ARITZIA | NEWS RELEASE

Aritzia Reports First Quarter Fiscal 2019 Financial Results
Comparable Sales Increased 10.9%
Adjusted EBITDA Increased 18.4%
Adjusted Net Income Increased 22.2%

VANCOUVER, July 11, 2018 /PRNewswire/ - Aritzia Inc. ("Aritzia" or the "Company") (TSX: ATZ), a vertically integrated, innovative design house of exclusive fashion brands, today announced financial results for the first quarter fiscal 2019.

"We are extremely pleased to have started the year on an exceptional note with double digit growth in both comparable sales and adjusted EBITDA. Our strong first quarter results, once again illustrate the effectiveness of our powerful business model, as we continue to delight our customers with beautiful, high quality products and an aspirational shopping experience both online and in stores." said Brian Hill, Aritzia's Founder and Chief Executive Officer.

Mr. Hill added, "Looking ahead, we remain focused on executing our key strategic growth initiatives including accelerating our eCommerce growth, enhancing our store network, and strengthening our infrastructure while delivering product that our customer wants. We continue to build our world-class team and remain on track and confident in our ability to achieve or exceed our long term performance targets."

Unless otherwise indicated, all amounts are expressed in Canadian dollars. Certain metrics, including those expressed on an adjusted or comparable basis, are non-IFRS measures. See "Non-IFRS Measures including Retail Industry Metrics" and "Selected Consolidated Financial Information" further below.

Highlights for the First Quarter

- Net revenue increased by 15.1% to $167.0 million from $145.0 million in Q1 last year
- Comparable sales growth(1) was 10.9%, following 9.3% growth in Q1 last year
- Gross profit margin was 40.4%, compared to 39.7% in Q1 last year
- Adjusted EBITDA(1) increased by 18.4% to $28.4 million from $24.0 million in Q1 last year
- Net income increased by 51.2% to $12.3 million from $8.1 million in Q1 last year
- Adjusted Net Income(1) increased by 22.2% to $15.2 million, or $0.13 per diluted share, from $12.5 million, or $0.11 per diluted share, in Q1 last year
- The Company opened two new stores (Babaton at Square One in Greater Toronto and Aritzia at Cross Iron Mills in Calgary) and expanded two Aritzia stores (Southgate in Edmonton and Soho in New York) during Q1 this year

First Quarter Results

All comparative figures below are for the 13-week period ended May 27, 2018*, compared to the 13-week period ended* May 28, 2017*.*

Net revenue increased by 15.1% to $167.0 million from $145.0 million in the first quarter last year. The net revenue increase was primarily driven by comparable sales growth(1) of 10.9%, resulting from continued momentum in the Company's eCommerce business as well as strong performance in the stores. Net revenue growth also reflects the addition of six new stores and eight expanded or repositioned stores since the first quarter of fiscal 2018. Net revenue growth would have increased by an additional 160 basis points, or $2.6 million on a constant currency basis.

Gross profit increased by 17.4% to $67.5 million, or 40.4% of net revenue, compared to $57.5 million, or 39.7% of net revenue, in the first quarter last year. The 70 basis point improvement was primarily due to a benefit from the strengthening of the Canadian dollar, in addition to continued improvement in product costs related to ongoing sourcing initiatives. These improvements were partially offset by higher warehousing and distribution costs.

Selling, general and administrative ("SG&A") expenses increased by 15.1% to $47.0 million compared to $40.8 million in the first quarter last year. As a percentage of net revenue, SG&A was 28.1% as compared to 28.2% in the first quarter last year. SG&A as a percentage of net revenue during the quarter benefited from leverage of selling labor costs, partially offset by the impact of the Company's continued investment in people.

Other income was $3.0 million compared to other income of $2.2 million in the first quarter last year. Other income this quarter primarily relates to unrealized foreign exchange gains on U.S. dollar forward contracts of $1.2 million, unrealized and realized operational foreign exchange gains of $1.3 million, and interest income of $0.4 million.

Adjusted EBITDA[(1)] increased by 18.4% to $28.4 million, or 17.0% of net revenue, compared to $24.0 million, or 16.5% of net revenue, in the first quarter last year. Adjusted EBITDA in the quarter excludes stock-based compensation expense of $3.8 million and unrealized foreign exchange gains on U.S. dollar forward contracts of $1.2 million. Adjusted EBITDA for the first quarter last year excluded stock-based compensation expense of $4.7 million, unrealized foreign exchange gains on U.S. dollar forward contracts of $0.8 million, and other non-recurring items of $0.4 million.

Stock-based compensation expense was $3.8 million compared to $4.7 million in the first quarter last year. This quarter's stock-based compensation expense primarily consists of $1.1 million in expenses related to the accounting for options under the legacy option plan and $2.6 million in expenses primarily related to the accounting for options under the new option plan.

Net income for the quarter was $12.3 million, compared to net income of $8.1 million in the first quarter last year. The 51.2% increase in net income during the quarter was primarily driven by the factors described above.

Adjusted Net Income[(1)] increased by 22.2% to $15.2 million, or $0.13 per diluted share, compared to Adjusted Net Income of $12.5 million, or $0.11 per diluted share in the first quarter last year. Adjusted Net Income excludes the impact of stock-based compensation expense, unrealized foreign exchange gains/losses on U.S. dollar forward contracts and other non-recurring items, net of related tax effects.

Normal Course Issuer Bid

On May 10, 2018, the Company announced the commencement of a normal course issuer bid ("NCIB") to purchase and cancel up to 5,429,658 subordinate voting shares over the 12-month period commencing May 15, 2018 and ending May 14, 2019. The total number of shares repurchased for cancellation under the Company's NCIB during the 13-week period ended May 27, 2018 amounted to 52,100 shares, at an average price of $13.65 per share, for a total cash consideration of $0.7 million.

Subsequent Events

On June 28, 2018, the Company amended its credit facilities with its syndicate of lenders ("Amended Credit Facilities") to, among other things, reduce the term credit facility from $118.7 million to $75.0 million and increase the revolving credit facility from $70.0 million to $100.0 million. The Amended Credit Facilities have no amortization payments and mature on May 22, 2022.

Outlook

The second quarter of fiscal 2019 is off to a strong start. This performance is attributable to an enthusiastic response to the Company's Spring/Summer product offering. The Company looks forward to delivering its 16th consecutive quarter of comparable sales growth in the second quarter of fiscal 2019.

For fiscal 2019, the Company remains on track to deliver low to mid-teens revenue growth and consistent Adjusted EBITDA margin, as compared to fiscal 2018. This assumes:

- Six new stores including the two opened in the first quarter. As well as, two new Aritzia stores at end of the second quarter, one in Westfield UTC in San Diego and the other in Conestoga Mall in Greater Toronto. The remaining two new stores are expected to open in the second half of the year.

- Five store expansions or repositions including the two opened in the first quarter. As well as, the expansion of Mayfair Shopping Centre in Victoria at the end of the second quarter. The remaining two expansions or repositions are expected to open in the second half of the year.

- Three pop-up Aritzia stores planned for the second quarter including one in Santana Row in San Jose which is already opened, and two additional locations, one in Chicago, Illinois and another in Georgetown, DC.

- Gross profit margin benefit from sourcing initiatives will be offset by higher raw material costs for the Fall/Winter season.

- SG&A growth proportionate with revenue growth as the Company continues to make strategic investments in people, technology and infrastructure.

Overall, the Company remains on track to meet or exceed its stated fiscal 2021 performance targets.

See "Forward-Looking Information" below, and for additional information, please see the "Outlook" section of the Management's Discussion and Analysis for the first quarter ended May 27, 2018**.**

Conference Call to Discuss Results

A conference call to discuss first quarter results is scheduled for Wednesday, July 11, 2018, at 1:30 p.m. PDT / 4:30 p.m. EDT. A replay of the conference call can be accessed shortly after the conclusion of the call. To access the replay, please dial 1-855-669-9658 and use replay access code 2430. A replay of the webcast will be available at the conclusion of the call and will remain on Aritzia's investor relations website.

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(1) See “Non-IFRS Measures including Retail Industry Metrics” and “Select Consolidated Financial Information” below, including for a reconciliation of the non-IFRS measures used in this release to the most comparable IFRS measures. See also sections entitled “How We Assess the Performance of our Business”, “Non-IFRS Measures including Retail Industry Metrics” and “Selected Consolidated Financial Information” in the Management’s Discussion and Analysis for further details concerning comparable sales growth, Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per diluted share, including definitions and reconciliations to the relevant reported IFRS measure.

About Aritzia

Aritzia is a vertically integrated, innovative design house of fashion brands. The Company designs apparel and accessories for its collection of exclusive brands. The Company's expansive and diverse range of women's fashion apparel and accessories addresses a broad range of style preferences and lifestyle requirements. Aritzia is well known and deeply loved by its customers in Canada with growing customer awareness and affinity in the United States and outside of North America. Aritzia aims to delight its customers through an aspirational shopping experience and exceptional customer service that extends across its more than 85 retail stores and eCommerce business, *aritzia.com*.

Non-IFRS Measures including Retail Industry Metrics

This press release makes reference to certain non-IFRS measures including 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 measures including "EBITDA", "Adjusted EBITDA", "Adjusted Net Income", "Adjusted Net Income per diluted share", and "gross profit margin". This press release also makes reference to "comparable sales growth", which is a commonly used operating metric in the retail industry but may be calculated differently compared to other retailers. These non-IFRS measures including retail industry metrics 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 believe that securities analysts, investors and other interested parties frequently use non-IFRS measures including retail industry metrics in the evaluation of issuers. Our management also uses non-IFRS measures including retail industry metrics 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. Definitions and reconciliations of non-IFRS measures to the relevant reported measures can be found in our MD&A. Such reconciliations can also be found in this press release under the heading "Selected Consolidated Financial Information".

Forward-Looking Information

Certain statements made in this press release may constitute forward-looking information under applicable securities laws. These statements may relate to our future financial outlook and anticipated events or results and include, but are not limited to, expectations regarding comparable sales growth for the second quarter of 2019, outlook for revenue growth and Adjusted EBITDA margin in fiscal 2019 as further described below, expectations regarding the Company meeting or exceeding its stated fiscal 2021 performance targets, and other statements that are not historical facts. Particularly, information regarding our expectations of future results, targets, performance achievements, prospects or opportunities is forward-looking information. As the context requires, this may include certain targets as disclosed in the prospectus for our initial public offering, which are based on the factors and assumptions, and subject to the risks, as set out therein and herein. Often but not always, forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology.

Implicit in forward-looking statements in respect of the Company's expectations for fiscal 2019 to deliver low to mid-teens revenue growth and consistent Adjusted EBITDA margin, as compared to fiscal 2018, are certain current assumptions, including, among others, the opening of six new stores, the expansion or repositioning of five stores, the continued ability to drive growth in our eCommerce business, gross profit margin benefit from sourcing initiatives will be offset by the higher raw material costs for the Fall/Winter season, SG&A will grow proportionately with revenue growth in fiscal 2019, the continued investments in people, technology and infrastructure, taxation rates consistent with historical levels, assumptions regarding the overall retail environment and currency exchange rates for fiscal 2019. Specifically, we have assumed the following exchange rates for fiscal 2019: USD:CAD = 1.30.

This forward-looking information and other forward-looking information 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. 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. Certain assumptions in respect of the expansion and enhancement of our store network; the growth of our eCommerce business; our ability to drive comparable sales growth; our ability to maintain, enhance, and grow our appeal within our addressable market; our ability to drive ongoing development and innovation of our exclusive brands and product categories; our ability to continue directly sourcing from third party mills, trim suppliers and manufacturers for our exclusive brands; our ability to build our international presence; our ability to retain key personnel; our ability to maintain and expand distribution capabilities; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry or the global economy; and the changes in laws, rules, regulations, and global standards are material factors made in preparing forward-looking information and management's expectations.

Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the factors discussed in the "Risk Factors" section of the Company's annual information form dated May 10, 2018 for the fiscal year ended February 25, 2018 (the "AIF"). A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. The Company cautions that the list of risk factors and uncertainties described in the AIF is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information.

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Selected Consolidated Financial Information

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS:

(Unaudited, in thousands of Canadian dollars, unless otherwise noted)	**Q1 2019 13 weeks**			**Q1 2018 13 weeks**		
Net revenue	$	167,011	100.0%	$	145,046	100.0%
Cost of goods sold		99,468	59.6%		87,508	60.3%
Gross profit		67,543	40.4%		57,538	39.7%
Operating expenses						
Selling, general and administrative		46,993	28.1%		40,843	28.2%
Stock-based compensation expense		3,819	2.3%		4,667	3.2%
Income from operations		16,731	10.0%		12,028	8.3%
Finance expense		1,391	0.8%		1,266	0.9%
Other income		(2,955)	(1.8%)		(2,226)	(1.5%)
Income before income taxes		18,295	11.0%		12,988	9.0%
Income tax expense		6,005	3.6%		4,859	3.3%
Net income	$	12,290	7.4%	$	8,129	5.6%
Other Performance Measures:						
Year-over-year net revenue growth		15.1%			14.7%	
Comparable sales growth		10.9%			9.3%	
Capital cash expenditures (excluding proceeds from leasehold inducements)	$	15,142		$	16,450	
Number of stores, end of period		87			81	
New stores added		2			2	
Stores expanded or repositioned		2			1	

RECONCILIATION OF NET INCOME TO EBITDA, ADJUSTED EBITDA AND ADJUSTED NET INCOME:

(Unaudited, in thousands of Canadian dollars, unless otherwise noted)	**Q1 2019 13 weeks**	**Q1 2018 13 weeks**
Reconciliation of Net Income to EBITDA and Adjusted EBITDA:		
Net income	$ 12,290	$ 8,129
Depreciation and amortization	6,031	5,475
Finance expense	1,391	1,266
Income tax expense	6,005	4,859
EBITDA	25,717	19,729
Adjustments to EBITDA:		
Stock-based compensation expense	3,819	4,667
Unrealized foreign exchange gain on forward contracts	(1,184)	(804)
Other non-recurring items[1]	-	361
Adjusted EBITDA	$ 28,352	$ 23,953
Adjusted EBITDA as a Percentage of Net Revenue	17.0%	16.5%
Reconciliation of Net Income to Adjusted Net Income:		
Net income	$ 12,290	$ 8,129
Adjustments to net income:		
Stock-based compensation expense	3,819	4,667
Unrealized foreign gain on forward contracts	(1,184)	(804)
Other non-recurring items[1]	-	361
Related tax effects	318	117
Adjusted Net Income	$ 15,243	$ 12,470
Adjusted Net Income as a Percentage of Net Revenue	9.1%	8.6%
Weighted Average Number of Diluted Shares Outstanding (thousands)	116,780	116,375
Adjusted Net Income per Diluted Share	$ 0.13	$ 0.11

Note:
[1] Other non-recurring items include separation costs related to a senior Company executive departure.

CONDENSED INTERIM CONSOLIDATED CASH FLOWS:

(Unaudited, in thousands of Canadian dollars)	**Q1 2019 13 weeks**	**Q1 2018 13 weeks**
Cash Flows:		
Net cash generated from (used in) operating activities	$ 25,155	$ (5,635)
Net cash (used in) generated from financing activities	(365)	323
Net cash used in investing activities	(15,142)	(16,450)
Effect of exchange rate changes on cash and cash equivalents	159	82
Increase (decrease) in cash and cash equivalents	$ 9,807	$ (21,680)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION:

(Unaudited, in thousands of Canadian dollars)	As at May 27, 2018	As at February 25, 2018 (restated)[2]
Assets		
Current assets		
Cash and cash equivalents	$ 122,282	$ 112,475
Accounts receivable	3,393	2,413
Income taxes recoverable	2,276	1,728
Inventory	75,401	78,833
Prepaid expenses and other current assets	16,584	16,005
Total current assets	219,936	211,454
Property and equipment	146,213	135,672
Intangible assets	63,380	61,387
Goodwill	151,682	151,682
Other assets	1,723	1,664
Deferred tax assets	6,274	6,517
Total assets	$ 589,208	$ 568,376
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 69,322	$ 67,292
Current portion of long-term debt	118,618	19,127
Deferred revenue	19,795	19,308
Total current liabilities	207,735	105,727
Other non-current liabilities	61,713	59,566
Deferred tax liabilities	18,172	17,922
Long-term debt	-	99,460
Total liabilities	287,620	282,675
Shareholders' equity		
Share capital	173,081	171,130
Contributed surplus	78,611	76,522
Retained earnings	50,341	38,613
Accumulated other comprehensive loss	(445)	(564)
Total shareholders' equity	301,588	285,701
Total liabilities and shareholders' equity	$ 589,208	$ 568,376

Note:
(2) See section "Significant New Accounting Standards Recently Adopted" in the Management's Discussion and Analysis for further details concerning the restatement relating to the adoption of new accounting standards.