

Aritzia Reports First Quarter Fiscal 2025 Financial Results



VANCOUVER, July 11, 2024 – Aritzia Inc. (TSX: ATZ, "Aritzia", the "Company", "we" or "our"), a design house with an innovative global platform offering Everyday Luxury online and in its boutiques, today announced its financial results for the first quarter ended June 2, 2024 ("Q1 2025").

"We are pleased with our performance during the first quarter of Fiscal 2025, as we generated an 8% increase in net revenue compared to the first quarter of Fiscal 2024 and delivered positive comparable sales growth in all geographies and all channels. Our top line was fueled by a 13% net revenue increase in the United States, driven by our real estate expansion strategy and growing brand awareness. Throughout the quarter we continued to optimize the composition of our inventory, which drove a sequential acceleration in sales trends each month. As expected, we also delivered meaningful improvement in our Adjusted EBITDA margin," said Jennifer Wong, Chief Executive Officer.

"As we navigate a dynamic consumer environment, we're encouraged by the positive response to both our new styles and client favourites. Our new boutiques continue to perform ahead of expectations, and we are particularly excited about the extraordinary pipeline of boutique openings this year, representing 50% square footage growth in the United States. We expect further improvement in our eCommerce business driven by product optimization and strategic investments. We are confident that our real estate expansion strategy, digital initiatives, and growing brand awareness in the United States will enable us to deliver consistent, profitable growth for years to come," concluded Ms. Wong.

First Quarter Highlights

For Q1 2025, compared to Q1 2024¹:

- **Net revenue** increased 7.8% to \$498.6 million, with comparable sales² growth of 2.0%
- **United States net revenue** increased 13.0% to \$284.7 million, comprising 57.1% of net revenue
- **Retail net revenue** increased 9.2% to \$357.8 million
- **eCommerce net revenue** increased 4.2% to \$140.8 million, comprising 28.2% of net revenue
- **Gross profit margin²** increased 510 bps to 44.0% from 38.9%
- **Selling, general and administrative expenses** as a percentage of net revenue increased 220 bps to 35.4% from 33.2%
- **Adjusted EBITDA²** increased 70.6% to \$53.9 million
- **Net income** decreased 9.4% to \$15.8 million. Last year included a non-recurring gain of \$15.0 million relating to the Company's acquisition of Reigning Champ. **Net income per diluted share** was \$0.14 per share, compared to \$0.15 per share in Q1 2024
- **Adjusted Net Income²** increased 122.7% to \$25.0 million. **Adjusted Net Income per Diluted Share²** was \$0.22 per share, compared to \$0.10 per share in Q1 2024

¹ All references in this press release to "Q1 2025" are to our 13-week period ended June 2, 2024, to "Q1 2024" are to our 13-week period ended May 28, 2023, to "Fiscal 2023" are to our 52-week period ended February 26, 2023, to "Fiscal 2024" are to our 53-week period ended March 3, 2024, to "Fiscal 2025" are to our 52-week period ending March 2, 2025, to "Fiscal 2026" are to our 52-week period ending March 1, 2026, and to "Fiscal 2027" are to our 52-week period ending February 28, 2027.

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

First Quarter Results Compared to Q1 2024

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

	Q1 2025		Q1 2024		Change	
		% of net revenue		% of net revenue	%	% pts
Retail net revenue	\$ 357,843	71.8 %	\$ 327,570	70.8 %	9.2 %	
eCommerce net revenue	140,787	28.2 %	135,095	29.2 %	4.2 %	
Net revenue	\$ 498,630	100.0 %	\$ 462,665	100.0 %	7.8 %	
Gross profit	\$ 219,544	44.0 %	\$ 179,951	38.9 %	22.0 %	5.1 %
Selling, general and administrative ("SG&A")	\$ 176,290	35.4 %	\$ 153,459	33.2 %	14.9 %	2.2 %
Net income	\$ 15,833	3.2 %	\$ 17,470	3.8 %	(9.4)%	(0.6)%
Net income per diluted share	\$ 0.14		\$ 0.15		(6.7)%	
Adjusted EBITDA ²	\$ 53,877	10.8 %	\$ 31,588	6.8 %	70.6 %	4.0 %
Adjusted Net Income ²	\$ 24,988	5.0 %	\$ 11,218	2.4 %	122.7 %	2.6 %
Adjusted Net Income per Diluted Share ²	\$ 0.22		\$ 0.10		120.0 %	

Net revenue increased by 7.8% to \$498.6 million, compared to \$462.7 million in Q1 2024. Comparable sales² growth was 2.0%, as all channels and all geographies comped positively. Trends accelerated sequentially in each month of the quarter as the Company continued to optimize its inventory position.

In the United States, net revenue increased by 13.0% to \$284.7 million, compared to \$251.9 million in Q1 2024. This was primarily driven by the Company's real estate expansion strategy and growing brand awareness. Net revenue in Canada increased by 1.5% to \$214.0 million, compared to \$210.8 million in Q1 2024.

- **Retail net revenue** increased by 9.2% to \$357.8 million, compared to \$327.6 million in Q1 2024. The increase was driven by strong performance of the Company's new and repositioned boutiques, which continue to generate better-than-expected results, as well as positive comparable sales growth in its boutiques. In the last 12 months, the Company opened 5 new boutiques and repositioned 4 boutiques. Boutique count³ at the end of Q1 2025 totaled 119 compared to 115 boutiques at the end of Q1 2024.
- **eCommerce net revenue** increased by 4.2% to \$140.8 million, compared to \$135.1 million in Q1 2024. While eCommerce was impacted by a lower volume of markdown sales, trends accelerated as the quarter progressed due to the Company's improving inventory position.

Gross profit increased by 22.0% to \$219.5 million, compared to \$180.0 million in Q1 2024. Gross profit margin² was 44.0%, compared to 38.9% in Q1 2024. The increase in gross profit margin of approximately 510 bps was primarily driven by lower markdowns, IMU improvements, lower warehousing costs and savings from the Company's smart spending initiative, partially offset by pre-opening lease amortization costs for flagship boutiques.

SG&A expenses increased by 14.9% to \$176.3 million, compared to \$153.5 million in Q1 2024. SG&A expenses were 35.4% of net revenue, compared to 33.2% in Q1 2024. The increase in SG&A expenses was driven by investments in digital marketing to protect and propel the Aritzia brand, infrastructure projects, and technology initiatives to support the Company's growth.

Net income was \$15.8 million, a decrease of 9.4% compared to \$17.5 million in Q1 2024. Last year included a non-recurring gain of \$15.0 million relating to the Company's acquisition of Reigning Champ. **Net income per diluted share** was \$0.14 per share, a decrease of 6.7% compared to \$0.15 per share in Q1 2024.

³ There were four Reigning Champ boutiques as at June 2, 2024 and May 28, 2023 which are excluded from the boutique count. There was one Aritzia boutique closure in Fiscal 2024.

Adjusted EBITDA² was \$53.9 million or 10.8% of net revenue², an increase of 70.6% compared to \$31.6 million or 6.8% of net revenue¹ in Q1 2024.

Adjusted Net Income² was \$25.0 million, an increase of 122.7% compared to \$11.2 million in Q1 2024.

Adjusted Net Income per Diluted Share² was \$0.22 per share, an increase of 120.0% compared to \$0.10 per share in Q1 2024.

Cash and cash equivalents at the end of Q1 2025 totaled \$100.7 million compared to \$58.8 million at the end of Q1 2024.

Inventory at the end of Q1 2025 was \$396.8 million, a decrease of 18.2% compared to \$485.0 million at the end of Q1 2024.

Capital cash expenditures (net of proceeds from lease incentives)² were \$55.6 million in Q1 2025, compared to \$26.5 million in Q1 2024. The increase is primarily due to capital investments in new and repositioned boutiques.

Outlook

Based on quarter-to-date trends, Aritzia expects net revenue in the range of \$570 million to \$590 million in the second quarter of Fiscal 2025, representing growth of approximately 7% to 10%. The Company expects gross profit margin to increase approximately 450 bps and SG&A as a percentage of net revenue to increase approximately 100 to 150 bps for the second quarter of Fiscal 2025 compared to the second quarter of Fiscal 2024.

Aritzia continues to expect the following for Fiscal 2025:

- Net revenue in the range of \$2.52 billion to \$2.62 billion, representing growth of approximately 8% to 12% from Fiscal 2024 (excluding the 53rd week in Fiscal 2024, this represents growth of approximately 10% to 14%). This includes the contribution from retail expansion with 11 to 13 new boutiques and 3 to 4 boutique repositions. Other than one new boutique and one boutique reposition in Canada, all openings are expected to be in the United States. One new boutique and one boutique reposition have already opened year-to-date.
- Gross profit margin to increase by approximately 400 to 450 bps compared to Fiscal 2024, reflecting IMU improvements, lower warehousing costs, lower markdowns and savings from the Company's smart spending initiative.
- SG&A as a percentage of net revenue to be approximately flat to down 50 bps compared to Fiscal 2024, driven by savings from the Company's smart spending initiative and leverage on fixed costs, offset by investments in digital marketing.
- Adjusted EBITDA as a percentage of net revenue to increase by approximately 400 to 500 bps.
- Capital cash expenditures (net of proceeds from lease incentives)² of approximately \$230 million. This includes approximately \$190 million related to investments in new and repositioned boutiques expected to open in Fiscal 2025 and Fiscal 2026, as well as \$40 million primarily related to the Company's distribution centre network and technology investments.
- Depreciation and amortization of approximately \$80 million.

The foregoing outlook is based on management's current strategies and may be considered forward-looking information under applicable securities laws. Such outlook is based on estimates and assumptions made by management regarding, among other things, general economic and geopolitical conditions and the competitive environment. This outlook is intended to provide readers management's projections for the Company as of the date of this press release. Readers are cautioned that actual results may vary materially from this outlook and that the information in the outlook may not be appropriate for other purposes. See also the "Forward-Looking Information" section of this press release and the "Forward-Looking Information" and "Risk Factors" sections of our Management's Discussion & Analysis for the first quarter of Fiscal 2025 dated July 11, 2024 (the "Q1 2025 MD&A"), for Fiscal 2024 dated May 2, 2024 (the "Fiscal 2024 MD&A") and the Company's annual information form for Fiscal 2024 dated May 2, 2024 (the "Fiscal 2024 AIF").

In addition, a discussion of the Company's long-term financial plan is contained in the Company's press release dated October 27, 2022, "Aritzia Presents its Fiscal 2027 Strategic and Financial Plan, Powering Stronger". This

press release is available on the System for Electronic Data Analysis and Retrieval + ("SEDAR+") at www.sedarplus.com and on our website at investors.aritzia.com.

Normal Course Issuer Bid

On January 18, 2024, the Company announced that the Toronto Stock Exchange ("TSX") had accepted its notice of intention to proceed with an NCIB ("2024 NCIB") to repurchase and cancel up to 3,515,740 of its subordinate voting shares, representing approximately 5% of the public float of 70,314,808 subordinate voting shares, during the 12-month period commencing January 22, 2024 and ending January 21, 2025.

On February 21, 2024, the Company announced it had entered into an automatic share purchase plan with a designated broker for the purpose of permitting the Company to purchase its subordinate voting shares under the 2024 NCIB during predetermined blackout periods.

Between January 22, 2024 and July 10, 2024, no subordinate voting shares were repurchased for cancellation under the 2024 NCIB.

Conference Call Details

A conference call to discuss the Company's first quarter results is scheduled for Thursday, July 11, 2024, at 1:30 p.m. PT / 4:30 p.m. ET. To participate, please dial 1-844-763-8274 (North America toll-free) or 1-647-484-8814 (Toronto and overseas long-distance). The call is also accessible via webcast at <https://investors.aritzia.com/events-and-presentations/>. A recording will be available shortly after the conclusion of the call. To access the replay, please dial 1-855-669-9658 and the access code 0774. An archive of the webcast will be available on Aritzia's website.

About Aritzia

Aritzia is a design house with an innovative global platform. We are creators and purveyors of Everyday Luxury, home to an extensive portfolio of exclusive brands for every function and individual aesthetic. We're about good design, quality materials and timeless style — all with the wellbeing of our People and Planet in mind.

Founded in 1984 in Vancouver, Canada, we pride ourselves on creating immersive, highly personalized shopping experiences at aritzia.com and in our 115+ boutiques throughout North America — for everyone, everywhere.

Our Approach

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

Everyday Luxury. To Elevate Your World.™

Comparable Sales

Comparable sales is a retail industry metric used to explain our total combined revenue growth (decline) (in absolute dollars or percentage terms) in eCommerce and established boutiques.

Non-IFRS Measures and Retail Industry Metrics

This press release makes reference to certain non-IFRS measures and certain retail industry metrics. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should

not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS financial measures including “EBITDA”, “Adjusted EBITDA”, and “Adjusted Net Income”; non-IFRS ratios including “Adjusted Net Income per Diluted Share”, “Adjusted EBITDA as a percentage of net revenue”, and “Adjusted Net Income as a percentage of net revenue”; and capital management measures including “capital cash expenditures (net of proceeds from lease incentives)” and “free cash flow.” This press release also makes reference to “gross profit margin” and “comparable sales” which are commonly used operating metrics in the retail industry but may be calculated differently by other retailers. Gross profit margin and comparable sales are considered supplementary financial measures under applicable securities laws. These non-IFRS measures and retail industry metrics are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We believe that securities analysts, investors and other interested parties frequently use non-IFRS measures and retail industry metrics in the evaluation of issuers. Our management also uses non-IFRS measures and retail industry metrics in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. Certain information about non-IFRS financial measures, non-IFRS ratios, capital management measures and supplementary financial measures is found in the Q1 2025 MD&A and is incorporated by reference. This information is found in the sections entitled “How We Assess the Performance of our Business”, “Non-IFRS Measures and Retail Industry Metrics” and “Selected Financial Information” of the Q1 2025 MD&A which is available under the Company's profile on SEDAR+ at www.sedarplus.com. Reconciliations for each non-IFRS financial measure can be found in this press release under the heading “Selected Financial Information”.

Forward-Looking Information

Certain statements made in this document may constitute forward-looking information under applicable securities laws. Statements containing forward-looking information are neither historical facts nor assurances of future performance, but instead, provide insights regarding management’s current expectations and plans and allows investors and others to better understand the Company’s anticipated business strategy, financial position, results of operations and operating environment. Readers are cautioned that such information may not be appropriate for other purposes. Although the Company believes that the forward-looking statements are based on information, assumptions and beliefs that are current, reasonable, and complete, such information is necessarily subject to a number of business, economic, competitive and other risk factors that could cause actual results to differ materially from management’s expectations and plans as set forth in such forward-looking information.

Specific forward-looking information in this document include, but are not limited to, statements relating to:

- our Fiscal 2027 strategic and financial plan and anticipated results therefrom,
- our second quarter Fiscal 2025 financial outlook, including our expected outlook for net revenue, gross profit margin, and SG&A as a percentage of net revenue,
- our full Fiscal 2025 financial outlook, including our expected outlook for net revenue, new and repositioned boutiques and timing of openings, gross profit margin, SG&A as a percentage of net revenue, Adjusted EBITDA as a percentage of net revenue, capital cash expenditures (net of proceeds from lease incentives) and the composition thereof, and depreciation and amortization,
- our anticipated revenue growth and margin recovery and expansion,
- our approach and expectations with respect to our real estate expansion strategy, including boutique and square footage growth and momentum in eCommerce, and
- our potential future purchases of subordinate voting shares pursuant to the 2024 NCIB.

Particularly, information regarding our expectations of future results, targets, performance achievements, intentions, prospects, opportunities or other characterizations of future events or developments or the markets in which we operate is forward-looking information. Often but not always, forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “believes”, or positive or negative variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur”, “continue”, or “be achieved”.

Forward-looking statements are based on information currently available to management and on estimates and assumptions, including assumptions about future economic conditions and courses of action. Examples of material estimates and assumptions and beliefs made by management in preparing such forward looking statements include, but are not limited to:

- anticipated growth across our retail and eCommerce channels,
- anticipated growth in the United States and Canada,
- general economic and geopolitical conditions,
- changes in laws, rules, regulations, and global standards,
- ongoing cost inflationary pressures,
- our competitive position in our industry,
- our ability to keep pace with changing consumer preferences,
- no pandemic related restrictions impacting client shopping patterns or incremental direct costs related to health and safety measures,
- our future financial outlook,
- our ability to drive ongoing development and innovation of our exclusive brands and product categories,
- our ability to realize our eCommerce 2.0 strategy and optimize our omni-channel capabilities,
- our expectations for optimized inventory composition,
- our ability to recruit and retain exceptional talent,
- our expectations regarding new boutique openings, repositioning of existing boutiques, and the timing thereof, and growth of our boutique network and annual square footage,
- our ability to mitigate business disruptions, including our sourcing and production activities,
- our expectations for capital expenditures,
- our ability to generate positive cash flow,
- anticipated run rate savings from our smart spending initiative,
- availability of sufficient liquidity,
- warehousing costs and expedited freight costs, and
- currency exchange and interest rates.

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

- ongoing inflationary pressures,
- macroeconomic uncertainty,
- improved product assortment mix,
- anticipated benefits from product margin improvements including IMU improvements and lower markdowns,
- our approach and expectations with respect to our real estate expansion strategy, including boutique payback period expectations and timing of openings, that our planned boutique openings and repositions will proceed as anticipated and on-time,
- anticipated total square footage growth of our boutiques,
- infrastructure investments including our new distribution centre in Delta, British Columbia, new and repositioned flagship boutiques, expanded support office space, and eCommerce technology to drive eCommerce 2.0,
- cost efficiencies, including estimated annualized run rate savings of approximately \$60 million from our smart spending initiative,
- subsiding transitory cost pressures, including pre-opening lease amortization for our new distribution centre in the Greater Toronto Area and flagship boutiques, warehouse costs related to inventory management, and distribution centre project costs, and
- foreign exchange rates for Fiscal 2025: USD:CAD = 1.35.

Given the current challenging operating environment, there can be no assurances regarding: (a) pandemic-related limitations or restrictions that may be placed on servicing our clients or the duration of any such limitations or restrictions; (b) the macroeconomic impacts on Aritzia's business, operations, labour force, supply chain performance and growth strategies; (c) Aritzia's ability to mitigate such impacts, including ongoing measures to enhance short-term liquidity, contain costs and safeguard the business; (d) general economic conditions and impacts to consumer discretionary spending and shopping habits (including impacts from changes to interest rate environments); (e) credit, market, currency, commodity market, inflation, interest rates, global supply chains, operational, and liquidity risks generally; (f) geopolitical events; and (g) other risks inherent

to Aritzia's business and/or factors beyond its control which could have a material adverse effect on the Company.

Many factors could cause our actual results, performance, achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the factors discussed in the "Risk Factors" section of our Q1 2025 MD&A and Fiscal 2024 MD&A, and the Company's Fiscal 2024 AIF which are incorporated by reference into this document. A copy of the Q1 2025 MD&A, the Fiscal 2024 MD&A and the Fiscal 2024 AIF and the Company's other publicly filed documents can be accessed under the Company's profile on SEDAR+ at www.sedarplus.com.

The Company cautions that the foregoing list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect its results. We operate in a highly competitive and rapidly changing environment in which new risks often emerge. It is not possible for management to predict all risks, nor assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. The forward-looking information contained in this document represents our expectations as of the date of this document (or as of the date they are otherwise stated to be made) and are subject to change after such date. We disclaim any intention, obligation or undertaking to update or revise any forward-looking information, whether written or oral, as a result of new information, future events or otherwise, except as required under applicable securities laws.

For more information

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Selected Financial Information

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Q1 2025		Q1 2024	
		% of net revenue		% of net revenue
Net revenue	\$ 498,630	100.0 %	\$ 462,665	100.0 %
Cost of goods sold	279,086	56.0 %	282,714	61.1 %
Gross profit	219,544	44.0 %	179,951	38.9 %
Selling, general and administrative	176,290	35.4 %	153,459	33.2 %
Stock-based compensation expense	7,327	1.5 %	4,928	1.1 %
Income from operations	35,927	7.2 %	21,564	4.7 %
Finance expense	12,581	2.5 %	11,232	2.4 %
Other expense (income)	38	— %	(10,371)	(2.2)%
Income before income taxes	23,308	4.7 %	20,703	4.5 %
Income tax expense	7,475	1.5 %	3,233	0.7 %
Net income	\$ 15,833	3.2 %	\$ 17,470	3.8 %
Other Performance Measures:				
Year-over-year net revenue growth	7.8%		13.4%	
Comparable sales ^{4,5} growth	2.0%		4.1%	
Capital cash expenditures (net of proceeds from lease incentives) ⁵	\$(55,557)		\$ (26,504)	
Free cash flow ⁵	\$(68,269)		\$ (19,929)	

NET REVENUE BY GEOGRAPHIC LOCATION

(unaudited, in thousands of Canadian dollars)

	Q1 2025		Q1 2024	
United States net revenue	\$ 284,661		\$ 251,892	
Canada net revenue	213,969		210,773	
Net revenue	\$ 498,630		\$ 462,665	

CONSOLIDATED CASH FLOWS

(unaudited, in thousands of Canadian dollars)

	Q1 2025		Q1 2024	
Net cash generated from operating activities	\$ 12,272		\$ 26,845	
Net cash used in financing activities	(14,436)		(12,615)	
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)	

⁴Please see the "Comparable Sales" section above for more details.

⁵Please see the "Non-IFRS Measures and Retail Industry Metrics" section above for more details.

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

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

	Q1 2025	Q1 2024
Reconciliation of Net Income to EBITDA and Adjusted EBITDA:		
Net income	\$ 15,833	\$ 17,470
Depreciation and amortization	19,281	14,914
Depreciation on right-of-use assets	26,249	24,927
Finance expense	12,581	11,232
Income tax expense	7,475	3,233
EBITDA	81,419	71,776
Adjustments to EBITDA:		
Stock-based compensation expense	7,327	4,928
Rent impact from IFRS 16, Leases ⁶	(37,784)	(34,887)
Unrealized loss on equity derivatives contracts	670	3,439
Fair value adjustment of non-controlling interest ("NCI") in exchangeable shares liability	—	(15,000)
CYC Design Corporation ("CYC") related costs and other expenses	2,245	1,332
Adjusted EBITDA	\$ 53,877	\$ 31,588
Adjusted EBITDA as a percentage of net revenue	10.8%	6.8%
Net income	\$ 15,833	\$ 17,470
Adjustments to net income:		
Stock-based compensation expense	7,327	4,928
Unrealized loss on equity derivatives contracts	670	3,439
Fair value adjustment of NCI in exchangeable shares liability	—	(15,000)
CYC related costs and other expenses	2,245	1,332
Related tax effects	(1,087)	(951)
Adjusted Net Income	\$ 24,988	\$ 11,218
Adjusted Net Income as a percentage of net revenue	5.0%	2.4%
Weighted average number of diluted shares outstanding (thousands)	114,745	114,793
Adjusted Net Income per Diluted Share	\$ 0.22	\$ 0.10

⁶ RENT IMPACT FROM IFRS 16, LEASES

(unaudited, in thousands of Canadian dollars)

	Q1 2025	Q1 2024
Depreciation of right-of-use assets, excluding fair value adjustments	\$ (26,116)	\$ (24,794)
Interest expense on lease liabilities	(11,668)	(10,093)
Rent impact from IFRS 16, leases	\$ (37,784)	\$ (34,887)

RECONCILIATION OF COMPARABLE SALES TO NET REVENUE

(unaudited, in thousands of Canadian dollars)

	Q1 2025	Q1 2024
Comparable sales	\$ 453,166	\$ 406,035
Non-comparable sales	45,464	56,630
Net revenue	\$ 498,630	\$ 462,665

RECONCILIATION OF CASH USED IN INVESTING ACTIVITIES TO CAPITAL CASH EXPENDITURES (NET OF PROCEEDS FROM LEASE INCENTIVES)*(unaudited, in thousands of Canadian dollars)*

	Q1 2025	Q1 2024
Cash used in investing activities	\$ (60,348)	\$ (41,841)
Contingent consideration payout, net relating to the acquisition of CYC	—	6,303
Proceeds from lease incentives	4,791	9,034
Capital cash expenditures (net of proceeds from lease incentives)	<u>\$ (55,557)</u>	<u>\$ (26,504)</u>

RECONCILIATION OF NET CASH GENERATED FROM OPERATING ACTIVITIES TO FREE CASH FLOW*(unaudited, in thousands of Canadian dollars)*

	Q1 2025	Q1 2024
Net cash generated from operating activities	\$ 12,272	\$ 26,845
Interest paid on credit facilities	838	1,094
Proceeds from lease incentives	4,791	9,034
Repayments of principal on lease liabilities	(25,822)	(21,364)
Purchase of property, equipment and intangible assets	(60,348)	(35,538)
Free cash flow	<u>\$ (68,269)</u>	<u>\$ (19,929)</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(interim periods unaudited, in thousands of Canadian dollars)

	As at June 2, 2024	As at March 3, 2024	As at May 28, 2023
Assets			
Cash and cash equivalents	\$ 100,671	\$ 163,277	\$ 58,793
Accounts receivable	13,810	18,473	11,328
Income taxes recoverable	12,720	7,055	8,338
Inventory	396,824	340,145	485,012
Prepaid expenses and other current assets	36,177	37,270	31,697
Total current assets	560,202	566,220	595,168
Property and equipment	472,757	431,365	339,722
Intangible assets	86,654	84,975	85,597
Goodwill	198,846	198,846	198,846
Right-of-use assets	635,763	632,291	585,185
Other assets	4,956	5,164	5,075
Deferred tax assets	19,610	27,272	19,483
Total assets	\$ 1,978,788	\$ 1,946,133	\$ 1,829,076
Liabilities			
Accounts payable and accrued liabilities	\$ 214,540	\$ 212,835	\$ 240,384
Income taxes payable	—	1,606	1,170
Current portion of lease liabilities	105,337	107,322	121,852
Deferred revenue	80,471	81,669	68,397
Total current liabilities	400,348	403,432	431,803
Lease liabilities	709,291	698,564	627,987
Other non-current liabilities	14,639	13,451	15,894
Deferred tax liabilities	18,000	23,191	22,216
Total liabilities	1,142,278	1,138,638	1,097,900
Shareholders' equity			
Share capital	323,742	307,737	284,477
Contributed surplus	93,631	96,249	80,118
Retained earnings	423,170	407,337	369,939
Accumulated other comprehensive loss	(4,033)	(3,828)	(3,358)
Total shareholders' equity	836,510	807,495	731,176
Total liabilities and shareholders' equity	\$ 1,978,788	\$ 1,946,133	\$ 1,829,076

BOUTIQUE COUNT SUMMARY³

	Q1 2025	Q1 2024
Number of boutiques, beginning of period	119	114
New boutiques	—	1
Number of boutiques, end of period	119	115
Repositioned boutiques	1	—