No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale, and therein only by persons permitted to sell such securities.

*These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States (as such term is defined in Regulation S under the U.S. Securities Act) and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".*

SUPPLEMENTED PREP PROSPECTUS

Initial Public Offering
by way of Secondary Offering

November 20, 2024

GDI | DYNAMITE GARAGE

GROUPE DYNAMITE INC.

$300,000,015

14,285,715 Subordinate Voting Shares

This prospectus qualifies the distribution to the public (the "**Offering**") of an aggregate of 14,285,715 subordinate voting shares (the "**Subordinate Voting Shares**") of Groupe Dynamite Inc. (the "**Company**", "**Groupe Dynamite**", "**GDI**" "**we**", "**us**" or "**our**") by 16084915 Canada Inc., 16084958 Canada Inc., 16084834 Canada Inc. and 16086349 Canada Inc. (collectively, the "**Selling Shareholders**") at a price of $21.00 per Subordinate Voting Share (the "**Offering Price**"). Each of the Selling Shareholders is owned or controlled, directly or indirectly, by our Chair and Chief Executive Officer, Mr. Andrew Lutfy. **We will not receive any proceeds from the Offering.** See "Selling and Principal Shareholders".

We are a fashion house operating retail stores and digital experiences under two complementary and spirited banners: Garage and Dynamite. We offer an extensive and diverse range of women's fashion apparel that caters to a wide range of style preferences and lifestyle needs, primarily for Generation Z and Millennial women.


Empowering you to be you.


GDI


Montauk








Ciao









Following the Pre-Closing Reorganization (as defined herein) and upon completion of the Offering, we will have two classes of issued and outstanding shares: Subordinate Voting Shares and multiple voting shares ("**Multiple Voting Shares**", and collectively with the Subordinate Voting Shares, the "**Shares**"). All of the issued and outstanding Multiple Voting Shares will be held or controlled, directly or indirectly, by the Selling Shareholders and certain of their affiliates (such affiliates, collectively with the Selling Shareholders, the "**Principal Shareholders**") and certain of Mr. Lutfy's family members. Each of the Principal Shareholders (which includes all of the Selling Shareholders) is owned or controlled, directly or indirectly, by Andrew Lutfy. The terms and conditions of the Subordinate Voting Shares and the Multiple Voting Shares are substantially identical with the exception of the voting and conversion rights attached to the Multiple Voting Shares. In addition, the Principal Shareholders are entitled to certain contractual pre-emptive rights to subscribe for additional Multiple Voting Shares provided for in the Investor Rights Agreement (as defined herein). Each Subordinate Voting Share is entitled to one vote and each Multiple Voting Share is entitled to 10 votes on all matters upon which the holders of Shares are entitled to vote. The Multiple Voting Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time at the option of the holders thereof and automatically in certain other circumstances. The holders of Subordinate Voting Shares benefit from "coattail" provisions that give them certain rights in the event of a take-over bid for the Multiple Voting Shares. Upon completion of the Offering, and assuming no exercise of the Over-Allotment Option (as defined herein), we will have an aggregate of 14,285,715 Subordinate Voting Shares and 93,287,589 Multiple Voting Shares issued and outstanding. The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable securities laws in Canada. See "Description of Share Capital" and "Agreement with Principal Shareholders – Investor Rights Agreement – Pre-Emptive Rights".

Upon completion of the Offering, and assuming no exercise of the Over-Allotment Option, the Principal Shareholders will, directly or indirectly, own or control approximately 86.7% of the issued and outstanding Shares (representing their non-diluted equity interest) and approximately 98.5% of the voting power attached to all of the issued and outstanding Shares (approximately 84.7% and 98.2%, respectively, if the Over-Allotment Option is exercised in full). As a result, the Principal Shareholders will have significant influence over us and our affairs. In addition, the Principal Shareholders will also be parties to the Investor Rights Agreement. See "Selling and Principal Shareholders", "Agreement with Principal Shareholders" and "Risk Factors". All of the Shares held upon completion of the Offering by the Principal Shareholders and our directors and executive officers will be subject to contractual lock-up agreements with the Underwriters. See "Plan of Distribution – Lock-Up Agreements".

The Toronto Stock Exchange ("**TSX**") has conditionally approved the listing of our Subordinate Voting Shares under the symbol "GRGD". Listing is subject to us fulfilling all of the requirements of the TSX on or before February 11, 2025. See "Plan of Distribution".

See "Purchasers' Statutory Rights" for information about the right to withdraw or rescind from an agreement to purchase securities.

There is currently no market through which the Subordinate Voting Shares may be sold and purchasers may not be able to resell the Subordinate Voting Shares purchased under this prospectus. This may affect the pricing of the Subordinate Voting Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Subordinate Voting Shares, and the extent of issuer regulation. An investment in the Subordinate Voting Shares is subject to several risks that should be considered by a prospective purchaser. Prospective purchasers should carefully consider the risk factors described under "Risk Factors" before purchasing Subordinate Voting Shares. Closing (as defined herein) is conditional on the Subordinate Voting Shares being approved for listing on the TSX.

Price: $21.00 per Subordinate Voting Share

	Price to the Public(1)	Underwriters' Fee(2)(3)	Net Proceeds to the Selling Shareholders
Per Subordinate Voting Share	$ 21.00	$ 1.365	$ 19.635
Total Offering(4)	$300,000,015	$19,500,001	$280,500,014

Notes:

(1) The Offering Price has been determined by arm's length negotiation between the Selling Shareholders and the Underwriters.

(2) The Selling Shareholders will pay a cash fee equal to 6.5% (the "**Underwriters' Fee**") of the aggregate gross proceeds raised from the Subordinate Voting Shares sold pursuant to the Offering.

(3) None of the other expenses of the Offering will be borne by the Selling Shareholders. It is estimated that the total expenses of the Offering, not including the Underwriters' Fee, will be approximately $8,000,000. We have agreed to pay the expenses of the Offering. We have also agreed to reimburse the Underwriters in certain circumstances for their reasonable expenses in connection with the Offering.

(4) Certain of the Selling Shareholders have granted the Underwriters an option (the "**Over-Allotment Option**"), exercisable, in whole or in part, at any time and from time to time for a period of 30 days after the Closing Date (as defined herein), to purchase up to an additional 2,142,857 Subordinate Voting Shares (the "**Over-Allotment Shares**") representing up to an additional 15% of the aggregate number of Subordinate Voting Shares sold pursuant to the Offering on the same terms as set forth above solely to cover over-allocations, if any. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Selling Shareholders" will be $345,000,012, $22,425,001 and $322,575,011, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Shares issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Subordinate Voting Shares forming part of the Underwriters' over-allocation position acquires such Subordinate Voting Shares under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

Goldman Sachs Canada Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc. and TD Securities Inc., as joint lead bookrunners (collectively, the "**Joint Lead Bookrunners**"), Barclays Capital Canada Inc., Desjardins Securities Inc., National Bank Financial Inc., Scotia Capital Inc., Canaccord Genuity Corp., CIBC World Markets Inc. and Stifel Nicolaus Canada Inc. (collectively with the Joint Lead Bookrunners, the "**Underwriters**"), as principals, conditionally offer the Subordinate Voting Shares qualified under this prospectus, subject to prior sale, if, as and when sold by the Selling Shareholders and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein) among us, the Selling Shareholders and the Underwriters referred to under "Plan of Distribution" and subject to the approval of certain legal matters on our behalf by Davies Ward Phillips & Vineberg LLP with respect to Canadian and U.S. legal matters and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP with respect to Canadian legal matters and Cravath, Swaine & Moore LLP with respect to U.S. legal matters.

In connection with the Offering, the Underwriters have been granted the Over-Allotment Option and may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail on the open market. **The Underwriters may offer the Subordinate Voting Shares at a price lower than that stated above. See "Plan of Distribution".**

The following table sets out the number of Subordinate Voting Shares that may be sold by certain of the Selling Shareholders to the Underwriters pursuant to the Over-Allotment Option:

Underwriters' Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	2,142,857 Subordinate Voting Shares	For a period of 30 days after the Closing Date	$21.00 per Subordinate Voting Share

Certain of our directors, being Andy Janowski, Angelic Vendette and Hollie S. Castro, reside outside of Canada. These directors have appointed the Company, 5592 Rue Ferrier, Mont-Royal, Québec H4P 1M2, Canada as their agent for service of process in Canada. Purchasers are advised that it may not be possible for them to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, even if the person has appointed an agent for service of process. See "Risk Factors" and "Enforcement of Judgments Against Foreign Persons".

BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., Desjardins Securities Inc., National Bank Financial Inc. and Scotia Capital Inc. are affiliates of banks that have made credit facilities available to us under the Credit Agreement (as defined herein). Consequently, we may be considered a "connected issuer" of each of BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., Desjardins Securities Inc., National Bank Financial Inc. and Scotia Capital Inc. under applicable securities laws in Canada. See "Description of Material Indebtedness" for certain information relating to the terms, conditions and state of the credit facilities made available under the Credit Agreement and "Plan of Distribution — Relationship Between Us and Certain of the Underwriters".

Subscriptions will be received subject to rejection or allocation in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. The closing of the Offering (the "**Closing**") is expected to occur on or about November 26, 2024 or such other date as we, the Selling Shareholders and the Underwriters may agree (the "**Closing Date**"), but in any event no later than December 10, 2024. The Subordinate Voting Shares will be deposited with CDS Clearing and Depository Services Inc. ("**CDS**") in electronic form on the Closing Date. A purchaser of Subordinate Voting Shares will receive only a customer confirmation from the registered dealer from or through which the Subordinate Voting Shares are purchased. See "Plan of Distribution – Settlement".

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ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this prospectus and is not entitled to rely on parts of the information contained in this prospectus to the exclusion of others. Neither the Company, the Selling Shareholders nor any of the Underwriters has authorized anyone to provide investors with additional or different information. The information contained on our website at www.groupedynamite.com, and any social media referred to in this prospectus, is not intended to be included in or incorporated by reference into this prospectus and prospective investors should not rely on such information when deciding whether or not to invest in the Subordinate Voting Shares. Any graphs, tables or other information demonstrating our historical performance or that of any other entity contained in this prospectus are intended only to illustrate past performance and are not necessarily indicative of our or such entities' future performance. The information contained in this prospectus is accurate only as of the date of this prospectus or the date indicated, regardless of the time of delivery of this prospectus or of any sale of the Subordinate Voting Shares.

Neither the Company, the Selling Shareholders nor any of the Underwriters is offering to sell the Subordinate Voting Shares in any jurisdiction where the offer or sale of such securities is not permitted. For investors outside Canada, neither the Company, the Selling Shareholders nor any of the Underwriters has done anything that would permit the Offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the possession or distribution of this prospectus.

Meaning of Certain References

Unless otherwise noted or the context otherwise requires: (i) information contained in this prospectus assumes that the Pre-Closing Reorganization and the Offering have been completed and that the Over-Allotment Option has not been exercised; (ii) all references to issued and outstanding Multiple Voting Shares, Subordinate Voting Shares and Shares, and any percentages derived therefrom, assumes that the Class "G" shares have been exchanged based on a price per Multiple Voting Share equal to the Offering Price; and (iii) all references in this prospectus to the "Company", "GDI", "Groupe Dynamite", "we", "us" or "our" refer to Groupe Dynamite Inc. together with its subsidiaries, on a consolidated basis, as constituted on the Closing Date.

"**10644579 Canada Note**" means the promissory note dated November 10, 2022 issued by 10644579 Canada Inc. in favour of the Company, payable on demand, in the amount of $110,000,000 and bearing interest at a rate of 1.85% per annum above the prime rate. The 10644579 Canada Note is referred to as the "promissory note receivable from parent company" in our financial statements.

"**active customers**" as of a date means customers who have purchased our products within the 12-month period preceding that date.

"**Fiscal 2018**" means the fiscal year of the Company for the 52-week period ended February 2, 2019.

"**Fiscal 2019**" means the fiscal year of the Company for the 52-week period ended February 1, 2020.

"**Fiscal 2020**" means the fiscal year of the Company for the 52-week period ended January 30, 2021.

"**Fiscal 2021**" means the fiscal year of the Company for the 52-week period ended January 29, 2022.

"**Fiscal 2022**" means the fiscal year of the Company for the 52-week period ended January 28, 2023.

"**Fiscal 2023**" means the fiscal year of the Company for the 53-week period ended February 3, 2024.

"**Fiscal 2024**" means the fiscal year of the Company for the 52-week period ending February 1, 2025.

"**Fiscal 2025**" means the fiscal year of the Company for the 52-week period ending January 31, 2026.

"**Fiscal 2028**" means the fiscal year of the Company for the 53-week period ending February 3, 2029.

Currency and Exchange Rate Data

In this prospectus, all references to "$" and "C$" are to Canadian dollars and all references to "US$" are to U.S. dollars. Amounts are stated in Canadian dollars unless otherwise indicated. We present our financial statements in Canadian dollars and disclose certain financial information in this prospectus in Canadian dollars. Certain totals, subtotals and percentages throughout this prospectus may not reconcile due to rounding.

The following table sets out the high and low rates of exchange for one U.S. dollar expressed in Canadian dollars during each of the following periods, the average rate of exchange for those periods and the rate of exchange in effect at the end of each of those periods. Rates are based on exchange rates published by the Bank of Canada.

	Fiscal Year Ended			26-Week Period Ended	
	February 3, 2024(1)	January 28, 2023	January 29, 2022	August 3, 2024	July 29, 2023
High	1.3875	1.3856	1.2942	1.3858	1.3807
Low	1.3128	1.2451	1.2040	1.3450	1.3128
Average	1.3494	1.3075	1.2528	1.3642	1.3442
Period End	1.3454	1.3314	1.2772	1.3858	1.3232

On November 19, 2024, the exchange rate posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was US$1.00 = C$1.3981. No representation is made that Canadian dollars could be converted into U.S. dollars at that rate or any other rate.

Note:

(1) Fiscal 2023, which ended on February 3, 2024, was 53 weeks.

Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics

This prospectus makes reference to certain non-IFRS measures, including non-IFRS financial measures, non-IFRS ratios, supplementary financial measures and certain retail industry metrics. These measures are not recognized measures under International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

We use non-IFRS financial measures including "EBITDA", "adjusted EBITDA", "adjusted EBITDA (after rent equivalent expense)", "free cash flow", "adjusted net earnings" and "adjusted net earnings per share" and non-IFRS ratios including "EBITDA margin", "adjusted EBITDA margin", "adjusted EBITDA (after rent equivalent expense) margin", "return on assets", "return on capital employed", "free cash flow conversion" and "net leverage ratio". We also use supplementary financial measures including "inventory turnover", "retail sales per square foot", "comparable store sales", "gross margin", "operating margin", "customer lifetime value", "average order value", "average unit retail", "4-wall EBITDA", "4-wall margin", "SG&A as a percentage of sales" and "CAPEX" and other operating metrics commonly used in the retail industry, including "active customers". These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

For definitions of these non-IFRS financial measures, non-IFRS ratios, supplementary financial measures and retail industry metrics and applicable reconciliations to the relevant IFRS financial measures, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics".

Forward-Looking Information

This prospectus contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our business, financial position, business strategy, growth plans, the reorganization of our corporate structure and strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects", "is expected", "maintain", "continue", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "potential", "goal", "objective", "prospects", "strategy", "likely", "intends", "anticipates", "seeks", "believes" or variations of such words and phrases or terminology which states that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding possible future events or circumstances.

Discussions containing forward-looking information may be found, among other places, under "Prospectus Summary", "Our Business", "Prospectus Summary - Summary Consolidated Financial Information and Other Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Net Proceeds to the Selling Shareholders", "Description of Share Capital", "Dividend Policy", "Selling and Principal Shareholders", "Consolidated Capitalization", "Directors and Executive Officers", "Executive Compensation", "Director Compensation" and "Risk Factors".

Forward-looking information in this prospectus includes, among other things, statements relating to:

- the Offering Price, the completion, size and expenses of the Offering and timing of Closing;
- the execution of agreements entered into in connection with the Offering by the Principal Shareholders, including the Investor Rights Agreement;
- expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies, including regarding female spending power;
- expectations on our ability to continue creating accessible fashion and delivering on-trend products;
- expectations regarding reinvestment in our business;
- our business plans, objectives, goals and strategies and operating model;
- expectations regarding our brand positioning, brand awareness, brand expansions and the consumer focus on a brand's story and purpose;
- expectations regarding the expansion of our store footprint and the remodel and relocation of existing stores and the estimated average payback period on our investment per store;
- expectations regarding the pursuit of international markets, particularly the United Kingdom, and the opportunities, success and benefits thereof;
- the planned integration of our merchandising functions into a single, unified platform, called our Glass Pipeline initiative;
- expectations regarding the preparation of sustainability reports;
- expectations regarding the increase of our percentage of products created with sustainable materials and the increase of our sample-to-adoption ratio;

- our competitive position in our industry;
- the steps and completion of the Pre-Closing Reorganization;
- the use of the proceeds from the repayment of the 10644579 Canada Note to repay indebtedness outstanding under the Credit Agreement;
- expectations regarding financial performance;
- the market price for the Subordinate Voting Shares;
- expectations regarding future director and executive compensation levels and plans and our Shared Success Program; and
- beliefs and intentions regarding the ownership of material trademarks and domain names used in connection with the design, production, marketing, distribution and sale of our products.

In addition, our assessments of, and targets for, enhancing customer experience, the opening of new stores and the remodeling and relocation of existing stores in top-tier locations, and the increase in our e-commerce penetration level relative to our total revenue are considered forward-looking information. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Outlook" for additional information concerning our strategies, assumptions and market outlook in relation to these assessments.

This forward-looking information and other forward-looking information included in this prospectus are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Our assumptions underpinning forward-looking information include, but are not limited to, the following: expected short-, medium- and long-term discretionary spending and overall economic trends; successfully maintaining and enhancing our brands; marketing efforts, store enhancements and store expansions will be successful and drive our revenue; maintaining our supplier relationships and a steady, cost-effective supply of inventories; successfully managing expenses and driving gross margin improvements; growing our e-commerce business and making headway in our international expansion efforts; successfully retaining key personnel including our chief executive officer; the absence of material changes to taxes, duties, tariffs and interest rates; the absence of material disruptions in the international trade; the economy generally; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated, intended or implied.

The forward-looking information included in this prospectus is based on our opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made and are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the following risk factors described in greater detail under the heading entitled "Risk Factors":

- changes in the general economic conditions and consumer spending in Canada, the United States and other parts of the world;
- inability to optimize merchandise and anticipate and respond to constantly changing consumer demands and fashion trends;
- inability to protect and enhance our brands;
- actions taken by our suppliers and manufacturers;
- risks associated with supply chain transparency;
- failure to adequately continue to connect with our customer base;
- inability to maintain recent levels of comparable store sales or retail sales per square foot;
- inability to attract new customers, or retain existing customers, or to maintain or increase sales to those customers;

- material disruption in our information technology systems and e-commerce business;
- risks associated with data security breaches and other cyber security events;
- brand and reputational risk resulting from influencers;
- inability to attract and retain quality sales staff;
- fluctuations in the value of the Canadian dollar in relation to the U.S. dollar and other currencies and fluctuations in input costs and inflation;
- loss of members of our management team or other key personnel or an inability to attract new management team members or key personnel;
- inability to obtain merchandise on a timely basis at competitive costs;
- our highly competitive industry and the size and resources of some of our competitors;
- our need for significant capital to fund our expanding business;
- financing restrictions on current and future operations;
- inability to manage our operations at our current size and successful execution of our growth strategies;
- inability to successfully locate our stores in suitable locations and any impairment of a store location, including any decrease in customer traffic;
- risks associated with leasing retail space;
- inability to open and operate new stores in a timely and cost-effective manner;
- our limited operating experience and limited brand recognition outside North America;
- inability to successfully manage and grow our e-commerce business;
- inability to expand our product offerings, should we choose to, and the diversion of our operational, managerial and administrative resources for implementing these plans;
- our failure or inadvertent failure to comply with existing or future laws governing our marketing programs, our e-commerce initiatives and our collection, use and disclosure of transactional and personal information about our customers;
- development of artificial intelligence and its integration to our operations;
- disruptions to the operations at our head office location;
- union attempts to organize our employees;
- reliance on third-party transportation providers;
- increases in the cost of the raw materials or other inputs used in the production, manufacturing and transportation of our merchandise;
- seasonality of revenue and inventory purchases;
- inability to grow revenue or meet other financial targets;
- failure to reduce operating expenses in a timely manner;
- increased expenses as a result of being a public company;
- adverse impact on financial results from our equity incentive plans;
- inability to protect trademarks or other intellectual property rights and the potential infringement of trademarks or other intellectual property rights of third-parties;
- the negative impact our business activities may have on the human rights of people connected to our business;
- increased scrutiny from investors and others regarding our environmental, social, governance or sustainability responsibilities;
- operational and business impacts of climate change;

- laws and regulations, including labour and employment, consumer protection, advertising, environmental, customs, taxes and other laws that regulate retailers;
- claims made against us, which may result in litigation;
- hazards and operational risks may not be insured or fully covered by insurance;
- in-store and workplace health and safety liability, claims and penalties;
- additional taxes, which could affect our operating results;
- risks related to forward-looking information contained in this prospectus;
- payment-related risks;
- customer and/or credit card fraud;
- global or regional health events and geopolitical events such as the conflicts in Ukraine and the Middle East and related government, private sector and individual consumer responsive actions;
- inflation-related risks;
- natural disasters, unusual weather and geopolitical events or acts of terrorism;
- insolvency risks with parties with whom we do business or their inability or unwillingness to perform their obligations to us;
- changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters;
- insurance-related risks;
- risks inherent to conducting business with suppliers and manufacturers based in China;
- inability to accurately forecast income and appropriately plan our expenses;
- risks related to merchandise returns;
- failure to identify, recruit and contract with new qualified international operating partners;
- risks related to inventory shrinkage;
- risks related to our material weaknesses in our internal control over financial reporting;
- the dual class structure resulting in the concentration of voting control with the Principal Shareholders;
- volatility in the market price for Subordinate Voting Shares;
- future sales of our securities by existing Shareholders causing the market price for Subordinate Voting Shares to fall;
- an active, liquid and orderly trading market for Subordinate Voting Shares failing to develop;
- our ability to pay dividends;
- any issuance of preferred shares may hinder another person's ability to acquire us or could otherwise adversely affect holders of our Shares;
- our trading price and volume could decline if analysts do not publish research or publish inaccurate or unfavorable research about us or our business; and
- recent international tax developments may affect our financial results.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The risks, uncertainties, opinions, estimates and assumptions referred to above and described in greater detail in "Risk Factors" should be considered carefully by readers.

Although we have attempted to identify important risk factors that could cause actual results or future events to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information contained in this prospectus represents our expectations as of the date of this prospectus (or as of the date it is otherwise stated to be made) and is subject to change after such date. We disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable Canadian securities legislation.

All of the forward-looking information contained in this prospectus is expressly qualified by the foregoing cautionary statements. Investors should read this entire prospectus and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Subordinate Voting Shares.

Market and Industry Data

Market and industry data presented throughout this prospectus were obtained from third-party sources, industry reports and publications, websites and other publicly available information, including from Euromonitor, as well as industry and other data prepared by us or on our behalf on the basis of our knowledge of the North American retail market and economy (including our estimates and assumptions relating to the North American retail market and economy based on that knowledge).

We believe that the market and industry data presented throughout this prospectus are accurate and, with respect to data prepared by us or on our behalf, that our opinions, estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and industry data presented throughout this prospectus are not guaranteed and neither the Company, the Selling Shareholders nor any of the Underwriters makes any representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although we believe it to be reliable, neither the Company, the Selling Shareholders, nor any of the Underwriters has independently verified any of the data from third-party sources referred to in this prospectus, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and industry data are subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

Trademarks and Trade Names

This prospectus refers to certain trademarks, such as GARAGE and DYNAMITE, which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks and trade names referred to in this prospectus may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks and trade names.

ELIGIBILITY FOR INVESTMENT

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the Company and the Selling Shareholders, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, provided that on the Closing Date the Subordinate Voting Shares are listed on a "designated stock exchange" (as defined in the *Income Tax Act* (Canada) and the regulations thereunder, as amended, hereinafter referred to as the "**Tax Act**"), the Subordinate Voting Shares, based on the current provisions of the Tax Act, if issued on the date hereof, will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered education savings plan ("**RESP**"), a deferred profit sharing plan (other than a trust governed by a deferred profit sharing plan for which the employer is the Company or an entity which does not deal at arm's length with the Company), a registered disability savings plan ("**RDSP**"), a tax-free savings account ("**TFSA**") or a first home savings account ("**FHSA**").

Notwithstanding that the Subordinate Voting Shares may be a qualified investment for a trust governed by a RRSP, RRIF, RESP, RDSP, TFSA or FHSA, the annuitant under an RRSP or RRIF, the subscriber of an RESP or the holder of an RDSP, TFSA or FHSA, as the case may be, will be subject to a penalty tax in respect of Subordinate Voting Shares held in the RRSP, RRIF, RESP, RDSP, TFSA or FHSA, as the case may be, if such Subordinate Voting Shares are a "prohibited investment" within the meaning of the Tax Act. The Subordinate Voting Shares will generally not be a "prohibited investment", provided that the annuitant under the RRSP or RRIF, the subscriber of an RESP or the holder of an RDSP, TFSA or FHSA, as the case may be, deals at arm's length with the Company for purposes of the Tax Act, and does not have a "significant interest" in the Company, within the meaning of "prohibited investment" in the Tax Act. In addition, the Subordinate Voting Shares will generally not be a "prohibited investment" for a trust governed by a RRSP, RRIF, RESP, RDSP, TFSA or FHSA if they are "excluded property" within the meaning of the Tax Act. Holders of a RDSP, TFSA, FHSA, annuitants of an RRSP or RRIF and subscribers of an RESP should consult their own tax advisors as to whether Subordinate Voting Shares constitute a "prohibited investment" in their particular circumstances.

MARKETING MATERIALS

A ''template version'' of the following ''marketing materials'' (each such term as defined in Regulation 41-101 *respecting General Prospectus Requirements*) for this Offering filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada, is specifically incorporated by reference into this prospectus:

- the investor presentation filed on SEDAR+ on November 11, 2024;
- the term sheet for the Offering filed on SEDAR+ on November 11, 2024; and
- the final term sheet for the Offering filed on SEDAR+ on November 20, 2024.

In addition, any template version of any other marketing materials filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada in connection with this Offering after the date hereof, but prior to the termination of the distribution of our Subordinate Voting Shares under this prospectus (including any amendments to, or an amended version of, any template version of any marketing materials), is deemed to be incorporated by reference herein. Any template version of any marketing materials used in connection with this Offering is not part of this prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this prospectus.

A LETTER FROM OUR CHIEF EXECUTIVE OFFICER

Dear Prospective Shareholders,

Groupe Dynamite's story and my own learnings are one and the same. I started at Groupe Dynamite in 1982 when I was 18 years old as a part-time stock clerk at the first Garage store—a small clothing retailer selling a varied assortment of apparel and accessories in "Place Versailles", a Montréal shopping mall.

After two years of working every job in that store, I found myself taking on more active management roles, inspired by what I believed a fashion retailer should provide its customers. This was the first lesson I learned early in my career: *We must constantly innovate and evolve to grow*. We launched Dynamite in 1983, and this was our first attempt at creating a true brand and a discovery ground for trial and error. The journey took us time, but by 1991, we found the right formula for curating the best product assortment and delivering a distinct in-store experience for an older and dressier customer to drive success across our businesses.

Shortly after Dynamite's success, we began to realize that we were saturated as a brand in Québec and the market was getting over-crowded. As I was told at the time, "Go west, young man". This quickly became a second learning: *We need to push boundaries, literally*. In 1994, we expanded Dynamite into Ontario, and at around the same time, we applied Dynamite's winning formula to our sister brand, Garage. This time we addressed the needs of a younger and more casual customer. We found continued success as we expanded, and by 1999, we reached national retailer status with a presence in all Canadian provinces.

In the early 2000s, the brands faced another new challenge as American and other international competitors intensified their Canadian expansion. It was time for us to innovate and evolve again. With the deep understanding that *customers don't buy products, they obsess over brands that elicit emotional connection*, we transitioned from a "buying" mindset to a "creating" mindset. This critical shift allowed us to take on the accountability of designing fashion for our customers. We developed design, sourcing, and marketing functions, and brought to life the creative departments that underpin our brands today. It was also during this time that our revolutionary customer archetypes—our muses Alexia and Rachel—were born and became the heart and soul of everything we do.

While international fashion competition continued its encroachment into Canada, we were reminded of an earlier learning: *We need to push boundaries, literally*. In the latter part of the 2000s, we moved into the United States, both a proactive and a defensive move at the same time, which not only introduced Garage to new customers but also provided us insights into a larger and more competitive customer landscape. We needed to learn how to thrive in the most competitive global market. This push revealed a new lesson: *Our brand's emotion is best delivered through our store experience*. We need to be strategically focused on the locations of our stores so that customers can meet our brands with an experience that offers them something that exceeds their expectations, and put our best foot forward in service, product, and appeal.

Just as our brands have grown over the last 20 years, so have our customers and brand muses. Over time, we have strategically shifted our muses, both in name, to Alex and Rachelle, and in age, to 24 and 34, to better align with our current and target demographic. *Customer obsession is the core of our business*. By obsessing over and listening to our customers, we can create and curate must-have collections that inspire and build brand advocacy, awareness, and word-of-mouth exposure.

While I have, in a way, grown up through and with Groupe Dynamite, I would be remiss not to acknowledge our dedicated team of approximately 6,000 employees interacting with our customers and delivering on our luxury-inspired business model every day. *We are a value-led organization, taking great pride in our fun, engaging, and inclusive culture.*

Throughout our history, we have reinvented and reimagined our brands at various crossroads. These crossroads and my learnings inspire my confidence for the future. We remain committed to our original vision: creating accessible fashion that empowers consumers to embrace their individuality confidently. There's a unique strength in feeling confident in what you wear, and that confidence paves the way for more fulfilling days.

Today, our outward mission is "Empowering you to be you, one outfit at a time". Delivering on this mission daily has resulted in excellence in every part of our operations. We know that Dynamite and Garage's true power relies on the lifestyle we convey, the story we tell, and the emotions we evoke as we connect across the various chapters of our customers' lives.

As for Groupe Dynamite's next chapter, it's a privilege to continue serving as CEO and continue to embed our values-driven culture throughout the organization further. I am proud to say that these values and core beliefs have been the foundation of our success and will remain vital in delivering long-term, sustainable growth in the future. As we've done since the beginning, we will continue to prioritize innovation and evolution. Inspired by our muses and their lifestyles, we're committed to strengthening our connections with existing customers, growing our communities, expanding our international presence, and enhancing our operations to ensure we stay true to our mission every day. We invite you to join us on this journey.

Andrew Lutfy
Chief Executive Officer

PROSPECTUS SUMMARY

This summary highlights the principal features of the Offering and certain information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in the Subordinate Voting Shares. You should read this entire prospectus carefully, especially the "Risk Factors" section of this prospectus and our consolidated financial statements and related notes appearing elsewhere in this prospectus, before making an investment decision. Capitalized terms used but not defined in this prospectus summary are defined elsewhere in this prospectus.

Our Business

With a luxury-inspired mindset, our vision is to create accessible fashion that inspires style-conscious individuals to feel good in their skin to fulfil our mission: ***Empowering you to be you, one outfit at a time.***

We are a fashion house that operates retail stores and e-commerce platforms under two complementary and spirited banners: Garage and Dynamite. Garage is a casual street-active aesthetic brand that inspires rewriting the rules, breaking boundaries and owning your individuality, because your style should be as limitless as your passions. Dynamite believes that every day is the perfect occasion to look and feel exceptional, outfitting modern women to seamlessly flow between the demands of their day to the energy that fills their night.

We thrive at the intersection of art and science with a luxury-inspired business model. Our right brain: Creativity drives every aspect of what we do, allowing us to connect with our customers on a deeper level – we focus on creating clothing collections, campaigns, and experiences that foster an emotional connection with our customers. Our left brain: We obsess about taking time out of the supply chain, leading to increasing focus on speed, flexibility and data to effectively "de-risk" the business of fashion – this rigorous approach is what allows us to deliver differentiated outcomes.

We have an intense focus on building an emotional connection with our customers that informs our design and merchandising strategy, omnichannel distribution model and marketing strategy. This emotional connection with our customers begins with our muses, Alex and Rachelle, the conceptual inspirations for our design teams. Alex and Rachelle epitomize customers of Garage and Dynamite respectively, and we embark through them on style journeys that allow us to rapidly address ever-evolving fashion preferences.

Our teams then aim to create must-have, unique and on-trend products for our customers' ever-changing world.

Our product assortment includes blouses, tops, pants, shorts, dresses, rompers, skirts, swimwear, fleece and jeans. Both of our distinctive brands have their own dedicated design and merchandising teams focused on creating on-trend products while working hand-in-hand with specialized teams in product fit, fabric and sourcing and production—integrated functions within our organization—that promote company-wide strategic alignment and allow us to leverage insights and learnings across both brands.

We connect with our customers through an aspirational, omnichannel shopping experience that extends across our retail stores, e-commerce platforms, mobile application and loyalty program. As of November 1, 2024, we operate 185 stores in Canada, with retail locations in all Canadian provinces, and 114 stores in the United States, with retail locations across 37 U.S. states. Our retail store footprint allows us to develop brand-enhancing experiences for our customers, with use of technology and an innovative approach to empowering our store associates to be brand ambassadors and stylists creating an optimized shopping experience for our customers. Our two dedicated e-commerce sites, Garageclothing.com and Dynamiteclothing.com, give us control of the presentation of our brand and relationships with our customers, while providing customers with a seamless omnichannel experience. Our Garage and Dynamite loyalty program and apps further enable us to provide her a fun and personalized experience with access to the latest products, and help drive repeat purchasing behavior.

Our omnichannel distribution model is supported by our nimble design, sourcing and supply chain process. We have long-term and strategic relationships with suppliers that enable us to secure production capacity and facilitate in-season order placement. We have an accelerated product cycle from fabric production to order fulfillment that allows us to quickly pivot to the latest trends or go deeper on in-season trends. Our flexibility increases our open-to-buy opportunity in a given season, allowing us to test, deploy and react to trends more quickly, more accurately plan inventory, reduce markdowns and minimize fashion risk.

We support our brands with a disciplined and data-driven approach to marketing, utilizing a proprietary attribution model that analyzes and supports efficacy of our marketing spend in real-time and provides insights that inform our longer-term strategy. We deploy a multi-faceted marketing strategy across multiple channels focusing on driving brand awareness and growing the community of Garage and Dynamite customers, with strategic use of social media and influencers, events, and partnerships.

The strength of our business has created a compelling financial profile characterized by revenue growth and strong profitability. Selected financial highlights include the following:

- Revenue increased from $628.0 million in Fiscal 2021 to $888.4 million in the last 12-month period ended August 3, 2024 ("**LTM 1H' 2024**"), representing a compounded annual growth rate of 14.9%;
- Comparable store sales[(1)] have grown (7.0)%, 5.9%, 4.7%, 9.5%, 8.2% and 15.4% year-over-year in Fiscal 2018,[(2)] Fiscal 2019,[(2)] Fiscal 2021,[(3)] Fiscal 2022, Fiscal 2023, and for the first 26-week period of Fiscal 2024 ended August 3, 2024 ("**YTD 2024**"), respectively;
- 50 new store locations have been opened since the start of Fiscal 2022, with a majority of new store locations in the higher-growth United States market, and 15 store renovations or relocations have taken place over the same period. Contribution from new and improved stores was offset by 48 strategic store closures over the same period;
- Retail sales per square foot[(1)] of approximately $619 in Fiscal 2023 across Canada and the United States increased 34.2% since Fiscal 2021;
- Gross profit increased from $354.4 million in Fiscal 2021 to $558.1 million in LTM 1H' 2024, resulting in gross margin[(1)] increasing from 56.4% to 62.8% over this same time period;
- Operating income increased from $45.3 million in Fiscal 2021 to $200.2 million in LTM 1H' 2024, resulting in operating margin[(1)] increasing from 7.22% to 22.54% over this same period;
- Adjusted EBITDA[(1)] increased from $112.0 million in Fiscal 2021 to $276.5 million in LTM 1H' 2024, resulting in Adjusted EBITDA margin[(1)] increasing from 17.84% to 31.1% over this same time period;
- Adjusted EBITDA (after rent equivalent expense)[(1)] increased from $76.1 million in Fiscal 2021 to approximately $205.0 million in LTM 1H' 2024, resulting in Adjusted EBITDA (after rent equivalent expense) margin[(1)] increasing from 12.1% to approximately 23% over this same time period;
- Net earnings increased from $109.2 million in Fiscal 2021 to $127.8 million in LTM 1H' 2024, representing a compounded annual growth rate of 6.5%; and
- Adjusted net earnings[(1)] increased from $31.6 million in Fiscal 2021 to $132.8 million in LTM 1H' 2024, representing a compound annual growth rate of 77.5%.

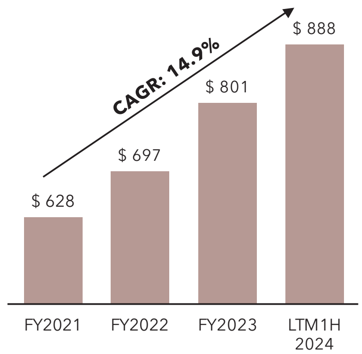
Notes:

(1) Refer to "Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics" in the MD&A included elsewhere in this prospectus for further details concerning these measures including definitions and reconciliations of each non-IFRS financial measure to the relevant reported IFRS financial measure. Non-IFRS financial measures and non-IFRS ratios do not have a standardized meaning under IFRS, which is used to prepare the Company's financial statements and might not be comparable to similar financial measures presented by other entities.

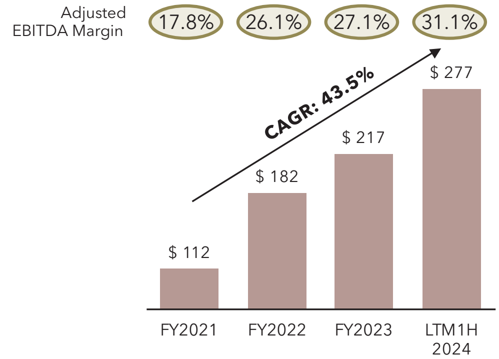
(2) Comparable store sales growth figures for Fiscal 2018 and Fiscal 2019 were prepared in accordance with Canadian accounting standards applicable to private enterprises, which is different from IFRS. The comparable store sales growth figures for Fiscal 2018 and Fiscal 2019 have not been audited for purposes of this prospectus and the financial statements from which these figures were derived and for which these periods relate have not been included in this prospectus.

(3) The year-over-year comparison for Fiscal 2021 is measured against Fiscal 2019 rather than Fiscal 2020, as we believe that the comparison to Fiscal 2019 provides a more accurate comparison of the performance of our business in light of the impact of the onset of COVID-19 during Fiscal 2020.

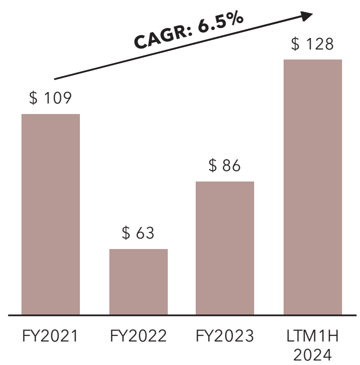
Revenue ($ millions)



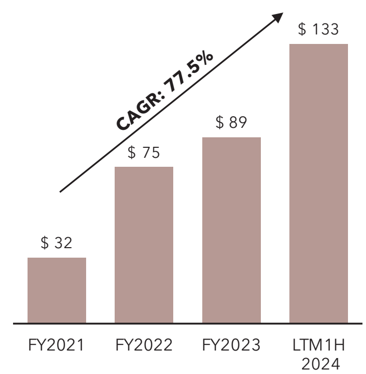
Adjusted EBITDA(1) ($ millions)



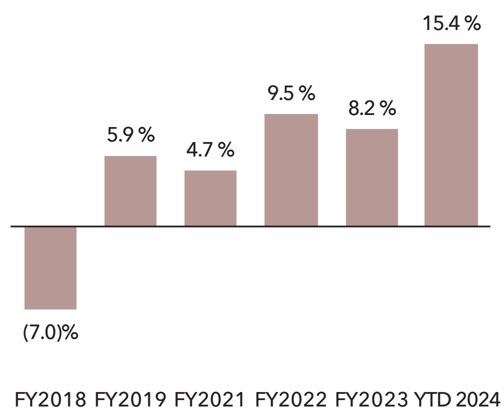
Net Earnings ($ millions)



Adjusted Net Earnings(1) ($ millions)



Comparable Store Sales Growth(1)(2)(3) (% YoY)



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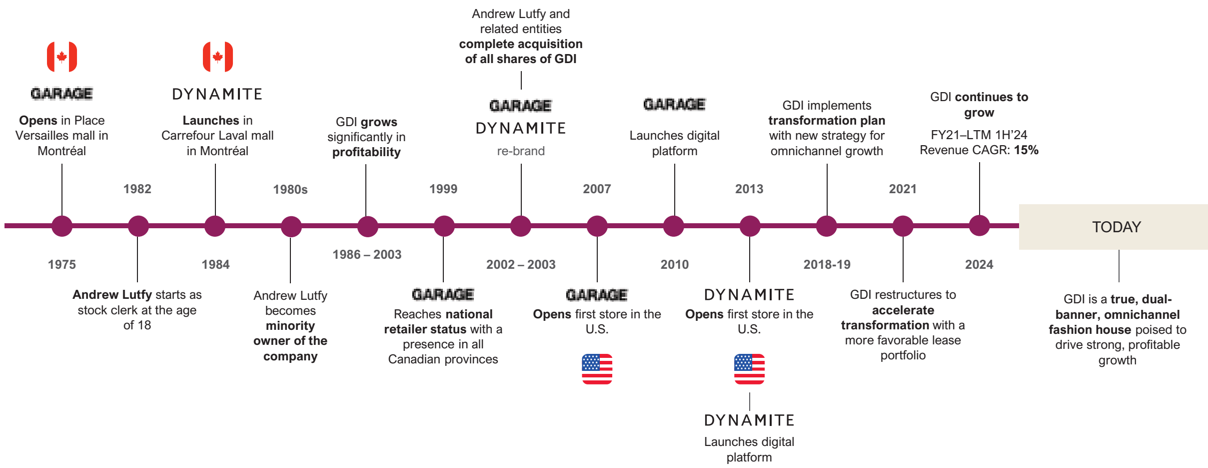
Our Journey and 2019 Transformation Plan

Our journey started almost 50 years ago:



We accelerated our journey starting in Fiscal 2019 with key structural pivots as part of our transformation plan (our "**2019 Transformation Plan**"), pursuant to which:

- We shifted from a family business to a growth-oriented company, establishing a board of directors (the "**Board**" or our "**Board of Directors**"), up-tiering the leadership team and forming an employee ownership program (the Legacy Option Plan (as defined herein)) then covering about 120 employees to align our employees' interests with a values- and performance-driven culture;
- We immersed ourselves in our customer, evolving our muses and redefining brand positioning, lifestyles, and product categories with a luxury mindset, elevating average unit retail[(1)] price and decreasing markdowns;
- We accelerated our strategic real estate framework to optimize our store network;
- We invested in data capabilities across the business;
- We developed and implemented our inventory management platform – the Brain;
- We implemented our speed to market and in-season flexibility to de-risk our trend driven model; and
- We expanded our Garage brand in the United States, leaning on operational learnings and opening the doors for global talent.

We made a further pivot in response to the COVID-19 pandemic and through the CCAA Proceedings (as defined herein), discussed in more detail under "Three Year History of our Business and CCAA Proceedings". The CCAA Proceedings allowed us to implement an operational and commercial restructuring

Note:

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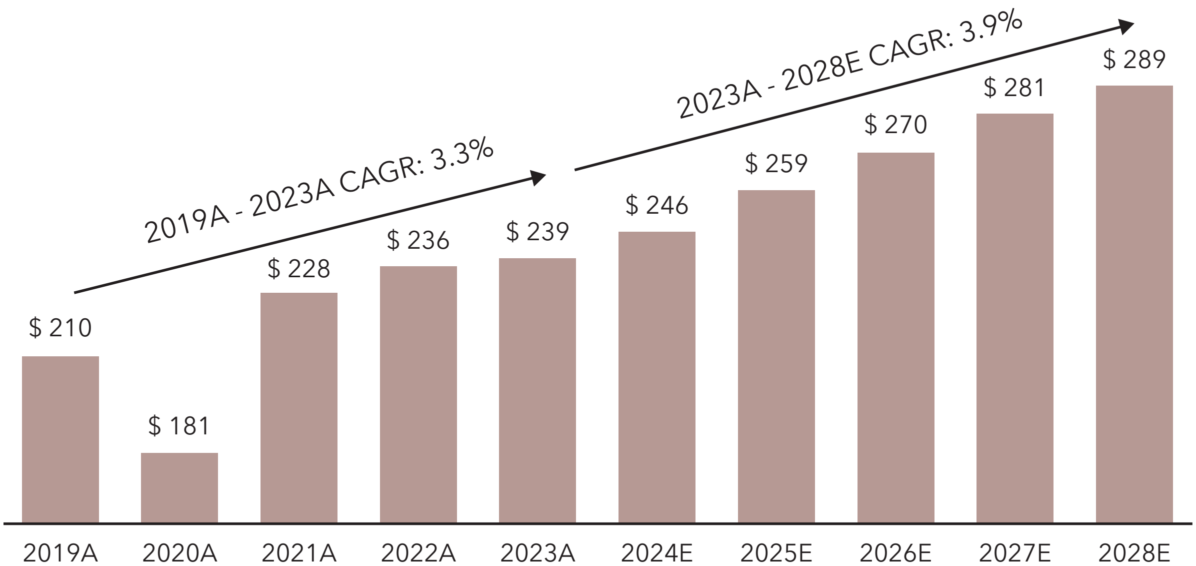
plan to reposition us for long-term success, including the renegotiation of several leases on terms and conditions more favourable to us. The successes of the 2019 Transformation Plan and CCAA Proceedings are evidenced in our operational and financial performance from Fiscal 2021 to today.

We approach our luxury-inspired model with a culture of continuous improvement, creating more opportunity ahead.

Our Market Opportunity

We operate in the large and growing women's apparel industry, primarily within the North American market. According to Euromonitor International, the North American women's apparel industry demand is expected to reach around $290 billion in retail sales by 2028, representing a 3.9% compound annual growth rate ("**CAGR**") from 2023.

North American Women's Apparel Industry
(C$ billions)



Source: Euromonitor International Ltd., Apparel and Footwear 2024ed, Retail Value RSP, $CAD, current prices, fixed 2023 ex rates.

We believe we are uniquely positioned to win market share and outpace the North American women's apparel industry, which is driven by enduring consumer and apparel megatrends that we are poised to capitalize on:

- *Increase in female spending power*: According to the U.S. Bureau of Labor Statistics and U.S. census, as of June 2024, women comprised 47% of the American workforce. This increasingly female workforce controls 85% of consumer spending, per Tech Crunch. Generation Z and Millennial women aged 15 to 44 have benefitted from increasing income levels since 2019, according to Statista, providing these consumers with additional disposable income to spend on clothing. We believe female spending power will remain high as women continue to be active in the workforce.
- *The rise of casual- and street- wear*: Casual- and street- wear fashion has witnessed an increase in consumer demand and interest, driven in part by the COVID-19 pandemic. As employees returned to work following COVID-19, office environments evolved with a more relaxed dress code. The majority of women, 51%, say they wear business casual clothing such as blouses, dress pants, dressy jeans or skirts most days, while 30% wear casual street clothing such as casual jeans, T-shirts or leggings, with fewer women typically going to work in a uniform (14%) or business professional clothing such as suits or suit separates (3%), according to Gallup.

- *Consumers demand brand loyalty, trust and authenticity*: We believe consumers increasingly desire brands that tell a story that they can appreciate, trust and identify with. According to the Business of Fashion, 2024 is expected to be the year of the brand, with an increasing consumer focus on a brand's story and purpose. Trust is also an important consideration, as more than seven in 10 consumers surveyed agree that it is more important to trust the brands they buy or use today than in the past, according to a 2023 Edelman Trust study. This is most acutely expressed by Generation Z adults ages 18 to 26, 79% of whom feel that trust in brands is more important than it was in the past.
- *Social media influencer inspiration and engagement*: Fashion shoppers increasingly rely on social media for inspiration, enhancing their awareness of trends and aspirational brands through influencers, who wield a significant influence on consumer buying decisions. Additionally, according to the 2023 Online Consumer Behavior Global Report published by Rithum, 63% of consumers aged 18 to 25 said they made a purchase after seeing a brand's social media promotion. Consumers also want ongoing engagement with brands, beyond using their products. According to a 2023 Edelman Trust study, 79% of consumers surveyed interact directly with brands by consuming brand content, participating in brand activities, connecting on social media and sharing feedback.
- *Growing power of e-commerce*: The increased prominence of online shopping in the fashion industry highlights the importance of a prominent digital strategy. According to Forbes, of the 8 billion people in the world today, 64% use the internet, double the rate from a decade ago. Further, at the start of 2024, smartphones accounted for nearly 80% of all retail website visits worldwide and generated the majority of online orders compared to desktops and tablets, according to Statista. Since pivoting to an omnichannel model in 2019, with ongoing investment and improvement of our e-commerce offering, we have clearly observed the significant impact a highly efficient and intuitive digital offering can have on our Company's growth.
- *Retailers embracing omnichannel capabilities*: Seamless shopping experiences between in-store and digital channels is becoming more important in a digital age. According to McKinsey, more than one-third of Americans have made omnichannel features such as buying online for in-store pickup part of their regular shopping routine since the pandemic, and nearly two-thirds of those individuals plan to continue to do so. Additionally, younger buyers are the most enthusiastic about new ways of shopping. We believe that fashion retailers are focused on transforming their physical retail stores into seamless shopping experiences.

Our Competitive Strengths

We believe that our strengths, learned and cultivated through nearly 50 years of continuously pushing boundaries and reinventing our brands, have been integral to our success and position us to continue creating accessible fashion that inspires style-conscious individuals to feel good in their skin.

1. Fashion Powerhouse with Two Innovative and Authentic Brands Created to Fit Our Customers' Lifestyles

Our two complementary and spirited banners have been conceived and developed over nearly 50 years with distinct brand positioning in both age and lifestyle that we believe strike the right emotional chord with our target customers. As a result, we had approximately 3.7 million active customers at the end of Fiscal 2023, and processed approximately 11 million transactions in Fiscal 2023. Our multi-brand strategy drives product differentiation, assortment flexibility and a natural progression through our muses, Alex and Rachelle. Garage's muse, Alex, is a casual 24-year-old individual embracing a fun, unapologetic and effortlessly cool style. Dynamite's muse, Rachelle, is a 34-year-old force to be reckoned with; she takes on life feeling empowered and makes doing it all look possible while embracing the perfectly imperfect moments along the way. Our data indicate that the median age of our Garage customers is 22.5 years old and the average age of our Dynamite customers is 31 years old.

Each brand has its own dedicated concept, fashion, design, merchandising, planning and allocation of inventory, and marketing teams focused on creating distinct on-trend products. Each brand is then supported by our multidisciplinary teams, spanning operational areas including supply chain, real estate, store operations, data and consumer insights, logistics, digital and technology and finance, that promote company-wide strategic alignment and that allow us to leverage insights and learnings across both brands.

We believe these insights have not only allowed us to understand our customers, unique to each banner, on a deeper level, but also have allowed us to take advantage of our banners' complementary nature, helping drive cross-banner conversion between formerly exclusive shoppers of either Dynamite or Garage. As of June 2024, 48% of Dynamite customers reported having also purchased from Garage over the past 12 months.

2. Customer-Centric Marketing Strategy Driving Emotional Connection

We strive to be hyper aware of key moments and influences in our customers' lives so that we can deliver collections that create demand and inspire an emotional connection, leading to brand advocacy. We take a disciplined and data-driven approach to marketing, with an innovative strategy focused on our muses and mobilization of our brand ambassadors, and utilizing a proprietary attribution model that allows us to monitor the efficacy of our marketing spend in real-time, and provides insights across marketing channels and campaigns that inform our longer-term marketing priorities and strategy. We employ a balanced, multi-channel marketing model that spans digital, email and social media, which is focused on building a strong, emotional connection with our customers. Our social media marketing strategy is at the core of the success of our growth in brand awareness and customer acquisition and loyalty, as it empowers our partner influencers with a platform to meaningfully inspire and connect with our confident, independent customers on their own terms.

As a result of our efficient marketing spend, we have increased our return on advertising spend over time. We have also increased our customer lifetime value(1) by approximately 25% from January 2021 through April 2024, driven by increased order frequency and average order value.(1)

3. Luxury-Inspired Operating Model

We employ a strategic, luxury-inspired operating model that positions our brands to optimize pricing with limited reliance on markdowns. We aim to deliver must-have, on-trend products that inspire deep emotional reaction for our customers' ever-changing world. Our talented teams of in-house designers workshop an average of 120 unique styles per week and we develop approximately 1,800 styles annually (resulting in a 3:1 development ratio(2)), constantly creating exciting newness that drives engagement rooted in brand familiarity. Our flexible merchandising model, partnering with our long-term supply chain partners, enables us to bring products to market quickly while maintaining flexibility within each season to pivot or go-deeper into the latest trends. We have significant relationships with our suppliers, and we believe that because of the significance of these relationships our orders are treated by our supply chain partners with a corresponding priority and care. This focus on newness and scarcity helps drive customer impression of value, and as a result, we have historically had a maximum of about two sale periods per year, allowing us to maintain price consistency across a product's lifecycle.

Our brand positioning and merchandising strategy have allowed us to optimize our average unit retail.(1) Since we began implementing the 2019 Transformation Plan, we have been able to grow list prices faster than inflation, more precisely, we have been able to grow our average unit retail by more than twice the rate of inflation, and we have simultaneously reduced our markdown rate by approximately 70% (from the start of Fiscal 2019(3) to LTM 1H' 2024). By reducing markdowns, we preserve brand value, which we believe organically fosters trust with our customers. We have increased average unit retail to approximately $40 at the end of Fiscal 2023, representing a 12% CAGR since Fiscal 2019(3), and have correspondingly increased company-wide gross margin to 60.8% in Fiscal 2023 from 56.4% in Fiscal 2021.

Notes:

(1) Refer to "Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics" in the MD&A included elsewhere in this prospectus for further details concerning these supplementary financial measures.

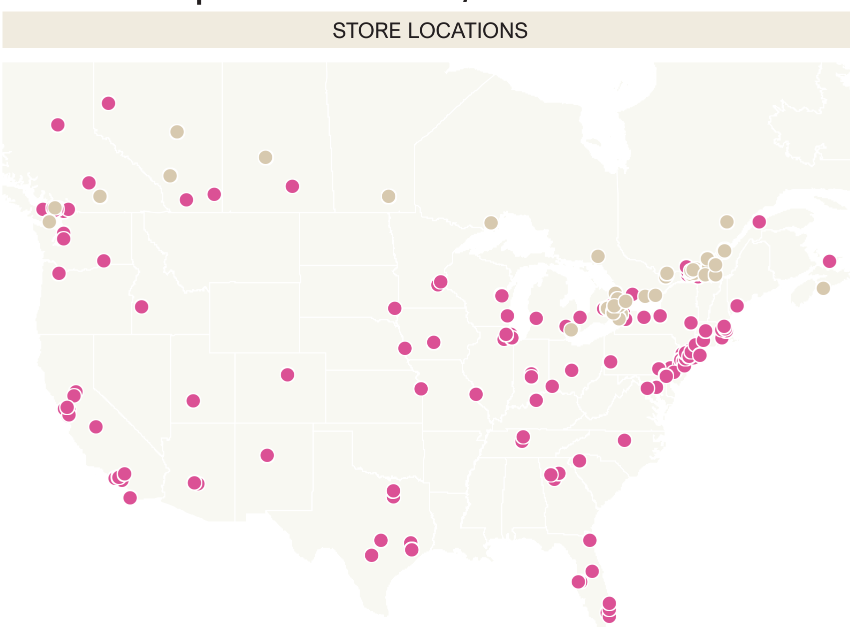
(2) Product development ratio reflects the number of styles designed (~6,000) for every product developed (~1,800).

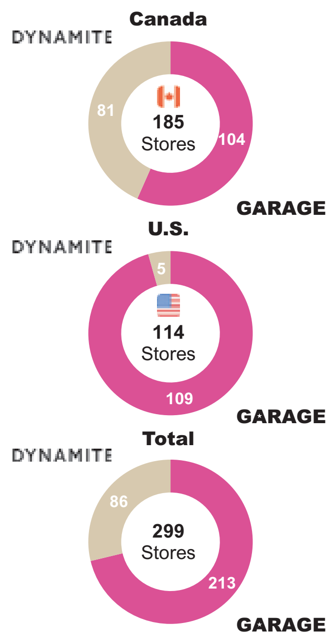
(3) Average unit retail and markdown rate figures for Fiscal 2019 and Fiscal 2020 were prepared in accordance with Canadian accounting standards applicable to private enterprises, which is different from IFRS. These figures have not been audited for purposes of this prospectus and the financial statements from which these figures were derived and for which these periods relate have not been included in this prospectus.

4. Premier Store Portfolio with Attractive Unit-Level Economics

We have developed a portfolio of retail stores with highly-compelling unit-level economics. We focus on being where our customer naturally gravitates, selecting luxurious, lifestyle-oriented locations that are vibrant gathering places with high foot traffic, and premium co-tenancy, to elevate customer experience, inspire emotions, and drive high return on investment. We believe this enhances the overall shopping experience for our existing customers and elevates our brand's image, attracting new customers. Our assets in higher-tiered real estate locations have outperformed those in lower-tiered locations across key metrics. Our stores have operating leases with an initial term that typically extends to 10 years with what we believe to be attractive and favorable terms. Our customers praise our excellent customer service, store atmosphere and product availability, all of which enhance our customer satisfaction, loyalty and customer conversion, according to third-party research conducted by PricewaterhouseCoopers. This combined effect also results in our physical stores having higher average order values compared to our e-commerce channel, driven by higher average units per transaction. Since the start of Fiscal 2022, we have successfully opened 45 stores across select markets in the United States (and made 3 strategic store closures in the United States and 45 in Canada over the same period). Some of these new stores, the majority of which are under the Garage banner, are among the most productive locations in our network, achieving positive 4-wall margin[1] profiles within 12 months after opening. Approximately 50% of our 4-wall EBITDA[1] for Fiscal 2023 was driven by stores in the United States representing only one-third of our store network by store count. Our physical retail store also creates a "digital halo" that amplifies e-commerce penetration in locations that are proximate to our physical stores.

Retail Store Footprint as of November 1, 2024





Canada	104
U.S.	109
Total	213

Garage

Canada	81
U.S.	5
Total	86

Dynamite

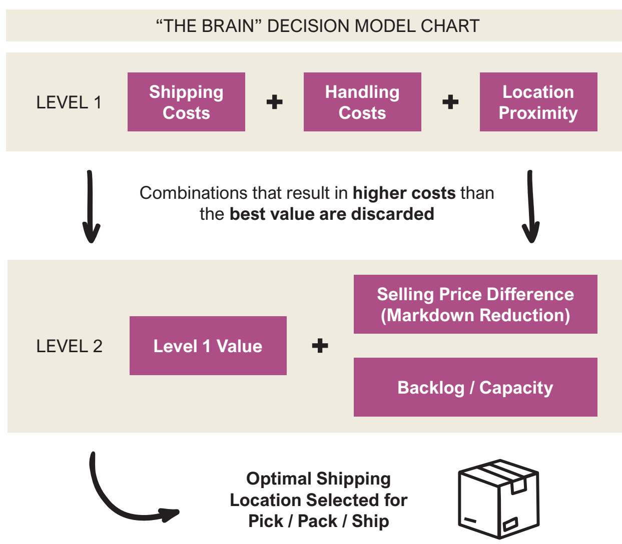
Note:

(1) Refer to "Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics" in the MD&A included elsewhere in this prospectus for further details concerning these supplementary financial measures.

5. Omnichannel Go-to-Market Platform Powered by Proprietary Business Intelligence

We are obsessed with providing her a frictionless, multichannel shopping experience across brand interactions. We leverage both our physical store base and e-commerce sites to create an omnichannel customer experience with an integrated platform that allows our customers to transition seamlessly across channels and maintain a curated and personalized shopping experience. Between Fiscal 2019[(1)] and Fiscal 2023, we have observed an increase of over 85% in revenue from our e-commerce channel, with online revenue comprising approximately 18% of total revenue in Fiscal 2023.[(2)] This growth has been achieved through several initiatives, such as broadening our e-commerce assortment by releasing exclusive items, having in-store brand ambassadors and stylists to direct customers online for additional sizes and styles, and optimizing our website experience for our customers, including by increasing site speed, streamlining the checkout process and shipping options and providing product reviews. In the 12-month period ended July 31, 2024, approximately 20% of our identifiable customers were omnichannel shoppers and they generated approximately 40% of our revenue from all identifiable customers, due to their higher lifetime value and purchase frequency.

Our omnichannel platform also meaningfully reduces markdown occurrences and lead to low obsolescence through the use of an algorithm powered by our proprietary business intelligence, referred to as the Brain. The Brain was developed in 2019 to enable physical stores to function as both shopping destinations and hybrid distribution centers whereby a significant portion of e-commerce orders are fulfilled using physical store inventory. The Brain identifies optimal inventory to fulfill e-commerce orders and improves customer service by seamlessly integrating online and offline retail channels. We are thus able to operate closer to an asset-light model that reduces warehouse expenses, drives a lead time advantage and increases overall assortment flexibility.



In Fiscal 2023, approximately two-thirds of e-commerce orders were shipped from our physical stores, and inventory turnover,[(3)] calculated as dividing the cost of sales in our stores during the period by the average inventory during that period, increased to approximately 8.0x in Fiscal 2023 from approximately 6.9x in Fiscal 2021.

Notes:

(1) Revenue figures from our e-commerce channel for Fiscal 2019 and Fiscal 2020 used to determine an increase in e-commerce between Fiscal 2019 and Fiscal 2023 were prepared in accordance with Canadian accounting standards applicable to private enterprises, which is different from IFRS. These revenue figures have not been audited for purposes of this prospectus and the financial statements from which these figures were derived and for which these periods relate have not been included in this prospectus.

(2) While online revenue over total revenue peaked at approximately 21% in Fiscal 2021 due to the after-effects of COVID-19 and the corresponding lockdowns and shelter-in-place orders, we have nevertheless grown online revenue by approximately 2% and 9% in Fiscal 2022 and Fiscal 2023, respectively, and approximately 15% between LTM 1H' 2024 and Fiscal 2021.

(3) Refer to "Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics" in the MD&A included elsewhere in this prospectus for further details concerning these supplementary financial measures.

6. Nimble Supply Chain and Sourcing Model

Our design-to-market speed, achieved through an agile product development and strategic sourcing model, enables us to design a highly relevant assortment of products and maintain flexibility as a new season starts. Our product design and development process builds on historically successful items, inspired by our muses, while incorporating new fashion, cultural and social trends, with the goal of creating fashion must-haves. We then adjust production output to match demand fluctuations, reducing inventory costs, optimizing margins and driving value for our customers through consistent delivery of in-demand items. We have an accelerated product cycle from fabric production to order fulfillment that allows us to quickly pivot to new and emerging trends as well as use our fabrics in products most in demand by our customers. For example, in Fiscal 2023, 85% of our products moved from our product design process to our distribution center in under 15 weeks (26% in under 8 weeks, 59% between 9 and 15 weeks and 15% in over 15 weeks). Our production cycle's efficiency is underpinned by familiarity with key suppliers—over 80% of whom have been partners for more than 8 years—along with periodic quality control and refreshment of suppliers. Approximately 50% of the purchasing decisions are made after a season begins, allowing us to respond to trends in real-time, either buying further into a trend or pivoting, while we optimize our inventory, resulting in fewer markdowns and exhibiting brand health and relevance. We continuously test, deploy and react to in-market product performance through a rigorous testing model, in part through 3D design capabilities and digital showrooms, to optimize our product assortment.

7. Scaled, Profitable and Compelling Financial Performance

We have an attractive financial profile with strong momentum behind our brands, resulting in a compelling revenue and profitability mix across brands, channels and countries. Our sales strategy includes a strategic emphasis on our physical retail stores that has resulted in comparable store sales(1) growth of (7.0)%, 5.9%, 4.7%, 9.5%, 8.2% and 15.4% year-over-year in Fiscal 2018,(2) Fiscal 2019,(2) Fiscal 2021,(3) Fiscal 2022, Fiscal 2023, and YTD 2024. Revenue has grown at an annual rate of 14.9% to $888.4 million in LTM 1H' 2024 from $628.0 million in Fiscal 2021. We have enhanced our margin profile through a more disciplined mindset, leading to fewer markdown occurrences, which has resulted in gross margin(1) increasing by 642 basis points, from 56.4% in Fiscal 2021 to 62.8% in LTM 1H' 2024. Our more stringent expense management, combined with gross margin expansion, has resulted in adjusted EBITDA margin(1) increasing by 1,330 basis points, from 17.8% in Fiscal 2021 to 31.1% in LTM 1H' 2024 and in adjusted net earnings(1) increasing from $31.6 million in Fiscal 2021 to $132.8 million in LTM 1H' 2024, representing a compound annual growth rate of 77.5%.

8. Healthy Balance Sheet with Cash Generative Financial Profile

Our healthy balance sheet, supported by strong access to capital through our Credit Agreement, and cash generative financial profile support our earnings growth. Our leading inventory turnover(1) propels our free cash flow conversion.(1) We averaged free cash flow conversion of approximately 68% from Fiscal 2021 to Fiscal 2023. We are also prudent allocators of capital, with return on assets(1) of 17.9% and return on capital employed(1) of 35.3% in Fiscal 2023. Our disciplined approach to capital allocation is intended to fully align our investments with our long-term strategic goals, strengthening our financial position and driving earnings growth.

Notes:

(1) Refer to "Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics" in the MD&A included elsewhere in this prospectus for further details concerning these measures including definitions and reconciliations of each non-IFRS financial measure to the relevant reported IFRS financial measure. Non-IFRS financial measures and non-IFRS ratios do not have a standardized meaning under IFRS, which is used to prepare the Company's financial statements and might not be comparable to similar financial measures presented by other entities.

(2) Comparable store sales growth figures for Fiscal 2018 and Fiscal 2019 were prepared in accordance with Canadian accounting standards applicable to private enterprises, which is different from IFRS. The comparable store sales growth figures for Fiscal 2018 and Fiscal 2019 have not been audited for purposes of this prospectus and the financial statements from which these figures were derived and for which these periods relate have not been included in this prospectus.

(3) The year-over-year comparison for Fiscal 2021 is measured against Fiscal 2019 rather than Fiscal 2020, as we believe that the comparison to Fiscal 2019 provides a more accurate comparison of the performance of our business in light of the impact of the onset of COVID-19 during Fiscal 2020.

9. Passionate and Experienced Management Team Leading a Strong, Value-Led Organization

Through continuous reinvention, our management team has transformed a small business into a fashion powerhouse with two authentic brands. Andrew Lutfy, our Chair and Chief Executive Officer, has worked in almost every area of the Company, starting his career as a stock clerk in 1982 at our very first store at Place Versailles in Montréal. As part of the 2019 Transformation Plan, Andrew has assembled a team of experienced executives from diverse and relevant backgrounds, who have extensive retail experience working with a wide range of leading global companies. We also reconstituted our Board, several members of which continue to serve as directors today, and implemented the Legacy Option Plan to align our employees' interests with a values-and performance-driven culture. In the last three years, as we have expanded our business and its operations, we have made strategic hires to bolster our leadership team, including hiring our Chief Financial Officer and Chief Digital Officer.

Our leadership team is supported by a diverse team of approximately 6,000 employees based in the U.S. and Canada, with 50% of vice presidents and above identifying as women. We take immense pride in the values- and performance-driven culture we have built inside of our Company, and drive toward our mission of "Empowering You to be You" every day. We are committed to providing a fun, engaging and inclusive environment across our organization. We manage performance based on our corporate values. We view incentivizing and retaining key talent as a top priority and have aligned our employee compensation so that our employees share in our company-wide success. We've set annual targets for involuntary turnover among our employees. Our Board of Directors provides us extensive expertise and a deep understanding of executive leadership across all aspects of our business.

Our Growth Strategies

We believe we are well positioned for strong and profitable growth with our sustained momentum in total and comparable sales growth. Strong gross margins (benefitting from luxury-inspired operating model and superior inventory management), SG&A discipline (with our leverage in SG&A expenses), strong cash flow (with our free cash flow generation supporting continued growth and potential future capital return), whitespace opportunities (with our continued store expansion into the United States and our expected entrance into the United Kingdom) and optimizing our footprint (with our expected store openings in premier locations, together with strategic stores closures and some other stores under renovations) can all work together to underpin and support this growth.

We have a highly strategic financial framework that drives results. We intend to leverage the inherent strengths of our brands and the synergistic benefits of our platform to pursue the following growth strategies:

1. Grow Comparable Store Sales through:

(a) Increasing Average Order Value and Number of Transactions with Existing Customers

We have a large and growing community with approximately 3.7 million active customers at the end of Fiscal 2023 and have increased average order value approximately 7% annually from Fiscal 2019[(1)] to Fiscal 2023. We continuously create unique, must-have, highly relevant and on-trend products for our customers' ever-changing world that inspire deep emotional connection. We then leverage our relationships with our customers to create distinct messages through planned strategies designed to resonate and drive even greater brand connection, allowing us to continue to increase average order value and the number of transactions. For example, our planned strategies include the following initiatives:

- Incorporating innovative technology, such as RFID 2.0, enabling luxury-inspired visual standards and SKU coverage on the showroom floor and reducing the backhouse and checkout responsibilities of our sales associates to allow them to spend more time with customers, leading to higher conversion;
- Execute the expansion of the loyalty program—Garage Collectif and Dynamite Collectif—to focus on providing our most loyal customers with unique experiences like stylist sessions, access to exclusive events, and curated benefits instead of traditional discounts; and
- Continue growing average unit retail, which has increased to approximately $40 at the end of Fiscal 2023, representing a 12% CAGR since Fiscal 2019.[(2)]

(b) Growing Brand Awareness with New Customers and Expanding Our Communities

We believe there is a significant opportunity to grow brand awareness with new Garage and Dynamite shoppers, particularly in the United States, where we have successfully opened 45 new stores since the start of Fiscal 2022 (and made 3 strategic store closures in the United States and 45 in Canada over the same period). Many of our new customers become aware of our brand through word-of-mouth exposure and product references from friends. We intend to grow consumer awareness of our brands and products through the following strategies:

- Leveraging artificial intelligence tools to personalize and target product recommendations;

Notes:

(1) Average order value figures for Fiscal 2019 and Fiscal 2020 were prepared in accordance with Canadian accounting standards applicable to private enterprises, which is different from IFRS. These figures have not been audited for purposes of this prospectus and the financial statements from which these figures were derived and for which these periods relate have not been included in this prospectus.

(2) Average unit retail figures for Fiscal 2019 and Fiscal 2020 were prepared in accordance with Canadian accounting standards applicable to private enterprises, which is different from IFRS. These figures have not been audited for purposes of this prospectus and the financial statements from which these figures were derived and for which these periods relate have not been included in this prospectus.

- Continued expansion of our Brand Ambassador program by positioning store associates as influencers or ambassadors, while continuing to engage and expand the traditional influencer ecosystem at all engagement tiers, including celebrity, micro- and nano-influencers; and
- Further development and testing of event-based marketing to meet consumers where they are spending time, away from our existing physical and digital channels.

Optimizing our store portfolio mix through our tiered store-level matrix strategy will also grow our comparable store sales as these higher-tiered real estate locations become part of the comparable store base.

2. Expand and Optimize Store Network in North America

We believe we have a significant opportunity to continue growing and optimizing our store network across North America. In 2023, according to third-party research conducted by PricewaterhouseCoopers, the women's apparel market in the United States was nine times larger than the market in Canada, suggesting that there is still room to optimize our real estate portfolio by making strategic store closures in Canada and opening new stores in the United States. We believe there is an opportunity to open approximately 18 additional new stores in Fiscal 2025 in North America, with the vast majority being in the United States and under the Garage banner. Over the same period, the Company intends to complete up to 9 closures in North America. The unit economics of a store in the United States are stronger than the unit economics of a store in Canada, driven by our pricing strategy of maintaining the same product prices in both countries. Our 5-year strategic plan, which has been approved by the Board, targets up to approximately 50 net store openings (with approximately 75 store openings and approximately 25 store closures) by the end of Fiscal 2028. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Outlook". Our new store openings assume an average investment of less than $2 million per store and target an average payback period of approximately two years or less on our initial investment (which we intend to continue reducing). See "Risk Factors – Our growth strategies depend in part upon our ability to successfully open and operate new stores, primarily in the United States, in a timely and cost-effective manner and new stores may take longer to mature than anticipated".

Underpinning the success of our retail sales growth is the strategic placement of our locations in accordance with our store-level matrix strategy depicted below, pursuant to which we focus on opening stores in top-tier locations.

TIERED STORE-LEVEL MATRIX STRATEGY

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Marquee Luxury Brands	✓	×	×	×	×
Other Luxury Brands	✓	×	×	×	×
Major Transport Hub	✓	✓	×	×	×
Sit Down Dining	✓	✓	✓	×	×
Premium Brands	✓	✓	✓	✓	×

According to our standards, most assets in the shopping center universe fall within tiers 4 and 5, while only a small percentage fall within tiers 1 and 2. We have improved the tiering of our store network against this matrix strategy. In Fiscal 2019, approximately one-third of our stores were in locations rated between tiers 1 and 3 and two-thirds were in locations rated between tiers 4 and 5. By the end of Fiscal 2023, approximately 43% of our stores were in locations rated between tiers 1 and 3 (meaning a 30% increase in tiers 1 to 3 store base from Fiscal 2019) and only 57% were in locations rated between tiers 4 and 5. We believe our tiering system works, as retail sales per square foot has grown since Fiscal 2019[(1)] at a CAGR of approximately 10% for stores in locations rated between tiers 1 and 3 and only approximately 5% in locations rated between tiers 4 and 5.

During Fiscal 2023, our stores (which occupy approximately 3,600 square feet on average) produced retail sales per square foot of approximately $619. In addition to opening new stores, we have generated attractive returns on capital by optimizing our existing stores through carefully considered and accretive store remodels and relocations. We aim to selectively remodel and relocate 10 to 15 existing stores per year in top-tier locations. Through expanding our store footprint and optimizing our existing store base, we believe we can enhance our aesthetic, improve our in-store assortment, increase scale, drive comparable store sales growth and enhance company-wide operating margins.

3. Grow e-Commerce and Omnichannel Capabilities

With no expected significant investment required near-term to service e-commerce growth, we believe there is a significant opportunity to grow our e-commerce business, and we are currently targeting a long-term e-commerce penetration level of approximately 25% of our total revenue, an increase from approximately 18% of total revenue as of Fiscal 2023. We believe the following factors will support increased e-commerce penetration:

- Growing our store network will drive online traffic—There is a synergistic relationship between our growing store network and e-commerce sites, which creates an omnichannel digital halo in which the success of each channel benefits the other through increased brand awareness and customer affinity.
- Increasing traffic to our e-commerce sites—We plan to strategically use artificial intelligence to leverage owned and paid media, search engine optimization, social commerce, CRM, and influencers to increase traffic and conversions to our e-commerce sites.
- Transforming our mobile app and user interface—We plan to redesign our mobile app for better content optimization, personalization, performance, and a store mode.
- Driving our Save-the-Sale strategy—Our Save-the-Sale strategy encourages our sales associates to support our customers by suggesting in-store and online product recommendations, which drives better customer experience, conversion, and loyalty.

4. Pursue International Markets

We have the opportunity to launch our brands internationally through e-commerce websites, international shipping, and physical retail stores. We have identified certain geographic markets, such as the United Kingdom, as attractive global markets where there are opportunities to expand the reach of our brands. We will first aim to open e-commerce sites and invest in marketing to grow brand awareness and customer acquisition in geographies where we plan to establish physical retail locations. We then plan to establish a physical retail presence, using our store-level matrix strategy and deep real estate expertise to identify the most attractive top-tier locations and directly enter international markets. Our ultimate goal is to remain unapologetically ourselves and bring our brand as-is to new markets by keeping the same product assortment and brand to each new market.

Note:

(1) Retail sales per square foot for Fiscal 2019 and Fiscal 2020 were prepared in accordance with Canadian accounting standards applicable to private enterprises, which is different from IFRS. These figures have not been audited for purposes of this prospectus and the financial statements from which these figures were derived and for which these periods relate have not been included in this prospectus.

Our Brands and Products

GDI is a fashion house that operates retail stores and digital experiences under two complementary and spirited banners: Garage and Dynamite. At each banner we aim to create must-have, highly relevant and on-trend products for our customers' ever-changing world that inspire deep emotional reaction. Our product assortment is centered around blouses, tops, pants, shorts, dresses, rompers and skirts.

Garage's purpose is to unlock individuality and to give her confidence to pursue her passions unapologetically. Garage is a casual street-active aesthetic brand that inspires breaking boundaries and owning your individuality, because your style should be as limitless as your passions. Garage dresses the unapologetic, on-trend, young individual, empowering her to rewrite the rules to unleash her passions. Garage's lifestyle categories include:

- Casual street – Effortlessly edgy looks rooted in Denim and Fashion Basics that tap into a sense of femininity and own what makes her sexy. Whether socializing with the boys, dressing for the girls, or posting GRWM videos, this style embodies confidence that shines all day—it's hot, it's cool, it's a whole damn vibe.
- Off-duty – Sexy feminine styles, inspired by the hot-girl-study aesthetic. Rooted in oversized fleece, knit essentials, and activewear, this look combines effortless style with a clean, polished edge. Perfect for catching up with friends from coffee meetups to hot girl walks, it embodies a confident vibe that's unapologetic.

Dynamite's purpose is to remind her of her power, to awake her energy and to make her feel good. Dynamite is the epitome of femininity and versatility, created for the multifaceted woman on the move. Dynamite believes that every day is the perfect occasion to look and feel exceptional, and the brand outfits modern women to seamlessly flow between the demands of their day to the energy that fills their night. Dynamite's product solutions include:

- In the city – Elevated, versatile wardrobe solutions that are designed to capture the rhythm of urban life. Blazers, vests, and designer-inspired accents that are perfect for transitioning from daytime engagements to evening apéros and casual dinners.
- On the daily – Curated pieces that celebrate intentional, everyday moments. Effortlessly layered sweaters and trusted denim pieces that bring comfort and style to brunches, city strolls, and lunches, blending ease with elegance for a life lived with purpose.
- Nights out – A magnetic, edgy assortment made for nights that captivate. Dresses and bold tops define the scene, setting the tone for pre-party cocktails and late-night reservations, where confidence meets allure in every look.

Our Multichannel Distribution

Store Overview, Site Selection and Optimization

As of November 1, 2024, we operate 185 stores in Canada and 114 stores in the United States, mostly situated in prime real estate locations nationwide in Canada and in the U.S. Our real estate strategy prioritizes luxurious and lifestyle-focused locations that garner foot traffic and are easily accessible with entertainment and dining nearby. We have established a store-level matrix whereby we tier all our physical retail stores based on carefully selected criteria. Our stores have operating leases with an initial term that typically extends to 10 years.

Our current store locations are summarized below:

Canada	Number of Stores
Alberta	19
British Columbia	20
Manitoba	7
New Brunswick	2
Newfoundland	2
Nova Scotia	6
Ontario	64
Prince Edward Island	1
Québec	60
Saskatchewan	4
Total Canada	185

United States	Number of Stores
Midwest	19
Northeast	42
South	28
West	25
Total United States	114
Total	**299**

Our stores are designed by an in-house team of interior designers to drive an emotional connection to and reaction from our customers. We believe the unique feel of our stores allows us to develop brand-accretive experiences for her while also driving sales and increasing efficiency. Additionally, furniture, fixtures, finishes and graphics are all carefully planned and coordinated to create an aspirational shopping environment.

We analyze, with a view to optimizing, all aspects of the customer experience at both banners, from store layout, lighting and sales associate assistance to fitting room and checkout operations. At Garage, we create a casual, fun and community-driven experience that allows our customer and their crew to discover a curated edit of the hottest fashion trends. At Dynamite, we create an elevated experience that focuses on personalized service, curated style, and outfitting solutions. Each store is led by a manager, who is supported by a team of sales associates who are passionate about delivering a highly personalized shopping experience. We actively structure our store operations to better enable our sales associates to focus exclusively on sales and to drive customer conversion. Our sales associates are supported by a robust, continuously improving technology stack, including detailed product RFID, or radio frequency identification, tracking designed to ensure in-demand items are consistently in stock, as well as a mobile point of sale system in some of our stores to increase personalization and conversion.

We believe continued expansion of our store footprint can be achieved by using our store-level matrix strategy and deep real estate expertise to identify the most attractive top-tier locations. Since the start of Fiscal 2022, we have successfully opened 45 stores across select markets in the United States, many of which are among the most productive locations in our network, and made 3 strategic store closures in the United States and 45 in Canada over the same period.

In addition to opening new stores, we have generated attractive returns on capital, evidenced by our return on assets of 17.9% in Fiscal 2023 and return on capital employed of 35.5% in the same period, by optimizing our existing stores through carefully considered and accretive store remodels and relocations.

Omnichannel

We aim to drive an emotional connection with our customers through an aspirational, omnichannel shopping experience. We primarily sell our products through our retail stores, two dedicated e-commerce sites, Garageclothing.com and Dynamiteclothing.com, and our mobile app. This gives us complete control of our brand positioning while providing a seamless experience across channels.

We have refreshed our mobile app design to become a true omni-platform. The first phase of the refresh, which went live in the second quarter of Fiscal 2024, includes a loyalty first mindset with a more personalized user experience and updated imagery to drive an emotional connection to our brands. The second phase of the refresh, which is scheduled to go live in the first quarter of Fiscal 2025, includes sophisticated content management capabilities that will allow us to quickly adapt to changing customer preferences. We also refreshed our loyalty program—Garage Collectif and Dynamite Collectif—in June 2024, moving from a badges-based rewards system to a points-based rewards system, with an enhanced loyalty first and hyper-personalization approach. Our points-based system, in which customers earn points through purchases and brand interactions, provides our loyalty members with exclusive rewards such as early access to new collections and events, surprise and delight offers, birthday gifts, enhanced shipping alternatives and personalized stylist sessions, among other exclusive offers.

We utilize business intelligence tools, including an algorithm referred to as the Brain which is powered by proprietary business intelligence and enables physical stores to function as both shopping destinations and hybrid distribution centers. The Brain identifies optimal inventory to fulfill e-commerce orders and improves customer service by seamlessly integrating online and offline product availability. We are thus able to operate closer to an asset-light model that reduces warehouse expenses, creates a lead time advantage and increases flexibility in our operations. We offer our customers multiple shipping and pickup options, including standard and express shipping, same-day pickup in-store and same-day shipping via our partnership with Uber. To further enhance our omnichannel strategy, we recently established a dedicated team focused on driving customer acquisition through prioritizing technological advancements.

In the future, we expect that most of our capital investment will be allocated to the openings of new stores, renovations, relocations, and store maintenance, and we expect the remaining portion to be designated for digital and IT investments.

Our Marketing Strategy

Our premier marketing efforts are focused on creating distinct brands that deeply resonate with our customers. We have recently focused on expanding our marketing department to accelerate our efforts. This has resulted in the implementation of new processes, including the establishment of our four core pillars: data-driven, multi-channel, community-focused and always relevant. These pillars serve as foundational priorities to drive an emotional connection to our brands.

- *Data-driven: Disciplined approach to marketing driving strong returns and efficiency.* We have clear, top-down guidelines aimed at ensuring that all marketing spend meets certain acquisition efficiency and profitability thresholds. This discipline is enabled by a proprietary data attribution model that enables real-time monitoring and spend allocation across paid digital marketing channels, and provides rich data insights that inform our longer-term marketing strategy and priorities. Our dedicated teams use this data as they focus on driving brand awareness, and customer retention.
- *Multi-channel: Balanced marketing strategy across channels*. We have a holistic planning process that allows for sophisticated, cross-functional strategies across our brands' biggest strategic initiatives. This includes both proactive and reactive strategies across channels that allow marketing efforts to both drive and then react to product trends in conjunction with product lifecycles. Our multi-channel strategy spans personalized marketing, social media, and a strategic use of influencers and brand ambassadors to successfully drive brand awareness and grow our community of customers. In June 2024, we launched our RODEO campaign, a western-inspired, cowboy fashion campaign, that leveraged integrated marketing strategies across digital, performance, social, retail and ambassador channels. Our RODEO campaign was one of our highest performing ads generating approximately 79 million impressions.
- *Community-focused: Focused on deepening engagement with a growing community of customers.* A robust customer database, consisting of approximately 3.7 million active customers at the end of Fiscal 2023, allows for direct marketing and highly personalized interaction. We focus our marketing resources on relationship-building activities designed to cultivate, maintain and expand our customer base. This is achieved through omni-tracking capabilities, capturing customer profiles and thus driving personalization and journey optimization through a rigorous and agile test-and-learn approach. Additionally, our loyalty program puts brand equity building at the center of our strategy framework, offering unique experiences, exclusive access and numerous benefits.

- *Always relevant: Aimed at how we aspire to intersect our brands in the culture and lives of our customers*. Dedicated teams rigorously track key fashion, social and cultural moments and influences in our customers' lives aimed at ensuring that our brands are always on trend. We employ a strategic hierarchy of influencers and ambassadors to reach our customers. Our products have been featured and worn by prominent celebrities and cultural leaders like Addison Rae, Ariana Madix, Becky G, Chloe Bailey, Charli D'Amelio, Alex Cooper, Tezza Barton and Justine Skye, which drives brand relevancy. We then strategically activate other influencers to drive buzz around the brand, including an industry-leading associate ambassador program consisting of 69 members across North America as of July 2024, who drive localized relevance and store performance. Together, our brands drove nearly 1.5 billion impressions in earned reach[(1)] from celebrity, influencer and fan-driven content across social media in Fiscal 2023.

Our Supply Chain and Operations

We aim to create must-have, exceptionally-designed and on-trend products for our customers' ever-changing world through an agile product development and strategic sourcing model.

Creative Development

We have talented in-house designers at both Garage and Dynamite who focus on creating on-trend products through constant collaboration with our Concept Team, which tracks new fashion, cultural and social trends, and our Fashion Office, a dedicated team that curates artistic direction for each brand based on these relevant trends, developing an average of 120 unique styles per week. Our product design and development process builds on historically successful items inspired by our muses, while incorporating new trends, with the goal of creating fashion must-haves. Our product development teams use a dashboard leveraging proprietary business intelligence that forecasts and predicts sales demand. We then continuously review and react to product performance through a rigorous test-and-react model, all while responding to new consumer trends, in part through 3D design capabilities and digital showrooms, to optimize our product assortment.

Merchandise Planning

We buy initial quantities of merchandise that allow us to quickly gauge customer demand and follow up with larger orders when proven successful, allowing us to increase sales while reducing inventory risk. Additionally, over half of our units produced in Fiscal 2023 utilized pre-positioned materials, fabric commitments made prior to purchase order placements, which enables our accelerated production cycle. By the beginning of the second quarter of Fiscal 2025, we aim to integrate our merchandising functions into a single, unified platform, called our Glass Pipeline initiative. This unified platform, combined with leveraging proprietary business intelligence, is designed to ensure transparency in how we buy, allocate and assort products across our channels. We also operate closer to an asset-light model, enabled by our physical stores functioning as both shopping destinations and hybrid distribution centers, which decreases warehousing expenses, provides a lead time advantage and increases assortment flexibility within our operations, all of which allow for more flexibility in responding to new trends.

Sourcing and Production

We have an accelerated product cycle from fabric production to order fulfillment that allows us to quickly pivot to the latest trends or go deeper on in-season trends. For example, in Fiscal 2023, 85% of our products moved from our product design process to our distribution center in under 15 weeks (26% in under 8 weeks, 59% between 9 and 15 weeks and 15% in over 15 weeks). This increases our open-to-buy opportunity in-season, allowing us to test, deploy and react more quickly, plan inventory more accurately, reduce markdowns and minimize fashion risk. We source a substantial majority of our raw materials directly, which

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Note:

(1) Impressions in earned reach exclude impressions from channels controlled or managed by the Company.

allows us to efficiently manufacture products and control costs. As of Fiscal 2023, we have over 45 suppliers across more than 100 factories providing us with the flexibility to source high-quality materials and products at competitive costs. Our production cycle's efficiency is underpinned by familiarity with key suppliers, with over 80% having been a partner of ours for over eight years, periodic quality control and refreshment of suppliers. Across this network of suppliers, the majority of our production volumes are sourced from China, with additional contributions from Bangladesh and Cambodia. Additionally, based on our strong supplier relationships, we are able to reserve production capacity prior to purchase order placement, which ensures that we have dedicated production lines supporting our agile business model and reducing supply chain risk. We maintain a formalized quality assurance program whereby we regularly perform in line and final production inspections in our manufacturers' factories to ensure quality control.

Environmental, Social and Governance Responsibility

Sustainability is an integral part of our overall strategy, and we are determined to pursue growth in a sustainability-conscious manner. We require our business partners to comply with the working conditions in our Supplier Code of Conduct and Policy on Modern Slavery, as well as certain employment practices and environmental standards. We require that all factories be certified by recognized audit standards and methodologies to ensure audit findings comply with local laws and regulations, as well as with global standards. As we continue to grow our efforts to operate sustainably through new and innovative measures, we aim to share our results in doing so through recurring sustainability reports, outlining our successes and key lessons learned. Additionally, we have identified the following strategic priorities related to sustainability:

- Utilize Sustainable Materials: As of April 30, 2024, approximately 34% of our products were manufactured with organic or recycled yarns and textiles. We aim to increase our percentage of products created with sustainable materials by prioritizing these fibers when adopting new fabrics.
- Minimize Overproduction: From Fiscal 2022 to Fiscal 2023, we increased our sample-to-adoption ratio, the number of products produced to the number of products adopted, from 21% to 29%, respectively. We aim to increase our sample-to-adoption ratio to minimize overproduction and reduce excess waste.

We are proud of our long-standing and trusted partnerships with more than 20 community organizations that are on the frontlines of effective, positive change. The focus of our charitable initiatives is on selecting and supporting causes that matter to our employees, including:

- *Centraide/United Way*. We are a proud partner of Centraide of Greater Montréal (United Way), Canada's unifying force for social change in local communities, since 2013. Through our annual campaigns, we have raised over $800,000 to benefit Centraide, including a record of approximately $130,000 raised with our 2023 campaign.
- *OutRight Action International*. In 2018, we became a partner of OutRight Action International, the only U.S.-based LGBTIQ+ human rights organization with a permanent presence at the UN. We are committed to helping raise funds for and awareness of OutRight Action International's work researching, documenting, defending and advancing human rights for LGBTIQ+ people around the world.
- *CURE Foundation*. Since 2009, we have raised close to $715,000 for the CURE Foundation through the annual "National Denim Day" campaign. In the fight against breast cancer, CURE invests in programs for prevention and early detection, cutting-edge research to improve treatment and a range of support services for patients and their families.

Our governance structure, policies and processes are designed to serve the needs of our business, our shareholders and other stakeholders, and to promote a culture of accountability across our Company. We believe that fostering a compliant, ethical, accountable and transparent culture requires the full engagement of our Board and management. We expect that ESG matters will be regular topics on the agenda of the Audit Committee. In addition, our Nominating and Governance Committee will help to oversee matters of corporate governance, including by reviewing our overall governance practices on an annual basis to ensure that our corporate governance practices continue to meet our high standards.

Summary of the Offering

Issuer	Groupe Dynamite Inc.
Selling Shareholders	16084915 Canada Inc., 16084958 Canada Inc., 16084834 Canada Inc. and 16086349 Canada Inc.
Offering Price	$21.00 per Subordinate Voting Share.
Offering	14,285,715 Subordinate Voting Shares (16,428,572 Subordinate Voting Shares assuming the Over-Allotment Option is exercised in full).
Offering Size	$300,000,015 ($345,000,012 assuming the Over-Allotment Option is exercised in full).
Over-Allotment Option	Certain of the Selling Shareholders, being 16084915 Canada Inc. and 16086349 Canada Inc., have granted the Underwriters an Over-Allotment Option, exercisable, in whole or in part, at any time and from time to time for a period of 30 days after the Closing Date to purchase up to an additional 2,142,857 Subordinate Voting Shares (representing up to an additional 15% of the number of Subordinate Voting Shares sold pursuant to the Offering) on the same terms as set forth above solely to cover over-allocations, if any. See "Plan of Distribution".
Shares Outstanding	Upon completion of the Offering, an aggregate of 14,285,715 Subordinate Voting Shares, 93,287,589 Multiple Voting Shares (16,428,572 Subordinate Voting Shares and 91,144,732 Multiple Voting Shares if the Over-Allotment Option is exercised in full) and no preferred shares will be issued and outstanding. All of the issued and outstanding Multiple Voting Shares will be held or controlled, directly or indirectly, by the Principal Shareholders and certain of Mr. Lutfy's family members.
Shares held by the Principal Shareholders following Closing	Upon completion of the Offering, the Principal Shareholders will, collectively, own or control, directly or indirectly, issued and outstanding Multiple Voting Shares representing approximately 86.7% of the issued and outstanding Shares (representing their non-diluted equity interest) and approximately 98.5% of the voting power attached to all of the Shares (approximately 84.7% and 98.2%, respectively, if the Over-Allotment Option is exercised in full). See "Selling and Principal Shareholders", "Agreement with Principal Shareholders – Investor Rights Agreement" and "Risk Factors".
Net Proceeds to the Selling Shareholders	We will not receive any proceeds from the Offering. The aggregate net proceeds of the Offering to the Selling Shareholders will be $280,500,014 ($322,575,011, assuming the exercise of the Over-Allotment Option in full), after deducting the Underwriters' Fee. We will pay for the expenses of the Offering, which are estimated to be approximately $8,000,000. See "Net Proceeds to the Selling Shareholders".
Description of Share Capital	Upon completion of the Offering, our authorized share capital will consist of (i) an unlimited number of Subordinate Voting Shares, (ii) an unlimited number of Multiple Voting Shares and (iii) an unlimited number of preferred shares, issuable in series. See "Description of Share Capital". The Subordinate Voting Shares and the Multiple Voting Shares are substantially identical with the exception of the voting and conversion rights attached to the Multiple Voting Shares. In addition, the Principal Shareholders are entitled to certain contractual pre-emptive rights to subscribe for additional Multiple Voting Shares provided for in the Investor Rights Agreement. Each Subordinate Voting Share is entitled to one vote and each Multiple Voting Share is entitled to 10 votes on all matters upon

	which holders of Shares are entitled to vote. The Multiple Voting Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time at the option of the holders thereof and automatically in certain other circumstances. Holders of Multiple Voting Shares and Subordinate Voting Shares will be entitled to receive notice of any meeting of our shareholders and may attend and vote, in person or by proxy, at such meetings, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote, and they may speak at the meetings to the same extent that holders of equity securities are entitled. The holders of Subordinate Voting Shares benefit from "coattail" provisions that give them certain rights in the event of a take-over bid for the Multiple Voting Shares. See "Description of Share Capital" and "Agreement with Principal Shareholders – Investor Rights Agreement – Pre-Emptive Rights".
Lock-Up Agreements	We have agreed that we will not, directly or indirectly, offer, sell, contract to sell, issue or grant any option, right or warrant to purchase, or otherwise lend, transfer or dispose of, any Shares or securities convertible into or exercisable or exchangeable for Shares, in a public offering, by way of private placement or otherwise, or announce any intention to do any of the foregoing, for a period of 180 days after the Closing Date, without the prior written consent of each of Goldman Sachs Canada Inc. and BMO Nesbitt Burns Inc. (which consent shall not be unreasonably withheld, conditioned or delayed), other than (i) pursuant to employee or executive incentive compensation arrangements currently in place or contemplated in this prospectus or (ii) as may be required pursuant to our Articles or for transactions related to the offering of the Shares (including the Pre-Closing Reorganization). See "Plan of Distribution – Lock-up Agreements". Our executive officers and directors, the Principal Shareholders and certain other securityholders have agreed to similar lock-up restrictions, subject to certain limited exceptions. See "Plan of Distribution – Lock-up Agreements".
Investor Rights Agreement	Upon completion of the Offering, we will be party to an investor rights agreement (the "**Investor Rights Agreement**") with the Principal Shareholders that gives the Principal Shareholders certain shareholder rights and other rights, including director nomination rights, demand registration rights, piggy-back registration rights and information rights. See "Agreement with Principal Shareholders – Investor Rights Agreement".
Dividend Policy	We currently intend to retain any future earnings to fund the development and growth of our business, such as through the investment in the growing and the optimizing of our omnichannel footprint with a disciplined investment framework. However, in due course, we intend to declare and pay dividends and potentially introduce a share repurchase program. No specific timing has been established and any determination to pay dividends or effect share repurchases in the future will be at the discretion of our Board and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, including those under the Credit Agreement, solvency tests imposed by applicable corporate law and other factors that our Board may deem relevant. Currently, the provisions of the Credit Agreement place certain limitations surrounding the payment of dividends. See "Dividend Policy".
Pre-Emptive Rights	In the event of any distribution or issuance, including by way of a share dividend, of Voting Shares or Convertible Securities (each as defined herein), the Principal Shareholders shall have the right to subscribe for that number

	of Multiple Voting Shares, or, as the case may be, for securities convertible or exchangeable into or giving the right to acquire, on the same terms and conditions, including subscription or exercise price, as applicable, *mutatis mutandis* (except for the ultimate underlying securities which shall be Multiple Voting Shares), as those stipulated in the Convertible Securities, that number of Multiple Voting Shares, respectively, which carry, in the aggregate, a number of voting rights sufficient to fully maintain the proportion of total voting rights (on a fully diluted basis) associated with the then number of outstanding Multiple Voting Shares. See "Agreement with Principal Shareholders – Investor Rights Agreement – Pre-Emptive Rights".
Take-Over Bid Protection	In accordance with the rules of the TSX designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, the Principal Shareholders will enter into a customary Coattail Agreement (as defined herein). The Coattail Agreement will contain provisions customary for dual class, TSX-listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable provincial and territorial take-over bid regulation to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares. See "Description of Share Capital – Subordinate Voting Shares and Multiple Voting Shares – Take-over Bid Protection".
TSX Trading Symbol	The TSX has conditionally approved the listing of our Subordinate Voting Shares under the symbol "GRGD". Listing is subject to us fulfilling all of the requirements of the TSX on or before February 11, 2025. See "Risk Factors".
Risk Factors	Prospective purchasers of the Subordinate Voting Shares should carefully consider the information set forth under the heading "Risk Factors" and the other information included in this prospectus before deciding to invest in the Subordinate Voting Shares. See "Risk Factors".

Summary Consolidated Financial Information and Other Data

The following table sets out selected financial information of the Company for the fiscal years ended February 3, 2024, January 28, 2023 and January 29, 2022, and the 13- and 26-week periods ended August 3, 2024 and July 29, 2023. The information for the fiscal years ended February 3, 2024, January 28, 2023 and January 29, 2022 has been derived from the audited annual consolidated financial statements of the Company for the fiscal years then ended, included elsewhere in this prospectus, and the information for the 13- and 26-week periods has been derived from the unaudited condensed interim consolidated financial statements of the Company, included elsewhere in this prospectus, all prepared in accordance with IFRS. Our consolidated financial statements have been prepared in accordance with IFRS and are presented in thousands of Canadian dollars except where otherwise indicated. Our historical results are not necessarily indicative of the results that should be expected in any future period.

Prospective investors should review this information in conjunction with the consolidated financial statements including the notes thereto, as well as "Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Proceeds to the Selling Shareholders", "Consolidated Capitalization", "Description of Material Indebtedness" and "Description of Share Capital", included elsewhere in this prospectus.

	13-week periods ended		**26-week periods ended**		**Fiscal years ended**		
In thousands of Canadian dollars, except per share data	**Aug 3, 2024**	**Jul 29, 2023**	**Aug 3, 2024**	**Jul 29, 2023**	**Feb 3, 2024**	**Jan 28, 2023**	**Jan 29, 2022**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	239,104	186,810	427,988	340,394	800,833	697,442	628,043
Cost of sales	81,400	71,342	149,632	132,949	313,646	277,882	273,650
Gross profit	157,704	115,468	278,356	207,445	487,187	419,560	354,393
Operating expenses							
Selling, general and administrative expenses	79,871	67,231	146,104	131,351	272,338	241,047	246,296
Depreciation and amortization	17,728	16,797	34,482	33,037	69,370	66,852	58,049
Foreign exchange (gain) loss	(175)	(410)	(662)	(349)	288	(325)	4,705
Total operating expenses	97,424	83,618	179,924	164,039	341,996	307,574	309,050
Operating income	60,280	31,850	98,432	43,406	145,191	111,986	45,343
Net financing costs	6,531	8,640	11,734	13,688	26,548	14,895	10,806
CCAA debt forgiveness	-	-	-	-	-	12,184	(104,747)
Earnings before income taxes	53,749	23,210	86,698	29,718	118,643	84,907	139,284
Income taxes	13,392	5,735	22,404	7,399	32,827	22,061	30,104
Net earnings	40,357	17,475	64,294	22,319	85,816	62,846	109,180
Net earnings per share							
Basic	$ 0.09	$ 0.04	$ 0.14	$ 0.05	$ 0.19	$ 0.14	$ 0.24
Diluted	$ 0.09	$ 0.04	$ 0.14	$ 0.05	$ 0.19	$ 0.14	$ 0.24
Additional financial measures							
Retail revenue	203,741	158,232	361,890	283,374	653,772	562,450	496,101
Comparable store sales growth(1)	14.7%	5.2%	15.4%	5.9%	8.2%	9.5%	4.7%(3)
Retail sales per square foot(1)	$ 694.04	$ 547.04	$ 694.04	$ 547.04	$ 619.40	$ 530.47	$ 461.40
Adjusted EBITDA(1)	80,839	49,146	136,604	77,406	217,365	181,685	112,039
Adjusted net earnings(1)	42,698	17,974	67,494	23,282	88,620	74,641	31,648
Adjusted net earnings per share(1)							
Basic	$ 0.09	$ 0.04	$ 0.15	$ 0.05	$ 0.19	$ 0.16	$ 0.07
Diluted	$ 0.09	$ 0.04	$ 0.15	$ 0.05	$ 0.19	$ 0.16	$ 0.07
Gross margin(1)	66.0%	61.8%	65.0%	60.9%	60.8%	60.2%	56.4%
SG&A as a percentage of sales(1)	33.4%	36.0%	34.1%	38.6%	34.0%	34.6%	39.2%
Adjusted EBITDA margin(1)	33.8%	26.3%	31.9%	22.7%	27.1%	26.1%	17.8%

Ratios and other metrics:	13-week periods ended		26-week periods ended		Fiscal years ended		
ROA(1)	22.8%	14.8%	22.8%	14.8%	17.9%	19.3%	10.4%
ROCE(1)	41.9%	30.5%	41.9%	30.5%	35.3%	36.3%	31.8%
Net leverage ratio(1)	1.59	2.55	1.59	2.55	1.96	2.40	0.79
Free cash flow(1)	29,624	24,111	66,205	11,457	92,373	106,447	117,326
Inventory turnover(1)	6.12	5.11	6.12	5.11	7.98	6.76	6.87
CAPEX(1)	22,620	9,566	32,855	11,068	53,392	19,533	9,090
Number of stores(2)	293	288	293	288	290	292	297

	As at		As at		
In thousands of Canadian dollars, except per share data	**Aug 3, 2024**	**Jul 29, 2023**	**Feb 3, 2024**	**Jan 28, 2023**	**Jan 29, 2022**
	$	$	$	$	$
Cash	29,173	32,580	8,135	33,694	94,666
Inventories	56,264	51,699	38,627	40,028	42,214
Total current assets	126,817	122,669	83,458	100,451	156,509
Property and equipment	93,609	47,115	65,419	37,132	34,077
Right-of-use assets	299,617	228,114	246,240	210,708	89,395
Total assets	644,451	520,115	516,476	471,631	301,918
Long-term portion of long- term debt	122,945	224,081	145,100	223,273	73,476
Long-term portion of lease liabilities	302,809	217,328	240,301	194,624	67,146
Total non-current liabilities	429,254	444,909	388,901	421,397	153,791
Total liabilities	577,999	576,008	511,548	547,585	262,452
Total shareholders' (deficiency) equity	66,452	(55,893)	4,928	(75,954)	39,466
Total debt(1)	469,489	494,679	433,275	469,183	182,778
Net debt(1)	440,316	462,099	425,140	435,489	88,112

Notes:

(1) Refer to "Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics" section of this MD&A for further details concerning these measures including definitions and reconciliations of each non-IFRS financial measure to the relevant reported IFRS financial measure. Non-IFRS financial measures and non-IFRS ratios do not have a standardized meaning under IFRS, which is used to prepare the Company's financial statements and might not be comparable to similar financial measures presented by other entities.

(2) Number of stores is as at end of period.

(3) The year-over-year comparison for Fiscal 2021 is measured against Fiscal 2019 rather than Fiscal 2020, as we believe that the comparison to Fiscal 2019 provides a more accurate comparison of the performance of our business in light of the impact of the onset of COVID-19 during Fiscal 2020.

Recent Developments

For the 13-week period ended November 2, 2024, we expect to report revenue of between $255 million and $260 million, which represents an increase of 15.8% to 18.1% as compared to revenue of $220 million in the 13-week period ended October 28, 2023, including online sales of between $42 million and $45 million. This revenue increase was driven primarily by growth in comparable store sales that we expect to be in the range of 9.0% to 10.5% for the 13-week period ended November 2, 2024. Additionally, the sales performance is impacted by the addition of 6 net new stores, consisting of 3 openings in Canada and 3 in the US.

We expect that our gross profit margin for the 13-week period ended November 2, 2024 will be in the range of 62.0% to 63.0% as compared to 62.8% for the 13-week period ended October 28, 2023. Any expected improvement would be a result of stronger product margins and reduced markdowns. As a result, our adjusted EBITDA margin should be between 31.0% and 33.0% of total revenues.

Finally, we expect our reported adjusted net earnings for the 13-week period ended November 2, 2024 to be positively impacted by strong adjusted EBITDA margin and higher revenue compared to the 13-week period ended October 28, 2023.

All figures and information indicated above with respect to the 13-week period ended November 2, 2024 are preliminary, have not been reviewed by our auditors and are subject to change as our financial results are finalized. The report of Deloitte LLP included in this prospectus refers exclusively to the Company historical audited financial statements and does not extend to the unaudited financial information included above and should not be read to do so. This information constitutes forward-looking information within the meaning of applicable Canadian securities laws, are based on several assumptions and are subject to risks and uncertainties. See “About this Prospectus – Forward-Looking Information”.

We intend to issue a press release with respect to the finalized financial results for the 13-week period ended November 2, 2024 by December 17, 2024 at the latest. At such time, we will also file our unaudited consolidated financial statements, together with the notes thereto, and management’s discussion and analysis of financial condition and results of operations for the 13-week period ended November 2, 2024.

OUR BUSINESS

Overview

With a luxury-inspired mindset, our vision is to create accessible fashion that inspires style-conscious individuals to feel good in their skin to fulfil our mission: ***Empowering you to be you, one outfit at a time.***

We are a fashion house that operates retail stores and e-commerce platforms under two complementary and spirited banners: Garage and Dynamite. Garage is a casual street-active aesthetic brand that inspires rewriting the rules, breaking boundaries and owning your individuality, because your style should be as limitless as your passions. Dynamite believes that every day is the perfect occasion to look and feel exceptional, outfitting modern women to seamlessly flow between the demands of their day to the energy that fills their night.

We thrive at the intersection of art and science with a luxury-inspired business model. Our right brain: Creativity drives every aspect of what we do, allowing us to connect with our customers on a deeper level – we focus on creating clothing collections, campaigns, and experiences that foster an emotional connection with our customers. Our left brain: We obsess about taking time out of the supply chain, leading to increasing focus on speed, flexibility and data to effectively "de-risk" the business of fashion – this rigorous approach is what allows us to deliver differentiated outcomes.

We have an intense focus on building an emotional connection with our customers that informs our design and merchandising strategy, omnichannel distribution model and marketing strategy. This emotional connection with our customers begins with our muses, Alex and Rachelle, the conceptual inspirations for our design teams. Alex and Rachelle epitomize customers of Garage and Dynamite respectively, and we embark through them on style journeys that allow us to rapidly address ever-evolving fashion preferences.

Our teams then aim to create must-have, unique and on-trend products for our customers' ever-changing world.

Our product assortment includes blouses, tops, pants, shorts, dresses, rompers, skirts, swimwear, fleece and jeans. Both of our distinctive brands have their own dedicated design and merchandising teams focused on creating on-trend products while working hand-in-hand with specialized teams in product fit, fabric and sourcing and production—integrated functions within our organization—that promote company-wide strategic alignment and allow us to leverage insights and learnings across both brands.

We connect with our customers through an aspirational, omnichannel shopping experience that extends across our retail stores, e-commerce platforms, mobile application and loyalty program. As of November 1, 2024, we operate 185 stores in Canada, with retail locations in all Canadian provinces, and 114 stores in the United States, with retail locations across 37 U.S. states. Our retail store footprint allows us to develop brand-enhancing experiences for our customers, with use of technology and an innovative approach to empowering our store associates to be brand ambassadors and stylists creating an optimized shopping experience for our customers. Our two dedicated e-commerce sites, Garageclothing.com and Dynamiteclothing.com, give us control of the presentation of our brand and relationships with our customers, while providing customers with a seamless omnichannel experience. Our Garage and Dynamite loyalty program and apps further enable us to provide her a fun and personalized experience with access to the latest products, and help drive repeat purchasing behavior.

Our omnichannel distribution model is supported by our nimble design, sourcing and supply chain process. We have long-term and strategic relationships with suppliers that enable us to secure production capacity and facilitate in-season order placement. We have an accelerated product cycle from fabric production to order fulfillment that allows us to quickly pivot to the latest trends or go deeper on in-season trends. Our flexibility increases our open-to-buy opportunity in a given season, allowing us to test, deploy and react to trends more quickly, more accurately plan inventory, reduce markdowns and minimize fashion risk.

We support our brands with a disciplined and data-driven approach to marketing, utilizing a proprietary attribution model that analyzes and supports efficacy of our marketing spend in real-time and provides insights that inform our longer-term strategy. We deploy a multi-faceted marketing strategy across multiple channels focusing on driving brand awareness and growing the community of Garage and Dynamite customers, with strategic use of social media and influencers, events, and partnerships.

The strength of our business has created a compelling financial profile characterized by revenue growth and strong profitability. Selected financial highlights include the following:

- Revenue increased from $628.0 million in Fiscal 2021 to $888.4 million in LTM 1H' 2024, representing a compounded annual growth rate of 14.9%;
- Comparable store sales[(1)] have grown (7.0)%, 5.9%, 4.7%, 9.5%, 8.2% and 15.4% year-over-year in Fiscal 2018,[(2)] Fiscal 2019,[(2)] Fiscal 2021,[(3)] Fiscal 2022, Fiscal 2023, and for YTD 2024, respectively;
- 50 new store locations have been opened since the start of Fiscal 2022, with a majority of new store locations in the higher-growth United States market, and 15 store renovations or relocations have taken place over the same period. Contribution from new and improved stores was offset by 48 strategic store closures over the same period;
- Retail sales per square foot[(1)] of approximately $619 in Fiscal 2023 across Canada and the United States increased 34.2% since Fiscal 2021;
- Gross profit increased from $354.4 million in Fiscal 2021 to $558.1 million in LTM 1H' 2024, resulting in gross margin[(1)] increasing from 56.4% to 62.8% over this same time period and representing a compounded annual growth rate of approximately 20%;
- Operating income increased from $45.3 million in Fiscal 2021 to $200.2 million in LTM 1H' 2024, resulting in operating margin[(1)] increasing from 7.22% to 22.54% over this same period and representing a compounded annual growth rate of approximately 81%;
- Adjusted EBITDA[(1)] increased from $112.0 million in Fiscal 2021 to $276.5 million in LTM 1H' 2024, resulting in Adjusted EBITDA margin[(1)] increasing from 17.84% to 31.1% over this same time period and representing a compounded annual growth rate of approximately 44%;
- Adjusted EBITDA (after rent equivalent expense)[(1)] increased from $76.1 million in Fiscal 2021 to approximately $205.0 million in LTM 1H' 2024, resulting in Adjusted EBITDA (after rent equivalent expense) margin[(1)] increasing from 12.1% to approximately 23% over this same time period;
- Net earnings increased from $109.2 million in Fiscal 2021 to $127.8 million in LTM 1H' 2024, representing a compounded annual growth rate of 6.5%;
- Adjusted net earnings[(1)] increased from $31.6 million in Fiscal 2021 to $132.8 million in LTM 1H' 2024, representing a compound annual growth rate of 77.5%.

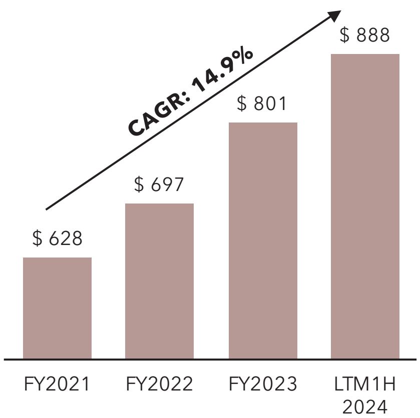
Notes:

(1) Refer to "Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics" in the MD&A included elsewhere in this prospectus for further details concerning these measures including definitions and reconciliations of each non-IFRS financial measure to the relevant reported IFRS financial measure. Non-IFRS financial measures and non-IFRS ratios do not have a standardized meaning under IFRS, which is used to prepare the Company's financial statements and might not be comparable to similar financial measures presented by other entities.

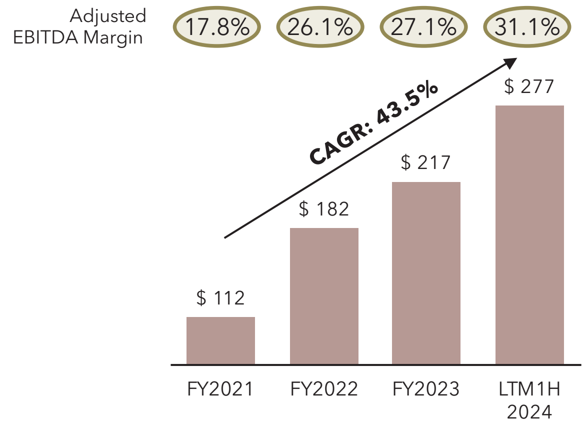
(2) Comparable store sales growth figures for Fiscal 2018 and Fiscal 2019 were prepared in accordance with Canadian accounting standards applicable to private enterprises, which is different from IFRS. The comparable store sales growth figures for Fiscal 2018 and Fiscal 2019 have not been audited for purposes of this prospectus and the financial statements from which these figures were derived and for which these periods relate have not been included in this prospectus.

(3) The year-over-year comparison for Fiscal 2021 is measured against Fiscal 2019 rather than Fiscal 2020, as we believe that the comparison to Fiscal 2019 provides a more accurate comparison of the performance of our business in light of the impact of the onset of COVID-19 during Fiscal 2020.

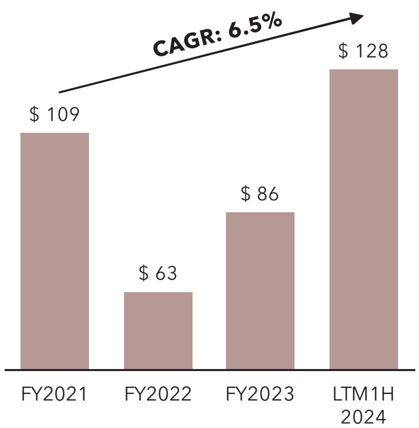
Revenue ($ millions)



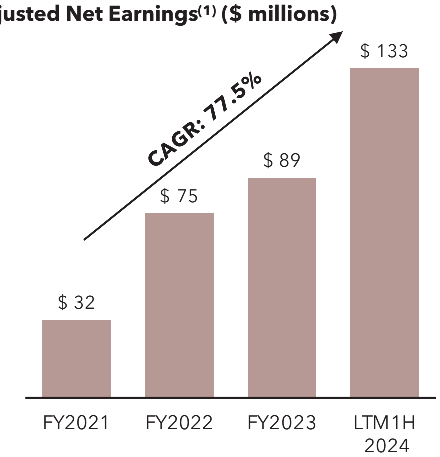
Adjusted EBITDA(1) ($ millions)



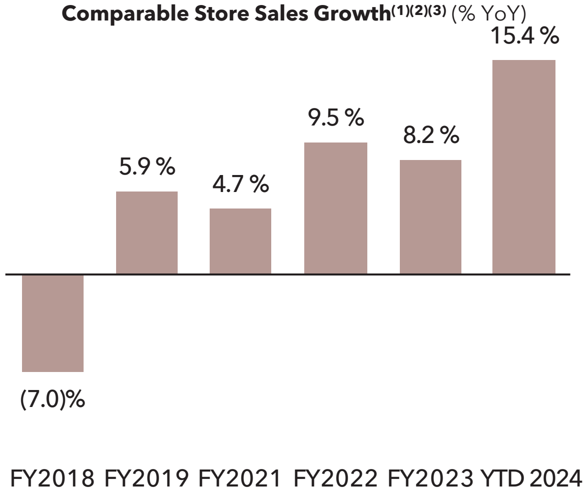
Net Earnings ($ millions)



Adjusted Net Earnings(1) ($ millions)



Comparable Store Sales Growth(1)(2)(3) (% YoY)



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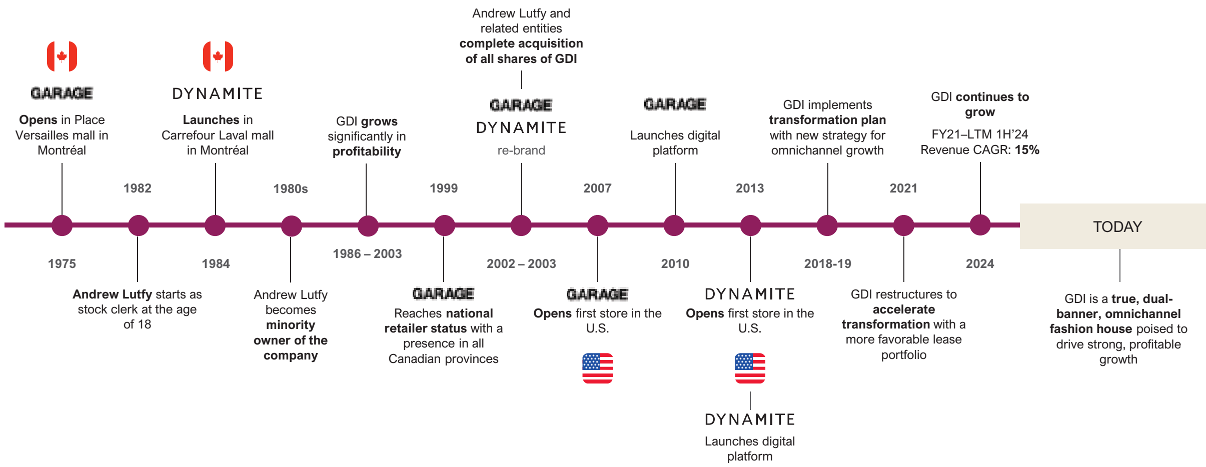
Our Journey and 2019 Transformation Plan

Our journey started almost 50 years ago:



We accelerated our journey starting in Fiscal 2019 with key structural pivots as part of the 2019 Transformation Plan, pursuant to which:

- We shifted from a family business to a growth-oriented company, establishing a board of directors, up-tiering the leadership team and forming an employee ownership program (the Legacy Option Plan) then covering about 120 employees to align our employees' interests with a values-and performance-driven culture;
- We immersed ourselves in our customer, evolving our muses and redefining brand positioning, lifestyles, and product categories with a luxury mindset, elevating average unit retail(1) price and decreasing markdowns;
- We accelerated our strategic real estate framework to optimize our store network;
- We invested in data capabilities across the business;
- We developed and implemented our inventory management platform – the Brain;
- We implemented our speed to market and in-season flexibility to de-risk our trend driven model; and
- We expanded our Garage brand in the United States, leaning on operational learnings and opening the doors for global talent.

We made a further pivot in response to the COVID-19 pandemic and through the CCAA Proceedings, discussed in more detail under "Three Year History of our Business and CCAA Proceedings". The CCAA Proceedings allowed us to implement an operational and commercial restructuring plan to reposition us for long-term success, including the renegotiation of several leases on terms and conditions more favourable to us. The successes of the 2019 Transformation Plan and CCAA Proceedings are evidenced in our operational and financial performance from Fiscal 2021 to today.

Note:

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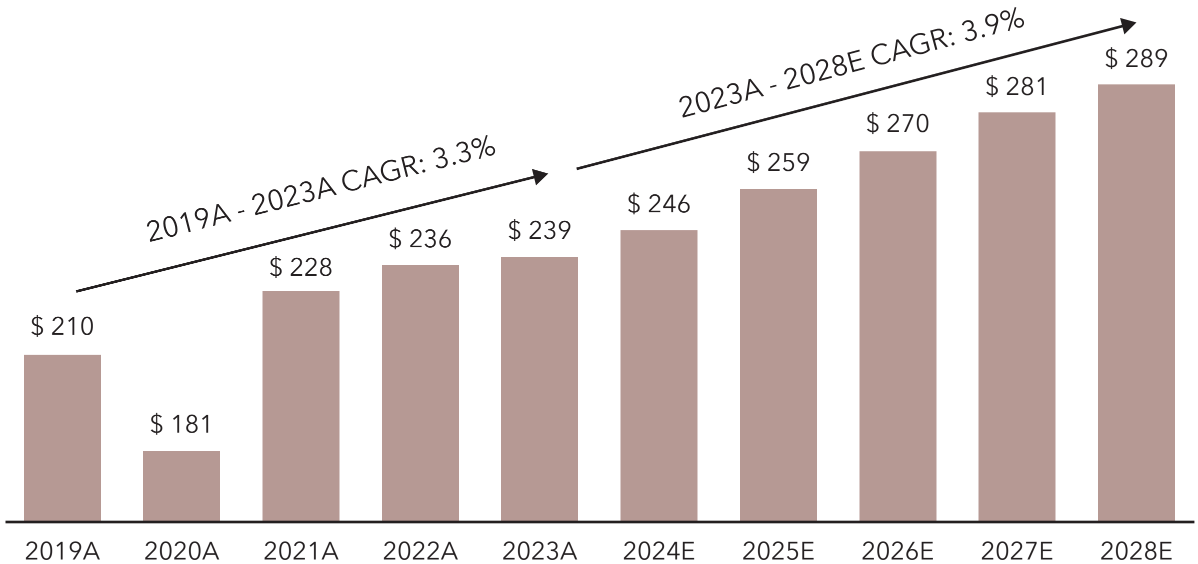
We approach our luxury-inspired model with a culture of continuous improvement, creating more opportunity ahead.

Our Market Opportunity

We operate in the large and growing women's apparel industry, primarily within the North American market. According to Euromonitor International, the North American women's apparel industry demand is expected to reach around $290 billion in retail sales by 2028, representing a 3.9% CAGR from 2023.

North American Women's Apparel Industry
(C$ billions)



Source: Euromonitor International Ltd., Apparel and Footwear 2024ed, Retail Value RSP, $CAD, current prices, fixed 2023 ex rates.

We believe we are uniquely positioned to win market share and outpace the North American women's apparel industry, which is driven by enduring consumer and apparel megatrends that we are poised to capitalize on:

- *Increase in female spending power*: According to the U.S. Bureau of Labor Statistics and U.S. census, as of June 2024, women comprised 47% of the American workforce. This increasingly female workforce controls 85% of consumer spending, per Tech Crunch. Generation Z and Millennial women aged 15 to 44 have benefitted from increasing income levels since 2019, according to Statista, providing these consumers with additional disposable income to spend on clothing. We believe female spending power will remain high as women continue to be active in the workforce.
- *The rise of casual- and street- wear*: Casual- and street- wear fashion has witnessed an increase in consumer demand and interest, driven in part by the COVID-19 pandemic. As employees returned to work following COVID-19, office environments evolved with a more relaxed dress code. The majority of women, 51%, say they wear business casual clothing such as blouses, dress pants, dressy jeans or skirts most days, while 30% wear casual street clothing such as casual jeans, T-shirts or leggings, with fewer women typically going to work in a uniform (14%) or business professional clothing such as suits or suit separates (3%), according to Gallup.
- *Consumers demand brand loyalty, trust and authenticity*: We believe consumers increasingly desire brands that tell a story that they can appreciate, trust and identify with. According to the Business of

Fashion, 2024 is expected to be the year of the brand, with an increasing consumer focus on a brand's story and purpose. Trust is also an important consideration, as more than seven in 10 consumers surveyed agree that it is more important to trust the brands they buy or use today than in the past, according to a 2023 Edelman Trust study. This is most acutely expressed by Generation Z adults ages 18 to 26, 79% of whom feel that trust in brands is more important than it was in the past.

- *Social media influencer inspiration and engagement*: Fashion shoppers increasingly rely on social media for inspiration, enhancing their awareness of trends and aspirational brands through influencers, who wield a significant influence on consumer buying decisions. Additionally, according to the 2023 Online Consumer Behavior Global Report published by Rithum, 63% of consumers aged 18 to 25 said they made a purchase after seeing a brand's social media promotion. Consumers also want ongoing engagement with brands, beyond using their products. According to a 2023 Edelman Trust study, 79% of consumers surveyed interact directly with brands by consuming brand content, participating in brand activities, connecting on social media and sharing feedback.
- *Growing power of e-commerce*: The increased prominence of online shopping in the fashion industry highlights the importance of a prominent digital strategy. According to Forbes, of the 8 billion people in the world today, 64% use the internet, double the rate from a decade ago. Further, at the start of 2024, smartphones accounted for nearly 80% of all retail website visits worldwide and generated the majority of online orders compared to desktops and tablets, according to Statista. Since pivoting to an omnichannel model in 2019, with ongoing investment and improvement of our e-commerce offering, we have clearly observed the significant impact a highly efficient and intuitive digital offering can have on our Company's growth.
- *Retailers embracing omnichannel capabilities*: Seamless shopping experiences between in-store and digital channels is becoming more important in a digital age. According to McKinsey, more than one-third of Americans have made omnichannel features such as buying online for in-store pickup part of their regular shopping routine since the pandemic, and nearly two-thirds of those individuals plan to continue to do so. Additionally, younger buyers are the most enthusiastic about new ways of shopping. We believe that fashion retailers are focused on transforming their physical retail stores into seamless shopping experiences.

Our Competitive Strengths

We believe that our strengths, learned and cultivated through nearly 50 years of continuously pushing boundaries and reinventing our brands, have been integral to our success and position us to continue creating accessible fashion that inspires style-conscious individuals to feel good in their skin.

1. Fashion Powerhouse with Two Innovative and Authentic Brands Created to Fit Our Customers' Lifestyles

Our two complementary and spirited banners have been conceived and developed over nearly 50 years with distinct brand positioning in both age and lifestyle that we believe strike the right emotional chord with our target customers. As a result, we had approximately 3.7 million active customers at the end of Fiscal 2023, and processed approximately 11 million transactions in Fiscal 2023. Our multi-brand strategy drives product differentiation, assortment flexibility and a natural progression through our muses, Alex and Rachelle. Garage's muse, Alex, is a casual 24-year-old individual embracing a fun, unapologetic and effortlessly cool style. Dynamite's muse, Rachelle, is a 34-year-old force to be reckoned with; she takes on life feeling empowered and makes doing it all look possible while embracing the perfectly imperfect moments along the way. Our data indicate that the median age of our Garage customers is 22.5 years old and the average age of our Dynamite customers is 31 years old.

Each brand has its own dedicated concept, fashion, design, merchandising, planning and allocation of inventory, and marketing teams focused on creating distinct on-trend products. Each brand is then supported by our multidisciplinary teams, spanning operational areas including supply chain, real estate, store operations, data and consumer insights, logistics, digital and technology and finance, that promote company-wide strategic alignment and that allow us to leverage insights and learnings across both brands.

We believe these insights have not only allowed us to understand our customers, unique to each banner, on a deeper level, but also have allowed us to take advantage of our banners' complementary nature, helping drive cross-banner conversion between formerly exclusive shoppers of either Dynamite or Garage. As of June 2024, 48% of Dynamite customers reported having also purchased from Garage over the past 12 months.

2. Customer-Centric Marketing Strategy Driving Emotional Connection

We strive to be hyper aware of key moments and influences in our customers' lives so that we can deliver collections that create demand and inspire an emotional connection, leading to brand advocacy. We take a disciplined and data-driven approach to marketing, with an innovative strategy focused on our muses and mobilization of our brand ambassadors, and utilizing a proprietary attribution model that allows us to monitor the efficacy of our marketing spend in real-time, and provides insights across marketing channels and campaigns that inform our longer-term marketing priorities and strategy. We employ a balanced, multi-channel marketing model that spans digital, email and social media, which is focused on building a strong, emotional connection with our customers. Our social media marketing strategy is at the core of the success of our growth in brand awareness and customer acquisition and loyalty, as it empowers our partner influencers with a platform to meaningfully inspire and connect with our confident, independent customers on their own terms.

As a result of our efficient marketing spend, we have increased our return on advertising spend over time. We have also increased our customer lifetime value(1) by approximately 25% from January 2021 through April 2024, driven by increased order frequency and average order value.(1)

3. Luxury-Inspired Operating Model

We employ a strategic, luxury-inspired operating model that positions our brands to optimize pricing with limited reliance on markdowns. We aim to deliver must-have, on-trend products that inspire deep emotional reaction for our customers' ever-changing world. Our talented teams of in-house designers workshop an average of 120 unique styles per week and we develop approximately 1,800 styles annually (resulting in a 3:1 development ratio(2)), constantly creating exciting newness that drives engagement rooted in brand familiarity. Our flexible merchandising model, partnering with our long-term supply chain partners, enables us to bring products to market quickly while maintaining flexibility within each season to pivot or go-deeper into the latest trends. We have significant relationships with our suppliers, and we believe that because of the significance of these relationships our orders are treated by our supply chain partners with a corresponding priority and care. This focus on newness and scarcity helps drive customer impression of value, and as a result, we have historically had a maximum of about two sale periods per year, allowing us to maintain price consistency across a product's lifecycle.

Our brand positioning and merchandising strategy have allowed us to optimize our average unit retail.(1) Since we began implementing the 2019 Transformation Plan, we have been able to grow list prices faster than inflation, more precisely, we have been able to grow our average unit retail by more than twice the rate of inflation, and we have simultaneously reduced our markdown rate by approximately 70% (from the start of Fiscal 2019(3) to LTM 1H' 2024). By reducing markdowns, we preserve brand value, which we believe organically fosters trust with our customers. We have increased average unit retail to approximately $40 at the end of Fiscal 2023, representing a 12% CAGR since Fiscal 2019(3), and have correspondingly increased company-wide gross margin to 60.8% in Fiscal 2023 from 56.4% in Fiscal 2021.

Notes:

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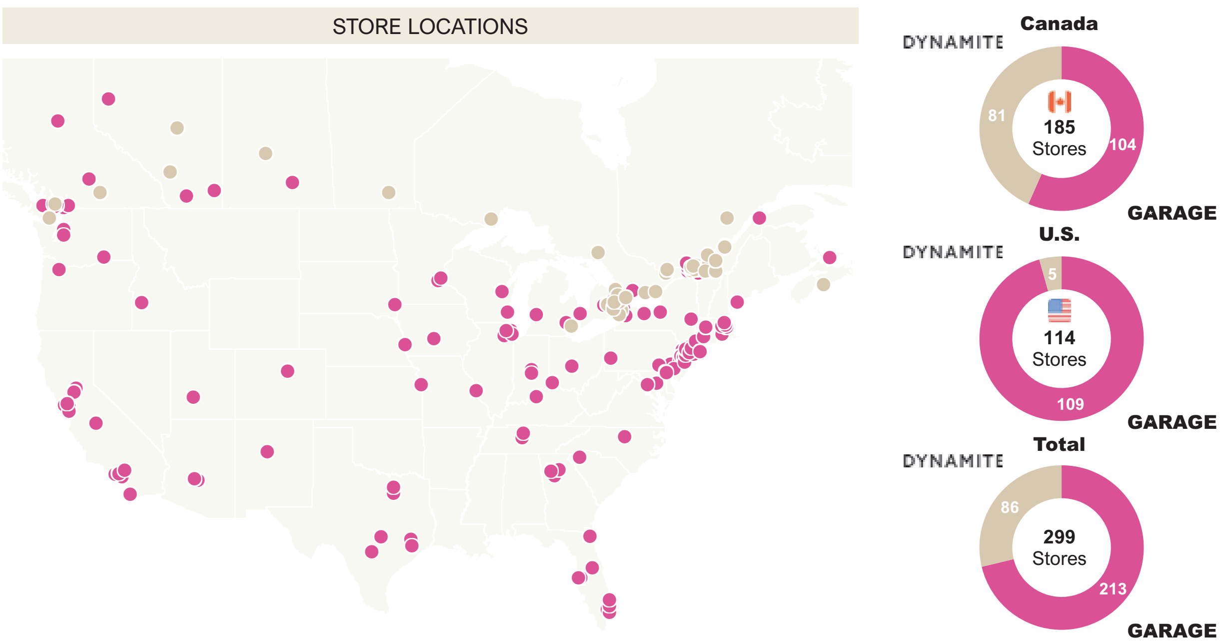
(2) Product development ratio reflects the number of styles designed (~6,000) for every product developed (~1,800).

(3) Average unit retail and markdown rate figures for Fiscal 2019 and Fiscal 2020 were prepared in accordance with Canadian accounting standards applicable to private enterprises, which is different from IFRS. These figures have not been audited for purposes of this prospectus and the financial statements from which these figures were derived and for which these periods relate have not been included in this prospectus.

4. Premier Store Portfolio with Attractive Unit-Level Economics

We have developed a portfolio of retail stores with highly-compelling unit-level economics. We focus on being where our customer naturally gravitates, selecting luxurious, lifestyle-oriented locations that are vibrant gathering places with high foot traffic, and premium co-tenancy, to elevate customer experience, inspire emotions, and drive high return on investment. We believe this enhances the overall shopping experience for our existing customers and elevates our brand's image, attracting new customers. Our assets in higher-tiered real estate locations have outperformed those in lower-tiered locations across key metrics. Our stores have operating leases with an initial term that typically extends to 10 years with what we believe to be attractive and favorable terms. Our customers praise our excellent customer service, store atmosphere and product availability, all of which enhance our customer satisfaction, loyalty and customer conversion, according to third-party research conducted by PricewaterhouseCoopers. This combined effect also results in our physical stores having higher average order values compared to our e-commerce channel, driven by higher average units per transaction. Since the start of Fiscal 2022, we have successfully opened 45 stores across select markets in the United States (and made 3 strategic store closures in the United States and 45 in Canada over the same period). Some of these new stores, the majority of which are under the Garage banner, are among the most productive locations in our network, achieving positive 4-wall margin[(1)] profiles within 12 months after opening. Approximately 50% of our 4-wall EBITDA[(1)] for Fiscal 2023 was driven by stores in the United States representing only one-third of our store network by store count. Our physical retail store also creates a "digital halo" that amplifies e-commerce penetration in locations that are proximate to our physical stores.

Retail Store Footprint as of November 1, 2024



Canada		104
U.S.		109
Total		213

Garage

Canada		81
U.S.		5
Total		86

Dynamite

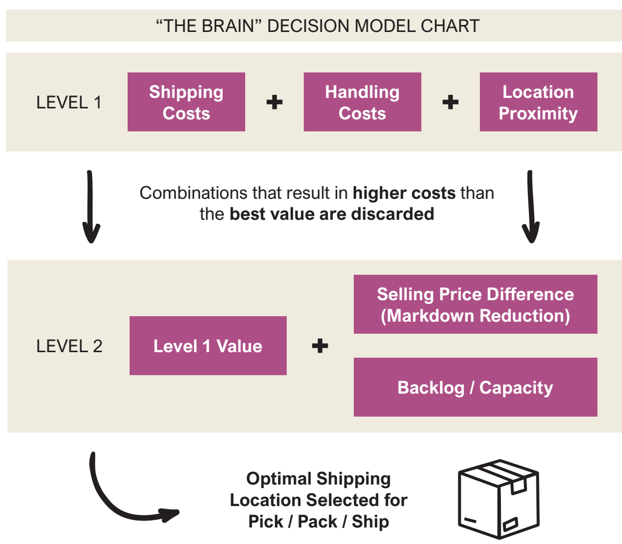
Note:

(1) Refer to "Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics" in the MD&A included elsewhere in this prospectus for further details concerning these supplementary financial measures.

5. Omnichannel Go-to-Market Platform Powered by Proprietary Business Intelligence

We are obsessed with providing her a frictionless, multichannel shopping experience across brand interactions. We leverage both our physical store base and e-commerce sites to create an omnichannel customer experience with an integrated platform that allows our customers to transition seamlessly across channels and maintain a curated and personalized shopping experience. Between Fiscal 2019[(1)] and Fiscal 2023, we have observed an increase of over 85% in revenue from our e-commerce channel, with online revenue comprising approximately 18% of total revenue in Fiscal 2023.[(2)] This growth has been achieved through several initiatives, such as broadening our e-commerce assortment by releasing exclusive items, having in-store brand ambassadors and stylists to direct customers online for additional sizes and styles, and optimizing our website experience for our customers, including by increasing site speed, streamlining the checkout process and shipping options and providing product reviews. In the 12-month period ended July 31, 2024, approximately 20% of our identifiable customers were omnichannel shoppers and they generated approximately 40% of our revenue from all identifiable customers, due to their higher lifetime value and purchase frequency.

Our omnichannel platform also meaningfully reduces markdown occurrences and lead to low obsolescence through the use of an algorithm powered by our proprietary business intelligence, referred to as the Brain. The Brain was developed in 2019 to enable physical stores to function as both shopping destinations and hybrid distribution centers whereby a significant portion of e-commerce orders are fulfilled using physical store inventory. The Brain identifies optimal inventory to fulfill e-commerce orders and improves customer service by seamlessly integrating online and offline retail channels. We are thus able to operate closer to an asset-light model that reduces warehouse expenses, drives a lead time advantage and increases overall assortment flexibility.



In Fiscal 2023, approximately two-thirds of e-commerce orders were shipped from our physical stores, and inventory turnover,[(3)] calculated as dividing the cost of sales in our stores during the period by the average inventory during that period, increased to approximately 8.0x in Fiscal 2023 from approximately 6.9x in Fiscal 2021.

Notes:

(1) Revenue figures from our e-commerce channel for Fiscal 2019 and Fiscal 2020 used to determine an increase in e-commerce between Fiscal 2019 and Fiscal 2023 were prepared in accordance with Canadian accounting standards applicable to private enterprises, which is different from IFRS. These revenue figures have not been audited for purposes of this prospectus and the financial statements from which these figures were derived and for which these periods relate have not been included in this prospectus.

(2) While online revenue over total revenue peaked at approximately 21% in Fiscal 2021 due to the after-effects of COVID-19 and the corresponding lockdowns and shelter-in-place orders, we have nevertheless grown online revenue by approximately 2% and 9% in Fiscal 2022 and Fiscal 2023, respectively, and approximately 15% between LTM 1H' 2024 and Fiscal 2021.

(3) Refer to "Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics" in the MD&A included elsewhere in this prospectus for further details concerning these supplementary financial measures.

6. Nimble Supply Chain and Sourcing Model

Our design-to-market speed, achieved through an agile product development and strategic sourcing model, enables us to design a highly relevant assortment of products and maintain flexibility as a new season starts. Our product design and development process builds on historically successful items, inspired by our muses, while incorporating new fashion, cultural and social trends, with the goal of creating fashion must-haves. We then adjust production output to match demand fluctuations, reducing inventory costs, optimizing margins and driving value for our customers through consistent delivery of in-demand items. We have an accelerated product cycle from fabric production to order fulfillment that allows us to quickly pivot to new and emerging trends as well as use our fabrics in products most in demand by our customers. For example, in Fiscal 2023, 85% of our products moved from our product design process to our distribution center in under 15 weeks (26% in under 8 weeks, 59% between 9 and 15 weeks and 15% in over 15 weeks). Our production cycle's efficiency is underpinned by familiarity with key suppliers—over 80% of whom have been partners for more than 8 years—along with periodic quality control and refreshment of suppliers. Approximately 50% of the purchasing decisions are made after a season begins, allowing us to respond to trends in real-time, either buying further into a trend or pivoting, while we optimize our inventory, resulting in fewer markdowns and exhibiting brand health and relevance. We continuously test, deploy and react to in-market product performance through a rigorous testing model, in part through 3D design capabilities and digital showrooms, to optimize our product assortment.

7. Scaled, Profitable and Compelling Financial Performance

We have an attractive financial profile with strong momentum behind our brands, resulting in a compelling revenue and profitability mix across brands, channels and countries. Our sales strategy includes a strategic emphasis on our physical retail stores that has resulted in comparable store sales(1) growth of (7.0)%, 5.9%, 4.7%, 9.5%, 8.2% and 15.4% year-over-year in Fiscal 2018,(2) Fiscal 2019,(2) Fiscal 2021,(3) Fiscal 2022, Fiscal 2023, and YTD 2024. Revenue has grown at an annual rate of 14.9% to $888.4 million in LTM 1H' 2024 from $628.0 million in Fiscal 2021. We have enhanced our margin profile through a more disciplined mindset, leading to fewer markdown occurrences, which has resulted in gross margin(1) increasing by 642 basis points, from 56.4% in Fiscal 2021 to 62.8% in LTM 1H' 2024. Our more stringent expense management, combined with gross margin expansion, has resulted in adjusted EBITDA margin(1) increasing by 1,330 basis points, from 17.8% in Fiscal 2021 to 31.1% in LTM 1H' 2024 and in adjusted net earnings(1) increasing from $31.6 million in Fiscal 2021 to $132.8 million in LTM 1H' 2024, representing a compound annual growth rate of 77.5%.

8. Healthy Balance Sheet with Cash Generative Financial Profile

Our healthy balance sheet, supported by strong access to capital through our Credit Agreement, and cash generative financial profile support our earnings growth. Our leading inventory turnover propels our free cash flow conversion.(1) We averaged free cash flow conversion of approximately 68% from Fiscal 2021 to Fiscal 2023. We are also prudent allocators of capital, with return on assets of 17.9% and return on capital employed of 35.3% in Fiscal 2023. Our disciplined approach to capital allocation is intended to fully align our investments with our long-term strategic goals, strengthening our financial position and driving earnings growth.

9. Passionate and Experienced Management Team Leading a Strong, Value-Led Organization

Through continuous reinvention, our management team has transformed a small business into a fashion powerhouse with two authentic brands. Andrew Lutfy, our Chair and Chief Executive Officer, has worked in almost every area of the Company, starting his career as a stock clerk in 1982 at our very first store at Place Versailles in Montréal. As part of the 2019 Transformation Plan, Andrew has assembled a team of experienced executives from diverse and relevant backgrounds, who have extensive retail experience working with a wide

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range of leading global companies. We also reconstituted our Board of Directors, several members of which continue to serve as directors today and implemented the Legacy Option Plan to align our employees' interests with a values- and performance-driven culture. In the last three years, as we have expanded our business and its operations, we have made strategic hires to bolster our leadership team, including hiring our Chief Financial Officer and Chief Digital Officer.

Our leadership team is supported by a diverse team of approximately 6,000 employees based in the U.S. and Canada, with 50% of vice presidents and above identifying as women. We take immense pride in the values- and performance-driven culture we have built inside of our Company, and drive toward our mission of "Empowering You to be You" every day. We are committed to providing a fun, engaging and inclusive environment across our organization. We manage performance based on our corporate values. We view incentivizing and retaining key talent as a top priority and have aligned our employee compensation so that our employees share in our company-wide success. We've set annual targets for involuntary turnover among our employees. Our Board of Directors provides us extensive expertise and a deep understanding of executive leadership across all aspects of our business.

Our Growth Strategies

We believe we are well positioned for strong and profitable growth with our sustained momentum in total and comparable sales growth. Strong gross margins (benefitting from luxury-inspired operating model and superior inventory management), SG&A discipline (with our leverage in SG&A expenses), strong cash flow (with our free cash flow generation supporting continued growth and potential future capital return), whitespace opportunities (with our continued store expansion into the United States and our expected entrance into the United Kingdom) and optimizing our footprint (with our expected store openings in premier locations, together with strategic stores closures and some other stores under renovations) can all work together to underpin and support this growth.

We have a highly strategic financial framework that drives results. We intend to leverage the inherent strengths of our brands and the synergistic benefits of our platform to pursue the following growth strategies:

1. Grow Comparable Store Sales through:

(a) Increasing Average Order Value and Number of Transactions with Existing Customers

We have a large and growing community with approximately 3.7 million active customers at the end of Fiscal 2023 and have increased average order value approximately 7% annually from Fiscal 2019[(1)] to Fiscal 2023. We continuously create unique, must-have, highly relevant and on-trend products for our customers' ever-changing world that inspire deep emotional connection. We then leverage our relationships with our customers to create distinct messages through planned strategies designed to resonate and drive even greater brand connection, allowing us to continue to increase average order value and the number of transactions. For example, our planned strategies include the following initiatives:

- Incorporating innovative technology, such as RFID 2.0, enabling luxury-inspired visual standards and SKU coverage on the showroom floor and reducing the backhouse and checkout responsibilities of our sales associates to allow them to spend more time with customers, leading to higher conversion;
- Execute the expansion of the loyalty program—Garage Collectif and Dynamite Collectif—to focus on providing our most loyal customers with unique experiences like stylist sessions, access to exclusive events, and curated benefits instead of traditional discounts; and
- Continue growing average unit retail, which has increased to approximately $40 at the end of Fiscal 2023, representing a 12% CAGR since Fiscal 2019.[(2)]

Notes:

(1) Average order value figures for Fiscal 2019 and Fiscal 2020 were prepared in accordance with Canadian accounting standards applicable to private enterprises, which is different from IFRS. These figures have not been audited for purposes of this prospectus and the financial statements from which these figures were derived and for which these periods relate have not been included in this prospectus.

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(b) Growing Brand Awareness with New Customers and Expanding Our Communities

We believe there is a significant opportunity to grow brand awareness with new Garage and Dynamite shoppers, particularly in the United States, where we have successfully opened 45 new stores since the start of Fiscal 2022 (and made 3 strategic store closures in the United States and 45 in Canada over the same period). Many of our new customers become aware of our brand through word-of-mouth exposure and product references from friends. We intend to grow consumer awareness of our brands and products through the following strategies:

- Leveraging artificial intelligence tools to personalize and target product recommendations;
- Continued expansion of our Brand Ambassador program by positioning store associates as influencers or ambassadors, while continuing to engage and expand the traditional influencer ecosystem at all engagement tiers, including celebrity, micro- and nano-influencers; and
- Further development and testing of event-based marketing to meet consumers where they are spending time, away from our existing physical and digital channels.

Optimizing our store portfolio mix through our tiered store-level matrix strategy will also grow our comparable store sales as these higher-tiered real estate locations become part of the comparable store base.

2. Expand and Optimize Store Network in North America

We believe we have a significant opportunity to continue growing and optimizing our store network across North America. In 2023, according to third-party research conducted by PricewaterhouseCoopers, the women's apparel market in the United States was nine times larger than the market in Canada, suggesting that there is still room to optimize our real estate portfolio by making strategic store closures in Canada and opening new stores in the United States. We believe there is an opportunity to open approximately 18 additional new stores in Fiscal 2025 in North America, with the vast majority being in the United States and under the Garage banner. Over the same period, the Company intends to complete up to 9 closures in North America. The unit economics of a store in the United States are stronger than the unit economics of a store in Canada, driven by our pricing strategy of maintaining the same product prices in both countries. Our 5-year strategic plan, which has been approved by the Board, targets up to approximately 50 net store openings (with approximately 75 store openings and approximately 25 store closures) by the end of Fiscal 2028. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Outlook". Our new store openings assume an average investment of less than $2 million per store and target an average payback period of approximately two years or less on our initial investment (which we intend to continue reducing). See "Risk Factors – Our growth strategies depend in part upon our ability to successfully open and operate new stores, primarily in the United States, in a timely and cost-effective manner and new stores may take longer to mature than anticipated".

Underpinning the success of our retail sales growth is the strategic placement of our locations in accordance with our store-level matrix strategy depicted below, pursuant to which we focus on opening stores in top-tier locations.

TIERED STORE-LEVEL MATRIX STRATEGY

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Marquee Luxury Brands	✓	×	×	×	×
Other Luxury Brands	✓	×	×	×	×
Major Transport Hub	✓	✓	×	×	×
Sit Down Dining	✓	✓	✓	×	×
Premium Brands	✓	✓	✓	✓	×

According to our standards, most assets in the shopping center universe fall within tiers 4 and 5, while only a small percentage fall within tiers 1 and 2. We have improved the tiering of our store network against this matrix strategy. In Fiscal 2019, approximately one-third of our stores were in locations rated between tiers 1 and 3 and two-thirds were in locations rated between tiers 4 and 5. By the end of Fiscal 2023, approximately 43% of our stores were in locations rated between tiers 1 and 3 (meaning a 30% increase in tiers 1 to 3 store base from Fiscal 2019) and only 57% were in locations rated between tiers 4 and 5. We believe our tiering system works, as retail sales per square foot has grown since Fiscal 2019[(1)] at a CAGR of approximately 10% for stores in locations rated between tiers 1 and 3 and only approximately 5% in locations rated between tiers 4 and 5.

During Fiscal 2023, our stores (which occupy approximately 3,600 square feet on average) produced retail sales per square foot of approximately $619. In addition to opening new stores, we have generated attractive returns on capital by optimizing our existing stores through carefully considered and accretive store remodels and relocations. We aim to selectively remodel and relocate 10 to 15 existing stores per year in top-tier locations. Through expanding our store footprint and optimizing our existing store base, we believe we can enhance our aesthetic, improve our in-store assortment, increase scale, drive comparable store sales growth and enhance company-wide operating margins.

3. Grow e-Commerce and Omnichannel Capabilities

With no expected significant investment required near-term to service e-commerce growth, we believe there is a significant opportunity to grow our e-commerce business, and we are currently targeting a long-term e-commerce penetration level of approximately 25% of our total revenue, an increase from approximately 18% of total revenue as of Fiscal 2023. We believe the following factors will support increased e-commerce penetration:

- Growing our store network will drive online traffic—There is a synergistic relationship between our growing store network and e-commerce sites, which creates an omnichannel digital halo in which the success of each channel benefits the other through increased brand awareness and customer affinity.

- Increasing traffic to our e-commerce sites—We plan to strategically use artificial intelligence to leverage owned and paid media, search engine optimization, social commerce, CRM, and influencers to increase traffic and conversions to our e-commerce sites.

- Transforming our mobile app and user interface—We plan to redesign our mobile app for better content optimization, personalization, performance, and a store mode.

- Driving our Save-the-Sale strategy—Our Save-the-Sale strategy encourages our sales associates to support our customers by suggesting in-store and online product recommendations, which drives better customer experience, conversion, and loyalty.

4. Pursue International Markets

We have the opportunity to launch our brands internationally through e-commerce websites, international shipping, and physical retail stores. We have identified certain geographic markets, such as the United Kingdom, as attractive global markets where there are opportunities to expand the reach of our brands. We will first aim to open e-commerce sites and invest in marketing to grow brand awareness and customer acquisition in geographies where we plan to establish physical retail locations. We then plan to establish a physical retail presence, using our store-level matrix strategy and deep real estate expertise to identify the most attractive top-tier locations and directly enter international markets. Our ultimate goal is to remain unapologetically ourselves and bring our brand as-is to new markets by keeping the same product assortment and brand to each new market.

Note:

(1) Retail sales per square foot for Fiscal 2019 and Fiscal 2020 were prepared in accordance with Canadian accounting standards applicable to private enterprises, which is different from IFRS. These figures have not been audited for purposes of this prospectus and the financial statements from which these figures were derived and for which these periods relate have not been included in this prospectus.

Our Brands and Products

GDI is a fashion house that operates retail stores and digital experiences under two complementary and spirited banners: Garage and Dynamite. At each banner we aim to create must-have, highly relevant and on-trend products for our customers' ever-changing world that inspire deep emotional reaction. Our product assortment is centered around blouses, tops, pants, shorts, dresses, rompers and skirts.

Garage's purpose is to unlock individuality and to give her confidence to pursue her passions unapologetically. Garage is a casual street-active aesthetic brand that inspires breaking boundaries and owning your individuality, because your style should be as limitless as your passions. Garage dresses the unapologetic, on-trend, young individual, empowering her to rewrite the rules to unleash her passions. Garage's lifestyle categories include:

- Casual street – Effortlessly edgy looks rooted in Denim and Fashion Basics that tap into a sense of femininity and own what makes her sexy. Whether socializing with the boys, dressing for the girls, or posting GRWM videos, this style embodies confidence that shines all day—it's hot, it's cool, it's a whole damn vibe.
- Off-duty – Sexy feminine styles, inspired by the hot-girl-study aesthetic. Rooted in oversized fleece, knit essentials, and activewear, this look combines effortless style with a clean, polished edge. Perfect for catching up with friends from coffee meetups to hot girl walks, it embodies a confident vibe that's unapologetic.

Dynamite's purpose is to remind her of her power, to awake her energy and to make her feel good. Dynamite is the epitome of femininity and versatility, created for the multifaceted woman on the move. Dynamite believes that every day is the perfect occasion to look and feel exceptional, and the brand outfits modern women to seamlessly flow between the demands of their day to the energy that fills their night. Dynamite's product solutions include:

- In the city – Elevated, versatile wardrobe solutions that are designed to capture the rhythm of urban life. Blazers, vests, and designer-inspired accents that are perfect for transitioning from daytime engagements to evening apéros and casual dinners.
- On the daily – Curated pieces that celebrate intentional, everyday moments. Effortlessly layered sweaters and trusted denim pieces that bring comfort and style to brunches, city strolls, and lunches, blending ease with elegance for a life lived with purpose.
- Nights out – A magnetic, edgy assortment made for nights that captivate. Dresses and bold tops define the scene, setting the tone for pre-party cocktails and late-night reservations, where confidence meets allure in every look.

Our Multichannel Distribution

Store Overview, Site Selection and Optimization

As of November 1, 2024, we operate 185 stores in Canada and 114 stores in the United States, mostly situated in prime real estate locations nationwide in Canada and in the U.S. Our real estate strategy prioritizes luxurious and lifestyle-focused locations that garner foot traffic and are easily accessible with entertainment and dining nearby. We have established a store-level matrix whereby we tier all our physical retail stores based on carefully selected criteria. Our stores have operating leases with an initial term that typically extends to 10 years.

Our current store locations are summarized below:

Canada	Number of Stores	United States	Number of Stores
Alberta	19	Midwest	19
British Columbia	20	Northeast	42
Manitoba	7	South	28
New Brunswick	2	West	25
Newfoundland	2	Total United States	114
Nova Scotia	6		
Ontario	64		
Prince Edward Island	1		
Québec	60		
Saskatchewan	4		
Total Canada	185	Total	**299**

Our stores are designed by an in-house team of interior designers to drive an emotional connection to and reaction from our customers. We believe the unique feel of our stores allows us to develop brand-accretive experiences for her while also driving sales and increasing efficiency. Additionally, furniture, fixtures, finishes and graphics are all carefully planned and coordinated to create an aspirational shopping environment.

We analyze, with a view to optimizing, all aspects of the customer experience at both banners, from store layout, lighting and sales associate assistance to fitting room and checkout operations. At Garage, we create a casual, fun and community-driven experience that allows our customer and their crew to discover a curated edit of the hottest fashion trends. At Dynamite, we create an elevated experience that focuses on personalized service, curated style, and outfitting solutions. Each store is led by a manager, who is supported by a team of sales associates who are passionate about delivering a highly personalized shopping experience. We actively structure our store operations to better enable our sales associates to focus exclusively on sales and to drive customer conversion. Our sales associates are supported by a robust, continuously improving technology stack, including detailed product RFID, or radio frequency identification, tracking designed to ensure in-demand items are consistently in stock, as well as a mobile point of sale system in some of our stores to increase personalization and conversion.

We believe continued expansion of our store footprint can be achieved by using our store-level matrix strategy and deep real estate expertise to identify the most attractive top-tier locations. Since the start of Fiscal 2022, we have successfully opened 45 stores across select markets in the United States, many of which are among the most productive locations in our network, and made 3 strategic store closures in the United States and 45 in Canada over the same period.

We believe there is an opportunity to open approximately 18 additional new stores in Fiscal 2025 in North America, with the vast majority being in the United States and under the Garage banner. Over the same period, the Company intends to complete up to 9 closures in North America. The unit economics of a store in the United States are stronger than the unit economics of a store in Canada, driven by our pricing strategy of maintaining the same product prices in both countries. Our 5-year strategic plan, which has been approved by the Board, targets up to approximately 50 net store openings (with approximately 75 store openings and approximately 25 store closures) by the end of Fiscal 2028. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Financial Outlook”. Our new store openings assume an average investment of less than $2 million per store and target an average payback period of approximately two years or less on our initial investment (which we intend to continue reducing). See “Risk Factors – Our growth strategies depend in part upon our ability to successfully open and operate new stores, primarily in the United States, in a timely and cost-effective manner and new stores may take longer to mature than anticipated”.

In addition to opening new stores, we have generated attractive returns on capital, evidenced by our return on assets of 17.9% in Fiscal 2023 and return on capital employed of 35.5% in the same period, by optimizing our existing stores through carefully considered and accretive store remodels and relocations. We aim to selectively remodel and relocate 10 to 15 existing stores per year. Through expanding our store footprint and optimizing our existing store base, we believe we can enhance our aesthetic, improve our in-store assortment, increase scale, drive comparable store sales growth and enhance company-wide operating margins.

Omnichannel

We aim to drive an emotional connection with our customers through an aspirational, omnichannel shopping experience. We primarily sell our products through our retail stores, two dedicated e-commerce sites, Garageclothing.com and Dynamiteclothing.com, and our mobile app. This gives us complete control of our brand positioning while providing a seamless experience across channels.

We have refreshed our mobile app design to become a true omni-platform. The first phase of the refresh, which went live in the second quarter of Fiscal 2024, includes a loyalty first mindset with a more personalized user experience and updated imagery to drive an emotional connection to our brands. The second phase of the refresh, which is scheduled to go live in the first quarter of Fiscal 2025, includes sophisticated content management capabilities that will allow us to quickly adapt to changing customer preferences. We also refreshed our loyalty program—Garage Collectif and Dynamite Collectif—in June 2024, moving from a badges-based rewards system to a points-based rewards system, with an enhanced loyalty first and hyper-personalization approach. Our points-based system, in which customers earn points through purchases and brand interactions, provides our loyalty members with exclusive rewards such as early access to new collections and events, surprise and delight offers, birthday gifts, enhanced shipping alternatives and personalized stylist sessions, among other exclusive offers.

We utilize business intelligence tools, including an algorithm referred to as the Brain which is powered by proprietary business intelligence and enables physical stores to function as both shopping destinations and hybrid distribution centers. The Brain identifies optimal inventory to fulfill e-commerce orders and improves customer service by seamlessly integrating online and offline product availability. We are thus able to operate closer to an asset-light model that reduces warehouse expenses, creates a lead time advantage and increases flexibility in our operations. We offer our customers multiple shipping and pickup options, including standard and express shipping, same-day pickup in-store and same-day shipping via our partnership with Uber. To further enhance our omnichannel strategy, we recently established a dedicated team focused on driving customer acquisition through prioritizing technological advancements.

In the future, we expect that most of our capital investment will be allocated to the openings of new stores, renovations, relocations, and store maintenance, and we expect the remaining portion to be designated for digital and IT investments.

Our Marketing Strategy

Our premier marketing efforts are focused on creating distinct brands that deeply resonate with our customers. We have recently focused on expanding our marketing department to accelerate our efforts. This has resulted in the implementation of new processes, including the establishment of our four core pillars: data-driven, multi-channel, community-focused and always relevant. These pillars serve as foundational priorities to drive an emotional connection to our brands.

- *Data-driven: Disciplined approach to marketing driving strong returns and efficiency.* We have clear, top-down guidelines aimed at ensuring that all marketing spend meets certain acquisition efficiency and profitability thresholds. This discipline is enabled by a proprietary data attribution model that enables real-time monitoring and spend allocation across paid digital marketing channels, and provides rich data insights that inform our longer-term marketing strategy and priorities. Our dedicated teams use this data as they focus on driving brand awareness, and customer retention.
- *Multi-channel: Balanced marketing strategy across channels.* We have a holistic planning process that allows for sophisticated, cross-functional strategies across our brands' biggest strategic initiatives. This includes both proactive and reactive strategies across channels that allow marketing efforts to both drive and then react to product trends in conjunction with product lifecycles. Our multi-channel strategy spans personalized marketing, social media, and a strategic use of influencers and brand ambassadors to successfully drive brand awareness and grow our community of customers. In June 2024, we launched our RODEO campaign, a western-inspired, cowboy fashion campaign, that leveraged integrated marketing strategies across digital, performance, social, retail and ambassador channels. Our RODEO campaign was one of our highest performing ads generating approximately 79 million impressions.

- *Community-focused: Focused on deepening engagement with a growing community of customers.* A robust customer database, consisting of approximately 3.7 million active customers at the end of Fiscal 2023, allows for direct marketing and highly personalized interaction. We focus our marketing resources on relationship-building activities designed to cultivate, maintain and expand our customer base. This is achieved through omni-tracking capabilities, capturing customer profiles and thus driving personalization and journey optimization through a rigorous and agile test-and-learn approach. Additionally, our loyalty program puts brand equity building at the center of our strategy framework, offering unique experiences, exclusive access and numerous benefits.
- *Always relevant: Aimed at how we aspire to intersect our brands in the culture and lives of our customers.* Dedicated teams rigorously track key fashion, social and cultural moments and influences in our customers' lives aimed at ensuring that our brands are always on trend. We employ a strategic hierarchy of influencers and ambassadors to reach our customers. Our products have been featured and worn by prominent celebrities and cultural leaders like Addison Rae, Ariana Madix, Becky G, Chloe Bailey, Charli D'Amelio, Alex Cooper, Tezza Barton and Justine Skye, which drives brand relevancy. We then strategically activate other influencers to drive buzz around the brand, including an industry-leading associate ambassador program consisting of 69 members across North America as of July 2024, who drive localized relevance and store performance. Together, our brands drove nearly 1.5 billion impressions in earned reach(1) from celebrity, influencer and fan-driven content across social media in Fiscal 2023.

Our Supply Chain and Operations

We aim to create must-have, exceptionally-designed and on-trend products for our customers' ever-changing world through an agile product development and strategic sourcing model.

Creative Development

We have talented in-house designers at both Garage and Dynamite who focus on creating on-trend products through constant collaboration with our Concept Team, which tracks new fashion, cultural and social trends, and our Fashion Office, a dedicated team that curates artistic direction for each brand based on these relevant trends, developing an average of 120 unique styles per week. Our product design and development process builds on historically successful items inspired by our muses, while incorporating new trends, with the goal of creating fashion must-haves. Our product development teams use a dashboard leveraging proprietary business intelligence that forecasts and predicts sales demand. We then continuously review and react to product performance through a rigorous test-and-react model, all while responding to new consumer trends, in part through 3D design capabilities and digital showrooms, to optimize our product assortment.

Merchandise Planning

We buy initial quantities of merchandise that allow us to quickly gauge customer demand and follow up with larger orders when proven successful, allowing us to increase sales while reducing inventory risk. Additionally, over half of our units produced in Fiscal 2023 utilized pre-positioned materials, fabric commitments made prior to purchase order placements, which enables our accelerated production cycle. By the beginning of the second quarter of Fiscal 2025, we aim to integrate our merchandising functions into a single, unified platform, called our Glass Pipeline initiative. This unified platform, combined with leveraging proprietary business intelligence, is designed to ensure transparency in how we buy, allocate and assort products across our channels. We also operate closer to an asset-light model, enabled by our physical stores functioning as both shopping destinations and hybrid distribution centers, which decreases warehousing expenses, provides a lead time advantage and increases assortment flexibility within our operations, all of which allow for more flexibility in responding to new trends.

Sourcing and Production

We have an accelerated product cycle from fabric production to order fulfillment that allows us to quickly pivot to the latest trends or go deeper on in-season trends. For example, in Fiscal 2023, 85% of our products moved from our product design process to our distribution center in under 15 weeks (26% in under 8

Note:

(1) Impressions in earned reach exclude impressions from channels controlled or managed by the Company.

weeks, 59% between 9 and 15 weeks and 15% in over 15 weeks). This increases our open-to-buy opportunity in-season, allowing us to test, deploy and react more quickly, plan inventory more accurately, reduce markdowns and minimize fashion risk. We source a substantial majority of our raw materials directly, which allows us to efficiently manufacture products and control costs. As of Fiscal 2023, we have over 45 suppliers across more than 100 factories providing us with the flexibility to source high-quality materials and products at competitive costs. Our production cycle's efficiency is underpinned by familiarity with key suppliers, with over 80% having been a partner of ours for over eight years, periodic quality control and refreshment of suppliers. Across this network of suppliers, the majority of our production volumes are sourced from China, with additional contributions from Bangladesh and Cambodia. Additionally, based on our strong supplier relationships, we are able to reserve production capacity prior to purchase order placement, which ensures that we have dedicated production lines supporting our agile business model and reducing supply chain risk. We maintain a formalized quality assurance program whereby we regularly perform in line and final production inspections in our manufacturers' factories to ensure quality control.

Environmental, Social and Governance Responsibility

Sustainability is an integral part of our overall strategy, and we are determined to pursue growth in a sustainability-conscious manner. We require our business partners to comply with the working conditions in our Supplier Code of Conduct and Policy on Modern Slavery, as well as certain employment practices and environmental standards. We require that all factories be certified by recognized audit standards and methodologies to ensure audit findings comply with local laws and regulations, as well as with global standards. As we continue to grow our efforts to operate sustainably through new and innovative measures, we aim to share our results in doing so through recurring sustainability reports, outlining our successes and key lessons learned. Additionally, we have identified the following strategic priorities related to sustainability:

- Utilize Sustainable Materials: As of April 30, 2024, approximately 34% of our products were manufactured with organic or recycled yarns and textiles. We aim to increase our percentage of products created with sustainable materials by prioritizing these fibers when adopting new fabrics.
- Minimize Overproduction: From Fiscal 2022 to Fiscal 2023, we increased our sample-to-adoption ratio, the number of products produced to the number of products adopted, from 21% to 29%, respectively. We aim to increase our sample-to-adoption ratio to minimize overproduction and reduce excess waste.

We are proud of our long-standing and trusted partnerships with more than 20 community organizations that are on the frontlines of effective, positive change. The focus of our charitable initiatives is on selecting and supporting causes that matter to our employees, including:

- *Centraide/United Way*. We are a proud partner of Centraide of Greater Montréal (United Way), Canada's unifying force for social change in local communities, since 2013. Through our annual campaigns, we have raised over $800,000 to benefit Centraide, including a record of approximately $130,000 raised with our 2023 campaign.
- *OutRight Action International*. In 2018, we became a partner of OutRight Action International, the only U.S.-based LGBTIQ+ human rights organization with a permanent presence at the UN. We are committed to helping raise funds for and awareness of OutRight Action International's work researching, documenting, defending and advancing human rights for LGBTIQ+ people around the world.
- *CURE Foundation*. Since 2009, we have raised close to $715,000 for the CURE Foundation through the annual "National Denim Day" campaign. In the fight against breast cancer, CURE invests in programs for prevention and early detection, cutting-edge research to improve treatment and a range of support services for patients and their families.

Our governance structure, policies and processes are designed to serve the needs of our business, our shareholders and other stakeholders, and to promote a culture of accountability across our Company. We believe that fostering a compliant, ethical, accountable and transparent culture requires the full engagement of our Board and management. We expect that ESG matters will be regular topics on the agenda of the Audit

Committee. In addition, our Nominating and Governance Committee will help to oversee matters of corporate governance, including by reviewing our overall governance practices on an annual basis to ensure that our corporate governance practices continue to meet our high standards.

Our People

We take immense pride in the values- and performance-driven culture we have built inside of our Company, and drive toward our mission of "Empowering You to be You" every day. We are committed to providing a fun, engaging and inclusive environment inside our corporate headquarters, distribution center and across our stores. We are committed to our shared values:

OUR SHARED VALUES

OWNERSHIP DO WHAT YOU SAY.	BOLDLY DRIVING GREAT WORK AND CELEBRATING OUR ACHIEVEMENTS.
CUSTOMER FOCUS CUSTOMER COMES FIRST.	KNOW THE CUSTOMER ANYWHERE AND WOW THEM EVERYWHERE.
CURIOSITY GROW THROUGH DISCOVERY.	CURIOUS MINDS UNLOCK CREATIVITY, DRIVE ACCELERATION, AND CULTIVATE GROWTH.
PASSION LOVE WHAT YOU DO.	PASSION AND OPTIMISM CAN CHANGE THE COURSE OF A DAY OR A MEETING, AND EVEN THE FUTURE OF THE COMPANY.
EMPATHY PRIORITIZE UNDERSTANDING.	A SUPPORTIVE AND INCLUSIVE ENVIRONMENT THAT BUILDS STRONGER RELATIONSHIPS AND TRUST AND ENHANCES TEAMWORK.

As of July 2024, Groupe Dynamite employs approximately 6,000 employees, of which approximately 30% are full-time employees, and the remaining 70% support our business in a part-time capacity. Throughout the year we welcome seasonal associates, which allows us to have a flexible workforce to accommodate business and consumer demands. None of our employees are covered by a collective bargaining agreement, and we have had no labour-related work stoppages.

Our attention to our employees is rooted in the strategic development of tools and processes to make our workplace highly collaborative, cross-functional and high-performing. For example, we recently refreshed our intranet for our associates to access information seamlessly and work more efficiently. Our current initiatives have been focused on optimizing communication, feedback, engagement and talent. All our employees are trained in and subject to our company Business Code of Conduct, which describes how we put our values into practice every day and sets the standard for the conduct expected. We are committed to creating an ethical workplace and community, and we always strive to improve. The tools, resources and support we provide employees each day help to drive our Company forward.

We are committed to treating all of our employees like owners by aligning their interests with those of our shareholders. Through our Shared Success Program, which we intend to implement shortly following Closing, all of our then current eligible employees, and going forward, all of our newly-hired eligible employees, will receive a grant of deferred share units ("**DSUs**") having a market value between $500 and $2,500, depending on function and subject to successful completion of a probationary employment period. Amounts may be adjusted by the Human Resources and Compensation Committee from time to time. Each employee's DSUs will cliff-vest 24 months after the date of grant subject to their continued employment, and vested DSUs will be settled for cash equal to the market value of the DSUs and related Dividend Share Units (as defined herein) when the employee ceases to hold all positions with the Company and its related entities. Our Shared Success Program is described in greater detail under the heading "Shared Success Program".

Our Competition

We operate in the women's apparel industry, where we compete with a diverse group of specialty apparel retailers, department stores, affordable retailers, athletic retailers and other manufacturers and retailers of branded apparel. Market participants compete on, among other attributes, the location of stores, the breadth, style, quality, price and availability of merchandise, the level of customer service and brand recognition. We believe that we successfully compete on the basis of several factors including our retail stores and digital experiences under two young-spirited banners, our ability to create must-have, highly relevant and on-trend products that inspire deep emotional connection and our customer-centric marketing strategy.

Intellectual Property

We believe we own the material trademarks used in connection with the design, production, marketing, distribution and sale of all our products in Canada and the United States. Our major trademarks include GARAGE and DYNAMITE, and variations thereof, and are used or registered in Canada and the United States and registered in over 20 other countries. On a global basis, we have over 150 trademarks, which are either registered or pending, and at least 200 domain name registrations. We intend to continue to strategically register, both domestically and internationally, trademarks and domain names that we use today and those we develop in the future.

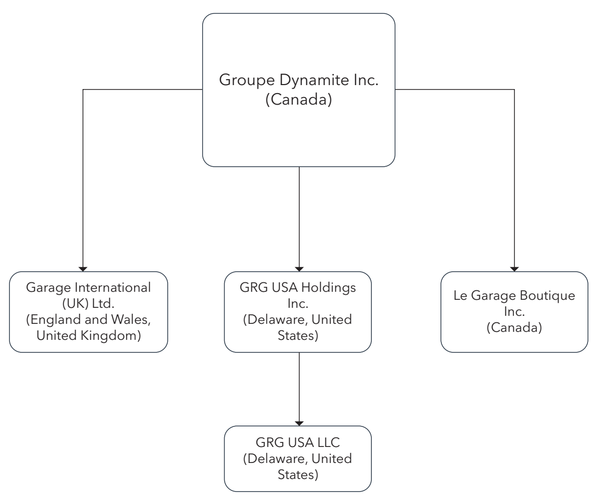
We are not currently aware of any material claims of infringement or challenges to our right to use any of our marks in Canada or the United States.

Corporate Structure

Groupe Dynamite Inc. was formed on February 3, 2019 by an amalgamation under the *Canada Business Corporations Act* (the "**CBCA**") of Groupe Dynamite Inc. (pre-amalgamation) and its wholly-owned subsidiary Dynamite Stores Inc. Groupe Dynamite Inc. (pre-amalgamation) was formed as Le Groupe Dynamite Boutique Inc. on August 1, 1993 by an amalgamation under the CBCA of Sindrew Sportswear Inc. and Dynacorp Sportswear Inc. Le Groupe Dynamite Boutique Inc. changed its name to Groupe Dynamite Inc. on August 27, 1999. Following the 2019 amalgamation, the articles of the Company were amended on November 29, 2021 to: (i) create a new class of shares, being an unlimited number of Class "H" shares; and (ii) exchange 201 issued and outstanding Class "B" shares into 456,977,801 Class "A" shares. In connection with the Pre-Closing Reorganization, the Company will amend its articles to create the preferred shares, the Multiple Voting Shares and the Subordinate Voting Shares as described in "Description of Share Capital – Share Capital Prior to Closing".

Our registered and head office is located at 5592 Rue Ferrier, Mont-Royal, Québec H4P 1M2, Canada.

The following chart identifies our subsidiaries and their applicable governing jurisdictions following completion of the Offering.



Three Year History of our Business and CCAA Proceedings

Following our 2019 Transformation Plan, we transitioned from a family business to a growth-oriented company by establishing the Board, up-tiering the leadership team, and the Legacy Option Plan to align employee interests with a values-and performance-driven culture. We enhanced our customer understanding, redefined brand positioning, optimized our store network, invested in data capabilities, and improved inventory management and speed to market. In response to the COVID-19 pandemic, we implemented an operational and commercial restructuring plan through CCAA Proceedings, leading to improved lease terms and long-term success, as evidenced by our performance from Fiscal 2021 onwards. See "Our Journey and 2019 Transformation Plan".

Subsequently, during Fiscal Year 2021, the Government of Canada introduced several support measures to assist businesses impacted by the COVID-19 pandemic. Among these measures were the Canada Emergency Wage Subsidy ("**CEWS**") and the Canadian Emergency Rent Subsidy ("**CERS**"). The CEWS program enabled companies to claim a portion of employee wages, provided they met specific eligibility requirements. Similarly, the CERS program allowed businesses to claim a portion of their operating costs for leased premises, again contingent on meeting certain criteria. The Company applied for, and received, the CEWS and the CERS.

CCAA Proceedings

Following the lock-downs, shelter-in-place and other restrictions imposed by governmental authorities as a result of the COVID-19 pandemic, on September 8, 2020, the Company obtained an initial order (the "**CCAA Order**") from the Superior Court of Québec (the "**Court**") to seek protection from creditors under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"). Under the terms of the CCAA Order, Deloitte Restructuring Inc. was appointed as the monitor (the "**Monitor**"). The CCAA process allowed the Company to implement an operational and commercial restructuring plan to reposition the Company for long-term success, which included the renegotiation of several leases on terms and conditions more favourable to the Company. On that date, the Company also secured interim financing, debtor in possession, of $10 million from its parent company, bearing interest at an annual rate of 11%. The maximum amount of the facility was increased to $20 million on September 18, 2020. The CCAA process was recognized in the United States under Chapter 15 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware.

On September 18, 2020, the Company obtained from the Court an extension of the stay period to October 19, 2020. The stay period was thereafter extended by the Court on several other occasions, until October 22, 2021. On September 10, 2021, the Court accepted for filing the Company's Joint Plan of Compromise and Arrangement dated September 2, 2021 (as amended and restated on September 15, 2021, the "**CCAA Plan**"). On September 30, 2021, a creditors' meeting was held during which the CCAA Plan was approved by nearly 100% of the Company's creditors.

The CCAA Plan called for a payment of 7% of approved claims to all creditors of the Company that filed a proof of claim with the Monitor. The final amount of claims was filed by creditors on September 30, 2021, and aggregated approximately $113 million. The payment to creditors amounted to approximately $8 million, with the balance of the $113 million to be extinguished. As part of the CCAA Plan, a loan from our parent company in the principal amount of approximately $60.6 million was wholly written off, along with accrued interest.

In Fiscal 2022, the Monitor finalized the assessment of claims filed by creditors, and reduced the final amount of allowable claims to $100.7 million, resulting in a reduction of the gain on CCAA debt forgiveness recognized in the previous year by an amount of $12.2 million.

On October 7, 2021, the Court sanctioned the CCAA Plan. On October 13, 2021, the Company implemented the CCAA Plan, at which time the Company successfully exited the CCAA proceedings (we refer to these proceedings as the "**CCAA Proceedings**").

Subsequent to the CCAA Proceedings

On December 9, 2021, the Company implemented the Legacy Option Plan. Initial grants were made on December 9, 2021, with vesting commencing as of the beginning of Fiscal 2019 to align with the 2019 Transformation Plan.

On November 10, 2022, the Company declared a dividend in the amount of $125,000,000 to the holder of the Class '"A" shares, being 10644579 Canada Inc. On the same day, the Company declared another dividend in the amount of $60,000,000 to the same holder, which dividend was paid by setting off the promissory note issued on May 11, 2022 by the Company in favour of 10644579 Canada Inc. in an amount of $60,000,000. Also on November 10, 2022, the Company loaned funds to the same holder in exchange for the issuance by the holder of the 10644579 Canada Note to the Company. The 10644579 Canada Note is payable on demand, in the principal amount of $110,000,000, and bears interest at a rate of 1.85% per annum above the prime rate.

On November 22, 2022, following receipt of external valuation advice, the Board resolved to re-price all of the options then issued and outstanding under the Legacy Option Plan from an exercise price of $1.00 per share to an exercise price of $0.88 per share.

More generally, over the past three fiscal years, we have undertaken a comprehensive redefinition of our real estate strategy. This has involved concentrating our efforts on tier 1 to 3 locations, while strategically reducing our presence in tier 4 to 5 locations. See "Our Growth Strategies – Expand and Optimize Store Network in North America". In addition to opening new stores, we have generated attractive returns on capital by optimizing our existing stores through carefully considered and accretive store remodels and relocations.

Over the past three fiscal years, to support our strategic initiatives, we have also made several key hires and promotions within our leadership team. These changes have been aimed at strengthening critical areas such as digital operations, real estate, finance, and overall leadership. Notably, we have appointed Maxime Boyer as our Chief Digital Officer. Romina Kolodziejska has joined us as Vice President of Real Estate. Mary-Ann Vitale has taken on the role of Vice President of Merchandising for Garage. Additionally, Jean-Philippe D. Lachance has been appointed as our Chief Financial Officer. We have also promoted Stacie Beaver to President, entrusting her with greater responsibility within the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read our management's discussion and analysis of financial condition and results of operations ("**MD&A**") in conjunction with our financial statements and the notes thereto included elsewhere in this prospectus. Our audited consolidated financial statements as at February 3, 2024 and January 28, 2023 and for each of the years ended February 3, 2024, January 28, 2023 and January 29, 2022 (the "**Annual Financial Statements**") have been prepared in accordance with IFRS, as issued by the IASB. Our unaudited condensed interim consolidated financial statements for the 13-week and 26-week periods ended August 3, 2024 and July 29, 2023 (the "**Interim Financial Statements**") have been prepared in accordance with IAS 34, "Interim Financial Reporting", as issued by the IASB. Our Interim Financial Statements have been prepared on a basis consistent with the Annual Financial Statements. All amounts in this MD&A are in Canadian dollars unless otherwise indicated. In this MD&A, all references to "GDI", "Groupe Dynamite", the "Company", "we", "us" or "our" refer to Groupe Dynamite Inc. together with its subsidiaries, on a consolidated basis. This MD&A is presented as of the date of this prospectus and is current to that date unless otherwise stated.*

Our fiscal year ends on the Saturday closest to January 31 of each year. This approach is adopted to ensure operational consistency. It creates variations in the actual closing date each year. All references to "Q2 2024" are to the Company's 13-week period ended August 3, 2024; "YTD 2024" are to the Company's 26-week period ended August 3, 2024; "Q2 2023" are to the Company's 13-week period ended July 29, 2023; "YTD 2023" are to the Company's 26-week period ended July 29; 2023; "Fiscal 2023" are to the Company's fiscal year ended February 3, 2024; "Fiscal 2022" are to the Company's fiscal year ended January 28, 2023; and "Fiscal 2021" are to the Company's fiscal year ended January 29, 2022.

Cautionary Note regarding Forward-Looking Information

This MD&A contains forward-looking information within the meaning of applicable Canadian securities legislation. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our business, financial position, business strategy, growth plans, the reorganization of our corporate structure and strategies, budgets, operations, financial results, taxes, dividend policy, plans and objectives. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding possible future events or circumstances. Forward-looking information is based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances.

Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Forward-looking information is also subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described under "Risk Factors". If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The risks, uncertainties, opinions, estimates and assumptions referred to elsewhere in the prospectus should be considered carefully by readers. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information contained in this MD&A represents our expectations as of the date of this prospectus (or as of the date it is otherwise stated to be made) and is subject to change after such date. We disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable Canadian securities legislation. All of the forward-looking information contained in this MD&A is expressly qualified by the foregoing cautionary statements. Investors should read this entire MD&A and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Subordinate Voting Shares.

Overview

With a luxury-inspired mindset, our vision is to create accessible fashion that inspires style-conscious individuals to feel good in their skin to fulfil our mission: ***Empowering you to be you, one outfit at a time.***

We are a fashion house that operates retail stores and e-commerce platforms under two complementary and spirited banners: Garage and Dynamite. Garage is a casual street-active aesthetic brand that inspires rewriting the rules, breaking boundaries and owning your individuality, because your style should be as limitless as your passions. Dynamite believes that every day is the perfect occasion to look and feel exceptional, outfitting modern women to seamlessly flow between the demands of their day to the energy that fills their night.

We have an intense focus on building an emotional connection with our customers that informs our design and merchandising strategy, omnichannel distribution model and marketing strategy.

This emotional connection with our customers begins with our muses, Alex and Rachelle, the conceptual inspirations for our design teams. Alex and Rachelle epitomize customers of Garage and Dynamite respectively, and we embark through them on style journeys that allow us to rapidly address ever-evolving fashion preferences. Our teams then aim to create must-have, unique and on-trend products for our customers' ever-changing world.

Both of our distinctive brands have their own dedicated design and merchandising teams focused on creating on-trend products while leveraging the support of our multidisciplinary teams that promote company-wide strategic alignment and allow us to leverage insights and learnings across both brands.

We connect with our customers through an aspirational, omnichannel shopping experience that extends across our retail stores, e-commerce platforms, mobile application and loyalty program. As of November 1st, 2024, we operate 185 stores in Canada, with retail locations in all Canadian provinces, and 114 stores in the United States, with retail locations across 37 U.S. states. Our retail store footprint allows us to develop brand-enhancing experiences for our customers, with use of technology and an innovative approach to empowering our store associates to be brand ambassadors and stylists creating an optimized shopping experience for our customers. Our two dedicated e-commerce sites, Garageclothing.com and Dynamiteclothing.com, give us control of the presentation of our brand and relationships with our customers, while providing customers with a seamless omnichannel experience. Our Garage and Dynamite loyalty program and apps further enable us to provide her a fun and personalized experience with access to the latest products, and help drive repeat purchasing behavior.

Our omnichannel distribution model is supported by our nimble design, sourcing and supply chain process. We have long-term and strategic relationships with suppliers that enable us to secure production capacity and facilitate in-season order placement. We have an accelerated product cycle from fabric production to order fulfillment that allows us to quickly pivot to the latest trends or go deeper on in-season trends. Our flexibility increases our open-to-buy opportunity in a given season, allowing us to test, deploy and react to trends more quickly, more accurately plan inventory, reduce markdowns and minimize fashion risk.

We support our brands with a disciplined and data-driven approach to marketing, utilizing a proprietary attribution model that analyzes and supports efficacy of our marketing spend in real-time and provides insights that inform our longer-term strategy. We deploy a multi-faceted marketing strategy across multiple channels focusing on driving brand awareness and growing the community of Garage and Dynamite customers, with strategic use of social media and influencers, events, and partnerships.

The strength of our business has created a compelling financial profile characterized by revenue growth and strong profitability:

- Revenue increased from $628.0 million in Fiscal 2021 to $888.4 million in LTM 1H' 2024, representing a compounded annual growth rate of 14.9%;
- Comparable store sales[1] have grown (7.0)%, 5.9%, 4.7%, 9.5%, 8.2% and 15.4% year-over-year in Fiscal 2018, Fiscal 2019, Fiscal 2021,[2] Fiscal 2022, Fiscal 2023, and for YTD 2024, respectively;

- 50 new store locations have been opened since the start of Fiscal 2022, with a majority of new store locations in the higher-growth United States market, and 15 store renovations or relocations have taken place over the same period. Contribution from new and improved stores was offset by 48 strategic store closures over the same period;
- Retail sales per square foot[1] of approximately $619 in Fiscal 2023 across Canada and the United States increased 34.2% since Fiscal 2021;
- Gross profit increased from $354.4 million in Fiscal 2021 to $558.1 million in LTM 1H' 2024, resulting in gross margin[1] increasing from 56.4% to 62.8% over this same time period;
- Operating income increased from $45.3 million in Fiscal 2021 to $200.2 million in LTM 1H' 2024, resulting in operating margin[1] increasing from 7.22% to 22.54% over this same period;
- Adjusted EBITDA[1] increased from $112.0 million in Fiscal 2021 to $276.5 million in LTM 1H' 2024, resulting in Adjusted EBITDA margin[1] increasing from 17.84% to 31.1% over this same time period;
- Adjusted EBITDA (after rent equivalent expense)[1] increased from $76.1 million in Fiscal 2021 to approximately $205.0 million in LTM 1H' 2024, resulting in Adjusted EBITDA (after rent equivalent expense) margin[1] increasing from 12.1% to approximately 23% over this same time period;
- Net earnings increased from $109.2 million in Fiscal 2021 to $127.8 million in LTM 1H' 2024, representing a compounded annual growth rate of 6.5%; and
- Adjusted net earnings[1] increased from $31.6 million in Fiscal 2021 to $132.8 million in LTM 1H' 2024, representing a compound annual growth rate of 77.5%.

Notes:

(1) Refer to "Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics" in this MD&A for further details concerning these measures including definitions and reconciliations of each non-IFRS financial measure to the relevant reported IFRS financial measure. Non-IFRS financial measures and non-IFRS ratios do not have a standardized meaning under IFRS, which is used to prepare the Company's financial statements and might not be comparable to similar financial measures presented by other entities.

(2) The year-over-year comparison for Fiscal 2021 is measured against Fiscal 2019 rather than Fiscal 2020, as we believe that the comparison to Fiscal 2019 provides a more accurate comparison of the performance of our business in light of the impact of the onset of COVID-19 during Fiscal 2020.

Summary of Factors Affecting our Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below and in the "Risk Factors" section of this prospectus.

Our Brands

Our two complementary and spirited banners have been conceived and developed over nearly 50 years with distinct brand positioning in both age and lifestyle that we believe strike the right emotional chord with our target customers. Our multi-brand strategy drives product differentiation, assortment flexibility and a natural progression through our muses, Alex and Rachelle.

Strengthening and growing our brands is critical to our continued success. Any loss of brand appeal may adversely affect our business and financial results. We structure our business to strengthen and grow our brands through, among others, our (i) dedicated concept, design, merchandising and planning and marketing teams focused on creating distinct on-trend products, supported by our multidisciplinary teams, (ii) nimble design, sourcing and supply chain process, (iii) expansion and optimization of our store network in North America, (iv) plans to grow our e-commerce capabilities and (v) omnichannel go-to-market platform.

On-Trend Products and our Design, Sourcing and Supply Chain Process

We aim to create on-trend products that are in demand and strengthen and grow our brands, which drives our revenue. Our product design and development process builds on historically successful items, inspired by our muses, while incorporating new fashion, cultural and social trends, with the goal of creating fashion must-haves.

We buy initial quantities of merchandise that allow us to quickly gauge customer demand and follow up with larger orders when proven successful, allowing us to increase sales while reducing inventory risk. Approximately 50% of the purchasing decisions are made after a season begins, allowing us to respond to trends in real-time, either buying further into a trend or pivoting, while we optimize our inventory, resulting in fewer markdowns and exhibiting brand health and relevance.

Access to our suppliers and supply chain is key to the success of our business. As of Fiscal 2023, we had over 45 suppliers across more than 100 factories, providing us with the flexibility to source high quality materials and products at competitive costs. Our production cycle's efficiency is underpinned by familiarity with key suppliers, with over 80% having been a partner of ours for over eight years, periodic quality control and refreshment of suppliers. Across this network of suppliers, the majority of our production volumes are sourced from China, with additional contributions from Bangladesh and Cambodia. Additionally, based on our strong supplier relationships, we are able to reserve production capacity prior to purchase order placement, which ensures that we have dedicated production lines supporting our agile business model and reducing supply chain risk.

Expansion and Optimization of our Store Network in North America

Our business is heavily dependent on the revenue from our stores. We believe we have a significant opportunity to continue growing and optimizing our store network across North America. Underpinning the success of our retail revenue growth is the strategic placement of our locations in accordance with our store-level matrix strategy, under which we focus on opening new stores in top-tier locations (as qualified by premium co-tenants, peripheral concession and entertainment options, high visibility and high consumer traffic, among other factors). According to our standards, most assets in the shopping center universe are in tier 4-5 areas, while a small percentage are in tier 1-3 areas.

During Fiscal 2023, our stores (which occupy approximately 3,600 square feet on average) produced retail sales per square foot of approximately $619. In addition to opening new stores, we have generated attractive returns on capital by optimizing our existing stores through carefully considered and accretive store remodels and relocations. We aim to selectively remodel and relocate 10 to 15 existing stores per year in top-tier locations. Through expanding our store footprint and optimizing our existing store base, we believe we can enhance our aesthetic, improve our in-store assortment, increase scale, drive comparable store sales growth and enhance company-wide operating margins.

Plans to Grow our e-Commerce Capabilities

Since pivoting to an omnichannel model in 2019, our e-commerce business has grown to represent 18% of total revenue during Fiscal 2023. This growth has been achieved through several initiatives, such as broadening our e-commerce assortment by releasing exclusive items, having in-store brand ambassadors and stylists to direct customers online for additional sizes and styles, and optimizing our website experience for our customers, including by increasing site speed, streamlining the checkout process and the fulfillment options and providing product reviews. We believe that further growth from our e-commerce business will be an important component of our performance, and we are currently targeting a long-term e-commerce penetration level of approximately 25% of our total revenue.

Omnichannel Go-to-Market Platform

We leverage both our physical store base and e-commerce sites to create an omnichannel customer experience with an integrated platform that allows our customers to transition seamlessly across channels and maintain a curated and personalized shopping experience. Our omnichannel platform also meaningfully reduces markdown occurrences through the use of an algorithm powered by our proprietary business intelligence, referred to as the Brain. The Brain identifies optimal inventory to fulfill e-commerce orders and improves customer service by seamlessly integrating online and offline retail channels. We are thus able to operate closer to an asset-light model that reduces warehouse expenses, drives a lead time advantage and increases overall assortment flexibility.

Foreign Exchange

The majority of our revenue is derived in Canadian dollars while a significant portion of our cost of goods sold is denominated in U.S. dollars, which exposes us to fluctuations in foreign currency exchange rates. Future fluctuations in the exchange rate of the Canadian dollar versus the U.S. dollar could materially affect our gross margins and operating results.

Seasonality

The apparel sector operates on a seasonal basis, with a higher proportion of revenue and operating income being realized in the third and fourth quarters of the fiscal year, coinciding with key shopping periods such as back-to-school and the holiday season. Additionally, our working capital demands escalate prior to the introduction of new seasonal lines, due to launching new seasons and acquiring new inventory. The following is a breakdown of the quarterly distribution of annual revenue for Fiscal 2023, Fiscal 2022 and Fiscal 2021:

	For the fiscal years ended		
Annual Revenue	**February 3, 2024**	**January 28, 2023**	**January 29, 2022**
	%	%	%
First fiscal quarter	19	19	17
Second fiscal quarter	23	25	25
Third fiscal quarter	28	28	31
Fourth fiscal quarter	30	28	27
Fiscal year total	**100%**	**100%**	**100%**

Weather

Extreme weather conditions in the areas in which our stores are located could adversely affect our business and financial results. For example, frequent or unusually heavy snowfall, ice storms, rainstorms, or other extreme weather conditions over a prolonged period could make it difficult for our customers to travel to our stores and thereby reduce our revenue and profitability. This is potentially mitigated by our customers' ability to buy our products through dynamiteclothing.com and garageclothing.com. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of our inventory incompatible with those unseasonable conditions, which could adversely affect sales of these seasonal items.

Competition

Our business is affected by our competition. We operate in the women's apparel industry, where we compete with a diverse group of specialty apparel retailers, department stores, affordable retailers, athletic retailers and other manufacturers and retailers of branded apparel. Market participants compete on, among other attributes, the location of stores, the breadth, style, quality, price and availability of merchandise, the level of customer service and brand recognition. We believe that we successfully compete on the basis of several factors including our retail stores and digital experiences under two complementary and spirited banners, our ability to create must-have, highly relevant and on-trend products that inspire deep emotional reaction and our customer-centric marketing strategy.

CCAA Proceedings

Following the lock-downs, shelter-in-place and other restrictions imposed by governmental authorities as a result of the COVID-19 pandemic, on September 8, 2020, the Company obtained an initial order (the "**Order**") from the Superior Court of Québec (the "**Court**") to seek protection from creditors under the Companies' Creditors Arrangement Act (the "**CCAA**"). Under the terms of the Order, Deloitte Restructuring Inc. was appointed as the monitor (the "**Monitor**"). The CCAA process allowed the Company to implement an operational and commercial restructuring plan to reposition the Company for long-term success. On that date, the Company also secured interim financing, debtor in possession, of $10.0 million from its parent company, bearing interest at an annual rate of 11%, with no specific terms of repayment. The maximum amount of the facility was increased to $20.0 million on September 18, 2020. The CCAA process was recognized in the Unites States under Chapter 15 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware.

On September 10, 2021, the Court accepted for filing the Company's Joint Plan of Compromise and Arrangement dated September 2, 2021 (as amended and restated on September 15, 2021, the "**Plan**"). On September 18, 2020, the Company obtained from the Court an extension of the stay period to October 19, 2020. The stay period was thereafter extended by the Court on several other occasions, until October 22, 2021. On September 30, 2021, a creditors' meeting was held during which the Plan was approved by nearly 100% of the Company's creditors. On October 7, 2021, the Court sanctioned the Plan. On October 13, 2021, the Company implemented the Plan, at which time the Company successfully exited the CCAA proceedings.

The Plan called for a dividend payment of 7% of approved claims to all creditors of the Company that filed a proof of claim with the Monitor. The amount of claims was filed by creditors on September 30, 2021 aggregated to $112.8 million. The dividend payment to creditors amounted to approximately $8.1 million. The unpaid residual amount of $104.7 million was taken to income as a gain on CCAA debt forgiveness during the year ended January 29, 2022. As part of the Plan, a loan from its parent company in the principal amount of approximately $60.6 million was wholly written off, along with accrued interest.

In Fiscal 2022, the Monitor finalized the assessment of claims filed by creditors, and reduced the final amount of allowable claims to $100.7 million resulting in a reduction of the gain on CCAA debt forgiveness recognized in the previous year by an amount of $12.2 million.

Financial Outlook

Our growth strategy focuses on enhancing customer experience to drive long-term profitability. We leverage the inherent strengths of our brands and the synergistic benefits of our platform to grow comparable store sales in conjunction with online sales. Our sales growth strategy includes an emphasis on premier stores in lifestyle-focused locations which informs strategic decisions on new store openings and existing store expansions and re-locations.

We believe there is an opportunity to open approximately 18 additional new stores in Fiscal 2025 in North America, with the vast majority being in the United States and under the Garage banner. Over the same period, the Company intends to complete approximately 9 store closures in North America. Our 5-year strategic plan, which has been approved by the Board, targets up to approximately 50 net store openings (with approximately 75 store openings and approximately 25 store closures) by the end of Fiscal 2028.[1]

Note:

(1) This target includes the 18 new store opportunities in Fiscal 2025, locations for the vast majority of which have been identified. These opportunities and targets are "forward-looking information" within the meaning of applicable Canadian securities laws, see "About this Prospectus – Forward-Looking Information", and actual results may vary. These opportunities and targets are based upon certain assumptions that management believes to be reasonable, including that: (i) we will continue to open approximately 18 new stores per year, which is relatively consistent with our historical rate of store openings over the prior two years; (ii) we will slow our strategic store closures, now that we have progressed our store network reorientation to locations rated between tiers 1 to 3; (iii) the majority of new stores will be opened in the United States, where we believe there is significant whitespace for growth; (iv) we will start our expansion in the United Kingdom, where we believe there is significant whitespace for growth; (v) the economic relationship between Canada and the United States and the exchange rate between the Canadian and U.S. dollar remain stable and consistent with our experience in the last three years, such that on a per-store basis, our United States stores are and remain more profitable than our Canadian stores; (vi) our supply chain, and the political, legal and tax circumstances in jurisdictions in which our suppliers operate, remain substantially consistent; and (vii) the competitive landscape of the women's apparel industry remains relatively consistent with historical experience. These opportunities and targets are subject to many risks and uncertainties, including those identified in this prospectus under "Risk Factors", and in particular: (a) changes in the general economic conditions and consumer spending in Canada, the United States and other parts of the world; (b) our inability to optimize merchandise and anticipate and respond to constantly changing consumer demands and fashion trends; (c) our inability to successfully locate our stores in suitable locations and any impairment of a store location, including any decrease in customer traffic; (d) our inability to protect and enhance our brands; (e) the failure to adequately continue to connect with our customer base; (f) the inability to maintain recent levels of comparable store sales or retail sales per square foot; (g) the inability to attract new customers, or retain existing customers, or to maintain or increase sales to those customers; and (h) any material disruption in our information technology systems and e-commerce business.

Our new store openings assume an average investment of less than $2 million per store and target an average payback period of approximately two years or less on our initial investment (which we intend to continue reducing). We aim to selectively remodel and relocate 10 to 15 existing stores per year in top-tier locations. Concurrently, we are focusing on increasing our gross margin and lowering selling, general and administrative expenses as a percentage of revenue. Our disciplined approach to capital allocation is intended to fully align our investments with our long-term strategic goals, strengthening our financial position and driving earnings growth.

We believe there is a significant opportunity to grow our e-commerce business, and we are currently targeting a long-term e-commerce penetration level of approximately 25% of our total revenue, an increase from approximately 18% of total revenue as of Fiscal 2023.

Components of our Results of Operations

Revenue

Revenue reflects retail and online sales, less returns and discounts, under the Dynamite and Garage brands across Canada and the United States.

The Company recognizes revenue when control of the goods or services has been transferred to a customer, which occurs at a point in time, for retail sales, at the time the sale is made to the customer, and for online sales, at the date of delivery to the customer. Revenue is measured at the fair value of consideration to which the Company expects to be entitled, including (i) variable consideration if any, to the extent it is highly probable that a significant reversal will not occur, and (ii) shipping fees. Revenue is measured net of discounts and an estimated allowance for returns. Reported sales exclude sales taxes.

Gift cards sold are accounted for as deferred revenue and revenue is recognized when gift cards are redeemed for merchandise. The Company estimates gift card breakage to the extent permissible under local laws, and recognizes revenue in proportion to actual gift card redemptions.

The Company has a loyalty points program that gives rise to a separate performance obligation as it provides a material right to the customer. The transaction price is allocated between the loyalty points and the goods on which the awards were earned based on their relative stand-alone selling prices taking into consideration the estimated redemption percentage. Loyalty points and awards granted under the customer loyalty awards program are recorded as deferred revenue until the loyalty points and awards are redeemed by the customer.

The Company grants rights of return on goods sold to customers. Revenue is reduced by the amount of expected returns, which is determined based on historical patterns of returns, and a related refund liability is recorded within Accounts payable and accrued expenses.

Cost of sales

Cost of sales includes the cost of inventories purchased, shipping and transportation costs, warehousing, distribution costs and the variable and short-term occupancy costs that are excluded from the lease liability.

Since the Company purchases goods in currencies other than the Canadian dollar, our cost of sales is affected by fluctuations in foreign currencies against the Canadian dollar. We mainly import merchandise from suppliers in China and Bangladesh with U.S. dollars. Therefore, our cost of sales is impacted indirectly by the fluctuation of the Chinese renminbi and the Bangladeshi Taka against the U.S. dollar and directly by the fluctuation of the U.S. dollar against the Canadian dollar.

We generally use foreign exchange forward contracts to hedge some of our exposure to changes in the value of the U.S. dollar against the Canadian dollar, usually for a period of three to six months ahead, while leveraging natural hedge opportunities given our U.S. operations. However, we do not hedge our exposure to changes in the value of the Chinese renminbi and Bangladeshi Taka against the U.S. dollar.

Gross profit

Gross profit reflects our revenue, less cost of sales.

Selling, general and administrative expenses

Selling, general and administrative expenses (or "SG&A") include store labour costs, which vary with our sales volume, as well as fixed costs such as store maintenance, corporate and field salaries and benefits, administrative office costs, professional fees, and other related expenses. Our store labour costs are affected by the statutory minimum wage, which is lower than our average store hourly wage rate. However, a significant rise in the minimum wage would increase our payroll costs unless we can improve our store productivity.

Depreciation and amortization

Depreciation and amortization represent the systematic allocation of the cost of the Company's tangible and intangible assets over their respective useful lives. Depreciation is charged on property, plant, and equipment, including capitalized leases classified as right-of-use assets, while amortization is recorded on intangible assets, such as software.

Net financing costs

Net financing costs primarily consist of interest expenses on the Company's borrowings, including short-term and long-term debt as well as any short-term and long-term lease liabilities. These costs also include the amortization of deferred financing charges, interest income from cash and promissory note, and any gains or losses on derivative financial instruments.

Selected Financial Information

In thousands of Canadian dollars, except per share data	13-week periods ended Aug 3, 2024	Jul 29, 2023	26-week periods ended Aug 3, 2024	Jul 29, 2023	Fiscal years ended Feb 3, 2024	Jan 28, 2023	Jan 29, 2022
	$	$	$	$	$	$	$
Revenue	239,104	186,810	427,988	340,394	800,833	697,442	628,043
Cost of sales	81,400	71,342	149,632	132,949	313,646	277,882	273,650
Gross profit	157,704	115,468	278,356	207,445	487,187	419,560	354,393
Operating expenses							
Selling, general and administrative expenses	79,871	67,231	146,104	131,351	272,338	241,047	246,296
Depreciation and amortization	17,728	16,797	34,482	33,037	69,370	66,852	58,049
Foreign exchange (gain) loss	(175)	(410)	(662)	(349)	288	(325)	4,705
Total operating expenses	97,424	83,618	179,924	164,039	341,996	307,574	309,050
Operating income	60,280	31,850	98,432	43,406	145,191	111,986	45,343
Net financing costs	6,531	8,640	11,734	13,688	26,548	14,895	10,806
CCAA debt forgiveness	-	-	-	-	-	12,184	(104,747)
Earnings before income taxes	53,749	23,210	86,698	29,718	118,643	84,907	139,284
Income taxes	13,392	5,735	22,404	7,399	32,827	22,061	30,104
Net earnings	40,357	17,475	64,294	22,319	85,816	62,846	109,180
Net earnings per share							
Basic	$0.09	$0.04	$0.14	$0.05	$0.19	$0.14	$0.24
Diluted	$0.09	$0.04	$0.14	$0.05	$0.19	$0.14	$0.24
Additional financial measures							
Retail revenue	203,741	158,232	361,890	283,374	653,772	562,450	496,101
Comparable store sales growth[1]	14.7%	5.2%	15.4%	5.9%	8.2%	9.5%	4.7%[3]
Retail sales per square foot[1]	694.04	547.04	694.04	547.04	619.40	530.47	461.40
Adjusted EBITDA[1]	80,839	49,146	136,604	77,406	217,365	181,685	112,039
Adjusted net earnings[1]	42,698	17,974	67,494	23,282	88,620	74,641	31,648
Adjusted net earnings per share[1]							
Basic	$0.09	$0.04	$0.15	$0.05	$0.19	$0.16	$0.07
Diluted	$0.09	$0.04	$0.15	$0.05	$0.19	$0.16	$0.07
Gross margin[1]	66.0%	61.8%	65.0%	60.9%	60.8%	60.2%	56.4%
SG&A as a percentage of sales[1]	33.4%	36.0%	34.1%	38.6%	34.0%	34.6%	39.2%
Adjusted EBITDA margin[1]	33.8%	26.3%	31.9%	22.7%	27.1%	26.1%	17.8%
Ratios and other metrics:							
ROA[1]	22.8%	14.8%	22.8%	14.8%	17.9%	19.3%	10.4%
ROCE[1]	41.9%	30.5%	41.9%	30.5%	35.3%	36.3%	31.8%
Net leverage ratio[1]	1.59	2.55	1.59	2.55	1.96	2.40	0.79
Free cash flow[1]	29,624	24,111	66,205	11,457	92,373	106,447	117,326
Inventory turnover[1]	6.12	5.11	6.12	5.11	7.98	6.76	6.87
CAPEX[1]	22,620	9,566	32,855	11,068	53,392	19,533	9,090
Number of stores[2]	293	288	293	288	290	292	297

In thousands of Canadian dollars, except per share data	As at Aug 3, 2024	Jul 29, 2023	Feb 3, 2024	As at Jan 28, 2023	Jan 29, 2022
	$	$	$	$	$
Cash	29,173	32,580	8,135	33,694	94,666
Inventories	56,264	51,699	38,627	40,028	42,214
Total current assets	126,817	122,669	83,458	100,451	156,509
Property and equipment	93,609	47,115	65,419	37,132	34,077
Right-of-use assets	299,617	228,114	246,240	210,708	89,395
Total assets	644,451	520,115	516,476	471,631	301,918
Long-term portion of long- term debt	122,945	224,081	145,100	223,273	73,476
Long-term portion of lease liabilities	302,809	217,328	240,301	194,624	67,146
Total non-current liabilities	429,254	444,909	388,901	421,397	153,791
Total liabilities	577,999	576,008	511,548	547,585	262,452
Total shareholders' (deficiency) equity	66,452	(55,893)	4,928	(75,954)	39,466
Total debt[(1)]	469,489	494,679	433,275	469,183	182,778
Net debt[(1)]	440,316	462,099	425,140	435,489	88,112

Notes:

(1) Refer to "Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics" section of this MD&A for further details concerning these measures including definitions and reconciliations of each non-IFRS financial measure to the relevant reported IFRS financial measure. Non-IFRS financial measures and non-IFRS ratios do not have a standardized meaning under IFRS, which is used to prepare the Company's financial statements and might not be comparable to similar financial measures presented by other entities.

(2) Number of stores is as at end of period.

(3) The year-over-year comparison for Fiscal 2021 is measured against Fiscal 2019 rather than Fiscal 2020, as we believe that the comparison to Fiscal 2019 provides a more accurate comparison of the performance of our business in light of the impact of the onset of COVID-19 during Fiscal 2020.

Recent Developments

For the 13-week period ended November 2, 2024, we expect to report revenue of between $255 million and $260 million, which represents an increase of 15.8% to 18.1% as compared to revenue of $220 million in the 13-week period ended October 28, 2023, including online sales of between $42 million and $45 million. This revenue increase was driven primarily by growth in comparable store sales that we expect to be in the range of 9.0% to 10.5% for the 13-week period ended November 2, 2024. Additionally, the sales performance is impacted by the addition of 6 net new stores, consisting of 3 openings in Canada and 3 in the US.

We expect that our gross profit margin for the 13-week period ended November 2, 2024 will be in the range of 62.0% to 63.0% as compared to 62.8% for the 13-week period ended October 28, 2023. Any expected improvement would be a result of stronger product margins and reduced markdowns. As a result, our adjusted EBITDA margin should be between 31.0% and 33.0% of total revenues.

Finally, we expect our reported adjusted net earnings for the 13-week period ended November 2, 2024 to be positively impacted by strong adjusted EBITDA margin and higher revenue compared to the 13-week period ended October 28, 2023.

All figures and information indicated above with respect to the 13-week period ended November 2, 2024 are preliminary, have not been reviewed by our auditors and are subject to change as our financial results are finalized. The report of Deloitte LLP included in this prospectus refers exclusively to the Company historical audited financial statements and does not extend to the unaudited financial information included above and should not be read to do so. This information constitutes forward-looking information within the meaning of applicable Canadian securities laws, are based on several assumptions and are subject to risks and uncertainties. See “About this Prospectus — Forward-Looking Information”.

We intend to issue a press release with respect to the finalized financial results for the 13-week period ended November 2, 2024 by December 17, 2024 at the latest. At such time, we will also file our unaudited consolidated financial statements, together with the notes thereto, and management’s discussion and analysis of financial condition and results of operations for the 13-week period ended November 2, 2024.

Cash dividends declared per share

On November 10, 2022, the Board declared two cash dividends totaling $185.0 million to be paid to holders of Class “A” shares, as follows:

- a cash dividend of $125.0 million (approximately $0.2735 per share) on the issued and outstanding Class “A” shares, payable to shareholders of record as of November 10, 2022; and
- a second cash dividend of $60.0 million (approximately $0.1313 per share) on the issued and outstanding Class “A” shares, payable to shareholders of record as of November 10, 2022.

Both dividends were payable immediately, and shareholders of Class “C” and Class “G” shares had waived their rights to receive the declared dividends.

Results of Operations

Summary of changes in our store portfolio

For the 26-week period ended August 3, 2024, we achieved the opening of 12 new stores in the United States under the Garage retail banner, made 9 strategic store closures and 2 stores were effectively enhanced or re-located.

We successfully opened 19 new stores during Fiscal 2023 (13 during Fiscal 2022 and 1 during Fiscal 2021) across North America, and made 21 strategic store closures, with a particular focus on growing our retail footprint by expanding our store network in the United States. The majority of these store openings were under the Garage retail banner. In addition to opening new stores, we have enhanced elements of our existing stores (footprint, layout and assortment) through carefully considered store expansions and re-locations, 13 in Fiscal 2023, 1 in Fiscal 2022 and 2 in Fiscal 2021.

The following table presents a summary of changes in our store portfolio:

	Since August 3, 2024			As of and for the 26-week period ended			As of and for the year ended								
	October 31, 2024			August 3, 2024			February 3, 2024			January 28, 2023			January 29, 2022		
	Canada	USA	Total	Canada	USA	Total	Canada	USA	Total	Canada	USA	Total	Canada	USA	Total
Stores at the beginning of the period	**182**	**111**	**293**	**190**	**100**	**290**	**208**	**84**	**292**	**225**	**72**	**297**	**230**	**73**	**303**
Store openings	3	3	6	-	12	12	2	17	19	-	13	13	1	-	1
Store closures	-	-	-	(8)	(1)	(9)	(20)	(1)	(21)	(17)	(1)	(18)	(6)	(1)	(7)
Stores at the end of the period	**185**	**114**	**299**	**182**	**111**	**293**	**190**	**100**	**290**	**208**	**84**	**292**	**225**	**72**	**297**
Store enhancements and relocations	-	1	1	-	2	2	9	4	13	-	1	1	1	1	2

Results of operations for the 13-week and 26-week periods ended August 3, 2024 and July 29, 2023

Revenue

Total revenue for the 13-week period ended August 3, 2024 increased by $52.3 million or 28.0% compared to the 13-week period ended July 29, 2023. The majority of the increase is attributable to retail revenue, which increased by $45.5 million or 28.8% over 13-week period ended July 29, 2023. This increase was driven by comparable store sales growth of 14.7% and revenues from new stores. Online revenue for the 13-week period ended August 3, 2024 increased by $6.8 million or 23.7% compared to the 13-week period ended July 29, 2023.

Total revenue for the 26-week period ended August 3, 2024 increased by $87.6 million or 25.7% compared to the 26-week period ended July 29, 2023. The majority of the increase is attributable to retail revenue, which increased by $78.5 million or 27.7% over the 26-week period ended July 29, 2023. This increase was driven by comparable store sales growth of 15.4% and revenues from new stores. Online revenue for the 26-week period ended August 3, 2024 increased by $9.1 million or 15.9% compared to the 26-week period ended July 29, 2023.

Cost of sales and gross profit

Gross profit for the 13-week period ended August 3, 2024 increased by $42.2 million or 36.6% compared to the 13-week period ended July 29, 2023 which resulted in gross margin expanding to 66.0% in Q2 2024 from 61.8% in Q2 2023. This increase is attributable to the 28.0% revenue growth compared to a relatively lower increase in cost of sales of 14.1% which is due to controlled merchandise cost increases and lower markdowns.

Gross profit for the 26-week period ended August 3, 2024 increased by $70.9 million or 34.2% compared to the 26-week period ended July 29, 2023 which resulted in the gross margin expanding to 65.0% YTD 2024 from 60.9% YTD 2023. This increase is attributable to the 25.7% revenue growth compared to the relatively lower increase in cost of sales of 12.5% which is due to controlled merchandise cost increases and lower markdowns. Markdowns are lower due to our improved flexibility and our ability to respond to trends in real time, which improve inventory planning. This is reflected in the higher inventory turnover of 6.12 at the end of YTD 2024, compared to 5.11 at the end of YTD 2023.

Selling, general and administrative expenses

SG&A for the 13-week period ended August 3, 2024 increased by $12.6 million or 18.8% compared to the 13-week period ended July 29, 2023. This increase was mainly due to a $9.4 million rise in wages, salaries, and employee benefits, driven by the cost of store employees as more stores opened in the U.S., where labour tends to be more expensive than in Canada.

SG&A for the 26-week period ended August 3, 2024 increased by $14.8 million or 11.2% compared to the 26-week period ended July 29, 2023. This increase was mainly due to a $13.6 million rise in wages, salaries, and employee benefits, driven by the cost of store employees as more stores opened in the U.S., where labour tends to be more expensive than in Canada.

Depreciation and amortization

Depreciation and amortization for the 13-week period ended August 3, 2024 increased by $0.9 million or 5.5% compared to the 13-week period ended July 29, 2023. Most of this increase is attributable to depreciation of property, plant and equipment and right-of-use assets, which increased by $1.6 million or 10.5%, driven by more store leases capitalized under right-of-use assets in Q2 2024. The increase was partially offset by a decrease in amortization of intangible assets.

Depreciation and amortization for the 26-week period ended August 3, 2024 increased by $1.4 million or 4.4% compared to the 26-week period ended July 29, 2023. Most of this increase is attributable to depreciation of property, plant and equipment and right-of-use assets, which increased by $2.8 million or 9.3%, driven by additional capitalized right-of-use assets in YTD 2024 due to the renegotiation and addition of leases. The increase was partially offset by a decrease in amortization of intangible assets.

Net financing costs

Net financing costs for the 13-week period ended August 3, 2024 decreased by $2.1 million or 24.4% compared to the 13-week period ended July 29, 2023. This decrease is due to a decrease in finance expense of $1.9 million as well as by an increase in finance income of $0.3 million. The lower interest expense resulted mainly from lower interest rates and reduced average debt balances.

Net financing costs for the 26-week period ended August 3, 2024 decreased by $2.0 million or 14.3% compared to the 26-week period ended July 29, 2023. This decrease is due to a decrease in finance expense of $0.8 million as well as an increase in finance income of $1.2 million. The lower interest expense resulted mainly from lower interest rates and reduced average debt balances. The higher finance income resulted mainly from higher cash balances.

Net earnings

Net earnings for the 13-week period ended August 3, 2024 increased by $22.9 million or 130.9% compared to the 13-week period ended July 29, 2023. This growth is attributed to higher revenue, a 420 basis points (bps) improvement in gross margin, along with lower SG&A expenses and net financing costs as a percentage of revenue.

Net earnings for the 26-week period ended August 3, 2024 increased by $42.0 million or 188.1% compared to the 26-week period ended July 29, 2023. This growth is attributed to higher revenue, a 410 bps improvement in gross margin, along with lower SG&A expenses and net financing costs as a percentage of revenue.

Operating income and adjusted EBITDA

Operating income for the 13-week period ended August 3, 2024 increased by $28.4 million or 89.3% to reach approximately $60.3 million in Q2 2024 compared to $31.9 million in Q2 2023. Similarly, adjusted EBITDA for the 13-week period ended August 3, 2024 increased by $31.7 million or 64.5% to reach $80.8 million in Q2 2024 compared to $49.1 million in Q2 2023. The adjusted EBITDA margin improved to 33.8% in Q2 2024, compared to 26.3% in the same period last year. This substantial increase is largely attributable to enhanced gross margins, with the remainder driven by operating leverage.

Operating income for the 26-week period ended August 3, 2024 increased by $55.0 million or 126.8% to reach approximately $98.4 million in YTD 2024 compared to $43.4 million in YTD 2023. Similarly, adjusted EBITDA for the 26-week period ended August 3, 2024 increased by $59.2 million or 76.5% to reach $136.6 million in YTD 2024 compared to $77.4 million in YTD 2023. The adjusted EBITDA margin improved to 31.9% in YTD 2024 compared to 22.7% in the same period last year. This substantial increase is largely attributable to enhanced gross margins, with the remainder driven by operating leverage.

Results of operations for the years ended February 3, 2024, January 28, 2023 and January 29, 2022

Revenue

Total revenue for the year ended February 3, 2024 increased by $103.4 million or 14.8% compared to the year ended January 28, 2023. The majority of this increase is attributable to retail revenue, which increased by $91.3 million or 16.2%. The increase in revenue from retail stores was driven by our continued emphasis on developing a premier store portfolio premised on luxurious and lifestyle-focused locations, with 18 stores opened during the period, as well as by organic growth from existing locations. Comparable store sales for the year ended February 3, 2024 increased by 8.2%. Online revenue for the year ended February 3, 2024 increased by $12.1 million or 8.9% compared to the year ended January 28, 2023.

Total revenue for the year ended January 28, 2023 increased by $69.4 million or 11.1% compared to the year ended January 29, 2022. The majority of this increase is attributable to retail revenue, which increased by $66.3 million or 13.4%. Most of the increase in revenue from retail stores was driven by existing locations with comparable store sales of 9.5%. The remaining of the increase was driven by new stores opened for less than twelve months, net of lost revenue from store closures. Online revenue for the year ended January 28, 2023 increased by $3.1 million or 2.3% compared to the year ended January 29, 2022. The relatively lower level of growth in online revenue in Fiscal 2022 can be attributed to the store fleet being fully reopened following the COVID-19 pandemic which shifted sales between channels.

Cost of sales and gross profit

Gross profit for the year ended February 3, 2024 increased by $67.6 million or 16.1% compared to the year ended January 28, 2023 which resulted in gross margin expanding to 60.8% in Fiscal 2023 from 60.2% in Fiscal 2022. This increase is attributable to the 14.8% revenue growth compared to a relatively lower increase in cost of sales of 12.9% which is due to improved product margins and controlled markdowns and reductions in variable rent costs as a percentage of revenues. Transportation costs partially offset the increase due to price increases and higher penetration of stores in the U.S.

Gross profit for the year ended January 28, 2023 increased by $65.2 million or 18.4% compared to the year ended January 29, 2022 which resulted in the gross margin expanding to 60.2% in Fiscal 2022 from 56.4% in Fiscal 2021. This increase is attributable to the 11.1% revenue growth compared to a relatively lower increase in cost of sales of 1.6% which is driven by efficiencies in transportation cost, given the lower proportion of online revenues, efficiencies in warehouse operations, offset by higher occupancy costs.

Selling, general and administrative expenses

SG&A for the year ended February 3, 2024 increased by $31.3 million or 13.0% compared to the year ended January 28, 2023. This increase is driven primarily by a $29.9 million or 19.5% rise in wages, salaries and employee benefits. This was largely due to new store openings, with some additional impact from investments in head office roles.

SG&A for the year ended January 28, 2023 decreased by $5.2 million or 2.1% compared to the year ended January 29, 2022. This decrease in SG&A is largely the result of certain non-operational SG&A expenses incurred in Fiscal 2021 such as higher stock-based compensation expense, COVID retention bonus and CCAA legal fees partially offset by Canada Emergency Wage & Rent Subsidies.

Depreciation and amortization

Depreciation and amortization for the year ended February 3, 2024 increased by $2.5 million or 3.8% compared to the year ended January 28, 2023. The majority of this increase is attributable to depreciation of property, plant and equipment and right-of-use assets, which increased by $5.8 million or 10.1% over the year ended January 28, 2023, driven by additional capitalized right-of-use assets in Fiscal 2023 due to the renegotiation and addition of leases. The increase was partially offset by a decrease in amortization of intangible assets.

Depreciation and amortization for the year ended January 28, 2023 increased by $8.8 million or 15.2% compared to the year ended January 29, 2022. The majority of this increase is attributable to depreciation of property, plant and equipment and right-of-use assets, which increased by $6.8 million or 13.4% over the year ended January 28, 2023, driven by additional capitalized right-of-use assets in Fiscal 2022 due to the renegotiation and addition of leases.

Net financing costs

Net financing costs for the year ended February 3, 2024 increased by $11.7 million or 78.2% compared to the year ended January 28, 2023. This increase is due to an increase in finance expense of $18.2 million partially offset by an increase in finance income of $6.5 million. The increase in finance expense is driven mostly by additional capitalized lease liabilities and higher average long term debt balances during Fiscal 2023. The increase in finance income is the result of higher interests from promissory note from parent company.

Net financing costs for the year ended January 28, 2023 increased by $4.1 million or 37.8% compared to the year ended January 29, 2022. This increase is mainly due to an increase in finance expense of

$7.6 million due to additional capitalized lease liabilities and higher average long term debt balances during Fiscal 2022, offset by a decrease in finance income on promissory note receivable from parent company of $2.8 million.

Net earnings

Net earnings for the year ended February 3, 2024 increased by $23.0 million or 36.6% compared to the year ended January 28, 2023. This growth is attributed to a 60 bps improvement in gross margin, a reduction in SG&A expenses as a percentage of sales, partially offset by an increase in net financing costs.

Net earnings for the year ended January 28, 2023 decreased by $46.3 million or 42.4% compared to the year ended January 29, 2022. This decrease was mainly attributed to a $104.7 million gain recognized in Fiscal 2021 from unpaid residual claims under the CCAA, compared to a $12.2 million loss for the same reason in Fiscal 2022. Omitting this gain/loss from unpaid residual claims, net earnings would have benefited from a 380 bps improvement in gross margin, along with lower SG&A expenses.

Operating income and adjusted EBITDA

Operating income for the year ended February 3, 2024, increased by $33.2 million or 29.7% to reach $145.2 million in Fiscal 2023 compared to $112.0 million in Fiscal 2022. Similarly, adjusted EBITDA for the year ended February 3, 2024, increased by $35.7 million or 19.6% reaching $217.4 million in Fiscal 2023 compared to $181.7 million in Fiscal 2022. Adjusted EBITDA margin increased to 27.1% in Fiscal 2023 compared to 26.1% in Fiscal 2022. Most of this increase is due to gross margin improvements with the balance is coming from improvements in SG&A as a percentage of sales.

Operating income for the year ended January 28, 2023, increased by $66.6 million or 147.0% to reach $112.0 million in Fiscal 2022 compared to $45.3 million in Fiscal 2021. Similarly, adjusted EBITDA for the year ended January 28, 2023, increased by $69.6 million or 62.2% reaching $181.7 million in Fiscal 2022 compared to $112.0 million in Fiscal 2021. Adjusted EBITDA margin increased to 26.1% in Fiscal 2022 compared to 17.8% in Fiscal 2021. The 830 bps increase is driven by improvements in gross margin while the balance primarily results from lower SG&A expenses as a percentage of sales in Fiscal 2022.

Summary of quarterly results

The following table sets forth selected quarterly statements of operations data for each of the eight fiscal quarters immediately preceding and including the fiscal quarter ended August 3, 2024. The information for each of these quarters has been prepared in accordance with IFRS and on the same basis as the Annual Financial Statements and the Interim Financial Statements included elsewhere in this prospectus. These quarterly operating results are not necessarily indicative of our operating results for a full-year or any future period.

	13-week periods ended							
In thousands of Canadian dollars, except per share data	**Aug 3, 2024**	**May 4, 2024**	**Feb 3, 2024(1)**	**Oct 28, 2023**	**Jul 29, 2023**	**Apr 29, 2023**	**Jan 28, 2023**	**Oct 29, 2022**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Revenue	239,104	188,884	240,291	220,148	186,810	153,584	196,993	196,140
Cost of sales	81,400	68,232	98,739	81,958	71,342	61,607	84,841	80,323
Gross profit	**157,704**	**120,652**	**141,552**	**138,190**	**115,468**	**91,977**	**112,152**	**115,817**
Selling, general and administrative expenses	79,871	66,233	74,365	66,622	67,231	64,120	62,370	63,537
Depreciation and amortization	17,728	16,754	18,430	17,903	16,797	16,240	20,842	16,331
Foreign exchange (gain) loss	(175)	(487)	254	383	(410)	61	(847)	324
Operating income	**60,280**	**38,152**	**48,503**	**53,282**	**31,850**	**11,556**	**29,787**	**35,625**
Finance expense	9,297	8,566	9,748	8,902	11,151	7,471	10,086	3,808
Finance income	(2,766)	(3,363)	(3,014)	(2,776)	(2,511)	(2,423)	(2,501)	(860)
Net financing costs	6,531	5,203	6,734	6,126	8,640	5,048	7,585	2,948
Earnings before income taxes	**53,749**	**32,949**	**41,769**	**47,156**	**23,210**	**6,508**	**22,202**	**32,677**
Income taxes	13,392	9,012	13,174	12,254	5,735	1,664	5,199	8,979
Net earnings	**40,357**	**23,937**	**28,595**	**34,902**	**17,475**	**4,844**	**17,003**	**23,698**
Basic & diluted earnings per common share	**$ 0.09**	**$ 0.05**	**$ 0.06**	**$ 0.08**	**$ 0.04**	**$ 0.01**	**$ 0.04**	**$ 0.05**

Note:
(1) The quarter ended on February 3, 2024, comprises 14 weeks.

Revenue, gross profit and cost of sales

Over the past eight fiscal quarters, the Company has demonstrated a consistent upward trend in revenue on a year-over-year basis, reaching $239.1 million in the quarter ended August 3, 2024, compared to $186.8 million in the quarter ended July 29, 2023. This revenue increase has resulted in a notable rise in gross profit, which reached $157.7 million in the quarter ended August 3, 2024, up from $115.5 million in the quarter ended July 29, 2023. This improvement in gross profit reflects stronger product margins and effective cost management, particularly through better control of markdowns. Our effective cost management initiatives are reflected in the fact that our cost of sales grew at a slower rate than our overall sales. Additionally, it is important to note that the majority of revenue and operating income are realized in the third and fourth quarters.

Selling, general and administrative expenses

SG&A expenses have incrementally increased, with a rise to $79.9 million in the quarter ended August 3, 2024 from $67.2 million in the quarter ended July 29, 2023. This increase is aligned with the Company's revenue expansion. Operating income has shown significant growth, reaching $60.3 million in the quarter ended August 3, 2024, a substantial improvement from $31.9 million in the quarter ended July 29, 2023, as a result of higher gross margin and lower SG&A as a percentage of sales.

Depreciation and amortization

Depreciation and amortization have remained relatively stable over the fiscal periods, with the expense of $17.7 million for the quarter ended August 3, 2024, aligning closely with the established trend.

Net financing costs and net earnings

Net earnings have exhibited a favorable trend, climbing to $40.4 million in the quarter ended August 3, 2024 from $17.5 million in the quarter ended July 29, 2023. This strong increase is due to the overall improvement in gross margin, but also to a decrease in net financing costs, which stood at $6.5 million in the quarter ended August 3, 2024 compared to $8.6 million in the quarter ended July 29, 2023. Earnings per common share have similarly improved.

Fourth quarter of Fiscal 2023

In the fourth quarter of Fiscal 2023, both our retail and online revenue experienced continued growth. The majority of this increase is attributable to comparable store sales growth of 9.8%. Gross profit reached $141.6 million boosted by the holiday season and our ongoing focus on establishing a premier store portfolio in upscale and lifestyle-oriented locations. Operating expenses rose to support the Company's sustained growth, while net financing costs remained consistent with the previous quarter.

Analysis of cash flows for the 26-week periods ended August 3, 2024 and July 29, 2023

Cash flows

The following table presents cash balances, cash flows from operating, investing and financing activities:

	26-week periods ended	
In thousands of Canadian dollars	**August 3, 2024**	**July 29, 2023**
	$	**$**
Cash – beginning of period	8,135	33,694
Operating activities	99,060	22,525
Investing activities	(32,855)	(11,068)
Financing activities	(44,178)	(13,825)
Effect of foreign exchange rate changes on cash	(989)	1,254
Net increase (decrease) in cash	**21,038**	**(1,114)**
Cash – end of period	**29,173**	**32,580**

Operating activities

For the 26-week period ended August 3, 2024, cash generated from operating activities was $99.1 million compared to $22.5 million for the 26-week period ended July 29, 2023. The increase was mainly driven by higher net earnings for the period and a more favorable impact of changes in non-cash working capital components.

Investing activities

For the 26-week period ended August 3, 2024, cash used in investing activities was $32.9 million compared to $11.1 million for the 26-week period ended July 29, 2023. This increase is entirely due to a $21.8 million increase in CAPEX compared to the same period last year, driven by a higher number of store openings and planned expansions through in the balance of the financial year.

Financing activities

For the 26-week period ended August 3, 2024, cash used in financing activities was $44.2 million compared to $13.8 million for the 26-week period ended July 29, 2023. This increase is due to a higher repayment of principal on lease liabilities of $21.6 million in YTD 2024 compared to $14.3 million in YTD 2023 and the repayment of long-term debt of $22.5 million for the 26-week period ended August 3, 2024 compared to $9.5 million and proceeds from borrowings of long-term debt of $10.0 million for the same period in the prior year.

Analysis of cash flows for the years ended February 3, 2024, January 28, 2023 and January 29, 2022

Cash flows

The following table presents cash balances, cash flows from operating, investing, and financing activities:

	For the years ended		
In thousands of Canadian dollars	**February 3, 2024**	**January 28, 2023**	**January 29, 2022**
	$	**$**	**$**
Cash – beginning of period	33,694	94,666	57,600
Operating activities	145,765	125,980	126,386
Investing activities	(53,392)	(129,533)	(9,060)
Financing activities	(117,341)	(56,445)	(80,304)
Effect of foreign exchange rate changes on cash	(591)	(974)	44
Net increase (decrease) in cash	**(25,559)**	**(60,972)**	**37,066**
Cash – end of period	**8,135**	**33,694**	**94,666**

Operating activities

For the year ended February 3, 2024, cash generated from operating activities was $145.8 million compared to $126.0 million generated for the year ended January 28, 2023. The increase was mainly driven by a higher contribution coming from net earnings in Fiscal 2023.

For the year ended January 28, 2023, cash generated from operating activities was $126.0 million compared to $126.4 million generated for the year ended January 29, 2022. The slight decrease was primarily due to the adverse impact of changes in working capital balances, despite an increase in net earnings (adjusted for non-cash effects of CCAA debt forgiveness).

Investing activities

For the year ended February 3, 2024, cash used in investing activities was $53.4 million compared to $129.5 million for the year ended January 28, 2023. The decrease was attributed to the issuance of a promissory note receivable from the parent company of $110.0 million in Fiscal 2022. This was partially offset by a higher number of store openings in Fiscal 2023, which led to an increase in CAPEX to $53.4 million for the year ended February 3, 2024 compared to $19.5 million for the year ended January 28, 2023.

For the year ended January 28, 2023, cash used in investing activities was $129.5 million compared to $9.1 million for the year ended January 29, 2022. The increase was due to the issuance of a promissory note receivable from the parent company of $110.0 million in Fiscal 2022 as well as an increase in CAPEX due to a higher number of store openings during the period.

Financing activities

For the year ended February 3, 2024, cash used in financing activities was $117.3 million compared to $56.4 million for the year ended January 28, 2023. This increase was primarily due to a reduction in long-term debt of approximately $78.0 million in Fiscal 2023, compared to an increase of approximately $160.0 million in long-term debt and a $185.0 million dividend payment in Fiscal 2022. Additionally, there was an increase in the repayment of principal on lease liabilities, totaling $38.5 million in Fiscal 2023, compared to $29.3 million in Fiscal 2022.

For the year ended January 28, 2023, cash used in financing activities was $56.4 million compared to $80.3 million for the year ended January 29, 2022. The decrease was driven by the impact of an increase in long-term debt of approximately $160.0 million and a $185.0 million dividend payment in Fiscal 2022. This contrasts with the repayment of $37.8 million in long-term debt and $10.0 million in debtor in possession financing from the parent company in Fiscal 2021.

Liquidity and capital resources

Our capital management strategy is to ensure sufficient liquidity to enable the financing of capital projects thereby facilitating our growth and maintaining a flexible capital structure that optimizes the cost of capital at an acceptable risk and preserves the ability to meet our financial obligations. The Company defines capital as its credit facilities, retractable shares and shareholders' equity.

We mainly use our funds for operating costs, to finance new stores and renovation projects, and debt payments. We believe that our cash generated from operating activities, along with our credit facilities, will be sufficient to finance new store and renovation projects and other investment projects. However, our future operating performance and funding ability will depend on various factors, some of which are beyond our control. We assess investment opportunities as part of our business and may make selective investments to execute our business strategy when we find suitable opportunities. In the past, we have financed any such investments from our cash generated from operating activities and/or our credit facilities.

Working capital

Our liquidity management involves ensuring that we have enough cash to pay our liabilities on time. We do this by tracking our cash flow and comparing our actual results with our budget regularly. Specifically, we have consistently achieved strong inventory turnover and cash conversion. We also have $326 million in credit facilities that we can use to support our ongoing working capital needs. Our main cash needs are for investing in our store network optimization and geographic expansion. As of August 3, 2024, our current assets were $126.8 million, including cash of $29.2 million, and our current liabilities were $148.8 million. We believe that our existing cash and available credit facilities are enough to cover our current and short-term financial obligations. See a summary of our contractual obligations as documented below in this MD&A.

Inventories

Inventory, consisting of finished goods and finished goods that are currently in transit, is stated at the lower of cost and net realizable value. The use of proprietary business intelligence allows us to efficiently allocate inventory and to optimize our omnichannel operating model. We minimize our inventory costs through our agile product development and strategic sourcing capabilities which adjust production output to match demand fluctuations. As a result, we have achieved an inventory turnover ratio of 6.12x as of August 3, 2024, demonstrating our effective inventory management within the industry.

Free cash flow

For the 26-week period ended August 3, 2024, the Company reported free cash flow of $66.2 million, a significant increase from $11.5 million in the corresponding period ended July 29, 2023. This notable improvement in free cash flow can be attributed to a substantial rise in cash from operating activities, which increased to $99.1 million from $22.5 million year-over-year.

Despite increases in CAPEX to, amongst other things, fund the opening of new stores, rising by $33.9 million from $19.5 million in Fiscal 2022 to $53.4 million in Fiscal 2023, and by $10.4 million from $9.1 million in Fiscal 2021 to $19.5 million in Fiscal 2022, the Company has maintained strong free cash flow performance. For the year ended February 3, 2024, free cash flow was $92.4 million. Although this is lower than the $106.4 million reported for the year ended January 28, 2023, and the $117.3 million for the year ended January 29, 2022, it still reflects a robust financial position. The Company's ability to maintain strong free cash flow despite increased CAPEX indicates its readiness for future expansion.

Credit facilities

On November 10, 2022, the Company entered into a Credit Agreement with a syndicate of lenders including Canadian chartered banks, which was subsequently amended and restated on March 25, 2024, and the maturity date was extended by one year to November 10, 2026. A closing term facility partial refinancing was made in the amount of $70.0 million (this amount was transferred from the term loan facility to the revolving facility). Therefore, and under the new terms and conditions of the agreement, the Company can borrow up to an aggregate amount of $326.3 million. The facilities are available in the form of (i) a revolving credit facility up to $230.0 million, (ii) a term facility up to $96.2 million, (iii) a letter of credit facility up to $30.0 million, and carved-out from the revolving credit facility, and (iv) a swingline facility with a limit of $10.0 million and carved-out from the revolving credit facility. As at August 3, 2024, $154.4 million was drawn under these facilities.

Funds advanced under this Credit Agreement bear interest at the Canadian bank prime rate and U.S. bank base rate plus a margin, or at the CORRA rate and SOFR plus a margin (previously bore interest at the Canadian bank prime rate and U.S. bank base rate plus a margin, or at bankers' acceptances rate and CDOR plus a margin). The margin is determined based on a financial ratio. Post June 28, 2024, CDOR rates were no longer being published. As a result, in the second quarter of Fiscal 2024, the Company entered into amendments that included the transition from the CDOR to the CORRA. Over the 26-week period ended August 3, 2024, the average interest rate was 7.22% including the margin (over the 26-week period ended July 29, 2023 the average interest rate was 7.23%).

As at August 3, 2024 and as at February 3, 2024, the Company was compliant with all of its financial ratio requirements, namely a leverage ratio and a fixed charged coverage ratio. The Company will make equal consecutive quarterly payments of $4.8 million under its term loan facility. The balance of the debt must be repaid in full on the maturity date, November 10, 2026.

Net leverage ratio

For the period ended August 3, 2024, the Company's net leverage ratio decreased to 1.59 compared to 1.96 for the fiscal year ended February 3, 2024, and 2.40 for the fiscal year ended January 28, 2023. This improvement is primarily due to the increase in adjusted EBITDA during these periods, coupled with long-term debt repayment, which has mitigated the rise in lease liabilities and enabled the Company to deleverage more effectively.

Financial ratios

For the year ended February 3, 2024, the Company's return on capital employed ("**ROCE**") was 35.3%, a slight decrease from the 36.3% in the year ended January 28, 2023, and an improvement compared to the 31.8% achieved in the year ended January 29, 2022. This indicates a strong and relatively stable performance in utilizing capital to generate operating income. We believe that the consistency in ROCE, despite changes in capital employed and operating income, highlights effective management and strategic capital allocation, even as we scale operations and invest in growth.

For the last twelve months ended August 3, 2024, our ROCE reached 41.9%. This enhanced efficiency suggests that recent strategies and investments have been particularly effective. The Company's enhanced ROCE can provide the comfort needed to invest in new projects, open additional stores, or pursue other growth opportunities while maintaining profitability.

The return on assets ("**ROA**") of 22.8% for the 12-month period ended August 3, 2024, represents a notable increase from the ROA of 14.8% for the 12-month period ended July 29, 2023. This improvement indicates a significant boost in the Company's ability to leverage its assets more effectively than in previous periods. This suggests that recent investments or operational improvements have been successful in enhancing profitability relative to the asset base. The increase in ROA is supported by significant changes in the Company's asset composition. Specifically, property, plant, and equipment grew to $93.6 million as of August 3, 2024, up from $47.1 million from twelve months ago. Additionally, right-of-use assets increased to $299.6 million from $228.1 million over the same period. These increases reflect the Company's CAPEX investments of $75.2 million over the last 12 months, net of amortization expense, and are also driven by additional capitalized right-of-use assets due to the renegotiation and addition of leases, aligning with its strategic investments and operational adjustments.

There is a natural lag in fully realizing ROCE and ROA from newly opened stores, as these locations typically require time to ramp up to run-rate operating performance. Despite this, recent performance remains strong, reflecting the Company's ability to generate impressive returns even as new locations are being added. As net unit openings accelerate, capital and assets are expected to increase at a faster rate than the immediate realization of run-rate operating income from these new stores, positioning the Company for future growth as these locations mature.

Contractual obligations

The Company has the following contractual obligations as of February 3, 2024[(1)]:

	Total	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	More than 5 years
	$	$	$	$	$
Accounts payable	60,410	60,410	-	-	-
Retractable shares	3,500	3,500	-	-	-
Lease liabilities obligations[(2)]	382,484	62,128	116,309	79,997	124,050
Long-term debt[(2)]	186,120	30,917	155,203	-	-
	632,514	156,955	271,512	79,997	124,050

Notes:
(1) There have been no substantial changes to the Company's contractual obligations since February 3, 2024.
(2) Lease liabilities obligations and long-term debt include interest and principal amounts.

Financial instruments

Our financial assets include cash, receivables and promissory note receivable from parent company that are classified as financial assets at amortized cost. Our financial liabilities, including accounts payable and accrued expenses, long-term debt, lease liabilities, and retractable Class C and G shares are classified as financial liabilities at amortized cost. Our derivative financial instruments are classified as financial liabilities at fair value through profit and loss and fair value through other comprehensive income. See the notes to the financial statements for the liquidity risks associated with our financial instruments.

Prior to the completion of the Offering, all of our retractable Class C and G shares will be retracted, and the liability will be reduced to $Nil. Following the completion of the Offering, there will be no further impact on our results of operations from the retractable Class C and G shares. Deferred tax liabilities related to the retractable Class C and G shares are also expected to be reduced to $Nil. See note 8 to the Annual Financial Statements.

Off-balance sheet arrangements

We have no off-balance sheet arrangements. Our commitments, contingencies and guarantees relate to the following:

Commitments

In the normal course of business, the Company granted irrevocable standby letters of credit issued by highly rated financial institutions to various third parties to indemnify them in the event the Company does not perform its contractual obligations. As at August 3, 2024, standby letters of credit outstanding amounted to $10,694 (US$7,710).

Contingencies

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

Guarantees

Some agreements to which the Company is a party, specifically those related to the leasing of its premises, include indemnification provisions that may require the Company to make payments to a third party for a breach of fundamental representation and warranty terms in the agreements, with respect to matters such as corporate status, title of assets, environmental issues, consents to transfer, employment matters, litigation, taxes payable and other potential material obligations. The maximum potential number of future payments that the Company could be required to make under these indemnification provisions is not reasonably quantifiable as certain indemnifications are not subject to a monetary limitation. As at August 3, 2024, management does not believe that these indemnification provisions would require any material cash payment by the Company nor insurance coverage, estimated by management to be reasonable and sufficient, to minimize the previously mentioned risks.

As many of these guarantees will not be drawn upon, these amounts are not indicative of future cash requirements. No material loss is anticipated by reason of such agreements and guarantees, and no amounts have been accrued in the Company's consolidated financial statements with respect to these guarantees.

The Company indemnifies its directors and officers against claims reasonably incurred and resulting from the performance of their services to the Company and maintains liability insurance for its directors and officers as well as those of its subsidiaries.

Transactions between related parties

See note 20 to the Interim Financial Statements and note 26 to Annual Financial Statements for the Company's related party transactions.

The Company is party to a lease agreement with AJL 5550 Ferrier Inc. and with 4450329 Canada Inc. for its head office at 5540, 5550 and 5592 Ferrier Street, Mont-Royal, Québec, Canada. Regarding its retail operations, the Company is party to a lease agreement with 9224-2239 Québec Inc., 9224-1892 Québec Inc., 4240073 Canada Inc. and 9171-9922 Québec Inc. for the locations at Units L08E-2, L11C and S8L in the Quartier Dix30 shopping centre, Brossard, Québec, Canada, as well as to a lease agreement with Quartier Royalmount Limited Partnership for Units E207 and E209 in the Royalmount shopping centre, Mont-Royal, Québec, Canada.

10644579 Canada Inc. issued the 10644579 Canada Note to the Company on November 10, 2022 in the amount of $110 million and bearing interest at a rate of 1.85% per annum above the prime rate. On November 10, 2022, the Company declared and paid a dividend in the amount of $125 million to the parent company, 10644579 Canada Inc. On the same day, the Company declared another dividend in the amount of $60 million to the parent company, which was paid by setting off the promissory note issued on May 11, 2022 by the Company in favour of 10644579 Canada Inc. in an amount of $60 million.

Significant accounting judgments, estimates, and assumptions

See note 5 to the Interim Financial Statements and note 4 to Annual Financial Statements for the Company's significant accounting judgments, estimates, and assumptions.

Future accounting standard changes

See note 4 to the Interim Financial Statements and note 3 to the Annual Financial Statements for a summary of future accounting standard changes.

Share capital

See "Description of Share Capital – Share Capital Prior to Closing" for a description of the share capital of the Company prior to the completion of the Offering.

Upon completion of the Offering, our authorized share capital will consist of: (i) an unlimited number of Subordinate Voting Shares; (ii) an unlimited number of Multiple Voting Shares; and (iii) an unlimited number of preferred shares, issuable in series.

Upon completion of the Offering, an aggregate of 14,285,715 Subordinate Voting Shares, 93,287,589 Multiple Voting Shares (16,428,572 Subordinate Voting Shares and 91,144,732 Multiple Voting Shares if the Over-Allotment Option is exercised in full) and no preferred shares will be issued and outstanding. All of the issued and outstanding Multiple Voting Shares will, collectively, be held or controlled, directly or indirectly, by the Principal Shareholders and certain of Mr. Lutfy family members.

Non-IFRS Measures including Non-IFRS Financial Measures, Non-IFRS Ratios, Supplementary Financial Measures and Retail Industry Metrics

This MD&A makes reference to certain non-IFRS measures, including non-IFRS financial measures, non-IFRS ratios, supplementary financial measures and certain retail industry metrics. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS financial measures including "EBITDA", "adjusted EBITDA", "adjusted EBITDA (after rent equivalent expense)", "free cash flow", "adjusted net earnings" and "adjusted net earnings per share" and non-IFRS ratios including "EBITDA margin", "adjusted EBITDA margin", "adjusted EBITDA (after rent equivalent expense) margin", "return on assets", "return on capital employed", "free cash flow conversion" and "net leverage ratio". We also use supplementary financial measures including "inventory turnover", "retail sales per square foot", "comparable store sales", "gross margin", "operating margin", "customer lifetime value", "average order value", "average unit retail", "4-wall EBITDA", "4-wall margin", "SG&A as a percentage of sales" and "CAPEX" and other operating metrics commonly used in the retail industry, including "active customers". These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

Supplementary Financial Measures

Sales per square foot and retail sales per square foot

Sales per square foot is calculated as revenue divided by the average total square footage (i.e., retail footprint) of retail stores over the last 12 months, while retail sales per square foot uses revenue from retail stores (i.e., excluding revenue from our online channel) as the numerator. Average total square footage is determined by taking the sum of the last 12 months total square footage and dividing that sum by twelve. Sales per square foot and retail sales per square foot are considered useful supplementary measures as they are commonly used by issuers operating in the retail industry and help evaluate the Company's productivity of retail space.

Comparable store sales

Comparable store sales represent sales of retail stores relative to sales for the same period in the prior fiscal year. It provides insight on the performance of our portfolio of retail stores, hence on the success of our real estate strategy. We believe that the presentation of the comparable store sales metric contributes to the comparability of our performance with that of issuers operating in our industry. Stores must be open for at least 12 months and must not have been subject to any significant change in square footage to be comparable. A significant change in square footage means an increase or decrease by 20% of the total square footage.

Gross margin

Gross profit is calculated as total revenue less cost of sales and gross margin is the ratio of gross profit over total revenue. Gross margin is considered a useful supplementary measure as it outlines underlying trends in operating performance and contributes to the comparability of our financial results with that of issuers operating in our industry.

Operating margin

Operating margin is the ratio of operating income over revenue. Operating margin is considered a useful supplementary measure as it outlines underlying trends in operating performance and contributes to the comparability of our financial results with that of issuers operating in our industry.

SG&A as a percentage of sales

SG&A as a percentage of sales is calculated as SG&A over total revenue. SG&A as a percentage of sales is considered a useful supplementary measure as it outlines underlying trends in expenses relative to sales and contributes to the comparability of our financial results with that of issuers operating in our industry.

CAPEX

CAPEX represents the Company's capital investments, calculated as the total of additions to property and equipment combined with additions to intangible assets. This metric is important for readers of financial statements as it provides insights into a company's investment strategy and its commitment to growth.

Inventory turnover

Inventory turnover is the ratio of cost of sales sold over average inventory. Average inventory is determined by taking the sum of the current year's inventory and the inventory from twelve months ago, and then dividing that sum by two. It is considered a useful supplementary financial measure because it provides insight as to the Company's efficiency in converting inventory into revenue and contributes to the comparability of our financial results with that of issuers operating in our industry.

	53-week and 52-week periods ended		**Years ended**		
In thousands of Canadian dollars	**Aug 3, 2024**	**Jul 29, 2023**	**Feb 3, 2024**	**Jan 28, 2023**	**Jan 29, 2022**
	$	**$**	**$**	**$**	**$**
Cost of sales	**330,329**	**298,113**	**313,646**	**277,882**	**273,650**
Inventory same period prior year	51,699	64,888	40,028	42,214	37,494
Inventory end of period	56,264	51,699	38,627	40,028	42,214
Average inventory	**53,982**	**58,294**	**39,328**	**41,121**	**39,854**
Inventory turnover	**6.12**	**5.11**	**7.98**	**6.76**	**6.87**

4-wall EBITDA

4-wall EBITDA is calculated as operating income generated by a store during the period plus depreciation and amortization attributable to that store for that period. This metric provides an indication of individual store performance and allows management to compare stores, without the effect of expenses incurred outside the four walls of the store. While not used in this MD&A, the metric is used elsewhere in this prospectus.

4-wall margin

4-wall margin of a store is calculated as (i) the revenue from a store less the direct costs required to operate the store during the prior 12-month period, all divided by (ii) the revenue from the store during that period. This metric provides the percentage of a dollar that flows through to the overall and is used to evaluate individual store performance. While not used in this MD&A, the metric is used elsewhere in this prospectus.

Average order value

Average order value (or AOV) is calculated as the average value of customers' orders, calculated as revenue divided by the total number of orders during the prior 12-month period. While not used in this MD&A, the metric is used elsewhere in this prospectus.

Average unit retail

Average unit retail (or AUR) is calculated as the average unit retail price of products sold to customers, calculated as revenue divided by the total number of units sold during the prior 12-month period. While not used in this MD&A, the metric is used elsewhere in this prospectus.

Customer lifetime value

Customer lifetime value is calculated as the average annual revenue per customer during the prior 12-month period divided by the customer churn rate (being the number of customers who have not shopped during the prior 12-month period / the number of active customers 12 months ago). This metric provides an estimate of the revenue generated by our repeat customers. While not used in this MD&A, the metric is used elsewhere in this prospectus.

Active customers

Active customers are customers who have purchased our products within the 12-month period preceding that date.

Non-IFRS Financial Measures and Non-IFRS Ratios

Earnings before interests, taxes, depreciation, amortization ("EBITDA"), adjusted EBITDA and adjusted EBITDA (after rent equivalent expense)

EBITDA is calculated as operating income plus depreciation and amortization. Adjusted EBITDA accounts for other one-time or non-cash items. We consider EBITDA to be a valuable non-IFRS measure in assessing the Company's operating performance. Adjusted EBITDA helps users of the financial statements identify underlying trends by providing a measure of operating performance which excludes non-representative income or expenses, non-cash items, or variations in other items not related to day-to-day operations such as stock-based compensation expense, Canada Emergency Wage & Rent Subsidies, COVID retention bonus, CCAA legal fees and other professional fees in connection with a contemplated transaction. We believe that the presentation of EBITDA contributes to the comparability of our financial results as it is a measure commonly used by issuers operating in our industry.

Adjusted EBITDA (after rent equivalent expense) is calculated as adjusted EBITDA less a rent equivalent expense equal to the sum of depreciation of right-of-use assets and interest expense on lease liabilities. It is intended to provide users of our financial information with a view of the Company's adjusted EBITDA after the impact of depreciation on our right-of-use asset and interest expense on lease liabilities, principally for the purposes of assisting with comparability of the performance between the Company and that of issuers operating in the same industry with a significant retail footprint.

EBITDA margin, adjusted EBITDA margin and adjusted EBITDA (after rent equivalent expense) margin

The EBITDA margin and adjusted EBITDA margin represent EBITDA and adjusted EBITDA as a percentage of revenue.

	13-week periods ended		26-week periods ended		Years ended		
In thousands of Canadian dollars	**Aug 3, 2024**	**Jul 29, 2023**	**Aug 3, 2024**	**Jul 29, 2023**	**Feb 3, 2024**	**Jan 28, 2023**	**Jan 29, 2022**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Operating income	**60,280**	**31,850**	**98,432**	**43,406**	**145,191**	**111,986**	**45,343**
Depreciation and amortization	17,728	16,797	34,482	33,037	69,370	66,852	58,049
EBITDA	**78,008**	**48,647**	**132,914**	**76,443**	**214,561**	**178,838**	**103,392**
EBITDA margin	**32.6%**	**26.0%**	**31.1%**	**22.5%**	**26.8%**	**25.6%**	**16.5%**

	13-week periods ended		26-week periods ended		Years ended		
In thousands of Canadian dollars	**Aug 3, 2024**	**Jul 29, 2023**	**Aug 3, 2024**	**Jul 29, 2023**	**Feb 3, 2024**	**Jan 28, 2023**	**Jan 29, 2022**
	$	**$**	**$**	**$**	**$**	**$**	**$**
EBITDA	78,008	48,647	132,914	76,443	214,561	178,838	103,392
Adjustments to EBITDA							
Stock-based compensation expense	981	499	1,840	963	2,804	2,819	8,962
Canada Emergency Wage & Rent Subsidies	-	-	-	-	-	-	(8,841)
COVID retention bonus	-	-	-	-	-	-	3,778
CCAA legal fees	-	-	-	-	-	28	4,748
Professional fees related to a contemplated transaction	1,850	-	1,850	-	-	-	-
Total adjustments	2,831	499	3,690	963	2,804	2,847	8,647
Adjusted EBITDA	**80,839**	**49,146**	**136,604**	**77,406**	**217,365**	**181,685**	**112,039**
Adjusted EBITDA margin	**33.8%**	**26.3%**	**31.9%**	**22.7%**	**27.1%**	**26.1%**	**17.8%**

	13-week periods ended		26-week periods ended		Years ended		
In thousands of Canadian dollars	**Aug 3, 2024**	**Jul 29, 2023**	**Aug 3, 2024**	**Jul 29, 2023**	**Feb 3, 2024**	**Jan 28, 2023**	**Jan 29, 2022**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Adjusted EBITDA	**80,839**	**49,146**	**136,604**	**77,406**	**217,365**	**181,685**	**112,039**
Depreciation of right-of-use assets	(13,309)	(11,203)	(25,914)	(22,098)	(45,929)	(36,902)	(31,195)
Interest expense on lease liabilities	(5,852)	(4,668)	(11,271)	(9,111)	(19,288)	(9,850)	(4,704)
Adjusted EBITDA (After Rent Equivalent Expense)	**61,678**	**33,275**	**99,419**	**46,197**	**152,148**	**134,933**	**76,140**
Adjusted EBITDA (After Rent Equivalent Expense) margin	**25.8%**	**17.8%**	**23.2%**	**13.6%**	**19.0%**	**19.3%**	**12.1%**

Adjusted net earnings

Adjusted net earnings is calculated as net earnings plus or less non-recurring items and their ensuing tax impact, as applicable. The adjustments are made to exclude stock-based compensation expense, Canada Emergency Wage & Rent Subsidies, COVID retention bonus, CCAA legal fees, the gain on CCAA debt forgiveness and other professional fees in connection with a contemplated transaction. We consider adjusted net earnings to be a valuable non-IFRS measure as it contributes to the comparability of our financial results with that of issuers operating in our industry.

In addition to adjusted net earnings, we may present certain metrics and ratios with respect to adjusted net earnings including but not limited to adjusted net earnings per share.

	13-week periods ended		**26-week periods ended**		**Years ended**		
In thousands of Canadian dollars, except per share data	**Aug 3, 2024**	**Jul 29, 2023**	**Aug 3, 2024**	**Jul 29, 2023**	**Feb 3, 2024**	**Jan 28, 2023**	**Jan 29, 2022**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Net earnings	40,357	17,475	64,294	22,319	85,816	62,846	109,180
Adjustments to net earnings							
Stock-based compensation expense	981	499	1,840	963	2,804	2,819	8,962
Canada Emergency Wage & Rent Subsidies	-	-	-	-	-	-	(8,841)
COVID retention bonus	-	-	-	-	-		3,778
CCAA legal fees	-	-	-	-	-	28	4,748
Professional fees related to a contemplated transaction	1,850	-	1,850	-	-	-	-
CCAA debt forgiveness	-	-	-	-	-	12,184	(104,747)
Income tax (recovery) expense on taxable items above	(490)	-	(490)	-	-	(3,236)	18,568
Total adjustments	2,341	499	3,200	963	2,804	11,795	(77,532)
Adjusted net earnings	**42,698**	**17,974**	**67,494**	**23,282**	**88,620**	**74,641**	**31,648**
Adjusted net earnings per share							
Basic	$ 0.09	$ 0.04	$ 0.15	$ 0.05	$ 0.19	$ 0.16	$ 0.07
Diluted	$ 0.09	$ 0.04	$ 0.15	$ 0.05	$ 0.19	$ 0.16	$ 0.07

Return on assets ("ROA") is the ratio of adjusted net earnings over average total assets and is a non-IFRS ratio. Average total assets is determined by taking the sum of the current year's total assets and the total assets from twelve months ago, and then dividing that sum by two. It is considered a useful non-IFRS ratio because it provides insight as to the Company's productive use of its assets and contributes to the comparability of our financial results with that of issuers operating in our industry.

	53-week and 52-week periods ended			**Years ended**	
In thousands of Canadian dollars	**Aug 3, 2024**	**Jul 29, 2023**	**Feb 3, 2024**	**Jan 28, 2023**	**Jan 29, 2022**
Adjusted net earnings	132,832	65,320	88,620	74,641	31,648
Average total assets	582,283	442,295	494,054	386,775	304,045
Return on assets	**22.8%**	**14.8%**	**17.9%**	**19.3%**	**10.4%**

Return on capital employed ("ROCE") is the ratio of (i) the result of adjusted EBITDA reduced by depreciation and amortization over (ii) average capital employed and is a non-IFRS ratio. Average capital employed is determined by taking the sum of the current year's total capital employed and the total capital employed from twelve months ago, and then dividing that sum by two. We calculate the capital employed by subtracting total current liabilities, excluding the short-term portion of long-term debt and lease liabilities, from total assets. It is considered a useful non-IFRS ratio because it provides insight as to the degree to which the Company's capital investments contribute to its profitability and contributes to the comparability of our financial results with that of issuers operating in our industry.

In thousands of Canadian dollars	53-week and 52-week periods ended Aug 3, 2024	Jul 29, 2023	Years ended Feb 3, 2024	Jan 28, 2023	Jan 29, 2022
	$	$	$	$	$
Adjusted EBITDA	276,563	181,328	217,365	181,685	112,039
Depreciation and amortization	(70,815)	(70,210)	(69,370)	(66,852)	(58,049)
Adjusted EBITDA reduced by depreciation and amortization	**205,748**	**111,118**	**147,995**	**114,833**	**53,990**
Capital employed					
Average total Assets	582,283	442,295	494,054	386,775	304,045
- Average total current liabilities	(139,922)	(126,674)	(124,418)	(117,425)	(232,044)
+ Average short-term portion of long-term debt	19,812	14,896	19,789	15,299	66,209
+ Average short-term portion of lease liabilities	28,691	31,705	29,792	31,422	31,758
Average total capital employed	**490,864**	**364,222**	**419,216**	**316,071**	**169,969**
Return on capital employed	**41.9%**	**30.5%**	**35.3%**	**36.3%**	**31.8%**

Free cash flow and Free cash flow conversion

Free cash flow is calculated as cash flow generated from (used in) operating activities less cash used on the additions to property, equipment and intangible assets. We consider free cash flow to be a valuable non-IFRS financial measure as it provides users of the financial statements an indicator of our ability to generate cash to support future growth, debt repayment and potential distributions to shareholders.

Free cash flow conversion is a non-IFRS ratio of free cash flow over adjusted EBITDA which is a measure of the Company's ability to convert its cash generated by operating activities into free cash flow. While not used in this MD&A, the metric is used elsewhere in this prospectus.

In thousands of Canadian dollars	13-week periods ended Aug 3, 2024	Jul 29, 2023	26-week periods ended Aug 3, 2024	Jul 29, 2023	Years ended Feb 3, 2024	Jan 28, 2023	Jan 29, 2022
	$	$	$	$	$	$	$
Cash from operating activities	**52,244**	**33,677**	**99,060**	**22,525**	**145,765**	**125,980**	**126,386**
Additions to property and equipment	(20,185)	(9,297)	(28,655)	(10,692)	(48,422)	(18,229)	(4,440)
Additions to intangible assets	(2,435)	(269)	(4,200)	(376)	(4,970)	(1,304)	(4,620)
Free cash flow	**29,624**	**24,111**	**66,205**	**11,457**	**92,373**	**106,447**	**117,326**
Free cash flow conversion	**36.6%**	**49.1%**	**48.5%**	**14.8%**	**42.5%**	**58.6%**	**104.7%**

Net leverage ratio is the ratio of ***net debt***, which is calculated as long-term debt (including current portion) plus lease liabilities (including current portion) less cash, over adjusted EBITDA. We consider net leverage ratio to be a valuable non-IFRS ratio as it is an indicator of the Company's ability to meet financial obligations and contributes to the comparability of our financial results with that of issuers operating in our industry.

In thousands of Canadian dollars	53-week and 52-week periods ended Aug 3, 2024	Jul 29, 2023	Years ended Feb 3, 2024	Jan 28, 2023	Jan 29, 2022
Net debt	$	$	$	$	$
Long-term debt including current portion	142,777	243,873	164,939	243,011	84,336
Lease liabilities including current portion	326,712	250,806	268,336	226,172	98,422
- Cash	29,173	32,580	8,135	33,694	94,666
Total net debt	**440,316**	**462,099**	**425,140**	**435,489**	**88,112**
Adjusted EBITDA	**276,563**	**181,328**	**217,365**	**181,685**	**112,039**
Net leverage ratio	**1.59**	**2.55**	**1.96**	**2.40**	**0.79**

NET PROCEEDS TO THE SELLING SHAREHOLDERS

We will not receive any proceeds from the Offering. The aggregate net proceeds of the Offering to the Selling Shareholders will be approximately $280,500,014 ($322,575,011, assuming the exercise of the Over-Allotment Option in full), after deducting the Underwriters' Fee. We will pay for the expenses of the Offering, which are estimated to be approximately $8,000,000.

As discussed under "Description of Share Capital – Share Capital Prior to Closing", the Selling Shareholders will use a portion of the net proceeds of the Offering to repay the 10644579 Canada Note.

DESCRIPTION OF SHARE CAPITAL

The following description is subject to, and qualified in its entirety by reference to, the terms and provisions of our articles ("**Articles**") and by-laws after giving effect to the Pre-Closing Reorganization.

The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable securities laws in Canada. We are exempt from the requirements of section 12.3 of Regulation 41-101 *respecting General Prospectus Requirements* on the basis that we were a private issuer immediately before filing this prospectus.

Authorized Share Capital upon Completion of the Offering

Upon completion of the Offering, our authorized share capital will consist of (i) an unlimited number of Subordinate Voting Shares, (ii) an unlimited number of Multiple Voting Shares and (iii) an unlimited number of preferred shares, issuable in series.

Upon completion of the Offering, an aggregate of 14,285,715 Subordinate Voting Shares, 93,287,589 Multiple Voting Shares (16,428,572 Subordinate Voting Shares and 91,144,732 Multiple Voting Shares if the Over-Allotment Option is exercised in full) and no preferred shares will be issued and outstanding. All of the issued and outstanding Multiple Voting Shares will, collectively, be held or controlled, directly or indirectly, by the Principal Shareholders and certain of Mr. Lutfy's family members.

Subordinate Voting Shares and Multiple Voting Shares

Dividend Rights

Holders of Subordinate Voting Shares and Multiple Voting Shares are entitled to receive dividends on a *pari passu* basis out of our assets legally available for the payment of dividends at such times and in such amount and form as our Board may from time to time determine, subject to any preferential rights of the holders of any outstanding preferred shares. In the event of the payment of a dividend in the form of Shares, holders of Subordinate Voting Shares will receive Subordinate Voting Shares and holders of Multiple Voting Shares will receive Multiple Voting Shares unless otherwise determined by the Board.

Voting Rights

Holders of Multiple Voting Shares are entitled to 10 votes per Multiple Voting Share, and holders of Subordinate Voting Shares are entitled to one vote per Subordinate Voting Share on all matters upon which holders of Shares are entitled to vote. After giving effect to the Offering (and assuming no exercise of the Over-Allotment Option), the Subordinate Voting Shares will represent 13.3% of our total issued and outstanding Shares and 1.5% of the voting power attached to all of our Shares (15.3% of our total issued and outstanding Shares and 1.8% of the voting power attached to all of our Shares if the Over-Allotment Option is exercised in full).

Certain Class Votes

Except as required by the CBCA, applicable securities laws or our Articles, holders of Subordinate Voting Shares and Multiple Voting Shares will vote together on all matters subject to a vote of holders of both those classes of shares as if they were one class of shares. Under the CBCA, certain types of amendments to our Articles are subject to approval by special resolution of the holders of our classes of shares voting separately as a class, including amendments to:

- change the rights, privileges, restrictions or conditions attached to the shares of that class;
- increase the rights or privileges of any class of shares having rights or privileges equal or superior to the shares of that class; and
- make any class of shares having rights or privileges inferior to the shares of such class equal or superior to the shares of that class.

Without limiting other rights at law of any holders of Subordinate Voting Shares or Multiple Voting Shares to vote separately as a class, neither the holders of the Subordinate Voting Shares nor the holders of the Multiple Voting Shares shall be entitled to vote separately as a class upon a proposal to amend our Articles in the case of an amendment to

(1) increase or decrease any maximum number of authorized shares of such class, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the shares of such class; or

(2) create a new class of shares equal or superior to the shares of such class,

in each of cases (1) and (2), which rights are otherwise provided for in paragraphs (a), and (e) of subsection 176(1) of the CBCA.

Pursuant to our Articles, neither holders of our Subordinate Voting Shares nor holders of our Multiple Voting Shares will be entitled to vote separately as a class on a proposal to amend our Articles to effect an exchange, reclassification or cancellation of all or part of the shares of such class unless such exchange, reclassification or cancellation: (a) affects only the holders of that class or (b) affects the holders of Subordinate Voting Shares and Multiple Voting Shares differently, on a per share basis, and such holders are not already otherwise entitled to vote separately as a class under applicable law or our Articles.

Pursuant to our Articles, holders of Subordinate Voting Shares and Multiple Voting Shares will be treated equally and identically, on a per share basis, in certain change of control transactions that require approval of our shareholders under the CBCA, unless different treatment of the shares of each such class is approved by a majority of the votes cast by the holders of our Subordinate Voting Shares and Multiple Voting Shares, each voting separately as a class.

Conversion

The Subordinate Voting Shares are not convertible into any other class of shares. Each outstanding Multiple Voting Share may at any time, at the option of the holder, be converted into one Subordinate Voting Share. Upon the first date that any Multiple Voting Share shall be held by a Person other than by a Permitted Holder, the Permitted Holder that held such Multiple Voting Share until such date, without any further action, shall automatically be deemed to have exercised his, her or its rights to convert such Multiple Voting Share into one Subordinate Voting Share.

In addition, all of the Multiple Voting Shares held by the Permitted Holders will convert automatically into Subordinate Voting Shares at such time that is the earlier to occur of the following: (i) the Permitted Holders that hold Multiple Voting Shares no longer as a group beneficially own, directly or indirectly and in the aggregate, at least 10% of the issued and outstanding Shares on a non-diluted basis and (ii) Andrew Lutfy is no longer serving as a director or in a senior management position of the Company or any of its subsidiaries.

For the purposes of the foregoing:

"**Members of the Immediate Family**" means with respect to any individual, each parent (whether by birth or adoption), spouse or child (including any step-child) or other descendants (whether by birth or adoption) of such individual, each spouse of any of the aforementioned Persons, each trust created solely for the benefit of such individual and/or one or more of the aforementioned Persons and each legal representative of such individual or of any aforementioned Persons (including without limitation a tutor, curator, mandatary due to incapacity, custodian, guardian or testamentary executor), acting in such capacity under the authority of the law, an order from a competent tribunal, a will or a mandate in case of incapacity or similar instrument. For the purposes of this definition, a Person shall be considered the spouse of an individual if such Person is legally married to such individual, lives in a civil union with such individual or is the common law partner (as defined in the Tax Act as amended from time to time) of such individual. A Person who was the spouse of an individual within the meaning of this paragraph immediately before the death of such individual shall continue to be considered a spouse of such individual after the death of such individual.

“**Permitted Holders**” means any one or more of (i) Andrew Lutfy, Donna Lutfy or any Members of the Immediate Family of Andrew Lutfy, (ii) AJL Family Trust 2017 (the “**Trust**”), or (iii) any Person controlled, directly or indirectly by one or more of the Persons referred to in clauses (i) or (ii) above.

“**Person**” means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company.

A Person is “**controlled**” by another Person or other Persons if: (i) in the case of a company or other body corporate wherever or however incorporated: (A) securities entitled to vote in the election of directors carrying in the aggregate at least a majority of the votes for the election of directors and securities representing in the aggregate at least a majority of the participating (equity) securities are held, other than by way of security only, directly or indirectly, by or solely for the benefit of the other Person or Persons; and (B) the votes carried in the aggregate by such securities are entitled, if exercised, to elect a majority of the board of directors of such company or other body corporate; or (ii) in the case of a Person that is not a company or other body corporate, at least a majority of the participating (equity) interests and voting interests of such Person are held, directly or indirectly, by or solely for the benefit of the other Person or Persons; and “controls”, “controlling” and “under common control with” shall be interpreted accordingly.

Meetings of Shareholders

Holders of Multiple Voting Shares and Subordinate Voting Shares will be entitled to receive notice of any meeting of our shareholders and may attend and vote at such meetings, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote. A quorum for the transaction of business at a meeting of Shareholders is present if at least two shareholders holding in aggregate not less than 25% of the votes attaching to our outstanding Shares entitled to vote at the meeting are present in person or represented by proxy.

Pre-Emptive and Redemption Rights

Holders of Subordinate Voting Shares will have no pre-emptive or redemption rights. Holders of Multiple Voting Shares will have no pre-emptive or redemption rights under our Articles. However, the Principal Shareholders will be entitled to certain pre-emptive rights to subscribe for additional Multiple Voting Shares provided for in the Investor Rights Agreement. See “Agreement with Principal Shareholders – Investor Rights Agreement – Pre-Emptive Rights”.

Liquidation Rights

Upon our liquidation, dissolution or winding-up, whether voluntary or involuntary, the holders of Subordinate Voting Shares and Multiple Voting Shares, without preference or distinction, will be entitled to receive rateably all of our assets remaining after payment of all debts and other liabilities, subject to any preferential rights of the holders of any outstanding preferred shares.

Subdivision, Consolidation and Issuance of Rights

No subdivision or consolidation of the Subordinate Voting Shares or Multiple Voting Shares may occur unless the shares of both classes are concurrently subdivided or consolidated and in the same manner and proportion. Other than as described in this prospectus, no new rights to acquire additional shares or other securities or property of ours will be issued to holders of Subordinate Voting Shares or Multiple Voting Shares unless the same rights are concurrently issued to the holders of shares of both classes.

Certain Amendments

In addition to any other voting right or power to which the holders of Subordinate Voting Shares shall be entitled by law or regulation or other provisions of our Articles from time to time in effect, but subject to the provisions of our Articles, holders of Subordinate Voting Shares shall be entitled to vote separately as a class, in addition to any other vote of shareholders that may be required, in respect of any alteration, repeal or amendment of our Articles which would adversely affect the rights of the holders of Subordinate Voting Shares or affect the holders of Subordinate Voting Shares and Multiple Voting Shares differently, on a per share basis, including an amendment to the terms of our Articles that provides that any Multiple Voting Shares sold or transferred to a Person that is not a Permitted Holder shall be automatically converted into Subordinate Voting Shares.

Pursuant to our Articles, holders of Subordinate Voting Shares and Multiple Voting Shares will be treated equally and identically, on a per share basis, in certain change of control transactions that require approval of our shareholders under the CBCA, unless different treatment of the shares of each such class is approved by a majority of the votes cast by the holders of Subordinate Voting Shares and Multiple Voting Shares, each voting separately as a class.

Issuance of Additional Multiple Voting Shares

Subject to the Rights to Subscribe (as defined herein) provided to the Principal Shareholders described under "Agreement with Principal Shareholders – Investor Rights Agreement – Pre-Emptive Rights", we may not issue additional Multiple Voting Shares without the approval of at least two-thirds of the votes cast at a meeting of the holders of Subordinate Voting Shares duly held for that purpose. However, approval is not required in connection with a subdivision or consolidation on a *pro rata* basis as between the Subordinate Voting Shares and the Multiple Voting Shares or the issuance of Multiple Voting Shares upon the exercise of the Rights to Subscribe (as defined herein).

Any further issuances of Subordinate Voting Shares or Multiple Voting Shares will result in immediate dilution to existing shareholders and may have an adverse effect on the value of their shareholdings. See "Agreement with Principal Shareholders – Investor Rights Agreement – Pre-Emptive Rights" and "Risk Factors – Future sales of our securities by existing shareholders or by us could cause the market price for our Subordinate Voting Shares to fall".

Take-over Bid Protection

Under applicable securities laws in Canada, an offer to purchase Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. In accordance with the rules of the TSX designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, the Principal Shareholders, on completion of the Offering, will enter into a customary coattail agreement with us and a trustee (the "**Coattail Agreement**"). The Coattail Agreement will contain provisions customary for dual class, TSX-listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable securities laws in Canada to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares.

The undertakings in the Coattail Agreement will not apply to prevent a sale by the Principal Shareholders or their Permitted Holders of Multiple Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares that:

- offers a price per Subordinate Voting Share at least as high as the highest price per share to be paid pursuant to the take-over bid for the Multiple Voting Shares;
- provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Multiple Voting Shares to be sold (exclusive of Multiple Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);

- has no condition attached other than the right not to take up and pay for Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Multiple Voting Shares; and
- is in all other material respects identical to the offer for Multiple Voting Shares.

In addition, the Coattail Agreement will not prevent the transfer of Multiple Voting Shares by the Principal Shareholders (or other Permitted Holder) to Permitted Holders (including to any Principal Shareholder), provided such transfer is not or would not have been subject to the requirements to make a take-over bid (if the vendor or transferee were in Canada) or constitutes or would be exempt from certain requirements applicable to take-over bids under applicable securities laws in Canada. The conversion of Multiple Voting Shares into Subordinate Voting Shares, whether or not such Subordinate Voting Shares are subsequently sold, would not constitute a disposition of Multiple Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any sale of Multiple Voting Shares (including a transfer to a pledgee as security) by a holder of Multiple Voting Shares party to the Coattail Agreement will be conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Multiple Voting Shares are not automatically converted into Subordinate Voting Shares in accordance with our Articles.

The Coattail Agreement will contain provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares. The obligation of the trustee to take such action will be conditional on us or holders of the Subordinate Voting Shares providing such funds and indemnity as the trustee may reasonably require. No holder of Subordinate Voting Shares will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares and reasonable funds and indemnity have been provided to the trustee.

Other than in respect of non-material amendments and waivers that do not adversely affect the interests of holders of Subordinate Voting Shares, the Coattail Agreement will provide that, among other things, it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of the TSX and any other applicable securities regulatory authority in Canada; and (b) the approval of at least two-thirds of the votes cast by holders of Subordinate Voting Shares represented at a meeting duly called for the purpose of considering such amendment or waiver, excluding votes attached to Subordinate Voting Shares held by the holders of Multiple Voting Shares or their affiliates and related parties and any person who has an agreement to purchase Multiple Voting Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement, other than as permitted thereby.

No provision of the Coattail Agreement will limit the rights of any holders of Subordinate Voting Shares under applicable law.

Preferred Shares

The Board may issue the preferred shares at any time and from time to time in one or more series. Before the first shares of a particular series are issued, the Board may fix the number of shares in such series and shall determine the designation, rights, privileges, restrictions and conditions to be attached to the shares of such series including, without limitation, the rate(s), amount(s) or method(s) of calculation of preferential dividends, whether cumulative or non-cumulative or partially cumulative and whether such rate(s), amount(s) or method(s) of calculation shall be subject to change or adjustment in the future, the currency or currencies of payment of dividends, the date(s) and place(s) of payment of dividends and the date(s) from which such preferential dividends shall accrue, the consideration and terms and conditions of any purchase for cancellation, redemption or retraction rights (if any), the conversion or exchange rights (if any), the voting rights (if any), and the terms and conditions of any sinking fund or share purchase plan. Before the issue of the first shares of a series, the Board shall send to the Director (as such term is defined in the CBCA) articles of amendment in the prescribed form containing a description of such series including the designation, rights, privileges, restrictions and conditions determined by the directors.

No rights, privileges, restrictions or conditions attached to a series of preferred shares shall confer upon a series a priority in respect of dividends or return of capital over any other series of preferred shares then outstanding.

If any cumulative dividends, whether or not declared, or declared non-cumulative dividends, or amounts payable on a return of capital in respect of preferred shares are not paid in full, the preferred shares of all series shall participate rateably in respect of such dividends, in accordance with the sums that would be payable on such shares if all such dividends were declared and paid in full, and in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full; provided, however, that in the event of there being insufficient assets to satisfy in full all such claims to dividends and return of capital, the claims of the holders of the preferred shares with respect to repayment of capital shall first be paid and satisfied and any assets remaining thereafter shall be applied towards the payment and satisfaction of claims in respect of dividends.

In the event of our liquidation, dissolution or winding up, whether voluntary or involuntary, the holders of preferred shares will be entitled to preference with respect to distribution of our property or assets over the Subordinate Voting Shares and the Multiple Voting Shares and any other of our shares ranking junior to the preferred shares with respect to the repayment of capital paid up on and the payment of unpaid dividends accrued on the preferred shares. We currently anticipate that there will be no pre-emptive, subscription, redemption or conversion rights attaching to any series of preferred shares issued from time to time.

Advance Notice Provisions

Our by-laws include certain advance notice provisions with respect to the election of our directors (the "**Advance Notice Provisions**"). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings; (ii) ensure that all shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote. Only persons who are nominated by shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting is called is the election of directors.

Under the Advance Notice Provisions, a Shareholder wishing to nominate a director is required to provide us notice, in the prescribed form, within the prescribed time periods. These time periods include, (i) in the case of an annual meeting of shareholders (which includes an annual and special meeting), not less than 30 days prior to the date of the annual meeting of shareholders; provided, that if the first public announcement of the date of the annual meeting of shareholders (the "**Notice Date**") is less than 50 days before the meeting date, not later than the close of business on the 10th day following the Notice Date; (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes electing directors, not later than the close of business on the 15th day following the date (the "**Special Meeting Notice Date**") on which the first public announcement of the date of the special meeting of shareholders is made, and (iii) where notice-and-access (as defined in Regulation 54-101 *respecting Communication with Beneficial Owners of Securities of a Reporting Issuer*) is available and used for delivery of proxy-related materials in connection with a meeting described in clause (i) or (ii), not later than the close of business on the 40th day prior to the meeting date (unless the meeting is to be held on a date that is less than 50 days after the Notice Date or the Special Meeting Notice Date, as applicable, in which case the nominating Shareholder must provide us notice not later than the close of business on the 10th day following the Notice Date in the case of a meeting described in clause (i), and not later than the close of business on the 15th day following the Special Meeting Notice Date in the case of a meeting described in clause (ii)).

Forum Selection Provisions

We have included a forum selection provision in our by-laws that provides that, unless we consent in writing to the selection of an alternative forum, the Court (Superior Court of Québec) and appellate Courts of the Province of Québec, will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action or proceeding asserting a breach of fiduciary duty owed by any of our directors, officers or other employees to us, (iii) any action or proceeding asserting a claim arising pursuant to any provision of the CBCA or our Articles or by-laws, or (iv) any action or proceeding asserting a claim otherwise related to our "affairs" (as defined in the CBCA). Our forum selection provision also provides that our shareholders are deemed to have consented to personal jurisdiction in the Province of Québec and to service of process on their counsel in any foreign action initiated in violation of our by-laws.

Majority Voting

While we do not have a "Majority Voting" policy, we are subject to the provisions of section 106(3.4) of the CBCA, which came into effect on August 31, 2022. Section 106(3.4) of the CBCA provides that if, at a meeting of shareholders of a corporation at which an election of directors is required, there is only one candidate nominated for each position available on the Board (an "**Uncontested Meeting**"), each candidate is elected only if the number of votes cast in their favour represents a majority of the votes cast for and against them by the shareholders who are present in person or represented by proxy. If an incumbent director who was a candidate in an election held in an Uncontested Meeting was not elected during the election, the director may continue in office until the earlier of: (i) the 90th day after the day of the election; and (ii) the day on which the director's successor is appointed or elected.

Share Capital Prior to Closing

Prior to Closing, our authorized share capital consists of an unlimited number of Class "A" shares, Class "B" shares, Class "C" shares, Class "D" shares, Class "E" shares, Class "F" shares, Class "G" shares and Class "H" shares, of which the Principal Shareholders hold in aggregate all 456,977,801 issued and outstanding Class "A" shares and all issued and outstanding 3,000,200 Class "C" shares, and Mr. Lutfy's children hold all 499,999 Class "G" shares. Prior to or concurrently with the Closing, we and our existing shareholders will effect the following reorganization (the "**Pre-Closing Reorganization**"):

- *Extension of Expiry Date of Legacy Options* – We will extend the expiry date of options that are outstanding under the Legacy Option Plan and that are held by non-U.S. taxpayers such that each such option will have a term of 10 years from its original grant date.
- *Redemption of Class "C" Shares* – We will redeem for cash proceeds equal to $3,000,200 all of the issued and outstanding Class "C" shares, currently held by 10644579 Canada Inc.
- *Net Increase to Stated Capital* – We will (i) increase the stated capital of the Class "A" shares in an aggregate amount of approximately $222 million and immediately thereafter (ii) decrease the stated capital of the Class "A" shares in an aggregate amount of approximately $15.6 million and return such capital to the Principal Shareholders by issuing non-interest bearing demand promissory notes (the "**Refund Notes**"). The stated capital increase will trigger a tax refund to the Company in an amount approximately equivalent to the principal amount of the Refund Notes.
- *Creation of Subordinate Voting Shares and Multiple Voting Shares and Conversion of Class "G" Shares* – We will amend our Articles to:
  - create the preferred shares, the Multiple Voting Shares and the Subordinate Voting Shares;
  - re-designate our issued and outstanding Class "A" shares as Multiple Voting Shares on the basis of 4.249 Class "A" shares per Multiple Voting Share (the "**Share Consolidation**");
  - re-designate all of our issued and outstanding Class "G" shares, currently held by Mr. Lutfy's children, having an aggregate redemption value equal to approximately $500,000, for such number of Multiple Voting Shares as is equal to the aggregate redemption value divided by the Offering Price;
  - remove the Class "A" shares, Class "B" shares, Class "C" shares, Class "D" shares, Class "E" shares, Class "F" shares, Class "G" shares and Class "H" shares from our authorized capital; and
  - make other amendments to conform our Articles to the terms described in this prospectus.
- *Conversion into Subordinate Voting Shares* – The Selling Shareholders will convert a sufficient number of Multiple Voting Shares into Subordinate Voting Shares to satisfy their obligations under the Underwriting Agreement.

- *Increase to Stated Capital* – We will increase the stated capital of the Subordinate Voting Shares in an aggregate amount of approximately $18 million.
- *Legacy Options* – The Legacy Options to acquire Class "H" shares will be amended such that each Legacy Option will entitle the holder thereof to acquire 0.235 Subordinate Voting Shares at an exercise price equal to 4.249 times the current exercise price, reflecting the Share Consolidation, subject to rounding at the discretion of the Board.
- *Repayment of 10644579 Canada Note* – Following receipt by the Selling Shareholders of the proceeds of the sale of the Subordinate Voting Shares to the Underwriters, the Selling Shareholders will cause the 10644579 Canada Note to be repaid. The Company intends to use the repayment proceeds to repay certain indebtedness outstanding under the Credit Agreement. See "Description of Material Indebtedness".

AGREEMENT WITH PRINCIPAL SHAREHOLDERS

Investor Rights Agreement

Effective upon Closing, we will be party to an Investor Rights Agreement with the Principal Shareholders. The following is a summary of the material terms of the Investor Rights Agreement; this summary is qualified in its entirety by reference to the provisions of the agreement, which will be available after the Closing Date on SEDAR+ at www.sedarplus.ca.

Board of Directors

The Principal Shareholders will initially be entitled to nominate for election a majority of the members of the Board and will continue to be entitled to nominate for election a majority of directors for so long as they hold in the aggregate more than 50% of combined voting power of our issued and outstanding Shares (on a non-diluted basis). If the Principal Shareholders cease to hold in the aggregate more than 50% of combined voting power of our issued and outstanding Shares (on a non-diluted basis), the Principal Shareholders shall be entitled to nominate for election to the Board such number of directors (rounded up to the nearest whole) that is proportionate to the combined voting power of our issued and outstanding Shares (on a non-diluted basis) held by the Principal Shareholders. The nomination rights of the Principal Shareholders will terminate at the time at which they hold less than 10% of the combined voting power of our issued and outstanding Shares.

Chair of our Board and Committees

For so long as Andrew Lutfy is a director, he is entitled to be the chair (the "**Chair**") of our Board. Notwithstanding the foregoing, Andrew Lutfy will be entitled to resign as the Chair at any time. Upon Andrew Lutfy ceasing to be a director, or in the event that Andrew Lutfy does not wish to be the Chair, then the Chair shall be appointed by our Board.

Information Rights

The Principal Shareholders shall be entitled to certain information rights, such as the right to have reasonable access to the books, records, material contracts, properties, employees and management of the Company during normal business hours and the right to receive from the Company monthly reports (including financial statements and management financial accounts) with respect to the business, operations and financial performance of the Company.

Pre-Emptive Rights

In the event of any distribution or issuance, including by way of a share dividend (a "**Distribution**") of our voting shares (other than Multiple Voting Shares, Subordinate Voting Shares issued upon the conversion of Multiple Voting Shares or voting shares issued pursuant to the exercise of a right attached to any of our securities issued prior to the Distribution) (the "**Voting Shares**") or of our securities convertible or exchangeable into Voting Shares or giving the right to acquire Voting Shares (other than options or other securities issued under compensatory plans or other plans to purchase Voting Shares or any other securities in favour of our management, directors, employees or consultants) (the "**Convertible Securities**" and, together with the Voting Shares, the "**Distributed Securities**"), we shall issue to the Principal Shareholders rights to subscribe for that number of Multiple Voting Shares, or, as the case may be, for securities convertible or exchangeable into or giving the right to acquire, on the same terms and conditions, including subscription or exercise price, as applicable, *mutatis mutandis* (except for the ultimate underlying securities which shall be Multiple Voting Shares), as those stipulated in the Convertible Securities, that number of Multiple Voting Shares, respectively, which carry, in the aggregate, a number of voting rights sufficient to fully maintain the proportion of total voting rights (on a fully diluted basis) associated with the then outstanding Multiple Voting Shares (the "**Rights to Subscribe**").

The Rights to Subscribe shall be issued to the Principal Shareholders in a proportion equal to their holdings of Multiple Voting Shares and shall be issued concurrently with the completion of the Distribution of the applicable Distributed Securities. To the extent that any such Rights to Subscribe are exercised, in whole or in part, the securities underlying such Rights to Subscribe (the "**Subscription Securities**") shall be issued and must be paid for concurrently with the completion of the Distribution and payment to us of the issue price for the Distributed Securities, at the lowest price permitted by the applicable securities and stock exchange regulations and subject (as to such price) to the prior consent of the exchanges but at a price not lower than (i) if the Distributed Securities are Subordinate Voting Shares, the price at which Subordinate Voting Shares are then being issued or distributed; (ii) if the Distributed Securities are Convertible Securities, the price at which the applicable Convertible Securities are then being issued or distributed; and (iii) if the Distributed Securities are Voting Shares other than Subordinate Voting Shares, the higher of (a) the weighted average price of the transactions on the Subordinate Voting Shares on the TSX (or such other primary stock exchange on which they are listed, as the case may be) for the 5 trading days preceding the Distribution of such Voting Shares or (b) the weighted average price of transactions on the Subordinate Voting Shares on the TSX (or such other primary stock exchange on which they are listed, as the case may be), the trading day before the Distribution of such Voting Shares.

The privileges attached to Subscription Securities which are securities convertible or exchangeable into or giving the right to acquire Multiple Voting Shares shall only be exercisable if and whenever the same privileges attached to the Convertible Securities are exercised and shall not result in the issuance of a number of Multiple Voting Shares which increases the proportion (as in effect immediately prior to giving effect to the completion of the Distribution) of total voting rights associated with the Multiple Voting Shares after giving effect to the exercise by the holder(s) of the privileges attached to such Convertible Securities.

The right to receive Rights to Subscribe as described above, and the legal or beneficial ownership of the Rights to Subscribe, may be assigned in whole or in part among Permitted Holders, provided that written notice of any such assignment shall be sent promptly to us.

Holders of Subordinate Voting Shares have no pre-emptive or subscription rights to purchase any of our securities. An issuance of participating (equity) securities will not be rendered invalid due to any failure by us to comply with the foregoing.

Demand Registration Rights and Piggy-Back Registration Rights

The Investor Rights Agreement will provide for demand registration rights in favour of the Principal Shareholders that will enable them, under certain circumstances, to require the Company to qualify by prospectus in Canada all or any portion of the shares held by them for a distribution to the public, provided that the Company will not be obliged to effect (i) more than 4 demand registrations in any 12-month period or (ii) any demand registration where the value of the shares offered under such demand registration is less than $25 million.

The Investor Rights Agreement will also provide for incidental or "piggy-back" registration rights allowing the Principal Shareholders to include their shares in certain public offerings of our Subordinate Voting Shares, subject to certain underwriters' cutback rights.

As a result of the Lock-up Agreements described under "Plan of Distribution – Lock-up Agreements", the demand and incidental registration rights granted pursuant to the Investor Rights Agreement will not be exercisable by the Principal Shareholders during a period of at least 180 days after the Closing Date without the prior written consent of each of Goldman Sachs Canada Inc. and BMO Nesbitt Burns Inc. See “Plan of Distribution – Lock-up Agreements”.

Term

The rights of the Principal Shareholders under the Investor Rights Agreement will terminate on the date after the first continuous 180-day period during which the Shares owned, directly or indirectly, in the aggregate, by the Principal Shareholders constitutes less than 5% of all of the issued and outstanding Shares (on a non-diluted basis). In addition, the Investor Rights Agreement will terminate on the earlier of: (a) the date on which the Investor Rights Agreement is terminated by written agreement of the Principal Shareholders and us; and (b) our dissolution or liquidation.

DIVIDEND POLICY

We currently intend to retain any future earnings to fund the development and growth of our business, such as through the investment in the growing and the optimizing of our omnichannel footprint with a disciplined investment framework. However, in due course, we intend to declare and pay dividends and potentially introduce a share repurchase program. No specific timing has been established and any determination to pay dividends or effect share repurchases in the future will be at the discretion of our Board and will depend on many factors, including, among others, our financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, including those under the Credit Agreement, solvency tests imposed by applicable corporate law and other factors that our Board may deem relevant. Currently, the provisions of the Credit Agreement place certain limitations surrounding the payment of dividends. See "Description of Material Indebtedness". See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Cash dividends declared per share" for more details on the amount of cash dividends or distributions declared for each of the three most recently completed financial years and this current financial year.

SELLING AND PRINCIPAL SHAREHOLDERS

Directly or indirectly, upon the completion of the Offering, the Principal Shareholders will, collectively, own or control issued and outstanding Multiple Voting Shares representing approximately 86.7% of the issued and outstanding Shares and approximately 98.5% of the voting power attached to all of our Shares (approximately 84.7% and 98.2%, respectively, if the Over-Allotment Option is exercised in full). The Principal Shareholders will also be parties to the Investor Rights Agreement that, among other things, will entitle them initially to nominate for election a majority of the members of the Board. As a result, the Principal Shareholders will have a significant influence over us and our affairs. See "Risk Factors — The dual class structure that will be contained in our Articles has the effect of concentrating voting control with the Principal Shareholders and may prevent new investors from influencing significant corporate decisions, which may have a negative impact on the trading price of our Subordinate Voting Shares".

On June 20, 2024, pursuant to a series of transactions involving other affiliates controlled by Mr. Lutfy, all of the Class "A" shares held by 10644579 Canada Inc. were ultimately transferred to the Selling Shareholders.

The following table sets out the shareholders who, immediately following the Closing, will, to our knowledge, beneficially own, control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of our voting securities.

	Immediately following the Pre-Closing Reorganization and prior to Closing					Immediately following Closing[2]				
Name of Shareholder[1]	**No. of Subordinate Voting Shares**	**No. of Multiple Voting Shares**	**No. of Shares**	**% of Shares**	**% of Voting Power**	**No. of Subordinate Voting Shares**	**No. of Multiple Voting Shares**	**No. of Shares**	**% of Shares[3]**	**% of Voting Power[4]**
16084583 Canada Inc.	-	54,850,242	54,850,242	51.0	51.0	-	54,850,242	54,850,242	51.0	57.9
16084729 Canada Inc.	-	8,603,959	8,603,959	8.0	8.0	-	8,603,959	8,603,959	8.0	9.1
16084737 Canada Inc.	-	3,226,485	3,226,485	3.0	3.0	-	3,226,485	3,226,485	3.0	3.4
16084893 Canada Inc.	-	11,830,444	11,830,444	11.0	11.0	-	11,830,444	11,830,444	11.0	12.5
16084915 Canada Inc.	-	7,528,465	7,528,465	7.0	7.0	6,757,250	771,215	771,215	0.7	0.8
16084940 Canada Inc.	-	6,452,969	6,452,969	6.0	6.0	-	6,452,969	6,452,969	6.0	6.8
16084958 Canada Inc.	-	4,301,980	4,301,980	4.0	4.0	4,301,980	-	-	0.0	0.0
16086349 Canada Inc.	-	2,150,990	2,150,990	2.0	2.0	-	2,150,990	2,150,990	2.0	2.3
16084800 Canada Inc.	-	5,377,475	5,377,475	5.0	5.0	-	5,377,475	5,377,475	5.0	5.7
16084834 Canada Inc.	-	3,226,485	3,226,485	3.0	3.0	3,226,485	-	-	0.0	0.0
Total		107,549,494	107,549,494	100	100	14,285,715	93,263,779	93,263,779	86.7	98.5

Notes:

(1) Each of the shareholders is owned or controlled indirectly by Andrew Lutfy. The Trust indirectly owns the growth equity of the Principal Shareholders.

(2) Other than the Principal Shareholders (directly), Mr. Lutfy's children, Jessica and Alexander (directly), and the Trust (indirectly), no person or company will own, directly or indirectly, any Multiple Voting Shares upon Closing. All of the Multiple Voting Shares held upon Closing will be subject to contractual lock-up agreements with the Underwriters. See "Plan of Distribution – Lock-Up Agreements".

(3) On a fully-diluted basis, assuming the exercise in full of outstanding options, 16084583 Canada Inc. has 47.4% of Shares, 16084729 Canada Inc. has 7.4% of Shares, 16084737 Canada Inc. has 2.8% of Shares, 16084893 Canada Inc. has 10.2% of Shares, 16084915 Canada Inc. has 0.7% of Shares, 16084940 Canada Inc. has 5.6% of Shares, 16084958 Canada Inc. has 0.0% of Shares, 16086349 Canada Inc. has 1.9% of Shares, 16084800 Canada Inc. has 4.7% of Shares and 16084834 Canada Inc. has 0.0% of Shares.

(4) On a fully-diluted basis, assuming the exercise in full of outstanding options, 16084583 Canada Inc. has 57.4% of the total voting power of the issued and outstanding Shares, 16084729 Canada Inc. has 9.0% of the total voting power of the issued and outstanding Shares, 16084737 Canada Inc. has 3.4% of the total voting power of the issued and outstanding Shares, 16084893 Canada Inc. has 12.4% of the total voting power of the issued and outstanding Shares, 16084915 Canada Inc. has 0.8% of the total voting power of the issued and outstanding Shares, 16084940 Canada Inc. has 6.8% of the total voting power of the issued and outstanding Shares, 16084958 Canada Inc. has 0.0% of the total voting power of the issued and outstanding Shares, 16086349 Canada Inc. has 2.3% of the total voting power of the issued and outstanding Shares, 16084800 Canada Inc. has 5.6% of the total voting power of the issued and outstanding Shares and 16084834 Canada Inc. has 0.0% of the total voting power of the issued and outstanding Shares.

Refer to "About this Prospectus" for additional information regarding the calculation of issued and outstanding Shares and information derived therefrom.

DESCRIPTION OF MATERIAL INDEBTEDNESS

The Company is party to an amended and restated credit agreement with a syndicate of lenders including Canadian chartered banks (dated as of March 25, 2024, the "**Original Credit Agreement**") and expects to enter into a second amended and restated credit agreement to amend the Original Credit Agreement as of November 20, 2024 (the "**Credit Agreement**"). The Credit Agreement consists of: (i) a $312,000,000 revolving credit facility maturing on November 10, 2026 (the "**Revolving Credit Facility**"), which includes a swingline facility with a limit of $30,000,000 available by way of Prime Rate Advances or US Base Rate Advances; and (ii) a letter of credit facility up to $30,000,000 (the "**LC**" together with the Revolving Credit Facility, the "**Credit Facilities**"), and carved-out from the Revolving Credit Facility. As at August 3, 2024, under the Original Credit Agreement, the Company had $86,750,000 outstanding under its term credit facility and $57,000,000 outstanding under its Revolving Credit Facility. The effectiveness of the Credit Agreement is conditional upon repayment of the term credit facility (including all principal, interest, and fees) under the Original Credit Agreement and upon repayment of the 10644579 Canada Note. The Company intends to use the proceeds from the repayment of the 10644579 Canada Note to repay the term credit facility under the Original Credit Agreement.

The Credit Facilities bear interest according to the type of borrowing advanced, which may be based on a reference rate of the U.S. base rate or the Canadian prime rate, plus a margin that ranges from 50 to 150 bps, or Daily Compounded CORRA, Term CORRA, SOFR, or LC Rate (as defined in the Credit Agreement), plus a margin that ranges from 175 to 275 bps. The applicable margins are derived from our Total Debt to EBITDA ratio, as follows: (i) where the U.S. base rate or a Canadian prime rate is used, the margins range from 50 bps at less than or equal to 2.75:1, to 150 bps at greater than or equal to 3.75:1 and (ii) where the Daily Compounded CORRA, Term CORRA, SOFR, or LC Rate is used, the margins range from 175 bps at less than or equal to 2.75:1, to 275 bps at greater than 3.75:1. Additionally, a standby fee rate, applicable only to the Revolving Credit Facility, ranges from 35 to 55 bps based on the Total Debt to EBITDA ratio, starting from 35 bps at less than or equal to 2.75:1, and increasing to 55 bps at greater than 3.75:1.

The Credit Agreement provides for guarantees by us and our direct and indirect wholly-owned subsidiaries, other than Le Garage Boutique Inc. (the "**Credit Facility Guarantors**"). Each of the Credit Facility Guarantors provided a first priority lien over all property, subject only to permitted liens under the Credit Agreement to collateralize the obligations under the Credit Agreement. Each of the Credit Facility Guarantors pledged 100% of the equity interests each entity holds in the capital of their respective subsidiaries, as applicable.

The Credit Agreement contains restrictive covenants customary for credit facilities of this nature, including restrictions on the Company, subject to certain exceptions, to incur indebtedness, grant liens, merge, amalgamate or consolidate with other companies, transfer, sell, lease or otherwise dispose of its assets, liquidate or dissolve, engage in any business other than businesses currently carried on and activities ancillary or reasonably related thereto, make investments, make acquisitions beyond those permitted, provide financial assistance, engage in any transactions or agreements with any related party, repay indebtedness, make any distributions (unless certain financial covenants are met, more precisely, that the Total Debt to EBITDA Ratio does not exceed 3.75:1.00 on a pro forma basis before and after such distribution, and that no event of default has occurred and is continuing, or would result from the distribution), create, incur, assume or permit to exist obligations under hedging or derivative agreements, incur capital expenditures, enter into any sale and leaseback transaction, or seek an advance. The Credit Agreement also provides that the Company must maintain at all times, on a consolidated basis, a Total Debt to EBITDA ratio of not more than 4.25:1.00, and a fixed charge coverage ratio of at least 1.35:1.00.

The Company is currently in compliance with all covenants contained in the Credit Agreement, and no material breach of such agreement has occurred or been waived.

CONSOLIDATED CAPITALIZATION

The following table sets out our consolidated capitalization as at August 3, 2024 (i) on an actual basis; (ii) on an adjusted basis to give effect to the Pre-Closing Reorganization; and (iii) on a further adjusted basis to give effect to the Pre-Closing Reorganization and completion of the Offering. This table is presented and should be read in conjunction with the financial statements and the related notes included elsewhere in this prospectus and with the information set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Share Capital".

		As at August 3, 2024	
	Actual ($ million)	**After giving effect to the Pre-Closing Reorganization ($ million)**	**After giving effect to the Pre-Closing Reorganization and the Offering ($ million)(2)**
Cash	29.173	26.173	26.173
Total debt(1)	469.489	469.489	359.489(3)
Retractable shares	3.500	-	-
Shareholders' equity			
Share capital	-	0.500	0.500
Contributed surplus	14.238	14.238	14.238
Retained earnings	51.207	51.207	51.207
Accumulated other comprehensive income (loss)	1.007	1.007	1.007
Total retractable shares and shareholders' equity	69.952	66.952	66.952
Total loan and share capital	539.441	536.441	426.441

Notes:

(1) Total debt includes the current and non-current portions of long-term debt and lease liabilities.

(2) Without giving effect to the Over-Allotment Option.

(3) Total debt is following the receipt of funds from the repayment of the 10644579 Canada Note receivable by the parent company.

OPTIONS TO PURCHASE SHARES

The following table sets forth the aggregate and outstanding number of options to purchase Shares upon completion of the Offering, including after giving effect to the Pre-Closing Reorganization, as a result of which all outstanding options will become options to acquire Subordinate Voting Shares:

	Prior to Pre-Closing Reorganization		After giving effect to Pre-Closing Reorganization		
Category	**Number of Options to acquire Class "H" Shares**	**Exercise Price ($)(1)**	**Number of Options to acquire Subordinate Voting Shares**	**Exercise Price ($)(2)**	**Expiration Date**
All of our executive officers and past executive officers, as a group (14 in total)	16,561,544	0.91	3,897,750	3.88	9-Dec-26 to 25-Jan-34
All of our directors and past directors who are not also executive officers, as a group (4 in total)	7,360,000	0.89	1,732,173	3.77	9-Dec-26 to 18-Nov-33
All of our other employees and past employees, as a group (117 in total)	10,515,604	0.91	2,474,837	3.87	N/A
All of our consultants, as a group (nil in total)	Nil	Nil	Nil	Nil	N/A
Total	**34,437,148**	**0.91**	**8,104,760**	**3.86**	-

Notes:

(1) Represents the weighted average exercise price of all outstanding options to purchase Class "H" shares, whether vested or unvested.

(2) Represents the weighted average exercise price of all outstanding options to purchase Subordinate Voting Shares, whether vested or unvested.

For a description of our equity-based incentive compensation plans, see "Executive Compensation – Principal Elements of Compensation – Omnibus Incentive Plan" and "—Legacy Option Plan".

PRIOR SALES

The following table summarizes issuances of our securities during the 12-month period preceding the date of this prospectus:

		Actual		After giving effect to the Pre-Closing Reorganization	
Date of Issuance	**Type of Security(1)**	**No. of Securities Issued**	**Issuance Price per Security(2)**	**No. of Securities Issued**	**Equivalent Issuance Price per Subordinate Voting Share(2)(3)**
November 16, 2023	Options	2,953,409	$0.98	695,083	4.17
December 20, 2023	Options	2,891,782	$1.01	680,579	4.29
January 25, 2024	Options	1,782,178	$1.01	419,435	4.29
March 14, 2024	Options	148,514	$1.01	34,953	4.29
June 27, 2024	Options	1,856,435	$1.01	436,911	4.29
September 17, 2024	Options	227,721	$1.01	53,594	4.29

Notes:

(1) Options to purchase Class "H" shares issued under the Legacy Option Plan.

(2) In the case of an option, represents the weighted average exercise price.

(3) Figures are approximate due to rounding.

DIRECTORS AND EXECUTIVE OFFICERS

Directors

The Board consists of eight members. The following table sets out the name, residence and position of each person that is a member of our Board. Additional biographical information for each individual is provided below under "Biographical Information Regarding our Directors and Executive Officers".

Name, Province or State and Country of Residence	**Position/Title[1]**	**Director Since**
Andrew Lutfy *Québec, Canada*	Director, Chair of the Board and Chief Executive Officer	February 3, 2019
Chris Arsenault[3][4][5] *Québec, Canada*	Lead Director	June 28, 2019
Marie-Josée Lamothe[2][4][5] *Québec, Canada*	Director	November 16, 2023
Andy Janowski[2][3][5] *California, United States*	Director	June 28, 2019
Peter Iliopoulos *Québec, Canada*	Director	September 3, 2024
Linda Drysdale[2][5] *Ontario, Canada*	Director	September 23, 2024
Angelic Vendette[4][5] *California, United States*	Director	October 16, 2024
Hollie S. Castro[3][5] *Texas, United States*	Director	November 1, 2024

Notes:

(1) All directors will hold office for a term expiring at the close of the next annual meeting of shareholders or until their respective successors are elected or appointed.

(2) Member of the Audit Committee.

(3) Member of the Human Resources and Compensation Committee.

(4) Member of the Nominating and Governance Committee.

(5) Independent director for the purposes of Regulation 58-101 *respecting Disclosure of Corporate Governance Practices* ("**Regulation 58-101**") of the Canadian Securities Administrators. See "Corporate Governance – Director Independence".

Executive Officers

The following table sets out the name, residence and position of each of our executive officers. Additional biographical information for each individual is provided below under "Biographical Information Regarding our Directors and Executive Officers".

Name, Province or State and Country of Residence	Position/Title
Andrew Lutfy *Québec, Canada*	Chair and Chief Executive Officer
Stacie Beaver *Québec, Canada*	President and Chief Operating Officer
Jean-Philippe D. Lachance *Québec, Canada*	Chief Financial Officer
Dave Stevens *Ontario, Canada*	Chief Technology Officer
Maxime Boyer *Québec, Canada*	Chief Digital Officer
Sarah Paula Brami *Québec, Canada*	Senior Vice President, Talent & Culture
Michael Olson *Québec, Canada*	Senior Vice President, Commercial Operations
Christian Roy *Québec, Canada*	Vice President, Legal Affairs and Corporate Secretary

Biographical Information Regarding our Directors and Executive Officers

The following are brief profiles of the directors and executive officers of the Company, including a description of each individual's principal occupation within the past five years.

Andrew Lutfy, Chair of the Board and Chief Executive Officer

Known as a results oriented entrepreneur and visionary leader in the world of fashion, hospitality, and real estate… Andrew Lutfy's story is nothing less than remarkable. From humble beginnings as a stockroom clerk at the age of 18 in the first Garage store in east end Montreal, Andrew's results oriented, "value led" leadership style is synonymous through all his well earned achievements. Today GDI not only thrives in Canada but throughout the USA which has been the main driver of profitable growth over the past 10 years. The same customer obsession which is at the heart of Garage and Dynamite's success is also found in his real estate development and management company CarbonLeo, founded in 2012. The recognized Four Seasons Montréal Hotel and Residences, and newly opened ROYALMOUNT, are wonderful examples redefining a more youthful magnetic luxury lifestyle. In addition to his many accolades, Andrew's unwavering commitment to excellence was acknowledged in 2007 when he received the Entrepreneur of the Year award from Ernst & Young. In 2016, he was awarded the distinguished Canadian Retailer of the Year Award for his leadership, and his ability to embrace change in today's retail landscape. Also, Andrew's personal mission is to build strong communities that can thrive and grow beyond the walls of his businesses. He continues to raise awareness and resources for both Centraide and the Cedars Cancer Institute, with efforts which have resulted in generating over millions of dollars for both institutions.

Chris Arsenault, Lead Director

Chris Arsenault has built extensive management experience in high-tech industries, where he has honed his skills in business development, strategic planning, venture growth, and scaling operations. As the co-founder, President, and Chief Executive Officer of Inovia Capital, Mr. Arsenault has played a pivotal role in the company's success. He also serves as a director for AppDirect, Super.com, Talent.com, LifeHouse and Plenty. Previously, Mr. Arsenault has held directorships at Lightspeed, Poka, Luxury Retreats, Forum AI Québec, Reflex Photonics, and Well.ca. In addition to his corporate roles, Mr. Arsenault is a board member of the Montréal Heart Institute Foundation and a Charter Member of Silicon Valley-based The C100.

Marie-Josée Lamothe, Director

Marie-Josée Lamothe has over 25 years of experience in the competitive digital and consumer products world (Google, L'Oréal, Procter & Gamble). She is best noted for her expertise in Digital Transformation and Global Branding. Since 2018, she is the President of Tandem International and works closely with VCs as an advisory partner to their portfolio of small/medium enterprises. She serves on the board of Alimentation Couche-Tard, where she is a member of the Audit Committee, and on the board of RioCan Real Estate Investment Trust as a member of the Investment Committee and the Nominating, Environmental, Social, and Governance Committee. Ms. Lamothe is also a Professor of Practice at McGill University (Desautels Faculty of Management) and administers McGill's Dobson Centre for Entrepreneurship, whose mission is to transform the University's innovation into viable startups. From 2014 to 2018, she acted as Managing Director at Google Canada, overseeing go-to-market practices for 14 industries. She also held several executive positions at L'Oréal between 2002 and 2014, from International Marketing Director in France to Chief Marketing Officer and Chief Corporate Communications Officer in Canada. Ms. Lamothe has recently earned Triple E Award recognition for her entrepreneurship and Engagement Excellence in higher education. She was awarded the Desautels Achievement Award by McGill University, which recognizes individuals who serve as role models for students in their education, careers, and philanthropic contributions. She received an honorary degree from the University of Montréal for her contribution to the advancement of our society. The Boardlist named her among the Top 10 Women in Technology in Canada. She was also recognized among Canada's Top 100 Most Influential Women in the Financial Post and Canada's Marketer of the Year by Strategy Magazine. Forbes and Social Media Magazines (US) recognized her among the top marketing minds in Canada and North America, and Canadian Business Magazine nominated her among Canada's Global Leaders. Ms. Lamothe is a graduate of Mathematics and Economics with honors from the University of Montréal and INSEAD's L'Oréal's Executive Management Program, with program certifications from MIT Sloan and MIT CSAIL: Artificial Intelligence Implications for Business Strategy (2020), from Saïd Business School at Oxford University in Cybersecurity for Business Leaders (2021), and NASBA (National Association of State Boards of Accountancy) in Assessing Cybersecurity Risks (2021). In 2023, she earned a Professional Designation in regulatory standards of environmental, social, and governance (ESG): GCB.D.

Andy Janowski, Director

Andy Janowski brings a wealth of experience in the fashion industry. He currently serves as a board member at TechStyle Fashion Group. His extensive career includes roles such as Chief Executive Officer of J. Hilburn, Chief Executive Officer of Smythson, and Chief Operations Officer at Burberry. Additionally, Mr. Janowski has served as Vice President at Gap, and has served as Chairman of the Board at both J. Hilburn and Zachary Prell. He has also been a director on the board at Escada. Mr. Janowski holds a Bachelor of Arts degree from Michigan State University.

Peter Iliopoulos, Director

Peter Iliopoulos serves as the President of The Andrew Lutfy Family Office division of 3752372 Canada Inc., an affiliate of the Company under common control of Mr. Lutfy. Prior to this role, Mr. Iliopoulos held the position of Senior Vice President, Taxation, Sustainability and Governmental Affairs at Gildan Activewear Inc., where he dedicated over 22 years of service. During his tenure at Gildan, Mr. Iliopoulos has been responsible for a number of functional areas including taxation, customs, duties and international trade, governmental affairs, ESG, enterprise risk management, corporate communications and human resources. In 2024, Mr. Iliopoulos was a recipient of the Canada Clean50 Award, demonstrating his leadership in sustainability. Prior to joining Gildan, Mr. Iliopoulos held positions as head of taxation for a public manufacturing company and a mutual fund company. He started his professional career at KPMG where he worked in the audit and tax departments. Mr. Iliopoulos has previously served on multiple boards including the board of directors of the National Council of Textile Organizations in the United Sates. He holds a Bachelor of Commerce degree and a Graduate Diploma in Public Accountancy from McGill University. Additionally, Mr. Iliopoulos earned his Chartered Professional Accountant designation from the Québec Order of Chartered Professional Accountants in 1995.

Linda Drysdale, Director

Linda Drysdale is the Chief Financial Officer of Pet Valu (TSX: PET), the largest pet specialty retailer in Canada. Prior to joining as CFO, Ms. Drysdale served on the Pet Valu Board of Directors and as Chair of the Audit Committee. Previously, she served as Chief Financial Officer of Interac Corp., Canada's leading payment services provider, and Canadian Tire Bank. Ms. Drysdale has held senior executive roles in finance and internal audit with Canadian Tire and BCE, including serving as the lead audit executive of Canadian Tire. Earlier in her career, she was the national leader of PwC's privacy services practice and a founding member of Deloitte & Touche's Enterprise Risk Management Services practice, as well as the deputy leader of the U.K. risk management practice. Ms. Drysdale has over 25 years of extensive knowledge in finance, risk management, audit and retail, and over 15 years of experience working closely with boards of directors and board audit committees. Ms. Drysdale holds a Bachelor of Arts in Economics from the University of Waterloo and a Graduate Diploma in Accounting from Wilfrid Laurier University. Ms. Drysdale is a Chartered Professional Accountant.

Angelic Vendette, Director

Angelic Vendette is currently the Managing Partner of Ave Advisory LLC. Entrepreneurial at heart, Angelic founded Ave Advisory to help shape the future of retail. Prior to this role, Ms. Vendette held the roles of Vice President at Alo Yoga, Head of Marketing at Stitch Fix, and Head of Marketing at Dolby Laboratories. Recognized as one of Vogue Business's 100 Innovators and Forbes' Most Entrepreneurial CMOs, Ms. Vendette has crafted award-winning campaigns on the agency, brand, and retailer sides. Her work spans leadership roles at Alo Yoga, LVMH, Sephora, Farfetch, and Holt Renfrew, transforming consumer experiences with a focus on emerging platforms and community-building. Recognized by Glossy as one of the 50 most influential in fashion, she is also honored by Business Insider as a CMO to Watch and ranked in Adweek's Creative 100 Most Innovative and Visionary Talents. An advocate for mental health, equity, and inclusion, her leadership approach balances innovation with a commitment to community and brand excellence. Ms. Vendette has approximately 20 years of marketing and fashion experience. She holds a Bachelor of Business Administration degree and a Master of Business Administration degree from Université Laval.

Hollie S. Castro, Director

Hollie S. Castro has over 25 years of experience driving shareholder value through strategic growth and transformation at global companies. A five-time Chief Human Resources Officer across technology, consumer, and energy sectors, Ms. Castro has overseen talent investment ROI, governance, and has shaped organizational culture. Her expertise spans IPOs, public-to-private transitions, global expansion, mergers, acquisitions, divestitures, and cultural evolution. From 2022 until early 2024, Ms. Castro served as Chief People Officer at Miro, a SaaS and AI-powered collaboration platform. Prior to that, she was Chief Human Resources Officer and SVP of ESG at YETI for over four years. She also led Castro Consulting Group from 2015 to 2018, advising executives at startups and Fortune 500 companies. Her earlier roles include Executive Vice President at Kony, SVP of Administration at BMC Software, and SVP of Corporate Services at Talisman Energy in Calgary, with her foundational experience including positions at General Electric and Cisco Systems. Ms. Castro serves on the Advisory Board for Woba.io, an AI-driven HR platform based in Copenhagen that helps companies predict and prevent critical workplace challenges. She also sits on the Advisory Board for Texas A&M's Mays School of Business Center for Human Resources and serves as the Co-Chair for the National Association of Corporate Directors' Austin Chapter. She holds a B.A. in Interpreting Italian and French from Marlboro College and an M.B.A. in International Management from Thunderbird. She is Board-certified by both Stanford University and the National Association of Corporate Directors and has lived and worked in five countries, speaking Italian, Portuguese, French, Spanish, and English.

Stacie Beaver, President and Chief Operating Officer

Stacie Beaver serves as our President and Chief Operating Officer, leading the Company's daily operations since April 2024. Previously, she served as Chief Customer Officer and Executive Vice President, overseeing marketing, customer insights, brick-and-mortar and digital operations, design and merchandising. With over 16 years of leadership experience at Abercrombie & Fitch, including roles as Group Vice President, Women's Merchandising, she brings extensive expertise in product design, merchandising, and brand development across global markets. Ms. Beaver's career is marked by her ability to drive customer-focused innovation and operational excellence. Ms. Beaver has approximately 30 years of retail and other relevant experience. She holds a Bachelor of Science degree in Retail Management from Purdue University.

Jean-Philippe D. Lachance, Chief Financial Officer

Jean-Philippe D. Lachance serves as our Chief Financial Officer, responsible for all finance functions including financial planning and analysis, financial reporting, treasury, internal controls and tax, as well as overseeing the real estate function. Prior to joining Groupe Dynamite, Mr. Lachance held the position of Vice President of Investor Relations, Treasury, and FP&A at Alimentation Couche-Tard, where he oversaw the company's treasury strategy and operations, optimized its capital structure and allocation activities, and developed the organization's investor relations strategy, engaging with institutional investors and research analysts. Prior to that, he held a similar role as Vice President of Corporate Finance and Treasurer at Dollarama. Mr. Lachance has approximately 15 years of retail and other relevant experience. Mr. Lachance also sits on the Board of Directors of the *Conseil québécois du commerce de détail* and was recognized by Brendan Wood International as a Top Gun Investor Relations Officer in 2023. Mr. Lachance holds a Bachelor of Business Administration degree in Corporate Finance from HEC Montréal and a CFA designation.

Dave Stevens, Chief Technology Officer

Dave Stevens serves as our Chief Technology Officer, overseeing all aspects of technology, data, cyber security and artificial intelligence engineering. Mr. Stevens joined us in 2022, bringing extensive experience from his previous roles as Senior Vice President of Global Technology at Spin Master and Vice President of Innovation and Chief Information Officer at Munich Re Canada. Mr. Stevens has approximately 32 years of retail and other relevant experience. He holds a Bachelor of Applied Arts degree from Toronto Metropolitan University.

Maxime Boyer, Chief Digital Officer

Maxime Boyer serves as our Chief Digital Officer, overseeing all digital strategy and execution across product management, ecommerce operations, performance marketing, and brand marketing. Mr. Boyer joined us in 2023, bringing with him a vast amount of experience in ecommerce, data, and luxury from his previous role as Executive Vice President of Growth at SSENSE where he led growth for 9 years while reporting to the chief executive officer. For the last five years, Mr. Boyer has also been a member of the advisory committee of SPI Health & Safety, a Canadian retail leader in worker protection solutions. Mr. Boyer has approximately 17 years of retail and other relevant experience. He holds a Bachelor of Engineering degree with high honors from *École Polytechnique de Montréal* and a Master of Business Administration degree with high honors from Carnegie Mellon University.

Sarah Paula Brami, Senior Vice President, Talent & Culture

Sarah Paula Brami serves as our Senior Vice President, Talent & Culture. She joined Groupe Dynamite in 2010 to manage the talent team and has progressively taken on other human resources functions such as the internal communications and corporate events function, human resources business partnering, and learning and development. In 2018, when she took on the role of Vice President, Talent & Culture, compensation and benefits was added to her portfolio. Ms. Brami has approximately 28 years of retail and other relevant experience. She graduated with a Bachelor and Masters in Psychology from the University of Montréal.

Michael Olson, Senior Vice President, Commercial Operations

Michael Olson serves as our Senior Vice President, Commercial Operations, overseeing the brands' commercial strategies to drive revenue growth and profitability. With over 20 years of retail experience in Merchandise Planning, Allocation, Assortment Planning, and Buying, Mr. Olson has led global change initiatives at Abercrombie & Fitch, Claire's Boutique as Global VP of Planning & Allocation, and most recently at Pimkie as Chief Merchandising Officer. Mr. Olson has approximately 30 years of retail and other relevant experience. He holds a Bachelor of Business Administration degree from the University of Michigan Business School.

Christian Roy, Vice President, Legal Affairs and Corporate Secretary

Christian Roy serves as our Vice President, Legal Affairs and Corporate Secretary, overseeing all legal, regulatory, and compliance matters. With nearly 20 years of dedicated service at Groupe Dynamite, Mr. Roy brings a richness of experience and expertise to his role. Prior to being with the Company, Mr. Roy was Director of Legal Affairs and Assistant Secretary of a publicly traded company listed on the TSX, and prior to that he worked 10 years in private practice mainly in M&A, intellectual property and corporate law matters. Mr. Roy has approximately 33 years of retail and other relevant experience. He holds a Bachelor of Laws degree from the University of Montréal.

Non-Executive Senior Management Team

The following sets forth the biographies for our non-executive senior management team:

Jacee Scoular, Vice President Marketing

Ms. Scoular is currently the Vice President, Marketing at Groupe Dynamite, a position she has held since 2023. Prior to this role, she has worked in brand marketing at Hollister Co., Victoria's Secret, and Abercrombie & Fitch. Ms. Scoular has approximately 18 years of retail and other relevant experience. She holds a Bachelor's of Arts, Journalism and Communications from Ohio University.

Gina DeYoung, Vice President Creative Services

Ms. DeYoung is currently the Vice President, Creative Services at Groupe Dynamite, a position she has held since 2023. Prior to this role, she worked at SSENSE for nine years, and held the position of Senior Director of Marketing from 2020 until 2023. Ms. DeYoung has approximately 25 years of retail and other relevant experience.

Romina Kolodziejska, Vice President Real Estate

Ms. Kolodziejska is currently the Vice President, Real Estate at Groupe Dynamite, a position she has held since 2021. Prior to this role, she was the Director of Real Estate at Gap Inc., a position she held from 2019 until 2021. From 2017 to 2021, Ms. Kolodziejska expanded Old Navy's presence in Canada to more than 100 store locations. Ms. Kolodziejska has approximately 12 years of retail and other relevant experience. Ms. Kolodziejska holds a Bachelor's Degree in Geography from University of Guelph and has completed Pluma Executive Training in 2020 and 2021. She is a member, Co-Chair and Volunteer with ICSC and has been nominated for Outstanding Young Leader awards with the Real Estate Forum in 2020 and 2021 along with a nomination in 2022 for the under 40 award in North America.

Martin St-Pierre, Vice President Global Logistics

Mr. St-Pierre is currently the Vice President, Global Logistics at Groupe Dynamite, a position he has held since 2022. Prior to this role, he was Sr. Director Logistics & Vice President, Supply Chain at Sephora Canada, a position he held for nearly a decade starting in July 2012. Mr. St-Pierre has approximately 30 years of retail and other relevant experience. Mr. St-Pierre holds a Bachelor of Commerce degree from Concordia University.

Pina Borsellino, Vice President Sourcing

Ms. Borsellino is currently the Vice President, Sourcing at Groupe Dynamite. Ms. Borsellino joined Groupe Dynamite in 2016 and has served in increasingly senior capacities within the organization, including Senior Director Sourcing and Sourcing Manager. Ms. Borsellino has approximately 20 years of retail and other relevant experience. She has a Professional Certificate of Fashion Marketing from LaSalle College.

Mary-Ann Vitale, Vice President Merchandising

Ms. Vitale is currently the Vice President, Merchandising at Groupe Dynamite, a position she has held since 2021. Her career at Groupe Dynamite began as Director, Merchandising in 2002, a role she held for a cumulative 13 years. In addition to her experience at Groupe Dynamite, Ms. Vitale also served as Director, Merchandising at Reitmans Canada Ltd. from 2012 to 2018. Ms. Vitale has approximately 27 years of retail and other relevant experience. She holds a Professional Certificate in Fashion Marketing from LaSalle College.

Ownership Interests

Immediately following completion of the Offering, our directors and executive officers, as a group, are expected to beneficially own, control or direct, directly or indirectly, (i) 86.7% of our issued and outstanding Shares (84.7% if the Over-Allotment Option is exercised in full) and (ii) approximately 98.5% of the voting power attached to all of the issued and outstanding Shares (approximately 98.2% if the Over-Allotment Option is exercised in full).

Corporate Cease Trade Orders

None of the directors or executive officers of the Company is, as at the date of this prospectus, or has been within the 10 years before the date of this prospectus, a director, chief executive officer or chief financial officer of any company (including the Company) that (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Bankruptcies

Except in connection with the CCAA Proceedings and other than as disclosed below, none of the directors or executive officers of the Company, nor, to the best of the Company's knowledge, any other shareholder holding a sufficient number of securities to affect materially the control of the Company, is, as at the date of this prospectus, or has been within the 10 years before the date of this prospectus, (a) a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets or (b) bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Ms. Lamothe was a director of Reitmans (Canada) Limited ("**Reitmans**") until August 30, 2019 as well as a director of Aldo Group Inc., ("**Aldo**") until December 31, 2019. In 2020, given the impact of COVID-19 on the retail industry, Reitmans and Aldo sought protection from their creditors under the CCAA on May 19, 2020 and May 6, 2020, respectively. On January 4, 2022, Reitmans obtained a sanction order from the Superior Court of Québec for the distribution of a settlement amount to Reitmans' creditors.

Penalties or Sanctions

None of the directors or executive officers of the Company, nor, to the best of the Company's knowledge, any other shareholder holding a sufficient number of securities to affect materially control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Meetings of Independent Directors and Conflicts of Interest

Our Board believes that given its size and structure, including the fact that it has a Lead Director and that a majority of its directors will be independent upon Closing, it is able to facilitate independent judgment in carrying out its responsibilities and will continue to do so following Closing. To enhance such independent judgment, it is anticipated that the independent members of the Board will hold in-camera meetings with members of management and the non-independent directors not in attendance, as part of regularly scheduled Board meetings. Open and candid discussion among the independent directors is facilitated by the relatively small size of the Board and great weight is attributed to the views and opinions of the independent directors.

Our Board has not appointed an independent Chair; however, Chris Arsenault will be appointed as Lead Director by our Board and will be responsible for ensuring that the directors who are independent of management have opportunities to meet without management present, as required. The Lead Director shall be appointed and replaced from time to time by the Board. Discussions will be led by the Lead Director who will provide feedback subsequently to the Chair.

A director who has a material interest in a matter before our Board or any committee on which he or she serves is required to disclose such interest as soon as the director becomes aware of it. In situations where a director has a material interest in a matter to be considered by our Board or any committee on which he or she serves, such director may be required to recuse himself or herself from the meeting while discussions and voting with respect to the matter are taking place. Directors will also be required to comply with the relevant provisions of the CBCA regarding conflicts of interest.

Corporate Governance

We recognize that good corporate governance plays an important role in our overall success and in enhancing shareholder value and, accordingly, have adopted certain corporate governance policies and practices. The disclosure set out below describes our approach to corporate governance.

Composition of our Board and Board Committees

Under our Articles, our Board consists of a minimum of three and a maximum of 20 directors as determined from time to time by our directors. Our Board consists of eight directors, the majority of whom are considered to be independent under Canadian securities laws. Under the CBCA, a director may be removed with or without cause by a resolution passed by an ordinary majority of the votes cast by shareholders present in person or by proxy at a meeting of shareholders and who are entitled to vote. The directors will be elected by shareholders at each annual meeting of shareholders, and all directors will hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed. Under the CBCA, between annual general meetings of shareholders, the directors may appoint one or more additional directors, but the number of additional directors may not at any time exceed one-third of the number of directors elected at the previous annual meeting of shareholders.

Certain aspects of the composition and functioning of our Board are governed by the terms of the Investor Rights Agreement. See "Agreement with Principal Shareholders — Investor Rights Agreement". The nominees for election by shareholders as directors will be determined by our Nominating and Governance Committee in accordance with the provisions of applicable corporate law, the Investor Rights Agreement and the charter of our Nominating and Governance Committee. See also "Committees of our Board — Nominating and Governance Committee".

Director Independence

Under Regulation 58-101, a director is considered to be independent if he or she is independent within the meaning of section 1.4 of Regulation 52-110 *respecting Audit Committees* ("**Regulation 52-110**"). Pursuant to section 1.4 of Regulation 52-110, an independent director is a director who is free from any direct or indirect relationship which could, in the view of our Board, be reasonably expected to interfere with a director's independent judgment. Based on the information provided by each director concerning his or her background, employment and affiliations, our Board has determined that Mr. Lutfy and Mr. Iliopoulos are not considered to be "independent" within the meaning of applicable securities laws as a result of their respective relationships with us. Mr. Iliopoulos will not be considered independent as a result of serving as the President of the Andrew Lutfy Family Office division of 3752372 Canada Inc., an affiliate of the Company under common control of Mr. Lutfy. Certain members of our Board are also members of the board of directors of other public companies. Our Board has not adopted a director interlock policy, but is keeping informed of other public directorships held by its members.

Director Term Limits and Other Mechanisms of Board Renewal

Our Board is composed of a diverse range of individuals who represent a mix of background, experience, skills and expertise, evidencing diversity in tenure, age and gender. Accordingly, our Board has not adopted, nor does it currently consider it necessary to adopt, director term limits. Rather than adopting formal term limits, our Board will adopt a process (having regard to the recommendations of the Nominating and Governance Committee) pursuant to which our Board will consider the mechanisms that should be adopted to ensure, among others, the best mix of competencies and skills to provide for our overall stewardship. Our Nominating and Governance Committee is also expected to develop and recommend to the Board a process for assessing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors, each on an annual basis.

Charter of our Board of Directors

Our Board is responsible for supervising the management of our business and affairs, including providing guidance and strategic oversight to management. Our Board has adopted a formal charter in the form set forth in Appendix A that includes the following duties and obligations:

- ensuring, to the extent feasible, the integrity of the Chief Executive Officer and other executive officers of the Company;
- adopting a strategic planning process, identifying the principal risks of the Company's business and satisfying itself as to the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training and monitoring the performance of the executive officers of the Company;
- reviewing the integrity of our internal control and management information systems and requiring the implementation of changes to such systems as may be necessary to ensure the integrity of such systems;
- ensuring compliance with all regulatory requirements relating to financial reporting; and
- adopting and periodically reviewing policies and procedures designed to (i) ensure responsible authorization of major investments and significant allocations of capital; and (ii) permit shareholder and other stakeholders feedback.

Our Board has adopted a written position description for the Lead Director, which sets out the Lead Director's key responsibilities, including, among others, facilitating the independent functioning of the Board and assuming certain responsibilities of the Chair in circumstances in which the Chair may be conflicted. See "Directors and Executive Officers — Meetings of Independent Directors and Conflicts of Interest".

Our Board has also adopted a written position description for the Chair, which sets out the Chair's key responsibilities, including, among others, providing leadership to the directors, scheduling the meetings of the Board, consulting with the Lead Director in fixing the agenda and determining materials of meetings of the Board and organizing the same, and promoting the proper flow of information to the directors.

Our Board has adopted a written position description for each of our committee chairs which sets out each of the committee chair's key responsibilities, including, among others, providing leadership to the committee, scheduling meetings of the committee, organizing and presenting the meeting agenda, and presiding over the meetings.

Our Board has adopted a written position description for our Chief Executive Officer which sets out the key responsibilities of our Chief Executive Officer, including, among others, fostering a corporate culture that promotes ethical practices and encourages individual integrity, developing a long-term strategy and vision for the Company that leads to the creation of shareholder value and developing an annual operating plan and financial budget that support the Company's long-term strategy.

Orientation and Continuing Education

Following Closing, our Board will review and, if determined appropriate, approve the recommendations of the Nominating and Governance Committee concerning: (i) a comprehensive orientation program aimed at ensuring that all new directors understand the nature and operations of our business, the role of our Board and the committees of our Board and the contribution that individual directors are expected to make to our Board; and (ii) a continuing education program for all directors that enables them to enhance their skills and abilities as directors and ensure that their knowledge of our business remains current. The chair of each committee will be responsible for coordinating orientation and continuing director development programs relating to the committee's mandate.

Business Code of Conduct

We have adopted a written business code of conduct (the "**Business Code of Conduct**") that applies to all of our officers, directors, employees, contractors and agents working on behalf of the Company ("**Company Personnel**"). The objective of the Business Code of Conduct is to provide guidelines for promoting honesty and integrity and maintaining the highest standards of ethical conduct in all Company activities. The Business Code of Conduct sets expectations on how to do business ethically, legally, responsibly and safely, and reminds the Company Personnel of the values and key principles to consider when making decisions, or when faced with a dilemma, provides guidance on how to raise concerns, without fear of retaliation. Our Business Code of Conduct also establishes our commitment to not engage in corruption and bribery. Any person subject to the Business Code of Conduct must promptly report all violations and breaches of applicable laws or of the Business Code of Conduct of which they become aware to his or her immediate supervisor or manager, or may contact the whistleblowing hotline to raise a concern anonymously.

The Nominating and Governance Committee is responsible for reviewing and evaluating the Business Code of Conduct and will recommend any necessary or appropriate changes to our Board for consideration. The Nominating and Governance Committee will assist our Board and the Company's Vice President, Legal Affairs and Corporate Secretary with the monitoring of compliance with the Business Code of Conduct, and will be responsible for considering and making a recommendation on any waivers of the Business Code of Conduct involving a director or executive officer of the Company, with the Board approving or rejecting the proposed waiver as it deems appropriate. Any other proposed waiver of the provisions of the Business Code of Conduct will be reviewed by the Company's Vice President, Legal Affairs and Corporate Secretary who may, in his or her sole and absolute discretion, either (a) approve or reject the proposed waiver or (b) refer it to the Nominating and Governance Committee for further review. Our Board has the ultimate responsibility for monitoring compliance with the Business Code of Conduct. In accordance with Regulation 58-101, the Business Code of Conduct will be filed with the Canadian securities regulatory authorities on SEDAR+ at www.sedarplus.ca.

Whistleblowing Policy

We have adopted a written whistleblowing policy (the "**Whistleblowing Policy**") that applies to all of our employees, officers, directors, business partners, including suppliers, contractors, customers and vendors, with the objective that they feel comfortable reporting concerns without fear of retaliation. A whistleblower may report their concern either anonymously or they can choose to identify themselves in English, French and Spanish on NAVEX's Ethics Point platform. The Vice President, Legal Affairs and Corporate Secretary receives and investigates all concerns, except concerns that implicate himself or herself. Any concern that is reported about the Vice President, Legal Affairs and Corporate Secretary will be addressed by a member of the Board of Directors. The Board of Directors is responsible for overseeing the implementation of the Whistleblowing Policy and receives regular reports regarding concerns reported and the investigation of such concerns.

Modern Slavery Report

On January 1, 2024, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the "**Modern Slavery Act**") came into force in Canada. The Modern Slavery Act obligates us to publish an annual modern slavery report detailing steps regarding the previous year's efforts to mitigate the risk of forced labour or child labour used at any step in its supply chain, including production of goods in Canada or elsewhere or of goods imported into Canada. We published our first annual report under the Modern Slavery Act in May 2024.

Committees of our Board

Our Board has established the following standing committees, each having mandates that incorporate all applicable laws and stock exchange requirements:

- Audit Committee;
- Human Resources and Compensation Committee; and
- Nominating and Governance Committee.

Our Board will appoint and maintain in office members of each of its committees such that the composition of each such committee is in compliance with all applicable laws and stock exchange requirements, having regard to the recommendations of the Nominating and Governance Committee with respect to such matters.

Audit Committee

Our Audit Committee is charged with reviewing, overseeing and evaluating our financial controls and reporting. Our Audit Committee will consist of a minimum of three directors. The future members of the Audit Committee will be appointed by our Board, having considered the recommendation of the Nominating and Governance Committee. Our Audit Committee members must all be independent and financially literate within the meaning of Regulation 52-110. Our Audit Committee currently comprises Linda Drysdale (Chair), Marie-Josée Lamothe and Andy Janowski. Each of our Audit Committee members has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. For additional details regarding the relevant education and experience of each member of our Audit Committee, see "Directors and Executive Officers – Biographical Information Regarding our Directors and Executive Officers".

Our Board has adopted a formal charter in the form set forth in Appendix B, setting forth the purpose, composition, authority and responsibility of our Audit Committee, consistent with Regulation 52-110. The Audit Committee will assist our Board in fulfilling its oversight of, among others:

- the integrity of the Company's accounting and financial reporting systems, including those used in connection with the preparation of its financial statements, budgets and forecasts;
- the adequacy of the Company's internal controls over financial reporting and disclosure controls and procedures;
- the Company's compliance with legal and regulatory requirements;
- the external auditor's independence, qualifications and performance;
- approving and monitoring the Company's insider trading policy;
- the work of the external auditor and the performance of the Company's internal audit function; and
- the Company's strategy and initiatives relating to environmental, social, and corporate governance matters that are significant to the Company, including monitoring and reporting to the Board on emerging trends, risks, or issues relating to relevant environmental, social, and corporate governance matters and reviewing the Company's public disclosure with respect to environmental, social, and corporate governance matters.

The Audit Committee may also perform any other activities consistent with the Audit Committee's charter or specifically assigned to the Audit Committee by the Board.

It is the responsibility of the Audit Committee to maintain free and open means of communication between the Audit Committee, the external auditors, the internal auditor and management of the Company. The Audit Committee will be given full access to the Company's management and records and external and internal auditors as necessary to carry out these responsibilities. The Audit Committee will have the authority to carry out such special investigations as it sees fit in respect of any matters within its various roles and responsibilities. The Company will provide appropriate funding, as determined by the Audit Committee, for ordinary administrative expenses necessary or appropriate in carrying out the Audit Committee's duties or for the payment of compensation to the external auditors or any other independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

External Auditor Service Fee

For Fiscal 2023 and Fiscal 2022, we incurred the following fees by our external auditor, Deloitte LLP:

	Fiscal 2023	**Fiscal 2022**
Audit fees(1)	$475,990	$370,783
Audit-related fees(2)	-	-
Tax fees(3)	$605,423	$121,137
All other fees(4)	$137,268	$1,218,369
Total	$1,218,681	$1,710,289

Notes:

(1) Audit fees include the audit of the year-end financial statements.

(2) Fees for audit-related services not included in audit fees above.

(3) Tax fees related to tax compliance, tax advice and tax planning services. The tax fees for Fiscal 2023 included services rendered by Deloitte LLP in connection with, among other things, the preparation of tax returns (including US employee tax returns), transfer pricing studies and incentive compensation analyses.

(4) Other than the services reported under "Audit fees", "Audit-related fees" or "Tax fees", the "All other fees" for Fiscal 2022 included fees that have been incurred in connection with services for strategic and financing projects, such as in connection with the work performed related to a dividend recapitalization.

Nominating and Governance Committee

The Nominating and Governance Committee will consist of a minimum of three directors and is charged with identifying individuals qualified to become Board members, and selecting or recommending that the Board select director nominees for the next annual meeting of shareholders and determining the composition of the Board and its committees, developing and overseeing a process to evaluate the Board, the Board committees and individual directors, and overseeing succession planning with respect to executive officers and directors. The Nominating and Governance Committee is comprised of Chris Arsenault (Chair), Marie-Josée Lamothe and Angelic Vendette, all of whom are independent within the meaning of Regulation 58-101. For additional details regarding the relevant education and experience of each member of the Nominating and Governance Committee, see "Directors and Executive Officers — Biographical Information Regarding our Directors and Executive Officers".

The Board has adopted a formal charter setting forth the purpose, composition, authority and responsibility of the Nominating and Governance Committee. Subject to the nomination rights set out in the Investor Rights Agreement or similar agreements which may exist from time to time between the Company and certain shareholders, the Nominating and Governance Committee is responsible for, among other things:

- identifying individuals qualified to become a director of the Company, consistent with the criteria established by the Board;
- recommending to the Board the director nominees for the election at the next annual meeting of the shareholders of the Company;
- recommending to the Board director nominees for appointment by the Board to fill any interim vacancy on the Board;
- considering and recommending for approval by the Board the appointment of the Chief Executive Officer, the Chief Financial Officer, and other executive officers of the Company;
- developing and recommending to the Board a set of corporate governance principles applicable to the Company;
- overseeing the evaluation of the directors and the executive officers of the Company;
- reviewing all shareholder proposals received by the Company in connection with meetings of shareholders and recommending to the Board appropriate action in connection therewith; and
- performing any other activities consistent with the Nominating and Governance Committee's charter or specifically assigned to the Nominating and Governance Committee by the Board.

See also "Orientation and Continuing Education".

Human Resources and Compensation Committee

The Human Resources and Compensation Committee will consist of a minimum of three directors and is charged with determining and reviewing director and executive officer compensation, administering the Company's incentive and equity-based compensation plans, and overseeing executive compensation disclosure. The Human Resources and Compensation Committee is comprised of Hollie S. Castro (Chair), Chris Arsenault and Andy Janowski, all of whom will be independent within the meaning of Regulation 58-101. For additional details regarding the relevant education and experience of each member of the Human Resources and Compensation Committee, including the direct experience that is relevant to each committee member's responsibilities in executive compensation, see "Directors and Executive Officers — Biographical Information Regarding our Directors and Executive Officers".

The Board has adopted a formal charter setting forth the purpose, composition, authority and responsibility of the Human Resources and Compensation Committee. The Human Resources and Compensation Committee is responsible for, among other things:

- reviewing and approving corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluating the Chief Executive Officer's performance in light of these goals and objectives, and making recommendations to the Board with respect to the Chief Executive Officer's compensation based on this evaluation;
- making recommendations to the Board with respect to the compensation of directors and executive officers (other than the Chief Executive Officer) of the Company and the Company's incentive compensation and equity-based plans;
- approving and monitoring the Company's share ownership policies;
- reviewing the Company's executive compensation disclosure; and
- performing any other activities consistent with the Human Resources and Compensation Committee's charter or specifically assigned to the Human Resources and Compensation Committee by the Board.

Further particulars of the process by which compensation for the Company's executive officers is determined is provided under the heading "Executive Compensation" in this prospectus.

Diversity

We believe that having a diverse Board can offer a breadth and depth of perspectives that enhance our Board's performance. We value diversity of abilities, experience, perspective, education, gender, sexual orientation, background, race and national origin. Recommendations concerning director nominees are expected to be based on merit and past performance as well as expected contribution to our Board's performance and, accordingly, diversity is taken into consideration. Four of eight members on our Board, or 50%, are female. We have and will continue to recruit and select senior management candidates that represent a diversity of business understanding, personal attributes, abilities and experience. Currently, two of our executive officers, or 25%, are female, and seven of our senior management members, or 50%, which include our vice presidents, are female.

We do not currently have a formal policy for the representation and nomination of directors on our Board or in our senior management from the "Designated Groups" (being women, members of visible minorities, Indigenous peoples and persons with disabilities). We have not adopted formal targets for representation on the Board and among senior management for each of the Designated Groups.

We anticipate that the composition of our Board and senior management will be shaped by the selection criteria to be established by our Nominating and Governance Committee. This will be achieved by, among other things, ensuring that diversity considerations are taken into account in Board vacancies and senior management, monitoring the level of representation from the Designated Groups on our Board and in senior management positions, continuing to broaden recruiting efforts to attract and interview qualified candidates from the Designated Groups, and committing to retention and training to ensure that our most talented employees are promoted from within our organization.

Directors' and Officers' Liability Insurance and Indemnification

Our and our subsidiaries' directors and officers are covered under our directors' and officers' liability insurance. Under this insurance coverage, we and our subsidiaries will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of our and our subsidiaries' directors and officers, subject to a deductible for each loss, which will be paid by us. Our and our subsidiaries' individual directors and officers will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by us or our subsidiaries. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts.

EXECUTIVE COMPENSATION

Introduction

The following section describes the significant elements of our executive compensation program, with particular emphasis on the process for determining compensation payable to the Chief Executive Officer, the Chief Financial Officer and the Company's other three most highly compensated executive officers (collectively, the "**Named Executive Officers**" or "**NEOs**"). Our anticipated NEOs for Fiscal 2024 are:

- Andrew Lutfy, Chair and Chief Executive Officer;
- Stacie Beaver, President and Chief Operating Officer;
- Jean-Philippe D. Lachance, Chief Financial Officer;
- Dave Stevens, Chief Technology Officer; and
- Michael Olson, Senior Vice President, Commercial Operations.

Compensation Discussion and Analysis

Overview

We operate in a rapidly evolving and competitive market, and to achieve our business and financial objectives, it is essential to attract, retain and motivate a highly skilled executive team.

Our executive officer compensation program is designed to achieve the following objectives:

- provide compensation opportunities that are competitive within the industry and fair relative to role, responsibilities and performance, to attract and retain highly skilled executives essential for achieving the Company's strategic goals;
- ensure that compensation structures align the interests of executives with those of shareholders, promoting long-term value creation and sustainable performance;
- link compensation to clear, measurable performance metrics that drive the Company's strategic objectives and operational success, ensuring that executive rewards are tied to achieving these critical objectives; and
- incorporate long-term incentives to encourage appropriate levels of risk-taking by our executive officers.

We offer our executive officers cash compensation in the form of base salary and an annual bonus, and equity-based or equity-like compensation which has historically been awarded in the form of stock options under the Legacy Option Plan, and in the future will be awarded in the form of options under our new omnibus equity incentive plan (the "**Omnibus Plan**"). In the future, we may also grant long-term incentives consisting of performance share units ("**PSUs**"), restricted share units ("**RSUs**") and DSUs under the Omnibus Plan to our executive officers. We believe that equity-based compensation awards motivate our executive officers to achieve our business and financial objectives, and also align their interests with the long-term interests of our shareholders. While we have determined that our current executive officer compensation program is effective at attracting and maintaining executive officer talent, we evaluate our compensation practices on an ongoing basis to ensure that we are providing market-competitive compensation opportunities for our executive team.

As we transition from a privately-held to a publicly-traded company, we will regularly assess our compensation philosophy and program as needed, with annual reviews of our executive team's compensation. This review process will be guided by the outlined philosophy and objectives, as well as other relevant factors, such as the cost of replacing key employees.

Compensation-Setting Process

The Human Resources and Compensation Committee will assist the Board in fulfilling its governance and supervisory duties, overseeing human resources, succession planning, and compensation policies and practices. Additionally, the Human Resources and Compensation Committee will ensure that our compensation policies and practices maintain an appropriate balance between risk and reward in alignment with our risk profile.

The Board will establish a formal charter for the Human Resources and Compensation Committee setting out its responsibilities for administering our compensation programs and reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to our executive officers. The Human Resources and Compensation Committee's oversight will include: reviewing and approving corporate goals and objectives relevant to the Chief Executive Officer's compensation, evaluating the Chief Executive Officer's performance in light of these goals and objectives, and making recommendations to the Board with respect to the Chief Executive Officer's compensation based on this evaluation and making recommendations to the Board with respect to the compensation of directors and executive officers (other than the Chief Executive Officer) of the Company and the Company's incentive compensation and equity based plans. See "Directors and Executive Officers – Committees of the Board – Human Resources and Compensation Committee" for a more detailed description of the Human Resources and Compensation Committee's mandate.

During Fiscal 2024, we retained Mercer LLC ("**Mercer**"), an independent consulting firm, to provide services to us in connection with executive officer and director compensation matters for Fiscal 2024, including, among other things, the following:

- assisting in reviewing the competitiveness of our current cash and equity-based compensation;
- developing a compensation program for our executive officers; and
- assisting in designing a new incentive awards framework for our executive officers.

We expect that this engagement with Mercer will amount to fees of up to approximately $120,000.

The compensation expected to be paid to our NEOs for Fiscal 2024, which will be our first year as a public company, is summarized below under the heading "Summary Compensation Table".

Risk and Executive Compensation

In reviewing our compensation policies and practices each year, the Human Resources and Compensation Committee will seek to ensure that the executive compensation program provides an appropriate balance of risk and reward consistent with the risk profile of the Company. The Human Resources and Compensation Committee will also seek to ensure that our compensation practices do not encourage excessive risk-taking behavior by the executive team. The key risk-mitigating practices that we intend to incorporate into our compensation program are discussed below.

Trading Restrictions

All of our directors and employees are subject to our insider trading policy. This policy prohibits trading in our securities while in possession of material undisclosed information about us. Under this policy, directors and employees are also prohibited from entering into certain types of hedging transactions involving our securities, such as short sales, puts, calls, prepaid variable forward contracts and equity swaps. We will permit directors and employees to trade in our securities, including the exercise of stock options, only during prescribed trading windows.

Compensation Recovery Policy

We plan to adopt a compensation recovery policy relating to annual bonus payments and other incentive compensation to executives that may be triggered if an executive engages in fraudulent or other intentional misconduct that results in the need to restate our financial statements where the individual received an award calculated on the achievement of those financial statements and the award received would have been lower had the financial statements been properly reported. The compensation recovery policy will provide that a recovery may be triggered if an executive engages in fraud, fraudulent misrepresentation, theft, embezzlement or other intentional and serious misconduct. The policy will require that when the recovery is triggered, the executive must repay the excess annual bonus payments and incentive payments received over the specified period preceding the triggering event.

Principal Elements of Compensation

Upon completion of the Offering, the compensation of our executive officers is expected to include the following main components: base salary and short-term incentives, consisting of an annual cash bonus, and long-term equity incentives, initially consisting of stock options, RSUs or a combination thereof granted from time to time under the Omnibus Plan. The Omnibus Plan also allows for PSUs to be granted, which may be used to incentivize our executive officers once a reasonable history of performance has been experienced to support the achievement of specific performance metrics. Perquisites and benefits are not expected to be a significant element of compensation for our executive officers.

Base Salaries

Base salary will be provided as a fixed source of compensation for our executive officers. Base salaries will be determined on an individual basis taking into account the scope of the executive officer's responsibilities, his or her prior experience and his or her position relative to relevant peers in the market. Base salaries will be reviewed annually and may be increased if warranted, or if necessary to maintain market competitiveness. In addition, base salaries may be adjusted upwards throughout the year to reflect promotions or other increases in the scope of an executive officer's role or responsibilities.

Short-Term Incentives

Annual bonuses are designed to motivate our executive officers to meet our business and financial objectives. Annual bonus targets are set as a percentage of the relevant executive officers' base salary, which varies based on his or her position. Annual bonus payouts may be higher or lower depending on the actual performance achieved. We currently make bonus payments in cash and anticipate continuing to do so upon completion of the Offering.

In Fiscal 2024, annual bonuses are earned and measured with reference to EBITDA or gross margin, depending on the executives' core financial responsibilities. The bonus payout may scale from 0% to 150%.

In Fiscal 2025, we expect that all executives will be measured on both EBITDA and gross margin along with a personal component. The personal component will be assessed based on an individual scorecard that includes metrics tailored to each executive's role and on the core corporate values. In Fiscal 2025, we expect that the bonus payout scale will be capped at 200%.

Long-Term Incentives

Equity-based awards are a variable element of compensation that allows us to incentivize and retain our executive officers for their sustained contributions to the Company. Equity awards reward performance and continued employment by an executive officer, with associated benefits to us of attracting and retaining employees. We believe that options, RSUs and PSUs provide executive officers with a strong link to long-term corporate performance and the creation of shareholder value.

Legacy Option Plan

In 2021, we established our Employee Stock Option Plan (amended in 2022), which will be further amended and restated in connection with the Pre-Closing Reorganization (the "**Legacy Option Plan**") to advance our interests by enhancing our ability to attract and retain able key employees and directors, to reward such individuals for their contributions and to encourage such individuals to take into account our long-term interests through the granting of options to acquire Class "H" shares of the Company. In order to facilitate the payment of the exercise price of the stock options, the Legacy Option Plan has a cashless exercise feature. The cashless exercise feature permits a participant to receive an aggregate number of Class "H" shares equal in value to the difference between the exercise price of such legacy option and the fair market value on the date of exercise. After the completion of the Offering, the cashless exercise feature will permit a participant to instead receive Subordinate Voting Shares.

As part of the Pre-Closing Reorganization, vested options issued and outstanding under the Legacy Option Plan will become exercisable for Subordinate Voting Shares on the basis of 4.249 with a corresponding adjustment to the exercise price, subject to rounding at the discretion of the Board. Unvested options will continue to vest on the original vesting schedule, but they will have been converted into options to acquire Subordinate Voting Shares. Upon completion of the Offering, a total of 8,104,760 options to acquire Subordinate Voting Shares will be issued and outstanding under the Legacy Option Plan, representing approximately 7.5% of the issued and outstanding Shares and approximately 0.9% of the voting power attached to all of our Shares (approximately 7.5% and 0.9%, respectively, if the Over-Allotment Option is exercised in full), in each case on a non-diluted basis. The material features of our Legacy Option Plan are summarized below. The following discussion is qualified in its entirety by the full text of the Legacy Option Plan.

After the completion of the Offering, no additional options will be granted under the Legacy Option Plan.

Adjustments

The Legacy Option Plan provides that appropriate adjustments, if any, will be made by our Board in connection with any subdivision, combination or reclassification of our Shares, or other change in our share capital, including adjustments to the exercise price and the number of Subordinate Voting Shares to which an optionee is entitled upon exercise of options.

Trigger Events; Change of Control

The Legacy Option Plan provides that certain events, including termination for cause, termination without cause, retirement, disability or death, may trigger forfeiture and cancellation or reduce the exercise period, where applicable, of the option, subject to the terms of the participant's agreement. Our Board may, in its sole discretion, in case of termination of employment by reason of death, disability, retirement, or without cause, allow for a continued period of vesting for such options that are unvested on the termination date, up to such other date as the Board in its sole discretion may determine.

In the event of certain liquidity events, including an initial public offering of the shares of the Company, (i) all vested options will become exercisable on the date of such liquidity event, (ii) unvested options that have not previously lapsed pursuant to the terms of the Legacy Option Plan will lapse if not exercised on the date of the liquidity event, subject to any determination made by the Board, and (iii) vested options may be exercised on the date of the liquidity event, and any vested options which are not exercised on the date of the liquidity event will terminate and cease to be capable of exercise, subject to any determination made by the Board. In the event of a liquidity event, the Board may, in its sole discretion, take one or more of the following actions: (i) accelerate the dates upon which any or all outstanding options shall vest and be exercisable or settled, without regard to whether such options have otherwise vested in accordance with their terms; and (ii) extend the lapse date to permit the exercise or disposition of vested options (in whole or in part) following the date of the liquidity event. These provisions will be amended in connection with the Offering. See "—Amendments and Termination".

On September 17, 2024, the Board of Directors approved changes to the vesting conditions of the outstanding options previously granted to our Chief Financial Officer, Jean-Philippe Lachance. The Board has determined that if Mr. Lachance's employment is terminated without cause prior to his second anniversary with the Company (i.e., prior to January 2026), a certain number of unvested options will vest so that at least 50% of the original grant will become exercisable upon such termination. For purposes of certainty, if a termination without cause occurs between the 1-year and 2-year anniversaries, 25% of the options would have already vested, and therefore, in this case, an additional 25% of the options will vest upon termination, for a total of 50%.

Amendments and Termination

Subject to the provisions of the Legacy Option Plan, the Board may, at any time, amend the Legacy Option Plan or any outstanding option granted thereunder in any respect including, without limitation as it deems appropriate for the administration and maintenance of the Legacy Option Plan; provided, however, that no amendment will materially adversely alter or impair the existing rights of any eligible participant or optionee under the Legacy Option Plan without such affected eligible participant's or optionee's consent (the presence or absence of such a material adverse alteration or impairment to be determined by the Board in its sole discretion). Notwithstanding any of the foregoing, the Board may also amend any term of the Legacy Option Plan so as to comply with applicable laws whether or not such amendment impairs the rights of an eligible participant or optionee.

The Board may at any time terminate or discontinue the Legacy Option Plan; provided, however, that any such termination of the Legacy Option Plan will not materially adversely alter or impair the existing rights of an optionee under the Legacy Option Plan without such affected optionee's consent (the presence or absence of such a material adverse alteration or impairment to be determined by the Board in its sole discretion).

In connection with the Offering, the Legacy Option Plan will be amended and restated to, among other things, (i) allow options to continue to vest in accordance with their terms following completion of the Offering; (ii) conform the change of control triggers and amendment provisions with those of the Omnibus Plan, as is appropriate for a public company; (iii) extend the expiry date of outstanding options held by non-U.S. taxpayers such that each option will have a term of 10 years from its original grant date; and (iv) require any optionee who exercises options granted under the Legacy Option Plan for a period of 180 days following the Closing Date (and who has not otherwise entered into a customary lock-up with the Underwriters) to enter into such a lock-up with the Underwriters for the remainder of the 180-day period. For additional information relating to options outstanding under the Legacy Option Plan, see "Options to Purchase Shares".

Omnibus Incentive Plan

Upon completion of the Offering, we will establish the Omnibus Plan. The Omnibus Plan will provide eligible participants with compensation opportunities that will encourage ownership of our Shares, enhance our ability to attract, retain and motivate our directors, executive officers and other key employees and incentivize them to increase the long term growth and equity value of our Company in alignment with the interests of our shareholders. For Fiscal 2025, it is anticipated that the Board will establish target awards for all NEOs measured with reference to applicable benchmarks and performance objectives, and that the Board will grant awards under the Omnibus Plan. The material features of our Omnibus Plan are summarized below. The following discussion is qualified in its entirety by the full text of the Omnibus Plan.

Administration and Eligibility

The Omnibus Plan is administered by our Board, and the Board may, in its discretion, delegate its administrative powers to the Human Resources and Compensation Committee. Directors, employees and consultants of the Company and its designated affiliates will be eligible to participate in the Omnibus Plan. Non-executive directors will be subject to certain grant value limits.

Shares Subject to the Omnibus Plan and Participation Limits

The maximum number of Subordinate Voting Shares available for issuance under the Omnibus Plan is 16,000,000 Subordinate Voting Shares, representing approximately 15% of the issued and outstanding Shares following Closing. The Omnibus Plan is not considered to be an "evergreen" plan pursuant to the rules of the TSX.

The number of Subordinate Voting Shares that may be (i) issued to reporting insiders of the Company within any one-year period or (ii) issuable to reporting insiders of the Company at any time, in each case, under the Omnibus Plan alone, or when combined with all of the Company's other security-based compensation arrangements, cannot exceed 10% of the outstanding Shares.

Non-Executive Director Limits

The total annual grant to any one non-employee director under all share compensation arrangements shall not exceed an aggregate grant value of $100,000 in stock options and $150,000 in equity.

Stock Options

The exercise price for stock options will be determined by our Board, which may not be less than the fair market value of a Subordinate Voting Share, generally being the five-trading day volume weighted average price of a Subordinate Voting Share on the TSX prior to the applicable date (the "**Market Value**") on the date the stock option is granted. Notwithstanding the foregoing, if an option is approved during a blackout period, the grant date shall not be earlier than the sixth business day immediately following the expiration of the blackout period and the exercise price will not be less than the volume-weighted average trading price of the Subordinate Voting Shares on the TSX for the five trading days immediately preceding the grant date. Stock options will vest in accordance with the vesting schedule established on the grant date, which is generally expected to be 25% on each of the first four anniversaries of the grant date.

Stock options must be exercised within a period fixed by our Board that may not exceed 10 years from the date of grant, provided that if the expiry date falls during a blackout period, the expiry date will be automatically extended until ten business days after the end of the blackout period. The Omnibus Plan will also provide for earlier expiration of stock options upon the occurrence of certain events, including the termination of a participant's employment.

In order to facilitate the payment of the exercise price of the stock options, the Omnibus Plan will have a cashless exercise feature (with a full deduction from the number of Subordinate Voting Shares available for issuance under the Omnibus Plan). The cashless exercise feature will permit a participant to receive (i) an amount in cash equal to the cash proceeds realized upon the sale of the Subordinate Voting Shares underlying the stock options by a securities dealer in the capital markets, less the aggregate exercise price, any applicable withholding taxes, and any transfer costs charged by the securities dealer, or (ii) an aggregate number of Subordinate Voting Shares that is equal to the number of Subordinate Voting Shares underlying the stock options, minus the number of Subordinate Voting Shares sold by a securities dealer in the capital markets as required to realize cash proceeds equal to the aggregate exercise price, any applicable withholding taxes and any transfer costs charged by the securities dealer, or (iii) a combination of (i) and (ii).

RSUs and PSUs

The terms and conditions of grants of RSUs or PSUs, including the quantity, type of award, grant date, vesting conditions, vesting periods, settlement date and other terms and conditions with respect to the awards, will be set out in the participant's grant agreement. In the case of PSUs, the performance-related vesting conditions may include financial or operational performance of the Company, total shareholder return (either absolute or relative or both), individual performance criteria or other criteria as determined by our Board, which will be measured over a specified period.

Subject to the terms of any employment or other agreement of the participant, or the Board expressly providing to the contrary, and except as otherwise stipulated in the Omnibus Plan, (a) a participant's RSUs shall vest as to 100% on the third anniversary of the date of the grant, and (b) a participant's PSUs shall vest on the earlier of the vesting dates and the third anniversary of the date of the grant, in each case, conditional on the satisfaction of any performance vesting conditions during the applicable performance period. The settlement of an RSU or PSU (or Dividend Share Unit in respect thereof) shall occur as soon as practicable following its vesting date and in any event no later than December 31 of the third year following the year in respect of which the RSU or PSU is granted.

DSUs

The terms and conditions of grants of DSUs, including the quantity, type of award, grant date, vesting conditions, vesting periods, settlement date and other terms and conditions with respect to the awards, will be set out in the participant's grant agreement. Unless otherwise determined by the Board, any DSUs shall vest immediately.

Non-Executive Directors are allowed to elect to take all or a portion of their annual cash retainer in the form of DSUs. Each such director wishing to make such an election will be required to elect to receive all or a portion of his or her annual cash retainer in DSUs no later than the end of the calendar year preceding the year in which such election is to apply (or in the case of a new director, within 30 days after the director's appointment). In addition, as part of their annual retainer, Non-Executive Directors will be granted DSUs.

Executive officers may also elect to receive a portion or the entirety of their annual bonus in the form of DSUs. Each such executive officers wishing to make such an election will be required to elect to receive all or a portion of his or her annual bonus in DSUs no later than the end of the calendar year preceding the year in which such election is to apply (or in the case of a new executive officer, within 30 days after the executive officer's appointment).

A DSU is a unit, equivalent in value to a Subordinate Voting Share, credited by means of a bookkeeping entry in the books of the Company, to an account in the name of the individual. Each participant's elected redemption date will not be earlier than the date the individual ceases to hold all positions with the Company and its related entities and will not be later than December 15th of the year following the year in which the individual ceases to hold all positions with the Company and its related entities.

Settlement

Subject to the achievement of the applicable vesting and performance-related (if applicable) conditions, on the settlement date of an RSU, PSU or DSU, the Company will either, in its sole discretion, (i) issue from treasury or purchase from the secondary market, at the Corporation's sole discretion, the number of Subordinate Voting Shares covered by the RSUs, PSUs or DSUs and related Dividend Share Units (as defined below) less any applicable withholding taxes payable to the Company, or (ii) deliver to the participant an amount in cash (net of applicable withholding taxes) equal to the number of Subordinate Voting Shares covered by the RSUs, PSUs or DSUs and related Dividend Share Units multiplied by the Market Value as at the settlement date.

Dividend Share Units

When dividends (other than stock dividends) are paid on Subordinate Voting Shares, additional share units ("**Dividend Share Units**") will be automatically credited to each participant who holds RSUs, PSUs or DSUs on the record date for such dividends. The number of Dividend Share Units to be credited to a participant is equal to the aggregate number of RSUs, PSUs and DSUs held by the participant on the relevant record date multiplied by the amount of the dividend paid by the Company on each Subordinate Voting Share, and then divided by the Market Value of one Subordinate Voting Share on the dividend payment date. Dividend Share Units credited to a participant will be subject to the same vesting conditions applicable to the related RSUs, PSUs and DSUs.

Adjustments

In the event of any subdivision, consolidation, reclassification, reorganization or any other change affecting the Subordinate Voting Shares, or any merger or amalgamation with or into another corporation, or any distribution to all security holders of cash, evidences of indebtedness or other assets not in the ordinary course, or any transaction or change having a similar effect, our Board, acting in good faith, shall in its sole discretion, subject to the required approval of any stock exchange, determine the appropriate adjustments or substitutions to be made in such circumstances in order to maintain the economic rights of the participants in respect of awards under the Omnibus Plan, including, without limitation, adjustments to the exercise price and the number and kind of shares subject to outstanding awards.

Trigger Events; Change of Control

The Omnibus Plan will provide that certain events, including termination for cause, resignation, termination other than for cause, retirement, death or disability, may trigger forfeiture or reduce the vesting period, where applicable, of the award, subject to the terms of the participant's grant agreement. See "Termination and Change of Control" for the treatment of options, RSUs, PSUs and DSUs upon the occurrence of certain events, including the termination of a participant's employment or a change of control transaction.

A participant's grant agreement or any other written agreement between a participant and the Company may provide, where applicable, that unvested awards be subject to acceleration of vesting and exercisability in certain circumstances, including in the event of certain change of control transactions. Our Board may make changes to the terms of the awards as it considers fair and appropriate in the circumstances, provided such changes are not materially adverse to the participants. In the event of a change of control, our Board will also have the power, in its sole discretion, to modify the terms of the awards (including to cause the vesting of all unvested awards) to assist the participants to tender into a take-over bid or any other transaction leading to a change of control. In such circumstances, our Board shall be entitled to, in its sole discretion, provide that any or all awards shall terminate, provided that any such outstanding awards that have vested shall remain exercisable until consummation of such change of control, and/or permit participants to conditionally exercise awards.

Amendments and Termination

Subject to the rules of the TSX, the Board may at any time or from time to time without shareholder approval alter, amend, vary, suspend, terminate or cancel the Omnibus Plan or amend any awards issued pursuant to the Omnibus Plan. The Board will have the discretion to make amendments to the Omnibus Plan which it may deem necessary or desirable, without having to obtain shareholder approval. Such changes include, without limitation:

- any amendment to the vesting provisions of the Omnibus Plan or awards;
- any amendment to the termination or early termination provisions of the Omnibus Plan or any award, whether or not such award is held by a reporting insider, provided such amendment does not entail an extension beyond the original expiry date of the award;
- amendments necessary for the awards to qualify for favourable treatment under applicable tax laws, either to the Company or to participants;
- amendments to include or modify a cashless exercise feature, payable in cash or Subordinate Voting Shares, which provides for a full deduction of the number of underlying Subordinate Voting Shares from the Omnibus Plan maximum;
- any amendment necessary to comply with applicable law or the requirements of the TSX or any other regulatory body;
- any amendment of a "housekeeping" or administrative nature, including, without limitation, to clarify the meaning of an existing provision of the Omnibus Plan, correct or supplement any provision of the Omnibus Plan that is inconsistent with any other provision of the Omnibus Plan, correct any grammatical or typographical errors or amend the definitions in the Omnibus Plan;
- any other amendment that does not require the approval of the holders of Subordinate Voting Shares pursuant to the amendment provisions of the Omnibus Plan; and
- amendments necessary to suspend or terminate the Omnibus Plan.

Nonetheless, and subject to any additional requirements of the rules of the TSX, the following changes to the Omnibus Plan or the awards will require the approval of the Company's shareholders as well as the approval of the TSX:

- a reduction in the exercise price of an option held by a reporting insider of the Company;
- an extension of the term of awards held by a reporting insider of the Company;
- any amendment to remove or exceed the insider participation limits;
- any amendment to remove or exceed the non-employee director participation limits;
- an increase in the maximum number of Subordinate Voting Shares issuable pursuant to awards granted under the Omnibus Plan; and
- a change to the provisions regarding amendments to the Omnibus Plan.

For the first three points above, the votes attached to shares held directly or indirectly by insiders benefiting directly or indirectly from the amendment are to be excluded. In addition, with respect to the last point above, where the amendment will disproportionately benefit one or more insiders over other participants, the votes of shares held directly or indirectly by those insiders receiving the disproportionate benefit must be excluded.

Except as specifically provided in a grant agreement approved by the Board, awards granted under the Omnibus Plan generally will not be transferable other than by will or the laws of succession.

We currently do not provide any financial assistance to participants under the Omnibus Plan.

Employee Share Purchase Plan

We also intend, shortly following Closing, to adopt an employee share purchase plan ("**ESPP**") pursuant to which eligible employees will be able to elect to acquire Subordinate Voting Shares through payroll deductions. Membership of the ESPP will be voluntary. Contributions to the ESPP will consist of participant contributions and employer contributions, the details of which will be set out in the ESPP. We expect that purchases of the Subordinate Voting Shares will be on the open market and made through the facilities of the TSX or such other stock exchange as the Subordinate Voting Shares may from time to time be listed and posted for trading.

Benefit Plans

Our permanent full-time employees, including our NEOs, are eligible to participate in our health and welfare benefit plans, which include life, disability, medical, vision and dental insurance programs as well as paid time off. We offer these benefits consistent with local market practice.

Perquisites

The Company does not offer significant perquisites as part of the compensation program.

Executive Share Ownership Guidelines

The Company has established executive share ownership guidelines to further align the interests of its executive officers with those of the Company's shareholders. The ownership guidelines establish minimum equity ownership levels for executive officers based on a multiple of their base salaries and their levels of seniority. Executive officers will be expected to meet the prescribed ownership levels within five years after the later of (i) completion of the Offering, and (ii) the date of their appointment to an executive officer position. Subordinate Voting Shares and the value of vested/unvested DSUs will be included in determining an individual's ownership value. The Company may exempt executive officers from these guidelines where the executive officers otherwise have economic exposure to the Company.

The following table shows the guidelines for the executive officers and their current ownership levels:

Role Level	Base Salary Multiple	Subordinate Voting Shares and DSUs	Value of Subordinate Voting Shares and DSUs	Current Ownership Multiple
Chair and Chief Executive Officer(1)(2)	5.0x	93,263,779	1.96 billion	1,633x
President and Chief Operating Officer	3.0x	-	-	-
Chief Financial Officer	2.0x	-	-	-
Chief Technology Officer	2.0x	-	-	-
Senior Vice President, Commercial Operations	1.5x	-	-	-

Notes:

(1) Since Mr. Lutfy's base salary will be $1 from and after completion of the Offering, the share ownership requirement will be determined based on a notional base salary of $1,200,000. The figures for Mr. Lutfy include the Multiple Voting Shares owned by the Principal Shareholders that are convertible into Subordinate Voting Shares.

(2) The value of the underlying Subordinate Voting Shares is determined based on the Offering Price.

Summary Compensation Table

The following table sets out information concerning the expected Fiscal 2024 compensation to be earned by, paid to, or awarded to, the NEOs:

Name and Principal Position	Salary ($)(1)	Option-Based Awards ($)(2)	Non-Equity Annual Incentive Plan Target (%)	Non-Equity Annual Incentive Plan Target ($)(3)	All Other Compensation ($)(4)	Total Target Compensation ($)
Andrew Lutfy *Chair and Chief Executive Officer*	-	-	-	-	35,000(5)	35,000
Stacie Beaver *President and Chief Operating Officer*	800,000	999,652	75%	600,000	64,000	2,463,652
Jean-Philippe D. Lachance *Chief Financial Officer*	357,000	-	50%	178,500	28,560	564,060
Dave Stevens *Chief Technology Officer*	390,660	-	50%	195,330	15,625	601,615
Michael Olson *Senior Vice President Commercial Operations*	325,000	249,914	40%	130,000	13,000	717,914

Notes:

(1) Represents the annualized base salary expected to be paid in Fiscal 2024. From and after completion of the Offering, Andrew Lutfy's annual base salary will be $1.

(2) Represents options that were granted under our Legacy Option Plan in Fiscal 2024.

(3) Amounts reflect the target Fiscal 2024 annual bonuses whose payments are to occur in Fiscal 2025. The actual amount of bonuses paid in respect of Fiscal 2024 may be higher or lower than these amounts depending on the Company's performance and actual base salary paid in Fiscal 2024.

(4) As part of our pension program, each NEO receives an annual employer contribution of 4-8% of the base salary, depending on the NEO, under the Company's RRSP/Deferred Profit-Sharing Plan ("DPSP"), up to the maximum contribution permitted under applicable law.

(5) Andrew Lutfy is provided with an annual car allowance of $35,000. None of the other NEOs are entitled to perquisites or other personal benefits which, in the aggregate, are worth over $50,000 or over 10% of their base salary.

Employment Agreements

We have entered into written employment agreements with each of our NEOs, except for Mr. Andrew Lutfy, and the terms of the employment agreements, pursuant to the amending agreements that we expect to enter into upon completion of the Offering, are as follows.

Stacie Beaver, President and Chief Operating Officer

Stacie's employment agreement provides for base salary of $800,000, an annual cash performance bonus target of 75%, benefits and participation in the Omnibus Plan. Ms. Beaver also receives 8% of her base salary in employer contributions under the Company's Registered Retirement Savings Plan/Deferred Profit-Sharing Plan.

The employment agreement with Ms. Beaver specifies the amounts or benefits payable, including severance, to her in the event that her employment is terminated (see "Termination and Change of Control Benefits" below for further details).

The employment agreement also contains customary confidentiality and non-disparagement covenants and certain restrictive covenants that will continue to apply following the termination of her employment, including a non-competition provision, which is in effect during her employment and for a period equal to the severance period and a non-solicitation provision which is in effect during her employment and for a period of 24 months thereafter.

Jean-Philippe D. Lachance, Chief Financial Officer

Jean-Philippe's employment agreement provides for base salary of $357,000, an annual cash performance bonus target of 50%, benefits and participation in the Omnibus Plan. Mr. Lachance also receives 8% of his base salary in employer contributions under the Company's Registered Retirement Savings Plan/Deferred Profit-Sharing Plan.

The employment agreement with Mr. Lachance specifies the amounts or benefits payable, including severance, to him in the event that his employment is terminated (see "Termination and Change of Control Benefits" below for further details).

The employment agreement also contains customary confidentiality and non-disparagement covenants and certain restrictive covenants that will continue to apply following the termination of his employment, including a non-competition provision, which is in effect during his employment and for a period equal to the severance period and a non-solicitation provision which is in effect during his employment and for a period of 24 months thereafter.

Dave Stevens, Chief Technology Officer

Dave's employment agreement provides for base salary of $390,660, an annual cash performance bonus target of 50%, benefits and participation in the Omnibus Plan. Mr. Stevens also receives 4% of his base salary in employer contributions under the Company's Registered Retirement Savings Plan/Deferred Profit-Sharing Plan.

The employment agreement with Mr. Stevens specifies the amounts or benefits payable, including severance, to him in the event that his employment is terminated (see "Termination and Change of Control Benefits" below for further details).

The employment agreement also contains customary confidentiality and non-disparagement covenants and certain restrictive covenants that will continue to apply following the termination of his employment, including a non-competition provision which is in effect during his employment and for a period equal to the severance period and a non-solicitation provision which is in effect during his employment and for a period of 24 months thereafter.

Michael Olson, Senior Vice President, Commercial Operations

Michael's employment agreement provides for base salary of $325,000, an annual cash performance bonus target of 40%, benefits and participation in the Omnibus Plan. Mr. Olson also receives 4% of his base salary in employer contributions under the Company's Registered Retirement Savings Plan/Deferred Profit-Sharing Plan.

The employment agreement with Mr. Olson specifies the amounts or benefits payable, including severance, to him in the event that his employment is terminated (see "Termination and Change of Control Benefits" below for further details).

The employment agreement also contains customary confidentiality and non-disparagement covenants and certain restrictive covenants that will continue to apply following the termination of his employment, including a non-competition provision which is in effect during his employment and for a period equal to the severance period and a non-solicitation provision which is in effect during his employment and for a period of 24 months thereafter.

Termination and Change of Control

Unless otherwise determined by our Board, upon an employee participant's termination of employment, all rights, title and interest in awards granted to the participant under the Legacy Option Plan, as amended, and the Omnibus Plan that are vested or unvested on the termination date will be handled according to the following table:

	Legacy Option Plan	**Omnibus Plan**
Separation		
Resignation	Vested options that are exercisable will continue to be exercisable for 90 days after termination date. Forfeiture of all options that are not exercisable.	Unvested options, RSUs, PSUs and DSUs ("**Awards**") will be forfeited. Vested RSUs, PSUs and DSUs ("**Share Units**") will be settled as soon as practicable. Vested options must be exercised within 3 months of event date.
Death	Vested options that are exercisable will continue to be exercisable for 90 days after termination date. Forfeiture of all options that are not exercisable.	Accelerated vesting of all unvested Awards (other than options) and immediate payout. Accelerated vesting of all unvested options. Vested options may be exercised up to 12 months.
Retirement	(1)Vested options that are exercisable will continue to be exercisable for 90 days after termination date. Forfeiture of all options that are not exercisable.	(2)Unvested Awards (other than options) will remain outstanding, vest on a prorated basis, and all vested awards be paid out within the quarter following retirement. Unvested options continue to vest for 6 months. Vested options may be exercised up to expiration.
Disability	Vested options that are exercisable will continue to be exercisable for 90 days after termination date. Forfeiture of all options that are not exercisable.	Accelerated vesting of all unvested Awards (other than options) and immediate payout. Accelerated vesting of all unvested options. Vested options may be exercised up to 12 months.
Termination		
Not for Cause	Vested options that are exercisable will continue to be exercisable for 90 days after termination date. Forfeiture of all options that are not exercisable.	Unvested Awards will be forfeited. Vested options must be exercised within 3 months of event date. Vested Share Units will be settled as soon as practicable.
For Cause	Forfeiture of all vested and unvested options.	Unvested Awards will be forfeited. Vested options will be forfeited. Vested Share Units will be settled as soon as practicable.
Change of Control(3)& termination/good reason (double trigger)	Accelerated vesting of all options.	Accelerated vesting of all Awards.

Notes:

(1) Employee must be at least 60 years of age and have been employed for a minimum of five consecutive years.

(2) Employee must be at least 55 years of age and have been employed for a minimum of ten consecutive years. Employees must also have provided a mandatory notice period of 6 months.

(3) The change of control must be accompanied by termination (double trigger). Eligible if termination without cause or resignation for good reason occurs within 12 months following the change of control event.

The table below estimates the payments incremental to any options or other equity incentive compensation that would be made to our NEOs under the terms of their employment agreements upon the occurrence of certain events, if such events were to occur immediately following completion of the Offering.

Name and Principal Position	Event	Severance and Bonus ($)	Other Payments ($)	Total ($)
Andrew Lutfy *Chair and Chief Executive Officer*	Termination other than for cause	-	-	-
Stacie Beaver[(1)] *President and Chief Operating Officer*	Termination other than for cause	2,216,667	-	2,216,667
Jean-Philippe D. Lachance[(2)] *Chief Financial Officer*	Termination other than for cause	401,625	-	401,625
Dave Stevens[(3)] *Chief Technology Officer*	Termination other than for cause	537,158	-	537,158
Michael Olson[(4)] *Senior Vice President Commercial Operations*	Termination other than for cause	303,333	-	303,333

Notes:

(1) 12 months of base salary and annual bonus, in addition to one month per year of service (with a maximum of 24 months).

(2) 9 months of base salary and annual bonus, in addition to one month per year of service (with a maximum of 18 months).

(3) 9 months of base salary and annual bonus, in addition to one month per year of service (with a maximum of 18 months).

(4) 6 months of base salary and annual bonus, in addition to one month per year of service (with a maximum of 12 months).

Outstanding Option-Based Awards

The following table sets out information concerning the option-based awards granted to our NEOs that we expect to be outstanding upon completion of the Offering, after giving effect to the Pre-Closing Reorganization:

	Option-based Awards			
Name	Number of Subordinate Voting Shares underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)[(1)(2)]
Andrew Lutfy *Chair and Chief Executive Officer*	-	-	-	-
Stacie Beaver *President and Chief Operating Officer*	588,374 267,443 233,019	3.74 3.74 4.29	December 9, 2026 September 21, 2028 June 27, 2029	10,155,335 4,616,066 3,893,747
Jean-Philippe D. Lachance *Chief Financial Officer*	419,435	4.29	January 25, 2034	7,008,759
Dave Stevens *Chief Technology Officer*	235,349	3.74	May 20, 2032	4,062,124
Michael Olson *Senior Vice President Commercial Operations*	133,721 58,255	3.74 4.29	November 16, 2028 June 27, 2029	2,308,024 973,441

Notes:

(1) The options referenced above were granted under our Legacy Option Plan.

(2) The value of the option-based awards is calculated based on the Offering Price.

None of our NEOs holds any share-based awards.

Incentive Plan Awards — Value Vested or Earned During the Year

The following table indicates, for each of our NEOs, a summary of the value of the option-based awards expected to be vested in accordance with their terms during the Fiscal 2024 (assuming the continued employment of each NEO):

Name	Option-Based Awards — Value Expected to be Vested During the Year ($)[(1)(2)]
Andrew Lutfy *Chair and Chief Executive Officer*	-
Stacie Beaver *President and Chief Operating Officer*	2,423,442
Jean-Philippe D. Lachance *Chief Financial Officer*	1,752,194
Dave Stevens *Chief Technology Officer*	1,015,527
Michael Olson *Senior Vice President Commercial Operations*	865,503

Notes:

(1) The options referenced above were granted under our Legacy Option Plan.

(2) The value of the option-based awards is calculated based on the Offering Price.

None of our NEOs holds any share-based awards.

SHARED SUCCESS PROGRAM

We are committed to treating all of our employees like owners by aligning their interests with those of our shareholders. Through our Shared Success Program, which we intend to implement shortly following Closing, all of our then current eligible employees, and going forward, all of our newly-hired eligible employees, will receive a grant of DSUs having a market value between $500 and $2,500, depending on function and subject to successful completion of a probationary employment period. Amounts may be adjusted by the Human Resources and Compensation Committee from time to time.

Each employee's DSUs will cliff-vest 24 months after the date of grant subject to their continued employment, and vested DSUs will be settled for cash equal to the market value of the DSUs and related Dividend Share Units when the employee ceases to hold all positions with the Company and its related entities. Employees who participate in our Omnibus Plan or the Legacy Option Plan will not participate in this program. The settlement date will not be later than December 15th of the year following the year in which the individual ceases to hold all positions with the Company and its related entities.

DIRECTOR COMPENSATION

Introduction

The following discussion describes the significant elements of the expected compensation program for the non-employee members of our Board and its committees (collectively, the "**Non-Executive Directors**"). Neither the Chair nor Mr. Peter Iliopoulos will receive any additional compensation for their respective role on the Board. The compensation of the Non-Executive Directors is designed to attract and retain committed and qualified directors and to align their compensation with the long-term interests of the Company's shareholders.

Director Compensation

Our Board, on the recommendation of our Human Resources and Compensation Committee, is responsible for reviewing and approving any changes to the Non-Executive Directors' compensation arrangements. In consideration for serving on our Board, each Non-Executive Director will be paid an annual retainer which will be paid in a combination of cash and DSUs under the Omnibus Plan. Directors' compensation is not directly based on participation or attendance at Board meetings. Non-Executive Directors will also have the ability to elect to take their annual cash retainer in DSUs. All directors will be reimbursed for their reasonable out-of-pocket expenses incurred while serving as directors.

The following table outlines our proposed compensation program for our Non-Executive Directors:

Board Role	Annual Cash Retainer	Annual DSU Grant	Additional Chair Fee
Non-Executive Director	$80,000	$80,000	-
Lead Director	$90,000	$90,000	-
Audit Committee	$10,000	-	$20,000
Human Resources and Compensation Committee	$7,500	-	$17,500
Nominating and Governance Committee	$7,500	-	$12,500

Peter Iliopoulos serves as the President of The Andrew Lutfy Family Office division of 3752372 Canada Inc., an affiliate of the Company under common control of Mr. Lutfy. Under his employment agreement, Mr. Iliopoulos will not receive any additional compensation for his role on the Board. Given Mr. Iliopoulos is not compensated by any form of compensation program, Mr. Iliopoulos will not be subject to our director share ownership guidelines.

Director Share Ownership Guidelines

Our director share ownership guidelines for Non-Executive Directors are intended to further align the interests of such directors with those of our shareholders. The ownership guidelines establish minimum equity ownership levels for each of our Non-Executive Directors based on a multiple of their annual cash retainer. Such directors are expected to meet the prescribed ownership levels within five years after the later of (i) completion of the Offering, and (ii) the date of their appointment to the Board. Subordinate Voting Shares and the value of DSUs and other equity-based awards (if any) will be included in determining an individual's equity ownership value. The expected ownership guideline for these Non-Executive Directors is three times their total annual retainer.

Outstanding Option-Based Awards

The following table sets out information on the outstanding option-based awards expected to be held by each of our Non-Executive Directors upon completion of the Offering, after giving effect to the Pre-Closing Reorganization:

	Option-based Awards			
Name	Number of outstanding underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)(1)(2)
Chris Arsenault	541,304	3.74	December 9, 2031	9,342,907
Andy Janowski	541,304	3.74	December 9, 2026	9,342,907
Marie-Josée Lamothe	108,261	4.29	November 16, 2033	1,809,041
Peter Iliopoulos	-	-	-	-
Linda Drysdale	-	-	-	-
Angelic Vendette	-	-	-	-
Hollie S. Castro	-	-	-	-

Notes:

(1) The options referenced above were granted under our Legacy Option Plan.

(2) The value of the option-based awards is calculated based on the Offering Price.

None of our Non-Executive Directors holds any share-based awards.

Incentive Plan Awards Value Vested or Earned During the Year

The following table sets out, for each of our Non-Executive Directors, the value of the stock option-based awards expected to vest in accordance with their terms during Fiscal 2024:

Name	Option-Based Awards – Value Expected to be Vested During the Year(1)(2)
Chris Arsenault	-
Andy Janowski	-
Marie-Josée Lamothe	452,259
Peter Iliopoulos	-
Linda Drysdale	-
Angelic Vendette	-
Hollie S. Castro	-

Notes:

(1) The options referenced above were granted under our Legacy Option Plan.

(2) The value of the option-based awards is calculated based on the Offering Price.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

Except for the 10644579 Canada Note, none of our, or our subsidiaries', directors, executive officers, employees, former directors, former executive officers or former employees and none of their associates is or has within 30 days before the date of this prospectus or at any time since the beginning of our most recently completed fiscal year been indebted to us or any of our subsidiaries or another entity whose indebtedness is subject to a guarantee, support agreement or letter of credit or other similar agreement or understanding provided by us or any of our subsidiaries.

PLAN OF DISTRIBUTION

General

Pursuant to an underwriting agreement dated November 20, 2024 between the Company, the Selling Shareholders and the Underwriters (the "**Underwriting Agreement**"), the Selling Shareholders have agreed to sell 14,285,715 Subordinate Voting Shares, and the Underwriters have severally agreed to purchase on Closing such Subordinate Voting Shares at a price of $21.00 per Subordinate Voting Share, payable in cash to the Selling Shareholders against delivery of the Subordinate Voting Shares on the Closing Date or such later date as may be agreed pursuant to the Underwriting Agreement, but no later than December 10, 2024, for aggregate gross proceeds of $300,000,015 to the Selling Shareholders, subject to and in compliance with all of the necessary legal requirements and conditions contained in the Underwriting Agreement.

Goldman Sachs Canada Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc. and TD Securities Inc. are acting as the joint lead bookrunners in the Offering and Barclays Capital Canada Inc., Desjardins Securities Inc., National Bank Financial Inc. and Scotia Capital Inc. are acting as bookrunners in the Offering.

The Selling Shareholders have agreed to pay the Underwriters' Fee, which is equal to $1.365 per Subordinate Voting Share (representing 6.5% of the gross proceeds of the Offering).

Prior to the Offering, there was no public market for the Subordinate Voting Shares. The Offering Price of $21.00 per Subordinate Voting Share was determined by arm's length negotiation between the Selling Shareholders and the Underwriters, and the Underwriters propose to offer the Subordinate Voting Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Subordinate Voting Shares at the price specified on the cover page of this prospectus, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page of this prospectus, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Subordinate Voting Shares is less than the price paid by the Underwriters to the Selling Shareholders. Any such reduction will not affect the net proceeds received by Selling Shareholders. The Underwriters may form a selling group including other qualified dealers and determine the fee payable to the members of such group, which fee will be paid by the Underwriters out of their fees. The obligation to pay the sub-underwriting fee is an obligation of the Underwriters and neither we nor the Selling Shareholders are responsible for ensuring that any dealer receives this payment from the Underwriters.

Pursuant to the Underwriting Agreement, certain of the Selling Shareholders, being 16084915 Canada Inc. and 16086349 Canada Inc., have granted to the Underwriters the Over-Allotment Option, which is exercisable, in whole or in part, at any time and from time to time for a period of 30 days after Closing to purchase from the Selling Shareholders up to an additional 2,142,857 Over-Allotment Shares (representing 15% of the aggregate number of Subordinate Voting Shares sold in the base Offering) on the same terms as set forth above for the purpose of covering the Underwriters' over-allocation position, if any. If the Over-Allotment Option is exercised in full, the total price to the public will be $345,000,012, the Underwriters' Fee will be $22,425,001 and the net proceeds to the Selling Shareholders will be $322,575,011. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Shares to be delivered upon the exercise of the Over-Allotment Option. A purchaser who acquires the Over-Allotment Shares acquires such Over-Allotment Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Under the terms of the Underwriting Agreement, the Underwriters may, at their discretion, terminate the Underwriting Agreement upon the occurrence of certain events, including "market out", "material change out", "disaster out" and "regulatory out" clauses. The Underwriters are, however, severally obligated to take up and pay for all of the Subordinate Voting Shares that they have agreed to purchase if any of the Subordinate Voting Shares are purchased under the Underwriting Agreement.

Under applicable securities laws in Canada, certain persons and individuals, including the Company, the Selling Shareholders and the Underwriters, have statutory liability for any misrepresentation in this prospectus, subject to available defences. The Company and the Selling Shareholders have agreed to indemnify the Underwriters and their directors, officers, employees and agents against certain liabilities, including, without restriction, civil liabilities under securities legislation in Canada, and to contribute to any payments that the Underwriters may be required to make in respect thereof.

The Underwriters may also offer and sell the Subordinate Voting Shares in jurisdictions outside of Canada in accordance with applicable securities laws as agreed by the Company, the Selling Shareholders and the Underwriters.

We have applied to list our Subordinate Voting Shares on the TSX under the symbol "GRGD". The TSX has conditionally approved the listing of our Subordinate Voting Shares under the symbol "GRGD". Listing is subject to us fulfilling all of the requirements of the TSX on or before February 11, 2025.

There is currently no market through which the Subordinate Voting Shares may be sold and purchasers may not be able to resell the Subordinate Voting Shares purchased under this prospectus. This may affect the pricing of the Subordinate Voting Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Subordinate Voting Shares and the extent of issuer regulation. An investment in the Subordinate Voting Shares is subject to several risks that should be considered by a prospective purchaser. Prospective purchasers should carefully consider the risk factors described under "Risk Factors" before purchasing Subordinate Voting Shares. Subscriptions will be received subject to rejection or allocation in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. The Closing is expected to occur on or about November 26, 2024 or such other date as we, the Selling Shareholders and the Underwriters may agree, but in any event no later than December 10, 2024. Closing is conditional upon the Subordinate Voting Shares being approved for listing on the TSX.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or slowing a decline in the market price of the Subordinate Voting Shares while the Offering is in progress. These transactions may also include over-allocating or making short sales of the Subordinate Voting Shares, which involves the sale by the Underwriters of a greater number of Subordinate Voting Shares than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Subordinate Voting Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Subordinate Voting Shares available for purchase in the open market compared with the price at which they may purchase Subordinate Voting Shares from the Selling Shareholders through the Over-Allotment Option.

The Underwriters must close out any naked short position by purchasing Subordinate Voting Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Subordinate Voting Shares in the open market. Any naked short positions at Closing that are part of the Offering will form part of the Underwriters' over-allocation position.

In addition, in accordance with the Universal Market Integrity Rules for Canadian Marketplaces ("**UMIR**"), the Underwriters may not, at any time during the period of distribution, bid for or purchase Subordinate Voting Shares. The foregoing restriction is, however, subject to exceptions including a bid or purchase under the provisions of the UMIR relating to market stabilization and market balancing activities and a bid or purchase made on behalf of a customer where the order was not solicited.

As a result of these activities, the price of the Subordinate Voting Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Subordinate Voting Shares are listed, in the over-the-counter market, or otherwise.

Settlement

No certificates representing the Subordinate Voting Shares to be sold in the Offering will be issued to purchasers under this prospectus. Registration will be made in the depository service of CDS, or to its nominee, and Subordinate Voting Shares will be electronically deposited with CDS on the Closing Date. Each purchaser of Subordinate Voting Shares will receive only a customer confirmation of purchase from the participants in the CDS depository service ("**CDS Participants**") from or through which such Subordinate Voting Shares are purchased, in accordance with the practices and procedures of such CDS Participant. Transfers of ownership of Subordinate Voting Shares in Canada will be effected through records maintained by the CDS Participants, which include investment dealers, banks and trust companies. Indirect access to the CDS book entry system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly.

Lock-up Agreements

We have agreed that we will not, directly or indirectly, offer, sell, contract to sell, issue or grant any option, right or warrant to purchase, or otherwise lend, transfer or dispose of, any Shares or securities convertible into or exercisable or exchangeable for Shares, in a public offering, by way of private placement or otherwise, or announce any intention to do any of the foregoing, for a period of 180 days after the Closing Date, without the prior written consent of each of Goldman Sachs Canada Inc. and BMO Nesbitt Burns Inc. (which consent shall not be unreasonably withheld, conditioned or delayed), other than (i) pursuant to employee or executive incentive compensation arrangements currently in place or contemplated in this prospectus or (ii) as may be required pursuant to our Articles or for transactions related to the offering of the Shares (including the Pre-Closing Reorganization).

Our executive officers and directors, the Principal Shareholders and certain other securityholders have agreed that he, she or it will not, directly or indirectly (without the prior written consent of each of Goldman Sachs Canada Inc. and BMO Nesbitt Burns Inc., on behalf of the Underwriters, such consent not to be unreasonably withheld or delayed), (i) sell, offer, contract to sell, grant or sell any option, right or warrant to purchase, or otherwise lend, transfer, assign or dispose of (including, without limitation, by making any short sale, engaging in any hedging transaction or entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or securities convertible or exchangeable into Shares, whether or not cash settled), in a public offering or by way of private placement or otherwise, any Shares or any securities convertible, exchangeable or exercisable into Shares, (ii) secure or pledge any Shares or any securities convertible or exchangeable into Shares, or (iii) agree to or publicly announce any intention to do any of the foregoing things, for a period commencing on the Closing Date and ending 180 days after the Closing Date, subject to customary exceptions, including for transfers related to estate planning (in the case of individuals) or transfers to affiliates and securityholders (in the case of entities) provided in each case that the transferee agrees to be bound by the lock-up agreements.

Relationship Between Us and Certain of the Underwriters

BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., Desjardins Securities Inc., National Bank Financial Inc. and Scotia Capital Inc. are affiliates of banks that have made credit facilities available to us under the Credit Agreement. Consequently, we may be considered a "connected issuer" of each of BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., Desjardins Securities Inc., National Bank Financial Inc. and Scotia Capital Inc. under applicable securities laws in Canada. See "Description of Material Indebtedness" for certain information relating to the terms, conditions and state of the credit facilities made available under the Credit Agreement.

The terms of the Offering, including the Offering Price, were determined by negotiation between the Joint Lead Bookrunners, on their own behalf and on behalf of each of the other Underwriters, and the Selling Shareholders. None of the banks with which any of the Underwriters are affiliates were involved in the determination of the terms of the Offering. As a consequence of the Offering, each of such Underwriters will receive its proportionate share of the Underwriters' Fee.

Selling Restrictions

The Subordinate Voting Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Each Underwriter has agreed that it will not offer or sell the Subordinate Voting Shares within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act applicable state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Subordinate Voting Shares that they have acquired pursuant to the Underwriting Agreement in the United States to persons the Underwriters reasonably believe to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) in accordance with Rule 144A under the U.S. Securities Act and exemptions from registration under applicable state securities laws.

The Underwriting Agreement also provides that the Underwriters may offer and sell the Subordinate Voting Shares outside the United States in accordance with Rule 903 of Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Subordinate Voting Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

Notice to Prospective Investors in the United Kingdom

An offer to the public of any Subordinate Voting Shares may not be made in the United Kingdom, except that an offer to the public in the United Kingdom of any Subordinate Voting Shares may be made at any time under the following exemptions under the UK Prospectus Regulation:

- To any legal entity which is a "qualified investor" as defined under the UK Prospectus Regulation;
- To fewer than 150 natural or legal persons (other than "qualified investors" as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Lead Bookrunners for any such offer; or
- In any other circumstances falling within section 86 of the Financial Services and Markets Act 2000 (as amended, "**FSMA**");

provided that no such offer of Subordinate Voting Shares shall result in a requirement for the Company or any Joint Lead Bookrunner to publish a prospectus pursuant to section 85 of the FSMA or a supplemental prospectus pursuant to Article 23 of the UK Prospectus Regulation and each person who initially acquires any Subordinate Voting Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with each of the Joint Lead Bookrunners, the Selling Shareholders and the Company that it is a qualified investor within the meaning of Article 2 of the UK Prospectus Regulation.

In the case of any Subordinate Voting Shares being offered to a financial intermediary as that term is used in Article 1(4) of the UK Prospectus Regulation, each financial intermediary will also be deemed to have represented, warranted and agreed that the Subordinate Voting Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Subordinate Voting Shares to the public, other than their offer or resale in the United Kingdom to qualified investors as so defined or in circumstances in which the prior consent of the Joint Lead Bookrunners has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders, the Joint Lead Bookrunners and their affiliates will rely upon the truth and accuracy of the foregoing representations, warranties and agreements. Notwithstanding the above, a person who is not a "qualified investor" and who has notified the Joint Lead Bookrunners of such fact in writing may, with the prior consent of the Joint Lead Bookrunners, be permitted to acquire Subordinate Voting Shares in the offer.

For the purposes of this provision, the expression an "offer to the public" in relation to any Subordinate Voting Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Subordinate Voting Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Subordinate Voting Shares.

This prospectus is only being distributed to and is only directed at: (A) persons who are outside the United Kingdom; or (B) qualified investors who are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), or (ii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). The Subordinate Voting Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Subordinate Voting Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this prospectus or any of its contents.

Note to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (each, a "**Relevant Member State**"), an offer to the public of any Subordinate Voting Shares may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any Subordinate Voting Shares may be made at any time under the following exemptions under the EU Prospectus Regulation:

- To any legal entity which is a "qualified investor" as defined under the EU Prospectus Regulation;
- To fewer than 150 natural or legal persons (other than "qualified investors" as defined under the EU Prospectus Regulation), subject to obtaining the prior consent of the Joint Lead Bookrunners for any such offer; or
- In any other circumstances falling within Article 1(4) of the EU Prospectus Regulation;

provided that no such offer of Subordinate Voting Shares shall result in a requirement for the Company or any of the Joint Lead Bookrunners to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplemental prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any Subordinate Voting Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with each of the Joint Lead Bookrunners, the Company and the Selling Shareholders that it is a qualified investor within the meaning of Article 2 of the EU Prospectus Regulation.

In the case of any Subordinate Voting Shares being offered to a financial intermediary as that term is used in Article 1(4) of the EU Prospectus Regulation, each financial intermediary will also be deemed to have represented, warranted and agreed that the Subordinate Voting Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Subordinate Voting Shares to the public, other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Joint Lead Bookrunners has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders, the Joint Lead Bookrunners and their affiliates will rely upon the truth and accuracy of the foregoing representations, warranties and agreements. Notwithstanding the above, a person who is not a "qualified investor" and who has notified the Joint Lead Bookrunners of such fact in writing may, with the prior consent of the Joint Lead Bookrunners, be permitted to acquire Subordinate Voting Shares in the offer.

For the purposes of this provision, the expression an "offer to the public" in relation to any Subordinate Voting Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Subordinate Voting Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Subordinate Voting Shares, and the expression "EU Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

The Subordinate Voting Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("**Companies (Winding Up and Miscellaneous Provisions) Ordinance**") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("**Securities and Futures Ordinance**"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the Subordinate Voting Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Subordinate Voting Shares may not be circulated or distributed, nor may the Subordinate Voting Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the Subordinate Voting Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the Shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("**Regulation 32**").

Where the Subordinate Voting Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the Subordinate Voting Shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than US$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Japan

The Subordinate Voting Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The Subordinate Voting Shares may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Brazil

THE OFFER AND SALE OF THE SUBORDINATE VOTING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE BRAZILIAN SECURITIES COMMISSION (COMISSÃO DE VALORES MOBILIÁRIOS, OR "**CVM**") AND, THEREFORE, WILL NOT BE CARRIED OUT BY ANY MEANS THAT WOULD CONSTITUTE A PUBLIC OFFERING IN BRAZIL UNDER CVM RESOLUTION NO 160, DATED 13 JULY 2022, AS AMENDED ("**CVM RESOLUTION 160**") OR UNAUTHORIZED DISTRIBUTION UNDER BRAZILIAN LAWS AND REGULATIONS. THE SHARES MAY ONLY BE OFFERED TO BRAZILIAN PROFESSIONAL INVESTORS (AS DEFINED BY APPLICABLE CVM REGULATION), WHO MAY ONLY ACQUIRE THE SHARES THROUGH A NON-BRAZILIAN ACCOUNT, WITH SETTLEMENT OUTSIDE BRAZIL IN NON-BRAZILIAN CURRENCY. THE TRADING OF THESE SHARES ON REGULATED SECURITIES MARKETS IN BRAZIL IS PROHIBITED.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Davies Ward Phillips & Vineberg LLP, counsel to the Company, and Osler, Hoskin & Harcourt LLP, counsel to the Underwriters, the following is, as of the date hereof, a general summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a prospective purchaser of Subordinate Voting Shares pursuant to the Offering, as set out in this prospectus, who, at all relevant times and for purposes of the Tax Act, (i) deals at arm's length with the Company and each of the Underwriters, (ii) is not affiliated with the Company, (iii) acquires and holds such Subordinate Voting Shares as capital property, and (iv) has not entered into, and will not enter into, with respect to the Subordinate Voting Shares, a "synthetic disposition arrangement" or a "derivative forward agreement" (each, a "**Holder**"), all within the meaning of the Tax Act. The Subordinate Voting Shares will generally be considered to be capital property to a Holder unless the Holder holds or uses the Subordinate Voting Shares or is deemed to hold or use the Subordinate Voting Shares in the course of carrying on a business of trading or dealing in securities or has acquired them or is deemed to have acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon the provisions of the Tax Act and the regulations thereunder, and the *Canada-United States Income Tax Convention* (the "**Canada — U.S. Treaty**") in force as of the date hereof, any specific proposals to amend the Tax Act and the regulations thereunder that have been published in writing by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**"), and counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency (the "**CRA**"). This summary assumes that the Proposed Amendments will be enacted in the form proposed; however, no assurance can be given that the Proposed Amendments will be enacted as proposed or at all, or that the legislative, judicial or administrative changes will not modify or change the statements expressed herein. In addition, this summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Proposed Amendments, does not take into account any changes in law, whether by way of legislative, judicial or governmental decision or action, or change in administrative policies or assessing practices of the CRA, nor does it take into account other federal or any provincial, territorial or foreign tax considerations, which may differ from those discussed herein.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Subordinate Voting Shares. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any Holder are made. Holders and prospective holders of Subordinate Voting Shares should consult their own tax advisors with respect to the tax consequences applicable to them, having regard to their particular circumstances, in respect of acquiring the Subordinate Voting Shares pursuant to the Offering, including the application and effect of the income and other tax laws of any country, province or other jurisdiction that may be applicable to the Holder.

Residents of Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times for purposes of the Tax Act is, or is deemed to be, resident in Canada (each, a "**Resident Holder**"). Certain Resident Holders whose Subordinate Voting Shares might not otherwise qualify as capital property may, in certain circumstances, be entitled to make an irrevocable election pursuant to subsection 39(4) of the Tax Act to have their Subordinate Voting Shares, and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years, deemed to be capital property. Resident Holders should consult their own tax advisors for advice as to whether such an election is available and desirable in their particular circumstances.

This portion of the summary does not apply to a Resident Holder: (i) that is a "financial institution" for the purposes of the mark-to-market rules in the Tax Act; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii) an interest in which is or would be a "tax shelter investment" as defined in the Tax Act; (iv) that has elected to report its "Canadian tax results", as defined in the Tax Act, in a currency other than Canadian currency; (v) that is exempt from tax under the Tax Act; (vi) that is a partnership or (vii) that receives dividends on Subordinate Voting Shares under or as part of a "dividend rental arrangement" as defined in the Tax Act. Any such Resident Holder should consult their own tax advisor with respect to an investment in Subordinate Voting Shares.

Additional considerations, not discussed herein, may apply to a Holder that is a corporation resident in Canada and is, or becomes, or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada (the "**other Canadian corporation**") that is or becomes, as part of a transaction or event or series of transactions or events that include the acquisition of the Subordinate Voting Shares, controlled by a non-resident person or a group of persons comprised of any combination of non-resident corporations, non-resident individuals or non-resident trusts that do not deal at arm's length with each other for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act and in respect of which a subsidiary of the Company is, or would at any time be, a "foreign affiliate", as defined in the Tax Act, of the corporation or the other Canadian corporation.

Dividends

Dividends received or deemed to be received on the Subordinate Voting Shares by a Resident Holder in a taxation year will be included in computing such Resident Holder's income for that taxation year.

In the case of a Resident Holder who is an individual (including certain trusts), dividends (including deemed dividends) received on the Subordinate Voting Shares will be included in computing the individual's income for tax purposes and will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by an individual from "taxable Canadian corporations" (as defined in the Tax Act), including the enhanced gross-up and dividend tax credit in respect of taxable dividends duly designated by the Company as "eligible dividends" (as defined in the Tax Act). A dividend is designated as an "eligible dividend" if the recipient receives written notice (which may include a notice published on the website) from the Company designating the dividend as an "eligible dividend". There may be limitations on the Company's ability to designate dividends as "eligible dividends". Taxable dividends received by a Resident Holder who is an individual (including certain trusts) may give rise to liability for alternative minimum tax as calculated under the Tax Act. Resident Holders who are individuals (including certain trusts) should consult their own advisors in this regard.

In the case of a Resident Holder that is a corporation, dividends (including deemed dividends) received on the Subordinate Voting Shares will be included in the Resident Holder's income and will generally be deductible in computing such Resident Holder's taxable income, with the result that no Part I tax will be payable by it in respect of such dividends. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received (or deemed to be received) by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

Certain Resident Holders that are corporations, including a "private corporation" or a "subject corporation" (as such terms are defined in the Tax Act), may be liable to pay an additional tax pursuant to Part IV of the Tax Act, that is refundable in certain circumstances, on dividends received (or deemed to be received) on the Subordinate Voting Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income for the year.

Disposition of Subordinate Voting Shares

A disposition, or a deemed disposition, of a Subordinate Voting Share by a Resident Holder (other than to the Company unless purchased by the Company in the open market in the manner in which shares are normally purchased by any member of the public in the open market) will generally result in the Resident Holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition in respect of the Subordinate Voting Share are greater (or less) than the aggregate of the adjusted cost base to the Resident Holder of such Subordinate Voting Share immediately before the disposition, or deemed disposition, and any reasonable costs of disposition. The adjusted cost base to a Resident Holder of a Subordinate Voting Share is determined in accordance with the Tax Act by averaging the cost of that Subordinate Voting Share with the adjusted cost base of all other shares of the same class (determined immediately before the acquisition of the Subordinate Voting Share) held as capital property at that time by the Resident Holder. The tax treatment of capital gains and capital losses is described below under the subheading "*Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

Subject to the Proposed Amendments, generally one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder in a taxation year must be included in computing the Resident Holder's income for the taxation year in which the disposition occurs, and one-half of any capital loss (an "**allowable capital loss**") realized by a Resident Holder in a taxation year must be deducted from any taxable capital gains realized by the Resident Holder in the taxation year in which the disposition occurs. Allowable capital losses for a taxation year in excess of taxable capital gains for the taxation year in which the disposition occurs generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances set out in the Tax Act. Under the Proposed Amendments, this inclusion and deduction rate will generally be increased from one-half to two-thirds for a Resident Holder that is a corporation or a trust, and to two-thirds for a Resident Holder that is an individual (other than most types of trusts) realizing net capital gains above an annual $250,000 threshold, in all cases for capital gains and capital losses realized on or after June 25, 2024.

Under the Proposed Amendments, two different inclusion and deduction rates would apply for a taxation year that begins before and ends on or after June 25, 2024 (the "**Transitional Year**"). As a result, for its Transitional Year, a Resident Holder would be required to separately identify capital gains and capital losses realized before June 25, 2024 ("**Period 1**") and those realized on or after June 25, 2024 ("**Period 2**", and together with Period 1, "**Periods**"). Capital gains and capital losses from the same Period would first be netted against each other. A net capital gain (or net capital loss) would arise if capital gains (or capital losses) from one Period exceed capital losses (or capital gains) from that same Period. A Resident Holder would be subject to the higher inclusion and deduction rate of two-thirds in respect of its net capital gains (or net capital losses) arising in Period 2, to the extent that these net capital gains (or net capital losses) exceed any net capital losses (or net capital gains) incurred in Period 1. Conversely, a Resident Holder would be subject to the lower inclusion and deduction rate of one-half in respect of its net capital gains (or net capital losses) arising in Period 1, to the extent that these net capital gains (or net capital losses) exceed any net capital losses (or net capital gains) incurred in Period 2.

The annual $250,000 threshold for a Resident Holder that is an individual (other than most types of trusts) would be fully available in 2024 without proration and would apply only in respect of net capital gains realized in Period 2 less any net capital loss from Period 1.

The Proposed Amendments also contemplate adjustments of carried forward or carried back allowable capital losses to account for changes in the relevant inclusion and deduction rates.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition of a Subordinate Voting Share may, in certain circumstances, be reduced by the amount of certain dividends received by the Resident Holder (or deemed to have been received) on such Subordinate Voting Share (or on a share for which such Subordinate Voting Share has been substituted) to the extent and under the circumstances set out in the Tax Act. Analogous rules may apply where a corporation is a member of a partnership, or a beneficiary of a trust, that owns Subordinate Voting Shares. Resident Holders to whom these rules may apply should consult their own tax advisors in regards to their specific circumstances.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) throughout a taxation year or that is or is deemed to be a "substantive CCPC" (as defined in the Tax Act) at any time in the taxation year may be liable to pay an additional 10 2/3% tax (refundable in certain circumstances) on its "aggregate investment income" (as defined in the Tax Act), which is defined to include certain investment income, including net taxable capital gains.

Alternative Minimum Tax

Capital gains realized and dividends received (or deemed to be received) by a Resident Holder who is an individual (including certain trusts) may give rise to alternative minimum tax under the Tax Act. On June 20, 2024, Bill C-69, *An Act to implement certain provisions of the budget tabled in Parliament on April 16, 2024*, which contains significant amendments to the alternative minimum tax, including an increase in the minimum tax rate, raising the minimum tax exemption amount and broadening the minimum tax base, received royal assent such that the amendments now apply to taxation years beginning after December 31, 2023. Resident Holders who are individuals (including certain trusts) should consult their own tax advisors in this regard.

Non-Residents of Canada

The following portion of this summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable tax treaty or convention: (a) is not, and is not deemed to be, resident in Canada, and (b) does not use or hold, and is not deemed to use or hold, Subordinate Voting Shares in the course of carrying on a business in Canada (each, a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer which carries on an insurance business in Canada and elsewhere. Such Non-Resident Holders should consult their own tax advisors.

Dividends

Dividends paid or credited (or deemed to be paid or credited) on Subordinate Voting Shares to a Non-Resident Holder will generally be subject to Canadian withholding tax. Under the Tax Act, the rate of withholding tax is 25% of the gross amount of such dividends, which may be subject to a reduction of the withholding rate under the provisions of an applicable tax treaty or convention to which the Non-Resident Holder is entitled. For example, under the Canada — U.S. Treaty, the withholding tax rate on dividends paid or credited, or deemed to be paid or credited, to a Non-Resident Holder who is the beneficial owner of the dividends and who is resident in the United States for purposes of, and is fully entitled to the benefits of, the Canada — U.S. Treaty, will generally be subject to a reduced Canadian withholding tax rate of 15% of the amount of such dividends. In addition, under the Canada — U.S. Treaty, dividends may be exempt from Canadian withholding tax if paid to certain Non-Resident Holders that are qualifying religious, scientific, literary, educational or charitable tax-exempt organizations, or are qualifying trusts, companies, organizations or other arrangements operated exclusively to administer or provide pension, retirement or employee benefits which are exempt from tax in the U.S., and that have complied with specific administrative procedures.

Dispositions of Subordinate Voting Shares

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain realized on a disposition (or deemed disposition) of a Subordinate Voting Share, unless the Subordinate Voting Share constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of the disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention. Generally, the Subordinate Voting Shares will not constitute "taxable Canadian property" to a Non-Resident Holder at a particular time provided that the Subordinate Voting Shares are listed at that time on a designated stock exchange (such as the TSX), unless at any particular time during the 60-month period that ends at that time: (i) one or any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder does not deal at arm's length (for purposes of the Tax Act) and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest (directly or indirectly through one or more partnerships), own 25% or more of the Company's issued shares of any class or series of the capital stock of the Company, and (ii) more than 50% of the fair market value of the Subordinate Voting Shares was derived directly or indirectly from any combination of: (a) real or immovable property situated in Canada, (b) "Canadian resource properties" (within the meaning of the Tax Act), (c) "timber resource properties" (within the meaning of the Tax Act) or (d) options in respect of, or interests in, or for civil law rights in, any of the foregoing, whether or not the property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, the Subordinate Voting Shares may be deemed to be taxable Canadian property.

Taxation of Capital Gains and Capital Losses

In cases where a Non-Resident Holder disposes, or is deemed to have disposed, of a Subordinate Voting Share that is taxable Canadian property to that Non-Resident Holder, and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention, the consequences described above under the subheading "*Taxation of Capital Gains and Capital Losses*" for residents of Canada will generally be applicable to such disposition. Such Non-Resident Holders should consult their own tax advisors.

RISK FACTORS

In addition to all other information set out in this prospectus, the following specific factors could materially adversely affect us and should be considered when deciding whether to make an investment in the Company and the Subordinate Voting Shares. Other risks and uncertainties that we do not presently consider to be material, or of which we are not presently aware, may become important factors that affect our future financial condition, results of operations and cash flow. The occurrence of any of the risks discussed below could materially adversely affect our business, prospects, financial condition, results of operations or cash flow. An investment in the Subordinate Voting Shares is suitable only for investors (i) who understand the potential risk of capital loss, (ii) for whom an investment in the Subordinate Voting Shares is part of a diversified investment program, and (iii) who fully understand and are willing to assume the risks involved in such an investment. Prospective purchasers of Subordinate Voting Shares should carefully consider the following risks before investing in us and the Subordinate Voting Shares.

Risks Related to the Company's Business

General economic conditions in Canada, the United States and other parts of the world, including lower levels of consumer spending, can affect consumer confidence and consumer purchases of discretionary items, including fashion apparel and related products, such as ours.

Consumer purchases of discretionary retail items and specialty retail products, which include our t-shirts, blouses, sweaters, jackets, coats, pants, skirts, dresses, denim, intimates and accessories, may be adversely affected by economic conditions such as employment levels, salary and wage levels, the availability of consumer credit, inflation, interest rates, tax rates, fuel prices and consumer confidence with respect to current and future economic conditions. Consumer purchases may decline during recessionary periods, economically volatile periods or at other times when unemployment is higher, disposable income is lower or interest rates are perceived to remain at high levels. These risks may be exacerbated for retailers like us that focus significantly on selling discretionary fashion merchandise. We may not be able to maintain our rate of growth in sales over the past three years or attain our future growth targets if there is a decline in consumer spending. Consumer willingness to make discretionary purchases may decline, may stall or may be slow to increase due to national and regional economic conditions, including the current uncertainty and volatility in the global economy.

Our financial performance is particularly susceptible to economic and other conditions in regions where we have a significant number of stores. Further or future slowdowns or disruptions in the economy or shifts in consumer behavior could adversely affect mall and shopping destination traffic and new mall and retail development and could materially and adversely affect us and our growth plans. In addition, a deterioration of economic conditions and future recessionary periods may exacerbate the other risks faced by our business, including those risks we encounter as we attempt to execute our growth plans.

Global uncertainty, such as uncertainty with respect to national trade policies, geopolitical events and the global short- and long- term effects of pandemics or similar crises, may cause changes in consumer confidence and in consumers' discretionary spending habits, resulting in a material adverse effect on our business, financial condition and results of operations. Trends in consumer discretionary spending also remain unpredictable and subject to reductions due to credit constraints and uncertainties about the future. Our sensitivity to economic cycles and any related evolution in consumer demand could have a material adverse effect on our financial condition.

The success of our business depends on our ability to optimize our merchandise offerings by anticipating and responding in a timely manner to constantly changing consumer demands, tastes and fashion trends across multiple brands, product lines, sales channels and geographies. Our inability to anticipate and respond to these changes could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Our target market of apparel and accessories for Generation Z and Millennial women is subject to rapidly shifting fashion and seasonal trends, customer tastes and demands. Accordingly, our success is dependent on our ability to anticipate and forecast changes in fashion trends and consumer preferences and continuously manage and develop our collection of brands to respond to these consumer trends.

We design new merchandise, select and purchase raw materials, develop new brands and retail concepts and continuously adjust the position of our brands and merchandise categories in an effort to meet our customers' demands. We also manage our inventory through pricing and by allocating, replenishing and transferring product across our network of stores and sales channels to optimize merchandise offerings.

To ensure adequate inventory supply, we must forecast inventory needs and place orders with our suppliers and manufacturers based on our estimates of future demand for particular products. Our ability to accurately forecast consumer demand for our products may be affected by many factors, including, among others: (i) an increase or decrease in consumer demand for our products or for products of our competitors; (ii) consumer acceptance of seasonal products; (iii) product introductions by competitors; (iv) competitor pricing and discounting strategies; and (v) unanticipated changes in general market conditions. We purchase inventory according to our forecasts of consumer demand. If we overestimate the demand for our products, we could face inventory levels in excess of demand, which could result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would harm our gross margins and our brand management efforts. If we underestimate the demand for our products, we may not be able to procure products to meet demand, and this could result in delays in the shipment of our products and a potential failure to capitalize on demand, as well as damage to our reputation. In addition, failure to accurately predict the level of demand for our products could harm our profitability and financial condition.

There can be no assurance that we will be able to continue to successfully carry out our demand-driven merchandise planning, buying and inventory strategies and stock our stores with the appropriate assortment of merchandise. To the extent our predictions differ from our customers' purchasing preferences, we may be faced with excess raw materials or inventories or a shortage of products available for sale in our stores or for delivery to customers through our e-commerce channels, resulting in missed opportunities. Inventory levels in excess of customer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would cause our gross margin to suffer and could impair the strength and exclusivity of our brands. Although we have historically exercised a disciplined markdown strategy, excess inventories could compromise our ability to continue to do so and result in lower gross margins due to greater than anticipated discounts and markdowns that might be necessary to reduce inventory levels. Low inventory levels or inventory shrinkage can adversely affect our ability to meet customer demand, which may lead to lost revenue and diminished brand loyalty. Any sustained failure to anticipate, identify and respond to emerging trends in consumer preferences could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Our business depends on a strong brand image and, if we are not able to protect and enhance our brands, our business will be negatively impacted.

We believe that our brand image and awareness of our brands, Garage and Dynamite, have contributed significantly to the success of our business and that maintaining and enhancing our brand image and increasing awareness of our brands in new markets where we have limited brand recognition is important to maintaining and expanding our customer base. Maintaining and enhancing our brand image and increasing awareness of our brands may require us to make investments in areas such as marketing, merchandising, store development, employee training and public relations, as well as other costs associated with opening new stores, engaging new international operating partners and expanding our e-commerce business. These investments may be substantial, may divert resources from other aspects of the business, and may not ultimately be successful.

Our brand image and reputation may be impacted by actions taken by our employees, characteristics of our merchandise (including characteristics that may result in recalls), marketing activities and negative commentary or reviews. Widespread use and access to social media campaigns and viral messaging or imagery could significantly broaden the scope and impact of any such events or circumstances. Because customers value readily available information about retailers and their products, they may act on information conveyed through social media without further investigation and without regard for its accuracy. The harm to our brands may be immediate, without affording us an opportunity for redress or correction, and there can be no assurances that we will or will have the ability to respond in an appropriate or timely manner, which could materially adversely affect our business, financial condition, results of operations and cash flow.

Our brand image and reputation may be negatively affected by actions taken by our suppliers and manufacturers.

The actions and business practices of our suppliers and manufacturers may negatively affect our brands. We source raw materials for our merchandise, and our independent suppliers and manufacturers operate predominantly in Asia and other overseas markets, including China, Bangladesh and Cambodia. We do not supervise or control our suppliers or manufacturers. However, our suppliers and manufacturers are subject to our Supplier Code of Conduct and manufacturing standards and we reserve the right to make announced or unannounced factory audits to verify compliance with local laws and global standards. Monitoring compliance by independent suppliers and manufacturers is complicated by the fact that expectations of ethical business practices continually evolve, may be substantially more demanding than applicable legal requirements and are driven in part by legal developments and by diverse groups active in publicizing and organizing public responses to perceived ethical shortcomings. Accordingly, we cannot predict how such expectations might develop in the future and cannot be certain that our Supplier Code of Conduct would satisfy all parties who are active in monitoring and publicizing perceived shortcomings in labour and other business practices worldwide. Any failure by us, or by our suppliers or manufacturers, to maintain customer services levels, merchandise quality and integrity, labour or environmental practices generally accepted in North America or ethical and socially responsible operations could adversely affect our brand image and reputation, which could materially adversely affect our business, financial condition, results of operations and cash flow.

Additionally, if we do not meet the transparency standards expected by parties active in promoting ethical business practices, we may attract negative publicity, regardless of whether the actual labour and other business practices adhered to by us and our suppliers and manufacturers satisfy substantive expectations of ethical business practices. Any negative publicity about, or significant damage to, our brands or reputation could negatively impact sales, reduce employee morale and productivity and diminish customer trust, any of which could harm our business, financial condition, results of operations and cash flow.

We have also occasionally received, and may in the future continue to receive, shipments of merchandise that fail to comply with our specifications or that fail to conform to our quality control standards. We have also received, and may in the future continue to receive, merchandise that either meets our specifications but that is nonetheless unacceptable to us, or products that are unacceptable to certain of our customers or to other members of the public. Under these circumstances, unless we are able to obtain replacement products in a timely manner, we risk the loss of revenue resulting from the inability to sell such merchandise and related increased administrative and shipping costs. Additionally, if the unacceptability of our merchandise is not discovered until after it is purchased or viewed by our customers or members of the public, our customers or members of the public could form unfavourable opinions of our merchandise, we could face a merchandise recall, our results of operations could suffer and our reputation and brands could be harmed.

On January 1, 2024, the Modern Slavery Act came into force in Canada. The Modern Slavery Act obligates us to publish an annual modern slavery report detailing steps regarding the previous year's efforts to mitigate the risk of forced labour or child labour used at any step in our supply chain, including production of goods in Canada or elsewhere or of goods imported into Canada. There is a risk that, despite all of our efforts to the contrary, our supply chain may actually use or be alleged to have used forced labour or child labour, and there may be difficulty in gathering sufficient information from third-party suppliers. Work is ongoing to monitor this risk and implement measures to mitigate any identified exposures, which may affect the Company's operational efficiency, results of operations, financial condition or reputation. Our policy on Modern Slavery is available on our website at www.groupedynamite.com.

We are subject to business strategy risks associated with supply chain transparency.

Apparel manufacturing supply chains are notoriously complex with poor visibility down to commodity-level raw materials. As a result, it is challenging to have full visibility of social, environmental and other standards in place in lower tiers of the supply chain, particularly where we do not have direct business relationships. Social, environmental and other malpractice allegations at such tiers in the supply chain often target the industry at large (e.g., allegations regarding forced labour). It can be complex to determine the extent of the specific risk to the Company's supply chain and therefore challenging to respond to the allegation in detail. Ineffective action or perceived inaction to such allegations pertaining to our industry and business could adversely affect our reputation or financial performance. In the next years, we are planning to launch traceability software which will allow us to digitally manage our supply chain from yarn and fiber sources, to fabric facilities and finally to garment facilities.

If we fail to adequately continue to connect with our customer base, our business could be adversely affected.

Our marketing programs include fashion media, paid media, affiliates, influencers, direct to consumer, organic, social media and in-store marketing to capture the interest of our customers and drive them to our stores, website and app. We generally do not use traditional advertising channels, such as newspapers, magazines, billboards, television and radio, which are used by some of our competitors. This may impair our ability to successfully integrate new stores into the surrounding communities, to expand into new markets at all or to maintain the strength or distinctiveness of our brands in our existing markets. We have no assurance that our marketing efforts will prove successful outside of the narrow geographic regions in which they have been used in Canada and the United States. As we expand into new geographic markets, consumers in these markets may not accept our brand image. With future growth into new geographic markets, we may need to market through local platforms. We anticipate that, as our business expands into new markets and as the market becomes increasingly competitive, maintaining and enhancing our brands may become increasingly difficult and expensive.

We rely on social media, such as Instagram, TikTok, Snapchat, Pinterest, YouTube, and Facebook, to connect with our customer base. If our marketing efforts using social media are not successful, there may be no immediately available or cost effective alternative marketing channel for us to use to build or maintain brand awareness. If we are required to use traditional advertising channels in our overall marketing strategy, we will incur additional expense associated with the transition to and operation of a traditional advertising channel. As we execute our growth strategies, our ability to successfully increase brand awareness and to expand our e-commerce business will be adversely impacted if we fail to connect with our target customers. Failure to successfully connect with our target customers in new and existing markets could harm our business, financial condition, results of operations and cash flow. Certain of our customers also find our business through internet search engines, such as Google, and advertisements online. The prominence of our website in response to internet searches is a critical factor in attracting potential customers to our platform. If we are listed less prominently or fail to appear in search results for any reason, visits to our website could decline significantly, and we may not be able to replace this traffic or may be required to increase our spending on other marketing channels to offset the loss in traffic.

In addition, we rely on grassroots marketing efforts to advertise our brands. These efforts include working with celebrity, micro- and nano- influencers and college ambassadors chosen by us, who we refer to as ambassadors, who assist us by introducing our brands and culture to the communities around our stores. Our grassroots marketing efforts must be tailored to each particular market, which may require substantial ongoing attention and resources. For instance, we must successfully identify and retain suitable ambassadors in each of our new and existing markets. Our future growth and profitability and the success of our new stores will depend in part upon the effectiveness and efficiency of these grassroots marketing efforts. If our grassroots marketing efforts are not successful, there may be no immediately available alternative marketing channel for us to build awareness of our products in a manner that we think will be successful. This may impair our ability to successfully integrate new stores into the surrounding communities, to expand into new markets at all or to maintain the strength or distinctiveness of our brands in our existing markets. In addition, if our grassroots marketing efforts are unsuccessful and we are required to use traditional advertising channels in our overall marketing strategy, then we will incur additional expense associated with the transition to and operation of a traditional advertising channel. Failure to successfully market our products and brands in new and existing markets could harm our business, financial condition, results of operations and cash flow. Furthermore, in the event that one or more celebrities, ambassadors or influencers with whom we have an existing arrangement ceases to promote our brand, promotes our brand in a negative way, fails to adhere to applicable guidelines required by law or is subject to negative publicity in the media, our brand and reputation may be negatively impacted, we may be required to spend time and resources cultivating new celebrity, ambassador and influencer relationships, and these new relationships might not be as successful as our existing relationships. If we are unable to effectively recruit celebrities, ambassadors and influencers with a meaningful following to promote our brand and products, our business, financial condition, results of operations and cash flow may be adversely affected.

Our inability to maintain recent levels of comparable store sales or retail sales per square foot could cause the trading price of our Subordinate Voting Shares to decline.

We may not be able to maintain the levels of comparable store sales that we have experienced historically. In addition, we may not be able to replicate our historic comparable store sales or retail sales per square foot outside of North America. If our future comparable store sales or retail sales per square foot decline or fail to meet market expectations, the price of our Subordinate Voting Shares could decline. A variety of factors affect both comparable store sales or retail sales per square foot, including fashion trends, competition, current economic conditions, pricing, inflation, the timing of the release of new merchandise and promotional events, changes in our merchandise mix, the success of marketing programs and weather conditions. These factors may cause our comparable store sales results to be materially lower than recent periods and our expectations, which could harm our financial position, results of operations and cash flow and result in a decline in the trading price of the Subordinate Voting Shares.

If we fail to attract new customers, or retain existing customers, or fail to maintain or increase sales to those customers, our business, financial condition, results of operations and growth prospects may be harmed.

Our success depends, in part, on our ability to attract new customers, particularly, in accordance with our growth strategy, in the United States, and potentially internationally in markets in which we have limited brand awareness. In order to expand our customer base in these new markets, we must appeal to and attract customers who identify with our products, which may be more difficult outside of North America. If the number of customers who are willing to purchase our products does not continue to increase, if we fail to deliver a high-quality shopping experience or if our current or potential future customers are not convinced that our products are superior to the alternatives, then our ability to retain existing customers, acquire new customers and grow our business may be harmed. We have made significant investments in enhancing our brands and attracting new customers, and we expect to continue to make significant investments to promote our current products to new customers and new products to current and new customers, including through our e-commerce platforms and retail store presence. Such campaigns can be expensive and may not result in increased sales. Further, as our brands become more widely known, we may not attract new customers as we have in the past. If we are unable to attract new customers outside of the Canadian and United States markets who purchase products in numbers sufficient to grow our business, we may not be able to increase our sales.

In addition, our future success depends in part on our ability to increase sales to our existing customers over time, as our growth strategy includes increasing average order value and number of transactions with existing customers. If existing customers no longer find our products appealing, are not satisfied with our customer service, including shipping times, or if we are unable to timely update our products to meet current trends and customer demands, our existing customers may not make purchases, or if they do, they may make fewer or smaller purchases in the future.

If we are unable to continue to attract new customers or our existing customers decrease their spending on the products we offer or fail to make repeat purchases of our products, our business, financial condition, results of operations and growth prospects may be harmed.

A material disruption in our information technology systems or e-commerce business could significantly affect our business and lead to reduced revenue, growth prospects and reputational damage.

The protection of customer, employee and company data is critical to us. We rely extensively on our computer systems to track inventory and customer data, manage our supply chain, record and process transactions, collect and summarize data and manage our business. While our systems are designed to operate without interruption, we have experienced, and may in the future experience, interruptions to the availability of our computer systems from time to time. The failure of our computer systems to operate effectively, keep pace with our growing capacity requirements, smoothly transition to upgraded or replacement systems, such as new financial planning and management systems, or integrate with new systems could adversely affect our business. In addition, our computer systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, cyberattacks, phishing attacks and other scams, fraud, money laundering, theft and other criminal activity, denial-of-service attacks, social engineering attacks, ransomware attacks, security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, pandemics, acts of war or terrorism and breaches caused by usage errors by our employees, malfeasance or other disruptions. If our computer systems are damaged or cease to function properly, we may have to make a significant investment to fix or replace them, and we may suffer loss of critical data, compromise to the integrity or confidentiality of customer and employee information in our systems or networks, disruption to the systems or networks of third-parties on which we rely, and interruptions or delays in our operations. The rapid and exponential growth of cloud computing and e-commerce has resulted in the emergence of a global ecosystem of digital tools and applications that have been increasingly adopted by us and our peers. Migration to cloud-based providers has increased reliance on third-party technology providers and the associated exposure to risks of such service providers ceasing business operations, changing their business models, reducing functionality or experiencing cyberattacks or system outages. A lack of relevant and reliable information that enables management to effectively manage our business could preclude us from optimizing our overall performance. Actual or anticipated attacks may cause us to incur increased costs including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants. Any significant loss of data or failure to maintain reliable data could have a material adverse effect on our business and results of operations. A disruption to our e-commerce business could reduce our e-commerce revenue, increase our costs, diminish our growth prospects, expose us to litigation, decrease customer confidence and damage our brands, and a material interruption to any of our computer systems could adversely affect our business or results of operations and our reputation.

Data security breaches and other cyber security events could result in disruption to our operations or financial losses and could negatively affect our reputation, credibility and business.

We and our service providers are subject to risks associated with data security breaches and other cyber security events. We collect, process, maintain and use personal information relating to our customers and employees. We also disclose personal information about customers and employees to third-party service providers, who help us with our business operations, including the operation of our e-commerce site and the provision of various social media tools and websites we use as part of our marketing strategy. Any attempted or actual unauthorized disclosure of personal information could harm our reputation and credibility, reduce our e-commerce sales, impair our ability to attract website visitors, reduce our ability to attract and retain customers and could result in litigation, including class action lawsuits, against us or the imposition of significant fines or penalties.

Our online activities, including our e-commerce websites, may also be subject to denial of service or other forms of cyberattacks. While we have taken measures we believe are reasonable to protect against those types of attacks, those measures may not adequately protect our online activities from such attacks. If a denial of service attack or other cyber event were to affect our e-commerce sites or other information technology systems, our business could be disrupted, we may lose sales or valuable data, and our reputation, results of operations and financial condition may be adversely affected. Additionally, new and evolving data protection legislation could impose more onerous requirements that could increase the risks associated with data security breaches.

We have procedures and technology in place designed to safeguard our customers' debit and credit card information and our customers' and employees' other personal information under our control, and we continue to devote significant resources to network security, backup and disaster recovery and other security measures. Nevertheless, these security measures cannot provide absolute security or guarantee that we will be successful in preventing and responding to breaches, loss, theft or unauthorized access, disclosure, copying, use or modification of personal information under our control.

As consumers are gaining more data privacy awareness, in the future there may be new foreign, federal, provincial and state laws and legislative proposals addressing data privacy and security, as well as increased data protection obligations imposed on merchants by credit card issuers.

As a result, we may become subject to more extensive requirements to protect the personal information that we collect, use and disclose, resulting in, for example, increased compliance costs.

Brand and reputational risk resulting from influencers.

We increasingly leverage influencer relationships to further promote our brand and products. While we have a robust system for identifying and managing our partnerships, our brand and reputation may be negatively impacted as a result of influencers' social media engagements, publicized social, cultural and political beliefs, inauthentic use of our brand and products, morality conflicts or ethical disputes. The harm to our brand and reputation may be immediate without affording us an opportunity for redress or correction, and there can be no assurance that we will respond in an appropriate or timely manner.

If we are unable to attract, motivate and retain quality sales staff, we may not be able to maintain a consistently high level of customer service and grow or sustain our operations, and as a result our brands, business, financial condition, results of operations and cash flow may be harmed.

Our business is dependent on our ability to attract, motivate and retain a sufficient number of store employees, including store managers, who understand and appreciate our customers, brands and corporate culture, and are able to adequately and effectively represent our culture and establish credibility with our customers. Many of these employees are in entry-level or part-time positions, which have historically had high rates of turnover. There is also a high level of competition for experienced, qualified personnel in the retail industry and we compete for personnel with a variety of companies looking to hire for retail positions. Historically, we have prided ourselves on our commitment to employee growth and development and we focus on promoting from within our team. These problems could be exacerbated as we embark on our strategy of opening a significant number of new stores in the United States and elsewhere over the next few years. If we are unable to attract, train and retain store personnel capable of consistently providing exceptional customer service, as demonstrated by their enthusiasm for our culture and brands, understanding of our customers and knowledge of the merchandise we offer, our ability to open new stores may be impaired, the performance of our existing and new stores could be materially adversely affected and our brand image and our ability to continue to implement our growth strategies may be negatively impacted.

Fluctuations in the value of the Canadian dollar in relation to the U.S. dollar and other currencies and fluctuations in input costs and inflation may impact our operating and financial results and may affect the comparability of our results between financial periods.

We are exposed to market risks attributable to fluctuations in foreign currency exchange rates, primarily changes in the value of the Canadian dollar versus the U.S. dollar. Exchange rate fluctuations could have an adverse effect on our operating and financial results including on our unit economics of a store.

Approximately half of our sales are derived in Canadian dollars while the vast majority of our inventory purchases are denominated in U.S. dollars, which could cause an impact to our cost of goods sold following changes in the value of the Canadian dollar against the U.S. dollar. In the future, however, we expect to derive a significant yet diminishing portion of our sales in Canadian dollars and continue to incur a significant portion of our cost of goods sold and operating costs in U.S. dollars, and therefore changes in exchange rates between the Canadian dollar and the U.S. dollar may have a significant, and potentially adverse, effect on our results of operations.

We use from time to time foreign currency forward contracts to mitigate risks associated with forecasted U.S. dollar merchandise purchases sold in Canada, but there can be no assurances that such strategy will prove to be successful. Currency hedging entails a risk of illiquidity and, to the extent the applicable foreign currency depreciates or appreciates (depending on the direction of the hedge) against the Canadian dollar, the use of hedges could result in losses greater than if the hedging had not been used. Also, hedging arrangements may have the effect of limiting or reducing the total returns to us if management's expectations concerning future events or market conditions prove to be incorrect, in which case the costs associated with the hedging strategies may outweigh their benefits.

Our financial statements are presented in accordance with IFRS, and we report, and will continue to report, our results in Canadian dollars, our functional currency. Our U.S. operations have a functional currency of U.S. dollars and are translated into Canadian dollars at each reporting period, with the resulting unrealized translation gains or losses included in other comprehensive income. Any change in the value of the U.S. dollar against the Canadian dollar during a given financial reporting period would result in a foreign currency loss or gain on the translation of U.S. dollar denominated sales and costs. Consequently, our reported earnings could fluctuate materially as a result of foreign exchange translation gains or losses and may not be comparable from period to period.

The Canadian and U.S. economies continue to experience elevated interest rates which have an impact on business activities. As such, our operations could be negatively affected should interest rates, inflation or unemployment levels reach levels that adversely impact consumer trends and spending and, consequently, impact our sales and profitability. We may also not be able to effectively or successfully address such risks and uncertainties or successfully implement operating strategies to mitigate the impact of such risks and uncertainties.

If we lose the services of members of our management team or other key personnel, or are unable to attract new team members who possess specialized market knowledge and technical skills, it could reduce our ability to compete and to manage our operations effectively.

Our management team consists of a core group of long-serving senior executive officers. The loss of the technical knowledge, management expertise and knowledge of our operations of one or more members of our team could result in a diversion of management resources, as the remaining members of management would need to cover the duties of any senior executive who leaves us and would need to spend time usually reserved for managing our business to search for, hire and train new members of management. We do not have a key person life insurance policy for our Chief Executive Officer.

Furthermore, our Chief Executive Officer also acts as Chief Executive Officer of Carbonleo, a real estate manager and developer, and so his attention is not solely focused on the Company. For additional details regarding our related party transactions with affiliates entities controlled by Mr. Lutfy, see note 26 "Related party transactions" of our Annual Financial Statements.

The loss of some or all of our management team or other key personnel, including our designers and managers of key functional areas, could negatively affect our ability to develop and pursue our growth strategy, which could adversely affect our business and financial condition. Any departures of key personnel could also be viewed in a negative light by investors and analysts, which could cause the trading price of our Subordinate Voting Shares to decline.

Additionally, the market for key personnel in the industry in which we compete is highly competitive. As a result, we may not be able to attract and retain key personnel with the skills and expertise necessary to manage our business and pursue our growth strategy.

Our ability to obtain merchandise on a timely basis at competitive costs could suffer as a result of any deterioration or change in our supplier and manufacturer relationships or events that adversely affect our suppliers or manufacturers or cause disruptions in their businesses.

Our suppliers and manufacturers are affected by, among other things, increases in labour and fuel costs, labour disputes and disruptions, regulatory changes, political or economic instability, natural disasters, trade restrictions, tariffs, currency exchange rates, transport capacity and costs and other factors relating to foreign trade. These factors are beyond our and our suppliers' and manufacturers' control, may adversely affect our suppliers or manufacturers or cause disruptions to their businesses and may impact our ability to source raw materials and finished merchandise and manufacture our merchandise on acceptable terms and within acceptable timelines, which could have a material adverse effect on our profitability and results of operations.

Most of our apparel products are currently manufactured for us outside of North America. Canada, the United States and the countries in which our products are produced or sold internationally have imposed and may impose additional quotas, duties, tariffs or other restrictions or regulations, may adversely adjust prevailing quota, duty or tariff levels or require us to use different methodologies to calculate quotas, duties and tariffs. Trade restrictions, including tariffs, quotas, embargoes, safeguards and customs restrictions, could increase the cost or reduce the supply of products available to us or may require us to modify our supply chain organization or other current business or financial practices, any of which could harm our business, financial condition, results of operations and cash flow. Moreover, political events, including the outcome of the recent election in the United States, may increase the likelihood that countries impose such trade restrictions. Such trade restrictions, as may be exacerbated by retaliatory trade restrictions, could harm our business, financial condition, results of operations and cash flow.

We have several important supplier and manufacturer relationships that we believe provide us with a competitive advantage. We do not own or operate any manufacturing facilities. Instead, we source fabrics and materials from third-party suppliers and work with manufacturers to produce our merchandise. As of September 1, 2024, our top ten suppliers accounted for approximately 87% of our product cost, utilizing 50 factories with no single factory accounting for more than 5% of our costs. However, we do not have long-term contracts with our suppliers and manufacturers and we generally operate without any contractual assurances of continued supply or pricing. Any of our suppliers or manufacturers could discontinue their relationship with us, or cease to provide materials, merchandise or services on a satisfactory basis for a variety of reasons.

The benefits we currently experience from our supplier and manufacturer relationships could be adversely affected if our suppliers or manufacturers:

- choose to cease their relationship with us and we cannot replace those suppliers;
- raise the prices they charge us;
- change pricing terms to require us to pay earlier or upfront, including as a result of changes in the credit relationships some of our suppliers or manufacturers have with their various lending institutions;
- experience a business disruption driven by natural or other hazards impacting their ability to operate or export;
- sell competitive merchandise to our competitors with similar or better pricing, many of whom already purchase merchandise in significantly greater volume and, in some cases, at lower prices than we do; or
- lengthen their lead times.

There can be no assurance that we will be able to obtain desired merchandise in sufficient quantities on acceptable terms or at all in the future, especially if we need significantly greater amounts of inventory in connection with the growth of our business. We may need to develop relationships with new suppliers and manufacturers as our current suppliers and manufacturers may be unable to supply us with and produce needed quantities and we may not be able to obtain the same terms from new suppliers and manufacturers. If we are unable to obtain suitable merchandise in sufficient quantities, at acceptable prices with adequate delivery times due to the loss of or a deterioration or change in our relationship with one or more of our key suppliers or manufacturers or events harmful to our suppliers or manufacturers occur, it may adversely affect our business and results of operations.

We operate in a highly competitive industry and the size and resources of some of our competitors may allow them to compete more effectively than we can, which could adversely impact our growth and market share.

We face intense competition in the retail apparel and accessories industry. We compete on the basis of a combination of factors, including the location of stores, the breadth, style, quality, price and availability of merchandise, the level of customer service and brand recognition. We compete with a diverse group of specialty apparel retailers, department stores, fast fashion retailers and other manufacturers and retailers of branded apparel and accessories. Our expansion into markets served by our competitors and entry of new competitors or expansion of existing competitors into our markets could have an adverse effect on our business.

Many of our competitors are, and many of our potential competitors may be, larger and have greater brand recognition and access to greater financial, marketing and other resources. Therefore, these competitors may be able to devote greater resources to the marketing and sale of their products, generate greater brand recognition or adopt more aggressive pricing policies than we can. As a result, we may lose market share, which could reduce our revenue and adversely affect our results of operations. Many of our competitors also utilize advertising and marketing media which we generally do not, including advertising through the use of direct mail, newspapers, magazines, billboards, television and radio, which may provide them with greater brand recognition than we have.

We do not possess exclusive rights to some elements that comprise our in-store experience and merchandise offerings. Our competitors may seek to emulate facets of our business strategy, in-store experience or merchandise offerings, which could result in a reduction of any competitive advantage that we might possess. As a result, our current and future competitors, especially those with greater financial, marketing or other resources, may be able to duplicate or improve upon some or all of the elements of our in-store experience or merchandise offerings that we believe are important in differentiating our stores and our customers' shopping experience. If our competitors were to duplicate or improve upon some or all of the elements of our in-store experience or product offerings, our competitive position and our business could suffer. We cannot assure you that we will continue to be able to compete successfully against existing or future competitors.

We will require significant capital to fund our expanding business, which may not be available to us on satisfactory terms or at all. While we plan to use cash from operations to fund our operations and execute our growth strategies, if we are unable to maintain sufficient levels of cash flow, we may not meet our growth expectations or we may require additional financing which could adversely affect our financial health and impose covenants that limit our business activities, as well as cause dilution to existing shareholders.

We plan to continue our growth and expansion, including expanding our e-commerce business, opening new stores, and upgrading our information technology systems and other infrastructure as opportunities arise. Our plans to expand our store network and our e-commerce business may not be successful and the implementation of these plans may not result in expected increases in our revenue even though they increase our costs. Given that the growth initiatives that we intend to undertake will require significant capital investments over the near-to-medium-term, to the extent that we are unable to generate revenue growth at expected levels, our cash generated from operating activities may not be sufficient to fund our operations and execute our growth strategies, which could have an adverse effect on our business, financial condition and results of operations.

We will not receive any proceeds from the Offering. We primarily depend on cash generated from operating activities to fund our business and growth plans, and will continue to do so following the Offering. If our business does not generate sufficient cash from operating activities to fund these activities, and sufficient funds are not otherwise available to us from our credit facilities, we may need additional equity or debt financing. We do not know whether we would be able to take any of these actions on a timely basis, on terms satisfactory to us, or at all. If such financing is not available to us, or is not available on satisfactory terms, our ability to operate and expand our business or respond to competitive pressures would be curtailed and we may need to delay, limit or eliminate expansion plans or operations or other elements of our growth strategies.

The issuance of additional Subordinate Voting Shares under any equity financing may have a dilutive effect on the interests of shareholders. The number of Subordinate Voting Shares that we are authorized to issue is unlimited. We may, in our sole discretion, subject to applicable law and the rules of the TSX, issue additional Subordinate Voting Shares from time to time (including pursuant to any equity-based compensation plans), and the interests of shareholders may be diluted as a result.

The terms of our credit facilities do, and any additional debt financing may, restrict our current and future operations, which could adversely affect our ability to manage our operations and respond to changes in our business.

We are currently indebted under our Credit Agreement and we may incur additional indebtedness under the Credit Agreement or otherwise in the future. We are exposed to changes in interest rates on our cash and cash equivalents, bank indebtedness and long-term debt. Debt issued at variable rates exposes us to cash flow interest rate risk. Debt issued at fixed rates exposes us to fair value interest rate risk. Our borrowings, current and future, will require interest payments and need to be repaid or refinanced, could require us to divert funds identified for other purposes to debt service and could create additional cash demands or impair our liquidity position and add financial risk for us. Diverting funds identified for other purposes for debt service may adversely affect our business and growth prospects.

Our Credit Agreement contains restrictive financial and other covenants which affect, among other things, the manner in which we may structure or operate our business. A failure by us to comply with our contractual obligations (including restrictive, financial and other covenants), or to pay our indebtedness and fixed costs under our current or future financing arrangements could result in a variety of material adverse consequences, including the acceleration of our indebtedness and the exercise of remedies by our creditors, and such defaults could trigger additional defaults under other agreements. In such a situation, it is unlikely that we would be able to repay the accelerated indebtedness or fulfill our obligations under certain contracts, or otherwise cover our fixed costs, and our future financial condition would be materially adversely affected.

Our ability to manage our operations at our current size and successfully execute on our growth strategies is subject to numerous risks and uncertainties, and any failure to do so could have a negative impact on the trading price of our Subordinate Voting Shares.

The continued success of our growth strategies is dependent on, among other things, our ability to expand our store network (particularly in the United States), expand and reposition existing stores on a timely and profitable basis, grow our e-commerce business, drive revenue growth through brands and product innovation, leverage our competitive advantages and increase our brand awareness internationally, as well as factors which are beyond our control, including general economic conditions and consumer confidence in future economic conditions. If we fail to execute any one or more of these initiatives or fail to fully realize the benefits expected to result from these initiatives, our results of operations and our ability to remain competitive could be materially adversely impacted, and the trading price of our Subordinate Voting Shares could decline. Our results to date are not an indication of future results, and there can be no assurance that these initiatives will generate increased revenue or improve operating margins even if we are to successfully implement our growth strategies.

As we move forward, we expect our growth to bring new challenges and complexities that we have not faced before. Among other difficulties that we may encounter, this growth will place a strain on our existing infrastructure, including our distribution facilities, information technology systems, data center capacity, financial controls, real estate requirements and employee base and may make it more difficult for us to adequately forecast expenditures. Our budgeting will become more complex, and we may also place increased burdens on our suppliers and manufacturers, as we will likely increase the size of our merchandise orders. The increased demands that our growth plans will place on our infrastructure and our management team may cause us to operate our business less efficiently, which could cause deterioration in our performance. New order delivery times could lengthen as a result of the strains that growth may place on our existing resources and our growth may make it otherwise difficult for us to respond quickly to changing trends, consumer preferences and other factors. This could result in excess or deficient inventory, greater markdowns, loss of market share and decreased revenue. We cannot anticipate all of the demands that our expanding operations will impose on our business, and our failure to appropriately address these demands could have an adverse effect on us.

In addition, we believe that an important contributor to our success has been our corporate culture, which we believe fosters innovation, teamwork, passion for our brands and designs and personalized customer service. As we continue to grow, we must effectively integrate, develop and motivate a growing number of new employees. As a result, we may find it difficult to maintain our corporate culture, which could limit our ability to innovate and operate effectively. Any failure to preserve our culture could also negatively affect our ability to retain and recruit personnel, continue to perform at current levels or execute on our growth strategies.

Our ability to attract customers to our stores depends heavily on successfully locating our stores in suitable locations and any impairment of a store location, including any decrease in customer traffic, could cause our sales to be less than expected.

Our approach to identifying locations for our stores is centered on a store-level matrix whereby we evaluate all our physical retail stores on a tiering basis focused on carefully evaluated criteria, neighboring tenants, private and public transportation alternatives, food, beverage, entertainment options and sustainability solutions. Sales at these stores are derived, in part, from the volume of foot traffic in these locations. Store locations may become unsuitable due to, and our sales volume and customer traffic generally may be harmed by, among other things:

- economic downturns in a particular area;
- competition from nearby retailers selling similar apparel;
- changing consumer demographics in a particular market;
- changing lifestyle choices of customers in a particular market; and
- the closing or decline in popularity of other businesses located near our store.

Changes in areas around our store locations that result in reductions in customer foot traffic or otherwise render the locations unsuitable could cause our sales to be less than expected.

We are subject to risks associated with leasing retail space, and are subject to a number of long-term non-cancelable leases with substantial lease payments. Any failure to make these lease payments when due, or the inability to extend, renew or continue to lease space in key locations, would likely harm our business, financial condition, results of operations and cash flow.

We do not own any real estate. Instead, we lease all of our retail store locations, as well as our head office and distribution center. Accordingly, we are subject to all of the risks associated with leasing, occupying and making tenant improvements to real property, including adverse demographic and competitive changes affecting the location of the property, changes in availability of and contractual terms for leasable retail space, credit risk in relation to tenant improvement allowances from landlords and potential liability for environmental conditions or personal injury claims.

The success of any store depends substantially upon its location. There can be no assurance that our current store locations will continue to be desirable in the future, or that we will be able to secure new desirable locations in the future on favourable terms or at all. Store locations, customer conversion and sales may be adversely affected by, among other things, social and economic conditions in a particular area, competition from nearby retailers selling similar merchandise, changes in co-tenants that negatively impact the desirability of our store locations, changing lifestyle choices of customers in a particular market and the closing or decline in popularity of other businesses located near our store locations. Changes in areas around our store locations that result in reductions in customer foot traffic or otherwise render the locations unsuitable could cause our revenue to be less than expected. If we cannot obtain desirable locations at reasonable costs, our cost structure will increase and our revenue will be adversely affected.

Our existing stores are leased from third-parties, with typical lease commitments of ten years. Some of our lease agreements also have additional renewal options. However, there can be no assurances that we will be able to extend, renew or continue to lease our existing store locations, or identify and secure alternative suitable locations. In addition to fixed minimum lease payments, most of our store leases provide for additional rental payments based on a percentage of revenue, or "percentage rent", if revenue at the respective stores exceed specified levels, as well as the payment of common area maintenance charges, real property insurance, real estate taxes and other charges. Many of our lease agreements have defined escalating rent provisions over the initial term and any extensions. Increases in our already substantial occupancy costs and difficulty in identifying economically suitable new store locations could have significant negative consequences, which include:

- requiring that a greater portion of our available cash be applied to pay our rental obligations, thus reducing cash available for other purposes and reducing our profitability;
- increasing our vulnerability to general adverse economic and industry conditions; and
- limiting our flexibility in planning for, or reacting to changes in, our business or in the industry in which we compete.

We depend on cash generated from operating activities to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities to fund these expenses and sufficient funds are not otherwise available to us, we may not be able to service our lease expenses, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, which could harm our business. Additional sites that we lease may be subject to long-term non-cancelable leases if we are unable to negotiate shorter terms. If an existing or future store is not profitable, and we decide to close it, we may nonetheless be committed to performing our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. In addition, if we are unable to enter into new leases or renew existing leases on terms acceptable to us, this could have an adverse effect on our results of operations and profitability.

Our growth strategies depend in part upon our ability to successfully open and operate new stores, primarily in the United States, in a timely and cost-effective manner, and new stores may take longer to mature than anticipated.

Part of our growth strategy depends on continuing to successfully open and operate new stores. During our initial expansion efforts in the United States, we encountered a lower degree of brand recognition and increased costs of operations resulting from higher payroll and rent expenses. Our ability to successfully open and operate new stores depends on many factors that may be outside of our control including, among others, our ability to:

- increase brand awareness;
- identify desirable store locations, primarily in malls, prime shopping destinations and street locations, which may be difficult and costly, particularly in an improving real estate environment;
- negotiate acceptable lease terms, including favorable levels of tenant improvement allowances;
- maintain out-of-pocket build-out costs in line with our store economic model, including by receiving expected levels of tenant improvement allowances for a portion of our construction expenses and managing construction costs at reasonable levels;
- efficiently design, source materials for, manufacture and distribute additional merchandise;
- hire, train and retain a growing workforce of store managers, sales associates and other personnel, including key management personnel;
- successfully integrate new stores into our existing control structure and operations, including our information technology systems;

- efficiently expand the operations of our distribution facilities to meet the needs of a growing store network;
- identify and satisfy the merchandise and other preferences of our customers in new geographic areas and markets; and
- address competitive, merchandising, marketing, distribution and other challenges encountered in connection with expansion into new geographic areas and markets.

To the extent that we open stores in markets where we already have existing stores, we may experience reduced revenue at those existing stores.

Newly opened stores may not meet the expectations of our customers or be received as well as, or achieve revenue or profitability levels comparable to those of, our existing stores in our estimated time periods, or at all. If our stores fail to achieve, or are unable to sustain, acceptable revenue and profitability levels, our business may be materially harmed and we may incur significant costs associated with closing or relocating stores. In addition, our current expansion plans are only estimates, and the actual number of stores we open, the timeline on which we do so and the actual number of suitable locations for our new stores could differ significantly from these estimates. If we fail to successfully open and operate new stores and execute our growth plans, the price of our Subordinate Voting Shares could decline.

Our limited operating experience and limited brand recognition in markets outside North America may limit our expansion efforts, subject us to additional risks and cause our business and growth to suffer.

Our long-term future growth depends, in part, on our expansion efforts outside North America. Our current operations are based in Canada and in the United States. As of November 1st, 2024, we operate 185 stores in Canada and 114 stores in the United States and we have none outside North America. Therefore, our customer base and our operating experience outside Canada, and in particular outside North America, is limited. We also have limited experience with regulatory environments and market practices outside of North America, and cannot guarantee that we will be able to penetrate or successfully operate in any market outside of North America. In connection with any future expansion efforts outside of North America, we would expect to encounter many obstacles we do not face in North America, including cultural and linguistic differences, differences in regulatory environments and market practices, difficulties in keeping abreast of market, business and technical developments and foreign customers' tastes and preferences. We may also encounter difficulty expanding into new markets because of limited brand recognition. Failure to develop new markets outside of North America (through our e-commerce business or otherwise) may harm our business and results of operations.

There can be no assurance that we will successfully manage and grow our e-commerce business, as planned, and any failure to do so could have a negative impact on the trading price of our Subordinate Voting Shares.

Growing our e-commerce platform is essential to our growth strategy, as is expanding our product offerings available through this platform. If our e-commerce web-store design does not appeal to our customers, reliably function as designed, maintain the privacy of customer data, or if we are unable to consistently meet our brands' promise to our customers, we may experience a loss of customer confidence or lost sales, or be exposed to fraudulent purchases, which could adversely affect our reputation and results of operations.

The usability of and customer experience provided by our online shopping platform and our mobile app is critical to the success and growth of our e-commerce business. Many of our competitors already have e-commerce businesses that are substantially larger and more developed than ours. In addition, e-commerce is a rapidly changing channel and many of our competitors update their e-commerce business on an ongoing basis to match consumer preferences. Any extended software disruption of our e-commerce business or the failure on our part to provide an attractive, effective, reliable, user-friendly e-commerce business that offers a wide assortment of merchandise with rapid delivery options and that continually meets the changing expectations of online customers could place us at a competitive disadvantage, result in the loss of revenue or harm our reputation with customers and could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Our products are delivered through our e-commerce platform to two countries worldwide: Canada and the United States. The growth of our e-commerce business is also dependent on our ability to successfully introduce international shipping of our merchandise and successfully manage the costs, difficulties and competitive pressures associated with international shipping. Other risks specific to our e-commerce business include diversion of sales from our stores, difficulty in recreating the in-store experience through direct channels and liability for online content. If we are unable to expand or update our e-commerce business commensurately with our competitors, introduce and manage international shipping and successfully respond to the risks inherent to e-commerce, our financial results and the growth of our e-commerce business may be negatively impacted, and the price of our Subordinate Voting Shares could decline.

The countries to which we currently ship our product, and new countries to which we might ship our product through our e-commerce channel, may impose different and evolving laws governing the operation and marketing of e-commerce websites, as well as the collection, storage and use of information on customers interacting with those websites. We may incur additional costs and operational challenges in complying with these laws, and differences in these laws may cause us to operate our businesses differently in different territories. If so, we may incur additional costs which could negatively impact our financial condition, results of operations and cash flow.

Should we choose to expand our product offerings, these plans may not be successful, and implementation of these plans may divert our operational, managerial and administrative resources, which could harm our competitive position and reduce our revenue and profitability.

In addition to the expansion of our geographic footprint, should we choose to grow our business by expanding our product offerings, we could face the following risks:

- if our expanded product offerings fail to maintain and enhance our brand image and reputation, our brand image may be diminished and our sales may decrease;

- implementation of these plans may divert management’s attention from other aspects of our business and place a strain on our management, operational and financial resources, as well as our information systems; and

- incorporation of novel materials or features into our products may not be accepted by our customers or may be considered inferior to similar products offered by our competitors.

In addition, our ability to successfully carry out such plans may be affected by economic and competitive conditions, changes in consumer spending patterns and changes in consumer preferences and styles. These plans could be abandoned, could cost more than anticipated and could divert resources from other areas of our business, any of which could negatively impact our competitive position and reduce our revenue and profitability.

Our marketing programs, our e-commerce initiatives and our collection, use and disclosure of transactional and personal information about our customers are governed by an evolving set of laws and enforcement trends and changes in those laws or trends. Our failure or inadvertent failure to comply with existing or future laws, could substantially harm our business and results of operations.

We collect, process, disclose, maintain and otherwise use data, including personal information about individuals, including data available to us through online activities and other customer interactions in our business. Our current and future marketing programs may depend on our ability to collect, maintain, disclose and otherwise use this information, and our ability to do so is subject to evolving and increasingly demanding international legislation, jurisprudence and regulatory guidelines. In Canada and the United States, multiple provinces and states have implemented personal information protection legislation, and private sector organizations operating in Canada and the United States are subject to one or more federal, state or provincial privacy laws, which may include the federal *Personal Information Protection and Electronic Documents Act*, provincial privacy legislation deemed substantially similar thereto, and / or state privacy legislation such as the *California Consumer Privacy Act*. These information and privacy laws require companies to satisfy new data governance requirements including implementing appropriate security measures to protect the confidentiality, integrity and availability of the personal information and allowing data subjects, depending on the jurisdiction, the right to access, correct or delete such data about themselves. Failure to comply with the data protection regulatory landscape could result in significant penalties. Companies are also facing an increasing number of class actions from consumer groups that claim loss or misuse of their personal information.

Although we strive to comply with all applicable laws and other security requirements related to privacy and information security, it is possible that these requirements are inconsistent from one jurisdiction to another. They may conflict with other rules or inadvertently not be reflected in our practices, our employees' behaviour or our agreements with business partners. If so, we may suffer damage to our reputation and be subject to proceedings or actions against us by governmental entities or private parties, including a class of plaintiffs in the event of a class action. Any such proceeding or action could hurt our reputation, force us to spend significant amounts to defend our practices, distract our management or otherwise have an adverse effect on our business.

We have privacy policies and practices concerning the collection, use and disclosure of personal information on our websites. Any failure by us to comply with our posted privacy policies or other privacy-related laws and regulations could result in proceedings which could potentially harm our business. In addition, certain of our marketing practices rely upon the sending of commercial electronic messages, including e-mails, to communicate with customers. We may face risks if our use of commercial electronic messages is found to violate applicable laws and regulations. As information and privacy laws and anti-spam laws change, we may incur additional costs to ensure we remain in compliance. If information and data privacy laws and anti-spam laws become more restrictive at the international, federal, provincial or state levels, our compliance costs may increase, our ability to effectively engage customers via personalized marketing may decrease, our investment in our e-commerce platform may not be fully realized, our opportunities for growth may be curtailed by our compliance burden and our potential reputational harm or liability for breaches may increase.

Development of artificial intelligence and its integration to our operations could present risks and challenges to our business.

We and our partners expect to incorporate artificial intelligence, or AI, solutions into our business and operations from time to time. As with many innovations, AI presents risks and challenges that could affect its further development, adoption and utilization, and therefore affect our business. If the content, recommendation or analyses that AI applications assist in producing are or are alleged to be deficient or inaccurate, we could be subject to competitive risks, potential legal or financial liability and reputational harm. The use of AI applications may also result in cybersecurity or privacy incidents. Any such incidents related to our use of AI applications could adversely affect our business. In addition, AI may present emerging ethical issues. If our future use of AI becomes controversial, we may experience reputational harm or other liabilities. Further, given the nascence of AI, factors that may impact AI, such as government regulations and market demand, are uncertain, and we may be unsuccessful in our product development efforts.

Our competitors or other third-parties may also incorporate AI into their products and operations. If they adopt the use of AI more quickly or more successfully than us, our ability to compete effectively may be impaired, which may adversely affect our business and results of operations.

Many of our business functions are centralized at our head office location. Disruptions to the operations at that location could have an adverse effect on our business.

Our head office is located in Montréal, Québec. We have centralized a large number of business functions at this location, including product and store design, customer support, marketing and retail management. Most of our senior management, our primary data center and critical resources dedicated to merchandising, financial and administrative functions, are located at our head office. If we were required to shut down the head office location for any reason, including fire, earthquake or other natural disaster or civil disruption, our management and our operations staff would need to find an alternative location, causing significant disruption and expense to our business and operations.

Without disaster recovery, business continuity and document retention plans, if we encounter difficulties or disasters at our support office, our critical systems, operations and information may not be restored in a timely manner, or at all, and may adversely impact our business operations.

Union attempts to organize our employees could negatively affect our business.

None of our employees are currently subject to a collective bargaining agreement. As we continue to grow and enter different regions, unions may attempt to organize all or part of our employee base at certain stores, our distribution center or within certain regions. Responding to such organization attempts may distract management and employees and may have a negative financial impact on individual stores, or on our business as a whole.

The maintenance of a productive and efficient labour environment and, in the event of unionization of these employees, the successful negotiation of a collective bargaining agreement, cannot be assured. Protracted and extensive work stoppages or labour disruptions such as strikes or lockouts could have a material adverse effect on our business, financial condition and results of operations.

We rely upon independent third-party transportation providers for substantially all of our merchandise shipments.

We currently rely upon independent third-party transportation providers for substantially all of our merchandise shipments, including shipments to our distribution center, all of our stores and our e-commerce customers. Our use of outside delivery services for shipments is subject to risks, including increases in fuel prices, which would increase our shipping costs (freight and delivery), labour disruptions, inclement weather and shipment delays. If we change transportation providers, we could face logistical difficulties that could adversely impact deliveries, and we may incur costs and expend resources in connection with such change. Moreover, we may not be able to obtain terms as favorable as those received from the independent third-party transportation providers we currently use, which may also result in increased costs. In addition, we depend on multiple forms of transportation to distribute our products to, and receive raw materials from, international markets, including air, road, rail and port. As with all companies that are dependent on air, road, rail, port and other transportation methods for distribution purposes, strikes of certain operational groups of such transportation workers can disrupt our distribution system, thereby representing an ongoing risk to our business. Prolonged strike action can cause significant upheaval to our distribution operations.

Failure of our third-party transportation providers to deliver our merchandise in a timely manner may negatively impact our ability to optimize merchandise offerings, customer service levels, brand reputation and results of operations.

Increases in the cost to our suppliers of the raw materials or other inputs used in the production, manufacturing and transportation of our merchandise or import taxes and duties could result in increases in our cost of goods sold and adversely affect our results of operations.

Fluctuations in the cost, availability and quality of the fabrics or other raw materials, particularly cotton and synthetics used in our manufactured apparel and accessories, could have a material adverse effect on cost of goods sold or our ability to meet customer demands. The prices of fabrics depend largely on the market prices of the raw materials used to produce them. The price and availability of the raw materials and, in turn, the fabrics used in our apparel, may fluctuate significantly depending on many factors, including inflationary pressures, weather patterns, crop yields, labour costs, tariff rates, foreign currency exchange rates and changes in oil prices. Further, freight cost is impacted by changes in fuel prices. Fuel prices affect freight cost both on inbound freight from manufacturers to the distribution center and outbound freight from the distribution center to our stores and e-commerce customers. Increased fabric, material and transport costs increase our cost of goods sold and could impair our ability to meet production or purchasing requirements in a timely manner. An inability to mitigate these cost increases could lead us to attempt to pass on such cost increases to our customers through retail price increases on our merchandise, which could adversely affect our sales volume. It could also lead to a change in our merchandise mix or inventory levels, which could result in a decrease in our profitability.

Our revenue and inventory purchases fluctuate on a seasonal basis, which could adversely affect our business and financial condition.

Our business operates on a seasonal basis, with a higher proportion of revenue and operating income being realized in the third and fourth quarters of the fiscal year, coinciding with key shopping periods such as back-to-school and the holiday season. Additionally, our working capital demands escalate prior to the introduction of new seasonal lines, due to launching new seasons and acquiring new inventory. We manage our working capital needs through cash flow from operations and our credit facilities, resulting generally in increased leverage during the first half of the fiscal year. This seasonality in revenue, cash flow and expenses may impact the comparability of our results of operations and could adversely affect our business and financial condition. Seasonal or cyclical variations in our business may become more pronounced over time and may harm our results of operations in the future.

Our quarterly results of operations may also fluctuate significantly as a result of a variety of other factors, including, among other things, the following: the timing of new store openings; revenue and profitability contributed by new stores; increases or decreases in comparable store sales; changes in our product mix; the timing of new advertising and new brands or product introductions; and shifts in observed holiday schedules.

As a result of these seasonal and quarterly fluctuations, we believe that comparisons of our operating results between different quarters within a single fiscal year are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of our future performance.

Any future seasonal or quarterly fluctuations in our results of operations may not match the expectations of market analysts and investors. Disappointing quarterly results could cause the trading price of our Subordinate Voting Shares to decline. Seasonal or quarterly factors in our business and results of operations may also make it more difficult for market analysts and investors to assess the longer-term profitability and strength of our business at any particular point, which could lead to increased volatility in the trading price of our Subordinate Voting Shares. Increased volatility could cause the trading price of our Subordinate Voting Shares to suffer in comparison to less volatile investments.

We may be unable to continue to grow revenue levels or meet other financial targets, which could cause the trading price of our Subordinate Voting Shares to decline.

Our success depends, in part, upon our ability to improve comparable store sales and achieve revenue and other financial targets for our stores and e-commerce business. Various factors affect sales levels, including competition, consumer trends and preferences, the general economic and retail environment, natural and other disasters, impacts of climate change, disease outbreaks, our ability to efficiently source and distribute products, brand innovation and changes in our merchandising mix, the timing of release of new merchandise and promotional events, the success of marketing programs, prior period sales levels, inventory shrinkage, the timing and amount of markdowns, weather conditions and changes in the other tenants in the shopping centers or other locations in which our stores are located. These factors may cause our sales results to differ materially from prior periods and from expectations. Past sales and other financial results are no indication of future results, and there can be no assurance that our sales levels will not decrease in the future. We have made and intend to continue to make significant capital investments to increase comparable store sales growth by focusing on our brands and on product innovation and optimizing store layout, merchandise and product offerings and presentation. Failure to continue to grow comparable store sales or failure to meet other financial targets or expectations could adversely affect our revenue and the trading price of our Subordinate Voting Shares could decline.

A failure to reduce operating expenses in a timely manner in response to changes in our business could adversely affect our results of operations.

Our business and results of operations are sensitive to a number of factors, both within and outside our control. In the event of a sustained reduction in revenue, for whatever reason, it may be necessary to implement an expense reduction plan. The successful implementation of an expense reduction plan, if and when deemed advisable by management, depends on many factors, including our ability to identify the need for such a plan in a timely manner, to effectively implement such plan, as well as certain factors which are beyond our control, including economic conditions, labour market conditions, ability to maintain our management team to implement our plan, and any one of these factors or other unforeseen factors could have a material adverse effect on our ability to implement any targeted cost savings to stabilize our results of operations.

We will incur increased expenses as a result of being a public company and our current resources may not be sufficient to fulfill our public company obligations.

We will incur significant legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact our performance and could cause our results of operations and financial condition to suffer. Compliance with applicable securities laws in Canada and the rules of the TSX increases our expenses, including our legal and accounting costs, and make some activities more time-consuming and costly. Reporting obligations as a public company and our anticipated growth may place a strain on our financial and management systems, processes and controls, as well as on our personnel.

We also expect these laws, rules and regulations to make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board or as officers. As a result of the foregoing, we expect a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact our financial performance and could cause our results of operations and financial condition to suffer.

We are responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of our inherent limitations and the fact that we are a new public company and are implementing new financial control and management systems, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may result in a decline in the trading price of our Subordinate Voting Shares and harm our ability to raise capital in the future. See "Risk Factors — We have identified material weaknesses in our internal control over financial reporting and if we fail to remediate these weaknesses and maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and investors' views of us".

If our management is unable to certify the effectiveness of our internal controls or if material weaknesses in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence, which could harm our business and cause a decline in the trading price of our Subordinate Voting Shares. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause a decline in the trading price of our Subordinate Voting Shares and harm our ability to raise capital. Failure to accurately report our financial performance on a timely basis could also jeopardize our listing on the TSX or any other stock exchange on which our Subordinate Voting Shares may be listed.

Our equity incentive plans may adversely impact our financial results.

The Company intends to adopt new long-term incentive plans that may include stock options, PSUs, DSUs and RSUs, which may also be settled in cash. Under applicable accounting standards we may be required to record a liability and a related expense in our financial statements for potential future cash settlement of equity compensation awards. The recording of this liability could have an adverse impact on and create volatility in our financial results and, in turn, could adversely impact the trading price of the Subordinate Voting Shares.

We may be unable to protect our trademarks or other intellectual property rights, and may be subject to claims that we, or our suppliers, have infringed upon the trademarks or other intellectual property rights of third-parties.

We believe that our trademarks are integral to our stores and our e-commerce business and our success in building our brand image and customer loyalty. We rely on trademark registrations and common law trademark and copyright rights to protect the distinctiveness of our brands and have registered those trademarks that we believe are important to our business in Canada and the United States and in many other countries, and may seek to expand these registrations in the future. However, international protection of our brand image and the use of these marks may be unavailable or could be limited. In some cases, there may be trademark owners who have prior rights to our marks because the laws of certain foreign countries may not protect intellectual property rights to the same extent as do the laws of Canada or the United States. We are not aware of any material infringement upon or challenges to our right to use any of our brand names or trademarks in Canada and the United States. Nevertheless, we cannot assure you that our registrations will prevent imitation of our name, or exclusive brands, or the infringement of our other intellectual property rights by others within North America or elsewhere. Imitation of our brands in a manner that projects lesser quality or carries a negative connotation of our brand image could have an adverse effect on our business, financial condition and results of operations. Similarly, use of or negative publicity or events associated with our brands or trademarks in jurisdictions where our intellectual property rights are not protected may negatively affect our image and reputation in North America or elsewhere. If we fail to enforce or maintain any of our intellectual property rights, we may be unable to capitalize on our efforts to maintain and, in new markets, increase our brand equity.

We currently own no patents or exclusive intellectual property rights in the fabrics or processes used for our merchandise. Any such intellectual property rights are owned or controlled by our suppliers and manufacturers and are generally not unique to us. We do not generally seek to patent our merchandise designs given the time, expense and degree of distinctiveness required to do so. Intellectual property protection for our merchandise is therefore limited. As a result, our current and future competitors may be able to manufacture and sell merchandise with fabrications, characteristics and styling similar to our merchandise. Because some of our competitors may have greater financial, distribution, marketing and other resources than we do, they may be able to manufacture and sell merchandise based on our designs, fabrics and manufacturing processes at lower prices than we can. If our competitors do sell similar merchandise to ours at lower prices, it could result in customer confusion or a loss of our market share, and our revenue and results of operations could suffer.

Litigation may be necessary to protect and enforce our trademarks and other intellectual property rights, or to defend against claims brought by third-parties. Although we are not aware of any current material claims, our internally designed merchandise or our marketing materials may, or may in the future, be claimed to violate intellectual property rights of third-parties. We also purchase certain finished merchandise that may be subject to design copyrights, design patents or otherwise may incorporate protected intellectual property and we do not independently investigate whether the suppliers legally hold the intellectual property rights to the merchandise sold to us.

Although we cannot currently estimate the likely outcome of any intellectual property-related claims or lawsuits, any such litigation or claims brought by or against us could result in substantial costs and diversion of our resources, which could have an adverse effect on our business, financial condition and results of operations. If disputes arise in the future, we may not be able to successfully resolve these types of conflicts to our satisfaction.

Our business activities may negatively impact the human rights of people connected to our business.

We recognize that our business activities may affect people along the value chain, both directly and indirectly. With approximately 6,000 employees, a network of third-party suppliers across the globe with their own workforces, and a presence in several communities across the value chain, there are a vast number of people potentially affected by our business. We are committed to respecting and upholding human rights along our value chain, by striving to do business responsibly. We recognize the risks of modern slavery, including human trafficking, forced labour and child labour across our global supply chains and therefore mitigating and managing human rights risks is pivotal to our business success. A potential or perceived human rights violation against any person across our value chain could negatively impact our reputation, employee retention, business and financial results.

Increased scrutiny from investors and others regarding our environmental, social, governance or sustainability responsibilities could result in additional costs or risks and adversely impact our reputation, employee retention, and willingness of customers and suppliers to do business with us.

Investor advocacy groups, certain institutional investors, investment funds, other market participants, stockholders, current and prospective employees and customers have focused increasingly on the ESG or "sustainability" practices of companies, including those associated with climate change. These parties have placed increased importance on the implications of the social cost of their investments. If our ESG practices do not meet investor or other industry stakeholder expectations and standards, which continue to evolve, our brands, reputation and employee retention may be negatively impacted based on an assessment of our ESG practices. Any sustainability report which we publish or other sustainability disclosures we make may include our policies and practices on a variety of social and ethical matters, including corporate governance, environmental compliance, employee health and safety practices, human capital management, product quality, supply chain management and workforce inclusion and diversity. We could also incur additional costs and require additional resources to monitor, report and comply with various ESG practices, including the integration of ESG into our financial reporting in due course. Further, our failure, or perceived failure, to meet the standards included in any sustainability disclosure could negatively impact our reputation, employee retention and the willingness of our customers and suppliers to do business with us.

We are subject to operational and business impacts of climate change.

As climate change accelerates, its impacts to businesses and their supply chains is becoming more widespread and unpredictable. The short-term and long-term financial and operational impacts are uncertain. The physical impacts as a result of climate change leading to more volatile weather patterns including flooding, hurricanes, rising sea levels and diminishing fresh water availability may impact operations and supply chains in the textile manufacturing industry as well as the global logistics, distribution and retail operations. These events could also reduce the availability and quality of the fabrics or other raw materials used to manufacture our merchandise, which could result in delays in responding to consumer demand resulting in the potential loss of customers and revenues, or we may incur increased costs to meet demand and may not be able to pass all or a portion of higher costs on to our customers, which could adversely affect our gross profit and results of our operations. Our suppliers' ability to source raw materials may be adversely impacted by severe weather events that significantly destroy the raw material crops, such as cotton, or significantly limit the processing of raw materials due to droughts that bring on water scarcity in geographic areas where our raw materials are processed.

The growing incidences of severe, unpredictable seasonal weather patterns may curtail, extend or eliminate fashion seasons impacting retail timing and customer purchasing forecasts. Our stores, support offices and distribution center, as well as the operations of our suppliers, vendors, and manufacturers are vulnerable to disruption from extreme weather events which could severely damage or destroy one or more of our stores, support offices or distribution center located in the affected areas, thereby disrupting our business operations.

Climate change-related transition risks are also growing in many countries, as governmental bodies are enacting new legislation and regulations to reduce or mitigate the potential impacts of climate change. If we, or our suppliers, or our manufacturers are required to comply with these laws and regulations, or if we choose to take voluntary steps to reduce or mitigate our impact on climate change, we may experience increases in energy, production, transportation, and raw material costs, capital expenditures, or insurance premiums and deductibles. Varied legislation and regulations across jurisdictions may also make it more challenging and affect the costs of compliance with such laws and regulations. Any assessment of the potential impact of future climate change legislation, regulations, or industry standards, as well as any international treaties and accords, is uncertain given the wide scope of potential regulatory change.

We are subject to complex and changing laws and regulations, which may expose us to liability, increased costs or have other adverse effects that could harm our business.

We are subject to numerous laws and regulations, including labour and employment, consumer protection, human rights, advertising, environmental, customs, taxes, accessibility and other laws that regulate retailers generally or govern the importation, labeling, promotion, distribution and sale of merchandise and the operation of stores and other facilities in each of the jurisdictions in which our merchandise is distributed and sold. Although we have implemented procedures designed to ensure compliance with applicable laws and regulations, if our management, employees, suppliers, manufacturers or others fail to comply with any of these laws or regulations for any reason, we could become subject to enforcement actions or the imposition of significant penalties or claims, or suffer reputational harm, any of which could adversely affect our business. Additionally, although we undertake to monitor applicable laws, it is possible that changes may be implemented or new laws or regulations may be introduced without our knowledge, creating a greater risk of non-compliance. The adoption of new laws or regulations or requirements for public companies or changes in the interpretation of existing laws or regulations may result in increased compliance costs and could make the ordinary conduct of our business more expensive or require us to change the way we do business. It is often difficult for us to plan and prepare for potential changes to applicable laws, and future actions or expenses related to any such changes could be material to us. Political and economic factors could also lead to unfavourable changes in trade and tax laws, which may increase our tax liabilities and could have a material adverse effect on our businesses and results of operations.

We post our privacy policies and practices concerning the collection, use and disclosure of personal information on our websites. Any failure by us to comply with our posted privacy policies or other privacy-related laws and regulations could result in proceedings which could potentially harm our business. In addition, certain of our marketing practices rely upon the sending of commercial electronic messages, including e-mails, to communicate with customers. We may face risks if our use of e-mail is found to violate the applicable law. In addition, as data privacy and marketing laws change, we may incur additional costs to ensure we remain in compliance with such laws. If applicable data privacy and marketing laws become more restrictive at the international, federal, provincial or state levels, our compliance costs may increase, our ability to effectively engage customers via personalized marketing may decrease, our investment in our e-commerce platform may not be fully realized, our opportunities for growth may be curtailed by our compliance burden and our potential reputational harm or liability for security breaches may increase.

We are subject to the *Accessibility for Ontarians with Disabilities Act* (the "**AODA**"), the *Americans with Disabilities Act* and other similar federal, state and provincial laws that give civil rights protections to individuals with disabilities in the context of employment, public accommodations and other areas. We may in the future have to modify stores, for example by adding access ramps or redesigning certain architectural features, to provide service to, or make accommodations for, disabled persons or modify our e-commerce platforms under these laws. The expenses associated with these modifications, or any damages, legal fees and costs associated with litigating or resolving claims under the AODA or similar state or provincial laws, could be material.

Furthermore, we are subject to the *Criminal Code of Canada*, *Corruption of Foreign Public Officials Act*, the U.S. *Foreign Corrupt Practices Act* and the anti-corruption laws of other countries in which we may operate. Our employees, contractors and agents, as well as those companies to which we outsource certain of our business operations, may take actions in violation of our policies or such laws. Any such violation could result in sanctions or other penalties and have an adverse effect on our reputation, business, results of operations, financial condition and the price of our Subordinate Voting Shares.

The laws governing our business and operations are continuously evolving, particularly as they relate to internet and multi-channel commerce platforms as many of these laws do not address the unique issues raised by online platforms and e-commerce. New laws governing online platforms, potential amendments to existing laws, and ongoing regulatory and judicial interpretation of existing laws imposing liability on online platforms for the conduct by, or content from customers of, a platform may be interpreted overly broadly or in a manner that restricts the scope of applicable protections and create liability, costs or uncertainty for our business. Additionally, if third-parties with whom we work violate applicable laws, those violations could result in other liabilities for us and could harm our business. Such violations may also negatively impact our reputation and brand in ways that could cause additional harm to our business.

There are claims made against us from time to time that can result in litigation that could distract management from our business activities and result in significant liability or damage to our brands.

As a growing company with expanding operations, we increasingly face the risk of litigation and other claims against us. Litigation and other claims may arise in the ordinary course of our business and include employee and customer claims, commercial disputes, landlord-tenant disputes, intellectual property issues, product-oriented allegations and personal injury claims. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time. Although not a significant portion of our business, we do sell some products that are produced by third-party manufacturers. Some of these products may expose us to various claims, including class action claims relating to merchandise that is subject to a product recall or liability claim. Litigation and other claims against us could result in unexpected expenses and liabilities, which could materially adversely affect our operations and our reputation.

Although we maintain liability insurance to mitigate potential claims, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all.

We are subject to many hazards and operational risks that can disrupt our business, some of which may not be insured or fully covered by insurance.

Our operations are subject to many hazards and operational risks inherent to our business, including: general business risks, false or misleading advertising claims and damage to third-parties, risk to our infrastructure or properties caused by fires, floods and other natural disasters, power losses, telecommunications failures, terrorist attacks, public health emergencies (including epidemics and pandemics, such as the COVID-19 pandemic), cyber security events, human errors, political instability, social and labour unrest or war and similar events.

Our insurance coverage may exclude or may be inadequate to cover our liabilities related to such hazards or operational risks. In addition, we may not be able to maintain adequate insurance in the future at rates we consider reasonable and commercially justifiable, and insurance may not continue to be available on terms as favorable as our current arrangements. The occurrence of a significant uninsured claim, or a claim in excess of the insurance coverage limits maintained by us could harm our business, results of operations and financial condition.

Furthermore, our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm, or legal liability.

We may be subject to in-store and workplace health and safety liability, claims and penalties.

We are committed to protecting the health and well-being of our customers and employees in all of our stores and workplaces. We have workplace and in-store health and safety programs in place and have established policies and procedures aimed at ensuring compliance with applicable legislative requirements within our stores. Failure to comply with established policies and procedures or applicable legislative requirements could result in increased workplace or in-store injury-related liability and penalties. Any workplace or in-store injuries could lead to claims or litigation being brought against us, which could adversely affect our reputation and could have a material adverse effect on our business, operating results and financial condition. Although we maintain insurance policies we deem sufficient to address those situations, there is no guarantee a particular claim would be accepted by the insurer or that the insurance coverage would be sufficient.

Further, the risks to our business due to a pandemic or other public health emergency, such as the COVID-19 pandemic, include risks to employee health and safety, prolonged restrictive measures put in place in order to control the crisis and limitations on travel, which may result in temporary shortages of staff or unavailability of certain employees or consultants with key expertise or knowledge of our business and impact on workforce productivity.

We may be subject to additional taxes, which could affect our operating results.

We may be subject to assessments for additional taxes, including sales taxes, which could reduce our operating results. In accordance with current law, we pay, collect and remit taxes in those jurisdictions where we maintain a physical presence. In computing our tax obligations in these jurisdictions, we are required to take various tax accounting and reporting positions on matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities.

While we believe that we have appropriately remitted all taxes based on our interpretation of applicable law, it is possible that some taxing jurisdictions may attempt to assess additional taxes and penalties on us if the applicable authorities do not agree with our positions. A successful challenge by a tax authority, through asserting either an error in our calculation, or a change in the application of law or an interpretation of the law that differs from our own, could adversely affect the results of operations.

There are risks related to forward-looking information in this prospectus.

The forward-looking information included in this prospectus relating to, among other things, our future results, performance, achievements, prospects, intentions or opportunities or the markets in which we operate (including, in particular, the information contained in "Prospectus Summary", "Our Business", "Prospectus Summary - Summary Consolidated Financial Information and Other Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Net Proceeds to the Selling Shareholders", "Description of Share Capital", "Dividend Policy", "Selling and Principal Shareholders", "Consolidated Capitalization", "Directors and Executive Officers", "Executive Compensation", "Director Compensation" and "Risk Factors", and the other statements listed in "About this Prospectus – Forward-Looking Information", is based on opinions, assumptions and estimates made by our management in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Outlook". However, there can be no assurance that such estimates and assumptions will prove to be correct. Our actual results in the future may vary significantly from the historical and estimated results and those variations may be material. We make no representation that our actual results in the future will be the same, in whole or in part, as those included in this prospectus. See "About this Prospectus – Forward-Looking Information".

We are subject to payment-related risks.

We accept payments using a variety of methods, including credit cards, debit cards and gift cards. For existing and future payment methods we offer to our customers, we may become subject to additional regulations and compliance requirements, as well as fraud. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time, raising our operating costs and lowering profitability. We rely on third-party service providers for payment processing services, including the processing of credit and debit cards. Our business may be negatively affected if these third-party service providers become unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, including data security rules, certification requirements and rules governing electronic funds transfers and if we fail to comply with these rules or requirements, or if our data security systems are breached or compromised, we may be liable for card-issuing banks' costs, subject to fines and higher transaction fees or lose our ability to accept credit and debit card payments from our customers and process electronic funds transfers or facilitate other types of payments, and our business and operating results could be adversely affected.

We may incur significant losses from customer and/or credit card fraud.

We have in the past incurred and may in the future incur losses from various types of fraud, including stolen credit card numbers, claims that a customer did not authorize a purchase, merchant fraud and customers who have closed bank accounts or have insufficient funds in open bank accounts to satisfy payments, and any such losses may be significant. In addition to the direct costs of such losses, if the fraud is related to credit card transactions and becomes excessive, it could potentially result in us paying higher fees or losing the right to accept credit cards for payment. In addition, under current credit card practices, we are liable for fraudulent in-store credit card transactions because we do not obtain a cardholder's signature. Our failure to adequately prevent fraudulent transactions could damage our reputation, result in litigation or regulatory action and lead to expenses that could substantially impact our results of operations.

Our financial condition could be adversely affected by global or regional health events, and geopolitical events such as the conflicts in Ukraine and the Middle East and related government, private sector and individual consumer responsive actions.

The COVID-19 pandemic negatively impacted the global economy, and ultimately led us to go through the CCAA Proceedings, disrupted consumer spending and global supply chains and created significant volatility and disruption of financial markets. The COVID-19 pandemic and related government, private sector and individual consumer responsive actions negatively impacted our business operations, store traffic, employee availability, supply chain, financial condition, liquidity and cash flows.

These impacts were only worsened by supply shocks arising from the conflicts in Ukraine and the Middle East and other geopolitical events worldwide. In response, central banks around the world have aggressively raised interest rates in an effort to ease rising inflation. We rely, to a large extent, on free movement of goods, services and capital from around the world and, as a result, are facing upward cost pressures. The conflicts in Ukraine and the Middle East may continue to adversely affect our business, financial position, results of operations and cash flows, including by resulting in (i) significant volatility in demand for our products and services, (ii) changes in consumer behaviour and preferences, (iii) disruptions of our manufacturing and supply chain operations, (iv) disruption of our cost saving programs, (v) limitations on our employees' ability to work and travel and (vi) changes to economic or political conditions in markets in which we operate. Given the ongoing and dynamic nature of the circumstances surrounding the conflicts in Ukraine and the Middle East and other geopolitical events worldwide, it is difficult to predict how significant these continuing events will be on the global economy and on our business and employees, or for how long any further disruptions in the future are likely to continue. Despite our efforts to manage these matters, their ultimate effects also depend on factors beyond our knowledge or control, and such further developments could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The occurrence or resurgence of global or regional health events and the related governmental, private sector and individual consumer responses, could contribute to a recession, depression or global economic downturn, reduce store traffic and consumer spending, increase costs of labour or wages, result in temporary or permanent closures of retail locations, offices, and factories, and could negatively impact the flow of goods. Such events could cause health officials to impose restrictions and recommend precautions to mitigate the health crisis such as the temporary closure of our stores, limitations on the number of guests allowed in our stores at any single time, minimum physical distancing requirements and limited operating hours. A health event could also negatively impact our employees, guests and brand by reducing consumer willingness to visit stores, malls and lifestyle centers and employee willingness to staff our stores. A global or regional health event may also cause long-term changes to consumer shopping behavior, preferences and demand for our products that may have a material adverse effect on our business.

A global or regional health event could significantly and adversely impact our supply chain if the factories that manufacture our products, the distribution center where we manage our inventory, or the operations of our logistics and other service providers are disrupted, temporarily closed or experience worker shortages.

Inflation could adversely impact our business, financial condition and results of operations.

Inflation in Canada, the United States and other jurisdictions in which we operate began to rise significantly in late 2021 and has continued to remain at high levels through 2023 and early 2024. This is primarily believed to be the result of the economic impacts from the COVID-19 pandemic, including the global supply chain disruptions, government stimulus packages, strong economic recovery and associated widespread demand for goods, among other factors. For instance, global supply chain disruptions have resulted in shortages in inventories, which has resulted in inflationary cost increases for inventories, and could continue to cause costs to increase as well as scarcity of certain products. We are experiencing inflationary pressures in certain areas of our business, including with respect to employee wages and the cost of inventories, although, to date, we have been able to mitigate such pressures through price increases and other measures. We cannot, however, predict any future trends in the rate of inflation or associated increases in our operating costs and how that may impact our business. To the extent we are unable to recover higher operating costs resulting from inflation or otherwise mitigate the impact of such costs on our business, our revenues and gross margins could decrease and our business, financial condition and results of operations could be adversely affected.

Natural disasters, unusual weather and geopolitical events or acts of terrorism could adversely affect our operations and financial results.

Extreme weather conditions in the areas in which our stores are located could adversely affect our business. For example, frequent or unusually heavy snowfall, ice storms, rainstorms or other extreme weather conditions over a prolonged period could make it difficult for our customers to travel to our stores and thereby reduce our revenue and profitability, as our business depends on high customer conversion. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of our inventory incompatible with those unseasonable conditions, which could adversely affect our ability to execute our strategy to effectively present seasonal inventory. Reduced revenue from extreme or prolonged unseasonable weather conditions could adversely affect our business, financial condition, results of operations and cash flow.

In addition, natural disasters such as hurricanes, tornadoes and earthquakes or a combination of these or other factors, could severely damage or destroy one or more of our stores or warehouses located in the affected areas, thereby disrupting our business operations.

Furthermore, unstable political conditions or civil unrest, including terrorist activities, military and domestic disturbances and conflicts, may disrupt commerce, our supply chain operations, international trade or result in political or economic instability and could have a material adverse effect on our business and results of operations.

Parties with whom we do business may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to us.

We are party to contracts, transactions and business relationships with various third-parties, pursuant to which such third-parties have performance, payment and other obligations to us. If any of these third-parties were to become subject to bankruptcy, receivership or similar proceedings, our rights and benefits in relation to our contracts, transactions and business relationships with such third-parties could be terminated, modified in a manner adverse to us, or otherwise impaired. We cannot make any assurances that we would be able to arrange for alternate or replacement contracts, transactions or business relationships on terms as favorable as our existing contracts, transactions or business relationships, if at all. Any inability on our part to do so could have a material adverse effect on our business and results of operations.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition.

IFRS Accounting Standards and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to revenue recognition, income taxes, leases and provisions, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported financial performance or financial condition in accordance with IFRS Accounting Standards.

We are subject to insurance-related risks.

We maintain director and officer and other customary insurance coverage and such insurance coverage includes deductibles, self-insured retentions, limits of liability and similar provisions. However, there is no guarantee that our insurance coverage will be sufficient to cover our liabilities, or that insurance proceeds will be paid to us on a timely basis. In addition, there are types of losses we may incur but against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of war, certain natural disasters or pandemics. If we incur these losses and they are material, our business, operating results, financial condition and results of operations may be adversely affected. Also, certain material events may result in sizable losses for the insurance industry and materially adversely impact the availability of adequate insurance coverage or result in significant premium increases. Accordingly, we may elect to self-insure, accept higher deductibles or reduce the amount of coverage in response to such market changes. Even though we believe that we maintain insurance customary for businesses of our size and type, in the event an insurance provider disagrees with whether a claimed loss is covered by such insurance, there is uncertainty with respect to how the courts will interpret the insurance provisions in our policies. As a result, the coverage that we carry may not be adequate to compensate us fully or at all for losses that occur.

We conduct business with suppliers and manufacturers based in China, which exposes us to risks inherent in doing business there.

We source the materials for our merchandise from, and our independent suppliers and manufacturers operate in, among other countries, China. With the rapid development of the Chinese economy, the cost of labour has increased and may continue to increase. Our results of operations will be adversely affected if the labour costs of our third-party suppliers and manufacturers increase significantly. In addition, our manufacturers and suppliers may be unable to find a sufficient number of qualified workers due to the competitive market for skilled labour in China.

Conducting business in China exposes us to political, legal and economic risks. In particular, the political, legal and economic climate in China is fluid and unpredictable. Our ability to operate in China may be adversely affected by changes in Canadian, U.S. or Chinese laws and regulations, including those related to taxation, import and export tariffs, environmental regulations, land use rights, intellectual property, currency controls, network security, employee benefits, hygiene supervision and other matters. In addition, Chinese trade regulations are continuously evolving, and we may become subject to other forms of taxation, tariffs and duties. Furthermore, the third-parties we rely on in China may disclose our confidential information to competitors or third-parties, which could result in the sale of merchandise similar to ours by such competitors or third-parties. If any of these events occur, our business, financial condition and results of operations could be adversely affected.

We may not accurately forecast income and appropriately plan our expenses.

We base our current and future expense levels on our operating forecasts and estimates of future income. We may not appropriately forecast our future income and results of operations. Income and results of operations are difficult to forecast because they generally depend on the volume and timing of the orders we receive, which are uncertain. Additionally, our business is affected by general economic and business conditions around the world. Our revenue levels may decrease, and we may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfall in income. This inability could cause our net earnings in a given 13-week period to be higher or lower than expected. We also will make certain assumptions when forecasting the amount of expense we expect related to our future share-based payments, which includes the expected volatility of our share price, the expected life of share awards granted and the expected rate of share awards forfeitures. These assumptions are partly based on historical results. If actual results differ from our estimates, our net earnings in a given quarter may be lower than expected or our net loss in a given quarter may be higher than expected.

Our business depends on the transportation of a large number of products. Our ability to accurately forecast and plan expenses could be adversely impacted by limitations on fuel supplies or increases in fuel prices that result in higher costs of transportation and distribution of our products. Although we are able to update our forecasts and estimates based on current data and modify the pricing of our products accordingly, there is often a lag before such modified pricing is reflected in our operating results, and there is a limit to how much of any fuel price or other distribution cost increases we can pass onto our customers. Any such limits may adversely affect our results of operations.

Merchandise returns could harm our business.

We allow our customers to return merchandise, subject to our return policy. If merchandise return economics become more costly, our business, financial condition and results of operations could be harmed. Further, we modify our policies relating to returns from time to time, which may result in customer dissatisfaction or an increase in the number of merchandise returns. Supplier non-compliance can also result in increased returns. From time to time, our products are damaged in transit, which can increase return rates and harm our brand. Competitive pressures could cause us to alter our return policies or our shipping policies, which could result in an increase in damaged products and an increase in merchandise returns.

If we fail to identify, recruit and contract with new qualified international operating partners, our ability to open new stores outside of North America and increase our sales may be affected.

Our growth strategy involves opening new stores in new markets outside of Canada and the United States. The opening of additional stores in new markets outside of North America depends, in part, upon the availability of prospective partners who meet our criteria. We may not be able to identify, recruit or contract with suitable partners in our target markets on a timely basis or at all. In addition, our partners may not ultimately be able to access the financial or management resources that they need to open the stores contemplated by their agreements with us, or they may elect to cease store development for other reasons. If we are unable to recruit suitable international operating partners or if such partners are unable or unwilling to open new stores as planned, our growth may be slower than anticipated, or cease, which could adversely affect our ability to increase our sales.

Our financial performance may be impacted by inventory shrinkage.

We are subject to the risk of inventory loss and administrative errors, including mishandling, damage and internal and external theft and fraud. Inventory shrinkage is a cost of doing business for retailers. Although we have and continue to implement processes to limit inventory loss, if we experience higher rates of inventory shrinkage or incur increased security costs to manage inventory, our financial performance could be adversely affected.

We have identified material weaknesses in our internal control over financial reporting and if we fail to remediate these weaknesses and maintain proper and effective internal controls, our ability to produce accurate and timely financial statements could be impaired, which could harm our operating results, our ability to operate our business and investors' views of us.

Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be evaluated frequently. As a private company, we were not required to evaluate our internal control over financial reporting in a manner that meets the standards of publicly traded companies required by Regulation 52-109 *Respecting Certification of Disclosure in Issuers' Annual and Interim Filings*.

In connection with the audit of our Annual Financial Statements, we have identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

More specifically, we have identified weaknesses in relation to our IT general controls for our financial IT software. We did not have in place a strong control environment with appropriate segregation of duties and effective access controls and privileged access controls for that software.

We have taken steps to address these material weaknesses and continue to implement our remediation plan, which we believe will address their underlying causes. In addition, we have engaged external advisors to provide assistance in the areas of information technology internal controls over financial reporting, and financial accounting in the short term and to evaluate and document the design and operating effectiveness of our internal controls and assist with the remediation and implementation of our internal controls as required. We are evaluating the longer term resource needs of our various financial functions.

Implementing any appropriate changes to our internal controls and continuing to update and maintain our internal controls may distract our officers and employees, entail substantial costs to implement new processes and modify our existing processes and take significant time to complete. If we fail to enhance our internal control over financial reporting to meet the demands that will be placed upon us as a public company, we may be unable to report our financial results accurately, which could increase operating costs and harm our business, including our investors' perception of our business and our share price. The actions we plan to take are subject to continued management review supported by confirmation and testing, as well as Audit Committee oversight. While we expect to fully remediate these material weaknesses, we cannot assure you that we will be able to do so in a timely manner, which could impair our ability to report our financial position.

Risks Related to the Offering and Ownership of Our Subordinate Voting Shares

The dual class structure that will be contained in our Articles has the effect of concentrating voting control with the Principal Shareholders and may prevent new investors from influencing significant corporate decisions, which may have a negative impact on the trading price of our Subordinate Voting Shares.

Our Multiple Voting Shares have 10 votes per share and our Subordinate Voting Shares, which are the shares the Principal Shareholders are selling in the Offering, have one vote per share. Upon completion of the Offering, the Principal Shareholders will collectively hold virtually all of our issued and outstanding Multiple Voting Shares. After giving effect to the Offering, the Principal Shareholders will collectively hold approximately 86.7% of our total issued and outstanding Shares and will hold approximately 98.5% of the voting power attached to all of the Shares (approximately 84.7% and 98.2%, respectively, if the Over-Allotment Option is exercised in full). As a result, the Principal Shareholders will have a significant influence over us, including election of directors and significant corporate transactions.

In addition, because of the 10-to-1 voting ratio between our Multiple Voting Shares and Subordinate Voting Shares, the holders of our Multiple Voting Shares will continue to control a majority of the combined voting power of our Voting Shares even where the Multiple Voting Shares represent a substantially reduced percentage of our total outstanding Shares. The concentrated voting control of holders of our Multiple Voting Shares will limit the ability of holders of Subordinate Voting Shares to influence corporate matters for the foreseeable future, including the election of directors as well as with respect to decisions regarding amendment of our share capital, creating and issuing additional classes of shares, making significant acquisitions, selling significant assets or parts of our business, merging with other companies and undertaking other significant transactions. As a result, holders of Multiple Voting Shares will have the ability to influence many matters affecting us and actions may be taken that holders of Subordinate Voting Shares may not view as beneficial. The market price of our Subordinate Voting Shares could be adversely affected due to the significant influence and voting power of the holders of Multiple Voting Shares. Additionally, the significant voting interest of holders of Multiple Voting Shares may discourage transactions involving a change of control, including transactions in which an investor, as a holder of the Subordinate Voting Shares, might otherwise receive a premium for the Subordinate Voting Shares over the then-current market price, or discourage competing proposals if a going private transaction is proposed by one or more holders of Multiple Voting Shares.

The market price for Subordinate Voting Shares may be volatile and your investment could suffer a decline in value.

The market price of our Subordinate Voting Shares could be subject to significant fluctuations after the Offering, and it may decline below the Offering Price. Some of the factors that may cause the market price of our Subordinate Voting Shares to fluctuate include:

- volatility in the market price and trading volume of comparable companies;
- actual or anticipated changes or fluctuations in our operating results or in the expectations of market analysts;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- short sales, hedging and other derivative transactions in our Shares;
- litigation or regulatory action against us;
- investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with Canadian securities regulators, including our financial statements;
- publication of research reports or news stories about us, our competitors or our industry;
- positive or negative recommendations or withdrawal of research coverage by securities analysts;
- shareholder grievances or activism, including associated activities such as short selling, which may have a significant impact on the market price for Subordinate Voting Shares and constitute a significant distraction for the Company and its management team;
- changes in general political, economic, industry and market conditions and trends;
- sales of our Shares by existing shareholders;
- recruitment or departure of key personnel;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- the other risk factors described in this section of this prospectus.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Subordinate Voting Shares by those institutions, which could materially adversely affect the trading price of the Subordinate Voting Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our operations and the trading price of the Subordinate Voting Shares may be materially adversely affected.

In addition, broad market and industry factors may harm the market price of our Subordinate Voting Shares. Hence, the price of our Subordinate Voting Shares could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the price of our Subordinate Voting Shares regardless of our operating performance. In the past, following a significant decline in the market price of a company's securities, there have been instances of securities class action litigation having been instituted against that company. If we were involved in any similar litigation, we could incur substantial costs, our management's attention and resources could be diverted and it could harm our business, operating results and financial condition.

Future sales of our securities by existing shareholders or by us could cause the market price for our Subordinate Voting Shares to fall.

Sales of a substantial number of our Subordinate Voting Shares in the public market could occur at any time after the expiration of the 180-day contractual lock-up period described in the "Plan of Distribution – Lock-up Agreements" section of this prospectus. These sales, or the market perception that the holders of a large number of Shares intend to sell Shares, could significantly reduce the market price of our Subordinate Voting Shares and the market price could decline below the Offering Price. We cannot predict the effect, if any, that future public sales of these securities or the availability of these securities for sale will have on the market price of our Subordinate Voting Shares. If the market price of our Subordinate Voting Shares was to drop as a result, this might impede our ability to raise additional capital and might cause remaining shareholders to lose all or part of their investments.

After giving effect to the Offering, we will have 14,285,715 Subordinate Voting Shares and 93,287,589 Multiple Voting Shares outstanding (assuming no exercise of the Over-Allotment Option). Pursuant to the Underwriting Agreement, the Selling Shareholders have agreed that they will not, directly or indirectly, without the prior written consent of each of Goldman Sachs Canada Inc. and BMO Nesbitt Burns Inc. (which consent shall not be unreasonably withheld, conditioned or delayed), offer, sell, contract to sell, issue or grant any option, right or warrant to purchase, or otherwise lend, transfer or dispose of, any Shares or securities convertible into or exercisable or exchangeable for Shares, in a public offering, by way of private placement or otherwise, or announce any intention to do any of the foregoing, for a period of 180 days after the Closing Date, subject to certain exceptions. Following the expiration of the 180-day period, the Shares that will be outstanding immediately following completion of the Offering will be available for sale in the public markets subject to restrictions under applicable securities laws in Canada. In addition, following Closing there will be outstanding options to acquire 8,104,760 Subordinate Voting Shares. The Subordinate Voting Shares issuable upon the exercise of these options will, to the extent permitted by any applicable vesting requirements, lock-up agreements and restrictions under applicable securities laws in Canada, also become eligible for sale in the public market.

Moreover, after the Offering, the Principal Shareholders will have certain rights under the Investor Rights Agreement to require us to file a prospectus covering its registrable securities or to include its registrable securities in prospectuses that we may file for ourselves.

The intentions of Principal Shareholders regarding their long-term economic ownership are subject to change, with the result that the Principal Shareholders may sell more or fewer Shares than currently intended. Factors that could cause the Principal Shareholders' current intentions to change include changes in the personal circumstances of Andrew Lutfy or his family, our succession planning or changes in our management, changes in tax laws, estate planning for Andrew Lutfy, market conditions and our financial performance.

Further, we cannot predict the size of future issuances of our Subordinate Voting Shares or the effect, if any, that future issuances and sales of our Subordinate Voting Shares will have on the market price of our Subordinate Voting Shares. Sales of substantial amounts of our Subordinate Voting Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for our Subordinate Voting Shares.

An active, liquid and orderly trading market for our Subordinate Voting Shares may not develop, and you may not be able to resell your Subordinate Voting Shares at or above the Offering Price.

We have applied to list our Subordinate Voting Shares on the TSX under the symbol "GRGD". The TSX has conditionally approved the listing of our Subordinate Voting Shares under the symbol "GRGD". Listing is subject to us fulfilling all of the requirements of the TSX on or before February 11, 2025. There is currently no market through which our Subordinate Voting Shares may be sold and, if a market for our Subordinate Voting Shares does not develop or is not sustained, you may not be able to resell your Subordinate Voting Shares purchased in the Offering. This may affect the pricing of the Subordinate Voting Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Subordinate Voting Shares and the extent of issuer regulation. The Offering Price of our Subordinate Voting Shares was determined through negotiations between the Selling Shareholders and the Underwriters. The Offering Price may not be indicative of the market price of our Subordinate Voting Shares after the Offering. In the absence of an active trading market for our Subordinate Voting Shares, investors may have difficulty selling their Subordinate Voting Shares. We cannot predict the prices at which our Subordinate Voting Shares will trade.

Our ability to pay dividends will be dependent on our financial condition and other restrictions.

While we currently intend to retain any future earnings to fund the development and growth of our business and do not currently anticipate paying dividends on the Subordinate Voting Shares, should we decide to pay dividends on the Subordinate Voting Shares, the declaration, timing, amount and payment of dividends will be at the discretion of the Board and will depend upon our future earnings, cash flows, acquisition capital requirements and financial condition, contractual restrictions and financing agreement covenants, including those under our Credit Agreement, solvency tests imposed by applicable corporate law and other relevant factors. There can be no assurance that we will declare a dividend on a quarterly, annual or other basis. See ''Dividend Policy''.

Any issuance of preferred shares could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Shares, which could depress the price of our Subordinate Voting Shares.

Upon completion of the Offering, our Board will have the authority to issue preferred shares and to determine the preferences, limitations and relative rights of preferred shares and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our shareholders. Our preferred shares could be issued with liquidation, dividend and other rights superior to the rights of our Shares. The potential issuance of preferred shares may delay or prevent a change in control of us, discourage bids for our Shares at a premium over the market price and adversely affect the market price and other rights of the holders of our Subordinate Voting Shares.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business, our trading price and volume could decline.

The trading market for our Subordinate Voting Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering us, the trading price for our Subordinate Voting Shares would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who cover us downgrade our Subordinate Voting Shares or publish inaccurate or unfavorable research about our business, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Subordinate Voting Shares could decrease, which could cause our trading price and volume to decline.

Recent international tax developments may affect our financial results.

The Organisation for Economic Co-operation and Development, together with the G20 countries, has committed to reduce perceived abusive global tax avoidance, referred to as base erosion and profit shifting ("**BEPS**"). As part of this commitment, an action plan has been developed to address BEPS with the aim of securing revenue by realigning taxation with economic activities and value creation by creating a single set of consensus-based international tax rules dealing with various matters, such as the definition of permanent establishment and the taxation of hybrid instruments. As part of the BEPS project, a multilateral instrument ("**MLI**") intended to allow participating jurisdictions to swiftly modify their bilateral tax treaties to facilitate various BEPS initiatives has been ratified by a significant number of countries, including Canada. Also consistent with adoption of BEPS, the Department of Finance has introduced (i) new excessive interest and financing expenses limitation (EIFEL) rules that would limit interest deduction in certain circumstances, (ii) legislation addressing hybrid mismatch arrangements and (iii) legislation to enact a Canadian "Global Minimum Tax Act". The BEPS project (including the foregoing initiatives) and the MLI may have a material impact on how our operating results are taxed, and may also give rise to additional reporting and disclosure obligations.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

We are, from time to time, involved in legal proceedings of a nature considered normal to our business. We believe that none of the litigation in which we are currently involved, or have been involved since the beginning of the most recently completed fiscal year, individually or in the aggregate, is material to our consolidated financial condition or results of operations.

LEGAL MATTERS

The matters referred to under “Eligibility for Investment” and “Certain Canadian Federal Income Tax Considerations”, as well as certain other legal matters relating to the issue and sale of the Subordinate Voting Shares, will be passed upon on our behalf by Davies Ward Phillips & Vineberg LLP and on behalf of the Underwriters by Osler, Hoskin & Harcourt LLP. Certain matters of U.S. law will be passed upon on behalf of the Underwriters by Cravath, Swaine & Moore LLP. As at the date of this prospectus, the partners and associates of each of Davies Ward Phillips & Vineberg LLP and Osler, Hoskin & Harcourt LLP beneficially own, directly and indirectly, less than 1% of our outstanding securities or other property, or of our associates or affiliates.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this prospectus, including in the Annual Financial Statements included in this prospectus, there are no material interests, direct or indirect, of any of our directors or executive officers, any shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of the aggregate votes attached to the Subordinate Voting Shares, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect us or any of our subsidiaries.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Our auditor is Deloitte LLP, whose office is located at La Tour Deloitte, 1190 Ave Des Canadiens-De-Montréal, Suite 500, Montréal, Québec H3B 0M7, Canada. Deloitte LLP is independent of the Company within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

The transfer agent and registrar for the Subordinate Voting Shares is Computershare Investor Services Inc. at its principal offices in the cities of Montréal, Québec and Toronto, Ontario.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

Certain of our directors, being Andy Janowski, Angelic Vendette and Hollie S. Castro, reside outside of Canada. These directors have appointed the Company, 5592 Rue Ferrier, Mont-Royal, Québec H4P 1M2, Canada as their agent for service of process in Canada.

Purchasers are advised that it may not be possible for them to enforce judgments obtained in Canada against any person or company that resides outside of Canada or is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction, even if the person has appointed an agent for service of process. See “Risk Factors”.

PROMOTER

For purposes of this Offering, Mr. Andrew Lutfy may be considered a promoter of the Company within the meaning of applicable securities legislation. Upon the completion of the Offering, Mr. Andrew Lutfy will, directly or indirectly, own or control all of the issued and outstanding Multiple Voting Shares, representing approximately 86.7% of the issued and outstanding Shares and approximately 98.5% of the voting power attached to all of our Shares (approximately 84.7% and 98.2%, respectively, if the Over-Allotment Option is exercised in full). See “Selling and Principal Shareholders”.

MATERIAL CONTRACTS

This prospectus includes a summary description of certain of our material agreements. The summary description discloses all attributes material to an investor in the Subordinate Voting Shares but is not complete and is qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and available on SEDAR+ at www.sedarplus.ca under our profile. Investors are encouraged to read the full text of such material agreements.

The following are our only material contracts that will be in effect on Closing (other than certain agreements entered into in the ordinary course of business):

- Coattail Agreement;
- Investor Rights Agreement;
- Underwriting Agreement.

Copies of the foregoing documents will be available following Closing on SEDAR+ at www.sedarplus.ca.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after the later of (a) the date that the issuer (i) filed the prospectus or any amendment on SEDAR+ and a receipt is issued and posted for the document, and (ii) issued and filed a news release on SEDAR+ announcing that the document is accessible through SEDAR+, and (b) the date that the purchaser or subscriber has entered into an agreement to purchase the securities or a contract to purchase or a subscription for the securities. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

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Condensed Interim Consolidated Financial Statements of

Groupe Dynamite Inc.

For the 13-week and 26-week periods ended August 3, 2024 and July 29, 2023

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

Groupe Dynamite Inc.

Condensed Interim Consolidated Statements of Net Earnings and Comprehensive Income
For the 13-week and 26-week periods ended August 3, 2024 and July 29, 2023
(Unaudited, expressed in thousands of Canadian dollars, except share and per share amounts)

		13-week period ended		26-week period ended	
	Note	**Aug 3, 2024**	July 29, 2023	**Aug 3, 2024**	July 29, 2023
		$		**$**	
Revenue	6	**239,104**	186,810	**427,988**	340,394
Cost of sales	7	**81,400**	71,342	**149,632**	132,949
Gross profit		**157,704**	115,468	**278,356**	207,445
Selling, general and administrative expenses	7	**79,871**	67,231	**146,104**	131,351
Depreciation and amortization	7	**17,728**	16,797	**34,482**	33,037
Foreign exchange (gain) loss		**(175)**	(410)	**(662)**	(349)
Operating income		**60,280**	31,850	**98,432**	43,406
Finance expense	8	**9,297**	11,151	**17,863**	18,622
Finance income		**(2,766)**	(2,511)	**(6,129)**	(4,934)
Net financing expense		**6,531**	8,640	**11,734**	13,688
Earnings before income taxes		**53,749**	23,210	**86,698**	29,718
Income taxes	9	**13,392**	5,735	**22,404**	7,399
Net earnings		**40,357**	17,475	**64,294**	22,319
Other comprehensive income					
Items that may be reclassified subsequently to net earnings					
Foreign currency translation adjustments		**196**	(675)	**698**	(51)
Losses on cash flow hedges, net of income taxes		**(252)**	–	**(252)**	–
Total comprehensive income, net of income taxes		**40,301**	16,800	**64,740**	22,268
Earnings per common share					
Basic net earnings per common share	10	**$0.09**	$0.04	**$0.14**	$0.05
Diluted net earnings per common share	10	**$0.09**	$0.04	**$0.14**	$0.05
Weighted average number of common shares outstanding (thousands)		**456,978**	456,978	**456,978**	456,978
Weighted average number of diluted common shares outstanding (thousands)		**456,978**	456,978	**456,978**	456,978

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

Groupe Dynamite Inc.
Condensed Interim Consolidated Statements of Financial Position
As at August 3, 2024 and February 3, 2024
(Unaudited, expressed in thousands of Canadian dollars)

	Note	Aug 3, 2024	Feb 3, 2024
		$	$
Assets			
Current assets			
Cash		**29,173**	8,135
Receivables	11	**18,533**	14,328
Income taxes receivable	9	**15,913**	9,997
Inventories		**56,264**	38,627
Prepaid expenses		**6,934**	12,371
Total current assets		**126,817**	83,458
Non-current assets			
Property and equipment		**93,609**	65,419
Right-of-use assets	12	**299,617**	246,240
Intangible assets		**10,406**	7,757
Deferred tax assets	9	**4,002**	3,602
Promissory note receivable from parent company	13	**110,000**	110,000
Total assets		**644,451**	516,476
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	14	**77,166**	60,409
Income taxes payable	9	**12,316**	571
Deferred revenue		**14,842**	13,638
Derivative financial instruments		**686**	155
Current portion of long-term debt	15	**19,832**	19,839
Current portion of lease liabilities	12	**23,903**	28,035
Total current liabilities		**148,745**	122,647
Non-current liabilities			
Long-term debt	15	**122,945**	145,100
Lease liabilities	12	**302,809**	240,301
Retractable shares		**3,500**	3,500
Total liabilities		**577,999**	511,548
Shareholders' equity			
Share capital		**-**	-
Retained earnings (Deficit)		**51,207**	(8,645)
Contributed surplus		**14,238**	12,759
Accumulated other comprehensive income		**1,007**	814
Total shareholders' equity		**66,452**	4,928
Total liabilities and shareholders' equity		**644,451**	516,476
Commitments and contingencies	21		

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

Approved by the Board of Directors

(Signed) *Andrew Lutfy*

Montreal, Canada
November 20, 2024

Groupe Dynamite Inc.

Condensed Interim Consolidated Statement of Changes in Equity
For the 26-weeks ended August 3, 2024 and July 29, 2023

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

	Note	Share capital	(Deficit) Retained earnings	Contributed surplus	Accumulated other comprehensive income	Total
		$	$	$	$	$
Balance, January 28, 2023		–	(88,296)	11,453	889	(75,954)
Net earnings		–	22,319	–	–	22,319
Foreign currency translation adjustments		–	–	–	(51)	(51)
		–	(65,977)	11,453	838	(53,686)
Stock-based compensation expense	16	–	–	963	–	963
Options cancelled	16	–	1,355	(1,355)	–	–
Refundable taxes		–	(3,170)	–	–	(3,170)
Balance, July 29, 2023		–	(67,792)	11,061	838	(55,893)
Balance, February 3, 2024		**-**	**(8,645)**	**12,759**	**814**	**4,928**
Net earnings		**-**	**64,294**	**-**	**-**	**64,294**
Foreign currency translation adjustments		**-**	**-**	**-**	**698**	**698**
Losses on financial instruments designated as hedges, net of income taxes		**-**	**-**	**-**	**(505)**	**(505)**
			55,649	**12,759**	**1,007**	**69,415**
Stock-based compensation expense	16	**-**	**-**	**1,840**	**-**	**1,840**
Options cancelled	16	**-**	**361**	**(361)**	**-**	**-**
Refundable taxes		**-**	**(4,803)**	**-**	**-**	**(4,803)**
Balance, August 3, 2024		**-**	**51,207**	**14,238**	**1,007**	**66,452**

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

Groupe Dynamite Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the 26-weeks ended August 3, 2024 and July 29, 2023
(Unaudited, expressed in thousands of Canadian dollars, except share amounts)

	Note	**26-week periods ended** **Aug 3, 2024**	July 29, 2023
		$	$
Operating activities			
Net earnings for the period		**64,294**	22,319
Adjustments for:			
Depreciation and amortization	7	**34,482**	33,037
Amortization of financing costs	8	**403**	362
Change in fair value of derivative financial instruments		**(155)**	177
Unrealized loss (gain) on foreign exchange		**330**	(617)
Deferred income taxes		**(418)**	(1,418)
Stock-based compensation expense	16	**1,840**	963
		100,776	54,823
Changes in non-cash working capital components	17	**(1,716)**	(32,298)
Cash generated from operating activities		**99,060**	22,525
Investing activities			
Additions to property and equipment		**(28,655)**	(10,692)
Additions to intangible assets		**(4,200)**	(376)
Cash used in investing activities		**(32,855)**	(11,068)
Financing activities			
Repayment of principal on lease liabilities	12	**(21,613)**	(14,325)
Proceeds from long-term debt		**-**	10,000
Repayment of long-term debt	15	**(22,500)**	(9,500)
Payment of financing fees		**(65)**	-
Cash used in financing activities		**(44,178)**	(13,825)
Effect of foreign exchange rate changes on cash		**(989)**	1,254
Net increase (decrease) in cash		**21,038**	(1,114)
Cash, beginning of year		**8,135**	33,694
Cash, end of period		**29,173**	32,580
Supplemental information[1]			
Income taxes paid		**(21,588)**	(26,325)
Interest paid		**(6,459)**	(8,972)
Interest received		**6,129**	4,934

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

See additional information presented in Note 17.

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

1 Nature of operation and general information

Groupe Dynamite Inc. (the "Company") designs and distributes women's apparel under the brands Dynamite and Garage and sells its products to markets in Canada and the United States of America, through corporate stores and online. The Company's shareholders consist of Canadian entities that are indirectly controlled by the Chief Executive Officer, Andrew Lutfy.

These condensed interim consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on November 20, 2024. The Company is a private company incorporated under the *Canada Business Corporations Act* and domiciled in Canada. The registered office is located at 5592 Ferrier, Mont-Royal, Québec, Canada, H4P 1M2.

The Company's second quarter end is the Saturday closest to the last day of July, typically resulting in a 13-week period. The period ended August 3, 2024 (referred to Q2 2024 and YTD 2024) and July 29, 2023 (referred to as Q2 2023 and YTD 2023), covers a 13-week and a 26-week period.

2 Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". Accordingly, these interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the annual consolidated financial statements and the notes thereto for the fiscal year ended February 3, 2024 ("Fiscal 2023"). These unaudited condensed interim consolidated financial statements are presented in thousands of Canadian dollars, unless otherwise noted.

Seasonality of operations

The apparel sector operates on a seasonal basis, with a higher proportion of revenue and operational profit being realized in the third and fourth quarters of the fiscal year, coinciding with key shopping periods such as back-to-school and the holiday season. Additionally, our working capital demands escalate prior to the introduction of new seasonal lines, due to launching new seasons and acquiring new inventory. Consequently, results for the 13-week and 26-week periods ended August 3, 2024 may not be representative of results for subsequent quarters or for the full fiscal year.

3 Material accounting policies

These interim financial statements have been prepared using the accounting policies as outlined in note 2 of the Fiscal 2023 consolidated financial statements, except for the new accounting policies described below.

New accounting policies

Hedge accounting

The Company uses hedge accounting when it meets the rules for compliance with hedge accounting standards. At inception of the hedge relationship, the Company formally documents all relationships between hedging instruments and hedged items as well as its risk management objectives and its strategy for undertaking various hedge transactions. This process includes linking all hedging instruments to specific assets or liabilities in the Condensed Interim Consolidated Statement of Financial Position or to specific future transactions. The Company also systematically determines, at the inception of the hedge and thereafter whether the financial instruments designated as hedges meet the effectiveness requirements.

Cash flow hedge

The Company uses hedge accounting to hedge the interest rate risk of a floating-rate loan. When the anticipated transactions comprising, hedged items lead to the recognition of financial assets or liabilities, the change in fair value related to the effective portion of the hedge is recognized in other comprehensive income. The amounts accumulated in other comprehensive income are reclassified to profit or loss in the period in which the underlying hedged item has an impact on profit or loss. Any ineffective portion is immediately recognized in profit or loss. When the hedging relationship no longer satisfies hedge accounting rules or when the hedging instrument reaches maturity or is sold, terminated, or exercised, the Company ceases to prospectively apply hedge accounting to this relationship or instrument. If the hedged item is a financial asset or liability, accumulated gains or losses remain in the hedging reserve and are reclassified in profit or loss in the same period in which the underlying hedged item is recognized in profit or loss.

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

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

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

In January 2020, the IASB issued Classification of Liabilities as Current or Non-Current and in October 2022, the IASB issued Non-current Liabilities with Covenants, both of which amend IAS 1 – Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 with earlier application permitted. The narrow scope amendments issued in January 2020 affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments issued in October 2022 clarify the impact of covenants on the classification and disclosure of liabilities depending on whether the timing of the requirements in the covenants falls on or before the reporting date or after the reporting date. During the period ended August 3, 2024, the Company adopted the amendments, which did not have a significant impact on the consolidated financial statements.

Presentation and Disclosure in Financial Statements (IFRS 18)

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

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

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

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

5 Significant accounting judgments and estimates

The preparation of the interim consolidated 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 revenue and expenses during the period. These estimates and assumptions are based on historical experience, other relevant factors and expectations of the future and are reviewed regularly.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates. In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty were the same as those applied in note 4 of the Fiscal 2023 audited consolidated financial statements.

6 Revenue

	13-week periods ended		**26-week periods ended**	
	Aug 3, 2024	July 29, 2023	**Aug 3, 2024**	July 29, 2023
	$		**$**	
Retail	**203,741**	158,232	**361,890**	283,374
Online	**35,363**	28,578	**66,098**	57,020
	239,104	186,810	**427,988**	340,394

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

7 Expenses by nature included in operating income

	13-week periods ended		26-week periods ended	
	Aug 3, 2024	July 29, 2023	**Aug 3, 2024**	July 29, 2023
	$		**$**	
Cost of sales				
Cost of goods sold, labour and transportation	**68,908**	59,546	**125,541**	109,128
Occupancy costs	**12,492**	11,796	**24,091**	23,821
Total cost of sales	**81,400**	71,342	**149,632**	132,949
Selling, general and administrative expenses				
Selling and marketing	**14,170**	14,147	**26,807**	28,003
Wages, salaries and employee benefits	**53,819**	44,458	**100,073**	86,479
Administrative costs	**11,882**	8,626	**19,224**	16,869
Total selling, general and administrative expenses	**79,871**	67,231	**146,104**	131,351
Depreciation and amortization				
Depreciation of property and equipment and right-of-use assets	**16,952**	15,344	**32,931**	30,136
Amortization of intangible assets	**776**	1,453	**1,551**	2,901
Total depreciation and amortization	**17,728**	16,797	**34,482**	33,037

During the 13-week period ended August 3, 2024, the Company recognized a write-down of inventory to net realizable value resulting in an increase in cost of sales of $533 (write-down of $1,030 for 13-week period ended July 29, 2023). No inventory adjustments recognized in previous periods were reversed.

During the 26-week period ended August 3, 2024, the Company recognized a write-down of inventory to net realizable value resulting in an increase in cost of sales of $687 (write-up of $143 for 26-week period ended July 29, 2023).

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

8 Net financing expense

	13-week periods ended		26-week periods ended	
	Aug 3, 2024	July 29, 2023	**Aug 3, 2024**	July 29, 2023
	$	$	**$**	$
Interest expense	**2,907**	5,936	**6,344**	8,972
Interest on lease liabilities (note 12)	**5,852**	4,668	**11,271**	9,111
Change in fair value of derivative financial instruments	**331**	366	**(155)**	177
Amortization of financing costs	**207**	181	**403**	362
Finance expense	**9,297**	11,151	**17,863**	18,622
Interest income	**332**	125	**1,213**	203
Interest income promissory note receivable from parent company	**2,434**	2,386	**4,916**	4,731
Finance income	**2,766**	2,511	**6,129**	4,934
Net financing expense	**6,531**	8,640	**11,734**	13,688

9 Income taxes

The income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year. To the extent that forecasts differ from actual results, adjustments are recognized in subsequent periods.

The statutory income tax rate for the 13-week periods ended on August 3, 2024 and July 29, 2023, was 26.4% and 26.4%. respectively. The Company's effective income tax rate for the 13-week periods ended August 3, 2024 and July 29, 2023 was 24.9% and 24.7%, respectively.

The statutory income tax rate for the 26-week periods ended on August 3, 2024 and July 29, 2023, was 26.4% and 26.4%. respectively. The Company's effective income tax rate for the 26-week periods ended August 3, 2024 and July 29, 2023 was 25.8% and 24.9%, respectively.

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

10 Earnings per common share

Basic earnings per common share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of common shares outstanding during the year. There were no dilutive instruments in any period presented.

	13-week periods ended		**26-week periods ended**	
	Aug 3, 2024	July 29, 2023	**Aug 3, 2024**	July 29, 2023
	$	$	**$**	$
Net earnings attributable to shareholders of the Company	**40,357**	17,475	**64,294**	22,319
Weighted average number of common shares outstanding during the year	**456,978**	456,978	**456,978**	456,978
Basic and diluted net earnings per common share	**$0.09**	$0.04	**$0.14**	$0.05

11 Receivables

	Aug 3, 2024	Feb 3, 2024
	$	$
Trade and other receivables	**15,449**	11,006
Interest receivable from parent company	**2,434**	2,672
Government grant receivable	**650**	650
Total	**18,533**	14,328

12 Leases

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

Right-of-use assets

	Aug 3, 2024 $	**Feb 3, 2024 $**
Balance, beginning of period	**246,240**	210,708
Additions, net of lease incentives received	**53,783**	59,004
Modifications	**20,316**	22,466
Depreciation	**(25,914)**	(45,929)
Foreign exchange	**5,192**	(9)
Balance, end of period	**299,617**	246,240

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

Lease liabilities

	Aug 3, 2024 $	Feb 3, 2024 $
Balance, beginning of period	**268,336**	226,172
Additions	**53,769**	58,814
Interest expense on lease liabilities	**11,271**	19,288
Modifications	**20,240**	21,959
Repayment of interest and principal on lease liabilities	**(32,884)**	(57,818)
Foreign exchange	**5,980**	(79)
Balance, end of period	**326,712**	268,336
Current portion	**23,903**	28,035
Non-current portion	**302,809**	240,301

During the 13-week period ended August 3, 2024, the Company expensed $2,369 ($2,252 for the 13-week period ended July 29, 2023) of variable lease payments, which are not included in the lease liabilities. During the 13-week period ended August 3, 2024, the Company also expensed $485 ($313 for the 13-week period ended July 29, 2023) of lease payments relating to short-term leases or leases with underlying low-value asset for which the payments were not included in the lease liabilities.

During the 26-week period ended August 3, 2024, the Company expensed $3,899 ($3,669 for the 26-week period ended July 29, 2023) of variable lease payments, which are not included in the lease liabilities. During the 26-week period ended August 3, 2024, the Company also expensed $1,079 ($784 for the 26-week period ended July 29, 2023) of lease payments relating to short-term leases or leases with underlying low-value asset for which the payments were not included in the lease liabilities.

13 Promissory note receivable from parent company

	Aug 3, 2024 $	Feb 3, 2024 $
Promissory note receivable from parent company, bearing interest at a rate of 1.85% per annum above the prime rate (6.70% at August 3, 2024, and 7.20% at February 3, 2024), and receivable on a quarterly basis, payable on demand	**110,000**	110,000

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

14 Accounts payable and accrued expenses

	Aug 3, 2024	Feb 3, 2024
	$	$
Trade payables	**23,332**	20,094
Government remittances	**5,284**	4,119
Accrued expenses	**33,367**	18,712
Accrued employee benefits	**15,183**	17,484
Total	**77,166**	60,409

15 Long-term debt

	Aug 3, 2024	Feb 3, 2024
	$	$
Credit facilities	**143,750**	166,250
Financing costs	**(973)**	(1,311)
	142,777	164,939
Current portion	**19,832**	19,839
Long term portion	**122,945**	145,100

Credit agreement

The existing credit agreement dated November 10, 2022 (the “Existing Credit Agreement”) was amended and restated on March 25, 2024 (the “Amended and Restated Credit Agreement”), and the maturity date was extended by one year to November 10, 2026.Under the terms of the Amended and Restated Credit Agreement, proceeds from the revolving facility were used to refinance the term facility, such that the total commitments under revolving facility under the Existing Credit Agreement were increased by an amount of $70,000, and the total commitments under the term facility were decreased by the same amount. As such, the Company can borrow up to an aggregate amount of $326,250 under the terms of the Amended and Restated Credit Agreement.

The facilities are available in the form of (i) a revolving credit facility up to $230,000, (ii) a term facility up to $96,250, (iii) a letter of credit facility up to $30,000 and carved-out from the revolving credit facility, and (iv) a swingline facility up to $10,000 and carved-out from the revolving credit facility. The new agreement also allows for an increase of the revolving facility (accordion feature) up to $100,000.

As at August 3, 2024, the Company had $86,750 outstanding in the form of a term loan and $57,000 outstanding in the form of a revolving facility ($166,250 and nil as at February 3, 2024, respectively).

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

During the 26-week period ended August 3, 2024, the Company repaid $9,500 on its term loan and $13,000 on its revolving facility.

Funds advanced under this credit agreement bear interest at the Canadian bank prime rate and US bank base rate plus a margin, or at the CORRA rate and SOFR plus a margin (previously bear interest at the Canadian bank prime rate and U.S. bank base rate plus a margin, or at bankers' acceptances rate and CDOR plus a margin). The margin is determined based on a financial ratio. Post June 28, 2024, CDOR rates were no longer being published. As a result, in the second quarter of Fiscal 2024, the Company entered into amendments that included the transition from the CDOR to the CORRA. Over the 26-week period ended August 3, 2024, the average interest rate was 7.22% including the margin (over the 26-week period ended July 29, 2023 the average interest rate was 7.23%).

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

As at August 3, 2024, the Company was compliant with all of its financial ratio requirements.

The Company will make equal consecutive quarterly payments of $4,750 on its term loan facility. The balance of the debt must be repaid in full on the maturity date, November 10, 2026.

16 Stock-based compensation

Commencing in 2021, the Company established a stock option plan whereby certain members of management are granted stock options to purchase Class H shares in the Company. The options have a 5-year term, are granted annually, and vest in different tranches over a four-year period from the date of the grant. A portion of the vesting period was for services rendered in the past. The Company recognized the stock-based compensation relating to that vesting period in the current year.

The following stock options were issued and outstanding during the periods:

	26-week period ended Aug 3, 2024		26-week period ended July 29, 2023	
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
		$		$
Outstanding, at beginning of period	**35,382,599**	**0.91**	30,263,415	0.88
Granted	**2,004,949**	**1.01**	869,318	0.88
Cancelled	**(2,550,228)**	**0.98**	(5,567,274)	0.88
Forfeited	**-**	**-**	-	-
Outstanding, at the end of period	**34,837,320**	**0.91**	25,565,459	0.88

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

Information relating to share options outstanding and vested as at August 3, 2024 is as follows:

	Stock options outstanding			Stock options vested		
Range of exercise prices	Number issued	Weighted average remaining contractual life (years)	Weighted average exercise price	Number issued	Weighted average remaining contractual life (years)	Weighted average exercise price
$0.01 - $1.00	27,723,411	1.4	$0.88	22,351,471	1.4	$0.88
$1.01 - $2.00	7,113,909	4.4	$1.01	-	-	-

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

	Aug 3, 2024	July 29, 2023
	$	$
Share price at grant date	**$1.01**	$0.88
Expected volatility[1]	**64.0%**	64.0%
Option life	**5 years**	5 years
Dividend yield	**–**	–
Risk-free interest rate	**2.90%**	2.90%

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

During the 13-week period ended August 3, 2024, total compensation cost recognized for stock-based compensation awards is $981 ($499 for the 13-week period ended July 29, 2023) and is credited to contributed surplus.

During the 26-week period ended August 3, 2024, total compensation cost recognized for stock-based compensation awards is $1,840 ($963 for the 26-week period ended July 29, 2023) and is credited to contributed surplus.

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

17 Additional information relating to the consolidated statement of cash flows

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

	26-week periods ended	
	Aug 3, 2024	July 29, 2023
	$	$
Receivables	**(2,623)**	3,129
Inventories	**(17,244)**	(12,862)
Prepaid expenses	**5,663**	(2,105)
Accounts payable and accrued liabilities	**10,561**	(2,733)
Income taxes	**1,234**	(17,508)
Deferred revenue	**693**	(219)
	(1,716)	(32,298)

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

	26-week periods ended	
	Aug 3, 2024	July 29, 2023
	$	$
Acquisition of property and equipment included in trade and other payables	**7,083**	2,410

18 Fair value of financial instruments

The Company has determined that the fair value of its financial assets and financial liabilities with short-term and long-term maturities approximate their carrying value. These financial instruments include cash, receivables, promissory note receivable from parent company, accounts payable and accrued liabilities, long term debt, lease liabilities and retractable Class C and G shares.

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

The Company entered into foreign currency forward contracts and interest rate swaps with its banks. The fair value of derivative instruments is determined using valuation techniques and calculated as the present value of estimated future cash flows using interest rate yield curve as well as market data. Assumptions are based on market conditions prevailing on the reporting date. The derivative instruments reflect the estimated amounts that the Company would receive or pay to transfer the contracts in an orderly transaction between market participants at each reporting date.

			As at Aug 3, 2024		As at Feb 3, 2024	
	Classification	**Fair value Level**	**Carrying value**	**Fair value**	Carrying value	Fair value
			$	**$**	$	$
Financial liabilities						
Derivative financial instrument	FVTPL	2	**686**	**686**	155	155

There were no transfers between the levels of the fair value of hierarchy for the 13-week and 26-week periods ended August 3, 2024 and July 29, 2023.

Hedge Accounting

Financial instruments designated in a hedging relationship:

				As at Aug 3, 2024
	Notional	**Value recognized as an asset**	**Value recognized as a liability**	**Change in value used to calculate hedge ineffectiveness**
	$	$	$	$
Cash flow hedge				
Interest rate risk				
Interest rate swaps	50,000	–	686	686

19 Capital management

The Company's objectives when managing capital are to ensure sufficient liquidity to enable the financing of capital projects thereby facilitating its growth and maintain a flexible capital structure that optimizes the cost of capital and preserves the ability to meet financial obligations. The Company defines capital as its credit facility, retractable shares and shareholders' equity. The Company's primary uses of capital are to finance new store and renovation projects and other investment projects. The Company currently funds these requirements out of its internally generated cash flows. The Company is subject to financial covenants pursuant to its revolving credit facility presented in note 15.

20 Related party transactions

As at August 3, 2024 the outstanding balance of lease liabilities owed to a company under common control totalled $10,119 ($7,697 as at February 3, 2024).

During the 13-week period ended August 3, 2024, rental expense charged by the company under common control but not included in the lease liabilities totalled $145 ($95 for the 13-week period ended July 29, 2023). During the 13-week period ended August 3, 2024, the Company also recognised $2,434 ($2,386 for the 13-week period ended July 29, 2023) for the interest received on the promissory note receivable from parent entity and $132 ($132 for the 13-week period ended July 29, 2023) for the administrative services rendered to the parent entity. These transactions are recorded at the amount of consideration paid as established and agreed to by the related parties, which approximate market value.

During the 26-week period ended August 3, 2024, rental expense charged by the company under common control but not included in the lease liabilities totalled $154 ($139 for the 26-week period ended July 29, 2023). During the 26-week period ended August 3, 2024, the Company also recognised $4,916 ($4,731 for the 26-week period ended July 29, 2023) for the interest received on the promissory note receivable from parent entity and $263 ($263 for the 26-week period ended July 29, 2023) for the administrative services rendered to the parent entity.

These transactions are recorded at the amount of consideration paid as established and agreed to by the related parties, which approximate market value. The parent company, 10644579 Canada Inc., and the other related parties are entities under the control of the Chair and CEO, Andrew Lutfy.

21 Commitments and contingencies

Commitments

In the normal course of business, the Company delivered irrevocable standby letters of credit issued by highly rated financial institutions to various third parties to indemnify them in the event the Company does not perform its contractual obligations. As at August 3, 2024, standby letters of credit outstanding amounted to $10,694 ($10,313 as at February 3, 2024).

Contingencies

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

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

22 Segmented information

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

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

	13-week periods ended		**26-week periods ended**	
	Aug 3, 2024	July 29, 2023	**Aug 3, 2024**	July 29, 2023
	$	$	**$**	$
Canada	**118,083**	111,096	**218,541**	203,891
United States	**121,021**	75,714	**209,447**	136,503
Revenue	**239,104**	186,810	**427,988**	340,394

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

	Aug 3, 2024	Feb 3, 2024
	$	$
Canada	**167,107**	146,447
United States	**236,525**	172,969
	403,632	319,416

Consolidated Financial Statements of Groupe Dynamite Inc.

As at February 3, 2024 and January 28, 2023 and for each of the three years in the period ended February 3, 2024

(Expressed in thousands of Canadian dollars, unless otherwise noted)

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Independent Auditor's Report

To the Board of Directors of
Groupe Dynamite Inc.

Opinion

We have audited the consolidated financial statements of Groupe Dynamite Inc. (the "Company"), which comprise the consolidated statements of financial position as at February 3, 2024 and January 28, 2023, and the consolidated statements of net earnings and comprehensive income, changes in equity and cash flows for the years ended February 3, 2024, January 28, 2023 and January 29, 2022, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 3, 2024 and January 28, 2023 and its financial performance and its cash flows for the years ended February 3, 2024, January 28, 2023 and January 29, 2022 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP[1]

Montreal, Quebec
November 20, 2024

[1] CPA auditor, public accountancy permit No. A131574

Groupe Dynamite Inc.

Consolidated Statements of Net Earnings and Comprehensive Income for the Years Ended

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

	Note	**February 3, 2024**	January 28, 2023	January 29, 2022
		$	$	$
Revenue	5	**800,833**	697,442	628,043
Cost of sales	6	**313,646**	277,882	273,650
Gross profit		**487,187**	419,560	354,393
General, administrative and store operating expenses	6	**272,338**	241,047	246,296
Depreciation and amortization	6	**69,370**	66,852	58,049
Foreign exchange loss (gain)		**288**	(325)	4,705
Operating income		**145,191**	111,986	45,343
Finance expense	7	**37,272**	19,092	11,538
Finance income	7	**(10,724)**	(4,197)	(732)
Net financing expense		**26,548**	14,895	10,806
CCAA debt forgiveness (gain)	29	**-**	12,184	(104,747)
Earnings before income taxes		**118,643**	84,907	139,284
Income taxes	8	**32,827**	22,061	30,104
Net earnings		**85,816**	62,846	109,180
Other comprehensive income				
Item that may be reclassified subsequently to net earnings				
Foreign currency translation adjustments		**(85)**	291	1,194
Total comprehensive income		**85,731**	63,137	110,374
Earnings per common share				
Basic net earnings per common share	9	**$0.19**	$0.14	$0.24
Diluted net earnings per common share	9	**$0.19**	$0.14	$0.24
Weighted average number of common shares outstanding (thousands)		**456,978**	456,978	456,978
Weighted average number of diluted common shares outstanding (thousands)		**456,978**	456,978	456,978

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

Groupe Dynamite Inc.

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	Note	**February 3, 2024**	January 28, 2023
		$	$
Assets			
Current assets			
Cash		**8,135**	33,694
Receivables	10	**14,328**	15,573
Income taxes receivable	8	**9,997**	1,216
Inventories		**38,627**	40,028
Prepaid expenses		**12,371**	9,940
Total current assets		**83,458**	100,451
Non-current assets			
Property and equipment	11	**65,419**	37,132
Right-of-use assets	12	**246,240**	210,708
Intangible assets	13	**7,757**	8,689
Deferred tax assets	8	**3,602**	4,651
Promissory note receivable from parent company	14	**110,000**	110,000
Total assets		**516,476**	471,631
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	15	**60,409**	57,597
Income taxes payable	8	**571**	5,106
Deferred revenue	16	**13,638**	12,187
Derivative financial instruments	22	**155**	12
Current portion of long-term debt	17	**19,839**	19,738
Current portion of lease liabilities	12	**28,035**	31,548
Total current liabilities		**122,647**	126,188
Non-current liabilities			
Long-term debt	17	**145,100**	223,273
Lease liabilities	12	**240,301**	194,624
Retractable shares	18	**3,500**	3,500
Total liabilities		**511,548**	547,585
Shareholders' equity (deficiency)			
Share capital	19	**-**	-
Deficit		**(8,645)**	(88,296)
Contributed surplus		**12,759**	11,453
Accumulated other comprehensive income		**814**	889
Total shareholders' equity (deficiency)		**4,928**	(75,954)
Total liabilities and shareholders' equity		**516,476**	471,631
Commitments and contingencies	27		
Guarantees	28		

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

Approved by the Board of Directors

(Signed) *Andrew Lutfy*

Montreal, Canada
November 20, 2024

Groupe Dynamite Inc.

Consolidated Statements of Changes in Equity for the Years Ended

(Expressed in thousands of Canadian dollars, except share amounts)

	Note	Share capital	(Deficit) Retained earnings	Contributed surplus	Accumulated other comprehensive income	Total
		$	$	$	$	$
Balance, January 31, 2021		-	(142,965)	-	-	(142,965)
Net earnings		-	109,180	-	-	109,180
Foreign currency translation adjustments		-	-	-	820	820
		-	(33,785)	-	820	(32,965)
Stock-based compensation expense	20	-	-	8,962	-	8,962
Write-off of liabilities subject to compromise	29	-	60,653	-	-	60,653
Refundable taxes	8	-	2,816	-	-	2,816
Balance, January 29, 2022		-	29,684	8,962	820	39,466
Net earnings		-	62,846	-	-	62,846
Foreign currency translation adjustments		-	-	-	69	69
		-	92,530	8,962	889	102,381
Stock-based compensation expense	20	-	-	2,819	-	2,819
Options cancelled	20	-	328	(328)	-	-
Refundable taxes	8	-	3,846	-	-	3,846
Dividends declared		-	(185,000)	-	-	(185,000)
Balance, January 28, 2023		**-**	**(88,296)**	**11,453**	**889**	**(75,954)**
Net earnings		**-**	**85,816**	**-**	**-**	**85,816**
Foreign currency translation adjustments		**-**	**-**	**-**	**(75)**	**(75)**
		-	**(2,480)**	**11,453**	**814**	**9,787**
Stock-based compensation expense	20	**-**	**-**	**2,804**	**-**	**2,804**
Options cancelled	20	**-**	**1,498**	**(1,498)**	**-**	**-**
Recovery of refundable taxes	8	**-**	**(7,663)**	**-**	**-**	**(7,663)**
Balance, February 3, 2024		**-**	**(8,645)**	**12,759**	**814**	**4,928**

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

Groupe Dynamite Inc.

Consolidated Statements of Cash Flows for the Years Ended

(Expressed in thousands of Canadian dollars)

	Note	**February 3, 2024**	January 28, 2023	January 29, 2022
		$	$	$
Operating activities				
Net earnings for the period		**85,816**	62,846	109,180
Adjustments for:				
Depreciation and amortization	6	**69,370**	66,852	58,049
Amortization of financing costs	7	**738**	860	574
Change in fair value of derivative financial instruments	7	**143**	12	-
Unrealized loss on foreign exchange		**928**	2,300	2,669
Deferred rent and lease inducements		**-**	-	(3,881)
Deferred income taxes	8	**1,091**	(8,686)	16,958
CCAA debt forgiveness (gain)	29	**-**	12,184	(104,747)
Stock-based compensation expense	20	**2,804**	2,819	8,962
		160,890	139,187	87,764
Changes in non-cash working capital components	21	**(15,125)**	(13,207)	38,622
Cash generated from operating activities		**145,765**	125,980	126,386
Investing activities				
Additions to property and equipment	11	**(48,422)**	(18,229)	(4,440)
Additions to intangible assets	13	**(4,970)**	(1,304)	(4,620)
Issuance of promissory note receivable from parent company	14	**-**	(110,000)	-
Cash used in investing activities		**(53,392)**	(129,533)	(9,060)
Financing activities				
Repayment of principal on lease liabilities	12	**(38,530)**	(29,260)	(32,509)
Proceeds from long-term debt	17	**10,000**	285,000	-
Repayment of long-term debt	17	**(88,750)**	(125,000)	(37,795)
Payment of financing fees		**(61)**	(2,185)	-
Dividends paid		**-**	(185,000)	-
Debtor in possession financing from parent company	29	**-**	-	(10,000)
Cash used in financing activities		**(117,341)**	(56,445)	(80,304)
Effect of foreign exchange rate changes on cash		**(591)**	(974)	44
Net (decrease) increase in cash		**(25,559)**	(60,972)	37,066
Cash, beginning of year		**33,694**	94,666	57,600
Cash, end of year		**8,135**	33,694	94,666
Supplemental information[(1)]				
Income taxes paid		**(52,724)**	(29,416)	(3,244)
Interest paid		**(37,205)**	(20,123)	(10,964)
Interest received		**9,954**	2,294	732

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

See additional information presented in Note 21.

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

1 Nature of operations and general information

Groupe Dynamite Inc. (the "Company") designs and distributes women's apparel under the brands Dynamite and Garage and sells its products to markets in Canada and the United States of America, through corporate stores and online. The principal shareholder of the Company is a Canadian entity indirectly controlled by the Chief Executive Officer of the Company, Andrew Lutfy.

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on November 20, 2024. The Company is a private company incorporated under the *Canada Business Corporations Act* and domiciled in Canada. The registered office is located in 5592 Ferrier, Mont-Royal, Quebec, Canada, H4P 1M2.

The Company's fiscal year ends the Saturday closest to January 31. The year ended February 3, 2024 (referred to as Fiscal 2023) covers a 53-week fiscal period and the years ended January 28, 2023 and January 29, 2022 (referred to as Fiscal 2022 and Fiscal 2021) each covers a 52-week fiscal period.

2 Material accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and liabilities for stock-based compensation plan. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Going concern

These consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue to operate for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

(Expressed in thousands of Canadian dollars, unless noted otherwise)

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Subsidiaries are consolidated from the date the Company obtains control until the date the Company ceases to have control. All intercompany transactions, balances, income and expenses are eliminated upon consolidation. The Company and all of its wholly-owned subsidiaries have the same reporting dates. As at February 3, 2024, January 28, 2023 and January 29, 2022, the companies have been consolidated within these consolidated financial statements as follows:

		Ownership interest		
	Countries of incorporation	**February 3, 2024**	January 28, 2023	January 29, 2022
		%	%	%
Groupe Dynamite Inc.				
Le Garage Boutique Inc.	**Canada**	**100**	100	100
GRG USA Holdings Inc.	**USA**	**100**	100	100
GRG USA LLC	**USA**	**100**	100	100

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars. The functional currency for each entity included in these consolidated financial statements is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its Canadian subsidiaries is the Canadian dollar. The functional currency of the Company's U.S. subsidiaries is the U.S. dollar.

Translation of foreign currency transactions and items

Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect on the reporting date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date and thus at the historical rate. Transactions denominated in a foreign currency are translated at the exchange rate in effect on the transaction date with the exception of depreciation and amortization that are translated at the historical rate, with all gains and losses on exchange being recorded in net earnings.

Assets and liabilities of a foreign operation with a functional currency different from that of the Company are translated into Canadian dollars at the closing rate on the reporting date. Revenue and expenses are translated into Canadian dollars at the exchange rate in effect on the transaction date. Exchange differences are presented as other comprehensive income and recognized in the cumulative translation adjustments reserve in accumulated other comprehensive income.

Cash

Cash consists of cash on hand.

Inventories

Merchandise inventories are measured at the lower of cost, determined on a weighted average basis, and net realizable value. The Company estimates net realizable value as the amount that inventories are expected to be sold, in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories include both finished goods and finished goods that are currently in transit. Inventory adjustments impacting cost of sales are discussed in Note 6.

Property and equipment

Property and equipment are recorded at cost, less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment, if any. All day-to-day maintenance costs are recognized in net earnings in general, administrative and store operating expenses, in the period in which they are incurred.

Gains and losses arising on the disposal or derecognition of individual assets, or a part thereof, are recognized in the consolidated statements of earnings in the period of disposal. All the items of property and equipment in progress are not depreciated until they can be operated in the manner intended by management.

Depreciation is recognized on a straight-line basis using the cost of the item, less its estimated residual value, over its estimated useful life.

Each asset's residual value, useful life and depreciation method are reassessed, and adjusted if appropriate, at the reporting date. The Company has applied the following estimated useful lives:

Computer equipment	3 to 5 years
Equipment	Up to 10 years
Furniture and fixtures	2 to 10 years
Leasehold improvements	Over the lesser of the useful life and the term of the lease

Intangible assets

Intangible assets are measured at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets are comprised of software and their useful lives are assessed to be finite.

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is recognized on a straight-line basis using the cost of the item, less its estimated residual value over its estimated useful life. Amortization of intangible assets not in service begins when they are ready for their intended use. Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The estimated useful lives for the current and comparative periods are as follows:

Software	Maximum of 5 years

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted prospectively, if appropriate.

Impairment of non-financial assets

All non-financial assets with finite lives are reviewed at each reporting date for indicators that the carrying amount may not be recoverable. When there is an indicator of impairment, an impairment test is carried out. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (defined as “cash-generating unit” or “CGU”).

An impairment loss is recognized in net earnings and comprehensive income if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount. The recoverable amount is the higher of the value-in-use and the fair value less cost of disposal. The value-in-use is the present value of estimated future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. The fair value less cost of disposal is the amount for which an asset or CGU can be sold in a transaction under normal market conditions between knowledgeable and willing contracting parties, less costs to sell.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carryingamount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Leases

The Company evaluates whether a contract constitutes or includes a lease at its inception. The lease liability is calculated at the present value of the future fixed and in-substance fixed payments, and variable lease payments dependent on an index or rate over the lease term, minus any lease incentives receivable, discounted using the lessee's incremental borrowing rate, unless the lease's implicit interest rate is readily determinable. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

Lease terms are the non-cancellable periods specified in the contract, plus any periods covered by renewal or termination options if the Company is reasonably certain to exercise those options. When the lease contract is modified and the lease modification is not accounted for as a separate lease, lease liabilities are remeasured (with a corresponding adjustment to the right-of-use asset).

The cost of the right-of-use assets include the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, and any initial direct costs, less any lease incentives received before the commencement date. The right-of-use assets are subsequently measured at cost and depreciated on a straight-line basis from the date the underlying asset is available for use over the lease term.

The Company is taking the exemption for low-value leases and short-term leases. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liabilities and are recognized in cost of sales as incurred. Lease incentives received for variable payment leases, if any, are deferred and amortized as a reduction in recognized variable rent expenses over the related lease terms.

The Company will account for each lease component within the contract as a lease separately from non-lease components as it has not elected to apply the practical expedient available under IFRS 16.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Share capital

Share capital represents the amount received on the issuance of shares, less issuance costs.

Retractable Shares

Class C and Class G retractable shares are classified as a compound financial instrument, containing both a liability and an equity component. The right to discretionary dividends gives rise to an equity component as the Company is not contractually obligated to pay dividends on these shares. The liability component represents the redemption amount as this approximates the fair value of the shares. This amount is recorded as a liability on an amortized cost basis. The equity component is equal to proceeds less the value of the liability component. As the all the proceeds have been allocated to the liability component, the value attributed to the Class C and Class G shares is nil. Any dividends paid are related to the equity component and are recognized in equity, if any. There are no transaction costs associated with these shares.

Stock-based compensation

Equity-settled stock-based compensation awards granted to employees are measured at fair value at the grant date using the Black-Scholes option-pricing model. Details regarding the significant inputs into the determination of the fair value of the awards are in Note 20. The fair value determined at the grant date of the equity-settled stock option awards is expensed using the graded vesting method over the vesting period and credited to contributed surplus. An estimate of forfeitures during the vesting period is made at the date of grant, which is adjusted to reflect actual forfeitures.

Revenue recognition

The Company’s revenue comes from the sale of products that are recognized at a point in time. The Company recognizes revenue when control of the goods or services has been transferred to the customer. Revenue is measured at the fair value of the amount of consideration to which the Company expects to be entitled to, including variable consideration, if any, to the extent that it is highly probable that a significant reversal will not occur. Revenue reflects the Company’s sale of merchandise, less returns and discounts. The Company is impacted by retail seasonality and has traditionally higher sales in the second half of the fiscal year.

Sales of merchandise

Retail revenue is measured at the fair value of the consideration received at the time the sale is made to the customer, net of discounts and estimated allowance for returns.

Online revenue is recognized at the date of delivery to the customer, and measured at the fair value of the consideration received, net of discounts and an estimated allowance for returns. Shipping fees charged to customers are recorded as revenue.

Reported sales exclude sales taxes.

Gift cards

Gift cards sold are accounted for as deferred revenue and the revenue is recognized when the gift cards are redeemed. The Company estimates gift card breakage, to the extent permissible under local laws, and recognizes in revenue the breakage in proportion to actual gift card redemptions.

Loyalty points program

The Company has a loyalty points program that gives rise to a separate performance obligation as it provides a material right to the customer. Transaction price is allocated between the loyalty points and the goods on which the awards were earned based on their relative stand-alone selling prices taking into consideration the estimated redemption percentage. Loyalty points and awards granted under customer loyalty award programs as a result of a sales transaction are recorded as deferred revenue until the loyalty points and awards are redeemed by the customer.

Sales with a right of return

The Company grants rights of return on goods sold to customers. Revenue is reduced by the amount of expected returns, which is determined based on historical patterns of returns, and a related refund liability is recorded within Accounts payable and accrued expenses.

Cost of sales

Cost of sales includes the cost of inventories purchased, shipping and transportation costs, warehousing, distribution costs and the variable and short-term occupancy costs that are excluded from the lease liability.

Government grants

Government grants are recorded at their fair value when there is reasonable assurance of receipt and compliance with all associated conditions. Grants that reimburse the Company for specific expenses are recognized in the consolidated statement of earnings and comprehensive income as a reduction of those expenses.

Selling, general and administrative expenses

Selling, general and administrative expenses include store and head office salaries and benefits, professional fees, repairs and maintenance, store supplies, marketing and other expenses.

Finance income and expense

Finance income consists of interest on cash and promissory note. Finance income and expense are accounted for in the consolidated statement of earnings and comprehensive income as they accrue, using the effective interest method. The Company incurred certain costs related to the revolving bank loans. These amounts are amortized as finance expense on a straight-line basis over the term of the related debt. The deferred charges are presented as a reduction of the long-term debt.

Income taxes

Income tax expense comprises current and deferred taxes. Current income taxes and deferred income taxes are recognized in net earnings except for items recognized directly in equity or in other comprehensive income.

The Company's income tax expense is based on tax rules and regulations that are subject to interpretation and require estimates and assumptions that may be challenged by taxation authorities.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years. The Company's estimates of current income tax assets and liabilities are periodically reviewed and adjusted as circumstances warrant, such as for changes to tax laws and administrative guidance, and the resolution of uncertainties through either the conclusion of tax audits or expiration of prescribed time limits within the relevant statutes. The final results of government tax audits and other events may vary materially compared to estimates and assumptions used by management in determining the income tax expense and in measuring current income tax assets and liabilities.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is included in net earnings in the period that includes the enactment date, except to the extent that it relates to an item recognized either in other comprehensive income or directly in equity in the current or in a previous period.

The Company only offsets income tax assets and liabilities if it has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are recognized on the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of realization or settlement. Current and deferred taxes attributable to amounts recognized directly in equity are also recognized directly in equity.

Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its shares. Basic EPS is calculated by dividing the net earnings of the Company by the weighted average number of Class A shares outstanding and Class H shares outstanding, if any during the period. Diluted EPS is determined by adjusting the weighted average number of shares outstanding to include additional shares issued from the assumed exercise of share options, if dilutive. The treasury share method is used to evaluate the dilutive effect of share options. Under this method, instruments with a dilutive effect are considered to have been exercised at the beginning of the fiscal year, or at the time of issuance, if later, and the proceeds received are considered to have been used to purchase Class H shares at the average market price during the period. The share options can only be exercised during a liquidity event or a declaration of a dividend. If no such event occurs, no calculation is required.

Financial instruments

Financial assets are initially measured at fair value. On initial recognition, the Company classifies its financial assets as subsequently measured at either amortized cost, fair value through other comprehensive income or fair value through profit or loss, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Company has no financial assets measured at fair value through other comprehensive income or through profit and loss (except for the non-hedge derivative financial instruments discussed below in section D).

A. Financial assets measured at amortized cost

   A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

   - The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
   - The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and/or interest.

B. Impairment of financial assets

The Company uses the "expected credit loss" model for calculating impairment and recognizes expected credit losses as a loss allowance in the consolidated statement of financial position if they relate to a financial asset measured at amortized cost. The Company's trade and other receivables, typically short-term receivables with payments received within a 12-month period, do not have a significant financing component. Therefore, the Company recognizes impairment and measures expected credit losses as lifetime expected credit losses. The carrying amount of these assets in the consolidated statement of financial position is stated net of any loss allowance.

C. Financial liabilities

The Company classifies non-derivative financial liabilities as measured at amortized cost. Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

Embedded derivatives are separated from a host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, the terms of the embedded derivative are the same as those of a standalone derivative and the host instrument itself is not recorded at fair value through profit or loss.

D. Non-hedge derivative financial instruments measured at fair value

Non-hedge derivative financial instruments, including foreign exchange contracts, are recorded as either assets or liabilities measured initially at their fair value. Attributable transaction costs are recognized in profit or loss as incurred. All derivative financial instruments not designated in a hedge relationship are classified as financial instruments at fair value through profit and loss. Any subsequent change in the fair value of non-hedge foreign exchange contracts is accounted for in net financing expense for the period in which it arises. The non-hedge foreign exchange contracts are used to manage foreign exchange fluctuations related to inventory purchases.

Fair Value Measurement

When measuring the fair value of an asset or liability the Company uses observable market data whenever available. Fair values are classified within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value estimates are made at a specific point in time, using available information about the asset or liability. These estimates are subjective in nature and often cannot be determined with precision. There was no change in the valuation techniques applied to financial instruments during the current year. Fair values have been determined for measurement and/or disclosure purposes based recognized methods.

3 Standards, interpretations and amendments not yet effective and not yet applied

A number of new standards and amendments to standards and interpretations, are not yet effective for the year ended February 3, 2024, and have not been applied in preparing these consolidated financial statements. New standards and amendments to standards and interpretations that are currently under review include:

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

In January 2020, the IASB issued Classification of Liabilities as Current or Non-Current and in October 2022, the IASB issued Non-current Liabilities with Covenants, both of which amend IAS 1 – Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 with earlier application permitted. The narrow scope amendments issued in January 2020 affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments issued in October 2022 clarify the impact of covenants on the classification and disclosure of liabilities depending on whether the timing of the requirements in the covenants falls on or before the reporting date or after the reporting date. The adoption of these amendments is not expected to have a material impact on the Company's consolidated financial statements.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. The standard establishes a defined structure for the statement of earnings, including specific categories and required subtotals. It also introduces disclosure requirements related to management-defined performance measures, necessitating a reconciliation between these measures and the most comparable subtotal specified in IFRS Accounting Standards. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Early adoption is permitted. The Company is currently evaluating the impact from the adoption of IFRS 18 on its consolidated financial statements.

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

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

4 Significant accounting judgments and estimates

The preparation of the consolidated 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 revenue and expenses during the period. These estimates and assumptions are based on historical experience, other relevant factors and expectations of the future and are reviewed regularly.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates.

The judgments, estimates and assumptions, which could result in a material adjustment to the carrying amount of assets and liabilities are discussed below:

Judgments

Lease terms: whether the Company is reasonably certain, at the lease commencement date, it will exercise available renewal or termination options and thus include such options in the lease terms.

Estimates

Return allowances: estimates of expected returns based on historical return patterns.

Inventories: estimates of net realizable value, which requires the Company to utilize estimates related to product quality, damages, inventory shrinkage for lost or stolen items, future demand, selling prices, and market conditions. The Company periodically reviews its inventories and records a write-down if the cost exceeds net realizable value of inventory, based on the above factors.

(Expressed in thousands of Canadian dollars, unless noted otherwise)

Incremental borrowing rate: estimates of the incremental borrowing rate used for calculating lease liabilities and right-of-use-assets. The Company estimates the incremental borrowing rate of each leased asset as the rate of interest that the Company would have to pay to borrow, over a similar term with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Deferred income tax assets: Management is required to make subjective assessments to determine the amount of deferred income tax assets to be recognized. Deferred income tax assets are recorded to the extent that it is probable that there will be adequate taxable income in the future against which they can be utilized.

Other: other estimates include determining the useful lives and depreciation methods applied to property, plant and equipment and intangible assets with definite lives for the purposes of depreciation and amortization; in accounting for and measuring items such as deferred revenue and provisions; and in measuring certain fair values, stock-based payments, and financial instruments.

5 Revenue

Revenue disaggregated for retail and online sales was as follows:

	February 3, 2024	January 28, 2023	January 29, 2022
	$	$	$
Retail	**653,772**	562,450	496,101
Online	**147,061**	134,992	131,942
	800,833	697,442	628,043

(Expressed in thousands of Canadian dollars, unless noted otherwise)

6 Expenses by nature included in operating income

	February 3, 2024	January 28, 2023	January 29, 2022
	$	$	$
Cost of sales			
Cost of goods sold, labour and transportation	**260,407**	229,290	237,830
Occupancy costs	**53,239**	48,592	35,820
Total cost of sales	**313,646**	277,882	273,650
Selling, general and administrative expenses			
Selling and marketing	**56,739**	56,534	44,209
Wages, salaries and employee benefits	**183,132**	153,217	144,516
Administrative costs	**32,467**	31,296	57,571
Total selling, general and administrative expenses	**272,338**	241,047	246,296
Depreciation and amortization			
Depreciation of property and equipment and right-of-use assets	**63,468**	57,646	50,825
Amortization of intangible assets	**5,902**	9,206	7,224
Total depreciation and amortization	**69,370**	66,852	58,049

During the year ended February 3, 2024, the Company recognized a write-down of inventory resulting in an increase in cost of sales of $634 to net realizable value (write-down of $1,620 and $1,945 for the years ended January 28, 2023 and January 22, 2022, respectively). No inventory adjustments recognized in previous periods were reversed.

During the year ended January 29, 2022, the Government of Canada made available to businesses affected by COVID-19 the Canada Emergency Wage Subsidy ("CEWS"), which allowed companies to claim a portion of employee wages when eligibility requirements are met. The Company also applied for the Canadian Emergency Rent Subsidy ("CERS") which allowed companies to claim a portion of operating costs for leased premises when eligibility requirements are met. The Company recognized grant income of $7,361 as a reduction of Wages, salaries and employee benefits for the year ended January 28, 2023 and of $1,301 as a reduction of rent expense for the year ended January 29, 2022.

(Expressed in thousands of Canadian dollars, unless noted otherwise)

7 Net financing expense

	February 3, 2024	January 28, 2023	January 29, 2022
	$	$	$
Interest expense	**17,103**	8,370	6,260
Interest on lease liabilities (note 12)	**19,288**	9,850	4,704
Change in fair value of derivative financial instruments	**143**	12	-
Amortization of financing costs	**738**	860	574
Finance expense	**37,272**	19,092	11,538
Interest income	**838**	1,411	732
Interest income promissory note receivable from parent company	**9,886**	2,786	-
Finance income	**10,724**	4,197	732
Net finance expense	**26,548**	14,895	10,806

8 Income tax expense

The detail of income tax expense in the consolidated statements of earnings is as follows:

	February 3, 2024	January 28, 2023	January 29, 2022
	$	$	$
Current tax expense			
Current tax on income for the year	**32,164**	30,134	13,146
Adjustments with respect to prior years	**(428)**	613	-
	31,736	30,747	13,146
Deferred tax expense			
Origination and reversal of temporary differences	**936**	(7,546)	16,958
Adjustments with respect to prior years	**155**	(1,140)	-
	1,091	(8,686)	16,958
Income tax expense	**32,827**	22,061	30,104

(Expressed in thousands of Canadian dollars, unless noted otherwise)

The Company's income tax expense differs from that calculated by applying the combined substantively enacted Canadian federal and provincial statutory income tax rates for the years ended February 3, 2024, January 28, 2023 and January 29, 2022 of 26.38%, 26.37% and 26.36%, respectively, as follows:

	February 3, 2024		January 28, 2023		January 29, 2022	
	$	**%**	$	%	$	%
Earnings before income tax expense	**118,643**	**-**	84,907	-	139,284	-
Income tax using the Company's statutory rate	**31,301**	**26.38**	22,393	26.37	36,720	26.36
Expenses not deductible for tax purposes and other adjustments	**1,843**	**1.55**	107	0.13	2,467	1.77
Adjustment with respect of prior years	**(274)**	**(0.23)**	(527)	(0.62)	(18)	(0.01)
Impact of change in substantively enacted tax rates	**42**	**0.04**	-	-	(8)	(0.01)
Difference in statutory tax rates of foreign subsidiaries	**111**	**0.09**	18	0.02	(38)	(0.03)
Effect of foreign exchange	**(294)**	**(0.25)**	(27)	(0.03)	275	0.20
Non-taxable portion of debt forgiveness resulting from the CCAA	**-**	**-**	-	-	(9,273)	(6.66)
Unrecognized tax attributes	**98**	**0.08**	310	0.37	-	-
Other	**-**	**-**	(213)	(0.25)	(21)	(0.02)
	32,827	**27.67**	**22,061**	**25.98**	**30,104**	**21.61**

The tax effects of temporary differences and net operating losses that give rise to deferred tax assets and deferred tax liabilities are as follows:

	February 3, 2024	January 28, 2023
	$	$
Deferred tax assets		
Accrued expenses and reserves	**3,871**	2,896
Operating losses carried forward	**-**	1,256
Lease obligations	**5,855**	4,097
Carrying value of property and equipment in excess of tax basis	**612**	777
Other	**2,425**	135
Total deferred tax assets	**12,763**	9,161

(Expressed in thousands of Canadian dollars, unless noted otherwise)

	February 3, 2024	January 28, 2023
	$	$
Deferred tax liabilities		
Carrying value of property and equipment and intangible assets in excess of tax basis	**9,161**	4,352
Other	**–**	158
Total deferred tax liabilities	**9,161**	4,510
Net deferred tax assets (liabilities)	**3,602**	4,651

As long as the Company remains classified as a private corporation under the Income Tax Act, a portion of its income taxes is recoverable when taxable dividends are paid to shareholders. These taxes are charged to retained earnings and recoveries are credited to retained earnings. In the current year, the Company recorded a recovery of refundable income taxes in the amount of nil (Fiscal 2022 – $8,746 and Fiscal 2021 – nil). The amount of accumulated refundable taxes is $7,663 as at February 3, 2024 (nil as at January 28, 2023 and $3,846 as at January 29, 2022).

As at February 3, 2024, the Company has accumulated losses totalling nil ($4,699 as at January 28, 2023 and nil as at January 29, 2022) which may be carried forward indefinitely. Based upon the projections for future taxable income and prudent tax planning strategies, management believes it is probable the Company will realize the benefits of these operating tax losses carried forward.

9 Earnings per common share

Basic earnings per common share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of common shares outstanding during the year. There were no dilutive instruments in any period presented.

	February 3, 2024	January 28, 2023	January 29, 2022
	$	$	$
Net earnings attributable to shareholders of the Company	**85,816**	62,846	109,180
Weighted average number of common shares outstanding during the year	**456,978**	456,978	456,978
Basic and diluted net earnings per common share	**$0.19**	$0.14	$0.24

(Expressed in thousands of Canadian dollars, unless noted otherwise)

10 Receivables

	February 3, 2024	January 28, 2023
	$	$
Trade and other receivables	**11,006**	13,080
Interest receivable from parent company	**2,672**	1,903
Government grant receivable	**650**	590
Total	**14,328**	15,573

11 Property and equipment

	Computer equipment	**Equipment**	**Furniture and fixtures**	**Leasehold improvements**	**Total**
	$	**$**	**$**	**$**	**$**
Cost					
Balance, January 29, 2022	19,538	7,472	21,610	214,480	263,100
Additions	2,380	174	2,600	17,599	22,753
Disposals	(10)	-	(222)	(573)	(805)
Effect of foreign exchange	105	21	235	3,699	4,060
Balance, January 28, 2023	22,013	7,667	24,223	235,205	289,108
Additions	2,788	197	3,091	39,888	45,964
Disposals	(25)	-	(501)	(25)	(551)
Effect of foreign exchange	1	1	4	(5)	1
Balance, February 3, 2024	**24,777**	**7,865**	**26,817**	**275,063**	**334,522**
Accumulated depreciation					
Balance, January 29, 2022	16,366	6,988	17,560	188,109	229,023
Depreciation	1,681	283	1,488	17,292	20,744
Disposals	(10)	–	(222)	(573)	(805)
Effect of foreign exchange	99	21	187	2,707	3,014
Balance, January 28, 2023	18,136	7,292	19,013	207,535	251,976
Depreciation	3,126	216	2,370	11,827	17,539
Disposals	(25)	-	(501)	(25)	(551)
Effect of foreign exchange	5	1	8	125	139
Balance, February 3, 2024	**21,242**	**7,509**	**20,890**	**219,462**	**269,103**
Carrying amounts					
Balance, January 28, 2023	3,877	375	5,210	27,670	37,132
Balance, February 3, 2024	**3,535**	**356**	**5,927**	**55,601**	**65,419**

(Expressed in thousands of Canadian dollars, unless noted otherwise)

12 Leases

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

In connection with the CCAA proceedings during the year ended January 29, 2022, the Company renegotiated the lease terms for most of its retail locations. Modification accounting under IFRS 16 was applied on a lease-by-lease basis to assess whether the change in lease terms resulted in a reassessment of the existing lease or accounting as a separate lease.

Right-of-use assets:

	February 3, 2024	January 28, 2023
	$	$
Balance, beginning of year	**210,708**	89,395
Additions, net of lease incentives received	**59,004**	62,800
Modifications	**22,466**	92,513
Depreciation	**(45,929)**	(36,902)
Foreign exchange	**(9)**	2,902
Balance, end of year	**246,240**	210,708

Lease liabilities:

	February 3, 2024	January 28, 2023
	$	$
Balance, beginning of year	**226,172**	98,442
Additions	**58,814**	62,024
Interest expense on lease liabilities	**19,288**	9,850
Modifications	**21,959**	91,860
Repayment of interest and principal on lease liabilities	**(57,818)**	(39,110)
Foreign exchange	**(79)**	3,106
Balance, end of year	**268,336**	226,172
Current portion	**28,035**	31,548
Long-term portion	**240,301**	194,624

(Expressed in thousands of Canadian dollars, unless noted otherwise)

During the year ended February 3, 2024, the Company expensed $9,149 (January 28, 2023 – $22,994 and January 29, 2022 – $22,051) of variable lease payments, which are not included in the lease liabilities. The Company also expensed $1,489 (January 28, 2023 – $1,618 and January 29, 2022 – $3,953) of lease payments relating to short-term leases or leases with underlying low-value asset for which the payments were not included in the lease liabilities.

13 Intangible assets

	February 3, 2024	January 28, 2023
	$	$
Cost		
Balance, beginning of year	**76,529**	75,213
Additions	**4,970**	1,304
Disposals	**-**	(6)
Effect of foreign exchange	**1**	18
Balance, end of year	**81,500**	76,529
Accumulated amortization		
Balance, beginning of year	**67,840**	58,621
Amortization	**5,902**	9,206
Disposals	**-**	(6)
Effect of foreign exchange	**1**	19
Balance, end of year	**73,743**	67,840
Carrying amounts	**7,757**	8,689

14 Promissory note receivable from parent company

	February 3, 2024	January 28, 2023
	$	$
Promissory note receivable from parent company, bearing interest at a rate of 1.85% per annum above the prime rate (7.20% at February 3, 2024, and 6.70% at January 28, 2023), and receivable on a quarterly basis, payable on demand	**110,000**	110,000

15 Accounts payable and accrued expenses

	February 3, 2024	January 28, 2023
	$	$
Trade payables	**20,094**	24,035
Government remittances	**4,119**	3,809
Accrued expenses	**18,712**	15,741
Accrued employee benefits	**17,484**	14,012
Total	**60,409**	57,597

(Expressed in thousands of Canadian dollars, unless noted otherwise)

16 Deferred revenue

	February 3, 2024	January 28, 2023
	$	$
Unredeemed gift cards	**11,121**	10,665
Loyalty points	**1,741**	622
Online sales in transit	**776**	900
	13,638	12,187

For the year ended February 3, 2024, $6,146 ($5,743 for the year ended January 28, 2023 and $4,468 for the year ended January 29, 2022) of revenue was realized in relation to the deferred revenue balance outstanding at the beginning of the year.

17 Long-term debt

	February 3, 2024	January 28, 2023
	$	$
Credit facilities	**166,250**	245,000
Financing costs	**(1,311)**	(1,989)
	164,939	243,011
Current portion	**19,839**	19,738
Long term portion	**145,100**	223,273

Credit agreement

Under the terms and conditions of these banking facilities, the Company can borrow up to an aggregate amount of $350,000. The facilities are available in the form of (i) a revolving credit facility up to $160,000 (ii) a term facility up to $190,000 (iii) a letter of credit facility up to $30,000 and carved-out from the revolving credit facility, and (iv) a swingline facility up to $10,000 and carved-out from the revolving credit facility. As at February 3, 2024, the Company had $166,250 outstanding in the form of a term loan and nil under its revolving facility. As at January 28, 2023, the Company had $190,000 outstanding in the form of a term loan and $55,000 outstanding under its revolving facility.

On November 10, 2022, the Company refinanced its banking facilities. As part of the refinancing, the Company repaid its term loan of $85,000 in its entirety and replaced it with a new term loan of $190,000 The Company also repaid $40,000 that was drawn during the year on its revolving credit facility.

During Fiscal 2023, the Company repaid $23,750 on its term loan and $65,000 on its credit facility including $55,000 that was outstanding as at January 28, 2023 and an additional $10,000 drawn upon that same facility during Fiscal 2023.

Funds advanced under this credit agreement bear interest at the Canadian bank prime rate and U.S. bank base rate plus a margin, or at bankers' acceptances rate and CDOR plus a margin. The margin is determined based on a financial ratio. For the year ended February 3, 2024, the average interest rate was 5.29% (3.06% for the reimbursed loan and 5.32% for the new loan for the year ended January 28, 2023). The credit facilities are secured by first ranking security on all the movable and immovable, present and future assets of the Company, including all cash on hand.

As at February 3, 2024, the Company was compliant with all of its financial ratio requirements.

The Company will make equal consecutive quarterly payments of $4,750 against its term facility. The balance of the debt must be repaid in full on the maturity date, November 10, 2025.

For more information about the Company's exposure to interest rate and liquidity risks, please refer to Note 23.

18 Retractable shares

Authorized, without par value, unlimited number of:

Class C shares, 5% non-cumulative dividend, non-participating, voting, redeemable and retractable at the fair value of the consideration for which the shares were issued thereon

Class D shares, discretionary, non-cumulative dividend, non-participating, non-voting, redeemable and retractable at the fair value of the consideration for which the shares were issued thereon

Class E shares, non-cumulative dividend, non-participating, non-voting, reimbursable upon the liquidation, dissolution or winding-up of the Company, redeemable or retractable at the lesser of $500,000 per share and the fair value of each class E share issued and outstanding at the date of redemption

Class F shares, $30,000 non-cumulative dividend per holder of Class F shares, non-participating, non-voting, redeemable or retractable at the fair value of the consideration for which the shares were issued thereon

Class G shares, 9% non-cumulative dividend, non-participating, non-voting, redeemable or retractable at the fair value of the consideration for which the shares were issued thereon

(Expressed in thousands of Canadian dollars, unless noted otherwise)

Retractable shares are issued as fully paid and without par value

	February 3, 2024		January 28, 2023		January 29, 2022	
	Number of shares	**Carrying amount**	Number of shares	Carrying amount	Number of shares	Carrying amount
		$		$		$
Class C shares						
Beginning balance	**3,000,200**	**3,000**	3,000,200	3,000	3,000,200	3,000
Redemptions	**-**	**-**	-	-	-	-
Ending balance	**3,000,200**	**3,000**	3,000,200	3,000	3,000,200	3,000
Class G shares						
Beginning balance	**499,999**	**500**	499,999	500	499,999	500
Redemptions	**-**	**-**	-	-	-	-
Ending balance	**499,999**	**500**	499,999	500	499,999	500
Retractable shares	**3,500,199**	**3,500**	3,500,199	3,500	3,500,199	3,500

19 Share capital

Authorized, without par value, unlimited number of:

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

Equity shares are issued as fully paid and without par value

	February 3, 2024		January 28, 2023		January 29, 2022	
	Number of shares	**Carrying amount**	Number of shares	Carrying amount	Number of shares	Carrying amount
Share Capital						
Class A shares						
Beginning balance	**456,977,801**	**-**	456,977,801	-		-
Shares issued to redeem Class B shares	**-**	**-**	-	-	456,977,801	-
Repurchase	**-**	**-**	-	-	-	-
Ending balance	**456,977,801**	**-**	456,977,801	-	456,977,801	-
Class B shares						
Beginning balance	**-**	**-**	-	-	201	-
Shares exchanged for Class A shares	**-**	**-**	-	-	(201)	-
Ending balance	**-**	**-**	-	-	-	-

(Expressed in thousands of Canadian dollars, unless noted otherwise)

20 Stock-based compensation

Commencing in Fiscal 2021, the Company established a stock option plan whereby certain members of management are granted stock options to purchase shares in the Company. The options have a 5-year term, are granted annually, and vest in different tranches over a four-year period from the date of the grant. A portion of the vesting period was for services rendered in the past. The Company recognized the stock-based compensation relating to that vesting period in Fiscal 2021. On an annual basis the Company undertake a valuation of the fair value of the shares. In November 2022, upon a revised equity valuation conducted by two external firms, it was confirmed to the Board that the Company was determined to be valued at $0.88 per share. Upon recommendation of Management, it was unanimously resolved by the Board to set the strike price of all issued and unexercised options to $0.88 per option.-

The following stock options were issued during the year and outstanding at year-end:

	February 3, 2024		January 28, 2023	
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
		$		$
Outstanding, at beginning of year	**30,263,415**	**0.88**	29,610,000	0.88
Granted	**12,161,459**	**0.95**	4,328,415	0.88
Cancelled	**(1,702,275)**	**0.88**	(328,275)	0.88
Forfeited	**(5,340,000)**	**0.88**	(3,346,725)	0.88
Outstanding at year end	**35,382,599**	**0.90**	30,263,415	0.88

Information relating to stock options outstanding and vested as at February 3, 2024 is as follows:

	Stock options outstanding			**Stock options vested**		
Range of exercise prices	**Number issued**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number issued**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**
			$			$
$0.01 – $1.00	28,408,639	3.2	0.88	20,201,102	2.9	0.88
$1.00 - $2.00	6,973,960	4.9	1.01	-	-	-

(Expressed in thousands of Canadian dollars, unless noted otherwise)

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

	February 3, 2024	January 28, 2023
	$	$
Weighted average share price at grant date	**$0.95**	$0.88
Expected volatility(1)	**64.0%**	65.7%
Option life	**4 years**	4 years
Dividend yield	**-**	-
Risk-free interest rate	**2.90%**	3.34%

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

Total compensation cost recognized for stock-based compensation awards is $2,804 in Fiscal 2023 ($2,819 in Fiscal 2022 and $8,962 in Fiscal 2021) and is credited to contributed surplus.

21 Additional information relating to the consolidated statement of cash flows

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

	February 3, 2024	January 28, 2023	January 29, 2022
	$	$	$
Receivables	**1,283**	(7,714)	4,945
Inventories	**1,403**	2,457	(4,764)
Prepaid expenses	**(2,473)**	1,531	(3,781)
Accounts payable and accrued expenses	**4,203**	(12,225)	37,861
Income taxes	**(20,988)**	1,331	9,902
Deferred revenue	**1,447**	1,413	2,548
Liabilities subject to compromise	**-**	-	(8,089)
	(15,125)	(13,207)	38,622

(Expressed in thousands of Canadian dollars, unless noted otherwise)

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

	February 3, 2024	January 28, 2023	January 29, 2022
	$	$	$
Acquisition of property and equipment included in trade and other payables	2,762	5,220	696
Write-off of liabilities subject to compromise	-	-	(60,653)

22 Fair value of financial instruments

The Company has determined that the fair value of its financial assets and financial liabilities with short-term and long-term maturities approximate their carrying value. These financial instruments include cash, receivables, promissory note receivable from parent company, accounts payable and accrued liabilities, long term debt, lease liabilities and retractable Class C and G shares. Retractable Class C and G shares are classified in level 2 in the fair value hierarchy. The fair value of all these financial instruments is determined based on the discounted cash flow method and calculated using current interest rates for instruments with similar terms.

The Company entered into foreign currency forward contracts with its banks. The fair value of derivative instruments is determined using valuation techniques and calculated as the present value of estimated future cash flows using interest rate yield curve as well as market data. Assumptions are based on market conditions prevailing on the reporting date. The derivative instruments reflect the estimated amounts that the Company would receive or pay to transfer the contracts in an orderly transaction between market participants at each reporting date.

			As at February 3, 2024		As at January 28, 2023	
	Classification	Fair value Level	Carrying value	Fair value	Carrying value	Fair value
			$	$	$	$
Financial liabilities						
Derivative financial instruments	FVTPL	2	155	155	12	12

There were no transfers between the levels of the fair value of hierarchy for the years ended February 3, 2024 and January 28, 2023.

(Expressed in thousands of Canadian dollars, unless noted otherwise)

23 Financial risk management

The Company is exposed to a variety of financial risks in the normal course of operations including currency, interest rate risk, credit and liquidity risk, as described below. The Company's overall risk management program and business practices seek to minimize any potential adverse effects on the Company's consolidated financial performance.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's foreign exchange risk is largely limited to currency fluctuations between the Canadian and U.S. dollars. The Company is exposed to currency risk through its working capital denominated in U.S. dollars. The Company also has minimal exposure to the Euro and to Chinese Yuan Renminbi.

The Company uses foreign currency forward contracts to manage foreign exchange risk relating to the U.S. dollars. The Company held foreign currency forward contracts to purchase U.S. dollars for an amount of $27,867 as at February 3, 2024, ($5,201 as at January 28, 2023) with contractual exchange rates from 1.3200 to 1.3650 expiring between February 2024 and August 2024 (from 1.3333 to 1.3395 expiring between February 2023 and May 2023 as at January 28, 2023). Since the Company does not use hedge accounting for its foreign exchange contracts, these contracts are recorded on the consolidated balance sheet at fair value. The Company's foreign exchange exposure of financial assets and financial liabilities denominated in US dollars is as follows:

	February 3, 2024	January 28, 2023
	$	$
Cash	**7,573**	20,353
Receivables	**4,149**	3,576
Income taxes receivable	**1,090**	1,216
Accounts payable and accrued expenses	**(15,000)**	(11,700)
Income taxes payable	**(571)**	(91)
Lease liabilities	**(143,072)**	(100,920)
Net position	**(145,831)**	(87,566)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial instruments that potentially subject the Company to cash flow interest rate risk include financial assets and liabilities with variable interest rates and cash. The Company is exposed to interest rate fluctuations on its credit facilities, including its term loan facility and revolving facility, both of which have floating interest rates. A 1% increase/decrease in interest rates would have an impact of approximately $1,663 on the Company's earnings before income tax on a twelve-month horizon based on the balance outstanding on February 3, 2024 (Note 17).

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash, receivables, promissory note receivable from parent entity and derivative contracts used to hedge for currency risks. The Company offsets credit risks associated with cash by depositing its cash with major financial institutions that have been assigned high credit ratings by internationally recognized credit rating agencies.

The Company is exposed to credit risk on Receivables from trade and other receivables (Note 10). There is also minimal credit risk from retail customers who pay by credit card, recoveries of credits from suppliers for returned or damaged products, and receivables from other companies for sales of products, gift cards and other services. The amounts disclosed in the consolidated statements of financial position are net of allowance for expected credit losses, if any. Credit card payments have minimal credit risk, and the limited number of corporate receivables is closely monitored. The Company recovered previously recognized allowance for credit losses of nil, nil and $466 during Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively.

Promissory note receivable from parent entity also has limited expected credit loss, given sole ownership organization structure. The Company only enters into derivative contracts with major financial institutions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure, to the extent possible, that it will always have sufficient liquidity to meet liabilities when due and does so by monitoring its cash balances and cash flows generated from operations to meet its requirements. The Company's liquidity follows a seasonal pattern based on the timing of inventory purchases and capital expenditures. The Company is exposed to this risk mainly in respect of its trade and other payables, retractable Class C and Class G shares, and long-term debt.

(Expressed in thousands of Canadian dollars, unless noted otherwise)

As outlined in Note 17, the Company had credit facilities of $350,000 ($350,000 as at January 28, 2023) of which $166,250 was drawn as at February 3, 2024 ($245,000 as at January 28, 2023).

The Company expects to finance its growth in store base and its store renovations through cash on hand, cash flows from operations, as well as its credit facilities.

The Company expects that its trade and other payables will be discharged within 90 days. The following table summarizes the obligations, and the effect such obligations are expected to have on liquidity and cash flows in future periods.

	Total	**Less than 1 year**	**Between 2 and 3 years**	**Between 4 and 5 years**	**More than 5 years**
	$	**$**	**$**	**$**	**$**
February 3, 2024					
Accounts payable	60,410	60,410	–	–	–
Retractable shares	3,500	3,500	–	–	–
Lease liabilities obligations[1]	382,484	62,128	116,309	79,997	124,050
Long-term debt[1]	186,120	30,917	155,203	–	–
	632,514	156,955	271,512	79,997	124,050

	Total	**Less than 1 year**	**Between 2 and 3 years**	**Between 4 and 5 years**	**More than 5 years**
	$	**$**	**$**	**$**	**$**
January 28, 2023					
Accounts payable	57,600	57,600	–	–	–
Retractable shares	3,500	3,500	–	–	–
Lease liabilities obligations[1]	288,818	51,753	95,785	74,477	66,803
Long-term debt[1]	285,967	36,921	249,046	–	–
	635,885	149,774	344,831	74,477	66,803

(1) Lease liabilities obligations and long-term debt include interest and principal amounts.

24 Capital management

The Company's objectives when managing capital are to ensure sufficient liquidity to enable the financing of capital projects thereby facilitating its growth and maintain a flexible capital structure that optimizes the cost of capital at an acceptable risk and preserves the ability to meet financial obligations. The Company defines capital as its credit facilities, retractable shares and shareholders' equity. The Company's primary uses of capital are to finance new store and renovation projects and other investment projects. The Company currently funds these requirements out of its internally generated cash flows. The Company is subject to financial covenants and collateral pursuant to its revolving credit facility presented in note 17.

(Expressed in thousands of Canadian dollars, unless noted otherwise)

25 Segment information

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

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

	February 3, 2024	January 28, 2023	January 29, 2022
	$	$	$
Canada	**453,806**	450,252	398,964
United States	**347,027**	247,190	229,079
Revenue	**800,833**	697,442	628,043

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

	February 3, 2024	January 28, 2023
	$	$
Canada	**146,447**	142,499
United States	**172,969**	114,030
	319,416	256,529

26 Related party transactions

As at February 3, 2024 the outstanding balance of lease liabilities owed to a company under common control totalled $7,697 ($9,701 as at January 28, 2023). Rental expense charged by the company under common control but not included in the lease liabilities totalled $289 ($419 for the year ended January 28, 2023 and $289 for the year ended January 29, 2022). These locations include the head office as well as specific leased retail sites.

On November 10, 2022, the Company declared a dividend in the amount of $125,000 to the parent company, 10644579 Canada Inc. On the same day, the Company declared another dividend in the amount of $60,000 to the parent company, which was paid by setting off the promissory note issued on May 11, 2022 by the Company in favour of 10644579 Canada Inc. in an amount of $60,000. Also on November 10, 2022, the Company loaned funds to the parent company in exchange for the issuance by the parent of a promissory note in the principal amount of $110,000 (note 14).

(Expressed in thousands of Canadian dollars, unless noted otherwise)

The Company also recognised $9,885 ($2,786 for the year ended January 28, 2023 and nil for the year ended January 29, 2022) for the interest received on the promissory note receivable from parent entity and $527 ($527 for the year ended January 28, 2023 and $527 for the year ended January 29, 2022) for the administrative services rendered to the parent entity. Additionally, in Fiscal 2022 the Company paid interest of $904 on the interim financing loan with its parent company of $10,000 (note 29).

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

Remuneration of the key management of the Company

Key management consists of individuals holding the title of Senior Vice President or higher. Their remuneration is as follows:

	February 3, 2024	January 28, 2023	January 29, 2022
	$	$	$
Wages and salaries	**2,625**	2,156	2,111
Stock-based compensation expense	**1,197**	733	1,711
	3,822	2,889	3,822

27 Commitments and contingencies

Commitments

In the normal course of business, the Company delivered irrevocable standby letters of credit issued by highly rated financial institutions to various third parties to indemnify them in the event the Company does not perform its contractual obligations. As at February 3, 2024, standby letters of credit outstanding amounted to $10,313 ($10,348 for the year ended January 28, 2023).

Contingencies

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

28 Guarantees

Some agreements to which the Company is a party, specifically those related to the leasing of its premises, include indemnification provisions that may require the Company to make payments to a third party for a breach of fundamental representation and warranty terms in the agreements, with respect to matters such as corporate status, title of assets, environmental issues, consents to transfer, employment matters, litigation, taxes payable and other potential material obligations. The maximum potential number of future payments that the Company could be required to make under these indemnification provisions is not reasonably quantifiable as certain indemnifications are not subject to a monetary limitation. As at February 3, 2024, management does not believe that these indemnification provisions would require any material cash payment by the Company nor insurance coverage, estimated by management to be reasonable and sufficient, in order to minimize the previously mentioned risks.

As many of these guarantees will not be drawn upon, these amounts are not indicative of future cash requirements. No material loss is anticipated by reason of such agreements and guarantees and no amounts have been accrued in the Company's consolidated financial statements with respect to these guarantees.

The Company indemnifies its directors and officers against claim reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers as well as those of its subsidiaries.

29 CCAA proceedings

On September 8, 2020, the Company obtained an initial order (the "Order") from the Superior Court of Québec (the "Court") to seek protection from creditors under the Companies' Creditors Arrangement Act (the "CCAA").

Under the terms of the Order, Deloitte Restructuring Inc. was appointed as the monitor (the "Monitor"). The CCAA process allowed the Company to implement an operational and commercial restructuring plan to reposition the Company for long-term success. On that date, the Company also secured interim financing, debtor in possession, ("DIP Loan") of $10,000 from its parent company, bearing interest at an annual rate of 11%, with no specific terms of repayment. The maximum amount of the facility was increased to $20,000 on September 18, 2020.

(Expressed in thousands of Canadian dollars, unless noted otherwise)

On September 10, 2021, the Court accepted for filing the Company's Joint Plan of Compromise and Arrangement dated September 2, 2021 (as amended and restated on September 15, 2021, the "Plan"). On September 18, 2020, the Company obtained from the Court an extension of the stay period to October 19, 2020. The stay period was thereafter extended by the Court on several other occasions, until October 22, 2021. On September 30, 2021, a creditors' meeting was held during which the Plan was approved by 100% of the Company's creditors. On October 7, 2021, the Court sanctioned the Plan. On October 13, 2021, the Company implemented the Plan, at which time the Company successfully exited the CCAA proceedings.

The Plan called for a dividend payment of 7% of approved claims to all creditors of the Company that filed a Proof of Claim with the Monitor. The amount of claims filed by creditors on September 30, 2021 aggregated to $112,836. The dividend payment to creditors amounted to $8,089. The unpaid residual amount of $104,747 was taken to income as a gain on CCAA debt forgiveness during the year ended January 29, 2022, as follows:

	Proof of claim	**Dividend**	**Forgiven debt**
Trade	5,631	412	5,219
Non-trade	36,558	2,711	33,847
Tax	18,132	1,283	16,849
Rent	52,247	3,663	48,584
Other	268	20	248
Total	112,836	8,089	104,747

The $60,575 loan from parent company was not subject to compensation and was wholly written off, along with accrued interest of $78, for a total amount of $60,653. It was considered a contribution from the parent entity and the gain was recorded by the Company in retained earnings during the year ended January 29, 2022.

In Fiscal 2022, the Monitor finalized the assessment of claims filed by creditors, and the final amount of allowable claims reduced to $100,652 resulting in a reduction of the gain on CCAA debt forgiveness recognized in the previous year by an amount of $12,184.

30 Events occurring after the reporting period

Amendment to the credit agreement

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

Shareholder reorganization

On June 20, 2024, a reorganization took place involving the parent company of the Company and other entities indirectly owned and controlled by the same owner, Andrew Lutfy. The former parent company sold all of its outstanding Class A shares to newly created entities as part of a tax reorganization. This reorganization had no impact on the Company's financial position.

APPENDIX A
CHARTER OF THE BOARD OF DIRECTORS OF GROUPE DYNAMITE INC.

1 PURPOSE AND RESPONSIBILITY OF THE BOARD

1.1 Purpose

The board of directors (the "**Board**") of Groupe Dynamite Inc. (the "**Corporation**") acknowledges responsibility for the stewardship of the Corporation and its business. This stewardship function includes responsibility for the matters set out in this Charter, which form part of the Board's statutory responsibility to manage, or supervise the management of, the business and affairs of the Corporation.

1.2 Investor Rights Agreement

Certain aspects of the composition and organization of the Board and the committees of the Board are governed by investor rights agreements or similar agreements which may exist from time to time between the Corporation and certain of its shareholders (the "**Investor Rights Agreements**"). Certain of the provisions of this Charter may be modified or superseded by the provisions of the Investor Rights Agreements. In the event of a conflict between this Charter and the Investor Rights Agreements, the Investor Rights Agreements shall prevail.

2 REVIEW OF CHARTER

The Board shall review and assess the adequacy of this Charter annually and at such other times as it considers appropriate, and shall make such changes to this Charter as it considers necessary or appropriate.

3 DEFINITIONS AND INTERPRETATION

3.1 Definitions

In this Charter:

(a) "**Audit Committee**" means the audit committee of the Board;

(b) "**CEO**" means the Chief Executive Officer of the Corporation;

(c) "**CFO**" means the Chief Financial Officer of the Corporation;

(d) "**Chair**" means the Chair of the Board;

(e) "**Charter**" means this Charter, as amended from time to time;

(f) "**Director**" means a member of the Board;

(g) "**Lead Director**" means the independent lead Director of the Board, if any;

(h) "**Human Resources and Compensation Committee**" means the human resources and compensation committee of the Board;

(i) "**Nominating and Governance Committee**" means the nominating and governance committee of the Board;

(j) "**Shareholders**" means the shareholders of the Corporation; and

(k) “**Stock Exchange**” means, at any time, the Toronto Stock Exchange and any other stock exchange on which any securities of the Corporation are listed for trading at the applicable time.

3.2 Interpretation

This Charter is subject to and shall be interpreted in a manner consistent with the articles and by-laws of the Corporation, the *Canada Business Corporations Act* (the “**CBCA**”), and any other applicable legislation.

4 CHAIR OF THE BOARD

4.1 Board to Appoint Chair

The Chair shall be an independent Director unless an independent Director is appointed to act as Lead Director with the mandate to ensure independent oversight of the business and affairs of the Corporation.

4.2 Chair to Be Appointed Annually

The Board shall appoint the Chair and the Lead Director, if applicable, annually at the first meeting of the Board after a meeting of the Shareholders at which Directors are elected; provided, however, that if the appointment of the Chair or the Lead Director, as applicable, is not so made, the Director who is then serving as Chair and the Director who is then serving as Lead Director, if applicable, shall continue to hold such office until his or her successor is appointed.

4.3 Position Descriptions

The Board shall review and, if determined appropriate, approve the recommendations of the Nominating and Governance Committee concerning formal position descriptions for:

(a) the Chair;

(b) the Lead Director, if the Chair is not an independent Director;

(c) the chair of each standing committee of the Board; and

(d) the CEO.

5 REMUNERATION OF DIRECTORS AND RETAINING ADVISORS

5.1 Remuneration

Directors shall receive such remuneration for their service as the Board may determine from time to time, in consultation with the Human Resources and Compensation Committee.

5.2 Retaining and Compensating Advisors

Each Director shall have the authority to retain outside counsel and any other external advisors from time to time, as necessary to fulfill his or her duties as a Director, with the approval of the chair of the Nominating and Governance Committee.

6 MEETINGS OF THE BOARD

6.1 Time and Place of Meetings

Meetings of the Board shall be called and held in a manner consistent with and at any location contemplated in the Corporation's by-laws. For the avoidance of any doubt, meetings of the Board may be held, at the discretion of the Board, in person, telephonically and/or by other communications medium that permits all participants to communicate adequately with each other during the meeting.

6.2 Frequency of Board Meetings

Subject to the Corporation's by-laws, the Board shall meet at least quarterly.

6.3 Invitees

The Board may invite any of the Corporation's officers, employees, advisors, or any other person to attend meetings of the Board to assist in the discussion and examination of the matters under consideration by the Board.

6.4 Confidentiality and Privilege

The proceedings and deliberations of the Board and its committees are confidential and privileged, where applicable. Each Director shall maintain the confidentiality and privilege, where applicable, of all information received in his or her capacity as a Director of the Corporation.

7 IN CAMERA SESSIONS

7.1 In Camera Sessions of Non-Management Directors

In connection with each meeting of the Board, the non-management Directors shall have the opportunity to meet without any member of management being present (including any Director who is also a member of management).

7.2 In Camera Sessions of Independent Directors

If there are any non-management Directors who are not independent Directors, the independent Directors shall have the opportunity to meet at the conclusion of each meeting of the Board with only independent Directors present.

8 DELEGATION AND RELIANCE

8.1 Delegation to Committees

The Board may establish and delegate to committees of the Board any duties and responsibilities of the Board which the Board is not prohibited by law from delegating. However, no committee of the Board shall have the authority to make decisions which bind the Corporation, except to the extent that such authority has been specifically delegated to such committee by the Board.

8.2 Requirement for Certain Committees

The Board shall establish and maintain the following standing committees, each having mandates that incorporate all applicable laws and Stock Exchange requirements:

(a) Audit Committee;

(b) Human Resources and Compensation Committee; and

(c) Nominating and Governance Committee.

8.3 Composition of Committees

The Board shall appoint and maintain in office members of each of its committees such that the composition of each such committee is in compliance with all applicable laws and Stock Exchange requirements, having regard to the recommendations of the Nominating and Governance Committee with respect to such matters. The standing committees set out in Section 8.2 shall be comprised of directors considered independent within the meaning of Regulation 58-101.

8.4 Review of Charters

On an annual basis, the Board will review the recommendations of the Nominating and Governance Committee with respect to the charters of each committee of the Board. The Board will approve such changes to the charters as it determines appropriate.

8.5 Delegation to Management

Subject to applicable laws and the Corporation's articles and by-laws, the Board may designate the offices of the Corporation, appoint officers thereto, specify their duties and delegate to them the powers to manage the business and affairs of the Corporation.

8.6 CEO Position Description

Having regard to recommendations of the Nominating and Governance Committee, and in consultation with the CEO, the Board shall adopt a position description for the CEO which:

(a) defines the responsibilities of the Corporation's management; and

(b) sets out the overall corporate goals and objectives that the CEO is responsible for meeting, taking into consideration the goals and obligations relevant to the CEO's compensation.

8.7 Reliance on Management

The Board is entitled to rely in good faith on the information and advice provided to it by the Corporation's management.

8.8 Reliance on Others

The Board is entitled to rely in good faith on information and advice provided to it by advisors, consultants and such other persons as the Board considers appropriate.

8.9 Oversight

The Board retains responsibility for oversight of any matters delegated to any committee of the Board or to management of the Corporation.

9 DUTIES OF DIRECTORS

9.1 Fiduciary Duty and Duty of Care

In exercising his or her powers and discharging his or her responsibilities, a Director shall:

(a) act honestly and in good faith with a view to the best interests of the Corporation; and

(b) exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

9.2 Compliance with CBCA and Constating Documents

A Director shall comply with the provisions of the CBCA and the Corporation's articles and by-laws.

9.3 Compliance with the Corporation's Policies

A Director shall comply with all policies of the Corporation applicable to members of the Board, as approved by the Board from time to time.

10 RESPONSIBILITIES OF DIRECTORS

10.1 Responsibilities set out in Charter

A Director shall review and participate in the proceedings of the Board necessary in order for the Board to discharge its duties and responsibilities as set out in this Charter.

10.2 Orientation and Education

A Director shall participate in any orientation and continuing education programs developed for the Directors.

10.3 Meeting Preparation and Attendance

In connection with each meeting of the Board and each meeting of a committee of the Board which the Director is a member, a Director shall:

(a) review thoroughly the materials provided to the Director by management in connection with the meeting, provided that such review is practicable in view of the time at which such material was delivered to the Director; and

(b) attend each meeting in person to the extent practicable (unless the meeting is scheduled to be held by teleconference or videoconference).

10.4 Assessment and Evaluation

A Director shall participate in such processes as may be established by the Board for assessing and evaluating the Board, its committees and individual Directors.

10.5 Other Responsibilities

A Director shall perform such other functions as may be delegated to that Director by the Board or any committee of the Board from time to time.

11 BOARD RESPONSIBILITY FOR SPECIFIC MATTERS

11.1 Responsibility for Specific Matters

The Board acknowledges responsibility for the matters set out in Sections 12 to 16, recognizing that these matters represent in part responsibilities reflected in requirements and recommendations adopted by applicable securities regulatory authorities and the Stock Exchanges and do not limit the Board's overall responsibility for the stewardship of the Corporation and its business or its responsibility to manage, or supervise the management of, the business and affairs of the Corporation.

11.2 Delegation to Committees

Whether or not specific reference is made to committees of the Board in connection with any of the matters referred to in Sections 12 to 16, the Board may direct any committee of the Board to consider such matters and to report and make recommendations to the Board with respect to these matters.

12 CORPORATE GOVERNANCE

12.1 Governance Practices and Principles

The Board shall be responsible for developing the Corporation's approach to corporate governance.

12.2 Governance Principles

(a) **Governance Principles**. The Board shall review and approve, if appropriate, a set of governance principles and guidelines appropriate for the Corporation (the "**Governance Principles**") having regard to the recommendations of the Nominating and Governance Committee.

(b) **Amendments**. The Board shall review the Governance Principles at least annually and adopt such changes to the Governance Principles as it considers appropriate from time to time having regard to the recommendations of the Nominating and Governance Committee.

12.3 Governance Disclosure

(a) **Approval of Disclosure**. The Board shall approve disclosure about the Corporation's governance practices in any document before it is delivered to the Corporation's shareholders or filed with any securities regulatory authorities or the Stock Exchanges having regard to the recommendations of the Nominating and Governance Committee.

(b) **Determination that Differences Are Appropriate**. If the Corporation's governance practices differ from those recommended by applicable securities regulatory authorities or the Stock Exchanges, the Board shall consider these differences and why the Board considers them to be appropriate having regard to the recommendations of the Nominating and Governance Committee.

12.4 Certification

The Board shall review and approve, before it is filed, each certification required to be delivered by the Corporation's CEO or CFO to any Stock Exchange with respect to the Corporation's compliance with the corporate governance provisions of its listing agreement.

12.5 Delegation to Nominating and Governance Committee

The Board may direct the Nominating and Governance Committee to consider the matters contemplated in this Section 12 and to report and make recommendations to the Board with respect to these matters.

13 RESPONSIBILITIES RELATING TO MANAGEMENT

13.1 Integrity of Management

The Board shall, to the extent feasible, satisfy itself:

(a) as to the integrity of the CEO and other executive officers of the Corporation; and

(b) that the CEO and other executive officers of the Corporation create a culture of integrity throughout the organization.

13.2 Succession Planning

(a) **General**. The Board shall be responsible for succession planning, including appointing, training, and monitoring the performance of the executive officers of the Corporation.

(b) **CEO Succession**. Having regard to the recommendations of the Nominating and Governance Committee, the Board shall adopt:

(i) policies and principles regarding identifying and evaluating candidates as potential successors to the CEO; and

(ii) policies regarding succession in the event of an emergency or the retirement of the CEO.

13.3 Goals and Objectives of CEO

The Board shall receive recommendations of the Human Resources and Compensation Committee with respect to the corporate goals and objectives that the CEO is responsible for meeting and shall approve those goals and objectives as appropriate.

13.4 Executive Compensation Policy

The Board shall receive recommendations of the Human Resources and Compensation Committee and make such determinations as it considers appropriate with respect to:

(a) the CEO's compensation;

(b) the compensation of the other executive officers;

(c) the compensation of the Directors;

(d) incentive-compensation plans;

(e) equity-based compensation plans; and

(f) policies relating to the determination and payment of bonuses and benefits.

14 OVERSIGHT OF THE OPERATION OF THE BUSINESS

14.1 Risk Management

Taking into account the reports of management and such other persons as the Board may consider appropriate, the Board shall identify the principal risks of the Corporation's business and satisfy itself as to the implementation of appropriate systems to manage these risks.

14.2 Strategic Planning

The Board shall:

(a) adopt a strategic planning process and shall approve, on at least an annual basis, a long-term business strategic plan which take into account, among other things, the opportunities, and risks of the Corporation's business;

(b) assess the appropriateness of the Corporation's objectives, whether the strategies are reasonably capable of being executed successfully, and whether its strategies, if successfully executed, are reasonably likely to achieve the stated objectives;

(c) periodically review and, if advisable, approve the policies and processes generated by management relating to the authorization of major investments and significant allocations of capital;

(d) monitor management's implementation of the business and strategic plan and the Corporation's progress towards achieving its objectives; and

(e) ensure that all significant corporate transactions are submitted for its approval.

14.3 Internal Control and Management Information Systems

The Board shall review the reports of management and the Audit Committee concerning the integrity of the Corporation's internal control and management information systems and, where appropriate, require management (overseen by the Audit Committee, as appropriate) to implement changes to such systems to ensure the integrity of such systems.

14.4 Disclosure Policy and Feedback Process

(a) The Board shall adopt a disclosure policy for the Corporation's communications with Shareholders, the investment community, the media, governments and their agencies, employees, and the general public, having regard to the recommendations of management and the Nominating and Governance Committee. Such policy shall be developed with reference to the requirements and recommendations of applicable securities laws and Stock Exchange requirements.

(b) The Board shall establish a process pursuant to which the Board can receive feedback from securityholders and other stakeholders.

14.5 Financial Statements

(a) The Board shall receive regular reports from the Audit Committee with respect to the integrity of the Corporation's financial reporting system and its compliance with all regulatory requirements relating to financial reporting.

(b) The Board shall review the recommendation of the Audit Committee with respect to the annual financial statements of the Corporation to be delivered to Shareholders. If appropriate, the Board shall approve such financial statements.

14.6 Capital Management

The Board shall receive regular reports from management on the structure and management of the Corporation's capital.

14.7 Business Code of Conduct

(a) **Adoption of Business Code of Conduct**. The Board will adopt a business code of conduct for the Corporation (the "**Code**") having regard to the recommendations of the Nominating and Governance Committee. In adopting the Code, the Board will consider the recommendations of the Nominating and Governance Committee concerning its compliance with applicable laws and Stock Exchange requirements and other recommended best practices in governance.

(b) **Compliance and Disclosure**. The Board will direct the Nominating and Governance Committee to monitor compliance with the Code and recommend disclosures with respect thereto. The Board will consider any report of the Nominating and Governance Committee concerning these matters, and will approve, if determined appropriate, the disclosure in respect of the Code.

(c) **Waivers**. The Board shall consider any report of the Nominating and Governance Committee with respect to any waiver granted to a Director or an executive officer of the Corporation from complying with the Code and shall approve or reject such request as it deems appropriate.

15 NOMINATION OF DIRECTORS

15.1 Nomination and Appointment of Directors

(a) The Board shall nominate individuals for election as Directors by the Shareholders, having regard to the recommendations of the Nominating and Governance Committee.

(b) The Board shall adopt a process (having regard to the recommendations of the Nominating and Governance Committee) pursuant to which the Board shall consider:

(i) what competencies and skills the Board, as a whole, should possess;

(ii) what competencies and skills each existing Director possesses and which the Board, as a whole, possesses;

(iii) diversity on the Board, including diversity based on gender, sexual orientation, ethnicity, culture, heritage, education, and any other relevant considerations;

(iv) the mechanisms that should be adopted to ensure periodic Board renewal;

(v) the personality, integrity, and other qualities of each Director; and

(vi) the appropriate size of the Board, with a view to facilitating effective decision-making.

16 BOARD EFFECTIVENESS

16.1 Director Orientation and Continuing Education

The Board shall review and, if determined appropriate, approve the recommendations of the Nominating and Governance Committee concerning:

(a) a comprehensive orientation program aimed at ensuring that all new Directors understand the nature and operations of the Corporation's business, the role of the Board and the committees of the Board and the contribution that individual Directors are expected to make to the Board; and

(b) a continuing education program for all Directors that enables them to enhance their skills and abilities as Directors and ensure that their knowledge of the Corporation's business remains current.

16.2 Board, Committee and Director Assessments

The Board shall adopt a process having regard to the recommendation of the Nominating and Governance Committee for assessing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual Directors on an annual basis.

16.3 Annual Assessment of the Board

Each year, the Board shall assess its performance and effectiveness and review this Charter in accordance with the process established by the Nominating and Governance Committee.

Approved by the Board of Directors of the Corporation on November 7, 2024.

APPENDIX B
CHARTER OF THE AUDIT COMMITTEE OF GROUPE DYNAMITE INC.

1 PURPOSE AND RESPONSIBILITIES OF THE COMMITTEE

1.1 Purpose

The purpose of the audit committee (the "**Committee**") of Groupe Dynamite Inc. (the "**Corporation**") is to assist the board of directors of the Corporation (the "**Board**") in its oversight of:

(a) the integrity of the Corporation's accounting and financial reporting systems, including those used in connection with the preparation of its financial statements, budgets and forecasts;

(b) the adequacy of the Corporation's internal controls over financial reporting and disclosure controls and procedures;

(c) the Corporation's compliance with legal and regulatory requirements;

(d) the External Auditor's independence, qualifications, and performance;

(e) approving and monitoring the Corporation's insider trading policy;

(f) the work of the External Auditor and the performance of the Corporation's internal audit function;

(g) the Corporation's strategy and initiatives relating to environmental, social, and corporate governance matters that are significant to the Corporation, including monitoring and reporting to the Board on emerging trends, risks, or issues relating to relevant environmental, social, and corporate governance matters and reviewing the Corporation's public disclosure with respect to environmental, social, and corporate governance matters; and

(h) performing any other activities consistent with this Charter or specifically assigned to the Committee by the Board.

1.2 Investor Rights Agreement

Certain aspects of the composition and organization of the Board and the committees of the Board are governed by investor rights agreements or similar agreements which may exist from time to time between the Corporation and certain of its shareholders (the "**Investor Rights Agreements**"). Certain of the provisions of this Charter may be modified or superseded by the provisions of the Investor Rights Agreements. In the event of a conflict between this Charter and the Investor Rights Agreements, the Investor Rights Agreements shall prevail.

2 DEFINITIONS AND INTERPRETATION

2.1 Definitions

In this Charter:

(a) "**Chair**" means the Chair of the Committee;

(b) "**Charter**" means this Charter, as amended from time to time;

(c) "**CEO**" means the Chief Executive Officer of the Corporation;

(d) "**Director**" means a member of the Board;

(e) "**External Auditor**" means the accounting firm that serves as the Corporation's independent auditor;

(f) "**Human Resources and Compensation Committee**" means the human resources and compensation committee of the Board;

(g) "**Internal Auditor**" means any internal auditor employed by the Corporation;

(h) "**Nominating and Governance Committee**" means the nominating and governance committee of the Board;

(i) "**President**" means the President and Chief Operating Officer of the Corporation;

(j) "**Shareholders**" means the shareholders of the Corporation; and

(k) "**Stock Exchange**" means, at any time, the Toronto Stock Exchange, and any other stock exchange on which any securities of the Corporation are listed for trading at the applicable time.

2.2 Interpretation

This Charter is subject to and shall be interpreted in a manner consistent with the articles and by-laws of the Corporation, the *Canada Business Corporations Act*, and any other applicable legislation.

3 ESTABLISHMENT AND COMPOSITION OF COMMITTEE

3.1 Establishment of the Audit Committee

The Committee is hereby established with the constitution, function and responsibilities set forth herein.

3.2 Appointment and Removal of Members of the Committee

(a) **Appointment of Members**. The members of the Committee shall be appointed by the Board, having considered the recommendation of the Nominating and Governance Committee.

(b) **Annual Appointments**. The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the Shareholders at which Directors are elected; provided, however, that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.

(c) **Vacancies**. The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors. If a vacancy exists on the Committee, the remaining members shall exercise all of their powers so long as a quorum remains in office.

(d) **Removal of Members**. Any member of the Committee may be removed from the Committee by a resolution of the Board.

3.3 Number of Members

The Committee shall consist of three or more Directors.

3.4 Qualifications and Independence of Members

(a) **Financial Literacy**. Each member of the Committee shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee. For the purposes of this Charter being "**financially literate**" means having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

(b) **Accounting or Financial Management Expertise**. The Board will appoint to the Committee at least one Director who has accounting or financial management expertise.

(c) **Independence**. Each member of the Committee shall be independent for the purposes of all applicable laws and Stock Exchange requirements.

4 COMMITTEE CHAIR

4.1 Board to Appoint Chair

The Board shall appoint the Chair from among the members who are appointed to the Committee in accordance with Section 3.4(b) and who have accounting or financial management expertise.

4.2 Chair to be Appointed Annually

The appointment of the Chair shall take place annually at the first meeting of the Board after a meeting of the Shareholders at which Directors are elected; provided, however, that if the appointment of the Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

5 COMMITTEE MEETINGS

5.1 Quorum

A quorum of the Committee shall be a majority of the members.

5.2 Secretary

The Chair shall designate from time to time a person who may, but need not, be a member of the Committee, to act as the secretary of the Committee.

5.3 Time and Place of Meetings

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, that the Committee shall meet at least quarterly.

5.4 Meetings with Management and Auditors

As part of each meeting of the Committee at which the Committee recommends that the Board approve the annual audited financial statements or at which the Committee approves the interim financial statements, the Committee shall meet separately with each of:

(a) the relevant members of management of the Corporation;

(b) the External Auditor; and

(c) the Internal Auditor.

5.5 Right to Vote

Each member of the Committee shall have the right to vote on matters that come before the Committee.

5.6 Voting

Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

5.7 Invitees

The Committee may invite any Directors, officers or employees of the Corporation or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee. The External Auditor shall receive notice of and attend, at the expense of the Corporation, each meeting of the Committee.

5.8 Regular Reporting

The Committee shall report to the Board at the Board's next meeting the proceedings at the meetings of the Committee and all recommendations made by the Committee at such meetings.

6 AUTHORITY OF COMMITTEE

6.1 Retaining and Compensating Advisors

The Committee has the authority to retain independent counsel or any other advisors as the Committee may deem appropriate, in its sole and absolute discretion. The Committee is not required to obtain the approval of the Board in order to retain or compensate such counsel or other advisors.

6.2 Funding

The Committee has the authority to authorize the payment of:

(a) the compensation of the External Auditor or any other independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Corporation;

(b) the compensation of any independent counsel or other advisors retained by the Committee under Section 6.1; and

(c) and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

6.3 Communication with Auditors

The Committee has the authority to communicate directly with the External Auditor and the Internal Auditor.

6.4 Subcommittees

The Committee may delegate authority to individual members or subcommittees if deemed appropriate.

6.5 Recommendations to the Board

The Committee shall have the authority to make recommendations to the Board, but shall have no decision-making authority other than as specifically contemplated in this Charter or as specifically delegated by the Board.

7 REMUNERATION OF COMMITTEE MEMBERS

7.1 Remuneration of Committee Members

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time, having considered the recommendation of the Human Resources and Compensation Committee.

7.2 Directors' Fees

No member of the Committee may earn fees from the Corporation or any of its subsidiaries other than Directors' fees (which fees may include a combination of cash, benefits and subordinate voting shares, options, or other equity securities of the Corporation). For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation.

8 PRIMARY DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

8.1 Review and Approval of Financial Information

(a) **Annual Financial Statements**. The Committee shall review and discuss with the relevant members of management and the External Auditor the audited annual financial statements of the Corporation, together with the notes thereto and the report of the External Auditor thereon, and any related materials, including management's discussion and analysis ("**MD&A**") and, if appropriate, recommend to the Board that it approve such audited annual financial statements and the related MD&A.

(b) **Interim Financial Statements**. The Committee shall review and discuss with the relevant members of management and the External Auditor the interim unaudited financial statements of the Corporation, together with the notes thereto, and the related MD&A and, if appropriate, approve such interim unaudited financial statements and the related MD&A.

(c) **Material Public Financial Disclosure**. The Committee shall review and discuss with the relevant members of management and the External Auditor:

(i) financial information to be disclosed in the press releases discussing the annual and interim profits or losses of the Corporation;

(ii) financial information to be disclosed in any other press releases issued by the Corporation;

(iii) financial information contained in any prospectuses, annual information forms, annual reports to Shareholders, management proxy circulars, material change reports and other filings the content of which may be incorporated by reference into a prospectus; and

(iv) financial information and earnings guidance provided to analysts and rating agencies or otherwise publicly disseminated.

(d) **Procedures for Review**. The Committee shall review and discuss with the relevant members of management the Corporation's disclosure policies and procedures, including any significant deficiencies in or material non-compliance with, such policies and procedures. The Committee shall be satisfied that adequate procedures are in place for the review of disclosure containing financial information extracted or derived from the Corporation's financial statements and shall periodically assess the adequacy of those procedures.

(e) **General**. The Committee shall review and discuss with the relevant members of management and, if applicable, the External Auditor:

(i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles;

(ii) major issues as to the adequacy of the Corporation's internal controls over financial reporting and any special audit steps adopted in light of material internal control deficiencies;

(iii) analyses prepared by management or the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative accounting methods on the financial statements;

(iv) the effect on the financial statements of the Corporation of regulatory and accounting initiatives;

(v) the effect on the financial statements of the Corporation of off-balance sheet transaction structures, obligations (including contingent obligations) and other relationships of the Corporation with unconsolidated entities or other persons that have a material current or future effect on the financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses of the Corporation;

(vi) the extent to which changes or improvements in financial or accounting practices approved by the Committee have been implemented;

(vii) any financial information or financial statements to be disclosed in a prospectus, offering memorandum or other offering document of the Corporation; and

(viii) management's certification of the financial statements as required under applicable laws and Stock Exchange requirements.

8.2 Oversight of the External Auditor

(a) **Authority with Respect to External Auditor**. The Committee shall be responsible for the selection, compensation, retention, and oversight of the work of the External Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Corporation. In discharging its responsibilities, the Committee shall:

(i) recommend to the Board the accounting firm to be proposed to the Shareholders for appointment as the External Auditor;

(ii) recommend to the Board the compensation of the External Auditor;

(iii) determine, at any time, whether the Board should recommend to the Shareholders that the incumbent External Auditor be removed from office;

(iv) review the terms of the External Auditor's engagement and discuss the audit fees with the External Auditor, as necessary; and

(v) require the External Auditor report directly to the Committee.

(b) **Independence of External Auditor**. The Committee shall satisfy itself as to the independence of the External Auditor. As part of this process, the Committee shall:

(i) assure the regular rotation of the lead audit partner as required by applicable laws and consider whether, in order to ensure continuing independence of the External Auditor, the Corporation should periodically rotate the accounting firm that serves as External Auditor;

(ii) require the External Auditor to submit at least annually to the Committee a formal written statement delineating all relationships between the External Auditor and the Corporation, engage in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the External Auditor, and recommend to the Board the appropriate actions to be taken in response to the External Auditor's report to satisfy itself of the External Auditor's independence;

(iii) unless the Committee adopts pre-approval policies and procedures, it must pre-approve any non-audit services provided by the External Auditor to the Corporation or its subsidiaries; provided, however, that the Committee may delegate such pre-approval authority to one or more of its members, who shall report to the Committee concerning their exercise of such delegated authority at or prior to the next scheduled meeting of the Committee; and

(iv) establish, approve and periodically review the Corporation's hiring policy regarding partners, employees and former partners and employees of the External Auditor and any accounting firm that used to serve as External Auditor.

(c) **Issues Between External Auditor and Management**. The Committee shall satisfy itself that any disagreement between management and the External Auditor regarding the Corporation's financial reporting is resolved. As part of this process, the Committee shall:

(i) review any problems experienced by the External Auditor in conducting the audit, including any restrictions on the scope of the External Auditor's activities or on its access to requested information;

(ii) act as an intermediary with a view of resolving any significant disagreements that may arise between management of the Corporation and the External Auditor; and

(iii) review with the External Auditor:

(A) any accounting adjustments that were noted or proposed by the External Auditor, but were ultimately not made;

(B) any auditing or accounting issues presented by the engagement;

(C) any internal control issues or weaknesses identified by the External Auditor; and

(D) the responsibilities, budget, and staffing of the Corporation's internal audit function.

(d) **Evaluation of External Auditor**. The Committee shall evaluate the External Auditor each year and present its conclusions to the Board. In connection with this evaluation, the Committee shall:

(i) obtain and review a report prepared by the External Auditor describing:

(A) the External Auditor's quality-control procedures;

(B) any material issues raised by the most recent internal quality-control review, or peer review, of the External Auditor or by any inquiry, review, inspection or investigation involving the External Auditor by governmental or professional authorities, within the preceding five years, in respect of one or more independent audits carried out by the External Auditor, and any steps taken to deal with any such issues; and

(C) all relationships between the External Auditor and the Corporation;

(ii) review and evaluate the performance of the lead partner of the External Auditor; and

(iii) obtain the feedback from the relevant members of management of the Corporation and the Internal Auditor on the performance of the External Auditor.

8.3 Risk Assessment and Risk Management

The Committee shall assist the executive officers of the Corporation in assessing and managing the Corporation's risk exposure. In doing so, the Committee shall:

(a) discuss the Corporation's major financial risk exposures with the executive officers and review the systems implemented and strategies taken by management to monitor and control such financial risk exposures;

(b) review the External Auditor's recommendations to address any weaknesses in the Corporation's internal controls and the steps taken by management to implement such recommendations; and

(c) make recommendations to the Board whether any new risk management strategies should be considered or implemented.

8.4 Internal Audit Function

In connection with the Corporation's internal audit function, the Committee shall:

(a) review the terms of reference of the internal audit function and meet with the Internal Auditor as the Committee may consider appropriate to discuss any concerns or issues;

(b) in consultation with the External Auditor and the internal audit group, review the adequacy of the Corporation's internal control structure and procedures designed to ensure compliance with applicable laws and any special audit steps adopted in light of material deficiencies and controls;

(c) review management's response to significant internal control recommendations made by the internal audit group, the Internal Auditor, and the External Auditor;

(d) review (i) the annual internal control report prepared by management, including management's assessment of the effectiveness of the Corporation's internal controls, structure, and procedures for financial reporting, and (ii) the External Auditor's annual report on the assessment made by management;

(e) instruct the External Auditor to prepare an annual evaluation of the Corporation's internal audit function and reviewing the results of that evaluation; and

(f) periodically meet with the Internal Auditor to determine whether any significant difficulties, disagreements with management or scope restrictions were encountered in the course of the work of the Internal Auditor or the internal audit function.

9 OTHER DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

9.1 Related Party Transactions

The Committee shall review all related party transactions involving the Corporation and make recommendations to the Board regarding any actions to be taken, including the approval of any proposed transactions.

9.2 Insider Trading Policy

The Committee shall review, approve and receive regular reports from management with respect to the Corporation's insider trading policy.

9.3 Expense Reimbursement Policy

The Committee shall review and make recommendations with respect to the Corporation's expense reimbursement policy and the rules relating to the standardization of the Corporation's expense reporting practices. The Committee shall also review the expense reimbursement summaries submitted by the CEO and the President of the Corporation on a quarterly basis.

9.4 Integrity Assurance

The Committee shall review and make recommendations with respect to the Corporation's integrity assurance policy. In connection therewith, the Committee shall put in place procedures for:

(a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;

(b) the confidentiality and anonymity of submissions made by employees of the Corporation regarding questionable accounting or auditing practices;

(c) the receipt of reports by the general counsel of the Corporation on all complaints received under the integrity assurance policy; and

(d) considering the recommendations of the general counsel of the Corporation in respect of actions to be taken in response to the complaints received.

9.5 Environmental, Social and Governance

The Committee shall review and make recommendations with respect to the Corporation's strategy and initiatives relating to environmental, social, and corporate governance matters that are significant to the Corporation. The Committee shall monitor and report to the Board on emerging trends, risks, or issues relating to relevant environmental, social, and corporate governance matters and review the Corporation's public disclosure with respect to environmental, social, and corporate governance matters.

10 ANNUAL PERFORMANCE EVALUATION

On an annual basis, the Committee shall follow the process established by the Nominating and Governance Committee for assessing the performance and effectiveness of the Committee.

11 CHARTER REVIEW

The Committee shall review and assess the adequacy of this Charter annually and recommend to the Board any changes it deems appropriate.

Approved by the Board of Directors of the Corporation on November 7, 2024.

CERTIFICATE OF THE COMPANY

Dated: November 20, 2024

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under securities legislation of each of the provinces and territories of Canada.

(Signed) *Andrew Lutfy*		(Signed) *Jean-Philippe D. Lachance*
Chief Executive Officer		Chief Financial Officer
	On behalf of the Board of Directors	
(Signed) *Chris Arsenault*		(Signed) *Andrew Janowski*
Director		Director

CERTIFICATE OF THE PROMOTER

Dated: November 20, 2024

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required under securities legislation of each of the provinces and territories of Canada.

(Signed) *Andrew Lutfy*

CERTIFICATE OF THE UNDERWRITERS

Dated: November 20, 2024

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to securities offered by this prospectus as required under the securities legislation of each of the provinces and territories of Canada.

Goldman Sachs Canada Inc.	**BMO Nesbitt Burns Inc.**	**RBC Dominion Securities Inc.**	**TD Securities Inc.**
(Signed) *Michael Klym*	(Signed) *Annie Lapointe*	(Signed) *Jean-François Chaput*	(Signed) *Abe Adham*
Barclays Capital Canada Inc.	**Desjardins Securities Inc.**	**National Bank Financial Inc**	**Scotia Capital Inc.**
(Signed) *Ryan Voegeli*	(Signed) *Pascal Drolet*	(Signed) *Antoine Kilo*	(Signed) *Luc Ouellet*

Canaccord Genuity Corp.	**CIBC World Markets Inc.**	**Stifel Nicolaus Canada Inc.**
(Signed) *Thierry Nguyen*	(Signed) *Emilie Bissonnette*	(Signed) *Mathieu L'Allier*

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