ARITZIA

Aritzia Inc.

Condensed Interim Consolidated
Financial Statements
Third Quarter of Fiscal 2025

For the 13-week and 39-week periods ended
December 1, 2024 and November 26, 2023

Aritzia Inc.

Condensed Interim Consolidated Statements of Financial Position

As at December 1, 2024 and March 3, 2024

(Unaudited, in thousands of Canadian dollars)

	Note	December 1, 2024	March 3, 2024
Assets			
Cash and cash equivalents		**$ 207,007**	$ 163,277
Accounts receivable		**21,379**	18,473
Income taxes recoverable		**7,191**	7,055
Inventory	5	**461,990**	340,145
Prepaid expenses and other current assets	12	**52,410**	37,270
Total current assets		**$ 749,977**	$ 566,220
Property and equipment	6	**617,458**	431,365
Intangible assets	7	**89,385**	84,975
Goodwill	7	**198,846**	198,846
Right-of-use assets	8	**707,214**	632,291
Other assets	12	**6,131**	5,164
Deferred tax assets	18	**16,169**	27,272
Total assets		**$ 2,385,180**	$ 1,946,133
Liabilities			
Accounts payable and accrued liabilities	9, 12	**$ 354,331**	$ 212,835
Income taxes payable		**2,096**	1,606
Current portion of lease liabilities	8	**88,718**	107,322
Deferred revenue		**136,955**	81,669
Total current liabilities		**$ 582,100**	$ 403,432
Lease liabilities	8	**806,092**	698,564
Other non-current liabilities	10	**16,909**	13,451
Deferred tax liabilities	18	**23,157**	23,191
Total liabilities		**$ 1,428,258**	$ 1,138,638
Shareholders' equity			
Share capital	13	**$ 346,165**	$ 307,737
Contributed surplus		**103,957**	96,249
Retained earnings		**510,053**	407,337
Accumulated other comprehensive loss		**(3,253)**	(3,828)
Total shareholders' equity		**956,922**	807,495
Total liabilities and shareholders' equity		**$ 2,385,180**	$ 1,946,133
Commitments and contingencies	20		

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Aritzia Inc.
Condensed Interim Consolidated Statements of Operations
For the 13-week and 39-week periods ended December 1, 2024 and November 26, 2023

(Unaudited, in thousands of Canadian dollars, except number of shares and per share amounts)

		13-week periods ended		39-week periods ended	
	Note	December 1, 2024	November 26, 2023	December 1, 2024	November 26, 2023
Net revenue	16, 19	**$ 728,701**	$ 653,524	**$ 1,842,994**	$ 1,650,380
Cost of goods sold	17	**395,216**	382,587	**1,042,479**	1,012,646
Gross profit		**333,485**	270,937	**800,515**	637,734
Selling, general and administrative		**215,649**	187,373	**591,441**	511,948
Stock-based compensation expense	14, 17	**10,244**	9,449	**30,997**	16,428
Income from operations		**107,592**	74,115	**178,077**	109,358
Finance expense	8, 11, 17	**12,750**	13,637	**38,173**	36,662
Other expense (income)	12, 17	**(9,918)**	(1,726)	**(15,409)**	(4,809)
Income before income taxes		**104,760**	62,204	**155,313**	77,505
Income tax expense	18	**30,692**	19,111	**47,165**	22,932
Net income		**$ 74,068**	$ 43,093	**$ 108,148**	$ 54,573
Net income per share					
Basic	15	**$ 0.66**	$ 0.39	**$ 0.96**	$ 0.49
Diluted	15	**$ 0.63**	$ 0.38	**$ 0.93**	$ 0.48
Weighted average number of shares outstanding (thousands)					
Basic	15	**112,784**	110,660	**112,201**	110,639
Diluted	15	**116,836**	113,332	**115,860**	114,232

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Aritzia Inc.

Condensed Interim Consolidated Statements of Comprehensive Income

For the 13-week and 39-week periods ended December 1, 2024 and November 26, 2023

(Unaudited, in thousands of Canadian dollars)

	13-week periods ended		39-week periods ended	
	December 1, 2024	**November 26, 2023**	**December 1, 2024**	**November 26, 2023**
Net income	**$ 74,068**	$ 43,093	**$ 108,148**	$ 54,573
Other comprehensive income				
Items that are or may be reclassified subsequently to net income:				
Foreign currency translation adjustment	**1,180**	(435)	**575**	(552)
Comprehensive income	**$ 75,248**	$ 42,658	**$ 108,723**	$ 54,021

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Aritzia Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

For the 39-week periods ended December 1, 2024 and November 26, 2023

(Unaudited, in thousands of Canadian dollars, except number of shares)

	Multiple voting shares		Subordinate voting shares					
	Shares	**Amounts**	**Shares**	**Amounts**	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive loss**	**Total shareholders' equity**
Balance, February 26, 2023	20,437,349	$ 14,774	90,005,261	$ 250,745	$ 68,682	$ 355,270	$ (3,684)	$ 685,787
Net Income	—	—	—	—	—	54,573	—	54,573
Options exercised (note 14)	—	—	606,595	14,129	(4,208)	—	—	9,921
Stock-based compensation expense on equity-settled plans (note 14)	—	—	—	—	21,737	—	—	21,737
Shares repurchased for cancellation (note 13)	—	—	(705,341)	(2,091)	—	(17,893)	—	(19,984)
Shares issued to settle non-controlling interest in exchangeable shares liability (note 12)	—	—	419,047	15,354	6,646	—	—	22,000
Foreign currency translation adjustment	—	—	—	—	—	—	(552)	(552)
Balance, November 26, 2023	20,437,349	$ 14,774	90,325,562	$ 278,137	$ 92,857	$ 391,950	$ (4,236)	$ 773,482
Balance, March 3, 2024	**20,437,349**	**$ 14,774**	**90,723,027**	**$ 292,963**	**$ 96,249**	**$ 407,337**	**$ (3,828)**	**$ 807,495**
Net Income	**—**	**—**	**—**	**—**	**—**	**108,148**	**—**	**108,148**
Shares issued for equity settled plans (note 14)	**—**	**—**	**1,858,776**	**38,902**	**(17,064)**	**—**	**—**	**21,838**
Stock-based compensation expense on equity-settled plans (note 14)	**—**	**—**	**—**	**—**	**24,772**	**—**	**—**	**24,772**
Shares repurchased for cancellation (note 13)	**—**	**—**	**(134,200)**	**(474)**	**—**	**(5,432)**	**—**	**(5,906)**
Foreign currency translation adjustment	**—**	**—**	**—**	**—**	**—**	**—**	**575**	**575**
Balance, December 1, 2024	**20,437,349**	**$ 14,774**	**92,447,603**	**$ 331,391**	**$ 103,957**	**$ 510,053**	**$ (3,253)**	**$ 956,922**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Aritzia Inc.

Condensed Interim Consolidated Statements of Cash Flows

For the 13-week and 39-week periods ended December 1, 2024 and November 26, 2023

(Unaudited, in thousands of Canadian dollars)

	Note	13-week periods ended		39-week periods ended	
		December 1, 2024	November 26, 2023	December 1, 2024	November 26, 2023
Operating activities					
Net income for the period		**$ 74,068**	$ 43,093	**$ 108,148**	$ 54,573
Adjustments for:					
Depreciation and amortization		**20,275**	16,847	**59,052**	46,352
Depreciation on right-of-use assets	8	**26,459**	25,524	**79,690**	75,358
Finance expense	17	**12,750**	13,637	**38,173**	36,662
Stock-based compensation expense	14, 17	**10,244**	9,449	**30,997**	16,428
Unrealized (gain) loss on equity derivative contracts	12, 17	**(292)**	390	**(6,129)**	11,623
Income tax expense	18	**30,692**	19,111	**47,165**	22,932
Fair value adjustment of non-controlling interest in exchangeable shares liability	12, 17	**—**	—	**—**	(15,000)
Other		**(91)**	(282)	**754**	(864)
Cash generated before non-cash working capital balances and interest and income taxes		**174,105**	127,769	**357,850**	248,064
Net change in non-cash working capital	22	**68,868**	131,460	**14,213**	82,026
Cash generated before interest and income taxes		**242,973**	259,229	**372,063**	330,090
Interest paid		**(1,431)**	(2,328)	**(3,086)**	(5,148)
Interest paid on lease liabilities	8	**(13,023)**	(10,999)	**(36,641)**	(31,311)
Income taxes paid		**(13,652)**	(4,823)	**(35,175)**	(34,496)
Net cash generated from (used in) operating activities		**214,867**	241,079	**297,161**	259,135
Financing activities					
Proceeds from revolving credit facility	11	**—**	—	**—**	100,000
Repayment of revolving credit facility	11	**—**	(100,000)	**—**	(100,000)
Payment of financing fees	11	**—**	(611)	**—**	(611)
Repayment of principal on lease liabilities	8	**(30,354)**	(30,432)	**(83,072)**	(74,077)
Proceeds from lease incentives		**3,559**	3,976	**10,409**	15,850
Proceeds from options exercised	14	**4,531**	6,098	**21,838**	9,921
Shares repurchased for cancellation	13	**(5,906)**	(10,002)	**(5,906)**	(19,984)
Net cash generated from (used in) financing activities		**(28,170)**	(130,971)	**(56,731)**	(68,901)
Investing activities					
Purchase of property and equipment	6	**(83,609)**	(44,360)	**(191,068)**	(127,194)
Purchase of intangible assets	7	**(1,898)**	(984)	**(6,516)**	(2,231)
Contingent consideration payout, net relating to the acquisition of CYC Design Corporation ("CYC")	12	**—**	—	**—**	(6,303)
Cash used in investing activities		**(85,507)**	(45,344)	**(197,584)**	(135,728)
Effect of exchange rate changes on cash and cash equivalents		**1,834**	(476)	**884**	(212)
Change in cash and cash equivalents		**103,024**	64,288	**43,730**	54,294
Cash and cash equivalents – Beginning of period		**103,983**	76,516	**163,277**	86,510
Cash and cash equivalents – End of period		**$ 207,007**	$ 140,804	**$ 207,007**	$ 140,804
Supplemental cash flow information	22				

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1 Nature of operations and basis of presentation

Nature of operations

Aritzia Inc. and its subsidiaries (collectively referred to as the “Company”) are a design house with a global platform. The Company is a creator and purveyor of Everyday Luxury, home to an extensive portfolio of exclusive brands for every function and individual aesthetic. The Company provides immersive and highly personal shopping experiences at aritzia.com and in 127 boutiques throughout Canada and the United States.

Aritzia Inc. is a corporation governed by the Business Corporations Act (British Columbia). The address of its registered office is 1055 Dunsmuir Street, Suite 3000, Vancouver, B.C., Canada, V7X 1K8.

The Company’s subordinate voting shares are listed on the Toronto Stock Exchange ("TSX") under the stock symbol “ATZ”.

Basis of presentation

These unaudited condensed interim consolidated financial statements (“interim financial statements”) have been prepared under International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, on a basis consistent with those accounting policies followed by the Company in the most recent audited annual consolidated financial statements for the fiscal year ended March 3, 2024 ("Fiscal 2024") except as noted in Note 3. Certain information, in particular the accompanying notes normally included in the audited annual consolidated financial statements prepared in accordance with IFRS Accounting Standards, has been omitted or condensed. Accordingly, these unaudited condensed interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the Fiscal 2024 audited annual consolidated financial statements and the notes thereto. These unaudited condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

The Company's fiscal year-end is the Sunday closest to the last day of February, typically resulting in a 52-week year, but occasionally giving rise to an additional week, resulting in a 53-week year. Fiscal 2025 is a 52-week year and Fiscal 2024 was a 53-week year. All references to Fiscal 2025 represent the fiscal year ending March 2, 2025.

Seasonality of operations

The Company’s business is affected by the pattern of seasonality common to most retail apparel businesses. Historically, the Company has recognized a significant portion of its operating profit in the third and fourth quarters of each fiscal year as a result of increased net revenue during the back-to-school and holiday seasons.

These unaudited condensed interim consolidated financial statements were authorized for issue on January 9, 2025 by the Audit Committee on behalf of the Company’s Board of Directors (“Board”).

2 Summary of material accounting policies

These interim financial statements have been prepared using the accounting policies as outlined in note 2 of the Fiscal 2024 audited consolidated financial statements, with the exception of any accounting standards adopted in Fiscal 2025.

3 Accounting policy developments

Several amendments to IFRS Accounting Standards apply for the first time in Fiscal 2025 but did not have a material impact on the unaudited condensed interim consolidated financial statements of the Company. The International Accounting Standards Board issued IFRS 18, Presentation and Disclosure in the Financial Statements, in April 2024 which is effective for annual reporting periods beginning on or after January 1, 2027. Management is currently assessing the impact of IFRS 18.

4 Judgements and estimates

The preparation of unaudited condensed interim consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are continuously evaluated and are based on management's best judgements and experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty were the same as those applied in note 4 of the Fiscal 2024 audited consolidated financial statements.

5 Inventory

	December 1, 2024	March 3, 2024
Finished goods	**$ 376,769**	$ 253,095
Finished goods-in-transit	**77,708**	77,924
Raw materials	**7,513**	9,126
Inventory	**$ 461,990**	$ 340,145

The Company records a reserve to value inventory to its estimated net realizable value. This resulted in a reduction to cost of goods sold of $3.4 million for the 13-week period ended December 1, 2024 and an expense of $9.3 million for the 39-week period ended December 1, 2024 (13-week and 39-week periods ended November 26, 2023 - expense of $1.0 million and $18.5 million, respectively). No inventory write-downs recorded in previous periods were reversed.

All of the Company's inventory is pledged as security for the Company's revolving credit facility (note 11).

6 Property and equipment

During the 13-week and 39-week periods ended December 1, 2024, the Company had property and equipment additions of $103.5 million and $237.0 million, respectively (13-week and 39-week periods ended November 26, 2023 - $48.8 million and $141.4 million, respectively), the majority of which were related to leasehold improvements made to its boutiques and distribution centers, and the respective purchase of furniture and equipment for those spaces.

7 Goodwill and intangible assets

During the 13-week and 39-week periods ended December 1, 2024, the Company had intangible asset additions of $1.6 million and $6.6 million, respectively (13-week and 39-week periods ended November 26, 2023 - $0.7 million and $1.2 million, respectively), the majority of which were related to internally developed computer software.

8 Leases

The Company has the right to use real estate properties for its boutiques, distribution centers and support offices under non-cancellable lease agreements, together with periods covered by an option to extend or terminate, if the Company is reasonably certain it will exercise those options.

The following table reconciles the change in right-of-use assets for the 39-week period ended December 1, 2024:

		Right-of-use assets
Cost		
Balance, March 3, 2024	$	**996,699**
Additions, net of lease incentives received		**131,567**
Modifications and other		**10,500**
Foreign exchange		**23,146**
Balance, December 1, 2024	$	**1,161,912**
Accumulated depreciation		
Balance, March 3, 2024	$	**364,408**
Depreciation		**79,251**
Amortization of fair value adjustment on CYC leases		**439**
Modifications and other		**2,023**
Foreign exchange		**8,577**
Balance, December 1, 2024	$	**454,698**
Net carrying value		
Balance, March 3, 2024	$	**632,291**
Balance, December 1, 2024	$	**707,214**

The following table reconciles the change in the lease liabilities for the 39-week period ended December 1, 2024:

		Lease liabilities
Balance, March 3, 2024	**$**	**805,886**
Additions		**142,496**
Interest expense on lease liabilities		**34,860**
Repayment of interest and principal on lease liabilities		**(119,713)**
Modifications and other		**12,847**
Foreign exchange		**18,434**
Balance, December 1, 2024	**$**	**894,810**
Current portion of lease liabilities		**88,718**
Long-term portion of lease liabilities		**806,092**
Lease liabilities	**$**	**894,810**

The following table summarizes the Company's rent and rent-related expenses:

	13-week periods ended		39-week periods ended	
	December 1, 2024	**November 26, 2023**	**December 1, 2024**	**November 26, 2023**
Depreciation on right-of-use assets, excluding fair value adjustments	**$ 26,392**	$ 25,391	**$ 79,251**	$ 74,959
Interest expense on lease liabilities (note 17)	**11,242**	10,999	**34,860**	31,311
Variable lease expense	**3,724**	4,377	**13,955**	16,231
Lease payments relating to short-term or low value leases	**403**	906	**1,427**	2,532
Common area maintenance, property taxes and other	**17,502**	14,716	**51,238**	38,908
Total rent and rent-related expenses	**$ 59,263**	$ 56,389	**$ 180,731**	$ 163,941

9 Accounts payable and accrued liabilities

		December 1, 2024		March 3, 2024
Trade accounts payable	**$**	**251,797**	$	133,676
Employee benefits payable		**48,234**		53,749
Other non-trade payables		**51,576**		15,609
Current portion of Restricted Share Unit ("RSU") plan liabilities (note 14)		**2,724**		9,801
Accounts payable and accrued liabilities	**$**	**354,331**	$	212,835

10 Other non-current liabilities

	December 1, 2024	March 3, 2024
Deferred Share Unit ("DSU") plan liabilities (note 14)	**$ 12,066**	$ 8,195
Deferred lease inducements	**3,306**	$ 4,830
Asset retirement obligations	**1,537**	426
Other non-current liabilities	**$ 16,909**	$ 13,451

11 Bank indebtedness

The Company has a $300.0 million revolving credit facility which bears interest at banker's acceptance rate ("BA"), Secured Overnight Financing Rate ("SOFR") (prior to June 30, 2023, London Inter-Bank Offered Rate ("LIBO")) or Canadian prime rate, plus a marginal rate between 0.75% and 2.75% (March 3, 2024 – 0.75% and 2.75%). Up to $10.0 million of the facility can be drawn upon by way of a swingline loan. As at December 1, 2024, no amounts were drawn under the revolving credit facility (March 3, 2024 - $nil).

The Company also has a revolving line of credit with a limit of US$10.0 million and expiring on December 14, 2024 which the Company expects to renew. The revolving line of credit bears interest at the daily SOFR, plus a marginal rate between 1.75% and 2.75% (March 3, 2024 – 1.75% and 2.75%). As at December 1, 2024, no amounts were drawn under the revolving line of credit (March 3, 2024 - $nil).

The Company also has letters of credit facilities of CAD$30.0 million and US$25.0 million (March 3, 2024 - CAD$50.0 million and US$40.0 million) secured pari passu with the revolving credit facility and the revolving line of credit. The interest rate for the letters of credit is between 1.17% and 2.75%. As at December 1, 2024, the amount available under these facilities was reduced to $57.0 million (March 3, 2024 - $80.8 million) by certain open letters of credit (note 20).

The revolving credit facility is collateralized by a first priority lien on all property and equipment, leased real property interests and inventory. In addition, the Company is required to maintain certain financial covenants. As at December 1, 2024 and March 3, 2024, the Company was in compliance with all financial covenants.

12 Financial instruments

Equity derivative contracts

The Company has equity derivative contracts (total return swaps) to hedge the share price exposure on its cash-settled DSUs and RSUs. These contracts are not designated as hedging instruments for accounting purposes.

	13-week periods ended		39-week periods ended	
	December 1, 2024	November 26, 2023	December 1, 2024	November 26, 2023
Unrealized loss (gain) on equity derivative contracts	**$ (292)**	$ 390	**$ (6,129)**	$ 11,623

	As at	
	December 1, 2024	March 3, 2024
Fair value of equity derivative contracts, asset (liability)	**$ 10,410**	$ 4,281

Unrealized gains and losses for the change in fair value for equity derivative contracts are recorded in other expense (income) in the condensed interim consolidated statements of operations. The positive and negative fair values of these contracts are recorded in prepaid expenses and other current assets and accounts payable and accrued liabilities, respectively, in the condensed interim consolidated statements of financial position.

Early 100% Acquisition of CYC Design Corporation ("CYC")

On May 26, 2023, the Company and CYC's exchangeable shareholders agreed to the Company's early acquisition of the remaining 25% ownership interest held through the CYC exchangeable shares. The Company issued 419,047 subordinate voting shares ("Upfront Shares") on May 26, 2023 and the right to receive additional subordinate voting shares ("Additional Shares") by March 31, 2026. The Upfront Shares were recognized in share capital ($15.4 million) and the Additional Shares with an estimated value up to $9.4 million were treated as compensation for future services with a portion recognized in contributed surplus ($6.6 million) and the remainder, net of any changes estimated or final value, to be recognized over the period ending in Fiscal 2026.

The Upfront Shares are also subject to an escrow agreement with one third to be released at the end of each of Fiscal 2024, 2025 and 2026 (or earlier as agreed to by the Company and the CYC exchangeable shareholders) and subject to future adjustments ("Share Adjustments"). The Share Adjustments are treated as an embedded derivative and recorded within other non-current assets with a value of $1.0 million as at December 1, 2024 (March 3, 2024 - $1.0 million).

Non-controlling interest in exchangeable shares liability

In conjunction with the acquisition, CYC issued exchangeable shares to minority shareholders in exchange for their 25% share of the total common shares at acquisition which resulted in recording a non-controlling interest in exchangeable shares liability. As a result of the Company's early acquisition of the remaining 25% CYC ownership interest, the Company revalued the non-controlling interest in exchangeable shares liability to $20.5 million as at May 26, 2023 (February 26, 2023 - $35.5 million) based on a Monte Carlo simulation which resulted in a $15.0 million gain recorded in other expense (income) during the 39-week period ended November 26, 2023 and immediately settled the exchangeable shares liability.

Contingent consideration

The Company had a contingent consideration under the CYC purchase agreement that was based on future operating results of CYC during the measurement period ended January 31, 2023. During the 39-week period ended November 26, 2023, the Company paid the final amount ($6.3 million) net of indemnities and shared costs pursuant to the purchase agreement.

13 Share capital

Normal course issuer bids ("NCIB") and automatic share purchase plans ("ASPP")

During the 13-week period and 39-week period ended December 1, 2024, the Company repurchased a total of 134,200 subordinate voting shares for cancellation under the NCIB at an average price of $44.00 per subordinate voting share for total cash consideration of $5.9 million (39-week period ended November 26, 2023 - 705,341 subordinate voting shares for cancellation at an average price of $28.33 per subordinate voting share for total cash consideration of $20.0 million).

As at December 1, 2024, there were 20,437,349 multiple voting shares and 92,447,603 subordinate voting shares issued and outstanding. There were no preferred shares issued and outstanding as at December 1, 2024. Neither the multiple voting shares nor the subordinate voting shares issued have a par value.

14 Stock-based compensation

Reflected in the condensed interim consolidated statements of operations as stock-based compensation expense are the following amounts:

	13-week periods ended		39-week periods ended	
	December 1, 2024	**November 26, 2023**	**December 1, 2024**	**November 26, 2023**
Equity-settled plans				
Stock options	**$ 5,167**	$ 5,457	**$ 15,002**	$ 13,870
Restricted Share Units	**2,749**	1,767	**6,512**	4,235
Performance Share Units ("PSUs")	**1,587**	1,354	**3,258**	3,632
Cash-settled plans				
Restricted Share Units	**239**	628	**2,351**	(2,978)
Deferred Share Units	**502**	243	**3,874**	(2,331)
Stock-based compensation expense	**$ 10,244**	$ 9,449	**$ 30,997**	$ 16,428

Stock Options

Legacy Plan

Transactions for options granted under the Legacy Plan for the 39-week periods ended December 1, 2024 and November 26, 2023 were as follows:

	December 1, 2024		November 26, 2023	
	Number of stock options	**Weighted average exercise price**	**Number of stock options**	**Weighted average exercise price**
Outstanding, at beginning of year	**1,703,211**	**5.56**	1,846,630	$ 5.48
Exercised	**(509,846)**	**4.55**	(23,506)	4.87
Outstanding, at end of period	**1,193,365**	**5.99**	1,823,124	$ 5.49
Exercisable, at end of period	**1,193,365**	**5.99**	1,823,124	$ 5.49

Omnibus Plan

Transactions for options granted under the Omnibus Plan for the 39-week periods ended December 1, 2024 and November 26, 2023 were as follows:

	December 1, 2024		November 26, 2023	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding, at beginning of period	**8,239,589**	**$ 26.32**	7,336,092	$ 24.92
Granted	**859,911**	**47.08**	2,391,597	25.85
Exercised	**(1,223,435)**	**15.95**	(583,089)	16.82
Forfeited	**(229,755)**	**33.14**	(223,753)	31.83
Expired	**(10,064)**	**36.33**	—	—
Outstanding, at end of period	**7,636,246**	**$ 30.11**	8,920,847	$ 25.52
Exercisable, at end of period	**3,363,593**	**$ 25.28**	3,722,211	$ 19.83

The weighted average fair value of stock options estimated at the grant date for the 39-week period ended December 1, 2024 was $22.50 (39-week period ended November 26, 2023 - $11.64), based on the Black-Scholes option pricing model using the following assumptions:

Dividend yield	0.0%
Expected volatility	42.2% to 47.6%
Risk-free interest rate	3.3% to 3.6%
Expected life	5.0 to 8.0 years
Exercise price	$35.82 to $47.66

Director Deferred Share Unit Plan

The following table summarizes information related to DSUs:

	39-week periods ended	
	December 1, 2024	November 26, 2023
Number of units		
Outstanding, at beginning of period	**232,207**	182,811
Granted	**26,557**	39,030
Outstanding, at end of period	**258,764**	221,841

The fair value of the DSU liability as at December 1, 2024 was $12.1 million (March 3, 2024 - $8.2 million).

Restricted Share Unit Plan

The following tables summarize information related to RSUs:

	39-week periods ended			
	December 1, 2024		November 26, 2023	
	Cash-settled	Equity-settled	Cash-settled	Equity-settled
Number of units				
Outstanding, at beginning of period	**319,699**	**786,568**	496,221	360,588
Granted	**3,584**	**350,925**	—	465,999
Settled	**(253,632)**	**—**	(156,350)	—
Forfeited	**(7,415)**	**(54,859)**	(16,764)	(36,806)
Outstanding, at end of period	**62,236**	**1,082,634**	323,107	789,781

The fair value of the cash-settled RSU liability as at December 1, 2024 was $2.7 million (March 3, 2024 - $9.8 million).

Performance Share Unit Plan

The following table summarizes information related to PSUs:

	39-week periods ended	
	December 1, 2024	November 26, 2023
Number of units		
Outstanding, at beginning of period	**497,746**	201,060
Granted	**178,393**	268,027
Earned and unvested	**—**	51,389
Settled and issued	**(125,495)**	—
Outstanding, at end of period	**550,644**	520,476

15 Net income per share

Basic

	13-week periods ended		39-week periods ended	
	December 1, 2024	November 26, 2023	December 1, 2024	November 26, 2023
Net income attributable to shareholders of the Company	**$ 74,068**	$ 43,093	**$ 108,148**	$ 54,573
Weighted average number of shares outstanding during the period (thousands)	**112,784**	110,660	**112,201**	110,639
Basic net income per share	**$ 0.66**	$ 0.39	**$ 0.96**	$ 0.49

Diluted

	13-week periods ended		39-week periods ended	
	December 1, 2024	**November 26, 2023**	**December 1, 2024**	**November 26, 2023**
Net income attributable to shareholders of the Company	**$ 74,068**	$ 43,093	**$ 108,148**	$ 54,573
Weighted average number of shares for net income per diluted share (thousands)	**116,836**	113,332	**115,860**	114,232
Net income per diluted share	**$ 0.63**	$ 0.38	**$ 0.93**	$ 0.48

For the 13-week and 39-week period ended December 1, 2024, 1,656,980 and 2,591,686, stock options and equity-settled RSUs and PSUs, respectively, along with the Additional Shares were not included in the calculation of diluted net income per share as they were anti-dilutive or contingently issuable (13-week and 39-week period ended November 26, 2023 – 5,977,293 and 5,491,751 stock options and equity-settled RSUs, respectively, along with the Additional Shares).

16 Net Revenue

Net revenue disaggregated for boutiques and eCommerce was as follows:

	13-week periods ended		39-week periods ended	
	December 1, 2024	**November 26, 2023**	**December 1, 2024**	**November 26, 2023**
Retail net revenue	**$ 486,559**	$ 441,056	**$ 1,270,023**	$ 1,130,640
eCommerce net revenue	**242,142**	212,468	**572,971**	519,740
Net revenue	**$ 728,701**	$ 653,524	**$ 1,842,994**	$ 1,650,380

17 Expenses by nature

	13-week periods ended		39-week periods ended	
	December 1, 2024	**November 26, 2023**	**December 1, 2024**	**November 26, 2023**
Cost of goods sold				
Inventory and product-related costs and occupancy costs	**$ 355,080**	$ 345,519	**$ 923,649**	$ 906,563
Depreciation on right-of-use assets	**24,552**	23,512	**73,715**	69,607
Depreciation on property and equipment	**15,584**	13,556	**45,115**	36,476
Cost of goods sold	**$ 395,216**	$ 382,587	**$ 1,042,479**	$ 1,012,646

	13-week periods ended		39-week periods ended	
	December 1, 2024	November 26, 2023	December 1, 2024	November 26, 2023
Personnel expenses				
Salaries, wages and employee benefits	**$ 155,841**	$ 142,413	**$ 437,379**	$ 398,291
Stock-based compensation expense relating to employees (note 14)	**9,742**	9,206	**27,123**	18,759
Personnel expenses	**$ 165,583**	$ 151,619	**$ 464,502**	$ 417,050

	13-week periods ended		39-week periods ended	
	December 1, 2024	November 26, 2023	December 1, 2024	November 26, 2023
Finance expense				
Interest expense on lease liabilities (note 8)	**$ 11,242**	$ 10,999	**$ 34,860**	$ 31,311
Interest expense and banking fees	**1,433**	2,549	**3,086**	5,172
Amortization of deferred financing fees	**75**	89	**227**	179
Finance expense	**$ 12,750**	$ 13,637	**$ 38,173**	$ 36,662

	13-week periods ended		39-week periods ended	
	December 1, 2024	November 26, 2023	December 1, 2024	November 26, 2023
Other expense (income)				
Realized foreign exchange loss (gain)	**$ 536**	$ (3,993)	**$ (1,763)**	$ (1,712)
Unrealized foreign exchange loss (gain)	**(9,290)**	2,562	**(6,177)**	394
Fair value adjustment of non-controlling interest in exchangeable shares liability (note 12)	**—**	—	**—**	(15,000)
Unrealized loss (gain) on equity derivative contracts (note 12)	**(292)**	390	**(6,129)**	11,623
CYC related costs and other expenses	**(134)**	102	**2,487**	1,853
Interest and other income	**(738)**	(787)	**(3,827)**	(1,967)
Other expense (income)	**$ (9,918)**	$ (1,726)	**$ (15,409)**	$ (4,809)

18 Income taxes

The income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year. To the extent that forecasts differ from actual results, adjustments are recognized in subsequent periods. The tax rates for the 13-week and 39-week periods ended December 1, 2024 and November 26, 2023 were as follows:

	13-week periods ended		39-week periods ended	
	December 1, 2024	November 26, 2023	December 1, 2024	November 26, 2023
Statutory income tax rate	**26.8%**	26.7%	**26.8%**	26.7%
Effective income tax rate	**29.3%**	30.7%	**30.4%**	29.6%

The effective tax rates are driven largely by the proportionate amount of non-deductible stock-based compensation expense on equity settled plans relative to net income for the 13-week and 39-week periods ended December 1, 2024 and November 26, 2023. For the 39-week period ended November 26, 2023 the effective tax rates were also driven largely by the non-deductible fair value adjustment of non-controlling interest in exchangeable shares liability.

19 Segment information

The Company defines an operating segment on the same basis that it uses to evaluate performance internally and to allocate resources by the Chief Operating Decision Maker (the "CODM"). The Company has determined that the Chief Executive Officer together with the Founder, Executive Chair are its CODM and there is one operating segment. Therefore, the Company reports as a single segment. This includes all sales channels accessed by the Company's clients, including sales through the Company's eCommerce website and sales at the Company's boutiques.

The following table summarizes net revenue by geographic location of the Company's clients:

	13-week periods ended		39-week periods ended	
	December 1, 2024	**November 26, 2023**	**December 1, 2024**	**November 26, 2023**
United States	**$ 403,720**	$ 326,605	**$ 1,033,776**	$ 857,355
Canada	**324,981**	326,919	**809,218**	793,025
Net revenue	**$ 728,701**	$ 653,524	**$ 1,842,994**	$ 1,650,380

The Company's non-current, non-financial assets (property and equipment, intangible assets, goodwill, and right-of-use assets) are geographically located as follows:

	December 1, 2024	**March 3, 2024**
Canada	**$ 760,562**	$ 693,567
United States	**852,341**	653,910
Non-current, non-financial assets	**$ 1,612,903**	$ 1,347,477

20 Commitments and contingencies

Product purchase obligations

At December 1, 2024, the Company had purchase obligations of $84.7 million (March 3, 2024 - $86.6 million), which represent commitments for fabric expected to be used during upcoming seasons, made in the normal course of business.

Letters of credit

At December 1, 2024, the Company had open letters of credit of $8.0 million (March 3, 2024 - $23.5 million).

21 Related party transactions

The Company is ultimately controlled by AHI Holdings Inc. and related entities which are controlled by a director and officer of the Company.

The Company entered into the following transactions with related parties:

a) During the 13-week and 39-week periods ended December 1, 2024, the Company made payments of $2.6 million and $7.7 million, respectively (13-week and 39-week periods ended November 26, 2023 - $1.6 million and $4.1 million, respectively), for lease of premises and management services and $0.3 million and $1.1 million, respectively (13-week and 39-week periods ended November 26, 2023 - $0.4 million and $0.6 million, respectively) for the use of an asset wholly or partially owned by companies that are owned by a director and officer of the Company. As at December 1, 2024, $0.6 million was included in accounts payable and accrued liabilities (March 3, 2024 - $0.5 million) and $0.9 million was included in prepaid expenses and other current assets for the lease of premises (March 3, 2024 - $0.8 million). As at December 1, 2024, the outstanding balance of lease liabilities owed to these companies was $42.6 million (March 3, 2024 - $45.6 million). These transactions were measured at the amount of consideration established at market terms.

b) Key management includes the Company's directors and executive team. Compensation awarded to key management includes:

	13-week periods ended		39-week periods ended	
	December 1, 2024	**November 26, 2023**	**December 1, 2024**	**November 26, 2023**
Salaries, directors' fees and short-term benefits	**$ 1,922**	$ 1,263	**$ 4,819**	$ 3,775
Stock-based compensation expense	**3,299**	2,737	**10,778**	4,135
Key management compensation	**$ 5,221**	$ 4,000	**$ 15,597**	$ 7,910

The increase in stock-based compensation for key management for the 13-week and 39-week periods ended December 1, 2024 compared to the 13-week and 39-week periods ended November 26, 2023 was primarily due to the increase in the fair value of the DSU liability. In addition to the compensation presented above, certain key management received a retroactive adjustment to compensation relating to Fiscal 2023, resulting in an additional expense of $0.8 million during the 39-week period ended November 26, 2023.

22 Supplemental cash flow information

The net change in non-cash working capital balances for the 13-week and 39-week periods ended December 1, 2024 and November 26, 2023 were as follows:

	13-week periods ended		39-week periods ended	
	December 1, 2024	**November 26, 2023**	**December 1, 2024**	**November 26, 2023**
Accounts receivable	**$ 491**	$ (4,173)	**$ (3,737)**	$ (4,772)
Inventory	**26,657**	104,117	**(116,811)**	70,398
Prepaid expenses and other current assets	**(4,674)**	(4,470)	**(8,412)**	(13,572)
Other assets	**(1,176)**	(534)	**(1,086)**	(1,772)
Accounts payable and accrued liabilities	**(2,065)**	11,747	**91,610**	8,156
Deferred revenue	**49,635**	24,773	**52,649**	23,588
Net change in non-cash working capital balances	**$ 68,868**	$ 131,460	**$ 14,213**	$ 82,026

Accrued purchases of property and equipment	**$ 61,450**	$ 28,405
Accrued purchases of intangible assets	**$ 123**	$ —