

Aritzia Reports Third Quarter Fiscal 2024 Financial Results



VANCOUVER, January 10, 2024 – Aritzia Inc. (TSX: ATZ, "Aritzia", the "Company", "we" or "our"), a design house with an innovative global platform offering Everyday Luxury online and in its boutiques, today announced its financial results for the third quarter ended November 26, 2023 ("Q3 2024").

"Aritzia delivered third quarter net revenue of \$654 million, an increase of 5% on top of outstanding growth of 38% in the third quarter of Fiscal 2023 and 63% in the third quarter of Fiscal 2022. Although the consumer environment remains mixed, we generated sales growth across all of our geographies and channels, as clients responded well to our new styles and outerwear offering," said Jennifer Wong, Chief Executive Officer. "As expected, we saw sequential margin improvement in the third quarter, and we made ongoing progress in executing against our Fiscal 2024 priorities. Our new Toronto area distribution centre successfully ramped to accommodate record volume and we further improved our inventory position."

"As we continue to anniversary two years of unprecedented growth, resulting in a 33% three-year net revenue CAGR in Q3 of Fiscal 2024, we remain focused on investing in the scalability of our business and setting the stage for our next level of anticipated growth. Looking ahead, we expect to launch Spring 2024 with an improved product assortment and inventory position. We are also accelerating our real estate expansion strategy into Fiscal 2025 and diligently working to increase our eCommerce momentum through strategic investments in leadership, digital marketing and technology," added Ms. Wong.

Third Quarter Highlights

- **Net revenue** increased 4.6% from Q3 2023¹ to \$653.5 million, with comparable sales growth² of 0.5%
- **United States net revenue** increased 4.2% from Q3 2023 to \$326.6 million, comprising 50.0% of net revenue in Q3 2024
- **Retail net revenue** increased 4.2% from Q3 2023 to \$441.1 million
- **eCommerce net revenue** increased 5.5% from Q3 2023 to \$212.5 million, comprising 32.5% of net revenue in Q3 2024
- **Gross profit margin**² decreased 180 bps to 41.5% from 43.3% in Q3 2023
- **Selling, general and administrative expenses** increased 14.4% from Q3 2023 to \$187.4 million
- **Net income** decreased 39.1% from Q3 2023 to \$43.1 million
- **Adjusted EBITDA**² decreased 23.3% from Q3 2023 to \$91.8 million
- **Net income per diluted share** of \$0.38 per share, compared to \$0.61 per share in Q3 2023
- **Adjusted Net Income per Diluted Share**² of \$0.47 per share, compared to \$0.67 per share in Q3 2023

¹ All references in this press release to "Q2 2024" are to our 13-week period ended August 27, 2023, to "Q3 2023" are to our 13-week period ended November 27, 2022, to "YTD 2023" are to our 39-week period ended November 27, 2022, to "YTD 2024" are to our 39-week period ended November 26, 2023, to "Fiscal 2022" are to our 52-week period ended February 27, 2022, to "Fiscal 2023" are to our 52-week period ended February 26, 2023, to "Fiscal 2024" are to our 53-week period ending March 3, 2024, to "Fiscal 2025" are to our 52-week period ending March 2, 2025, and to "Fiscal 2027" are to our 52-week period ending February 28, 2027.

² Certain metrics, including those expressed on an adjusted or comparable basis, are non-IFRS measures or supplementary financial measures. See "Comparable Sales and Comparable Sales Growth (Decline)", "Non-IFRS Measures and Retail Industry Metrics" and "Selected Financial Information".

Third Quarter Results Compared to Q3 2023

(Unaudited, in thousands of Canadian dollars, unless otherwise noted)

	Q3 2024		Q3 2023		Change	
		% of net revenue		% of net revenue	%	% pts
Retail net revenue	\$ 441,056	67.5 %	\$ 423,224	67.8 %	4.2 %	
eCommerce net revenue	212,468	32.5 %	201,391	32.2 %	5.5 %	
Net revenue	\$ 653,524	100.0 %	\$ 624,615	100.0 %	4.6 %	
Gross profit	\$ 270,937	41.5 %	\$ 270,663	43.3 %	0.1 %	(1.8)%
Selling, general and administrative ("SG&A")	\$ 187,373	28.7 %	\$ 163,737	26.2 %	14.4 %	2.5 %
Net income	\$ 43,093	6.6 %	\$ 70,728	11.3 %	(39.1)%	(4.7)%
Net income per diluted share	\$ 0.38		\$ 0.61		(37.7)%	
Adjusted EBITDA ²	\$ 91,763	14.0 %	\$ 119,618	19.2 %	(23.3)%	(5.2)%
Adjusted Net Income per Diluted Share ²	\$ 0.47		\$ 0.67		(29.9)%	

Net revenue increased by 4.6% to \$653.5 million, compared to \$624.6 million in Q3 2023. This is on top of strong net revenue growth over the last two years of 37.8% in Q3 2023 and 62.9% in Q3 2022, resulting in a three year compound annual growth rate ("CAGR") of 32.9%. Comparable sales growth² was 0.5%, compared to 22.8% in Q3 2023. In the United States, net revenue increased by 4.2% to \$326.6 million, compared to \$313.5 million in Q3 2023. Net revenue in Canada increased by 5.1% to \$326.9 million, compared to \$311.1 million in Q3 2023.

- **Retail net revenue** increased by 4.2% to \$441.1 million, compared to \$423.2 million in Q3 2023. The increase was driven by strong performance of the Company's new and repositioned boutiques, which continue to generate better-than-expected results. Boutique count³ at the end of Q3 2024 totaled 117 compared to 113 boutiques at the end of Q3 2023.
- **eCommerce net revenue** increased by 5.5% to \$212.5 million, compared to \$201.4 million in Q3 2023, driven by growth in Canada as well as the Company's digital warehouse sale in Q3 2024.

Gross profit increased by 0.1% to \$270.9 million, compared to \$270.7 million in Q3 2023. Gross profit margin² was 41.5%, compared to 43.3% in Q3 2023. The decrease in gross profit margin of approximately 180 bps was primarily driven by higher markdowns to help optimize the Company's inventory levels and pre-opening lease amortization costs for flagship boutiques. These impacts were partially offset by lower warehousing and freight costs.

SG&A expenses increased by 14.4% to \$187.4 million, compared to \$163.7 million in Q3 2023. SG&A expenses were 28.7% of net revenue, compared to 26.2% in Q3 2023. The increase in SG&A expenses was driven by investments in talent made through the end of Fiscal 2023, marketing initiatives and support office expansion to help support the Company's growth.

Net income was \$43.1 million, a decrease of 39.1% compared to \$70.7 million in Q3 2023, primarily attributable to the factors described above.

Net income per diluted share was \$0.38 per share, a decrease of 37.7% compared to \$0.61 per share in Q3 2023.

Adjusted EBITDA² was \$91.8 million or 14.0% of net revenue², a decrease of 23.3% compared to \$119.6 million or 19.2% of net revenue¹ in Q3 2023.

³ There were four Reigning Champ boutiques as at November 26, 2023 and November 27, 2022 which are excluded from the boutique count.

Adjusted Net Income² was \$52.7 million, a decrease of 31.2% compared to \$76.6 million in Q3 2023.

Adjusted Net Income per Diluted Share² was \$0.47 per share, a decrease of 29.9% compared to \$0.67 per share in Q3 2023.

Cash and cash equivalents at the end of Q3 2024 totaled \$140.8 million compared to \$131.9 million at the end of Q3 2023, with strong operating cash flows funding the repayment of the \$100 million drawn on the Company's revolving credit facility from the end of Q2 2024 and the Company's capital investments.

On October 27, 2023, the Company refinanced its revolving credit facility, increasing the limit from \$175.0 million to \$300.0 million and extending the term to October 27, 2026.

Inventory at the end of Q3 2024 was \$397.0 million, a decrease of 21.9% compared to \$508.4 million at the end of Q3 2023. The Company is pleased that the inventory balance continues to normalize and expects inventory levels to be optimized by the end of Fiscal 2024.

Capital cash expenditures (net of proceeds from lease incentives)² were \$41.4 million in Q3 2024, compared to \$26.4 million in Q3 2023. The increase is primarily due to capital investments in new boutiques, expanded or repositioned boutiques, distribution centers and support office expansion.

YTD 2024 Compared to YTD 2023

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

	YTD 2024		YTD 2023		Change	
		% of net revenue		% of net revenue	%	% pts
Retail net revenue	\$ 1,130,640	68.5 %	\$ 1,062,678	68.2 %	6.4 %	
eCommerce net revenue	519,740	31.5 %	495,370	31.8 %	4.9 %	
Net revenue	\$ 1,650,380	100.0 %	\$ 1,558,048	100.0 %	5.9 %	
Gross profit	\$ 637,734	38.6 %	\$ 671,832	43.1 %	(5.1)%	(4.5)%
SG&A	\$ 511,948	31.0 %	\$ 431,170	27.7 %	18.7 %	3.3 %
Net income	\$ 54,573	3.3 %	\$ 150,250	9.6 %	(63.7)%	(6.3)%
Net income per diluted share	\$ 0.48		\$ 1.30		(63.1)%	
Adjusted EBITDA ²	\$ 144,511	8.8 %	\$ 271,827	17.4 %	(46.8)%	(8.6)%
Adjusted Net Income per Diluted Share ²	\$ 0.59		\$ 1.46		(59.6)%	

Net revenue increased by 5.9% to \$1.7 billion, compared to \$1.6 billion in YTD 2023 with comparable sales growth (decline)² of (0.2)%. Results continued to be driven by performance in the United States, where net revenue increased by 9.4% to \$857.4 million, compared to \$783.5 million in YTD 2023. In Canada, net revenue increased by 2.4% to \$793.0 million, compared to \$774.5 million in YTD 2023.

- **Retail net revenue** increased by 6.4% to \$1.13 billion, compared to \$1.06 billion in YTD 2023. The increase in revenue was led by strong performance of our new boutiques in the United States, partially offset by softer comparable sales.
- **eCommerce net revenue** increased by 4.9% to \$519.7 million, compared to \$495.4 million in YTD 2023.

Gross profit decreased by 5.1% to \$637.7 million, compared to \$671.8 million in YTD 2023. Gross profit margin was 38.6% compared to 43.1% in YTD 2023. The 450 bps decrease in gross profit margin was primarily due to normalized markdowns, inflation in product costs, temporary warehousing costs related to inventory management, pre-opening lease amortization costs for boutiques and our new distribution centre, and foreign currency headwinds. These impacts were partially offset by lower expedited freight costs.

SG&A expenses increased by 18.7% to \$511.9 million, compared to \$431.2 million in YTD 2023. SG&A expenses were 31.0% of net revenue compared to 27.7% in YTD 2023. The increase in SG&A expenses was

primarily due to investments in retail wages and support office labour made through the end of Fiscal 2023, as well as support office expansion, distribution centre project costs and other initiatives to help support the Company's growth.

Net income was \$54.6 million, a decrease of 63.7% compared to \$150.3 million in YTD 2023, primarily attributable to the factors described above.

Net income per diluted share was \$0.48, a decrease of 63.1%, compared to \$1.30 in YTD 2023.

Adjusted EBITDA² was \$144.5 million, or 8.8% of net revenue, a decrease of 46.8%, compared to \$271.8 million, or 17.4% of net revenue in YTD 2023.

Adjusted Net Income² was \$67.3 million, a decrease of 59.9%, compared to \$168.1 million in YTD 2023.

Adjusted Net Income per Diluted Share² was \$0.59, a decrease of 59.6%, compared to \$1.46 in YTD 2023.

Capital cash expenditures (net of proceeds from lease incentives)² were \$113.6 million, compared to \$73.5 million in YTD 2023. The increase is primarily due to capital investments in new boutiques, expanded or repositioned boutiques, distribution centers and support office expansion.

Outlook

Based on quarter-to-date trends, Aritzia expects net revenue in the range of \$670 million to \$690 million in the fourth quarter of Fiscal 2024, including the addition of approximately \$30 million from the 53rd week. This represents growth of approximately 5% to 8% on top of strong growth of 44% in the fourth quarter last year and 66% in the fourth quarter of Fiscal 2022. The Company expects gross profit margin to be flat to slightly up and SG&A as a percent of net revenue to increase approximately 250 bps for the fourth quarter of Fiscal 2024 compared to the fourth quarter of Fiscal 2023.

Aritzia expects the following for Fiscal 2024:

- Net revenue in the range of \$2.32 billion to \$2.34 billion, representing growth of approximately 6% to 7% from Fiscal 2023 including the 53rd week, compared to the Company's previous outlook of \$2.25 billion to \$2.35 billion. This includes the contribution from retail expansion in the United States with six new boutiques and three boutique expansions. Five new boutiques as well as the three boutique expansions have already opened. Compared to the Company's prior outlook of eight new boutiques and four boutique expansions, two new boutiques are now expected to open in Fiscal 2025.
- Gross profit margin to decrease by approximately 300 bps compared to Fiscal 2023, reflecting inflationary pressures, normalized markdowns, temporary warehousing costs, and pre-opening lease amortization, partially offset by lower expedited freight costs.
- SG&A as a percent of net revenue to increase by approximately 300 bps compared to Fiscal 2023, driven by the annualization of investments in support office labour and retail wage inflation, as well as distribution centre project costs.
- Capital cash expenditures (net of proceeds from lease incentives)² of approximately \$180 million. This includes approximately \$100 million related to investments in new, repositioned and expanded boutiques expected to open in Fiscal 2024 and Fiscal 2025, as well as \$80 million primarily related to our distribution centres and support office expansion. The reduction compared to the prior outlook of approximately \$220 million primarily reflects the timing shift of improvements to the Company's distribution centre in Columbus, Ohio and certain store openings into Fiscal 2025 from Fiscal 2024.

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 the third quarter of Fiscal 2024 dated January 10, 2024 (the "Q3 2024 MD&A"), 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 the System for Electronic Document Analysis and Retrieval + ("SEDAR+") at www.sedarplus.ca and on our website at investors.aritzia.com.

Normal Course Issuer Bid

The Company intends to file with the Toronto Stock Exchange ("TSX") a notice of intention to commence a normal course issuer bid ("NCIB") for its subordinate voting shares ("Shares") for a one-year period (the "2024 NCIB"). If accepted by the TSX, the Company would be permitted under the 2024 NCIB to purchase for cancellation, through the facilities of the TSX and/or alternative Canadian trading systems, up to 5% of the public float (calculated in accordance with TSX rules) of the Company's issued and outstanding Shares during the 12 months following such TSX acceptance. Subject to TSX acceptance, Aritzia currently anticipates the 2024 NCIB commencing on or about January 22, 2024, and in any event, at least two trading days after TSX acceptance of the 2024 NCIB. The exact amount of Shares subject to the 2024 NCIB will be determined on the date of acceptance of the notice of intention by the TSX.

All Shares purchased by the Company under the 2024 NCIB will be purchased at prevailing market prices in accordance with the rules and policies of the TSX and applicable securities laws. The actual number of Shares that may be purchased, and the timing of any such purchases, will be determined by the Company, subject to the applicable terms and limitations of the 2024 NCIB (including any automatic purchase plan adopted in connection therewith). All Shares acquired by the Company under the 2024 NCIB will be cancelled.

The 2024 NCIB will terminate one year after its commencement, or earlier if the maximum number of Shares under the 2024 NCIB have been purchased. Although the Company presently intends to purchase Shares under its 2024 NCIB, there can be no assurances that any such purchases will be completed. The Company may also enter into an automatic purchase plan with a designated broker during the NCIB. The automatic purchase plan would allow for purchases by the Company of Shares during certain predetermined blackout periods, subject to certain parameters and approval of the TSX.

Aritzia's Board of Directors believes that an NCIB represents an appropriate and desirable use of its available cash, after prioritizing investments in boutiques and strategic infrastructure, to increase shareholder value and is in the best interest of Aritzia, including its shareholders. As at November 26, 2023, the Company had approximately \$140.8 million of cash and cash equivalents.

The Company's prior NCIB commenced on January 20, 2023 and expires on January 19, 2024 (the "2023 NCIB"). Between January 20, 2023 and January 9, 2024, the Company repurchased a total of 1,089,641 Shares for cancellation at an average price of \$27.52 per Share for total cash consideration of \$30.0 million under the 2023 NCIB.

Conference Call Details

A conference call to discuss the Company's third quarter results is scheduled for Wednesday, January 10, 2024, 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 <https://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 0600. An archive of the webcast will be available on Aritzia's website.

About Aritzia

Aritzia is a 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, highly personalized shopping experiences at aritzia.com and in our 115+ boutiques throughout North America — for everyone, everywhere.

Our Approach

Aritzia means style, not trend, and quality over everything. We treat each in-house label as its own atelier, united by premium fabrics, meticulous construction and an of-the-moment point of view. We handpick fabrics from the world's best mills for their feel, function and ability to last. We obsess over proportion, fit and that just-right silhouette. From hand-painted prints to the art of pocket placement, our innovative design studio considers and reconsiders each detail to create essentials you'll reach for again, and again, and again.

Everyday Luxury. To Elevate Your World.™

Comparable Sales and Comparable Sales Growth (Decline)

Comparable sales and comparable sales growth (decline) are retail industry metrics used to explain our total combined revenue growth (decline) in eCommerce and established boutiques.

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" and "comparable sales growth (decline)", which are commonly used operating metrics in the retail industry but may be calculated differently by other retailers. Gross profit margin, comparable sales and comparable sales growth (decline) 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 Q3 2024 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 Q3 2024 MD&A which is available under the Company's profile on SEDAR+ at www.sedarplus.ca. 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 and anticipated results therefrom,
- our fourth quarter Fiscal 2024 financial outlook, including our expected outlook for net revenue, gross profit margin, and SG&A as a percent of net revenue,
- our full Fiscal 2024 financial outlook, including our expected outlook for net revenue, 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 approach and expectations with respect to our real estate expansion strategy, including boutique growth, payback period expectations and timing of openings,
- our expected investment in the scalability of our business including timing of projects,
- our advancement of our eCommerce 2.0 strategy including increasing our eCommerce momentum through strategic investments in leadership, digital marketing and technology, and the anticipated results therefrom,
- our expectations with respect to an improved product assortment and our inventory position, and normalized markdowns,
- our intention to apply to commence the NCIB, the timing thereof, and the number of Shares which may be purchased thereunder,
- our potential future purchases of Shares pursuant to the NCIB and potential to enter into an automatic share purchase plan, and
- our anticipated growth and ability to deliver on our goals and priorities.

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”, “continue”, 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:

- anticipated growth across our retail and eCommerce channels,
- anticipated growth in the United States and 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, and optimized inventory levels,
- our ability to recruit and retain exceptional talent,
- our expectations regarding new boutique openings, expansion and repositioning of existing boutiques, and the timing thereof, 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 run rate savings from our smart spending initiative,
- 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,
- macroeconomic uncertainty,
- the level of new styles in our product assortment,
- normalized markdowns,
- lower expedited freight costs,
- that our planned boutique openings and expansions will proceed as anticipated and on-time,
- 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 support office space, and eCommerce technology to drive eCommerce 2.0,
- subsiding transitory warehousing costs,
- estimated annualized run rate savings of approximately \$60 million from our smart spending initiative, with approximately 50% of the benefits expected to be realized in Fiscal 2024, and
- foreign exchange rates for Fiscal 2024: USD:CAD = 1.35.

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

- ongoing inflationary pressures,
- anticipated benefits from product margin improvements,
- our approach and expectations with respect to our real estate expansion strategy, including boutique payback period expectations and timing of openings,
- 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 (including impacts from changes to interest rate environments); (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 Q3 2024 MD&A and Fiscal 2023 MD&A, and the Company's Fiscal 2023 AIF which are incorporated by reference into this document. A copy of the Q3 2024 MD&A, 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 SEDAR+ at www.sedarplus.ca.

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

Investors

Beth Reed
Vice President, Investor Relations
646-603-9844
breed@aritzia.com

Selected Financial Information

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

	Q3 2024		Q3 2023		YTD 2024		YTD 2023	
		% of net revenue		% of net revenue		% of net revenue		% of net revenue
Net revenue	\$ 653,524	100.0 %	\$ 624,615	100.0 %	\$ 1,650,380	100.0 %	\$ 1,558,048	100.0 %
Cost of goods sold	382,587	58.5 %	353,952	56.7 %	1,012,646	61.4 %	886,216	56.9 %
Gross profit	270,937	41.5 %	270,663	43.3 %	637,734	38.6 %	671,832	43.1 %
Selling, general and administrative	187,373	28.7 %	163,737	26.2 %	511,948	31.0 %	431,170	27.7 %
Stock-based compensation expense	9,449	1.4 %	11,558	1.9 %	16,428	1.0 %	21,212	1.4 %
Income from operations	74,115	11.3 %	95,368	15.3 %	109,358	6.6 %	219,450	14.1 %
Finance expense	13,637	2.1 %	9,056	1.4 %	36,662	2.2 %	21,762	1.4 %
Other expense (income)	(1,726)	(0.3)%	(11,994)	(1.9)%	(4,809)	(0.3)%	(11,968)	(0.8)%
Income before income taxes	62,204	9.5 %	98,306	15.7 %	77,505	4.7 %	209,656	13.5 %
Income tax expense	19,111	2.9 %	27,578	4.4 %	22,932	1.4 %	59,406	3.8 %
Net income	\$ 43,093	6.6 %	\$ 70,728	11.3 %	\$ 54,573	3.3 %	\$ 150,250	9.6 %
Other Performance Measures:								
Year-over-year net revenue growth	4.6%		37.8%		5.9%		48.3%	
Comparable sales growth (decline) ^{4,5}	0.5%		22.8%		(0.2)%		26.3%	
Capital cash expenditures (net of proceeds from lease incentives) ⁵	\$(41,368)		\$ (26,362)		\$(113,575)		\$ (73,547)	
Free cash flow ⁵	\$ 171,607		\$ 68,297		\$ 76,631		\$ (70,463)	

NET REVENUE BY GEOGRAPHIC LOCATION

(unaudited, in thousands of Canadian dollars)

	Q3 2024		Q3 2023		YTD 2024		YTD 2023	
United States net revenue	\$	326,605	\$	313,534	\$	857,355	\$	783,506
Canada net revenue		326,919		311,081		793,025		774,542
Net revenue	\$	653,524	\$	624,615	\$	1,650,380	\$	1,558,048

CONSOLIDATED CASH FLOWS

(unaudited, in thousands of Canadian dollars)

	Q3 2024		Q3 2023		YTD 2024		YTD 2023	
Net cash generated from (used in) operating activities	\$	241,079	\$	114,732	\$	259,135	\$	64,729
Net cash generated from (used in) financing activities		(130,971)		(14,830)		(68,901)		(107,242)
Cash used in investing activities		(45,344)		(32,401)		(135,728)		(89,973)
Effect of exchange rate changes on cash and cash equivalents		(476)		(1,027)		(212)		(861)
Change in cash and cash equivalents	\$	64,288	\$	66,474	\$	54,294	\$	(133,347)

⁴ Please see the "Comparable Sales and Comparable Sales Growth (Decline)" 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

(unaudited, in thousands of Canadian dollars, unless otherwise noted)

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Reconciliation of Net Income to EBITDA and Adjusted EBITDA:				
Net income	\$ 43,093	\$ 70,728	\$ 54,573	\$ 150,250
Depreciation and amortization	16,847	13,434	46,352	38,238
Depreciation on right-of-use assets	25,524	21,204	75,358	57,883
Finance expense	13,637	9,056	36,662	21,762
Income tax expense	19,111	27,578	22,932	59,406
EBITDA	118,212	142,000	235,877	327,539
Adjustments to EBITDA:				
Stock-based compensation expense	9,449	11,558	16,428	21,212
Rent impact from IFRS 16, Leases ⁶	(36,390)	(28,278)	(106,270)	(76,012)
Unrealized loss on equity derivatives contracts	390	(4,793)	11,623	(43)
Realized loss (gain) on equity derivatives contracts	—	(1,387)	—	(1,387)
Fair value adjustment of non-controlling interest ("NCI") in exchangeable shares liability	—	—	(15,000)	—
CYC Design Corporation ("CYC") integration and acquisition costs	102	—	1,853	—
Secondary offering transaction costs	—	518	—	518
Adjusted EBITDA	\$ 91,763	\$ 119,618	\$ 144,511	\$ 271,827
Adjusted EBITDA as a percentage of net revenue	14.0%	19.2%	8.8%	17.4%
Reconciliation of Net Income to Adjusted Net Income:				
Net income	\$ 43,093	\$ 70,728	\$ 54,573	\$ 150,250
Adjustments to net income:				
Stock-based compensation expense	9,449	11,558	16,428	21,212
Unrealized loss on equity derivatives contracts	390	(4,793)	11,623	(43)
Realized loss (gain) on equity derivatives contracts	—	(1,387)	—	(1,387)
Fair value adjustment of NCI in exchangeable shares liability	—	—	(15,000)	—
CYC integration and acquisition costs	102	—	1,853	—
Secondary offering transaction costs	—	518	—	518
Related tax effects	(333)	(14)	(2,143)	(2,450)
Adjusted Net Income	\$ 52,701	\$ 76,610	\$ 67,334	\$ 168,100
Adjusted Net Income as a percentage of net revenue	8.1%	12.3%	4.1%	10.8%
Weighted average number of diluted shares outstanding (thousands)	113,332	115,154	114,232	115,252
Adjusted Net Income per Diluted Share	\$ 0.47	\$ 0.67	\$ 0.59	\$ 1.46

⁶ Rent impact from IFRS 16, leases

RENT IMPACT FROM IFRS 16, LEASES

(unaudited, in thousands of Canadian dollars)

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Depreciation of right-of-use assets, excluding fair value adjustments	\$ (25,391)	\$ (21,071)	\$ (74,959)	\$ (57,484)
Interest expense on lease liabilities	(10,999)	(7,207)	(31,311)	(18,528)
Rent impact from IFRS 16, leases	\$ (36,390)	\$ (28,278)	\$ (106,270)	\$ (76,012)

RECONCILIATION OF COMPARABLE SALES TO NET REVENUE

(unaudited, in thousands of Canadian dollars)

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Comparable sales	\$ 573,537	\$ 566,606	\$ 1,455,304	\$ 1,431,825
Non-comparable sales	79,987	58,009	195,076	126,223
Net revenue	\$ 653,524	\$ 624,615	\$ 1,650,380	\$ 1,558,048

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

(unaudited, in thousands of Canadian dollars)

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Cash used in investing activities	\$ (45,344)	\$ (32,401)	\$ (135,728)	\$ (89,973)
Contingent consideration payout, net relating to the acquisition of CYC	—	—	6,303	5,625
Proceeds from lease incentives	3,976	6,039	15,850	10,801
Capital cash expenditures (net of proceeds from lease incentives)	\$ (41,368)	\$ (26,362)	\$ (113,575)	\$ (73,547)

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

(unaudited, in thousands of Canadian dollars)

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Net cash generated from (used in) operating activities	\$ 241,079	\$ 114,732	\$ 259,135	\$ 64,729
Interest paid on credit facilities	2,328	1,849	5,148	3,233
Proceeds from lease incentives	3,976	6,039	15,850	10,801
Repayments of principal on lease liabilities	(30,432)	(21,922)	(74,077)	(64,878)
Purchase of property, equipment and intangible assets	(45,344)	(32,401)	(129,425)	(84,348)
Free cash flow	\$ 171,607	\$ 68,297	\$ 76,631	\$ (70,463)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(interim periods unaudited, in thousands of Canadian dollars)

	As at November 26, 2023	As at February 26, 2023	As at November 27, 2022
Assets			
Cash and cash equivalents	\$ 140,804	\$ 86,510	\$ 131,898
Accounts receivable	19,759	18,184	17,710
Income taxes recoverable	16,482	6,419	3,951
Inventory	397,002	467,634	508,392
Prepaid expenses and other current assets	34,510	33,101	42,315
Total current assets	608,557	611,848	704,266
Property and equipment	406,887	308,608	281,260
Intangible assets	85,082	86,382	86,375
Goodwill	198,846	198,846	198,846
Right-of-use assets	630,370	614,061	452,499
Other assets	5,422	3,830	4,595
Deferred tax assets	14,938	12,968	14,798
Total assets	\$ 1,950,102	\$ 1,836,543	\$ 1,742,639
Liabilities			
Accounts payable and accrued liabilities	\$ 248,450	\$ 221,712	\$ 319,364
Current portion of contingent consideration	—	6,619	6,619
Current portion of lease liabilities	116,889	117,316	96,505
Deferred revenue	95,235	71,653	92,556
Total current liabilities	460,574	417,300	515,173
Lease liabilities	682,761	654,690	507,454
Other non-current liabilities	11,218	21,499	23,921
Non-controlling interest in exchangeable shares liability	—	35,500	35,500
Deferred tax liabilities	22,067	21,767	21,106
Total liabilities	1,176,620	1,150,756	1,103,154
Shareholders' equity			
Share capital	292,911	265,519	260,029
Contributed surplus	92,857	68,682	64,936
Retained earnings	391,950	355,270	317,932
Accumulated other comprehensive loss	(4,236)	(3,684)	(3,412)
Total shareholders' equity	773,482	685,787	639,485
Total liabilities and shareholders' equity	\$ 1,950,102	\$ 1,836,543	\$ 1,742,639

BOUTIQUE COUNT SUMMARY³

	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Number of boutiques, beginning of period	116	112	114	106
New boutiques	1	—	3	6
Number of boutiques, end of period	117	113	117	113
Boutiques expanded or repositioned	1	4	2	4