

Aritzia Reports Second Quarter Fiscal 2022 Financial Results

Net revenue increased by 74.9% to \$350.1 million
Adjusted EBITDA increased by \$60.6 million to \$72.9 million

VANCOUVER, October 13, 2021 – Aritzia Inc. (TSX: ATZ, "Aritzia" or the "Company"), a vertically integrated, innovative design house offering Everyday Luxury online and in its boutiques, today announced its second quarter financial results for fiscal 2022 ended August 29, 2021.



“The outstanding performance of the Aritzia brand continued through the second quarter of fiscal 2022. Our net revenue growth of 75% reflects accelerated momentum across all geographies and all channels. I am particularly excited by the unprecedented pace of growth in our business in the United States, as existing and new clients enjoy our Everyday Luxury experience on Aritzia.com and in our boutiques. Our eCommerce revenue continues to surge with 49% growth on top of the 82% growth that we saw in the second quarter last year. Sales in our boutiques were exceptional with comparable sales growth of 60% from fiscal 2021, whilst exceeding pre-pandemic levels with retail comps growing 14% from fiscal 2020,” said Brian Hill, Founder, Chief Executive Officer and Chairman.

“The strength of our business across all geographies and all channels continues through the start of the third quarter. Looking ahead, expansion in the United States will be a leading driver of our growth. We are confident that eCommerce will continue to grow even on the back of 89% growth last year. Retail has surpassed our most optimistic expectations and is continuing to trend above pre-pandemic levels, now and for the foreseeable future. The performance of our new boutiques continues to outperform our expectations with significant investment focused on the United States, further fueling our brand awareness and multi-channel business. I remain incredibly grateful for the enduring loyalty of our clients and the effort of our team and their unwavering commitment to delivering Everyday Luxury,” concluded Mr. Hill.

Second Quarter Highlights

- **Net revenue** increased by 74.9% to \$350.1 million from Q2 2021 and 45.1% from Q2 2020
- **eCommerce revenue** increased by 48.7% to \$130.4 million from Q2 2021 and 171.1% from Q2 2020, comprising 37.3% of net revenues in Q2 2022
- **Retail revenue** increased by 95.3% to \$219.6 million from Q2 2021 and 13.8% from Q2 2020, achieving double digit comparable sales growth compared to pre-COVID Q2 2020
- **Gross profit margin**⁽¹⁾ increased to 44.6% from 35.2% in Q2 2021 and 39.6% in Q2 2020
- **Adjusted EBITDA**⁽¹⁾ increased to \$72.9 million from \$12.3 million in Q2 2021 and \$36.4 million in Q2 2020
- **Adjusted Net Income**⁽¹⁾ of \$0.39 per diluted share, compared to \$0.01 per diluted share in Q2 2021 and \$0.18 per diluted share in Q2 2020

- (1) Unless otherwise indicated, all amounts are expressed in Canadian dollars. The Company's second quarter results include the consolidation of CYC Design Corporation ("CYC") from the close of the transaction on June 25, 2021. Due to the material impact of COVID-19 on business operations in fiscal 2021 and 2022, certain references to Q2 2020 and YTD 2020 have been included where Management deems to be a more meaningful measurement of the Company's performance. 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".

Second Quarter Results Compared to Q2 2021

(in thousands of Canadian dollars,
unless otherwise noted)

	Q2 2022 13 weeks		Q2 2021 13 weeks		Variance Q2 2022 to Q2 2021	
					%	% pts
eCommerce Revenue	\$ 130,430	37.3%	\$ 87,699	43.8%	48.7%	
Retail Revenue	219,639	62.7%	112,456	56.2%	95.3%	
Net revenue	350,069	100.0%	200,155	100.0%	74.9%	
Gross profit	156,196	44.6%	70,436	35.2%	121.8%	9.4%
SG&A	92,115	26.3%	60,151	30.1%	53.1%	(3.8%)
Adjusted EBITDA⁽¹⁾	\$ 72,891	20.8%	\$ 12,274	6.1%	493.9%	14.7%
Adjusted Net Income⁽¹⁾ per diluted share	\$ 0.39		\$ 0.01		4,093.9%	

Net revenue increased by 74.9% to \$350.1 million, compared to \$200.2 million in Q2 2021. The Company has seen an unprecedented acceleration of sales in the United States, where net revenues increased by 152.0% to C\$146.4 million, compared to C\$58.1 million in Q2 2021.

- **eCommerce revenue** increased by 48.7% to \$130.4 million, compared to \$87.7 million in Q2 2021. The Company's eCommerce business continued its momentum, building on the 82.3% increase in Q2 2021.
- **Retail revenue** increased by 95.3% to \$219.6 million, compared to \$112.5 million in Q2 2021. The increase in revenue was primarily driven by the Company's boutiques exceeding pre-pandemic revenue levels in both Canada and the United States. During the quarter, the Company opened two new boutiques in the United States. Store count at the end of Q2 totaled 104 compared to 97 boutiques at the end of Q2 2021.

Gross profit increased by 121.8% to \$156.2 million, compared to \$70.4 million in Q2 2021. Gross profit margin was 44.6%, compared to 35.2% in Q2 2021. Compared to Q2 2021, the improvement in gross profit margin was primarily due to leverage on occupancy costs, lower markdowns and the strengthening of the Canadian dollar, partially offset by lower rent abatements and higher expedited freight.

Selling, general and administrative ("SG&A") expenses increased by 53.1% to \$92.1 million, compared to \$60.2 million in Q2 2021. SG&A expenses were 26.3% of net revenue, compared to 30.1% in Q2 2021. Excluding the benefit of government payroll subsidies in Q2 2021, the increase in SG&A was 33.3%. This increase was primarily due to variable selling costs associated with the increase in revenue and continued investment in talent.

Adjusted EBITDA⁽¹⁾ was \$72.9 million, or 20.8% of net revenue, compared to \$12.3 million, or 6.1% of net revenue in Q2 2021.

Net income (loss) was \$39.8 million, compared to \$(0.9) million in Q2 2021.

Adjusted Net Income⁽¹⁾ was \$44.4 million, compared to \$1.0 million in Q2 2021.

Adjusted Net Income⁽¹⁾ per diluted share was \$0.39, compared to \$0.01 in Q2 2021.

Cash and cash equivalents at the end of Q2 totaled \$131.8 million compared to \$207.3 million at the end of Q2 2021. In the last twelve months the Company has repaid \$100.0 million drawn from the Company's

revolving credit facility, its \$75.0 million term loan and funded the acquisition of CYC for \$32.9 million. The Company currently has zero drawn on its revolving credit facility.

Inventory at the end of Q2 was \$181.9 million, compared to \$140.9 million at the end of Q2 2021. The Company continues to maintain a healthy inventory position despite global supply chain constraints.

Capital cash expenditures (net of proceeds from leasehold inducements) were \$9.3 million, compared to \$10.6 million in Q2 2021.

YTD 2022 Compared to YTD 2021

(in thousands of Canadian dollars, unless otherwise noted)

	YTD 2022 26 weeks		YTD 2021 26 weeks		Variance YTD 2022 to YTD 2021	
					%	% pts
eCommerce Revenue	\$ 234,394	39.3%	\$ 175,327	56.3%	33.7%	
Retail Revenue	362,591	60.7%	136,217	43.7%	166.2%	
Net revenue	596,985	100.0%	311,544	100.0%	91.6%	
Gross profit	265,304	44.4%	83,497	26.8%	217.7%	17.6%
SG&A	162,497	27.2%	103,662	33.3%	56.8%	(6.1%)
Adjusted EBITDA⁽¹⁾	\$ 113,793	19.1%	\$ (12,958)	(4.2%)	978.2%	23.3%
Adjusted Net Income (Loss)⁽¹⁾ per diluted share	\$ 0.57		\$ (0.22)		362.2%	

Net revenue increased by 91.6% to \$597.0 million, compared to \$311.5 million in YTD 2021. The Company has seen an unprecedented acceleration of sales in the United States, where net revenues increased by 172.9% to C\$260.6 million, compared to C\$95.5 million in YTD 2021.

Gross profit increased by 217.7% to \$265.3 million, compared to \$83.5 million in YTD 2021. Gross profit margin was 44.4% compared to 26.8% in YTD 2021. Compared to YTD 2021, the improvement in gross profit margin was primarily due to leverage on fixed costs, lower markdowns and the strengthening of the Canadian dollar.

SG&A expenses increased by 56.8% to \$162.5 million, compared to \$103.7 million in YTD 2021. SG&A expenses were 27.2% of net revenue compared to 33.3% of net revenue in YTD 2021. Excluding the benefit of government payroll subsidies in YTD 2021, the increase in SG&A was 29.7%. This increase was primarily due to variable selling costs associated with the increase in revenue and continued investment in talent.

Adjusted EBITDA⁽¹⁾ was \$113.8 million, or 19.1% of net revenue, compared to \$(13.0) million, or (4.2%) of net revenue in YTD 2021.

Net income (loss) was \$57.8 million, compared to \$(27.3) million in YTD 2021.

Adjusted Net Income (loss)⁽¹⁾ was \$66.1 million, compared to \$(24.0) million in YTD 2021.

Adjusted Net Income (loss)⁽¹⁾ per diluted share was \$0.57, compared to \$(0.22) for the YTD 2021.

(1) See "Non-IFRS Measures including Retail Industry Metrics" and "Selected 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 Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per diluted share and free cash flow including definitions and reconciliations to the relevant reported IFRS measure.

Outlook

Consistent with its communication throughout the pandemic, the Company is providing an update for the third quarter and its fiscal 2022 outlook. Third quarter net revenues are anticipated to be in the range of \$350 million to \$375 million, this is in spite of supply chain disruptions, labour shortages, and the ongoing indirect effects of COVID-19.

While the supply chain disruptions are meaningful, the Company is doing its best to mitigate the impacts through its geographically diversified supply chain, strategic inventory management and the use of expedited freight. As a result of these mitigation strategies, the Company believes it has the inventory levels to deliver on or exceed its revenue targets for the remainder of the year. In addition, the Company is not immune to the current labour shortages, however, Aritzia remains competitive given its employment brand, leading compensation, and energizing workplace environments help ensure it attracts the needed talent.

Taking everything into consideration, Aritzia has increased its net revenue outlook for the remainder of fiscal 2022. The Company currently expects the following for fiscal 2022:

- Net revenue in the range of \$1.25 billion to \$1.30 billion, implying an increase of 45% to 50% from fiscal 2021, up from the Company's previous outlook of \$1.15 billion to \$1.20 billion. The anticipated increase is led by sustained momentum in the United States, continued growth in the Company's eCommerce business, the strength in the Company's retail performance, as well as contribution from its geographic expansion with:
 - seven to eight new boutiques in the United States. The Company has opened 3 new boutiques in the first half of the fiscal year including The Grove in Los Angeles and plans to open four to five new boutiques in the second half of the year including locations in Miami, Las Vegas and Nashville; and
 - six boutique expansions or repositions, including four locations in Canada and two in the United States. Three boutique expansions or repositions have already opened during the year, with three remaining in the remainder of fiscal 2022.
- Gross profit margin to be consistent with pre-pandemic levels in fiscal 2020 in the third and fourth quarter, reflecting leverage on fixed costs and the strengthening Canadian dollar, offset by the impact of meaningfully higher expedited freight costs, increased warehousing and Distribution Centre costs and continued investment in talent to drive the Company's expansion strategy;
- SG&A as a percent of net revenue to increase in the third and fourth quarter, slightly above the increase in the second quarter relative to pre-pandemic levels in fiscal 2020 as accelerated investments in people, processes and technology more than offset the leverage on fixed costs.
- Net capital expenditures in the range of \$55 million to \$60 million, comprised primarily of investments in boutique network growth and ongoing investments in technology and its Distribution Centre network.

In addition to Aritzia's outlook above, Reigning Champ is expected to deliver approximately \$14 million in net revenue and \$3 million in Adjusted EBITDA⁽¹⁾ in the second half of fiscal 2022.

Conference Call Details

A conference call to discuss the Company's second quarter results is scheduled for Wednesday, October 13, 2021, at 1:30 p.m. PT / 4:30 p.m. ET. To participate, please dial 1-800-319-4610 (North America toll-free) or 1-416-915-3239 (Toronto and overseas long-distance). The call is also accessible via webcast at <http://investors.aritzia.com/events-and-presentations/>. A recording will be available shortly after the conclusion of the call. To access the replay, please dial 1-855-669-9658 and the access code 7778. An archive of the webcast will be available on Aritzia's website.

About Aritzia

Aritzia is a vertically integrated design house with an innovative global platform. We are creators and purveyors of Everyday Luxury, home to an extensive portfolio of exclusive brands for every function and individual aesthetic. We're about good design, quality materials and timeless style — all with the wellbeing of our people and planet in mind.

Founded in 1984, in Vancouver, Canada, we pride ourselves on creating immersive, and highly personal shopping experiences at aritzia.com and in our 100+ boutiques throughout North America to everyone, everywhere.

Everyday Luxury. To elevate your world.™

Comparable Sales Growth

Comparable sales growth is typically a useful operating metric in assessing the performance of the Company's business. However, as the temporary boutique closures from COVID-19 have resulted in boutiques being removed from its comparable store base, the Company believes comparable sales growth is not currently representative of its business and therefore the Company has not reported figures on this metric in this press release.

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, 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, our ability to sustain momentum in our business and advance our strategic growth drivers, continued growth in eCommerce and retail sales trending above pre-pandemic levels for the foreseeable future, the Company's response to mitigate anticipated supply chain disruptions and labour shortages, our outlook for: (i) net revenue in the third quarter of fiscal 2022, (ii) net revenue in fiscal 2022, (iii) gross profit margin in fiscal 2022, (iv) SG&A as a percent of net revenue in fiscal 2022, (v) net capital expenditure in fiscal 2022, (vi) new boutiques and expansion or repositioning of existing boutiques in fiscal 2022 and (vii) Reigning Champ's net revenue and Adjusted EBITDA contribution in second half of fiscal 2022. 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: (i) net revenue in the range of \$350 million to \$375 million for the third quarter, (ii) net revenue in the range of \$1.25 billion to \$1.30 billion in fiscal 2022, implying an increase of approximately 45% to 50% from fiscal 2021, (iii) Gross profit margin consistent with pre-pandemic levels in fiscal 2020 for the third and fourth quarter of fiscal 2022, (iv) SG&A as a percent of net revenue to increase in the third and fourth quarter of fiscal 2022, slightly above the increase in the second quarter relative to pre-pandemic levels in fiscal 2020 (v) net capital expenditures in the range of \$55 million to \$60 million and (vi) Reigning Champ's net revenue and adjusted EBITDA contribution in the second half of fiscal 2022, are certain current assumptions including the continued growth in eCommerce and retail sales trending above pre-pandemic levels for the foreseeable future. The Company's forward-looking information is also based upon assumptions regarding the overall retail environment, the COVID-19 pandemic and related health and safety protocols and currency exchange rates for fiscal 2022. Specifically, we have assumed the following exchange rates for fiscal 2022: USD:CAD = 1:1.28.

Given this unprecedented period of uncertainty, there can be no assurances regarding: (a) the limitations or restrictions that may be placed on servicing our clients in reopened boutiques or potential re-closing of boutiques; (b) the COVID-19-related impacts on Aritzia's business, operations, supply chain performance and growth strategies, (c) Aritzia's ability to mitigate such impacts, including ongoing measures to enhance short-term liquidity, contain costs and safeguard the business; (d) general economic conditions related to COVID-19 and impacts to consumer discretionary spending and shopping habits; (e) credit, market, currency, interest rates, operational, and liquidity risks generally; and (f) other risks inherent to Aritzia's business and/or factors beyond its control which could have a material adverse effect on the Company.

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 11, 2021 for the fiscal year ended February 28, 2021 (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. The forward-looking information contained in this press release represents our expectations as of the date of this press release (or as the date they are otherwise stated to be made), and are subject to change after such date. However, 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 securities laws.

For more information

Investors

Jean Fontana
ICR, Inc.
646-277-1214
Jean.Fontana@icrinc.com

Media

Renee Smith-Valade
Senior Vice President, Communications
604-215-5281
media@aritzia.com

Selected Consolidated Financial Information

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of Canadian Dollars,
unless otherwise noted)

	Q2 2022		Q2 2021		Q2 2020		YTD 2022		YTD 2021		YTD 2020	
	13 Weeks		13 Weeks		13 Weeks		26 Weeks		26 Weeks		26 Weeks	
Net revenue	\$ 350,069	100.0%	\$ 200,155	100.0%	\$ 241,178	100.0%	\$ 596,985	100.0%	\$ 311,544	100.0%	\$ 437,877	100.0%
Cost of goods sold	193,873	55.4%	129,719	64.8%	145,751	60.4%	331,681	55.6%	228,047	73.2%	256,889	58.7%
Gross profit	156,196	44.6%	70,436	35.2%	95,427	39.6%	265,304	44.4%	83,497	26.8%	180,988	41.3%
Operating expenses												
Selling, general and administrative	92,115	26.3%	60,151	30.1%	60,567	25.1%	162,497	27.2%	103,662	33.3%	114,996	26.3%
Stock-based compensation expense	8,262	2.4%	2,147	1.1%	1,942	0.8%	11,297	1.9%	3,126	1.0%	4,316	1.0%
Income (loss) from operations	55,819	15.9%	8,138	4.1%	32,918	13.6%	91,510	15.3%	(23,291)	(7.5%)	61,676	14.1%
Finance expense	6,516	1.9%	7,355	3.7%	7,157	3.0%	12,950	2.2%	14,745	4.7%	14,384	3.3%
Other (income) expense	(7,161)	(2.0%)	1,345	0.7%	664	0.3%	(3,305)	(0.6%)	127	0.0%	(615)	(0.1%)
Income (loss) before income taxes	56,464	16.1%	(562)	(0.3%)	25,097	10.4%	81,865	13.7%	(38,163)	(12.2%)	47,907	10.9%
Income tax expense (recovery)	16,616	4.7%	312	0.2%	7,177	3.0%	24,114	4.0%	(10,818)	(3.5%)	13,831	3.2%
Net income (loss)	\$ 39,848	11.4%	\$ (874)	(0.4%)	\$ 17,920	7.4%	\$ 57,751	9.7%	\$ (27,345)	(8.8%)	\$ 34,076	7.8%
Other Performance Measures:												
Year-over-year net revenue growth (decline)	74.9%		(17.0%)		17.4%		91.6%		(28.9%)		17.6%	
Comparable sales growth ⁽ⁱ⁾	n/a		n/a		8.4%		n/a		n/a		8.2%	
Capital cash expenditures (net of proceeds from leasehold inducements)	\$ 9,333		\$ 10,586		\$ 6,420		\$ 15,855		\$ 22,731		\$ 15,321	
Free cash flow	\$ 76,742		\$ (15,200)		\$ (1,137)		\$ 88,675		\$ (7,145)		\$ 15,780	
Number of boutiques, end of period	104		97		93		104		97		93	

Note:

(i) Please see the "Comparable Sales Growth" section above for more details.

RECONCILIATION OF NET INCOME (LOSS) TO EBITDA, ADJUSTED EBITDA AND ADJUSTED NET INCOME (LOSS)
*(In thousands of Canadian dollars,
unless otherwise noted)*

	Q2 2022 13 weeks	Q2 2021 13 weeks	Q2 2020 13 weeks	YTD 2022 26 weeks	YTD 2021 26 weeks	YTD 2020 26 weeks
Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA:						
Net income (loss)	\$ 39,848	\$ (874)	\$ 17,920	\$ 57,751	\$ (27,345)	\$ 34,076
Depreciation and amortization	10,780	9,450	7,995	21,221	18,815	16,833
Depreciation on right-of-use-assets	16,686	16,586	14,671	33,004	33,034	29,031
Finance expense	6,516	7,355	7,157	12,950	14,745	14,384
Income tax expense	16,616	312	7,177	24,114	(10,818)	13,831
EBITDA	90,446	32,829	54,920	149,040	28,431	108,155
Adjustments to EBITDA:						
Stock-based compensation expense	8,262	2,147	1,942	11,297	3,126	4,316
Rent impact from IFRS 16, Leases ⁽ⁱ⁾	(22,302)	(22,621)	(20,490)	(44,247)	(45,230)	(40,720)
Unrealized (gain) loss on equity derivatives contracts	(5,342)	(81)	-	(5,236)	715	-
Acquisition costs of CYC	1,747	-	-	2,409	-	-
Secondary offering transaction costs	80	-	-	530	-	-
Adjusted EBITDA	\$ 72,891	\$ 12,274	\$ 36,372	\$ 113,793	\$ (12,958)	\$ 71,751
Adjusted EBITDA as a percentage of net revenue	20.8%	6.1%	15.1%	19.1%	(4.2%)	16.4%
Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss):						
Net income (loss)	\$ 39,848	\$ (874)	\$ 17,920	\$ 57,751	\$ (27,345)	\$ 34,076
Adjustments to net income (loss):						
Stock-based compensation expense	8,262	2,147	1,942	11,297	3,126	4,316
Unrealized (gain) loss on equity derivatives contracts	(5,342)	(81)	-	(5,236)	715	-
Acquisition costs of CYC	1,747	-	-	2,409	-	-
Secondary offering transaction costs	80	-	-	530	-	-
Related tax effects	(184)	(158)	(105)	(689)	(456)	(151)
Adjusted Net Income (Loss)	\$ 44,411	\$ 1,034	\$ 19,757	\$ 66,062	\$ (23,960)	\$ 38,241
Adjusted Net Income (Loss) as a percentage of net revenue	12.7%	0.5%	8.2%	11.1%	(7.7%)	8.7%
Weighted average number of diluted shares outstanding (thousands)	115,265	112,550	111,537	115,008	109,375	111,696
Adjusted Net Income (Loss) per diluted share	\$ 0.39	\$ 0.01	\$ 0.18	\$ 0.57	\$ (0.22)	\$ 0.34

Note:

(i) Rent Impact from IFRS 16, Leases

*(In thousands of Canadian dollars,
unless otherwise noted)*

	Q2 2022 13 weeks	Q2 2021 13 weeks	Q2 2020 13 weeks	YTD 2022 26 weeks	YTD 2021 26 weeks	YTD 2020 26 weeks
Depreciation and amortization of right-of-use assets	\$ (16,686)	\$ (16,586)	\$ (14,671)	\$ (33,004)	\$ (33,034)	\$ (29,031)
Finance expense, related to leases	(5,616)	(6,035)	(5,819)	(11,243)	(12,196)	(11,689)
Rent impact from IFRS 16, Leases	\$ (22,302)	\$ (22,621)	\$ (20,490)	\$ (44,247)	\$ (45,230)	\$ (40,720)

CONDENSED INTERIM CONSOLIDATED CASH FLOWS*(In thousands of Canadian dollars,
unless otherwise noted)*

	Q2 2022 13 weeks	Q2 2021 13 weeks	Q2 2020 13 weeks	YTD 2022 26 weeks	YTD 2021 26 weeks	YTD 2020 26 weeks
Cash Flows:						
Net cash generated from operating activities	\$ 108,003	\$ 11,585	\$ 24,578	\$ 137,658	\$ 35,564	\$ 65,257
Net cash (used in) generated from financing activities	(91,320)	(14,212)	(17,943)	(98,889)	82,097	(113,942)
Net cash used in investing activities	(46,101)	(13,166)	(11,971)	(56,506)	(27,046)	(22,137)
Effect of exchange rate changes on cash and cash equivalents	3,336	(1,266)	(435)	386	(1,111)	(89)
Change in cash and cash equivalents	\$ (26,082)	\$ (17,059)	\$ (5,771)	\$ (17,351)	\$ 89,504	\$ (70,911)

FREE CASH FLOW*(In thousands of Canadian dollars,
unless otherwise noted)*

	Q2 2022 13 weeks	Q2 2021 13 weeks	Q2 2020 13 weeks	YTD 2022 26 weeks	YTD 2021 26 weeks	YTD 2020 26 weeks
Net cash generated from operating activities	\$ 108,003	\$ 11,585	\$ 24,578	\$ 137,658	\$ 35,564	\$ 65,257
Interest paid	578	1,101	1,154	1,353	2,396	2,372
Net cash used in investing activities (purchase of property and equipment and intangible assets)	(13,546)	(13,166)	(11,971)	(23,951)	(27,046)	(22,137)
Repayments of principal on lease liabilities	(18,293)	(14,720)	(14,898)	(26,385)	(18,059)	(29,712)
Free cash flow	\$ 76,742	\$ (15,200)	\$ (1,137)	\$ 88,675	\$ (7,145)	\$ 15,780

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of Canadian dollars)

	As at August 29, 2021	As at February 28, 2021	As at August 30, 2020
Assets			
Cash and cash equivalents	\$ 131,796	\$ 149,147	\$ 207,254
Accounts receivable	7,835	6,202	3,832
Income taxes recoverable	3,307	4,719	7,953
Inventory	181,929	171,821	140,861
Prepaid expenses and other current assets	28,700	23,452	28,274
Total current assets	353,567	355,341	388,174
Property and equipment	201,527	189,568	187,395
Intangible assets	88,287	62,049	62,691
Goodwill	198,322	151,682	151,682
Right-of-use assets	381,134	363,417	396,135
Other assets	4,860	2,886	3,807
Deferred tax assets	17,200	15,794	18,568
Total assets	\$ 1,244,897	\$ 1,140,737	\$ 1,208,452
Liabilities			
Bank indebtedness	\$ -	\$ -	\$ 100,000
Accounts payable and accrued liabilities	147,219	131,893	122,317
Income taxes payable	15,889	8,287	-
Current portion of contingent consideration	6,619	-	-
Current portion of lease liabilities	85,519	71,452	84,273
Deferred revenue	40,667	37,563	31,731
Total current liabilities	295,913	249,195	338,321
Lease liabilities	439,508	423,380	460,170
Other non-current liabilities	16,935	15,059	11,395
Contingent consideration	6,618	-	-
Non-controlling interest in exchangeable shares liability	33,500	-	-
Deferred tax liabilities	26,669	17,985	16,147
Long-term debt	-	74,855	74,797
Total liabilities	819,143	780,474	900,830
Shareholders' equity			
Share capital	234,730	228,665	221,245
Contributed surplus	58,123	56,606	58,198
Retained earnings	132,967	75,216	28,645
Accumulated other comprehensive loss	(66)	(224)	(466)
Total shareholders' equity	425,754	360,263	307,622
Total liabilities and shareholders' equity	\$ 1,244,897	\$ 1,140,737	\$ 1,208,452

BOUTIQUE COUNT SUMMARY

	Q2 2022 13 weeks	Q2 2021 13 weeks	YTD 2022 26 weeks	YTD 2021 26 weeks
Number of boutiques, beginning of period	102	97	101	96
New boutiques	2	-	3	1
Number of boutiques, end of period	104	97	104	97
Boutiques expanded or repositioned	1	1	1	1