REITMANS

(CANADA) LIMITED

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

For the 13 and 39 weeks ended October 28, 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 39 weeks ended October 28, 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 December 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 December 14, 2023.

Unless otherwise indicated, all comparisons of results for the 13 weeks ended October 28, 2023 ("third quarter of 2024") are against results for the 13 weeks ended October 29, 2022 ("third quarter of 2023") and all comparisons of results for the 39 weeks ended October 28, 2023 ("year to date fiscal 2024") are against results for the 39 weeks ended October 29, 2022 ("year to date fiscal 2023").

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 and Financial Risk Management" section 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 revenues and is considered a non-GAAP financial ratio. Net revenues represent the sale of merchandise less discounts and returns ("net sales"), and includes shipping fees charged to customers on e-commerce orders. The intent of presenting Adjusted EBITDA and Adjusted ROA is to provide additional useful information to investors and analysts. Adjusted EBITDA is currently defined as net earnings before income tax expense/recovery, interest income, interest expense, loss on foreign currency translation differences reclassified to net earnings, pension curtailment gain, depreciation, amortization, net impairment of non-financial assets, adjusted for the impact of certain items, including a deduction of interest expense and depreciation relating to leases accounted for under IFRS 16, *Leases,* Federal subsidies and restructuring costs and recoveries. Management believes that Adjusted EBITDA is an important indicator of the Company's ability to generate liquidity through operating cash flow to fund working capital needs and fund capital expenditures and uses this metric for this purpose. Management believes that Adjusted EBITDA as a percentage of net revenues indicates how much liquidity is generated for each dollar of net revenues. The exclusion of interest income and expenses, other than interest expense related to lease liabilities as explained hereafter, eliminates the impact on earnings derived from non-operational activities. The exclusion of depreciation, amortization and net impairment charges, other than depreciation related to right-of-use assets as explained hereafter, eliminates the non-cash impact, and the exclusion of restructuring recoveries/costs, Federal subsidies, loss on foreign currency translation differences reclassified to net earnings and pension curtailment gain presents the results of the on-going business. Under IFRS 16, *Leases*, the characteristics of some leases result in lease payments being recognized in net earnings in the period in which the performance or use occurs while other leases are recorded as right-of-use assets with a corresponding lease liability recognized, which results in depreciation of those assets and interest expense from those liabilities. Management is presenting its Adjusted EBITDA to reflect the payments of its store and equipment lease obligations on a consistent basis. As such, the initial add-back of depreciation of right-of-use assets and interest on lease obligations are removed from the calculation of Adjusted EDITDA, as this better reflects the operational cash flow impact of its leases.

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

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

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

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

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

	As at October 28, 2023	**As at October 29, 2022**	**As at January 28, 2023**
Current assets	**$272.6**	$253.4	$265.9
Current liabilities	**102.5**	102.7	122.9
Working capital	**$170.1**	$150.7	$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**	**Q3 Closings**	**Number of stores at October 28, 2023**	**Number of stores at October 29, 2022**
Reitmans	**235**	1	(1)	2	(2)	(4)	231	235
PENN.	**91**	1	(1)	1	(2)	-	90	91
RW&CO.	**80**	-	-	-	-	-	80	78
Total stores	**406**	**2**	**(2)**	**3**	**(4)**	**(4)**	**401**	**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 THIRD QUARTER OF 2024 COMPARED TO THE THIRD QUARTER OF 2023

	Third Quarter of 2024	Third Quarter of 2023	$ Change	% Change
Net revenues[1]	**$ 193.4**	$ 206.2	$ (12.8)	(6.2)%
Cost of goods sold	**85.8**	88.1	(2.3)	(2.6)%
Gross profit	**107.6**	118.1	(10.5)	(8.9)%
Gross profit %	**55.6%**	57.3%		
Selling, distribution and administrative expenses[1]	**100.5**	103.0	(2.5)	(2.4)%
Results from operating activities	**7.1**	15.1	(8.0)	(53.0)%
Net finance income (costs)	**0.2**	(0.4)	0.6	n/a
Earnings before income taxes	**7.3**	14.7	(7.4)	(50.3)%
Income tax expense	**(2.0)**	(0.1)	(1.9)	n/a
Net earnings	**$ 5.3**	$ 14.6	$ (9.3)	(63.7)%
Adjusted EBITDA[2]	**$ 9.5**	$ 18.0	$ (8.5)	(47.2)%
Adjusted ROA[2]	**$ 7.1**	$ 15.2	$ (8.1)	(53.3)%
Earnings per share:				
Basic	**$ 0.11**	$ 0.30	$ (0.19)	(63.3)%
Diluted	**0.11**	0.30	(0.19)	(63.3)%

[1] For the third quarter of 2023, shipping revenues of $0.6 million were reclassified from selling, distribution and administrative expenses to net revenues. See Notes 3 and 18 of the unaudited condensed consolidated interim financial statements for the third quarter of 2024. In addition, selling, distribution and administrative expenses includes $0.1 million of restructuring costs for the third quarter of 2023.

[2] This is a Non-GAAP Financial Measure. See section entitled "Non-GAAP Financial Measures and Supplementary Financial Measures" for reconciliations of these measures.

Net Revenues

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

The breakdown of net revenues was as follows:

	Third Quarter of 2024		Third Quarter of 2023		$ Change	% Change
Retail stores	**$ 143.8**	**74.4%**	$ 151.8	73.6%	$ (8.0)	(5.3)%
E-commerce	**49.6**	**25.6%**	54.4	26.4%	(4.8)	(8.8)%
Net revenues	**$ 193.4**	**100.0%**	$ 206.2	100.0%	$ (12.8)	(6.2)%

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

Gross Profit

Gross profit for the third quarter of 2024 decreased $10.5 million to $107.6 million as compared with $118.1 million for the third quarter of 2023. Gross profit as a percentage of net revenues for the third quarter of 2024 decreased to 55.6% from 57.3% for the third quarter of 2023. The decrease in gross profit and as a percentage of net revenues is primarily attributable to higher markdown and promotional activity combined with an unfavorable foreign exchange impact of approximately $3.2

million on U.S. dollar denominated purchases included in cost of goods sold, partially offset by lower supply chain costs in the third quarter of 2024 as global shipping industry disruptions were prevalent in the third quarter of 2023.

Selling, Distribution and Administrative Expenses

Total selling, distribution and administrative expenses of $100.5 million for the third quarter of 2024 decreased by $2.5 million or 2.4%, as compared to the third quarter of 2023, primarily attributable to the following:

- a $4.9 million decrease in performance incentive plan expense, which plan expense is based upon the forecasted attainment of operating performance targets in the third quarter of 2024;
- a decrease in e-commerce shipping costs due primarily to a decrease in online orders fulfilled during the third quarter of 2024;

  partially offset by,

- increased store operating costs due primarily to higher store personnel costs and higher advertising expenditures;
- 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 $0.2 million decrease in depreciation, amortization and net impairment losses on property and equipment and intangible assets.

Net Finance Income (Costs)

Net finance income was $0.2 million for the third quarter of 2024 as compared to net finance costs of $0.4 million for the third quarter of 2023. The increase of $0.6 million in net finance income is primarily attributable to higher interest income of $0.8 million earned on funds held with a Canadian bank and a higher foreign exchange gain of $0.4 million on U.S. denominated net monetary assets, partially offset by higher interest expense of $0.6 million related to lease liabilities as compared to the third quarter of 2023.

Income Taxes

Income tax expense for the third quarter of 2024 amounted to $2.0 million for an effective tax rate of 27.4%. The effective tax rate for the third 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 expense of $0.1 million for the third quarter of 2023 is mainly comprised of the estimated tax expense related to a foreign subsidiary. As at October 29, 2022, management's assessment, was that it was not probable that future taxable profits would be available. Consequently, as at October 29, 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 third quarter of 2024 were $5.3 million ($0.11 basic and diluted earnings per share) as compared with net earnings of $14.6 million ($0.30 basic and diluted earnings per share) for the third quarter of 2023. The decrease in net earnings of $9.3 million is primarily attributable the decrease in gross profit and an increase in income tax expense, partially offset by a decrease in overall operating costs, as noted above.

Adjusted EBITDA

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

Adjusted ROA

Adjusted ROA for the third quarter of 2024 was $7.1 million as compared with $15.2 million for the third quarter of 2023. The decrease of $8.1 million is primarily attributable to a decrease in gross profit, partially offset by a decrease in overall operating costs, 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 revenues[1]	**$ 573.7**	$ 590.4	$ (16.7)	(2.8)%
Cost of goods sold	**257.6**	248.6	9.0	3.6%
Gross profit	**316.1**	341.8	(25.7)	(7.5)%
Gross profit %	**55.1%**	57.9%		
Selling, distribution and administrative expenses[1]	**293.7**	289.2	4.5	1.6%
Results from operating activities	**22.4**	52.6	(30.2)	(57.4)%
Net finance costs	**(2.0)**	(2.8)	0.8	(28.6)%
Earnings before income taxes	**20.4**	49.8	(29.4)	(59.0)%
Income tax (expense) recovery	**(5.6)**	0.4	(6.0)	n/a
Net earnings	**$ 14.8**	$ 50.2	$ (35.4)	(70.5)%
Adjusted EBITDA[2]	**$ 27.5**	$ 60.7	$ (33.2)	(54.7)%
Adjusted ROA[2]	**$ 21.5**	$ 51.9	$ (30.4)	(58.6)%
Earnings per share:				
Basic	**$ 0.30**	$ 1.03	$ (0.73)	(70.9)%
Diluted	**0.30**	1.03	(0.73)	(70.9)%

[1] For the year to date fiscal 2023, shipping revenues of $1.7 million were reclassified from selling, distribution and administrative expenses to net revenues. See Notes 3 and 18 of the unaudited condensed consolidated interim financial statements for the year to date fiscal 2024. In addition, selling, distribution and administrative expenses includes $0.9 million of pension curtailment gain for the year to date fiscal 2024 and $0.5 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 Revenues

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

The breakdown of net revenues was as follows:

	Year to date Fiscal 2024		Year to date Fiscal 2023		$ Change	% Change
Retail stores	**$ 426.5**	**74.3%**	$ 423.5	71.7%	$ 3.0	0.7%
E-commerce	**147.2**	**25.7%**	166.9	28.3%	(19.7)	(11.8)%
Net revenues	**$ 573.7**	**100.0%**	$ 590.4	100.0%	$ (16.7)	(2.8)%

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

Selling, Distribution and Administrative Expenses

Total selling, distribution and administrative expenses of $293.7 million for the year to date fiscal 2024 increased by $4.5 million or 1.6%, 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 and higher advertising expenditures;
- 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 $11.3 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 decrease in e-commerce shipping costs due primarily to a decrease in online orders fulfilled during the year to date fiscal 2024;
- a $0.9 million non-recuring 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 $1.4 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 $2.0 million for the year to date fiscal 2024 as compared to $2.8 million for the year to date fiscal 2023. The decrease of $0.8 million is primarily attributable to $2.8 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 and higher interest expense of $1.6 million related to lease liabilities as compared to the year to date fiscal 2023.

Income Taxes

Income tax expense for the year to date fiscal 2024 amounted to $5.6 million for an effective tax rate of 27.5%. 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 $0.4 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 October 29, 2022, management's assessment, was that it was not probable that future taxable profits would be available. Consequently, as at October 29, 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 $14.8 million ($0.30 basic and diluted earnings per share) as compared with $50.2 million ($1.03 basic and diluted earnings per share) for the year to date fiscal 2023. The decrease in net earnings of $35.4 million is primarily attributable to the decrease in gross profit, the increase in operating costs and the increase in income tax expense, as noted above.

Adjusted EBITDA

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

Adjusted ROA

Adjusted ROA for the year to date fiscal 2024 was $21.5 million as compared to $51.9 million for the year to date fiscal 2023. The decrease of $30.4 million is primarily attributable to the decrease in gross profit and the increase in operating costs, 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 October 28, 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**	**$ 57.0**	**$ 3.8**	**$ -**	**$ 3.8**

As at October 29, 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.

	Third Quarter		Second Quarter		First Quarter		Fourth Quarter	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**2023**	**2022**
Net revenues[5]	$ 193.4	$ 206.2	$ 214.5	$ 229.9	$ 165.7	$ 154.3	$ 212.9	$ 190.9
Net earnings (loss)	5.3	14.6[1]	13.4[2]	37.3[2]	(3.8)	(1.7)[3]	27.5[4]	97.2[4]
Earnings (loss) per share								
Basic	$ 0.11	$ 0.30[1]	$ 0.27[2]	$ 0.76[2]	$ (0.08)	$ (0.04)[3]	$ 0.56[4]	$ 1.99[4]
Diluted	0.11	0.30[1]	0.27[2]	0.76[2]	(0.08)	(0.04)[3]	0.56[4]	1.99[4]

[1] During the third quarter of 2023, net earnings includes restructuring costs of $0.1 million.

[2] 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.

[3] 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.

[4] 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.

[5] Net revenues includes shipping revenues which have been reclassified from selling, distribution and administrative expenses. See Notes 3 and 18 of the unaudited condensed consolidated interim financial statements for the third quarter of 2024. Due to this reclassification, net revenues for the third quarter of 2023 have been increased by $0.6 million, net revenues for the second quarter of 2024 have been increased by $1.3 million ($0.7 million for the second quarter of 2023), net revenues for the first quarter of 2024 have been increased by $0.7 million ($0.4 million for the first quarter of 2023) and net revenues for the fourth quarter of fiscal 2023 have been increased $1.0 million ($0.7 million for the fourth quarter of 2022).

BALANCE SHEET

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

	October 28, 2023	January 28, 2023	$ Change	% Change
Cash	**$ 101.3**	$ 103.0	$ (1.7)	(1.7)%
Trade and other receivables	**3.7**	3.2	0.5	15.6%
Derivative financial asset	**3.8**	-	3.8	n/a%
Inventories	**147.9**	142.3	5.6	3.9%
Prepaid expenses and other assets	**15.8**	14.5	1.3	9.0%
Property and equipment & intangible assets	**65.4**	66.5	(1.1)	(1.7)%
Right-of-use assets	**108.2**	79.9	28.3	35.4%
Pension asset	**1.9**	-	1.9	n/a%
Deferred income taxes	**25.9**	32.3	(6.4)	(19.8)%
Trade and other payables	**63.2**	81.1	(17.9)	(22.1)%
Deferred revenue	**11.6**	14.1	(2.5)	(17.7)%
Income taxes payable	**0.8**	1.0	(0.2)	(20.0)%
Lease liabilities (current and non-current)	**117.0**	87.5	29.5	33.7%

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

- cash decreased $1.7 million primarily due to the payment of the 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 October 28, 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 outstanding as at the end of third quarter of 2024 that were entered into after January 28, 2023;
- inventories are higher primarily due to the normal build-up for the holiday selling season and a higher average merchandise purchase cost;
- the increase of $1.3 million in prepaid expenses and other assets is primarily due to the timing of payments related to service and insurance contracts, partially offset by a reduction of supplier deposits;
- property and equipment & intangible assets decreased by $1.1 million. During year to date fiscal 2024, $8.9 million had been spent primarily on new stores, store renovations and corporate hardware and software investments. Depreciation and amortization of $9.8 million and a net impairment of $0.5 million on property and equipment and intangible assets were recognized in fiscal 2024 ($11.1 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 $28.3 million primarily due to lease renewals signed during the year to date fiscal 2024. Depreciation and amortization of $24.4 million was recognized in year to date fiscal 2024 ($21.0 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 $1.9 million primarily due to an actuarial gain of $1.0 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 $6.4 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 $17.9 million primarily due to the timing of payments related to trade and personnel-related liabilities (including performance incentive plan awards) and, partially offset by the timing of payments related to non-trade liabilities (including sales tax liabilities);
- deferred revenue decreased by $2.5 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 $0.2 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 $53.2 million and interest expense of $5.2 million, offset by payments of $28.5 million and lease modifications 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 October 28, 2023, compared to October 29, 2022, the Company increased its working capital[1] position by $19.4 million (an increase of $27.1 million when compared to January 28, 2023) with current assets of $272.6 million (October 29, 2022 – $253.4 million; January 28, 2023 - $265.9 million) and current liabilities of $102.5 million (October 29, 2022 - $102.7 million; January 28, 2023 - $122.9 million) and no long-term debt (other than lease liabilities). As at October 28, 2023, included in the Company's current assets is cash of $101.3 million (October 29, 2022 - $64.3 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 October 28, 2023, October 29, 2022 and January 28, 2023.

In the year to date fiscal 2024, the Company invested $8.9 million in capital expenditures. The Company expects to invest approximately $23.0 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 December 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 December 14, 2023, the Company has a total of 2,526,869 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 October 28, 2023, October 29, 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 third 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 third 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 October 28, 2023	For the 13 weeks ended October 29, 2022[1]	For the 39 weeks ended October 28, 2023	For the 39 weeks ended October 29, 2022[1]
Net revenues	18	**$ 193,408**	$ 206,206	**$ 573,704**	$ 590,383
Cost of goods sold	5	**85,761**	88,133	**257,612**	248,578
Gross profit		**107,647**	118,073	**316,092**	341,805
Selling and distribution expenses		**88,442**	89,891	**258,044**	252,451
Administrative expenses		**12,066**	13,073	**35,627**	36,257
Restructuring	11	**-**	73	**-**	480
Results from operating activities		**7,139**	15,036	**22,421**	52,617
Finance income	15	**2,120**	924	**4,175**	1,151
Finance costs	15	**(1,892)**	(1,282)	**(6,205)**	(4,000)
Earnings before income taxes		**7,367**	14,678	**20,391**	49,768
Income tax (expense) recovery		**(2,084)**	(67)	**(5,563)**	445
Net earnings		**$ 5,283**	$ 14,611	**$ 14,828**	$ 50,213
Earnings per share:	16				
Basic		**$ 0.11**	$ 0.30	**$ 0.30**	$ 1.03
Diluted		**0.11**	0.30	**0.30**	1.03

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

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 October 28, 2023	For the 13 weeks ended October 29, 2022	For the 39 weeks ended October 28, 2023	For the 39 weeks ended October 29, 2022
Net earnings		**$ 5,283**	$ 14,611	**$ 14,828**	$ 50,213
Other comprehensive income (loss)					
Items that are or may be reclassified subsequently to net earnings:					
Cash flow hedges (net of tax of $883 and $981 for the 13 and 39 weeks ended October 28, 2023, respectively)	12	**2,447**	-	**2,720**	-
Loss on foreign currency translation differences reclassified to net earnings	12	**-**	-	**1,044**	-
Foreign currency translation differences	12	**-**	(270)	**-**	(288)
Items that will not be reclassified to net earnings:					
Net actuarial (loss) gain on defined benefit plan (net of tax of $64 and $260 for the 13 and 39 weeks ended October 28, 2023, respectively; net of tax of $116 and $954 for the 13 and 39 weeks ended October 29, 2022, respectively)	7	**(176)**	323	**722**	194
Total other comprehensive income (loss)		**2,271**	53	**4,486**	(94)
Total comprehensive income		**$ 7,554**	$ 14,664	**$ 19,314**	$ 50,119

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	October 28, 2023	October 29, 2022	January 28, 2023
ASSETS				
CURRENT ASSETS				
Cash	4	**$ 101,275**	$ 64,298	$ 103,004
Restricted cash	4	**-**	2,783	2,808
Trade and other receivables		**3,719**	3,785	3,241
Derivative financial asset	19	**3,844**	-	-
Inventories	5	**147,905**	159,741	142,302
Prepaid expenses and other assets		**15,839**	22,765	14,502
Total Current Assets		**272,582**	253,372	265,857
NON-CURRENT ASSETS				
Property and equipment		**63,747**	61,145	63,833
Intangible assets		**1,620**	3,081	2,638
Right-of-use assets	6	**108,195**	69,461	79,894
Pension asset	7	**1,886**	1,235	-
Deferred income taxes		**25,866**	186	32,308
Total Non-Current Assets		**201,314**	135,108	178,673
TOTAL ASSETS		**$ 473,896**	$ 388,480	$ 444,530
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade and other payables	9	**$ 63,247**	$ 65,368	$ 81,087
Deferred revenue	10	**11,597**	10,844	14,100
Income taxes payable		**789**	998	1,018
Current portion of lease liabilities	6	**26,851**	25,520	26,741
Total Current Liabilities		**102,484**	102,730	122,946
NON-CURRENT LIABILITIES				
Lease liabilities	6	**90,153**	51,432	60,758
Total Non-Current Liabilities		**90,153**	51,432	60,758
SHAREHOLDERS' EQUITY				
Share capital	12	**28,292**	27,406	27,406
Contributed surplus		**11,104**	10,666	10,871
Retained earnings		**239,143**	197,387	223,593
Accumulated other comprehensive income (loss)	12	**2,720**	(1,141)	(1,044)
Total Shareholders' Equity		**281,259**	234,318	260,826
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 473,896**	$ 388,480	$ 444,530

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		**-**	**-**	**14,828**	**-**	**14,828**
Total other comprehensive income	12	**-**	**-**	**722**	**3,764**	**4,486**
Total comprehensive income for the period		**-**	**-**	**15,550**	**3,764**	**19,314**
Share options exercised	12	**886**	**(243)**	**-**	**-**	**643**
Share-based compensation costs	13	**-**	**476**	**-**	**-**	**476**
Total contributions by owners of the Company		**886**	**233**	**-**	**-**	**1,119**
Balance as at October 28, 2023		**$ 28,292**	**$ 11,104**	**$ 239,143**	**$ 2,720**	**$ 281,259**
Balance as at January 30, 2022		$ 27,406	$ 10,295	$ 146,980	$ (853)	$ 183,828
Net earnings		-	-	50,213	-	50,213
Total other comprehensive income (loss)	12	-	-	194	(288)	(94)
Total comprehensive income (loss) for the period		-	-	50,407	(288)	50,119
Share-based compensation costs	13	-	371	-	-	371
Total contributions by owners of the Company		-	371	-	-	371
Balance as at October 29, 2022		$ 27,406	$ 10,666	$ 197,387	$ (1,141)	$ 234,318

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)

	Notes	For the 13 weeks ended October 28, 2023	For the 13 weeks ended October 29, 2022	For the 39 weeks ended October 28, 2023	For the 39 weeks ended October 29, 2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Net earnings		**$ 5,283**	$ 14,611	**$ 14,828**	$ 50,213
Adjustments for:					
Depreciation, amortization and net impairment losses on property and equipment and intangible assets		**3,316**	3,534	**10,296**	11,744
Depreciation on right-of-use assets	6	**8,511**	7,893	**24,430**	20,986
Share-based compensation costs	13	**101**	181	**476**	371
Net change in transfer of realized gain on cash flow hedges to inventory		**(144)**	-	**(144)**	-
Foreign exchange gain		**(2,766)**	(1,357)	**(1,541)**	(1,942)
Loss on foreign currency translation differences reclassified to net earnings	12,15	**-**	-	**1,044**	-
Interest on lease liabilities	6,15	**1,892**	1,282	**5,161**	3,555
Interest on revolving credit	15	**-**	-	**-**	445
Interest income	15	**(1,162)**	(333)	**(3,328)**	(488)
Income tax expense (recovery)		**2,084**	67	**5,563**	(445)
		17,115	25,878	**56,785**	84,439
Changes in:					
Trade and other receivables		**(189)**	1,263	**(429)**	3,929
Inventories	5	**909**	(5,991)	**(5,603)**	(40,769)
Prepaid expenses and other assets		**1,448**	8,450	**(1,337)**	19,825
Trade and other payables	9	**(4,442)**	8,103	**(18,166)**	32,177
Pension asset	7	**(8)**	(131)	**(903)**	13
Deferred revenue	10	**(1,108)**	(1,117)	**(2,503)**	(2,646)
		13,725	36,455	**27,844**	96,968
Interest paid		**-**	(5)	**-**	(486)
Interest received		**1,194**	232	**3,279**	380
Income taxes paid		**-**	-	**(592)**	(46)
Net cash flows from operating activities		**14,919**	36,682	**30,531**	96,816
CASH FLOWS USED IN INVESTING ACTIVITIES					
Additions to property and equipment and intangible assets	17	**(3,351)**	(2,383)	**(8,867)**	(5,633)
Cash flows used in investing activities		**(3,351)**	(2,383)	**(8,867)**	(5,633)
CASH FLOWS USED IN FINANCING ACTIVITIES					
Release of restricted cash	4	**-**	(18)	**2,808**	(26)
Net repayment of revolving credit facility	8	**-**	-	**-**	(29,634)
Payment of lease liabilities	6	**(9,810)**	(9,373)	**(28,448)**	(24,451)
Proceeds from issuance of share capital	12	**-**	-	**643**	-
Cash flows used in financing activities		**(9,810)**	(9,391)	**(24,997)**	(54,111)
FOREIGN EXCHANGE GAIN ON CASH HELD IN FOREIGN CURRENCY		**2,836**	1,217	**1,604**	1,724
NET INCREASE (DECREASE) IN CASH		**4,594**	26,125	**(1,729)**	38,796
CASH, BEGINNING OF THE PERIOD		**96,681**	38,173	**103,004**	25,502
CASH, END OF THE PERIOD		**$ 101,275**	$ 64,298	**$ 101,275**	$ 64,298

Supplementary cash flow information (note 17)

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

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 December 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 and for the change in accounting for shipping fees charged to customers that are now recorded as e-commerce net revenue, which were previously netted against shipping costs, 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

	October 28, 2023	**October 29, 2022**	**January 28, 2023**
Cash (1)	**$ 101,275**	$ 64,298	$ 103,004
Restricted cash (2)	**-**	2,783	2,808
	$ 101,275	$ 67,081	$ 105,812

(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 39 weeks ended October 28, 2023. The cash bore interest at variable rates.

5. INVENTORIES

During the 13 and 39 weeks ended October 28, 2023, inventories recognized as cost of goods sold amounted to $82,438 and $251,144, respectively ($85,704 and $245,108 for the 13 and 39 weeks ended October 29, 2022, respectively). In addition, for the 13 and 39 weeks ended October 28, 2023, the Company recorded $3,323 and $6,468, respectively, of write-downs of inventories as a result of net realizable value being lower than cost ($2,429 and $3,470 for the 13 and 39 weeks ended October 29, 2022, respectively).

Included in inventories is a return asset for the right to recover returned goods for $2,129 as at October 28, 2023 (October 29, 2022 - $2,307; January 28, 2023 - $2,100).

6. LEASES

The Company renews leases of its retail locations as part of its normal course of business. The following tables represent changes in right-of-use assets and lease liabilities:

Right-of-use assets

	For the 13 weeks ended		For the 39 weeks ended	
	October 28, 2023	**October 29, 2022**	**October 28, 2023**	**October 29, 2022**
Balance at the beginning of the period	**$ 90,881**	$ 71,533	**$ 79,894**	$ 44,978
Lease additions	**25,942**	5,900	**53,212**	46,100
Lease modifications	**(117)**	(79)	**(481)**	(631)
Depreciation	**(8,511)**	(7,893)	**(24,430)**	(20,986)
Balance at the end of the period	**$ 108,195**	$ 69,461	**$ 108,195**	$ 69,461

Lease liabilities

	For the 13 weeks ended		For the 39 weeks ended	
	October 28, 2023	**October 29, 2022**	**October 28, 2023**	**October 29, 2022**
Balance at the beginning of the period	**$ 99,027**	$ 79,089	**$ 87,499**	$ 52,307
Lease additions	**25,942**	5,962	**53,212**	46,162
Lease modifications	**(47)**	(8)	**(420)**	(621)
Payment of lease liabilities	**(9,810)**	(9,373)	**(28,448)**	(24,451)
Interest expense (note 15)	**1,892**	1,282	**5,161**	3,555
Balance at the end of the period	**$ 117,004**	$ 76,952	**$ 117,004**	$ 76,952

	October 28, 2023	**October 29, 2022**
Current portion of lease liabilities	**$ 26,851**	$ 25,520
Non-current portion of lease liabilities	**90,153**	51,432
Total lease liabilities	**$ 117,004**	$ 76,952

7. PENSION ASSET

The Company recognized an actuarial loss of $240 and gain of $982 in other comprehensive income for the 13 and 39 weeks ended October 28, 2023, respectively, (gain of $439 and $1,148 for the 13 and 39 weeks ended October 29, 2022, respectively) and subsequently reclassified the amounts from accumulated other comprehensive income to retained earnings based on an updated valuation of the net pension asset.

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 39 weeks ended October 28, 2023, recorded as $576 in selling and distribution expenses and $343 in administrative expenses.

8. 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 October 28, 2023, the Company's Borrowing Base was $95,250 (October 29, 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 Secured 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 October 28, 2023, no amount (October 29, 2022 – nil, January 28, 2023 – nil) was drawn under the revolving credit facility and $2,000 was committed for secured letters of credit (October 29, 2022 – $2,000, 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 October 28, 2023, October 29, 2022 and January 28, 2023, the Company was in compliance of all financial covenants.

9. TRADE AND OTHER PAYABLES

	October 28, 2023	October 29, 2022	January 28, 2023
Trade payables	**$ 14,089**	$ 9,712	$ 18,282
Personnel liabilities	**16,494**	25,981	37,027
Other non-trade payables	**26,622**	22,852	20,683
Refund liability	**5,252**	5,940	4,024
Payables relating to premises	**790**	883	1,071
	$ 63,247	$ 65,368	$ 81,087

10. DEFERRED REVENUE

	October 28, 2023	October 29, 2022	January 28, 2023
Loyalty points and awards granted under loyalty programs	**$ 1,163**	$ 1,116	$ 242
Unredeemed gift cards	**10,434**	9,728	13,858
	$ 11,597	$ 10,844	$ 14,100

11. 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 39 weeks ended	
	October 28, 2023	**October 29, 2022**	**October 28, 2023**	**October 29, 2022**
Legal and other fees	**$ -**	$ 73	**$ -**	$ 974
Other recoveries	**-**	-	**-**	(494)
	$ -	$ 73	**$ -**	$ 480

12. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

	For the 39 weeks ended			
	October 28, 2023		**October 29, 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	**35,856**	**27,810**	35,427	26,924
Total share capital	**49,296**	**$ 28,292**	48,867	$ 27,406

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 39 weeks ended October 28, 2023, 429,000 (October 29, 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 13). During the 39 weeks ended October 28, 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 $981)	**2,720**	**-**	**2,720**
Loss on foreign currency translation differences reclassified to net earnings (1)	**-**	**1,044**	**1,044**
Balance at October 28, 2023	**$ 2,720**	**$ -**	**$ 2,720**
Balance at January 30, 2022	$ -	$ (853)	$ (853)
Change in foreign currency translation differences	-	(288)	(288)
Balance at October 29, 2022	$ -	$ (1,141)	$ (1,141)

(1) During the 39 weeks ended October 28, 2023, a subsidiary of the Company has been wound-up. Amounts previously recognized in other comprehensive income were reclassified to net earnings (note 15).

Dividends

No dividends were declared or paid during the 13 and 39 weeks ended October 28, 2023 and October 29, 2022.

13. 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 13 and 39 weeks ended October 28, 2023, the Company granted 359,869 (940,000 during the 39 weeks ended October 29, 2022) service-based share options to certain executives, for which service conditions are expected to be satisfied. 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):

	For the 13 and 39 weeks ended October 28, 2023		For the 39 weeks ended October 29, 2022
	327,869 Share Options Granted September 5, 2023	**32,000 Share Options Granted August 3, 2023**	**940,000 Share Options Granted April 26, 2022**
Grant term	**4.1 years**	**1.8 years**	3.1 years
Equal vesting tranches	**4**	**2**	3
Expected share option life	**3.3 years**	**1.5 years**	2.5 years
Risk-free interest rate	**4.30%**	**4.78%**	2.46%
Expected share price volatility	**68.10%**	**73.40%**	71.90%
Dividend yield	**-**	**-**	-
Share price at grant date	**$3.05**	**$3.04**	$1.40
Exercise price	**$3.05**	**$3.04**	$1.50
Average fair value	**$1.52**	**$1.13**	$0.60

The expected volatility is based on the historical volatility of comparable companies traded in the industry.

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

	For the 13 weeks ended				For the 39 weeks ended			
	October 28, 2023		October 29, 2022		October 28, 2023		October 29, 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	**1,378**	**$ 3.62**	1,685	$ 3.72	**1,635**	**$ 3.63**	1,126	$ 8.56
Granted	**360**	**3.05**	-	-	**360**	**3.05**	940	1.50
Exercised (note 12)	**-**	**-**	-	-	**(109)**	**1.50**	-	-
Forfeited and expired	**-**	**-**	(50)	6.75	**(148)**	**5.29**	(431)	11.85
Outstanding, at end of period	**1,738**	**$ 3.50**	1,635	$ 3.63	**1,738**	**$ 3.50**	1,635	$ 3.63
Options exercisable, at end of period	**797**	**$ 5.17**	720	$ 6.34	**797**	**$ 5.17**	720	$ 6.34

During the 13 and 39 weeks ended October 28, 2023, the Company recognized $73 and $189, respectively, of compensation costs related to the Company's service-based share options with a corresponding credit to contributed surplus ($72 and $148, respectively for the 13 and 39 weeks ended October 29, 2022).

Market-condition share options

During the 39 weeks ended October 28, 2023, no market-condition share options were granted. During the 39 weeks ended October 29, 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
Average fair value	$0.57

The expected volatility is based on the historical volatility of comparable companies traded in the industry.

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

	For the 13 weeks ended				**For the 39 weeks ended**			
	October 28, 2023		**October 29, 2022**		**October 28, 2023**		**October 29, 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	**790**	**$ 1.50**	1,110	$ 1.50	**1,110**	**$ 1.50**	-	$ -
Granted	**-**	**-**	-	-	**-**	**-**	1,110	1.50
Exercised (note 12)	**-**	**-**	-	-	**(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	**790**	**$ 1.50**	-	$ -	**790**	**$ 1.50**	-	$ -

During the 13 and 39 weeks ended October 28, 2023, the Company recognized $27 and $287, respectively, of compensation costs related to the Company's market-condition share options with a corresponding credit to contributed surplus ($109 and $223, respectively, for the 13 and 39 weeks ended October 29, 2022).

No Performance Share Units were granted and no related share-based compensation costs were recognized during the 13 and 39 weeks ended October 28, 2023 and October 29, 2022.

14. 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.

15. FINANCE INCOME AND FINANCE COSTS

	For the 13 weeks ended		**For the 39 weeks ended**	
	October 28, 2023	**October 29, 2022**	**October 28, 2023**	**October 29, 2022**
Interest income	**$ 1,162**	$ 333	**$ 3,328**	$ 488
Foreign exchange gain	**958**	591	**847**	663
Finance income	**2,120**	924	**4,175**	1,151
Interest expense on lease liabilities (note 6)	**1,892**	1,282	**5,161**	3,555
Loss on foreign currency translation differences reclassified to net earnings (note 12)	**-**	-	**1,044**	-
Interest expense on revolving credit facility	**-**	-	**-**	445
Finance costs	**1,892**	1,282	**6,205**	4,000
Net finance income (costs)	**$ 228**	$ (358)	**$ (2,030)**	$ (2,849)

16. 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 39 weeks ended**	
	October 28, 2023	**October 29, 2022**	**October 28, 2023**	**October 29, 2022**
Weighted average number of shares – basic	**49,296**	48,867	**49,058**	48,867
Dilutive effect of stock options granted	**604**	-	**698**	-
Weighted average number of shares – diluted	**49,900**	48,867	**49,756**	48,867

As at October 28, 2023, 956,869 (October 29, 2022 – nil) 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.

17. SUPPLEMENTARY CASH FLOW INFORMATION

	October 28, 2023	October 29, 2022	January 28, 2023
Non-cash transactions:			
Additions to property and equipment and intangible assets included in trade and other payables	**$ 1,662**	$ 271	$1,336

Net impairment losses

As at October 28, 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 $88 and $528 of impairment losses recognized related to property and equipment for the 13 and 39 weeks ended October 28, 2023, respectively ($171 and $1,393 of impairment losses recognized related to property and equipment and intangible assets for the 13 and 39 weeks ended October 29, 2022, respectively). During the 13 and 39 weeks ended October 28, 2023, no asset impairment losses were reversed ($180 and $787 of asset impairment losses were reversed for the 13 and 39 weeks ended October 29, 2022, following an improvement in profitability of certain CGU's). Net impairment losses have been recorded in selling and distribution expenses.

18. NET REVENUES

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

	For the 13 weeks ended		For the 39 weeks ended	
	October 28, 2023	October 29, 2022[1]	October 28, 2023	October 29, 2022[1]
Retail stores	**$ 143,830**	$ 151,846	**$ 426,489**	$ 423,455
E-commerce	**49,578**	54,360	**147,215**	166,928
Net revenues	**$ 193,408**	$ 206,206	**$ 573,704**	$ 590,383

(1) For the 13 and 39 weeks ended October 29, 2022, shipping revenues of $598 and $1,694, respectively, were reclassified from selling and distribution expenses to net revenues as part of e-commerce.

19. 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.

	October 28, 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	**$ -**	**$ 3,844**	**$ -**	**$ 3,844**	**$ -**	**$ 3,844**	**$ 3,844**

There were no transfers between levels of the fair value hierarchy for the periods ended October 28, 2023, October 29, 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
October 28, 2023					
Foreign exchange forward contracts	**$ 1.316**	**$ 57,000**	**$ 3,844**	**$ -**	**$ 3,844**

20. 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 39 weeks ended October 28, 2023 from those disclosed in the Company's audited annual consolidated financial statements for the year ended January 28, 2023.