested for impairment certain cash-generating units (“CGUs”) for which there were indications that their carrying amounts may not be recoverable, which resulted in \$176 and \$440 of impairment losses recognized related to property and equipment and intangible assets for the 13 and 26 weeks ended July 29, 2023, respectively (\$60 and \$1,222 for the 13 and 26 weeks ended July 30, 2022, respectively). During the 13 and 26 weeks ended July 29, 2023, no asset impairment losses were reversed (\$607 impairment losses were reversed for the 13 and 26 weeks ended July 30, 2022 following an improvement in profitability of certain CGU’s). Net impairment losses have been recorded in selling and distribution expenses.

17. NET SALES

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

	<u>For the 13 weeks ended</u>		<u>For the 26 weeks ended</u>	
	<u>July 29, 2023</u>	<u>July 30, 2022</u>	<u>July 29, 2023</u>	<u>July 30, 2022</u>
Retail stores	\$ 161,802	\$ 172,770	\$ 282,677	\$ 281,680
E-commerce	51,443	56,452	95,586	101,401
Net sales	<u>\$ 213,245</u>	<u>\$ 229,222</u>	<u>\$ 378,263</u>	<u>\$ 383,081</u>

18. FINANCIAL INSTRUMENTS

Accounting classification and fair values

The following table shows the carrying amounts and fair values of the financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value. The Company has determined that the fair value of its current financial assets and liabilities (other than those included below) approximates their respective carrying amounts as at the reporting dates because of the short-term nature of those financial instruments.

	July 29, 2023							
	Carrying Amount				Fair Value			
	Fair Value through Profit or Loss	Fair Value of Hedging Instruments	Amortized Cost	Total	Level 1	Level 2	Total	
Financial assets measured at fair value through profit or loss								
Derivative financial asset	\$ -	\$ 371	\$ -	\$ 371	\$ -	\$ 371	\$ 371	

There were no transfers between levels of the fair value hierarchy for the periods ended July 29, 2023, July 30, 2022 and January 28, 2023.

Derivative financial instruments

The Company entered into forward contracts with its banks on the U.S. dollar. These foreign exchange contracts extend over a period normally not exceeding twelve months.

Details of the foreign exchange contracts outstanding, all of which are designated as cash flow hedges are as follows:

	Average Strike Price	Notional Amount in U.S. Dollars	Derivative Financial Asset	Derivative Financial Liability	Net
July 29, 2023					
Foreign exchange forward contracts	\$ 1.316	\$ 72,000	\$ 371	\$ -	\$ 371

19. FINANCIAL RISK MANAGEMENT

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. There have been no significant changes in the Company's risk exposures during the 13 and 26 weeks ended July 29, 2023 from those disclosed in the Company's audited annual consolidated financial statements for the year ended January 28, 2023.