ARITZIA NEWS RELEASE

Aritzia Reports Financial Results for Fourth Quarter and Full Year Fiscal 2020 ended March 1, 2020
Fourth Quarter Net Revenue Increased 6.3% (11.6% normalized) and Comparable Sales Grew 8.9%
Full Year Net Revenue Increased 12.2% (13.7% normalized) and Comparable Sales Grew 7.6%

VANCOUVER, May 28, 2020 /PRNewswire/ - Aritzia Inc. ("Aritzia" or the "Company") (TSX: ATZ), a vertically integrated, innovative design house and in-store and online fashion boutique, today announced financial results for the fourth quarter of fiscal 2020 ended March 1, 2020. In addition, the Company provided an update on recent developments related to the COVID-19 global pandemic and preliminary results for the first quarter of fiscal 2021.

Babaton, Wilfred and TNA, exclusive to Aritzia

"Our financial results for the fourth quarter and full year fiscal 2020 demonstrated the strength of our business model and the affinity for our brand. Towards the end of February, we began to see the impact of COVID-19 on our business. Our priority since the virus' outbreak has been the well-being of our people, our clients and supporting our community as we safeguard the long-term financial strength of our business. Following the temporary closure of our 96 boutiques on March 16, 2020, we took immediate action to drive revenue in our eCommerce channel and manage expenditures to enhance our liquidity and maintain our strong financial position. As a result of these efforts, our eCommerce revenue growth since our boutique closures has been in excess of 150% compared to last year. We expect to end the first quarter in a solid cash position," said Brian Hill, Founder, Chief Executive Officer and Chairman.

"We plan to have approximately 30 of our boutiques reopened by May 31, 2020, the end of the first quarter. We are still early in the reopening process and while we are encouraged by the initial results given the current environment, we expect an extended ramp to a new normal. As we look ahead, we believe we are extremely well-positioned to navigate the evolving consumer landscape with our beautiful, high quality product, deep customer loyalty and our talented team, all underpinned by our best-in-class infrastructure. These combined strengths give us confidence that we will emerge from this challenging period in a position to capitalize on the significant growth opportunities ahead," concluded Mr. Hill.

Financial Highlights for the Fourth Quarter

- Comparable sales[1] growth was 8.9%, the 22nd consecutive quarter of positive growth
- Net revenue increased by 6.3%, or 11.6% excluding the 53rd week last year, to $275.4 million from Q4 last year, with positive performance across all geographies and all channels
- Gross profit margin[1] was 37.3%. Excluding the impact of IFRS 16[2], gross profit margin was 35.3%, compared to 36.2% in Q4 last year
- Adjusted EBITDA[1] remained effectively flat at $42.4 million
- Net income increased by 16.0% to $21.7 million from Q4 last year
- Adjusted Net Income[1] decreased by 6.6% to $23.4 million from Q4 last year
- Adjusted Net Income per diluted share[1] remained flat at $0.21 compared to Q4 last year
- Cash and cash equivalents at the end of Q4 totaled $117.8 million, compared to $100.9 million at the end of Q4 last year

Strategic Accomplishments for the Fiscal Year 2020

- Delivered revenue growth in the United States of 29.4%, excluding the 53rd week last year, driven by double digit comparable sales growth and new boutique openings
- Opened five boutiques in the United States and repositioned three existing boutiques in Canada
- Achieved eCommerce penetration of 23% driven by strong growth in both traffic and transactions in Canada and the United States
- Completed the implementation of the first three components of our Customer Program designed to enhance the client experience, including our Customer 360 data warehouse, Marketing Communication Platform and our new Concierge platform
- Generated free cash flow[(1)] of $117.2 million

Unless otherwise indicated, all amounts are expressed in Canadian dollars. Results and the Company's consolidated financial statements reflect the adoption of IFRS 16, Leases ("IFRS 16"), for the three and twelve-month periods ended March 1, 2020. Certain metrics, including those expressed on an adjusted or comparable basis, are non-IFRS measures. To improve the comparability of underlying performance with periods prior to the Company's adoption of IFRS 16, Adjusted EBITDA for Q4 2020 and Fiscal 2020 has been adjusted to exclude, in addition to other adjustments, the impact of IFRS 16. See "Non-IFRS Measures including Retail Industry Metrics" and "Selected Consolidated Financial Information".

Financial Results for the Fourth Quarter

All comparative figures below are for the 13-week period ended March 1, 2020, compared to the 14-week period ended March 3, 2019.

Net revenue increased by 6.3% to $275.4 million compared to $259.1 million in the fourth quarter last year. Comparable sales[(1)] growth of 8.9% was driven by momentum in the Company's eCommerce business as well as positive performance across the Company's boutique network. Excluding the 53rd week of fiscal 2019, net revenue increased by 11.6%. Net revenue growth also reflects the addition of five new boutiques and three expanded or repositioned boutiques since the fourth quarter of fiscal 2019.

Gross profit increased by 9.6% to $102.8 million. Excluding the impact of IFRS 16[(2)], gross profit increased by 3.5% to $97.1 million compared to $93.8 million in the fourth quarter last year. Gross profit margin, excluding the impact of IFRS 16[(2)], decreased 90 basis points to 35.3% compared to 36.2% in the fourth quarter last year. The decrease in gross profit margin was primarily due to ongoing higher raw material costs and the impact from new tariffs, higher markdowns and higher warehousing and distribution centre costs. These factors were partially offset by an appreciation of the Canadian dollar.

Selling, general and administrative ("SG&A") expenses increased by 8.4% to $64.3 million. Excluding the impact of IFRS 16[(2)], SG&A expenses were $64.5 million, an increase of 8.6% or 23.4% of net revenue compared to $59.3 million or 22.9% of net revenue in the fourth quarter last year. The increase of 50 basis points is primarily due to $2.0 million in investments in the Company's Customer Program.

Other (income) was ($1.4) million compared to other expenses of $4.4 million in the fourth quarter last year. Other (income) this quarter primarily relates to unrealized gains on equity derivative contracts of ($0.7) million, interest income of ($0.5) million and unrealized and realized operational foreign exchange gains of ($0.1) million. Other expenses in the prior year primarily consisted of a one-time expense of $5.7 million related to the exit of a lease commitment for the planned repositioning of one of the Company's flagship boutiques. These expenses were partially offset by interest income of ($0.6) million, offering transaction cost recoveries of ($0.6) million and unrealized and realized operational foreign exchange gains of ($0.1) million.

Adjusted EBITDA[(1)] was $42.4 million, or 15.4% of net revenue, compared to $42.6 million, or 16.4% of net revenue, in the fourth quarter last year. Adjusted EBITDA excludes the favorable impact of IFRS 16, stock-based compensation expense, unrealized gains on equity derivative contracts, a one-time lease exit cost and offering transaction cost recoveries.

Net income increased by 16.0% to $21.7 million, compared to net income of $18.7 million in the fourth quarter last year. The increase in net income during the quarter was primarily driven by the factors described above.

Adjusted Net Income[(1)] decreased by 6.6% to $23.4 million compared to $25.1 million in the fourth quarter last year. Adjusted Net Income excludes the impact of stock-based compensation expense, unrealized gains on equity derivative contracts, a one-time lease exit cost and offering transaction cost recoveries, net of related tax effects.

Adjusted Net Income per diluted share(1) remained flat at $0.21 compared to the fourth quarter last year.

Cash and cash equivalents at the end of the fourth quarter totaled $117.8 million, compared to $100.9 million at the end of the fourth quarter last year. Since the end of the fourth quarter last year, the Company used free cash flow to repurchase $107.0 million of subordinate and multiple voting shares concurrent with the secondary offering that occurred in March 2019.

Inventory at end of the fourth quarter was $94.0 million, compared to $112.2 million at the end of the fourth quarter last year. The decrease reflects a lower initial buy for the spring/summer season and early receipt of inventory last year. Inventory at the end of the fourth quarter represented a decrease of 16.2% year over year.

Financial Results for the Fiscal Year 2020

All comparative figures below are for the 52-week period ended March 1, 2020, compared to the 53-week period ended March 3, 2019.

Net revenue increased by 12.2% to $980.6 million from $874.3 million in the prior year. Excluding the 53rd week of fiscal 2019, net revenue increased by 13.7%. Comparable sales(1) growth of 7.6% was driven by momentum in the Company's eCommerce business as well as positive performance across the Company's boutique network. The increase in net revenue was also driven by the revenue from new, expanded and repositioned boutiques.

Adjusted EBITDA increased by 7.2% to $172.6 million, or 17.6% of net revenue, compared to $161.0 million, or 18.4% of net revenue, in the prior year. Adjusted EBITDA excludes the favorable impact of IFRS 16, stock-based compensation expense, unrealized gains on equity derivative contracts, unrealized foreign exchange losses on U.S. dollar forward contracts, a one-time lease exit cost and offering transaction costs recoveries. Adjusted EBITDA was negatively impacted year over year by $4.8 million from the change in other (income) with ($1.5) million this year, compared to ($6.4) million in other (income) in the prior year.

Net income increased by 15.1% to $90.6 million, compared to net income of $78.7 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 3.0% to $97.4 million compared to $94.5 million in the prior year. Adjusted Net Income excludes the impact of stock-based compensation expense, unrealized gains on equity derivative contracts, unrealized foreign exchange losses on U.S. dollar forward contracts, a one-time lease exit cost and offering transaction costs recoveries, net of related tax effects. Adjusted Net Income was negatively impacted year over year by $3.5 million from the after-tax change in other (income) with ($1.1) million this year, compared to ($4.6) million in other (income) in the prior year.

Adjusted Net Income per diluted share(1) increased by 7.4% to $0.87 from $0.81 in the prior year.

(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 and free cash flow including definitions and reconciliations to the relevant reported IFRS measure.

(2) See "Adoption of IFRS 16, Leases" and "Selected Consolidated Financial Information" below for more information regarding the financial impact of IFRS 16 on the fourth quarter and full year fiscal 2020 results.

COVID-19 Update

Since the outbreak of COVID-19, Aritzia's priorities have been the well-being of its people, clients and supporting the community while safeguarding the long-term financial strength of the business. On March 16, 2020, the Company temporarily closed all of its 96 retail boutiques in Canada and the United States and immediately focused its efforts on driving revenue through aritzia.com. Concurrently, Aritzia took swift action to enhance its short-term liquidity and protect its cash position. These measures included:

- **Drawing down $100.0 million from its Revolving Credit Facility** to enhance its short-term liquidity;
- **Suspending share repurchases** under its NCIB;
- **Leveraging applicable government business support programs** for COVID-19;
- **Delaying capital expenditures** related to boutique construction;
- **Accelerating infrastructure investments** related to eCommerce and omni-channel projects;
- **Reducing and/or eliminating any outstanding Spring/Summer orders** to optimize inventory levels;
- **Driving cost reductions** by minimizing non-essential operating costs and ongoing negotiations with suppliers, vendors, and landlords for concessions;
- **Extending payment terms** where possible; and
- **Temporarily reducing compensation** for the senior leadership team by 25% and the forfeiture by the Board of Directors of the cash portion of their fees**.**

During the temporary boutique closure period, Aritzia saw favourable response to its beautifully designed Spring/Summer product and strategic sales events through its eCommerce channel. eCommerce revenue growth since our boutique closures has been in excess of 150% compared to last year. Operating under stringent health and safety protocols and the support of nearly 575 retail and support office employees, the Company's Distribution Centres and Concierge teams effectively managed the surge in eCommerce volumes while maintaining delivery times to meet or exceed clients' expectations. To-date, Aritzia has not laid off or furloughed any of its employees due to COVID-19. The Company will, however, pursue a right-sizing of its infrastructure once clarity on a new normal emerges.

On May 7, 2020, Aritzia began the phased reopening of its retail boutiques. The Company has established a list of criteria to determine the timing of boutique reopenings, taking into consideration the guidance of local authorities, the reopening status of shopping centres, and the readiness of the Company. As part of the reopening plan, Aritzia has implemented extensive health and safety measures designed to protect its people and clients. Aritzia expects to have reopened approximately 30 of its 96 boutiques by May 31, 2020 and is actively preparing for the reopening of the remainder of its retail boutiques as conditions permit in the coming weeks. While initial results from the reopening process are encouraging in light of the current environment, the Company expects an extended ramp to a new normal.

Aritzia expects to reopen its support office in British Columbia under stringent health precautions on a voluntary basis starting June 1, 2020.

The Company suspended most of its marketing initiatives and instead launched the Aritzia Community™ Care Program in early May. The initiative, in collaboration with the medical community, gifts over 100,000 frontline healthcare workers with custom-designed clothing packages. The gift comprises an initial donation of $10 million in retail value.

Outlook

First quarter fiscal 2021 net revenues are anticipated to be in the range of $105 million to $110 million. This reflects two weeks of decelerating retail revenues in March prior to temporary boutique closures and strong eCommerce revenues for the quarter. While the eCommerce channel has not offset the revenue impact from the Company's temporary boutique closures, first quarter eCommerce revenue growth since our boutique closures has been in excess of 150% compared to last year.

Aritzia currently expects an Adjusted EBITDA loss in the range of ($24) million to ($28) million in the first quarter fiscal 2021. This reflects deleverage from occupancy costs and other fixed costs. In addition, the success of the Company's online sales events resulted in higher markdowns and increased warehouse and distribution costs.

As of May 27, 2020, Aritzia's net cash and cash equivalents totaled $102 million, excluding the $100 million fully-drawn from its Revolving Credit Facility. The Company is pleased with its current inventory position due to the strength of its eCommerce channel, the sell-through of marked down product throughout the first quarter, the volume from planned boutique reopenings, its ability to shift non-seasonal product into the Fall, as well as reductions to its Fall/Winter orders.

In addition to the opening of McArthur Glen in British Columbia on May 27, 2020, Aritzia currently expects to open five to six new boutiques and reposition three to four existing locations during the remainder of fiscal 2021. However, the Company anticipates there could be delays subject to market conditions.

Prior to COVID-19, the Company was on-track to meet or exceed its fiscal 2021 targets related to its five-year plan at the time of its initial public offering. Due to the dynamic nature of COVID-19 and its short- to medium-term effects on the consumer landscape, Aritzia is withdrawing its performance targets for fiscal 2021 and will not be providing annual guidance at this time.

Aritzia has seen, and expects to continue to see, a direct, material adverse impact to revenue and operations as a result of COVID-19. The extent of the impact of our temporary boutique closures, including the Company's ability to execute on its growth strategies and initiatives in the expected timeframe, will depend on future developments, including the duration of COVID-19, which are uncertain and cannot be predicted.

All figures reported above with respect to the first quarter fiscal 2021 are preliminary, have not been reviewed by the Company's auditors, and are subject to change as the Company's financial results are finalized. These preliminary results therefore constitute forward-looking statements within the meaning of applicable securities laws, are based on a number of assumptions and are subject to a number of risks and uncertainties. See "Forward-Looking Information" below, and for additional information, please see the "Outlook" section of the Management's Discussion and Analysis for the fourth quarter of fiscal 2020**.**

Normal Course Issuer Bid

On July 11, 2019, the Company announced the commencement of a normal course issuer bid ("NCIB") to purchase and cancel up to 3,624,915 subordinate voting shares over the 12-month period commencing July 16, 2019 and ending July 15, 2020. On August 30, 2019, the Company entered into an automatic share purchase plan ("ASPP") with a designated broker for the purposes of permitting it to purchase its subordinate voting shares under the NCIB during self-imposed blackout periods. During fiscal 2020, the Company repurchased 32,600 subordinate voting shares for cancellation at an average price of $15.97 per subordinate voting share. During fiscal 2019, the Company repurchased 549,880 subordinate voting shares for cancellation at an average price of $17.07 per subordinate voting share. Subsequent to the year ended March 1, 2020, the Company repurchased 38,664 subordinate voting shares for cancellation at an average price of $13.51 per subordinate voting share, under the terms of the ASPP.

On March 17, 2020, the Company amended the ASPP under the NCIB such that the then authorized trading window ended March 17, 2020. The Company is further amending the ASPP such that no additional trading windows will be authorized, which effectively terminates any further purchases under the ASPP. In connection with this amendment, effective as of the date hereof, the Company made a representation to its Canadian broker administering the plan that it does not possess knowledge of any material fact or material change about the Company, its subordinate voting shares or any of its other securities that has not been generally disclosed.

Adoption of IFRS 16, Leases

The Company adopted IFRS 16, Leases ("IFRS 16"), replacing IAS 17, Leases ("IAS 17") and related interpretations, using the modified retrospective approach, effective for the annual reporting period beginning on March 4, 2019. As a result, the Company's results for fiscal 2020 reflect lease accounting under IFRS 16. Comparative figures for fiscal 2019 have not been restated and continue to be reported under IAS 17.

The Company's financial reporting is impacted by the adoption of IFRS 16. Certain lease-related expenses previously recorded as occupancy costs are now recorded as depreciation expense for right-of-use assets and as interest expense for related lease liabilities. The depreciation expense is recognized on a straight-line basis over the term of the lease, while the interest expense declines over the life of the lease, as the liability is paid off.

(in thousands of Canadian dollars, unless otherwise noted)	**Q4 2020 13 weeks As reported (IFRS 16)**	**Q4 2020 13 weeks Excluding IFRS 16[i]**	**Q4 2019 14 weeks As reported (IAS 17)**	**Change**
	(A)	**(B)**	**(C)**	**(B) - (C)**
Gross profit	$ 102,841	$ 97,103	$ 93,847	$ 3,256
As a percentage of net revenue	*37.3%*	*35.3%*	*36.2%*	*(0.9%)*
SG&A	$ 64,331	$ 64,452	$ 59,349	$ 5,103
As a percentage of net revenue	*23.4%*	*23.4%*	*22.9%*	*0.5%*
Adjusted EBITDA[ii]	$ 42,375	$ 42,375	$ 42,568	($ 193)
As a percentage of net revenue	*15.4%*	*15.4%*	*16.4%*	*(1.0%)*
Adjusted Net Income	$ 23,428	$ 23,433	$ 25,072	($ 1,639)
As a percentage of net revenue	*8.5%*	*8.5%*	*9.7%*	*(1.2%)*
Adjusted Net Income per Diluted Share	$ 0.21	$ 0.21	$ 0.21	-

(in thousands of Canadian dollars, unless otherwise noted)	**Fiscal 2020 52 weeks As reported (IFRS 16)**	**Fiscal 2020 52 weeks Excluding IFRS 16[i]**	**Fiscal 2019 53 weeks As reported (IAS 17)**	**Change**
	(A)	**(B)**	**(C)**	**(B) - (C)**
Gross profit	$ 403,424	$ 380,390	$ 342,913	$ 37,477
As a percentage of net revenue	*41.1%*	*38.8%*	*39.2%*	*(0.4%)*
SG&A	$ 243,362	$ 243,778	$ 215,297	$ 28,481
As a percentage of net revenue	*24.8%*	*24.9%*	*24.6%*	*0.3%*
Adjusted EBITDA[ii]	$ 172,572	$ 172,572	$ 161,045	$ 11,527
As a percentage of net revenue	*17.6%*	*17.6%*	*18.4%*	*(0.8%)*
Adjusted Net Income	$ 97,388	$ 97,614	$ 94,543	$ 3,071
As a percentage of net revenue	*9.9%*	*10.0%*	*10.8%*	*(0.8%)*
Adjusted Net Income per Diluted Share	$ 0.87	$ 0.87	$ 0.81	$ 0.06

Notes:

i) Presented using IAS 17, as if IFRS 16 had not been adopted, for comparative purposes only.

ii) To improve the comparability of underlying performance with periods prior to our adoption of IFRS 16, Adjusted EBITDA for Q4 2020 and fiscal 2020 have been adjusted to exclude, in addition to other adjustments, the impact of IFRS 16.

Conference Call Details

A conference call to discuss fourth quarter results is scheduled for Thursday, May 28, 2020, at 1:30 p.m. PT / 4:30 p.m. ET. To participate in the conference call, please dial 1-800-319-4610 (North America toll-free) or 1-416-915-3239 (Toronto and overseas long-distance). The call is also accessible via webcast at http://investors.aritzia.com/events-and-presentations/. A 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 4410. A replay of the webcast will be available at the conclusion of the call and will remain on Aritzia's investor relations website.

About Aritzia

Aritzia is an innovative design house and fashion boutique. We conceive, create, develop and retail fashion brands with a depth of design and quality that provides compelling value. Each of our exclusive brands has its own vision and distinct aesthetic point of view. As a group, they are united by an unwavering commitment to superior fabrics, meticulous construction and relevant, effortless design.

Founded in Vancouver in 1984, Aritzia now has more than 95 locations in select cities across North America, including Vancouver, Toronto, Montreal, New York, Los Angeles, San Francisco and Chicago. We pride ourselves on creating immersive, human and highly personal shopping experiences, both in our boutiques and on aritzia.com — with a focus on delivering Everyday Luxury.

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 our ability to reopen the remainder of our boutiques and our support office and the results therefrom; our anticipated net revenue, Adjusted EBITDA, cash and cash equivalents, inventory and growth in eCommerce revenue for the first quarter fiscal 2021, the number of new and repositioned boutiques during the remainder of fiscal 2021, our plans to right-size our infrastructure, our plans to amend our ASPP, the expected results of our planned multi-year Customer Program initiative and product lifecycle management system, and our ability to expand our talent pool. 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.

Given this unprecedented period of uncertainty, there can be no assurances regarding: (a) the timing of reopening boutiques in each province/state, the limitations or restrictions that may be placed on servicing our clients or potential re-closing of boutiques; (b) the COVID-19-related impacts on Aritzia's business, operations, supply chain performance and growth strategies, (c) Aritzia's ability to mitigate such impacts, including ongoing measures to enhance short-term liquidity, contain costs and safeguard the business; (d) Aritzia’s ability to open 5-6 boutiques and repositioning of 3-4 existing locations during the remainder of fiscal 2021 (e) general economic conditions related to COVID-19 and impacts to consumer discretionary spending and shopping habits; (f) credit, market, currency, interest rates, operational, and liquidity risks generally; 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, 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 28, 2020 for the fiscal year ended March 1, 2020 (the "AIF"). A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

The Company cautions that the list of risk factors and uncertainties described in the AIF is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. The forward-looking information contained in this press release represents our expectations as of the date of this press release (or as the date they are otherwise stated to be made), and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

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Selected Consolidated Financial Information

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS:

(in thousands of Canadian dollars, unless otherwise noted)	**Q4 2020 13 weeks**					**Q4 2019 14 weeks**	
	As reported (IFRS 16)		**IFRS 16 adoption impact**	**Excluding IFRS 16[(i)]**		**As reported (IAS 17)**	
Net revenue	$ 275,430	100.0%	$ -	$ 275,430	100.0%	$ 259,050	100.0%
Cost of goods sold	172,589	62.7%	5,738	178,327	64.7%	165,203	63.8%
Gross profit	102,841	37.3%	(5,738)	97,103	35.3%	93,847	36.2%
Operating expenses							
Selling, general and administrative	64,331	23.4%	121	64,452	23.4%	59,349	22.9%
Stock-based compensation expense	2,411	0.9%	-	2,411	0.9%	2,596	1.0%
Income from operations	36,099	13.1%	(5,859)	30,240	11.0%	31,902	12.3%
Finance expense	6,914	2.5%	(5,866)	1,048	0.4%	1,219	0.5%
Other (income) expenses	(1,354)	(0.5%)	-	(1,354)	(0.5%)	4,416	1.7%
Income before income taxes	30,539	11.1%	7	30,546	11.1%	26,267	10.1%
Income tax expense	8,824	3.2%	2	8,826	3.2%	7,544	2.9%
Net income	$ 21,715	7.9%	$ 5	$ 21,720	7.9%	$ 18,723	7.2%
Other Performance Measures:							
Year-over-year net revenue growth	6.3%			6.3%		17.9%	
Comparable sales growth	8.9%			8.9%		5.5%	
Free cash flow	$ 20,656			$ 20,656		$ (20,876)	
Capital cash expenditures (excluding proceeds from leasehold inducements)	$ 12,167			$ 12,167		$ 14,677	
Number of boutiques, end of period	96			96		91	
New boutiques added	2			2		-	
Boutiques expanded or repositioned[(ii)]	-			-		-	

Note:

i) Presented using IAS 17, as if IFRS 16 had not been adopted, for comparative purposes only.

ii) Q4 2019 includes the reposition of one of the Company’s banner locations into the flagship boutique located on the same street.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS:

(in thousands of Canadian dollars, unless otherwise noted)	**Fiscal 2020 52 weeks**					**Fiscal 2019 53 weeks**	
	As reported (IFRS 16)		**IFRS 16 adoption impact**	**Excluding IFRS 16[iii]**		**As reported (IAS 17)**	
Net revenue	$ 980,589	100.0%	$ -	$ 980,589	100.0%	$ 874,296	100.0%
Cost of goods sold	577,165	58.9%	23,034	600,199	61.2%	531,383	60.8%
Gross profit	403,424	41.1%	(23,034)	380,390	38.8%	342,913	39.2%
Operating expenses							
Selling, general and administrative	243,362	24.8%	416	243,778	24.9%	215,297	24.6%
Stock-based compensation expense	7,790	0.8%	-	7,790	0.8%	11,540	1.3%
Income from operations	152,272	15.5%	(23,450)	128,822	13.1%	116,076	13.3%
Finance expense	28,319	2.9%	(23,763)	4,556	0.5%	4,821	0.6%
Other income	(2,185)	(0.2%)	-	(2,185)	(0.2%)	(395)	(0.0%)
Income before income taxes	126,138	12.9%	313	126,451	12.9%	111,650	12.8%
Income tax expense	35,544	3.6%	87	35,631	3.6%	32,922	3.8%
Net income	$ 90,594	9.2%	$ 226	$ 90,820	9.3%	$ 78,728	9.0%
Other Performance Measures:							
Year-over-year net revenue growth	12.2%			12.2%		17.6%	
Comparable sales growth	7.6%			7.6%		9.8%	
Free cash flow	$ 117,246			$ 117,246		$ 38,874	
Capital cash expenditures (excluding proceeds from leasehold inducements)	$ 47,790			$ 47,790		$ 62,010	
Number of boutiques, end of period	96			96		91	
New boutiques added	5			5		7	
Boutiques expanded or repositioned[iv]	3			3		3	

Note:

iii) Presented using IAS 17, as if IFRS 16 had not been adopted, for comparative purposes only.

iv) Fiscal 2019 includes the reposition of one of the Company's banner locations into the flagship boutique located on the same street.

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

(in thousands of Canadian dollars, unless otherwise noted)	**Q4 2020 13 weeks**	**Q4 2019 14 weeks**	**Fiscal 2020 52 weeks**	**Fiscal 2019 53 weeks**
Reconciliation of Net Income to EBITDA and Adjusted EBITDA:				
Net income	$ 21,715	$ 18,723	$ 90,594	$ 78,728
Depreciation and amortization	24,134	7,355	93,502	27,065
Finance expense	6,914	1,219	28,319	4,821
Income tax expense	8,824	7,544	35,544	32,922
EBITDA	61,587	34,841	247,959	143,536
Adjustments to EBITDA:				
Stock-based compensation expense	2,411	2,596	7,790	11,540
Rent impact from IFRS 16, Leases(i)	(20,973)	-	(82,527)	-
Unrealized (gain) loss on equity derivatives and forward contracts	(650)	-	(650)	415
Lease exit cost	-	5,725	-	5,725
Other non-recurring items (ii)	-	(594)	-	(171)
Adjusted EBITDA	$ 42,375	$ 42,568	$ 172,572	$ 161,045
Adjusted EBITDA as a Percentage of Net Revenue	15.4%	16.4%	17.6%	18.4%
Reconciliation of Net Income to Adjusted Net Income:				
Net income	$ 21,715	$18,723	90,594	$ 78,728
Adjustments to net income:				
Stock-based compensation expense	2,411	2,596	7,790	11,540
Unrealized (gain) loss on equity derivatives and forward contracts	(650)	-	(650)	415
Lease exit cost	-	5,725	-	5,725
Other non-recurring items (ii)	-	(594)	-	(171)
Related tax effects	(48)	(1,378)	(346)	(1,694)
Adjusted Net Income	$ 23,428	$25,072	$ 97,388	$ 94,543
Adjusted Net Income as a Percentage of Net Revenue	8.5%	9.7%	9.9%	10.8%
Weighted Average Number of Diluted Shares Outstanding (thousands)	113,120	117,488	112,128	117,358
Adjusted Net Income per Diluted Share	$ 0.21	$ 0.21	$ 0.87	$ 0.81

Note i)
Rent Impact from IFRS 16, Leases

	Q4 2020 13 weeks	**Fiscal 2020 52 weeks**
Net income	$ 5	$ 226
Depreciation and amortization	(15,114)	(59,077)
Finance expense	(5,866)	(23,763)
Income tax expense	2	87
Rent impact from IFRS 16, Leases	$ (20,973)	$ (82,527)

Note ii)
Other non-recurring items in fiscal 2019 relate to offering transaction costs.

RECONCILIATION OF COMPARABLE SALES TO NET REVENUE:

(in thousands of Canadian dollars)	Q4 2020 13 weeks	Q4 2019 14 weeks	Fiscal 2020 52 weeks	Fiscal 2019 53 weeks
Comparable sales(i)	$ 245,636	$205,064	$ 850,108	$ 644,957
Non-comparable sales	29,794	53,986	130,481	229,339
Net revenue	$ 275,430	$259,050	$ 980,589	$ 874,296

Note:
i) The comparable sales for a given period represents revenue (net of sales tax, returns and discounts) from boutiques that have been opened for at least 56 weeks including eCommerce revenue (net of sales tax, returns and discounts) within that given period. This information is provided to give context for comparable sales in such given period as compared to net revenue reported in our financial statements. Our comparable sales growth calculation excludes the impact of foreign currency fluctuations. For more details, please see the "Comparable Sales Growth" subsection of the "How We Assess the Performance of Our Business" section of the Management's Discussion and Analysis.

CONDENSED INTERIM CONSOLIDATED CASH FLOWS:

(in thousands of Canadian dollars)	Q4 2020 13 weeks	Q4 2019 14 weeks	Fiscal 2020 52 weeks	Fiscal 2019 53 weeks
Net cash generated from (used in) operating activities	$ 47,898	$ (7,386)	$ 222,076	$ 96,175
Net cash used in financing activities	(13,614)	(56)	(157,402)	(46,193)
Net cash used in investing activities	(12,167)	(14,677)	(47,790)	(62,010)
Effect of exchange rate changes on cash and cash equivalents	(33)	(24)	(31)	450
Increase (decrease) in cash and cash equivalents	$ 22,084	$ (22,143)	$ 16,853	$ (11,578)

FREE CASH FLOW:

(in thousands of Canadian dollars)	Q4 2020 13 weeks	Q4 2019 14 weeks	Fiscal 2020 52 weeks	Fiscal 2019 53 weeks
Net cash generated from (used in) operating activities	$ 47,898	$ (7,386)	$ 222,076	$ 96,175
Interest paid	971	1,187	4,429	4,709
Net cash used in investing activities	(12,167)	(14,677)	(47,790)	(62,010)
Repayments of lease liabilities(i)	(16,046)	-	(61,469)	-
Free cash flow	$ 20,656	$ (20,876)	$ 117,246	$ 38,874

Note:
i) As a result of adopting IFRS 16 in Q1 2020, repayments of lease liabilities, which were previously presented within net cash generated from operating activities, are now presented within cash used in financing activities. The definition of free cash flow in Q4 2020 and Fiscal 2020 includes the impact of cash lease liability repayments, which normalizes for the impact of implementation of IFRS 16.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION:

(in thousands of Canadian dollars)	**As at March 1, 2020**	**As at March 3, 2019**
Assets		
Current assets		
Cash and cash equivalents	$ 117,750	$ 100,897
Accounts receivable	6,555	4,355
Income taxes recoverable	2,157	-
Inventory	94,034	112,183
Prepaid expenses and other current assets	10,880	18,422
Total current assets	231,376	235,857
Property and equipment	184,637	167,593
Intangible assets	63,867	64,427
Goodwill	151,682	151,682
Right-of-use assets	380,360	-
Other assets	4,315	2,209
Deferred tax assets	20,478	7,606
Total assets	$ 1,036,715	$ 629,374
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 57,715	$ 62,736
Income taxes payable	3,198	3,644
Current portion of lease liabilities	63,440	-
Deferred revenue	29,490	24,231
Total current liabilities	153,843	90,611
Lease liabilities	447,087	-
Other non-current liabilities	9,451	69,828
Deferred tax liabilities	19,529	20,002
Long-term debt	74,740	74,624
Total liabilities	704,650	255,065
Shareholders' equity		
Share capital	219,050	199,517
Contributed surplus	57,221	65,806
Retained earnings	56,476	109,339
Accumulated other comprehensive loss	(682)	(353)
Total shareholders' equity	332,065	374,309
Total liabilities and shareholders' equity	$ 1,036,715	$ 629,374