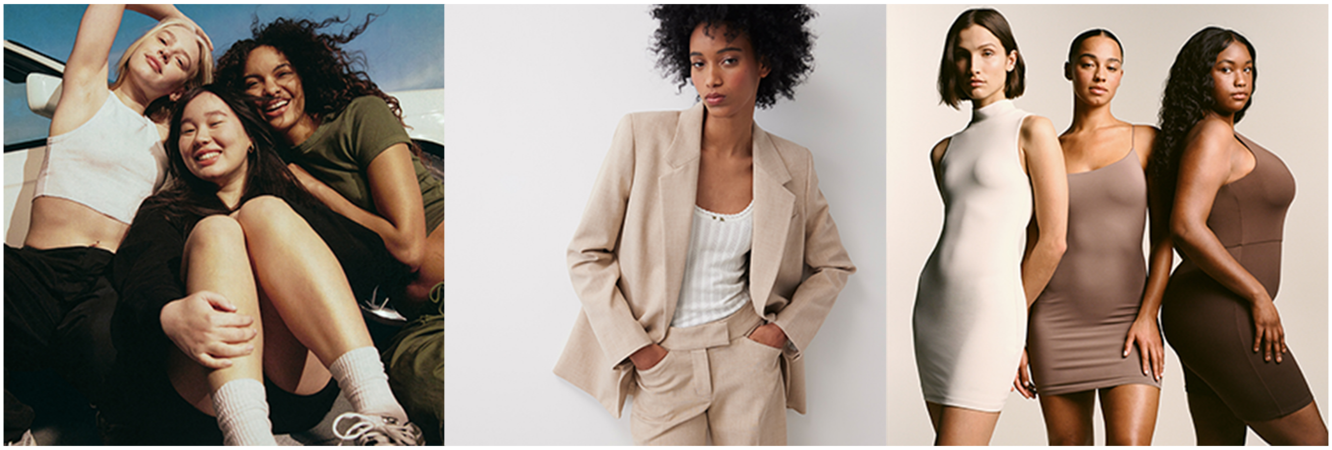
Aritzia Reports Fourth Quarter and Fiscal 2023 Financial Results

Q4 net revenue increased by 43.5% to $637.6 million
Q4 net income increased by 9.1% to $37.3 million
Q4 Adjusted EBITDA[1] increased by 19.7% to $79.4 million



VANCOUVER, May 2, 2023 – Aritzia Inc. (TSX: ATZ, "Aritzia", the "Company", "we" or "our"), a vertically integrated, innovative design house offering Everyday Luxury online and in its boutiques, today announced its financial results for the fourth quarter and full year ended February 26, 2023 ("Q4 2023" and "Fiscal 2023", respectively).

“The outstanding momentum of the Aritzia brand continued through the fourth quarter of Fiscal 2023, resulting in net revenue growth of 44% from last year and comparable sales growth of 32%. The strength in our business across all geographies and all channels reflects the tremendous demand for our beautiful, high-quality products from both new and existing clients,” said Jennifer Wong, Chief Executive Officer. “For the full fiscal year, our net revenue increased by 47%, led by exceptional growth of 66% in the United States, which now represents more than 50% of our total net revenue. Our retail channel grew by an impressive 53%, while eCommerce net revenue increased 36% in Fiscal 2023, underscoring the strength of our Everyday Luxury experience.”

“In Fiscal 2024, our focus will be on scaling our infrastructure to match our recent tremendous growth and make strategic investments to fuel our future growth and achieve our long-term goals. While investing for the future, we are also focused on optimizing our processes to more efficiently manage our current business, helping ensure we are positioned to deliver profitable growth for the long term. I am extremely grateful to our highly talented team for their hard work and unwavering commitment to excellence, which continues to propel us toward our goals,” concluded Ms. Wong.

Fourth Quarter Highlights

- **Net revenue** increased 43.5% from Q4 2022[2] to $637.6 million, achieving comparable sales growth[1] of 32.2% compared to Q4 2022
- **United States net revenue** increased 55.7% from Q4 2022 to $337.5 million, comprising 52.9% of net revenue in Q4 2023
- **Retail net revenue** increased 38.4% from Q4 2022 to $363.1 million
- **eCommerce net revenue** increased 50.8% from Q4 2022 to $274.5 million, comprising 43.1% of net revenue in Q4 2023
- **Gross profit margin[1]** decreased 240 bps to 38.0% from 40.4% in Q4 2022

[1] Certain metrics, including those expressed on an adjusted or comparable basis, are non-IFRS measures or supplementary financial measures. See "Comparable Sales Growth", "Non-IFRS Measures and Retail Industry Metrics" and "Selected Financial Information".
[2] All references in this press release to “Q4 2022” are to our 13-week period ended February 27, 2022, to "Fiscal 2025" are to our 52-week period ending March 2, 2025, to "Fiscal 2024" are to our 53-week period ending March 3, 2024, to "Fiscal 2022" are to our 52-week period ended February 27, 2022 and to "Fiscal 2021" are to our 52-week period ended February 28, 2021.

- **Net income** increased 9.1% from Q4 2022 to $37.3 million
- **Adjusted EBITDA[1]** increased 19.7% from Q4 2022 to $79.4 million
- **Net income per diluted share** of $0.32 per share, compared to $0.29 per share in Q4 2022
- **Adjusted Net Income per Diluted Share[1]** of $0.40 per share, compared to $0.34 per share in Q4 2022

Strategic Accomplishments for Fiscal 2023

- Grew active United States clients by 54% during Fiscal 2023
- Achieved 65.8% growth in United States net revenue, through strength in both our boutiques and eCommerce, to surpass 50% of total net revenue in Fiscal 2023
- Drove continued momentum in eCommerce, growing revenue by 36.4% on top of 32.5% growth in Fiscal 2022 and 88.3% growth in Fiscal 2021, comprising 35.1% of net revenue in Fiscal 2023
- Opened eight new boutiques and repositioned five existing boutiques in premier real estate locations, with payback periods tracking ahead of expectations
- Advanced initiatives to support Aritzia's communities, cultivate diversity and enhance sustainability, including our commitment to set greenhouse gas emission reduction targets by November 2024

Fourth Quarter Results Compared to Q4 2022

(in thousands of Canadian dollars, unless otherwise noted)	**Q4 2023 13 weeks**			**Q4 2022 13 weeks**			**Change**	
			% of net revenue			*% of net revenue*	*%*	*% pts*
Retail net revenue	$	363,101	56.9 %	$	262,354	59.0 %	38.4%	
eCommerce net revenue		274,481	43.1 %		181,968	41.0 %	50.8%	
Net revenue	$	637,582	100.0 %	$	444,322	100.0 %	43.5%	
Gross profit	$	242,160	38.0 %	$	179,506	40.4 %	34.9%	(2.4)%
Selling, general and administrative ("SG&A")	$	171,299	26.9 %	$	120,221	27.1 %	42.5%	(0.2)%
Net income	$	37,338	5.9 %	$	34,225	7.7 %	9.1%	(1.8)%
Net income per diluted share	$	0.32		$	0.29		10.3%	
Adjusted EBITDA[1]	$	79,354	12.4 %	$	66,303	14.9 %	19.7%	(2.5)%
Adjusted Net Income per Diluted Share[1]	$	0.40		$	0.34		17.6%	

Net revenue increased by 43.5% to $637.6 million, compared to $444.3 million in Q4 2022. The Company continued to see strong momentum in the United States, where net revenue increased by 55.7% to $337.5 million, compared to $216.8 million in Q4 2022. Net revenue in Canada increased by 31.9% to $300.1 million, compared to $227.5 million in Q4 2022.

- **Retail net revenue** increased by 38.4% to $363.1 million, compared to $262.4 million in Q4 2022. The increase was led by strong performance of our existing and new boutiques in both the United States and Canada. Boutique count[3] at the end of Q4 2023 totaled 114 compared to 106 boutiques at the end of Q4 2022.

- **eCommerce net revenue** increased by 50.8% to $274.5 million, compared to $182.0 million in Q4 2022, driven by exceptional performance in both Canada and the United States.

Gross profit increased by 34.9% to $242.2 million, compared to $179.5 million in Q4 2022. Gross profit margin was 38.0%, compared to 40.4% in Q4 2022. The 240 bps decrease in gross profit margin was primarily driven by additional warehousing costs related to inventory management, ongoing inflationary pressures, normalized markdowns and foreign exchange headwinds. These impacts were partially offset by lower expedited freight costs and leverage on occupancy and depreciation costs.

[3] CYC had four boutiques as at February 26, 2023 and February 27, 2022 which are excluded from the boutique count.

SG&A expenses increased by 42.5% to $171.3 million, compared to $120.2 million in Q4 2022. SG&A expenses were 26.9% of net revenue, compared to 27.1% in Q4 2022. The increase in SG&A expenses was primarily due to additional investments in retail talent to help ensure the Company continues to deliver exceptional client services, as well as ongoing investments in talent, marketing initiatives and technology to help support its growth.

Net income was $37.3 million, an increase of 9.1% compared to $34.2 million in Q4 2022.

Net income per diluted share was $0.32, an increase of 10.3% compared to $0.29 in Q4 2022.

Adjusted EBITDA[1] was $79.4 million or 12.4% of net revenue[1], an increase of 19.7% compared to $66.3 million or 14.9% of net revenue[1] in Q4 2022.

Adjusted Net Income[1] was $46.7 million, an increase of 18.2% compared to $39.5 million in Q4 2022.

Adjusted Net Income per Diluted Share[1] was $0.40, an increase of 17.6% compared to $0.34 in Q4 2022.

Cash and cash equivalents at the end of Q4 2023 totaled $86.5 million compared to $265.2 million at the end of Q4 2022.

Inventory at the end of Q4 2023 was $467.6 million, an increase of 124.7% compared to $208.1 million at the end of Q4 2022. As a reminder, in Fiscal 2023 the Company made the strategic decision to build back its inventory base due to unprecedented sales growth, mitigate supply chain risk, and help ensure the Company's ability to fuel the robust demand for its product. On top of that, improved freight timelines resulted in inventory arriving even sooner than anticipated, compared to the prior year when Spring and Summer inventory arrived late, contributing to the year-over-year increase. The Company remains on track for its inventory to normalize by the end of the second quarter of Fiscal 2024 and expects normalized markdowns in Fiscal 2024 to be no greater than pre-pandemic levels.

Capital cash expenditures (net of proceeds from lease incentives)[1] were $38.5 million in Q4 2023, compared to $16.4 million in Q4 2022.

Fiscal 2023 Compared to Fiscal 2022

(in thousands of Canadian dollars, unless otherwise noted)	**Fiscal 2023 52 weeks**		**Fiscal 2022 52 weeks**		**Change**	
		% of net revenue		*% of net revenue*	*%*	*% pts*
Retail net revenue	$ 1,425,779	64.9 %	$ 930,290	62.2 %	53.3 %	
eCommerce net revenue	769,851	35.1 %	564,340	37.8 %	36.4 %	
Net revenue	$ 2,195,630	100.0 %	$ 1,494,630	100.0 %	46.9 %	
Gross profit	$ 913,992	41.6 %	$ 654,952	43.8 %	39.6 %	(2.2)%
SG&A	$ 602,469	27.4 %	$ 392,802	26.3 %	53.4 %	1.1 %
Net income	$ 187,588	8.5 %	$ 156,917	10.5 %	19.5 %	(2.0)%
Net income per diluted share	$ 1.63		$ 1.36		19.9 %	
Adjusted EBITDA[1]	$ 351,181	16.0 %	$ 289,385	19.4 %	21.4 %	(3.4)%
Adjusted Net Income per Diluted Share[1]	$ 1.86		$ 1.53		21.6 %	

Net revenue increased by 46.9% to $2.2 billion, compared to $1.5 billion in Fiscal 2022[2]. The Company continued to see exceptional momentum in the United States, where net revenue increased by 65.8% to $1.1 billion, compared to $676.1 million in Fiscal 2022. The Company also saw meaningful growth in Canada where net revenue increased by 31.3% to $1.1 billion, compared to $818.5 million in Fiscal 2022.

- **Retail net revenue** increased by 53.3% to $1.4 billion, compared to $930.3 million in Fiscal 2022. The increase in revenue was led by strong performance of our existing and new boutiques in the United States, strong double digit comparable sales growth in Canada, as well as boutique revenue from 34 of our boutiques which were closed for approximately two-thirds of the first quarter of Fiscal 2022 ("Q1 2022") and one-third of the second quarter of Fiscal 2022 ("Q2 2022").

– **eCommerce net revenue** increased by 36.4% to $769.9 million, compared to $564.3 million in Fiscal 2022. Overall eCommerce net revenue growth was moderated by the channel shift to retail in Eastern Canada where 34 of our boutiques were closed for approximately two-thirds of Q1 2022 and one-third of Q2 2022.

Gross profit increased by 39.6% to $914.0 million, compared to $655.0 million in Fiscal 2022. Gross profit margin was 41.6% compared to 43.8% in Fiscal 2022. The 220 bps decrease in gross profit margin was primarily due to inflationary pressures, additional warehousing costs, and normalized markdowns from Fiscal 2022 due to low inventory levels last year and foreign exchange headwinds. These impacts were partially offset by leverage on occupancy and depreciation costs and lower freight costs.

SG&A expenses increased by 53.4% to $602.5 million, compared to $392.8 million in Fiscal 2022. SG&A expenses were 27.4% of net revenue compared to 26.3% in Fiscal 2022. The increase in SG&A expenses was primarily due to additional investments in retail talent to help ensure the Company continues to deliver exceptional client services, as well as ongoing investments in talent, marketing initiatives and technology to help support its growth.

Net income was $187.6 million, an increase of 19.5% compared to $156.9 million in Fiscal 2022.

Net income per diluted share was $1.63, an increase of 19.9%, compared to $1.36 in Fiscal 2022.

Adjusted EBITDA[1] was $351.2 million, or 16.0% of net revenue, an increase of 21.4%, compared to $289.4 million, or 19.4% of net revenue in Fiscal 2022.

Adjusted Net Income[1] was $214.8 million, an increase of 21.5%, compared to $176.7 million in Fiscal 2022.

Adjusted Net Income per Diluted Share[1] was $1.86, an increase of 21.6%, compared to $1.53 in Fiscal 2022.

Capital cash expenditures (net of proceeds from lease incentives)[1] were $112.1 million, compared to $52.6 million in Fiscal 2022.

Outlook

The first quarter of Fiscal 2024 is off to a healthy start with the Spring and Summer collections being well-received by clients. Aritzia is on track to deliver expected net revenue in the range of $450 million to $460 million in the first quarter of Fiscal 2024. This would reflect a sales increase of 10% to 13% on top of growth of 65% in the first quarter of Fiscal 2023. The Company continues to see strength in the United States across both its eCommerce and retail channels, as well as continued growth in Canada.

For Fiscal 2024, Aritzia currently expects the following:

- Net revenue in the range of $2.42 billion to $2.5 billion, representing an increase of approximately 10% to 14% from Fiscal 2023 including the 53rd week. This is led by continued strength in the United States across both channels and ongoing growth in Canada, as well as the contribution from retail expansion with:
  - Eight new boutiques and four boutique expansions or repositions, all of which are located in the United States. Six of the eight new boutiques will open in the second half of the fiscal year, including three in the last month of the year.
- Gross profit margin to decrease by approximately 200 bps compared to Fiscal 2023, reflecting ongoing inflationary pressures, normalized markdowns, pre-opening lease amortization and additional warehousing costs related to inventory management, partially offset by lower expedited freight costs.
- SG&A as a percent of net revenue to increase by approximately 150 bps compared to Fiscal 2023, driven by distribution centre project costs and the annualization of investments in talent and increased retail wages made in the back half of Fiscal 2023.
- Capital cash expenditures (net of proceeds from lease incentives)[1] of approximately $220 million.

Over a two-year time period, Aritzia grew its business from $857 million in annual net revenue in Fiscal 2021 to $2.2 billion in Fiscal 2023, resulting in a two-year top line increase of 160% and a new revenue baseline from which the Company expects to continue growing. Further, while just twelve months ago Aritzia expected to generate $1.8 billion in Fiscal 2023 net revenue, the end result was an incremental $400 million dollars higher. This unprecedented growth occurred during a period of elevated cost pressures and a highly unpredictable macro environment. During this time, the Company prioritized maximizing sales growth and meeting the surging demand for its product.

Management's focus in Fiscal 2024 is on building infrastructure to support its higher baseline and ensure scalability for the next phase of growth. Key infrastructure investments include the Company's new cornerstone 550,000 square foot distribution centre in the Toronto area, which will serve as a fulfillment hub for eastern Canada and eastern United States, repositions of the Company's three NYC flagships as well as a new Chicago flagship, expansion of support office space and eCommerce technology to drive eCommerce 2.0.

While the Company anticipates margins will be pressured in the near term, the Company expects Fiscal 2025 Adjusted EBITDA as a percentage of net revenue[1] to, at a minimum, return to Fiscal 2023 levels of 16%. This is driven by anticipated benefits from product margin improvements, cost efficiencies and subsiding transitory cost pressures, including pre-opening lease amortization for the Company’s new cornerstone distribution centre and flagship boutiques, additional warehousing costs related to inventory management and distribution centre project costs. These benefits are expected to total 400 basis points relative to Fiscal 2024.

The Company’s management team and Board are confident that Aritzia’s growth strategies, targeted infrastructure investments and cost efficiencies will drive sustained double-digit revenue and earnings growth, as reflected in our Fiscal 2027 strategic and financial plan.

The foregoing outlook is based on management’s current strategies and may be considered forward-looking information under applicable securities laws. Such outlook is based on estimates and assumptions made by management regarding, among other things, general economic and geopolitical conditions and the competitive environment. This outlook is intended to provide readers management's projections for the Company as of the date of this press release. Readers are cautioned that actual results may vary materially from this outlook and that the information in the outlook may not be appropriate for other purposes. See also the “Forward-Looking Information” section of this press release and the "Forward-Looking Information" and “Risk Factors” sections of our Management's Discussion & Analysis for Fiscal 2023 dated May 2, 2023 (the "Fiscal 2023 MD&A") and the Company's annual information form for Fiscal 2023 dated May 2, 2023 (the "Fiscal 2023 AIF").

In addition, a discussion of the Company's long-term financial plan is contained in the Company's press release dated October 27, 2022, "Aritzia Presents its Fiscal 2027 Strategic and Financial Plan, Powering Stronger". This press release is available on SEDAR under the Company's profile at www.SEDAR.com and on our website at investors.aritzia.com.

Normal Course Issuer Bid

On January 18, 2023, the Company announced that the TSX had accepted our notice of intention to proceed with a normal course issuer bid (the “2023 NCIB”) to repurchase and cancel up to 3,860,745 of its subordinate voting shares, representing approximately 5% of the public float of 77,214,916 subordinate voting shares, over the 12-month period commencing January 20, 2023 and ending January 19, 2024.

On February 3, 2023, the Company announced it had entered into an automatic share purchase plan with a designated broker for the purpose of permitting the Company to purchase its subordinate voting shares under the 2023 NCIB during predetermined blackout periods.

Between January 20, 2023 and May 2, 2023, the Company repurchased a total of 35,800 subordinate voting shares for cancellation at an average price of $39.42 per subordinate voting share for total cash consideration of $1.4 million under the 2023 NCIB.

Completion of Secondary Offering

On November 14, 2022, the Company announced a secondary offering (the “2022 secondary offering”) on a bought deal basis of its subordinate voting shares through a secondary sale of shares by certain entities owned and/or controlled, directly or indirectly, by Brian Hill, Founder and Executive Chair of Aritzia, or Brian Hill and his immediate family (collectively, the “Selling Shareholders”). The 2022 secondary offering of 1,500,000 subordinate voting shares raised gross proceeds of $77.4 million for the Selling Shareholders, at a price of $51.60 per subordinate voting share and was completed on November 30, 2022. The Company did not receive any proceeds from the 2022 secondary offering. Immediately following the closing of the 2022 secondary offering, Brian Hill remained the Company’s largest shareholder with an approximately 18.5% equity interest.

Conference Call Details

A conference call to discuss the Company’s fourth quarter results is scheduled for Tuesday, May 2, 2023, 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 0008. 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, home to an extensive portfolio of exclusive brands for every function and individual aesthetic. We’re about good design, quality materials and timeless style that endures and inspires — all with the well-being of our People and Planet in mind. We call this Everyday Luxury.

Founded in 1984, in Vancouver, Canada, we create and curate products that are both beautiful and beautifully made, cultivate aspirational environments, offer engaging service that delights, and connect through captivating communications. We pride ourselves on providing immersive and highly personal shopping experiences at aritzia.com and in our 110+ boutiques throughout Canada and the United States to everyone, everywhere.

Everyday Luxury. To Elevate Your World.™

Comparable Sales Growth

Comparable sales growth is a retail industry metric used to explain our total combined revenue growth in eCommerce and established boutiques. Due to temporary boutique closures from COVID-19 in Fiscal 2022 which resulted in boutiques being removed from our comparable store base, we believe total comparable sales growth was not representative of the underlying trends of our business and therefore we have not reported figures on this metric for Q4 2022 or Fiscal 2022 in this press release.

Non-IFRS Measures and Retail Industry Metrics

This press release makes reference to certain non-IFRS measures and 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 financial measures including “EBITDA”, “Adjusted EBITDA”, and “Adjusted Net Income”; non-IFRS ratios including “Adjusted Net Income per Diluted Share”, "Adjusted EBITDA as a percentage of net revenue", and "Adjusted Net Income as a percentage of net revenue"; and capital management measures including ”capital cash expenditures (net of proceeds from lease incentives)” and “free cash flow.” This press release also makes reference to “gross profit margin” as well as “comparable sales growth”, which are commonly used operating metrics in the retail industry but may be calculated differently by other retailers. Gross profit margin and comparable sales growth are considered supplementary financial measures under applicable securities laws. These non-IFRS measures and 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 and retail industry metrics in the evaluation of issuers. Our management also uses non-IFRS measures and 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. Certain information about non-IFRS financial measures, non-IFRS ratios, capital management measures and supplementary financial measures is found in the Fiscal 2023 MD&A and is incorporated by reference. This information is found in the sections entitled "How We Assess the Performance of our Business", "Non-IFRS Measures and Retail Industry Metrics" and "Selected Financial Information" of the Fiscal 2023 MD&A which is available under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Reconciliations for each non-IFRS financial measure can be found in this press release under the heading "Selected Financial Information".

Forward-Looking Information

Certain statements made in this document may constitute forward-looking information under applicable securities laws. Statements containing forward-looking information are neither historical facts nor assurances of future performance, but instead, provide insights regarding management’s current expectations and plans and allows investors and others to better understand the Company’s anticipated business strategy, financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Although the Company believes that the forward-looking statements are based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from management’s expectations and plans as set forth in such forward-looking information.

Specific forward looking information in this document include, but are not limited to, statements relating to:

- our Fiscal 2027 strategic and financial plan,
- our Fiscal 2024 financial outlook, including our outlook for net revenue for the first quarter of Fiscal 2024 and for the full Fiscal 2024, new boutiques and expansions or repositions, gross profit margin, SG&A as a percentage of net revenue and capital cash expenditures (net of proceeds from lease incentives) and composition thereof,
- our expectations with respect to margin pressures in the near term,
- our expectations with respect to Fiscal 2025 Adjusted EBITDA as a percentage of net revenue[1],
- our expectations with respect to our ability to sustain double-digit revenue and earnings growth,
- our approach and expectations with respect to boutique growth, expansion and repositions, including boutique payback period expectations,
- our eCommerce growth and enhancement of our eCommerce capabilities and omni-channel experience,
- our ability to maintain momentum in our business and advance our strategic growth levers including geographic expansion, eCommerce growth and increased brand awareness,
- our plans relating to our new distribution facilities, expansion and use of existing facilities and the anticipated results therefrom,

- our expectations with respect to our inventory position and normalized markdowns,
- our plans to build and scale our infrastructure to match growth trends, including our plans with respect to our key infrastructure investments,
- our growth strategies and plans for continued strategic investments in technology, digital and physical infrastructure and people to achieve our long-term goals,
- our focus on optimizing our processes to more efficiently manage our business and our ability to deliver profitable growth in the long term,
- the competitive position of our brand and products in the retail industry,
- our normal course issuer bid and future purchases of subordinate voting shares, and
- our environmental, social and governance initiatives and related statements regarding our commitment to establish greenhouse gas emission reduction targets.

Particularly, information regarding our expectations of future results, targets, performance achievements, intentions, prospects, opportunities or other characterizations of future events or developments or the markets in which we operate is forward-looking information. Often but not always, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “believes”, or positive or negative variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur” or “be achieved”.

Forward-looking statements are based on information currently available to management and on estimates and assumptions, including assumptions about future economic conditions and courses of action. Examples of material estimates and assumptions and beliefs made by management in preparing such forward looking statements include, but are not limited to:

- continued strength across our retail and eCommerce channels,
- continued strength in the United States and ongoing growth in Canada,
- general economic and geopolitical conditions, particularly in light of inflationary pressures,
- changes in laws, rules, regulations, and global standards,
- ongoing cost inflationary pressures,
- our competitive position in our industry,
- our ability to keep pace with changing consumer preferences,
- no COVID-19 related restrictions impacting client shopping patterns or incremental direct costs related to health and safety measures,
- our future financial outlook,
- our ability to drive ongoing development and innovation of our exclusive brands and product categories,
- our ability to invest in physical and digital infrastructure to support growth,
- our ability to realize our eCommerce 2.0 roadmap and omni-channel capabilities,
- our expectations for normalized year over year inventory growth and markdown rates,
- our ability to recruit and retain exceptional talent,
- our expectations regarding new boutique openings, expansion and repositioning of existing boutiques, and growth of our boutique network and annual square footage,
- our ability to mitigate business disruptions, including our sourcing and production activities,
- our expectations for capital expenditures,
- our ability to generate positive cash flow,
- anticipated cost efficiencies from optimization of our processes,
- availability of sufficient liquidity,
- warehousing costs and expedited freight costs, and
- currency exchange and interest rates.

In addition to the assumptions noted above, specific assumptions in support of our Fiscal 2024 outlook include:

- ongoing inflationary pressures,
- normalized markdowns,
- normalized expedited freight costs,
- anticipated total square footage growth of our boutiques,
- infrastructure investments including our new distribution centre in the Greater Toronto Area, new and repositioned flagship boutiques, expanded office space, and eCommerce technology to drive eCommerce 2.0,
- subsiding transitory warehousing costs in the second half of Fiscal 2024, and
- foreign exchange rates for Fiscal 2024: USD:CAD = 1.35.

Further, in addition to the assumptions noted above, specific assumptions in support of our Fiscal 2025 expectations include:

- anticipated benefits from product margin improvements,
- cost efficiencies, and
- subsiding transitory cost pressures, including pre-opening lease amortization for our new distribution centre in Greater Toronto Area, flagship boutiques, warehouse costs related to inventory management, and distribution centre project costs.

Given the current challenging operating environment, there can be no assurances regarding: (a) pandemic-related limitations or restrictions that may be placed on servicing our clients or the duration of any such limitations or restrictions; (b) the macroeconomic impacts (including those from the recent COVID-19 pandemic) on Aritzia's business, operations, labour force, 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 and impacts to consumer discretionary spending and shopping habits; (e) credit, market, currency, commodity market, inflation, interest rates, global supply chains, operational, and liquidity risks generally; (f) geopolitical events; and (g) 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, performance, 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 our Fiscal 2023 MD&A, and the Company's Fiscal 2023 AIF which are incorporated by reference into this document. A copy of the Fiscal 2023 MD&A and the Fiscal 2023 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 or any successor or replacement thereof.

The Company cautions that the foregoing list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect its results. We operate in a highly competitive and rapidly changing environment in which new risks often emerge. It is not possible for management to predict all risks, nor assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. 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 document represents our expectations as of the date of this document (or as of the date they are otherwise stated to be made) and are subject to change after such date. We disclaim any intention, obligation or undertaking to update or revise any forward-looking information, whether written or oral, as a result of new information, future events or otherwise, except as required under applicable securities laws.

For more information

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Selected Financial Information

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of Canadian dollars, unless otherwise noted)	Q4 2023 13 Weeks		Q4 2022 13 Weeks		Fiscal 2023 52 Weeks		Fiscal 2022 52 Weeks	
		% of net revenue		*% of net revenue*		*% of net revenue*		*% of net revenue*
Net revenue	$637,582	100.0%	$444,322	100.0%	$2,195,630	100.0%	$1,494,630	100.0%
Cost of goods sold	395,422	62.0%	264,816	59.6%	1,281,638	58.4%	839,678	56.2%
Gross profit	242,160	38.0%	179,506	40.4%	913,992	41.6%	654,952	43.8%
Operating expenses								
Selling, general and administrative	171,299	26.9%	120,221	27.1%	602,469	27.4%	392,802	26.3%
Stock-based compensation expense	3,157	0.5%	5,725	1.3%	24,369	1.1%	26,131	1.7%
Income from operations	67,704	10.6%	53,560	12.1%	287,154	13.1%	236,019	15.8%
Finance expense	9,501	1.5%	6,092	1.4%	31,263	1.4%	25,202	1.7%
Other expense (income)	4,052	0.6%	740	0.2%	(7,916)	(0.4)%	(8,783)	(0.6)%
Income before income taxes	54,151	8.5%	46,728	10.5%	263,807	12.0%	219,600	14.7%
Income tax expense	16,813	2.6%	12,503	2.8%	76,219	3.5%	62,683	4.2%
Net income	$ 37,338	5.9%	$ 34,225	7.7%	$ 187,588	8.5%	$ 156,917	10.5%
Other Performance Measures:								
Year-over-year net revenue growth	43.5%		66.1%		46.9%		74.3%	
Comparable sales growth[4,5]	32.2%		n/a		28.2%		n/a	
Capital cash expenditures (net of proceeds from lease incentives)[5]	$ (38,503)		$ (16,434)		$ (112,050)		$ (52,607)	
Free cash flow[5]	$ (49,193)		$ (37,047)		$ (119,656)		$ 221,937	

NET REVENUE BY GEOGRAPHIC LOCATION

(in thousands of Canadian dollars)	Q4 2023 13 Weeks	Q4 2022 13 Weeks	Fiscal 2023 52 Weeks	Fiscal 2022 52 Weeks
Canada net revenue	$ 300,126	$ 227,524	$ 1,074,668	$ 818,495
United States net revenue	$ 337,456	$ 216,798	$ 1,120,962	$ 676,135
Net revenue	$ 637,582	$ 444,322	$ 2,195,630	$ 1,494,630

CONSOLIDATED CASH FLOWS

(in thousands of Canadian dollars)	Q4 2023 13 Weeks	Q4 2022 13 Weeks	Fiscal 2023 52 Weeks	Fiscal 2022 52 Weeks
Net cash generated from operating activities	$ 10,184	$ 733	$ 74,913	$ 338,353
Net cash used in financing activities	(15,295)	(20,171)	(122,537)	(124,093)
Cash used in investing activities	(41,240)	(20,734)	(131,213)	(99,576)
Effect of exchange rate changes on cash and cash equivalents	963	(515)	102	1,414
Change in cash and cash equivalents	$ (45,388)	$ (40,687)	$ (178,735)	$ 116,098

[4] Please see the “Comparable Sales Growth” section above for more details.

[5] Please see the "Non-IFRS Measures and Retail Industry Metrics" section above for more details.

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

(in thousands of Canadian dollars, unless otherwise noted)	**Q4 2023 13 Weeks**	**Q4 2022 13 Weeks**	**Fiscal 2023 52 Weeks**	**Fiscal 2022 52 Weeks**
Reconciliation of Net Income to EBITDA and Adjusted EBITDA:				
Net income	$ 37,338	$ 34,225	$ 187,588	$ 156,917
Depreciation and amortization	14,617	12,110	52,855	44,569
Depreciation on right-of-use assets	23,164	17,593	81,047	68,058
Finance expense	9,501	6,092	31,263	25,202
Income tax expense	16,813	12,503	76,219	62,683
EBITDA	101,433	82,523	428,972	357,429
Adjustments to EBITDA:				
Stock-based compensation expense	3,157	5,725	24,369	26,131
Rent impact from IFRS 16, Leases[6]	(31,839)	(22,939)	(107,851)	(90,048)
Unrealized loss (gain) on equity derivatives contracts	6,136	994	6,093	(11,192)
Realized loss (gain) on equity derivatives contracts	—	—	(1,387)	—
Fair value adjustment of non-controlling interest ("NCI") in exchangeable shares liability	—	—	—	2,000
Fair value adjustment for inventory acquired in CYC Design Corporation ("CYC")	—	—	—	1,902
CYC integration and acquisition costs	467	—	467	2,633
Secondary offering transaction costs	—	—	518	530
Adjusted EBITDA	$ 79,354	$ 66,303	$ 351,181	$ 289,385
Adjusted EBITDA as a percentage of net revenue	12.4%	14.9%	16.0%	19.4%
Reconciliation of Net Income to Adjusted Net Income:				
Net income	$ 37,338	$ 34,225	$ 187,588	$ 156,917
Adjustments to net income:				
Stock-based compensation expense	3,157	5,725	24,369	26,131
Unrealized loss (gain) on equity derivatives contracts	6,136	994	6,093	(11,192)
Realized loss (gain) on equity derivatives contracts	—	—	(1,387)	—
Fair value adjustment of NCI in exchangeable shares liability	—	—	—	2,000
Fair value adjustment for inventory acquired in CYC	—	—	—	1,902
CYC integration and acquisition costs	467	—	467	2,633
Secondary offering transaction costs	—	—	518	530
Related tax effects	(427)	(1,469)	(2,877)	(2,185)
Adjusted Net Income	$ 46,671	$ 39,475	$ 214,771	$ 176,736
Adjusted Net Income as a percentage of net revenue	7.3%	8.9%	9.8%	11.8%
Weighted average number of diluted shares outstanding (thousands)	115,249	116,774	115,301	115,784
Adjusted Net Income per Diluted Share	$ 0.40	$ 0.34	$ 1.86	$ 1.53

[6] Rent impact from IFRS 16, leases

RENT IMPACT FROM IFRS 16, LEASES

(in thousands of Canadian dollars)	Q4 2023 13 Weeks	Q4 2022 13 Weeks	Fiscal 2023 52 Weeks	Fiscal 2022 52 Weeks
Depreciation of right-of-use assets, excluding fair value adjustments	$ (23,031)	$ (17,460)	$ (80,515)	$ (67,702)
Interest expense on lease liabilities	(8,808)	(5,479)	(27,336)	(22,346)
Rent impact from IFRS 16, leases	$ (31,839)	$ (22,939)	$ (107,851)	$ (90,048)

RECONCILIATION OF CASH USED IN INVESTING ACTIVITIES TO CAPITAL CASH EXPENDITURES (NET OF PROCEEDS FROM LEASE INCENTIVES)

(in thousands of Canadian dollars)	Q4 2023 13 Weeks	Q4 2022 13 Weeks	Fiscal 2023 52 Weeks	Fiscal 2022 52 Weeks
Cash used in investing activities	$ (41,240)	$ (20,734)	$ (131,213)	$ (99,576)
Acquisition of CYC, net of cash acquired	—	—	—	32,555
Contingent consideration payout, net relating to the acquisition of CYC	—	—	5,625	—
Proceeds from lease incentives	2,737	4,300	13,538	14,414
Capital cash expenditures (net of proceeds from lease incentives)	$ (38,503)	$ (16,434)	$ (112,050)	$ (52,607)

RECONCILIATION OF NET CASH GENERATED FROM OPERATING ACTIVITIES TO FREE CASH FLOW

(in thousands of Canadian dollars)	Q4 2023 13 Weeks	Q4 2022 13 Weeks	Fiscal 2023 52 Weeks	Fiscal 2022 52 Weeks
Net cash (used in) generated from operating activities	$ 10,184	$ 733	$ 74,913	$ 338,353
Interest paid on credit facilities	510	613	3,743	2,491
Proceeds from lease incentives	2,737	4,300	13,538	14,414
Repayments of principal on lease liabilities	(21,384)	(21,959)	(86,262)	(66,300)
Purchase of property, equipment and intangible assets	(41,240)	(20,734)	(125,588)	(67,021)
Free cash flow	$ (49,193)	$ (37,047)	$ (119,656)	$ 221,937

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)	As at February 26, 2023	As at February 27, 2022
Assets		
Cash and cash equivalents	$ 86,510	$ 265,245
Accounts receivable	18,184	8,147
Income taxes recoverable	6,419	6,455
Inventory	467,634	208,125
Prepaid expenses and other current assets	33,101	33,564
Total current assets	611,848	521,536
Property and equipment	308,608	223,190
Intangible assets	86,382	87,398
Goodwill	198,846	198,846
Right-of-use assets	614,061	362,887
Other assets	3,830	4,271
Deferred tax assets	12,968	26,458
Total assets	$ 1,836,543	$ 1,424,586
Liabilities		
Accounts payable and accrued liabilities	$ 221,712	$ 179,344
Income taxes payable	—	58,917
Current portion of contingent consideration	6,619	6,619
Current portion of lease liabilities	117,316	86,724
Deferred revenue	71,653	55,721
Total current liabilities	417,300	387,325
Lease liabilities	654,690	417,067
Other non-current liabilities	21,499	22,359
Contingent consideration	—	6,618
Non-controlling interest in exchangeable shares liability	35,500	35,500
Deferred tax liabilities	21,767	24,906
Total liabilities	1,150,756	893,775
Shareholders' equity		
Share capital	265,519	251,291
Contributed surplus	68,682	56,342
Retained earnings	355,270	223,553
Accumulated other comprehensive loss	(3,684)	(375)
Total shareholders' equity	685,787	530,811
Total liabilities and shareholders' equity	$ 1,836,543	$ 1,424,586

BOUTIQUE COUNT SUMMARY[3]

	Q4 2023 13 Weeks	Q4 2022 13 Weeks	Fiscal 2023 52 Weeks	Fiscal 2022 52 Weeks
Number of boutiques, beginning of period	113	105	106	101
New boutiques	2	2	8	6
Pop-up boutique converted to a permanent boutique	—	—	1	—
Repositioned to flagship boutique	(1)	—	(1)	—
Boutique closure	—	(1)	—	(1)
Number of boutiques, end of period	114	106	114	106
Boutiques expanded or repositioned	1	1	5	6