ARITZIA | NEWS RELEASE

Aritzia Reports Second Quarter Fiscal 2019 Financial Results
Comparable Sales Increased 11.5%
Adjusted EBITDA Increased 59.6%
Adjusted Net Income Increased 76.3%

VANCOUVER, October 4, 2018 /PRNewswire/ - Aritzia Inc. ("Aritzia" or the "Company") (TSX: ATZ), a vertically integrated, innovative design house of exclusive fashion brands, today announced financial results for the second quarter fiscal 2019.

"The strong momentum in our business accelerated in the second quarter as we once again delivered double digit comparable sales growth. The increase of 11.5% marks our 16th consecutive quarter of positive comparable growth. Total net revenue increased by 18% reflecting strength in both our stores and eCommerce across the U.S. and Canada. We are particularly pleased with the exceptional performance in our U.S. business where revenue increased 40% year over year illustrating the growing appeal for our uniquely positioned brand. We attribute our consistently outstanding performance to the strength of our powerful business model as well as contributions from our highly talented team." said Brian Hill, Founder, Chief Executive Officer and Chairman.

Highlights for the Second Quarter

- Comparable sales growth(1) was 11.5%, following 5.4% growth in Q2 last year
- Net revenue increased by 18.0% to $205.4 million from $174.0 million in Q2 last year
- Gross profit margin was 37.4%, compared to 36.3% in Q2 last year
- Adjusted EBITDA(1) increased by 59.6% to $33.0 million from $20.7 million in Q2 last year
- Net income increased by 202.9% to $15.1 million from $5.0 million in Q2 last year
- Adjusted Net Income(1) increased by 76.3% to $18.3 million, or $0.16 per diluted share from $10.4 million, or $0.09 per diluted share in Q2 last year
- The Company opened three new stores (Westfield UTC in San Diego, Georgetown in Washington, D.C. and Conestoga Mall in Greater Toronto) and one new pop-up store (Santana Row in San Jose), along with the reposition of one store (Mayfair Shopping Centre in Victoria) during the second quarter

Mr. Hill continued "As we move through the second half of the year, we remain focused on advancing our key growth initiatives including strategic investments in our eCommerce business, expansion of our premier store network, and strengthening our infrastructure, while continuing to deliver beautiful high quality product that resonates with our consumers."

Appointment of Marcia Smith to the Board of Directors

The Company also announced that Marcia Smith has joined Aritzia's Board of Directors replacing Kevin Callaghan, effective today. Ms. Smith currently serves as SVP of Sustainability and External Affairs at Teck Resources. Ms. Smith also currently serves as the Co-Chair of the British Columbia Government's Climate Solutions and Clean Growth Advisory Council, Chair of the Principal Liaison Committee for the International Council on Mining and Metals, and immediate past Chair of the Business Council of British Columbia. She is on the board and executive council of the Mining Association of Canada and is active on the Council for Clean Capitalism. She was recognized as one of the "Top 100 Most Powerful Women in Canada" in 2015 and was the recipient of the *Business in Vancouver* 2016 Influential Business Award. She holds a Bachelor of Arts (Honours) in English and Political Science from Laurentian University. With the addition of Ms. Smith, Aritzia's Board of Directors now has five of its nine directors who are independent.

Mr. Hill commented, "We are thrilled to have Marcia on our Board of Directors. She has an impressive background with 30 years of experience in public affairs and expertise in the areas of health and safety, sustainability, environment, communities, government relations, and corporate affairs. We look forward to drawing on her broad range of knowledge. We also want to thank Kevin Callaghan from Berkshire Partners for his contributions and guidance over the past ten years."

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

Second Quarter Results

All comparative figures below are for the 13-week period ended August 26, 2018*, compared to the 13-week period ended* August 27, 2017*.*

Net revenue increased by 18.0% to $205.4 million from $174.0 million in the second quarter last year. The net revenue increase was primarily driven by comparable sales growth(1) of 11.5%, resulting from continued momentum in the Company's eCommerce business as well as strong performance in the stores. Net revenue growth also reflects the addition of seven new stores and eight expanded or repositioned stores since the second quarter of fiscal 2018.

Gross profit increased by 21.5% to $76.7 million, or 37.4% of net revenue, compared to $63.1 million, or 36.3% of net revenue, in the second quarter last year. The 110 basis point increase in gross profit margin was driven primarily by improvement in product costs related to ongoing sourcing initiatives, the weakening of the U.S. dollar compared to last year and a favorable sales mix shift toward exclusive brands, partially offset by increased warehousing and distribution costs.

Selling, general and administrative ("SG&A") expenses increased by 18.5% to $52.8 million compared to $44.6 million in the second quarter last year. SG&A expenses were 25.7% of net revenue, compared to 25.6% in the prior year period. Excluding secondary offering transaction costs of $0.4 million, SG&A expenses were 25.5% of net revenue this quarter. The increase in SG&A expenses as compared to the second quarter last year was primarily due to variable selling expenses driven by higher sales volume, as well as the impact from continued investment in people and technology.

Other income was $0.9 million compared to other expense of $6.4 million in the second quarter last year. Other income during the quarter primarily relates to realized foreign exchange gains on U.S. dollar forward contracts of $1.5 million and interest income of $0.3 million, partially offset by unrealized foreign exchange losses on U.S. dollar forward contracts of $1.0 million. Other expense in the second quarter last year related to unrealized foreign exchange losses on U.S. dollar forward contracts of $3.2 million, unrealized and realized operational foreign exchange losses of $2.2 million and realized foreign exchange losses on U.S. dollar forward contracts of $1.1 million, partially offset by interest income of $0.1 million.

Adjusted EBITDA increased by 59.6% to $33.0 million, or 16.1% of net revenue, compared to $20.7 million, or 11.9% of net revenue, in the second quarter last year. Adjusted EBITDA in the quarter excludes stock-based compensation expense of $2.2 million, unrealized foreign exchange losses on U.S. dollar forward contracts of $1.0 million, and secondary offering transaction costs of $0.4 million. Adjusted EBITDA for the second quarter last year excluded stock-based compensation expense of $3.0 million and unrealized foreign exchange losses on U.S. dollar forward contracts of $3.2 million. The increase in Adjusted EBITDA during the quarter was primarily driven by the factors described above.

Stock-based compensation expense was $2.2 million compared to $3.0 million in the second quarter last year. This quarter's stock-based compensation expense primarily consists of $1.8 million in expenses related to the accounting for options under the new option plan and $0.2 million in expenses related to the accounting for options under the legacy option plan.

Net income for the quarter was $15.1 million, compared to net income of $5.0 million in the second quarter last year. The increase in net income during the quarter was primarily driven by the factors described above.

Adjusted Net Income increased by 76.3% to $18.3 million, or $0.16 per diluted share, compared to Adjusted Net Income of $10.4 million, or $0.09 per diluted share, in the second quarter last year. Adjusted

Net Income excludes the impact of stock-based compensation expense, unrealized foreign exchange losses/gains on U.S. dollar forward contracts and secondary offering transaction costs, net of related tax effects.

Year-to-Date Results

All comparative figures below are for the 26-week period ended August 26, 2018, compared to the 26-week period ended August 27, 2017.

Net revenue increased by 16.7% to $372.4 million from $319.0 million in the prior year. The net revenue increase was primarily driven by the revenue from new, expanded and repositioned stores and comparable sales growth[(1)] of 11.2%, resulting from continued momentum in the Company's eCommerce business as well as strong performance in the stores.

Gross profit increased by 19.6% to $144.3 million, or 38.7% of net revenue, compared to $120.7 million, or 37.8% of net revenue, in the prior year. The 90 basis point increase in gross profit margin was driven primarily by improvement in product costs related to ongoing sourcing initiatives, the weakening of the U.S. dollar compared to last year and a favorable sales mix shift toward exclusive brands, partially offset by increased warehousing and distribution costs.

SG&A expenses increased by 16.9% to $99.8 million compared to $85.4 million in the prior year. SG&A expenses were flat at 26.8% of net revenue with the prior year. Excluding secondary offering transaction costs of $0.4 million, SG&A expenses were 26.7% of net revenue this year. The increase in SG&A expenses compared to last year was primarily due to variable selling expenses driven by higher sales volume, as well as the impact from continued investment in people and technology.

Other income was $3.8 million compared to other expense of $4.2 million in the prior year. Other income this year relates to realized foreign exchange gains on U.S. dollar forward contracts of $1.5 million, realized and unrealized operational foreign exchange gains of $1.4 million, interest income of $0.7 million and unrealized foreign exchange gains on U.S. dollar forward contracts of $0.2 million. Other expense in the prior year related to unrealized foreign exchange losses on U.S. dollar forward contracts of $2.4 million, realized and unrealized operational foreign exchange losses of $1.4 million and realized foreign exchange losses on U.S. dollar forward contracts of $0.7 million, partially offset by interest income of $0.3 million.

Adjusted EBITDA increased by 37.5% to $61.4 million, or 16.5% of net revenue, compared to $44.7 million, or 14.0% of net revenue, in the prior year. Adjusted EBITDA in the current year excludes stock-based compensation expense of $6.0 million, unrealized foreign exchange gains on U.S. dollar forward contracts of $0.2 million, and secondary offering transaction costs of $0.4 million. Adjusted EBITDA in the prior year excluded stock-based compensation expense of $7.7 million, unrealized foreign exchange losses on U.S. dollar forward contracts of $2.4 million, and other non-recurring items of $0.4 million. The increase in Adjusted EBITDA during the year was primarily driven by the factors described above.

Stock-based compensation expense was $6.0 million compared to $7.7 million in the prior year. This year's stock-based compensation expense primarily consists of $4.4 million in expenses related to the accounting for options under the new option plan and $1.3 million in expenses related to the accounting for options under the legacy option plan.

Net income was $27.4 million, compared to net income of $13.1 million in the prior year. The increase in net income during the year was primarily driven by the factors described above.

Adjusted Net Income increased by 46.8% to $33.5 million, or $0.29 per diluted share, compared to Adjusted Net Income of $22.9 million, or $0.20 per diluted share in the prior year, primarily due to the factors discussed above. Adjusted Net Income excludes the impact of stock-based compensation expense, unrealized foreign exchange gains/losses on U.S. dollar forward contracts, secondary offering transaction costs and other non-recurring items, net of related tax effects.

Outlook

The performance in fiscal 2019 third quarter-to-date reflects the continuation of solid trends. While the first two weeks of the quarter saw a slowdown in sales due to the unseasonably warm weather in the East, momentum in sales resumed once the weather adjusted.

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

- Seven new stores including the five opened year-to-date.
- Five store expansions or repositions including the three opened year-to-date.
- Two pop-up stores including Santana Row in San Jose, which opened in the second quarter, and Old Orchard in Chicago, which already opened in the third quarter.
- Gross profit margin benefit from sourcing initiatives will be offset by higher raw material costs for the Fall/Winter season.
- SG&A growth proportionate with revenue growth as the Company continues to make strategic investments in people, technology and infrastructure.

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

See "Forward-Looking Information" below, and for additional information, please see the "Outlook" section of the Management's Discussion and Analysis for the second quarter ended August 26, 2018**.**

A conference call to discuss second quarter results is scheduled for Thursday, October 4, 2018, at 1:30 p.m. PDT / 4:30 p.m. EDT. A replay of the conference call can be accessed shortly after the conclusion of the call. To access the replay, please dial 1-855-669-9658 and use replay access code 2627. A replay of the webcast will be available at the conclusion of the call and will remain on Aritzia's investor relations website.

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

About Aritzia

Aritzia is a vertically integrated, innovative design house of fashion brands. The Company designs apparel and accessories for its collection of exclusive brands. The Company's expansive and diverse range of women's fashion apparel and accessories addresses a broad range of style preferences and lifestyle requirements. Aritzia is well known and deeply loved by its customers in Canada with growing customer awareness and affinity in the United States and outside of North America. Aritzia aims to delight its customers through an aspirational shopping experience and exceptional customer service that extends across its 90 retail stores and eCommerce business, *aritzia.com*.

Non-IFRS Measures including Retail Industry Metrics

This press release makes reference to certain non-IFRS measures including certain retail industry metrics. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including "EBITDA", "Adjusted EBITDA", "Adjusted Net Income", "Adjusted Net Income per diluted share", and "gross profit margin". This press release also makes reference to "comparable sales growth", which is a commonly used operating metric in the retail industry but may be calculated differently compared to other retailers. These non-IFRS measures including retail industry metrics are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We believe that securities analysts, investors and other interested parties frequently use non-IFRS measures including retail industry metrics in the evaluation of issuers. Our management also uses non-IFRS measures including retail industry metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. Definitions and reconciliations of non-IFRS measures to the relevant reported measures can be found in our MD&A. Such reconciliations can also be found in this press release under the heading "Selected Consolidated Financial Information".

Forward-Looking Information

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

Implicit in forward-looking statements in respect of the Company's expectations for fiscal 2019 to deliver mid-teens revenue growth and consistent Adjusted EBITDA margin, as compared to fiscal 2018, are certain current assumptions, including, among others, the opening of seven new stores, the expansion or repositioning of five stores, the continued ability to drive growth in our eCommerce business, gross profit margin benefit from sourcing initiatives will be offset by the higher raw material costs for the Fall/Winter season, SG&A will grow proportionately with revenue growth in fiscal 2019, the continued investments in people, technology and infrastructure, primarily related to eCommerce, net capital expenditures in the range of $55 million to $60 million with approximately 50% for store network expansion, taxation rates consistent with historical levels, assumptions regarding the overall retail environment and currency exchange rates for fiscal 2019. Specifically, we have assumed the following exchange rates for fiscal 2019: USD:CAD = 1.30.

This forward-looking information and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions in respect of the expansion and enhancement of our store network; the growth of our eCommerce business; our ability to drive comparable sales growth; our ability to maintain, enhance, and grow our appeal within our addressable market; our ability to drive ongoing development and innovation of our exclusive brands and product categories; our ability to continue directly sourcing from third party mills, trim suppliers and manufacturers for our exclusive brands; our ability to build our international presence; our ability to retain key personnel; our ability to maintain and expand distribution capabilities; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry or the global economy; and the changes in laws, rules, regulations, and global standards are material factors made in preparing forward-looking information and management's expectations.

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

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Selected Consolidated Financial Information

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS:

(Unaudited, in thousands of Canadian dollars, unless otherwise noted)	**Q2 2019 13 weeks**		**Q2 2018 13 weeks**		**YTD 2019 26 weeks**		**YTD 2018 26 weeks**	
Net revenue	$ 205,359	100.0%	$ 173,968	100.0%	$ 372,370	100.0%	$ 319,014	100.0%
Cost of goods sold	128,625	62.6%	110,838	63.7%	228,093	61.3%	198,346	62.2%
Gross profit	76,734	37.4%	63,130	36.3%	144,277	38.7%	120,668	37.8%
Operating expenses								
Selling, general and administrative	52,824	25.7%	44,572	25.6%	99,817	26.8%	85,415	26.8%
Stock-based compensation expense	2,229	1.1%	3,044	1.7%	6,048	1.6%	7,711	2.4%
Income from operations	21,681	10.6%	15,514	8.9%	38,412	10.3%	27,542	8.6%
Finance expense	1,110	0.5%	1,382	0.8%	2,501	0.7%	2,648	0.8%
Other (income) expense	(876)	(0.4%)	6,420	3.7%	(3,831)	(1.0%)	4,194	1.3%
Income before income taxes	21,447	10.4%	7,712	4.4%	39,742	10.7%	20,700	6.5%
Income tax expense	6,332	3.1%	2,722	1.6%	12,337	3.3%	7,581	2.4%
Net income	$ 15,115	7.4%	$ 4,990	2.9%	$ 27,405	7.4%	$ 13,119	4.1%
Other Performance Measures:								
Year-over-year net revenue growth	18.0%		10.2%		16.7%		12.2%	
Comparable sales growth	11.5%		5.4%		11.2%		7.1%	
Capital cash expenditures (excluding proceeds from leasehold inducements)	$ 19,118		$ 12,968		$ 34,260		$ 29,418	
Number of stores, end of period	90		83		90		83	
New stores added	3		2		5		4	
Stores expanded or repositioned	1		1		3		2	

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

(Unaudited, in thousands of Canadian dollars, unless otherwise noted)	**Q2 2019 13 weeks**	**Q2 2018 13 weeks**	**YTD 2019 26 weeks**	**YTD 2018 26 weeks**
Reconciliation of Net Income to EBITDA and Adjusted EBITDA:				
Net income	$ 15,115	$ 4,990	$ 27,405	$ 13,119
Depreciation and amortization	6,821	5,379	12,852	10,854
Finance expense	1,110	1,382	2,501	2,648
Income tax expense	6,332	2,722	12,337	7,581
EBITDA	29,378	14,473	55,095	34,202
Adjustments to EBITDA:				
Stock-based compensation expense	2,229	3,044	6,048	7,711
Unrealized foreign exchange loss (gain) on forward contracts	1,002	3,183	(182)	2,379
Other non-recurring items[1]	423	-	423	361
Adjusted EBITDA	$ 33,032	$ 20,700	$ 61,384	$ 44,653
Adjusted EBITDA as a Percentage of Net Revenue	16.1%	11.9%	16.5%	14.0%
Reconciliation of Net Income to Adjusted Net Income:				
Net income	$ 15,115	$ 4,990	$ 27,405	$ 13,119
Adjustments to net income:				
Stock-based compensation expense	2,229	3,044	6,048	7,711
Unrealized foreign exchange loss (gain) on forward contracts	1,002	3,183	(182)	2,379
Other non-recurring items[1]	423	-	423	361
Related tax effects	(474)	(837)	(156)	(720)
Adjusted Net Income	$ 18,295	$ 10,380	$ 33,538	$ 22,850
Adjusted Net Income as a Percentage of Net Revenue	8.9%	6.0%	9.0%	7.2%
Weighted Average Number of Diluted Shares Outstanding (thousands)	117,410	116,244	117,140	116,248
Adjusted Net Income per Diluted Share	$ 0.16	$ 0.09	$ 0.29	$ 0.20

Notes:
(1) Other non-recurring items in Q2 2019 and YTD 2019 relate to secondary offering transaction costs and in YTD 2018 relate to separation costs related to a senior Company executive departure.

CONDENSED INTERIM CONSOLIDATED CASH FLOWS:

(Unaudited, in thousands of Canadian dollars)	**Q2 2019 13 weeks**	**Q2 2018 13 weeks**	**YTD 2019 26 weeks**	**YTD 2018 26 weeks**
Cash Flows:				
Net cash (used in) generated from operating activities	$ (3,055)	$ 8,966	$ 22,100	$ 3,331
Net cash (used in) generated from financing activities	(45,140)	2,580	(45,505)	2,903
Net cash used in investing activities	(19,118)	(12,968)	(34,260)	(29,418)
Effect of exchange rate changes on cash and cash equivalents	26	(263)	185	(181)
Decrease in cash and cash equivalents	$ (67,287)	$ (1,685)	$ (57,480)	$ (23,365)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION:

(Unaudited, in thousands of Canadian dollars)	**As at August 26, 2018**	**As at February 25, 2018** (restated)(2)
Assets		
Current assets		
Cash and cash equivalents	$ 54,995	$ 112,475
Accounts receivable	4,258	2,413
Income taxes recoverable	800	1,728
Inventory	112,059	78,833
Prepaid expenses and other current assets	17,074	16,005
Total current assets	189,186	211,454
Property and equipment	156,494	135,672
Intangible assets	64,405	61,387
Goodwill	151,682	151,682
Other assets	1,966	1,664
Deferred tax assets	7,327	6,517
Total assets	$ 571,060	$ 568,376
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 74,075	$ 67,292
Income taxes payable	73	-
Current portion of long-term debt	-	19,127
Deferred revenue	19,023	19,308
Total current liabilities	93,171	105,727
Other non-current liabilities	66,221	59,566
Deferred tax liabilities	18,945	17,922
Long-term debt	74,567	99,460
Total liabilities	252,904	282,675
Shareholders' equity		
Share capital	180,853	171,130
Contributed surplus	74,890	76,522
Retained earnings	62,833	38,613
Accumulated other comprehensive loss	(420)	(564)
Total shareholders' equity	318,156	285,701
Total liabilities and shareholders' equity	$ 571,060	$ 568,376

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