

ARITZIA

Aritzia Inc.

Condensed Interim Consolidated
Financial Statements
First Quarter of Fiscal 2025

For the 13-week periods ended
June 2, 2024 and May 28, 2023

Aritzia Inc.

Condensed Interim Consolidated Statements of Financial Position

As at June 2, 2024 and March 3, 2024

(Unaudited, in thousands of Canadian dollars)

	Note	June 2, 2024	March 3, 2024
Assets			
Cash and cash equivalents		\$ 100,671	\$ 163,277
Accounts receivable		13,810	18,473
Income taxes recoverable		12,720	7,055
Inventory	5	396,824	340,145
Prepaid expenses and other current assets	12	36,177	37,270
Total current assets		\$ 560,202	\$ 566,220
Property and equipment	6	472,757	431,365
Intangible assets	7	86,654	84,975
Goodwill	7	198,846	198,846
Right-of-use assets	8	635,763	632,291
Other assets	12	4,956	5,164
Deferred tax assets	18	19,610	27,272
Total assets		\$ 1,978,788	\$ 1,946,133
Liabilities			
Accounts payable and accrued liabilities	9, 12	\$ 214,540	\$ 212,835
Income taxes payable		—	1,606
Current portion of lease liabilities	8	105,337	107,322
Deferred revenue		80,471	81,669
Total current liabilities		\$ 400,348	\$ 403,432
Lease liabilities	8	709,291	698,564
Other non-current liabilities	10	14,639	13,451
Deferred tax liabilities	18	18,000	23,191
Total liabilities		\$ 1,142,278	\$ 1,138,638
Shareholders' equity			
Share capital	13	\$ 323,742	\$ 307,737
Contributed surplus		93,631	96,249
Retained earnings		423,170	407,337
Accumulated other comprehensive loss		(4,033)	(3,828)
Total shareholders' equity		836,510	807,495
Total liabilities and shareholders' equity		\$ 1,978,788	\$ 1,946,133
Commitments and contingencies	20		

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

Aritzia Inc.
Condensed Interim Consolidated Statements of Operations
For the 13-week periods ended June 2, 2024 and May 28, 2023

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

	Note	June 2, 2024	May 28, 2023
Net revenue	16, 19	\$ 498,630	\$ 462,665
Cost of goods sold	17	279,086	282,714
Gross profit		219,544	179,951
Selling, general and administrative		176,290	153,459
Stock-based compensation expense	14, 17	7,327	4,928
Income from operations		35,927	21,564
Finance expense	8, 11, 17	12,581	11,232
Other expense (income)	12, 17	38	(10,371)
Income before income taxes		23,308	20,703
Income tax expense	18	7,475	3,233
Net income		\$ 15,833	\$ 17,470
Net income per share			
Basic	15	\$ 0.14	\$ 0.16
Diluted	15	\$ 0.14	\$ 0.15
Weighted average number of shares outstanding (thousands)			
Basic	15	111,458	110,490
Diluted	15	114,745	114,793

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 periods ended June 2, 2024 and May 28, 2023

(Unaudited, in thousands of Canadian dollars)

	June 2, 2024	May 28, 2023
Net income	\$ 15,833	\$ 17,470
Other comprehensive income (loss)		
Items that are or may be reclassified subsequently to net income (loss):		
Foreign currency translation adjustment	(205)	326
Comprehensive income	\$ 15,628	\$ 17,796

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 13-week periods ended June 2, 2024 and May 28, 2023

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

	Multiple voting shares		Subordinate voting shares		Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
	Shares	Amounts	Shares	Amounts				
Balance, February 26, 2023	20,437,349	\$ 14,774	90,005,261	\$ 250,745	\$ 68,682	\$ 355,270	\$ (3,684)	\$ 685,787
Net Income	—	—	—	—	—	17,470	—	17,470
Options exercised (note 14)	—	—	145,803	3,843	(1,088)	—	—	2,755
Stock-based compensation expense on equity-settled plans (note 14)	—	—	—	—	5,878	—	—	5,878
Shares repurchased for cancellation (note 13)	—	—	(85,800)	(239)	—	(2,801)	—	(3,040)
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	—	—	—	—	—	—	326	326
Balance, May 28, 2023	20,437,349	\$ 14,774	90,484,311	\$ 269,703	\$ 80,118	\$ 369,939	\$ (3,358)	\$ 731,176
Balance, March 3, 2024	20,437,349	\$ 14,774	90,723,027	\$ 292,963	\$ 96,249	\$ 407,337	\$ (3,828)	\$ 807,495
Net Income	—	—	—	—	—	15,833	—	15,833
Shares issued for equity settled plans (note 14)	—	—	752,610	16,005	(9,410)	—	—	6,595
Stock-based compensation expense on equity-settled plans (note 14)	—	—	—	—	6,792	—	—	6,792
Foreign currency translation adjustment	—	—	—	—	—	—	(205)	(205)
Balance, June 2, 2024	20,437,349	\$ 14,774	91,475,637	\$ 308,968	\$ 93,631	\$ 423,170	\$ (4,033)	\$ 836,510

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 periods ended June 2, 2024 and May 28, 2023

(Unaudited, in thousands of Canadian dollars)

	Note	June 2, 2024	May 28, 2023
Operating activities			
Net income for the period		\$ 15,833	\$ 17,470
Adjustments for:			
Depreciation and amortization		19,281	14,914
Depreciation on right-of-use assets	8	26,249	24,927
Finance expense	17	12,581	11,232
Stock-based compensation expense	14, 17	7,327	4,928
Unrealized loss on equity derivative contracts	12, 17	670	3,439
Income tax expense	18	7,475	3,233
Fair value adjustment of non-controlling interest in exchangeable shares liability	12, 17	—	(15,000)
Other		790	(295)
Cash generated before non-cash working capital balances and interest and income taxes		90,206	64,848
Net change in non-cash working capital	22	(53,259)	(16,766)
Cash generated before interest and income taxes		36,947	48,082
Interest paid		(838)	(1,094)
Interest paid on lease liabilities	8	(11,668)	(10,093)
Income taxes paid		(12,169)	(10,050)
Net cash generated from (used in) operating activities		12,272	26,845
Financing activities			
Repayment of principal on lease liabilities	8	(25,822)	(21,364)
Proceeds from lease incentives		4,791	9,034
Proceeds from options exercised	14	6,595	2,755
Shares repurchased for cancellation	13	—	(3,040)
Net cash generated from (used in) financing activities		(14,436)	(12,615)
Investing activities			
Purchase of property and equipment	6	(58,451)	(34,939)
Purchase of intangible assets	7	(1,897)	(599)
Contingent consideration payout, net relating to the acquisition of CYC Design Corporation ("CYC")	12	—	(6,303)
Cash used in investing activities		(60,348)	(41,841)
Effect of exchange rate changes on cash and cash equivalents		(94)	(106)
Change in cash and cash equivalents		(62,606)	(27,717)
Cash and cash equivalents – Beginning of period		163,277	86,510
Cash and cash equivalents – End of period		\$ 100,671	\$ 58,793

Supplemental cash flow information

22

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

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

1 Nature of operations and basis of presentation

Nature of operations

Aritzia Inc. and its subsidiaries (collectively referred to as the "Company") are a vertically integrated design house. 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 119 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 July 11, 2024 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.

Aritzia Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 2, 2024

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

3 Accounting policy developments

Several amendments to IFRS Accounting Standards apply for the first time in 2024 but do 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

	June 2, 2024	March 3, 2024
Finished goods	\$ 334,712	\$ 253,095
Finished goods-in-transit	59,854	77,924
Raw materials	2,258	9,126
Inventory	\$ 396,824	\$ 340,145

The Company records a reserve to value inventory to its estimated net realizable value. This resulted in an expense in cost of goods sold of \$6.0 million for the 13-week period ended June 2, 2024 (May 28, 2023 - \$8.3 million). 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 period ended June 2, 2024, the Company had property and equipment additions of \$59.5 million (May 28, 2023 - \$44.3 million), the majority of which were related to leasehold improvements made to its boutiques, distribution centers and support offices, and the respective purchase of furniture and equipment for those spaces.

7 Goodwill and intangible assets

During the 13-week period ended June 2, 2024, the Company had intangible asset additions of \$2.5 million (May 28, 2023 - \$0.7 million), the majority of which were related to internally developed computer software.

Aritzia Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 2, 2024

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

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 13-week period ended June 2, 2024:

	Right-of-use assets
Cost	
Balance, March 3, 2024	\$ 996,699
Additions, net of lease incentives received	19,653
Modifications	7,767
Foreign exchange	3,527
Balance, June 2, 2024	\$ 1,027,646
Accumulated depreciation	
Balance, March 3, 2024	\$ 364,408
Depreciation	26,116
Amortization of fair value adjustment on CYC leases	133
Modifications	8
Foreign exchange	1,218
Balance, June 2, 2024	\$ 391,883
Net carrying value	
Balance, March 3, 2024	\$ 632,291
Balance, June 2, 2024	\$ 635,763

The following table reconciles the change in the lease liabilities for the 13-week period ended June 2, 2024:

	Lease liabilities
Balance, March 3, 2024	\$ 805,886
Additions	23,996
Interest expense on lease liabilities	11,668
Repayment of interest and principal on lease liabilities	(37,490)
Modifications	7,676
Foreign exchange	2,892
Balance, June 2, 2024	\$ 814,628
Current portion of lease liabilities	105,337
Long-term portion of lease liabilities	709,291
Lease liabilities	\$ 814,628

Aritzia Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 2, 2024

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

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

	13-week periods ended	
	June 2, 2024	May 28, 2023
Depreciation on right-of-use assets, excluding fair value adjustments	\$ 26,116	\$ 24,794
Interest expense on lease liabilities (note 17)	11,668	10,093
Variable lease expense	5,293	6,786
Lease payments relating to short-term or low value leases	610	850
Common area maintenance, property taxes and other	16,850	11,139
Total rent and rent-related expenses	\$ 60,537	\$ 53,662

9 Accounts payable and accrued liabilities

	June 2, 2024	March 3, 2024
Trade accounts payable	\$ 143,093	\$ 133,676
Employee benefits payable	43,094	53,749
Other non-trade payables	24,792	15,609
Current portion of Restricted Share Unit ("RSU") plan liabilities (note 14)	3,561	9,801
Accounts payable and accrued liabilities	\$ 214,540	\$ 212,835

10 Other non-current liabilities

	June 2, 2024	March 3, 2024
Deferred Share Unit ("DSU") plan liabilities (note 14)	\$ 8,278	\$ 8,195
Deferred lease inducements	5,517	4,830
Asset retirement obligations	844	426
Other non-current liabilities	\$ 14,639	\$ 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 June 2, 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. The revolving line of credit bears interest at the daily SOFR, plus a marginal rate between 1.75% and 2.75%. As at June 2, 2024, no amounts were drawn under the revolving line of credit (March 3, 2024 - \$nil).

Aritzia Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 2, 2024

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

The Company also has letters of credit facilities of CAD\$50.0 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 June 2, 2024, the amount available under these facilities was reduced to \$61.2 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 June 2, 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	
	June 2, 2024	May 28, 2023
Unrealized loss (gain) on equity derivative contracts	\$ 670	\$ 3,439

	As at	
	June 2, 2024	March 3, 2024
Fair value of equity derivative contracts, asset (liability)	\$ 3,611	\$ 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 June 2, 2024 (March 3, 2024 - \$1.0 million).

Aritzia Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 2, 2024

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

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 13 weeks ended May 28, 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 13-week period ended May 28, 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 ended June 2, 2024, the Company did not repurchase subordinate voting shares under the NCIB (13-week period ended May 28, 2023 - 869,380 subordinate voting shares for cancellation at an average price of \$37.63 per subordinate voting share for total cash consideration of \$32.7 million).

As at June 2, 2024, there were 20,437,349 multiple voting shares and 91,475,637 subordinate voting shares issued and outstanding. There were no preferred shares issued and outstanding as at June 2, 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:

	June 2, 2024	May 28, 2023
Equity-settled plans		
Stock options	\$ 4,895	\$ 4,078
Restricted Share Units	1,487	1,075
Performance Share Units	410	725
Cash-settled plans		
Restricted Share Units	457	(303)
Deferred Share Units	78	(647)
Stock-based compensation expense	\$ 7,327	\$ 4,928

Aritzia Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 2, 2024

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

Stock Options

Legacy Plan

Transactions for options granted under the Legacy Plan for the 13-week periods ended June 2, 2024 and May 28, 2023 were as follows:

	June 2, 2024		May 28, 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	(235,376)	4.26	(3,000)	3.57
Outstanding, at end of period	1,467,835	5.77	1,843,630	\$ 5.48
Exercisable, at end of period	1,467,835	5.77	1,843,630	\$ 5.48

Omnibus Plan

Transactions for options granted under the Omnibus Plan for the 13-week periods ended June 2, 2024 and May 28, 2023 were as follows:

	June 2, 2024		May 28, 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	41,561	35.82	116,976	34.15
Exercised	(394,971)	14.16	(142,803)	19.21
Forfeited	(100,962)	33.40	(75,218)	32.13
Outstanding, at end of period	7,785,217	\$ 26.89	7,235,047	\$ 25.10
Exercisable, at end of period	3,081,405	\$ 22.96	3,614,353	\$ 18.06

The weighted average fair value of stock options estimated at the grant date for the 13-week period ended June 2, 2024 was \$16.34 (May 28, 2023 - \$14.93), based on the Black-Scholes option pricing model using the following assumptions:

Dividend yield	0.0%
Expected volatility	47.1%
Risk-free interest rate	3.6%
Expected life	5.0 years
Exercise price	\$35.82

Aritzia Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 2, 2024

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

Director Deferred Share Unit Plan

The following table summarizes information related to DSUs:

	13-week periods ended	
	June 2, 2024	May 28, 2023
Number of units		
Outstanding, at beginning of period	232,207	182,811
Granted	10,742	8,740
Outstanding, at end of period	242,949	191,551

The fair value of the DSU liability as at June 2, 2024 was \$8.3 million (March 3, 2024 - \$8.2 million).

Restricted Share Unit Plan

The following tables summarize information related to RSUs:

	13-week periods ended			
	June 2, 2024		May 28, 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	—	14,974	—	30,137
Settled	(193,395)	—	—	—
Forfeited	(4,781)	(21,575)	(10,704)	(4,960)
Outstanding, at end of period	121,523	779,967	485,517	385,765

The fair value of the cash-settled RSU liability as at June 2, 2024 was \$3.6 million (March 3, 2024 - \$9.8 million).

Performance Share Unit Plan

The following table summarizes information related to PSUs:

	13-week periods ended	
	June 2, 2024	May 28, 2023
Number of units		
Outstanding, at beginning of period	497,746	201,060
Granted	—	—
Settled and issued	(125,495)	—
Outstanding, at end of period	372,251	201,060

Aritzia Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 2, 2024

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

15 Net income per share

Basic

	13-week periods ended	
	June 2, 2024	May 28, 2023
Net income attributable to shareholders of the Company	\$ 15,833	\$ 17,470
Weighted average number of shares outstanding during the period (thousands)	111,458	110,490
Basic net income per share	\$ 0.14	\$ 0.16

Diluted

	13-week periods ended	
	June 2, 2024	May 28, 2023
Net income attributable to shareholders of the Company	\$ 15,833	\$ 17,470
Weighted average number of shares for net income per diluted share (thousands)	114,745	114,793
Net income per diluted share	\$ 0.14	\$ 0.15

For the 13-week period ended June 2, 2024, 2,530,607 stock options and equity-settled RSUs and PSUs, along with the Additional Shares were not included in the calculation of diluted net income (loss) per share as they were anti-dilutive or contingently issuable (May 28, 2023 – 2,018,469 stock options and equity-settled RSUs along with the Additional Shares).

16 Net Revenue

Net revenue disaggregated for boutiques and eCommerce was as follows:

	13-week periods ended	
	June 2, 2024	May 28, 2023
Retail net revenue	\$ 357,843	\$ 327,570
eCommerce net revenue	140,787	135,095
Net revenue	\$ 498,630	\$ 462,665

Aritzia Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 2, 2024

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

17 Expenses by nature

	13-week periods ended	
	June 2, 2024	May 28, 2023
Cost of goods sold		
Inventory and product-related costs and occupancy costs	\$ 240,207	\$ 248,269
Depreciation on right-of-use assets	24,272	23,043
Depreciation on property and equipment	14,607	11,402
Cost of goods sold	\$ 279,086	\$ 282,714

	13-week periods ended	
	June 2, 2024	May 28, 2023
Personnel expenses		
Salaries, wages and employee benefits	\$ 133,495	\$ 124,355
Stock-based compensation expense relating to employees (note 14)	7,249	4,928
Personnel expenses	\$ 140,744	\$ 129,283

	13-week periods ended	
	June 2, 2024	May 28, 2023
Finance expense		
Interest expense on lease liabilities (note 8)	\$ 11,668	\$ 10,093
Interest expense and banking fees	837	1,094
Amortization of deferred financing fees	76	45
Finance expense	\$ 12,581	\$ 11,232

	13-week periods ended	
	June 2, 2024	May 28, 2023
Other expense (income)		
Realized foreign exchange loss (gain)	\$ (1,316)	\$ 4
Unrealized foreign exchange loss (gain)	110	359
Fair value adjustment of non-controlling interest in exchangeable shares liability (note 12)	—	(15,000)
Unrealized loss (gain) on equity derivative contracts (note 12)	670	3,439
CYC related costs and other expenses	2,245	1,332
Interest and other income	(1,671)	(505)
Other expense (income)	\$ 38	\$ (10,371)

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,

Aritzia Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 2, 2024

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

adjustments are recognized in subsequent periods. The tax rates for the 13-week periods ended June 2, 2024 and May 28, 2023 were as follows:

	13-week periods ended	
	June 2, 2024	May 28, 2023
Statutory income tax rate	26.8%	26.7%
Effective income tax rate	32.1%	15.6%

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 and for the 13-week period ended May 28, 2023, 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:

	June 2, 2024	May 28, 2023
United States	\$ 284,661	\$ 251,892
Canada	213,969	210,773
Net revenue	\$ 498,630	\$ 462,665

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

	June 2, 2024	March 3, 2024
Canada	\$ 687,946	\$ 693,567
United States	706,074	653,910
Non-current, non-financial assets	\$ 1,394,020	\$ 1,347,477

Aritzia Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 2, 2024

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

20 Commitments and contingencies

Product purchase obligations

At June 2, 2024, the Company had purchase obligations of \$86.9 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 June 2, 2024, the Company had open letters of credit of \$22.9 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 period ended June 2, 2024, the Company made payments of \$2.6 million (May 28, 2023 - \$1.0 million) for lease of premises and management services and \$0.5 million (May 28, 2023 - nominal) 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 June 2, 2024, \$0.3 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 June 2, 2024, the outstanding balance of lease liabilities owed to these companies was \$44.6 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	
	June 2, 2024	May 28, 2023
Salaries, directors' fees and short-term benefits	1,389	1,253
Stock-based compensation expense	1,751	1,138
Key management compensation	\$ 3,140	\$ 2,391

In addition to the compensation presented above, certain key management received a retroactive adjustment to compensation relating to Fiscal 2024, resulting in an additional expense of \$0.8 million during the 13-week period ended May 28, 2023.

Aritzia Inc.

Notes to Condensed Interim Consolidated Financial Statements

June 2, 2024

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

22 Supplemental cash flow information

The net change in non-cash working capital balances for the 13-week periods ended June 2, 2024 and May 28, 2023 were as follows:

	June 2, 2024	May 28, 2023
Accounts receivable	\$ 4,372	\$ 1,847
Inventory	(55,915)	(17,313)
Prepaid expenses and other current assets	721	(2,402)
Other assets	219	(1,291)
Accounts payable and accrued liabilities	(1,164)	5,649
Deferred revenue	(1,492)	(3,256)
Net change in non-cash working capital balances	\$ (53,259)	\$ (16,766)
Accrued purchases of property and equipment	\$ 24,359	\$ 23,939
Accrued purchases of intangible assets	\$ 580	\$ 351