

Aritzia Reports Fourth Quarter and Fiscal 2024 Financial Results



VANCOUVER, May 2, 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 fourth quarter and full year ended March 3, 2024 ("Q4 2024" and "Fiscal 2024"). Except for comparable sales, results for the fourth quarter and full year Fiscal 2024 are inclusive of an additional week compared to Fiscal 2023.

"Aritzia delivered fourth quarter net revenue of \$682 million, an increase of 7% on top of outstanding growth of 44% in the fourth quarter of Fiscal 2023 and 66% in the fourth quarter of Fiscal 2022. As expected, we also delivered further sequential margin improvement. Although the consumer environment remains mixed, clients responded well to our product launches and to the improved level of newness in our assortment," said Jennifer Wong, Chief Executive Officer. "Throughout Fiscal 2024, we focused on investing in the scalability of our business and improving our inventory position, enabling us to return to our proven operating model and setting the stage for our next phase of anticipated growth and margin recovery."

"In Fiscal 2025 we expect our revenue growth to improve, fueled by our real estate expansion strategy, including 20% to 25% square footage growth, as well as momentum in eCommerce. In addition, we expect to generate meaningful margin expansion, while also continuing to invest in our future infrastructure. Our brand is strong, our financial position is solid and we have a tremendous, multi-year runway in the U.S. I am optimistic and excited about all of the opportunities on deck for Fiscal 2025, as we bring Everyday Luxury to more clients than ever before," concluded Ms. Wong.

Fourth Quarter Highlights

- **Net revenue** increased 7.0% from Q4 2023¹ to \$682.0 million, including the benefit from the 53rd week, with comparable sales² decline of 3.0%, compared to growth of 32.2% in Q4 2023
- **United States net revenue** increased 9.4% from Q4 2023 to \$369.1 million, comprising 54.1% of net revenue in Q4 2024
- **Retail net revenue** increased 14.7% from Q4 2023 to \$416.4 million
- **eCommerce net revenue** decreased 3.2% from Q4 2023 to \$265.6 million, comprising 38.9% of net revenue in Q4 2024
- **Gross profit margin**² increased 30 bps to 38.3% from 38.0% in Q4 2023
- **Selling, general and administrative expenses** as a percentage of net revenue increased 200 bps to 28.9% from 26.9% in Q4 2023
- **Net income** decreased 35.2% from Q4 2023 to \$24.2 million
- **Adjusted EBITDA**² decreased 8.6% from Q4 2023 to \$72.5 million
- **Net income per diluted share** of \$0.21 per share, compared to \$0.32 per share in Q4 2023
- **Adjusted Net Income per Diluted Share**² of \$0.34 per share, compared to \$0.40 per share in Q4 2023

¹ All references in this press release to "Q4 2024" are to our 14-week period ended March 3, 2024, to "Q4 2023" are to our 13-week period ended February 26, 2023, to "Q4 2022" are to our 13-week period ended February 27, 2022, to "Fiscal 2022" are to our 52-week period ended February 27, 2022, 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".

Strategic Accomplishments for Fiscal 2024

- Drove 6% growth in net revenue, lapping comparisons of 47% in Fiscal 2023 and 74% in Fiscal 2022, resulting in a strong 3-year compound annual growth rate ("CAGR") of 40%
- Opened six new boutiques and repositioned three existing boutiques in premier real estate locations, with new boutique payback periods tracking ahead of expectations of 12-18 months
- Normalized inventory levels, ending the year with inventory down 27% compared to Fiscal 2023
- Launched Buy Online, Ship from Store in Canada and in the United States, with early results exceeding expectations
- Opened a new 550,000 square foot distribution centre in Vaughan, Ontario to accommodate increased order volume
- Executed a smart spending initiative, resulting in annualized run-rate savings of more than \$60 million from process optimizations, vendor negotiations and KPI improvements
- Appointed Aritzia's first Chief Impact Officer with oversight of equity, diversity and inclusion initiatives across the Company's organization and culture

Fourth Quarter Results Compared to Q4 2023

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

	Q4 2024		Q4 2023		Change	
	\$	% of net revenue	\$	% of net revenue	%	% pts
Retail net revenue	\$ 416,406	61.1 %	\$ 363,101	56.9 %	14.7 %	
eCommerce net revenue	265,564	38.9 %	274,481	43.1 %	(3.2)%	
Net revenue	\$ 681,970	100.0 %	\$ 637,582	100.0 %	7.0 %	
Gross profit	\$ 261,247	38.3 %	\$ 242,160	38.0 %	7.9 %	0.3 %
Selling, general and administrative ("SG&A")	\$ 196,835	28.9 %	\$ 171,299	26.9 %	14.9 %	2.0 %
Net income	\$ 24,207	3.5 %	\$ 37,338	5.9 %	(35.2)%	(2.4)%
Net income per diluted share	\$ 0.21		\$ 0.32		(34.4)%	
Adjusted EBITDA ²	\$ 72,545	10.6 %	\$ 79,354	12.4 %	(8.6)%	(1.8)%
Adjusted Net Income per Diluted Share ²	\$ 0.34		\$ 0.40		(15.0)%	

Net revenue increased by 7.0% to \$682.0 million, including net revenue from the additional week of \$32.5 million, compared to \$637.6 million in Q4 2023. This is on top of strong net revenue growth over the last two years of 43.5% in Q4 2023 and 66.1% in Q4 2022, resulting in a three year CAGR of 36.6%. Comparable sales² decreased 3.0%, compared to growth of 32.2% in Q4 2023. Due to the Company's improved inventory position and mix, it saw increases from the sale of new styles, partially offset by a lower volume of markdown sales in Q4 2024 compared to Q4 2023.

In the United States, net revenue increased by 9.4% to \$369.1 million, compared to \$337.5 million in Q4 2023. Net revenue in Canada increased by 4.2% to \$312.8 million, compared to \$300.1 million in Q4 2023.

- **Retail net revenue** increased by 14.7% to \$416.4 million, compared to \$363.1 million in Q4 2023. The increase was driven by strong performance of the Company's new and repositioned boutiques, which continue to generate better-than-expected results. Boutique count³ at the end of Q4 2024 totaled 119 compared to 114 boutiques at the end of Q4 2023.
- **eCommerce net revenue** decreased by 3.2% to \$265.6 million, compared to \$274.5 million in Q4 2023. eCommerce is impacted more heavily by the lower volume of markdown sales, partially offset by the performance of new styles.

³ There were four Reigning Champ boutiques as at March 3, 2024 and February 26, 2023 which are excluded from the boutique count.

Gross profit increased by 7.9% to \$261.2 million, compared to \$242.2 million in Q4 2023. Gross profit margin² was 38.3%, compared to 38.0% in Q4 2023. The increase in gross profit margin of approximately 30 bps was primarily driven by select pricing adjustments and lower warehousing and distribution costs, partially offset by inflation in product costs and pre-opening lease amortization costs for flagship boutiques.

SG&A expenses increased by 14.9% to \$196.8 million, compared to \$171.3 million in Q4 2023. SG&A expenses were 28.9% of net revenue, compared to 26.9% in Q4 2023. The increase in SG&A expenses was driven by continued investments made in talent through the end of Fiscal 2023, as well as technology and marketing initiatives to drive momentum in eCommerce.

Net income was \$24.2 million, a decrease of 35.2% compared to \$37.3 million in Q4 2023, primarily attributable to the factors described above and an increase in stock-based compensation expense mainly due to the effect of mark-to-market changes, partially offset by an increase in other income.

Net income per diluted share was \$0.21 per share, a decrease of 34.4% compared to \$0.32 per share in Q4 2023.

Adjusted EBITDA² was \$72.5 million or 10.6% of net revenue², a decrease of 8.6% compared to \$79.4 million or 12.4% of net revenue¹ in Q4 2023.

Adjusted Net Income² was \$38.2 million, a decrease of 18.1% compared to \$46.7 million in Q4 2023.

Adjusted Net Income per Diluted Share² was \$0.34 per share, a decrease of 15.0% compared to \$0.40 per share in Q4 2023.

Cash and cash equivalents at the end of Q4 2024 totaled \$163.3 million compared to \$86.5 million at the end of Q4 2023, with strong operating cash flows funding the Company's capital investments.

Inventory at the end of Q4 2024 was \$340.1 million, a decrease of 27.3% compared to \$467.6 million at the end of Q4 2023.

Capital cash expenditures (net of proceeds from lease incentives)² were \$41.7 million in Q4 2024, compared to \$38.5 million in Q4 2023. The capital investments are primarily driven by new and repositioned boutiques and support office space expansion.

Fiscal 2024 Compared to Fiscal 2023

(in thousands of Canadian dollars, unless otherwise noted)

	Fiscal 2024		Fiscal 2023		Change	
		% of net revenue		% of net revenue	%	% pts
Retail net revenue	\$ 1,547,046	66.3 %	\$ 1,425,779	64.9 %	8.5 %	
eCommerce net revenue	785,304	33.7 %	769,851	35.1 %	2.0 %	
Net revenue	\$ 2,332,350	100.0 %	\$ 2,195,630	100.0 %	6.2 %	
Gross profit	\$ 898,981	38.5 %	\$ 913,992	41.6 %	(1.6)%	(3.1)%
SG&A	\$ 708,783	30.4 %	\$ 602,469	27.4 %	17.6 %	3.0 %
Net income	\$ 78,780	3.4 %	\$ 187,588	8.5 %	(58.0)%	(5.1)%
Net income per diluted share	\$ 0.69		\$ 1.63		(57.7)%	
Adjusted EBITDA ²	\$ 217,056	9.3 %	\$ 351,181	16.0 %	(38.2)%	(6.7)%
Adjusted Net Income per Diluted Share ²	\$ 0.92		\$ 1.86		(50.5)%	

Net revenue increased by 6.2% to \$2.33 billion, including revenue from the additional week of \$32.5 million, compared to \$2.20 billion in Fiscal 2023. This is on top of strong net revenue growth over the last two years of 46.9% in Fiscal 2023 and 74.3% in Fiscal 2022, resulting in a three year CAGR of 39.6%. Comparable sales² decreased 1.0%, compared to growth of 28.2% in Fiscal 2023. In the United States, net revenue increased by

9.4% to \$1.23 billion, compared to \$1.12 billion in Fiscal 2023. Net revenue in Canada increased by 2.9% to \$1.11 billion, compared to \$1.07 billion in Fiscal 2023.

- **Retail net revenue** increased by 8.5% to \$1.55 billion, compared to \$1.43 billion in Fiscal 2023. The increase in revenue was led by strong performance of our new boutiques in the United States, partially offset by softer comparable sales.
- **eCommerce net revenue** increased by 2.0% to \$785.3 million, compared to \$769.9 million in Fiscal 2023.

Gross profit decreased by 1.6% to \$899.0 million, compared to \$914.0 million in Fiscal 2023. Gross profit margin was 38.5% compared to 41.6% in Fiscal 2023. The 310 bps decrease in gross profit margin was primarily due to normalized markdowns, inflation in product costs and pre-opening lease amortization costs for boutiques and our new distribution centre. These impacts were partially offset by select pricing adjustments and lower expedited freight costs.

SG&A expenses increased by 17.6% to \$708.8 million, compared to \$602.5 million in Fiscal 2023. SG&A expenses were 30.4% of net revenue compared to 27.4% in Fiscal 2023. The increase in SG&A expenses was primarily due to investments in support office labour and retail wages made through the end of Fiscal 2023, as well as support office space expansion, marketing, technology and other initiatives to help support the Company's growth.

Net income was \$78.8 million, a decrease of 58.0% compared to \$187.6 million in Fiscal 2023, primarily attributable to the factors described above as well as an increase in stock-based compensation expense and a decrease in other income.

Net income per diluted share was \$0.69, a decrease of 57.7%, compared to \$1.63 in Fiscal 2023.

Adjusted EBITDA² was \$217.1 million, or 9.3% of net revenue, a decrease of 38.2%, compared to \$351.2 million, or 16.0% of net revenue in Fiscal 2023.

Adjusted Net Income² was \$105.6 million, a decrease of 50.9%, compared to \$214.8 million in Fiscal 2023.

Adjusted Net Income per Diluted Share² was \$0.92, a decrease of 50.5%, compared to \$1.86 in Fiscal 2023.

Capital cash expenditures (net of proceeds from lease incentives)² were \$155.3 million, compared to \$112.1 million in Fiscal 2023. The increase is primarily due to capital investments in new and repositioned boutiques, distribution centers and support office space expansion.

Outlook

Based on quarter-to-date trends, Aritzia expects net revenue in the range of \$475 million to \$495 million in the first quarter of Fiscal 2025, representing growth of approximately 3% to 7%. The Company expects gross profit margin to increase approximately 450 bps and SG&A as a percentage of net revenue to increase approximately 250 bps for the first quarter of Fiscal 2025 compared to the first quarter of Fiscal 2024.

Aritzia expects 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 boutique reposition has already opened in the first quarter.
- 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 Fiscal 2024 dated May 2, 2024 for the 14-week and 53-week periods ended March 3, 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 Document 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 May 2, 2024, no subordinate voting shares were repurchased for cancellation under the 2024 NCIB.

The Company's prior NCIB commenced on January 20, 2023 and expired on January 19, 2024 (the "2023 NCIB"). Between January 20, 2023 and January 19, 2024, the Company repurchased a total of 1,089,641 subordinate voting shares for cancellation at an average price of \$27.51 per subordinate voting share for total cash consideration of \$30.0 million (including commissions) under the 2023 NCIB.

Conference Call Details

A conference call to discuss the Company's fourth quarter results is scheduled for Thursday, May 2, 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 0772. 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 Fiscal 2024 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 Fiscal 2024 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 first 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,
- our potential future purchases of subordinate voting shares pursuant to the 2024 NCIB, and
- the expected opportunities on deck for Fiscal 2025.

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, particularly in light of inflationary pressures,
- 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 omni-channel capabilities,
- our expectations for continuing normalized inventory levels and markdown rates,
- 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 first quarter of Fiscal 2025 and Fiscal 2025 outlook include:

- ongoing inflationary pressures,
- macroeconomic uncertainty,
- improved product assortment mix,

- anticipated benefits from product margin improvements,
- 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 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 Fiscal 2024 MD&A and the Company's Fiscal 2024 AIF which are incorporated by reference into this document. A copy of 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)

	Q4 2024		Q4 2023		Fiscal 2024		Fiscal 2023	
		% of net revenue		% of net revenue		% of net revenue		% of net revenue
Net revenue	\$ 681,970	100.0 %	\$ 637,582	100.0 %	\$ 2,332,350	100.0 %	\$ 2,195,630	100.0 %
Cost of goods sold	420,723	61.7 %	395,422	62.0 %	1,433,369	61.5 %	1,281,638	58.4 %
Gross profit	261,247	38.3 %	242,160	38.0 %	898,981	38.5 %	913,992	41.6 %
Selling, general and administrative	196,835	28.9 %	171,299	26.9 %	708,783	30.4 %	602,469	27.4 %
Stock-based compensation expense	15,356	2.3 %	3,157	0.5 %	31,784	1.4 %	24,369	1.1 %
Income from operations	49,056	7.2 %	67,704	10.6 %	158,414	6.8 %	287,154	13.1 %
Finance expense	12,429	1.8 %	9,501	1.5 %	49,091	2.1 %	31,263	1.4 %
Other expense (income)	(478)	(0.1)%	4,052	0.6 %	(5,287)	(0.2)%	(7,916)	(0.4)%
Income before income taxes	37,105	5.4 %	54,151	8.5 %	114,610	4.9 %	263,807	12.0 %
Income tax expense	12,898	1.9 %	16,813	2.6 %	35,830	1.5 %	76,219	3.5 %
Net income	\$ 24,207	3.5 %	\$ 37,338	5.9 %	\$ 78,780	3.4 %	\$ 187,588	8.5 %
Other Performance Measures:								
Year-over-year net revenue growth	7.0%		43.5%		6.2%		46.9%	
Comparable sales ^{4,5} growth (decline)	(3.0)%		32.2%		(1.0)%		28.2%	
Capital cash expenditures (net of proceeds from lease incentives) ⁵	\$(41,681)		\$(38,503)		\$(155,256)		\$(112,050)	
Free cash flow ⁵	\$ 22,871		\$(49,193)		\$ 99,502		\$(119,656)	

NET REVENUE BY GEOGRAPHIC LOCATION

(unaudited, in thousands of Canadian dollars)

	Q4 2024		Q4 2023		Fiscal 2024		Fiscal 2023	
United States net revenue	\$ 369,121		\$ 337,456		\$ 1,226,476		\$ 1,120,962	
Canada net revenue	312,849		300,126		1,105,874		1,074,668	
Net revenue	\$ 681,970		\$ 637,582		\$ 2,332,350		\$ 2,195,630	

CONSOLIDATED CASH FLOWS

(unaudited, in thousands of Canadian dollars)

	Q4 2024		Q4 2023		Fiscal 2024		Fiscal 2023	
Net cash generated from operating activities	\$ 99,688		\$ 10,184		\$ 358,823		\$ 74,913	
Net cash used in financing activities	(29,769)		(15,295)		(98,670)		(122,537)	
Cash used in investing activities	(47,236)		(41,240)		(182,964)		(131,213)	
Effect of exchange rate changes on cash and cash equivalents	(210)		963		(422)		102	
Change in cash and cash equivalents	\$ 22,473		\$ (45,388)		\$ 76,767		\$ (178,735)	

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)

	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
Reconciliation of Net Income to EBITDA and Adjusted EBITDA:				
Net income	\$ 24,207	\$ 37,338	\$ 78,780	\$ 187,588
Depreciation and amortization	18,163	14,617	64,515	52,855
Depreciation on right-of-use assets	28,166	23,164	103,524	81,047
Finance expense	12,429	9,501	49,091	31,263
Income tax expense	12,898	16,813	35,830	76,219
EBITDA	95,863	101,433	331,740	428,972
Adjustments to EBITDA:				
Stock-based compensation expense	15,356	3,157	31,784	24,369
Rent impact from IFRS 16, Leases ⁶	(39,401)	(31,839)	(145,671)	(107,851)
Unrealized loss on equity derivatives contracts	(6,434)	6,136	5,189	6,093
Realized loss (gain) on equity derivatives contracts	(1,048)	—	(1,048)	(1,387)
Fair value adjustment of non-controlling interest ("NCI") in exchangeable shares liability	—	—	(15,000)	—
CYC Design Corporation ("CYC") integration and acquisition costs	2,347	467	4,200	467
Impairment of right-of-use assets and lease exit cost	5,862	—	5,862	—
Secondary offering transaction costs	—	—	—	518
Adjusted EBITDA	\$ 72,545	\$ 79,354	\$ 217,056	\$ 351,181
Adjusted EBITDA as a percentage of net revenue	10.6%	12.4%	9.3%	16.0%
Reconciliation of Net Income to Adjusted Net Income:				
Net income	\$ 24,207	\$ 37,338	\$ 78,780	\$ 187,588
Adjustments to net income:				
Stock-based compensation expense	15,356	3,157	31,784	24,369
Unrealized loss on equity derivatives contracts	(6,434)	6,136	5,189	6,093
Realized loss (gain) on equity derivatives contracts	(1,048)	—	(1,048)	(1,387)
Fair value adjustment of NCI in exchangeable shares liability	—	—	(15,000)	—
CYC integration and acquisition costs	2,347	467	4,200	467
Impairment of right-of-use assets and lease exit cost	5,862	—	5,862	—
Secondary offering transaction costs	—	—	—	518
Related tax effects	(2,067)	(427)	(4,210)	(2,877)
Adjusted Net Income	\$ 38,223	\$ 46,671	\$ 105,557	\$ 214,771
Adjusted Net Income as a percentage of net revenue	5.6%	7.3%	4.5%	9.8%
Weighted average number of diluted shares outstanding (thousands)	114,096	115,249	114,194	115,301
Adjusted Net Income per Diluted Share	\$ 0.34	\$ 0.40	\$ 0.92	\$ 1.86

⁶Rent impact from IFRS 16,

RENT IMPACT FROM IFRS 16, LEASES*(unaudited, in thousands of Canadian dollars)*

	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
Depreciation of right-of-use assets, excluding fair value adjustments	\$ (28,033)	\$ (23,031)	\$ (102,992)	\$ (80,515)
Interest expense on lease liabilities	(11,368)	(8,808)	(42,679)	(27,336)
Rent impact from IFRS 16, leases	\$ (39,401)	\$ (31,839)	\$ (145,671)	\$ (107,851)

RECONCILIATION OF COMPARABLE SALES TO NET REVENUE*(unaudited, in thousands of Canadian dollars)*

	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
Comparable sales	\$ 579,413	\$ 598,660	\$ 2,034,717	\$ 2,030,485
Non-comparable sales	102,557	38,922	297,633	165,145
Net revenue	\$ 681,970	\$ 637,582	\$ 2,332,350	\$ 2,195,630

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

	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
Cash used in investing activities	\$ (47,236)	\$ (41,240)	\$ (182,964)	\$ (131,213)
Contingent consideration payout, net relating to the acquisition of CYC	—	—	6,303	5,625
Proceeds from lease incentives	5,555	2,737	21,405	13,538
Capital cash expenditures (net of proceeds from lease incentives)	\$ (41,681)	\$ (38,503)	\$ (155,256)	\$ (112,050)

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

	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
Net cash generated from operating activities	\$ 99,688	\$ 10,184	\$ 358,823	\$ 74,913
Interest paid on credit facilities	984	510	6,132	3,743
Proceeds from lease incentives	5,555	2,737	21,405	13,538
Repayments of principal on lease liabilities	(36,120)	(21,384)	(110,197)	(86,262)
Purchase of property, equipment and intangible assets	(47,236)	(41,240)	(176,661)	(125,588)
Free cash flow	\$ 22,871	\$ (49,193)	\$ 99,502	\$ (119,656)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(interim periods unaudited, in thousands of Canadian dollars)

	As at March 3, 2024	As at February 26, 2023
Assets		
Cash and cash equivalents	\$ 163,277	\$ 86,510
Accounts receivable	18,473	18,184
Income taxes recoverable	7,055	6,419
Inventory	340,145	467,634
Prepaid expenses and other current assets	37,270	33,101
Total current assets	566,220	611,848
Property and equipment	431,365	308,608
Intangible assets	84,975	86,382
Goodwill	198,846	198,846
Right-of-use assets	632,291	614,061
Other assets	5,164	3,830
Deferred tax assets	27,272	12,968
Total assets	\$ 1,946,133	\$ 1,836,543
Liabilities		
Accounts payable and accrued liabilities	\$ 212,835	\$ 221,712
Income taxes payable	1,606	—
Current portion of contingent consideration	—	6,619
Current portion of lease liabilities	107,322	117,316
Deferred revenue	81,669	71,653
Total current liabilities	403,432	417,300
Lease liabilities	698,564	654,690
Other non-current liabilities	13,451	21,499
Non-controlling interest in exchangeable shares liability	—	35,500
Deferred tax liabilities	23,191	21,767
Total liabilities	1,138,638	1,150,756
Shareholders' equity		
Share capital	307,737	265,519
Contributed surplus	96,249	68,682
Retained earnings	407,337	355,270
Accumulated other comprehensive loss	(3,828)	(3,684)
Total shareholders' equity	807,495	685,787
Total liabilities and shareholders' equity	\$ 1,946,133	\$ 1,836,543

BOUTIQUE COUNT SUMMARY³

	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
Number of boutiques, beginning of period	117	113	114	106
New boutiques	3	2	6	8
Pop-up boutique converted to a permanent boutique	—	—	—	1
Repositioned to flagship boutique	—	(1)	—	(1)
Boutique closure	(1)	—	(1)	—
Number of boutiques, end of period	119	114	119	114
Repositioned boutiques	1	1	3	5