

ARITZIA

Fiscal 2024 Annual Report



Aritzia is a vertically integrated, innovative design house and boutique.

We believe in high quality, beautifully designed product.
We believe in aspirational environments and experiences.
We believe in personalized and engaging client service.
And we believe that all of this should be attainable.

We call this Everyday Luxury.

From Our Chief Executive Officer

Fiscal 2024 Highlights

In Fiscal 2024 we delivered \$2.3 billion in net revenue. This represents a 6% year-over-year increase after two years of unprecedented growth — 47% in Fiscal 2023 and 74% in Fiscal 2022. Our focus in Fiscal 2024 was on rightsizing our inventory, improving the composition of our product assortment and investing in the infrastructure required to support the increased scale of our business and help fuel our future growth. Simultaneously, we continued to offer exceptional service to our clients.

We made substantial progress in these five key areas.

- We expanded our distribution centre network to accommodate record volume. Part of this work included opening our brand-new 550,000 square foot facility in Ontario.
- We improved our inventory positioning, refined our product assortment and enhanced our proven operating model — which has served us well for decades.
- We executed our smart spending initiative, which resulted in annualized run-rate savings of more than \$60 million.
- We developed a pipeline of boutique openings in premier locations, including four brand-propelling flagship projects.
- We kicked off the process of integrating our digital channel to encompass everything from driving traffic to optimizing our omni-channel services.

Our world-class team did a phenomenal job setting us up for the next phase of growth. Looking forward, we're focused on investing in the scalability of our business to help ensure we can expand at a consistent, measured pace.



SALES CHANNEL HIGHLIGHTS

Our sales growth in Fiscal 2024 was driven by the progress of our real estate expansion strategy and resulted in a strong three-year compound annual growth rate ("CAGR") of 40%. Comparable sales¹ decreased 1% as we cycled a remarkable 28% increase in Fiscal 2023. We continued to expand our portfolio of boutiques in premier locations, with retail net revenue growing to \$1.55 billion — a 9% increase from last year. Across eCommerce, we see opportunity to elevate our recent performance, following three years of unprecedented growth from Fiscal 2021 to Fiscal 2023. In Fiscal 2024, our eCommerce net revenue grew to \$785 million, increasing 2% year-over-year and delivering a four-year eCommerce net revenue CAGR of 34%.

GEOGRAPHIC EXPANSION

Throughout Fiscal 2024, our increased investment in the United States continued to yield impressive results. We opened six new boutiques in key markets such as Charlotte, Indianapolis, Sacramento and Tampa — all of which performed strongly, with the cohort of Fiscal 2024 openings tracking to pay back in under 12 months. Net revenue in our United States business grew to \$1.23 billion in Fiscal 2024, an increase of 9% from last year on top of a 66% increase in Fiscal 2023 and a 132% increase in Fiscal 2022. The United States generates more than half of our total net revenue — and we continue to have a long runway of opportunity for growth ahead of us.

eCOMMERCE GROWTH

In Fiscal 2024, we made solid progress upgrading the technology that underpins our eCommerce platform, which will enable us to deliver best-in-class experiences to our new and loyal clients. We also began to invest more meaningfully in digital performance marketing to help amplify our product franchises, grow brand awareness in the United States and drive customer engagement. Further, we launched additional omni-channel services, Buy Online Ship From Store and Buy Online Pick Up In Store, which help optimize our inventory and lower our distribution costs.

INCREASED BRAND AWARENESS

During Fiscal 2024, our robust social media and influencer strategies, coupled with our beautiful product and real estate expansion strategy, continued to drive increased brand awareness, further propelling us toward widespread recognition across the United States. Our active client base in the United States has tripled in the past three years as we deliver Everyday Luxury to more people than ever before.

COMMUNITY

As Aritzia continues to grow, so does our potential to make an impact and create lasting change. We think of Community as the contributions we make to People and the Planet across our full value chain — from raw-material sourcing in our upstream operations to product end-of-life in our downstream operations. In Fiscal 2024, we demonstrated our commitment to minimizing Aritzia's environmental impact by supporting our finished-goods supplier facilities' participation in the Higg Facility Environment Module. We also appointed our first-ever Chief Impact Officer who has oversight of the equity, diversity and inclusion initiatives across Aritzia's culture.

¹ Certain metrics, including those expressed on an adjusted or comparable basis, are non-IFRS measures or supplementary financial measures. See "How We Assess the Performance of our Business", "Selected Financial Information" and "Non-IFRS Measures and Retail Industry Metrics".

Looking Forward

This year, we'll celebrate our fourth decade delivering Everyday Luxury, an accomplishment made possible by a strong foundation that continues to position us for success. As we mark our fortieth year in business, we'll continue to prioritize growing our boutique portfolio, delivering eCommerce 2.0 and acquiring new clients to fuel our momentum — always with a long-term approach in mind.

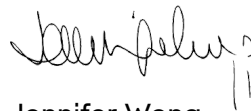
We have a robust pipeline of boutiques opening in Fiscal 2025, including our new flagship location in Chicago and the repositioning of two of our Manhattan flagships. Our total square footage growth will be 20-25%, with the vast majority occurring in the United States. We expect the increased pace of openings to propel retail sales growth and drive incremental eCommerce sales as we continue to expand into new markets.

In eCommerce, we believe our revenue growth will accelerate as we refine the composition of our product assortment. Additionally, a strategic focus on digital marketing, technology and omni-channel capabilities is expected to further support growth in our digital business.

As I reflect on Fiscal 2024, it's clear that our brand is strong, our financial position is solid and we have a tremendous, multi-year runway of growth in the United States stretching before us. I'm confident that our expansion strategy and targeted investments will maximize sales and create sustainable long-term value.

To our shareholders — thank you for your ongoing support and trust in our business plan. I look forward to sharing additional updates with you in the future.

Sincerely,



Jennifer Wong

Chief Executive Officer



Brands and Products

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 expansive range of fashion apparel and multi-brand strategy enables us to appeal to our clients across multiple aspects of their lifestyles and life stages. It's how we produce strong and enduring client loyalty. Our exclusive brands currently represent 96% of Aritzia's net revenue.

ARITZIA

wilfred wilfred free THE SUPER PUFF™ Little Moon

BABATON

The Group BABATON

TNA®



Sunday Best

GOLDEN
ARITZIA

DENIM FORUM

Destinations

We connect our clients to the energy of our culture through the product we sell and the environments we create. We sell our product through our boutiques and aritzia.com, giving us complete control of the presentation of our brand and the relationships with our clients.

We carefully consider each Aritzia destination – physical and digital – individually, taking care to provide our clients with aspirational shopping experiences and exceptional service with every interaction.

We believe our boutiques and aritzia.com are synergetic – the success of each channel benefits the other, driving brand affinity and awareness. We continue to build out omni-channel capabilities to seamlessly provide an Everyday Luxury experience so our clients can shop wherever, whenever, however.



¹Boutique count at the end of Fiscal 2024, excluding four Reigning Champ boutiques.

Future Growth

Our approach to future growth is a thoughtfully devised roadmap that's focused on long-term profitability. We will continue to make strategic investments in our people, processes and technology to help capitalize on opportunities and accelerate the continued expansion of Aritzia.

1. Geographic Expansion

Historically, opening new boutiques has been the most consistent, predictable driver of incremental net revenue and continues to be a key pillar of Aritzia's growth strategy. Our boutiques drive sales, build brand awareness, propel client acquisition and fuel our eCommerce channel. Payback periods on our new boutiques continue to trend below our target of 12 to 18 months due to strong sales performance and the management of build-out costs and landlord allowances.

We see opportunities for us to acquire prime real estate and believe we have a meaningful opportunity to expand our boutique network, particularly in the United States. We have identified a minimum of 150 locations that meet our exacting criteria and will continue to take a disciplined approach to opening new boutiques with a sharp focus on best-in-class locations.

2. eCommerce Growth

We take an omni-channel approach to our eCommerce business to seamlessly mirror our Everyday Luxury experience for our clients who shop online. After launching eCommerce in Fiscal 2013, increases in online traffic drove eCommerce revenue growth of 36% on a compounded annual basis from Fiscal 2016 to Fiscal 2024. eCommerce revenue was 34% of total net revenue in Fiscal 2024, compared to 23% pre-pandemic (Fiscal 2020). We continue to invest in our digital capabilities to support our eCommerce business and plan to further fuel eCommerce growth by delivering eCommerce 2.0 – an elevated online platform that will connect clients to tailored product discovery, creative innovation and intuitive experiences.





3. Increased Brand Awareness

We drive increased brand awareness through real estate and marketing strategies designed to attract new clients and deepen the loyalty of existing clients. These strategies have been successfully propelling our brand, so much so that our active client base has more than tripled in the United States over the past three years. Our premier real estate locations, aspirational boutique designs and high-touch services all highlight the unique ethos and aesthetic of our exclusive brands — as well as Aritzia's overall dedication to delivering Everyday Luxury. We extend this elevated experience online, acquiring and engaging customers in relevant segments through strategic digital marketing that reaches beyond our retail footprint.

ENVIRONMENT, SOCIAL & GOVERNANCE

Our Community Strategy

Aritzia proudly acknowledges the role we must play in accelerating our Environmental, Social, and Governance (ESG) commitments and performance. As our business grows, so does our potential to make an impact and create lasting change.

At Aritzia, Community refers to the contributions we make to People and the Planet. Community is integral to who we are and what we do. Our Community scope spans Aritzia's full value chain – from raw material sourcing in our upstream operations through to product end-of-life in our downstream operations.

With the guidance of our Board's Environmental & Social Committee and the leadership of our executive Community Committee (reconstituted the Community Taskforce in Fiscal 2025), we continue to refine our strategies to deliver Everyday Luxury responsibly and sustainably.



Our Results

PEOPLE

- Contributed more than \$12.2 million in financial support volunteer hours and product donations to Aritzia Community™ partners and nonprofit organizations that share our values
- Provided over 80,000 hours of formal training to our People across all workplaces
- Continued to expand our Supplier Workplace Standards Program to some fabric and trim (Tier 2) suppliers' facilities
- Piloted our Worker Voice Program to amplify the voices of individuals working in our supply chain, starting with six finished-goods suppliers (Tier 1)

PLANET

- 100% of the energy fuelling our Boutiques, Support Offices and distribution centres comes from renewable sources¹ achieved through purchased Renewable Energy Credits (RECs)
- 84% of our finished-goods suppliers' facilities² have adopted the Higg Facility Environment Module (FEM), while maintaining an average performance score of 68% (above the industry average of 55%)
- By weight, 34% of the raw materials used in our 2023 collections met an independent third-party lower impact environmental or social certification
- By weight, 37% of the polyester in our 2023 collections came from a recycled source certified by the Global Recycle Standard (GRS) or Recycled Claims Standard (RCS)
- Developed draft greenhouse gas emissions reduction targets to be submitted to the Science Based Target initiative. We are finalizing the details and are on track to publish by November 2024

¹ Purchased Renewable Energy Credits (RECs) in Canada and the USA equivalent to our electricity consumption.

² Finished goods suppliers' environmental performance from calendar year 2022 is evaluated during calendar year 2023 and reported in Fiscal 2024 for our exclusive brands.

Our Priorities

Informed by our Materiality³ Assessment, Aritzia's Community priorities span across our value chain, with People and Planet initiatives embedded cross-functionally throughout our organization. These priorities aim to improve the lives of the people who propel our business forward — those who make Aritzia products or live within our surrounding communities — and to reduce the impact our operations and products have on the Planet. As part of our Community strategy, and aligned with our material impacts, we have identified priorities for the next year and beyond.

These include:

PEOPLE

- Build and scale People & Culture infrastructure to attract, retain and develop high-performing talent
- Further invest in Equity, Diversity & Inclusion resources and programs
- Expand and continue to monitor, safeguard and mitigate risks related to the human rights and workplace standards of people in our supply chain
- Continue to support community organizations with financial support, volunteer hours and product donations

PLANET

- Expand the use of lower-impact materials in our products and packaging
- Finalize mid-term and long-term greenhouse gas emission reduction targets
- Monitor supplier environmental performance and partner on identified opportunities for improvement
- Assess water stewardship opportunities and finalize water strategy

GOVERNANCE

- Refine our processes to assess and manage People & Planet risks as an integrated part of our enterprise risk management function
- Define an ESG reporting strategy and roadmap for the anticipated adoption of the Canadian Sustainability Disclosure Standards (CSDS), as they may be modified by Canadian securities or other regulators, and continue to advance our disclosures on performance against our Community goals and priorities. The CSDSs are aligned with the global International Sustainability Standards Board (ISSB).

- Continue to evaluate solutions to improve visibility and traceability throughout our supply chain

For a detailed discussion on our approach, performance and practices, refer to the Aritzia Community | ESG Report, available on Aritzia's



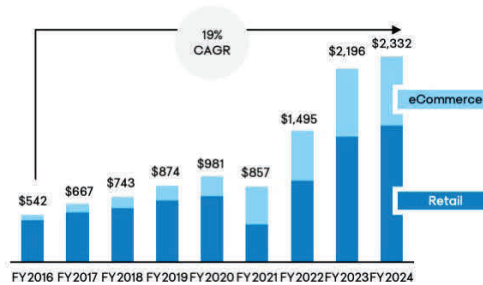
³ In this Environment, Social & Governance section we provide voluntary disclosures on sustainability topics, including climate-related matters, that may not meet the definition of materiality under applicable securities laws. When we discuss "materiality" in this context, it may be different than how we consider materiality for disclosure requirements under applicable securities laws and stock exchange requirements.

Proven Results

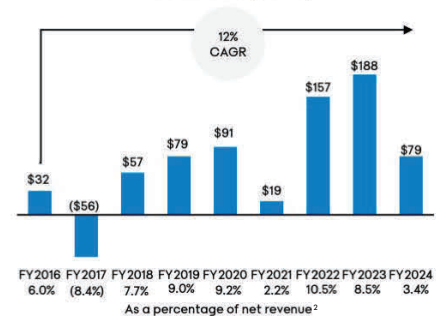
Comparable Sales^{1,2} Growth (Decline)

	Q1	Q2	Q3	Q4	Annual
FY2016	25.8%	20.8%	15.4%	9.2%	16.7%
FY2017	12.8%	16.4%	15.1%	12.3%	14.1%
FY2018	9.3%	5.4%	6.3%	6.0%	6.6%
FY2019	10.9%	11.5%	12.9%	5.5%	9.8%
FY2020	7.9%	8.4%	5.1%	8.9%	7.6%
FY2021	n/a	n/a	n/a	n/a	n/a
FY2022	n/a	n/a	n/a	n/a	n/a
FY2023	29.4%	28.3%	22.8%	32.2%	28.2%
FY2024	4.1%	(4.3)%	0.5%	(3.0)%	(1.0)%

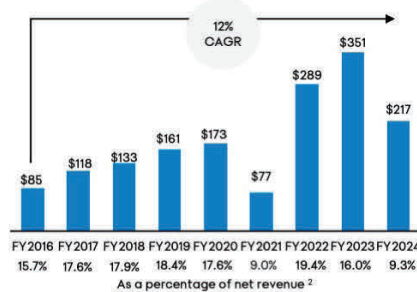
Net Revenue (\$ millions)



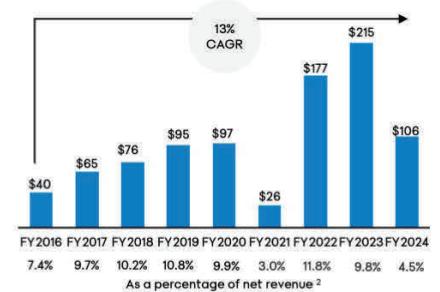
Net Income (\$ millions)



Adjusted EBITDA² (\$ millions)



Adjusted Net Income² (\$ millions)



¹ Results in Fiscal 2021 and Fiscal 2022 reflect temporary boutique closures and severe occupancy restrictions due to the COVID-19 pandemic. As temporary boutique closures in Fiscal 2021 and Fiscal 2022 resulted in all boutiques being removed from our comparable store base, we believe total comparable sales growth was not representative of the underlying trends of our business. We do not believe this metric is useful to investors in understanding performance and therefore have not reported this metric for Fiscal 2021 or Fiscal 2022.

² Adjusted EBITDA and Adjusted Net Income are non-IFRS financial measures, Adjusted EBITDA as a percentage of net revenue and Adjusted Net Income as a percentage of net revenue are non-IFRS ratios and comparable sales is a supplementary financial measure. See the sections entitled "How We Assess the Performance of our Business", "Selected Financial Information" and "Non-IFRS Measures and Retail Industry Metrics" in our annual MD&A for Fiscal 2024 dated May 2, 2024. A quantitative reconciliation of Net Income to EBITDA, Adjusted EBITDA, Adjusted EBITDA as a percentage of net revenue, Adjusted Net Income and Adjusted Net Income as a percentage of net revenue can be found on page 8 of our Fiscal 2024 MD&A, page 8 of annual MD&A for Fiscal 2023 dated May 2, 2023, page 8 of our annual MD&A for Fiscal 2022 dated May 5, 2022, page 7 of our annual MD&A for Fiscal 2021 dated May 11, 2021, page 15 of our annual MD&A for Fiscal 2020 dated May 28, 2020, and page 12 of our annual MD&A for Fiscal 2019 dated May 9, 2019, page 13 of our annual MD&A for Fiscal 2018 dated May 10, 2018 and page 11 of our annual MD&A for Fiscal 2017 dated May 10, 2017, filed on SEDAR+ at www.sedarplus.com, which reconciliations are incorporated herein by reference.

Operational and Financial Summary

SELECTED FINANCIAL INFORMATION

(in thousands of Canadian dollars, unless otherwise noted)

	Fiscal 2024 53 Weeks	Fiscal 2023 52 Weeks	Fiscal 2022 52 Weeks	Fiscal 2021 52 Weeks	Fiscal 2020 52 Weeks
Financial Summary:					
Net revenue	\$ 2,332,350	\$ 2,195,630	\$ 1,494,630	\$ 857,323	\$ 980,589
Cost of goods sold	1,433,369	1,281,638	839,678	544,818	577,165
Gross profit	898,981	913,992	654,952	312,505	403,424
Selling, general and administrative	708,783	602,469	392,802	250,726	243,362
Stock-based compensation expense	31,784	24,369	26,131	10,691	7,790
Income from operations	158,414	287,154	236,019	51,088	152,272
Finance expense	49,091	31,263	25,202	28,420	28,319
Other expense (income)	(5,287)	(7,916)	(8,783)	(3,534)	(2,185)
Income before income taxes	114,610	263,807	219,600	26,202	126,138
Income tax expense	35,830	76,219	62,683	6,975	35,544
Net income	\$ 78,780	\$ 187,588	\$ 156,917	\$ 19,227	\$ 90,594
Net income per diluted share	\$ 0.69	\$ 1.63	\$ 1.36	\$ 0.17	\$ 0.81
Adjusted EBITDA ⁽¹⁾	\$ 217,056	\$ 351,181	\$ 289,385	\$ 76,812	\$ 172,572
Adjusted Net Income ⁽¹⁾	\$ 105,557	\$ 214,771	\$ 176,736	\$ 26,028	\$ 97,388
Adjusted Net Income per Diluted Share ⁽¹⁾	\$ 0.92	\$ 1.86	\$ 1.53	\$ 0.23	\$ 0.87
Weighted average number of diluted shares outstanding (thousands)	114,194	115,301	115,784	112,844	112,128
Cash and cash equivalents	\$ 163,277	\$ 86,510	\$ 265,245	\$ 149,147	\$ 117,750
Capital cash expenditures (net of proceeds from lease incentives) ⁽¹⁾	\$ (155,256)	\$ (112,050)	\$ (52,607)	\$ (42,529)	\$ (36,253)
Free cash flow ⁽¹⁾	\$ 99,502	\$ (119,656)	\$ 221,937	\$ 36,306	\$ 117,246
Percentage of Net Revenue:					
Gross profit	38.5%	41.6%	43.8%	36.5%	41.1%
Selling, general and administrative	30.4%	27.4%	26.3%	29.2%	24.8%
Net income	3.4%	8.5%	10.5%	2.2%	9.2%
Adjusted EBITDA ⁽¹⁾	9.3%	16.0%	19.4%	9.0%	17.6%
Adjusted Net Income ⁽¹⁾	4.5%	9.8%	11.8%	3.0%	9.9%
Other Metrics:					
Year-over-year net revenue growth (decline)	6.2%	46.9%	74.3%	(12.6)%	12.2%
Comparable sales ⁽¹⁾ growth (decline)	(1.0)%	28.2%	n/a	n/a	7.6%
Boutiques:⁽²⁾					
Number of boutiques, end of period	119	114	106	101	96
New boutiques	6	8	6	7	5
Pop-up boutique converted to permanent boutique	-	1	-	-	-
Repositioned to a flagship boutique	-	(1)	-	(1)	-
Boutique closure	(1)	-	(1)	-	-
Boutique closed due to mall redevelopment	-	-	-	(1)	-
Repositioned boutiques	3	5	6	3	3

¹ Adjusted EBITDA and Adjusted Net Income are non-IFRS financial measures; Adjusted Net Income per Diluted Share, Adjusted EBITDA as a percentage of net revenue and Adjusted Net Income as a percentage of net revenue are non-IFRS ratios; capital cash expenditures (net of proceeds from lease incentives) and free cash flow are capital management measures; and gross profit margin and comparable sales are supplementary financial measures. Please see the sections entitled "How We Assess the Performance of Our Business", "Selected Consolidated Financial Information" and "Non-IFRS Measures and Retail Industry Metrics" below for further details concerning these measures, including definitions and reconciliations to the relevant reported IFRS measure.

² There were four Reigning Champ boutiques in Fiscal 2024, Fiscal 2023 and Fiscal 2022 which are excluded from the boutique count.

Certain statements made in this Annual Report may constitute forward-looking information under applicable securities laws, including statements relating to: our strategic focus on investments in the scalability of our business, digital marketing, technology and omni-channel capabilities; our expectations with respect to our growth runway in the United States; our investments in eCommerce, including our plans to deliver eCommerce 2.0, and the anticipated results therefrom; our approach and expectations with respect to our boutique portfolio, including the pace and timing of openings, square footage growth and the anticipated results therefrom; our ability to successfully open new boutiques in line with expected store economics, including average payback periods; our expectations with respect to revenue growth in eCommerce; our strategic growth levers including geographic expansion, eCommerce growth and increased brand awareness; and our Community priorities, environmental, social and governance initiatives and related statements regarding our commitment to establish greenhouse gas emission reduction targets. 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. 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 below and our annual information form for the fiscal year ended March 3, 2024, which is incorporated by reference into this Annual Report. Please refer to the "Forward-Looking Information" section below for further details about forward-looking information.

Management's Discussion & Analysis



ARITZIA

Aritzia Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS Fiscal Year Ended March 3, 2024

May 2, 2024

The following Management's Discussion and Analysis ("MD&A") dated May 2, 2024 is intended to assist readers in understanding the business environment, strategies and performance and risk factors of Aritzia Inc. (together with its consolidated subsidiaries, referred to herein as "Aritzia", the "Company", "we", "us" or "our"). This MD&A provides the reader with a view and analysis, from the perspective of management, of the Company's financial results for the 14-week and 53-week periods ended March 3, 2024. This MD&A should be read in conjunction with the Company's audited annual consolidated financial statements and accompanying notes for Fiscal 2024 (as hereinafter defined).

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 expectations as to the Company's Fiscal 2025 financial outlook,
- our ability to achieve strong boutique sales productivity,
- our approach and expectations with respect to boutique growth, expansion and enhancements, including boutique payback period expectations and timing of openings,
- our eCommerce growth, including our plans to deliver our eCommerce 2.0 strategy, invest in our digital capabilities, and the anticipated results therefrom,
- our expectations with respect to our omni-channel capabilities including the enhancement of new capabilities, expected timing for further roll-out of certain omni-channel services to stores, and the anticipated results therefrom,
- our ability to maintain momentum in our business and advance our strategic growth levers including geographic expansion, eCommerce growth and increased brand awareness,
- our continued monitoring and diversification of our supplier base, our vendor self-certification process and the anticipated results therefrom,
- our expectations and plans regarding the construction, completion and future operation of our new distribution facility in Delta, British Columbia, plans relating to the use of our current facility in New Westminster, British Columbia, our expansion and retrofitting plans for our distribution facility in Columbus, Ohio, and the anticipated results therefrom,
- our expectations with respect to liquidity,
- our use of financial instruments and risk mitigation strategies,
- our trend expectations with respect to selling, general and administrative expenses,
- our future investment opportunities,
- our ability to respond to consumer trends and produce enduring client loyalty,
- the number of subordinate voting shares which may be purchased under the 2024 NCIB (as defined herein), and
- our environmental, social and governance initiatives.

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.

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 this MD&A and the Company's annual information form for Fiscal 2024 (the "AIF") which are incorporated by reference into this document. A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on the System for Electronic Document Analysis and Retrieval + ("SEDAR+") at www.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.

BASIS OF PRESENTATION

Our audited annual consolidated financial statements and unaudited condensed interim consolidated financial statements (together, the “consolidated financial statements”) have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”), using the accounting policies described therein. All amounts are presented in thousands of Canadian dollars unless otherwise indicated. We manage our business on the basis of one operating and reportable segment.

All references in this MD&A to “Q2 2024” are to our 13-week period ended August 27, 2023, to Q3 2024 are to our 13-week period ended November 26, 2023, 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, and to “Q1 2025” are to our 13-week period ending June 2, 2024. All references in this MD&A to “Fiscal 2027” are to our 52-week period ending February 28, 2027, to “Fiscal 2026” are to our 52-week period ending March 1, 2026, to “Fiscal 2025” are to our 52-week period ending March 2, 2025, to “Fiscal 2024” are to our 53-week period ending March 3, 2024, to “Fiscal 2023” are to our 52-week period ended February 26, 2023 and to “Fiscal 2022” are to our 52-week period ended February 27, 2022.

The audited annual consolidated financial statements and accompanying notes for Fiscal 2024 and this MD&A were authorized for issue by the Company’s Board of Directors (the “Board of Directors”) on May 2, 2024.

Documents referenced herein are not incorporated by reference into this MD&A, unless such incorporation by reference is explicit.

OVERVIEW

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.™

RECENT EVENTS

Normal Course Issuer Bid (“NCIB”)

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.

FINANCIAL HIGHLIGHTS

We refer the reader to the section entitled "How We Assess the Performance of Our Business" of this MD&A for the definition of the items discussed below and, when applicable, to the table entitled "Reconciliation to Non-IFRS Financial Measures" for reconciliations of non-IFRS financial measures with the most directly comparable IFRS financial measure.

Q4 2024

- **Net revenue** increased 7.0% from Q4 2023 to \$682.0 million, including the benefit from the 53rd week, with comparable sales¹ 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**¹ 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**¹ 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**¹ of \$0.34 per share, compared to \$0.40 per share in Q4 2023

Fiscal 2024

- **Net revenue** increased 6.2% to \$2.33 billion, compared to \$2.20 billion in Fiscal 2023, with comparable sales¹ decline of 1.0%, compared to growth of 28.2% in Fiscal 2023
- **United States net revenue** increased 9.4% from Fiscal 2023 to \$1.23 billion, comprising 52.6% of net revenue in Fiscal 2024
- **Retail net revenue** increased 8.5% from Fiscal 2023 to \$1.55 billion
- **eCommerce net revenue** increased 2.0% from Fiscal 2023 to \$785.3 million, comprising 33.7% of net revenue in Fiscal 2024
- **Gross profit margin**¹ decreased 310 bps to 38.5% from 41.6% in Fiscal 2023
- **Selling, general and administrative expenses** as a percentage of net revenue increased 300 bps to 30.4% from 27.4% in Fiscal 2023
- **Net income** decreased 58.0% from Fiscal 2023 to \$78.8 million
- **Adjusted EBITDA**¹ decreased 38.2% from Fiscal 2023 to \$217.1 million
- **Net income per diluted share** of \$0.69 per share, compared to \$1.63 per share in Fiscal 2023
- **Adjusted Net Income per Diluted Share**¹ of \$0.92 per share, compared to \$1.86 per share in Fiscal 2023

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

¹ See the sections below entitled "How We Assess the Performance of our Business", "Selected Financial Information" and "Non-IFRS Measures and Retail Industry Metrics" for further details concerning gross profit margin, comparable sales, Adjusted EBITDA, Adjusted EBITDA as a percentage of net revenue, Adjusted Net Income and Adjusted Net Income per Diluted Share including definitions and reconciliations of each non-IFRS financial measure to the relevant reported IFRS financial measure. Non-IFRS financial measures and non-IFRS ratios do not have a standardized meaning under IFRS, which is used to prepare the Company's financial statements and might not be comparable to similar financial measures presented by other entities.

- 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

OUTLOOK

A discussion of management's expectations as to the Company's financial outlook for Fiscal 2025 is contained in the Company's press release dated May 2, 2024, "Aritzia Reports Fourth Quarter and Fiscal 2024 Financial Results" under the heading "Outlook". 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". These press releases are available on SEDAR+ at www.sedarplus.com under the Company's profile and on our website at investors.aritzia.com.

SELECTED FINANCIAL INFORMATION

The following table summarizes our recent results of operations for the periods indicated. The selected consolidated financial information set out below for Q4 2024 and Q4 2023 is unaudited.

Selected Consolidated Financial Information				
<i>(in thousands of Canadian dollars, unless otherwise noted)</i>				
	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
Financial Summary:				
Net revenue	\$ 681,970	\$ 637,582	\$ 2,332,350	\$ 2,195,630
Cost of goods sold	420,723	395,422	1,433,369	1,281,638
Gross profit	261,247	242,160	898,981	913,992
Selling, general and administrative	196,835	171,299	708,783	602,469
Stock-based compensation expense	15,356	3,157	31,784	24,369
Income from operations	49,056	67,704	158,414	287,154
Finance expense	12,429	9,501	49,091	31,263
Other expense (income)	(478)	4,052	(5,287)	(7,916)
Income before income taxes	37,105	54,151	114,610	263,807
Income tax expense	12,898	16,813	35,830	76,219
Net income	\$ 24,207	\$ 37,338	\$ 78,780	\$ 187,588
Net income per diluted share	\$ 0.21	\$ 0.32	\$ 0.69	\$ 1.63
Adjusted EBITDA ²	\$ 72,545	\$ 79,354	\$ 217,056	\$ 351,181
Adjusted Net Income ²	\$ 38,223	\$ 46,671	\$ 105,557	\$ 214,771
Adjusted Net Income per Diluted Share ²	\$ 0.34	\$ 0.40	\$ 0.92	\$ 1.86
Weighted average number of diluted shares outstanding (thousands)	114,096	115,249	114,194	115,301
Cash and cash equivalents	\$ 163,277	\$ 86,510	\$ 163,277	\$ 86,510
Capital cash expenditures (net of proceeds from lease incentives) ²	\$ (41,681)	\$ (38,503)	\$ (155,256)	\$ (112,050)
Free cash flow ²	\$ 22,871	\$ (49,193)	\$ 99,502	\$ (119,656)
Percentage of Net Revenue:				
Gross profit	38.3%	38.0%	38.5%	41.6%
Selling, general and administrative	28.9%	26.9%	30.4%	27.4%
Net income	3.5%	5.9%	3.4%	8.5%
Adjusted EBITDA ²	10.6%	12.4%	9.3%	16.0%
Adjusted Net Income ²	5.6%	7.3%	4.5%	9.8%
Other Metrics:				
Year-over-year net revenue growth	7.0%	43.5%	6.2%	46.9%
Comparable sales ² growth (decline)	(3.0)%	32.2%	(1.0)%	28.2%

² Please see this section titled "Selected Financial Information", "How We Assess the Performance of Our Business" and "Non-IFRS Measures and Retail Industry Metrics" sections of this MD&A for further details on these financial and operating measures.

The following tables provide selected consolidated information for the three most recently completed fiscal years. For a discussion of factors that caused changes in our business between Fiscal 2023 and Fiscal 2022, please refer to the "Results of Operations" section of our Fiscal 2023 MD&A dated May 2, 2023.

Selected Consolidated Financial Information

<i>(in thousands of Canadian dollars, except per share amounts)</i>	Fiscal 2024	Fiscal 2023	Fiscal 2022
Net revenue	\$2,332,350	\$2,195,630	\$1,494,630
Net income	78,780	187,588	156,917
Net income per share			
Basic	0.71	1.70	1.42
Diluted	0.69	1.63	1.36

Selected Consolidated Financial Position Information

<i>(in thousands of Canadian dollars, unless otherwise noted)</i>	As at March 3, 2024	As at February 26, 2023	As at February 27, 2022
Total assets	\$1,946,133	\$1,836,543	\$1,424,586
Total non-current liabilities	735,206	733,456	506,450

The following table provides a reconciliation of net income to EBITDA, Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per Diluted Share for the periods indicated.

Reconciliation to Non-IFRS Financial Measures

(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 ³	(39,401)	(31,839)	(145,671)	(107,851)
Unrealized loss (gain) on equity derivative contracts	(6,434)	6,136	5,189	6,093
Realized gain on equity derivative 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 (gain) on equity derivative contracts	(6,434)	6,136	5,189	6,093
Realized gain on equity derivative 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

³ Rent Impact from IFRS 16, Leases

(in thousands of Canadian dollars)

	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
Depreciation on 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)

The following table reconciles comparable sales to net revenue for the periods indicated.

(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

The following table reconciles cash used in investing activities to capital cash expenditures (net of proceeds from lease incentives) for the periods indicated.

(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)

The following table reconciles net cash generated from operating activities to free cash flow for the periods indicated.

(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)

SUMMARY OF FACTORS AFFECTING PERFORMANCE

We generally believe that our performance and future success depend on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below. See also the “Risk Factors” section of this MD&A, and in our AIF.

Our Brand and Products

Our exclusive mix of fashion brands offer a strategic and thoughtfully conceived, designed, and developed collection of products. In addition to our exclusive fashion brands, we also position product under the Aritzia brand. Aritzia-branded products are beloved styles and fabrics that — of everything we make — are the most iconically Aritzia. We believe that a key area of differentiation for us is that we design apparel and accessories to enable us to reach many different groups of clients. Our sourcing and manufacturing strategy gives us control over our supply chain and provides us with the flexibility to optimize our brand mix as needed to address changes in client demand and fashion preferences. This has been critical to our ability to grow while also reducing risk.

Our exclusive mix of fashion brands and products are supported by in-house design teams focused on creating beautiful, quality products that align with the unique positioning, look and feel of each brand. Each of our exclusive mix of fashion brands has its own vision and distinct aesthetic point of view. As a group, they are united by an

unwavering commitment to Everyday Luxury product using superior fabrics, meticulous construction and relevant, effortless design.

Our exclusive mix of fashion brands and products currently represent approximately 96% of Aritzia's net revenue. Our broad product assortment includes t-shirts, blouses, sweaters, jackets, coats, pants, shorts, skirts, dresses, denim, accessories, and Reigning Champ men's wear for each season. We strive to maintain a flexible mix of historically successful items and new seasonal styles. Our changing product mix is a blended reflection of client demands and fashion direction. This strategic mix helps us to drive client conversion by delivering fashion must-haves, while still generating a meaningful proportion of revenue from our fashion essentials. We complement our exclusive product mix with a strategically chosen selection of premium denim, accessories and footwear from leading contemporary, third-party brands. Our expansive and diverse range of fashion apparel and accessories addresses a broad range of style preferences and lifestyle requirements for our clients, producing strong and enduring client loyalty.

Product Strategy

We control the design, merchandise planning, sourcing, production and retail functions of our exclusive brands and complement this with third-party brands as appropriate. Product design and quality are meticulously evaluated and controlled by us, from fabrics to trims, and styling to fit.

Creative Development

We have talented teams of designers who focus on creating products featuring high quality fabrics, considered detailing and sophisticated construction. Our product design and development process builds on client favourites while taking new fashion trends into account with the goal of creating fashion must-haves each season. Our strategy centers on our ability to create enough new styles to maintain freshness in our assortment over time. Our technical team ensures all products are executed in a manner that is consistent with our design and delivers superior fit and sophisticated construction in the production of our exclusive brands. We partner with high quality mills and suppliers to create and sample garments, which are fit-tested before production. We strive to ensure that the quality of our raw materials and the finished product are all held to our Everyday Luxury standards and the expectations of our clients.

Merchandise Planning

Our demand-driven merchandise planning, buying and inventory strategies have been developed and refined for 40 years.

We generate a meaningful proportion of revenue from our client favourites while helping to drive excitement through new seasonal product assortment. We analyze sales data in order to make inventory adjustments and to respond to the latest trends.

Our inventory management processes and systems provide us with the ability to optimize inventory across geographies and channels to ensure that each boutique and aritzia.com is merchandised with products that resonate with local preferences. We actively monitor sell-through rates and manage the mix of product categories in our boutiques and aritzia.com. We endeavour to respond to emerging trends in a timely manner, minimize our dependence on any particular category, style or fabrication and preserve a balanced, coordinated presentation of merchandise within each boutique while striving to offer our client the entire assortment online. We believe that our disciplined merchandise planning strategy allows us to optimize inventory levels and maximize full-price sales.

Sourcing and Production

We contract and maintain direct relationships with a diversified base of independent suppliers and manufacturers for our exclusive brands who provide us with the flexibility to source high quality materials and products at competitive costs. We believe that our approach of sourcing a majority of our raw materials and working directly with suppliers and manufacturers enhances our ability to create beautiful and high-quality products in a timely manner.

We source the majority of our raw materials directly from mills, trim suppliers and manufacturers, which we believe to be best in class, located primarily in China, India, Italy, Japan, South Korea, and Taiwan that uphold our standards for quality, lead time and cost. Our finished goods are sourced from manufacturers located in Austria, Cambodia, China, Guatemala, India, Italy, Peru, Philippines, Portugal, Romania, Slovenia, Sri Lanka Turkey, U.S. and Vietnam. We continue to monitor and diversify our supplier base, taking into consideration the geo-political and economic environment to mitigate risk. Capacity planning with our manufacturers is done at the beginning of the season to help ensure flexibility. We engage third parties to inspect our manufacturers' factories to help ensure

quality control and engage independent expert service providers to conduct factory audits for compliance with local laws and regulations and global standards. We have launched a vendor self-certification process for quality assurance and inspection. We believe this will help ensure a greater execution of our quality expectations and to allow for vendors to reduce cycle time. We have implemented a Supplier Code of Conduct and initiatives to increase transparency with respect to the origins of our raw materials.

Boutiques

We have developed our boutique network in a measured and disciplined manner. We have a portfolio of boutiques situated in premier real estate locations in high performing retail malls and high streets in Canada and the United States. Our strong boutique sales productivity continues to make us a sought-after tenant for top quality locations in premier shopping destinations. In addition to opening new boutiques, we generate attractive returns on capital by enhancing elements of our existing boutiques (including footprint, layout and assortment) through carefully considered boutique repositions. We continue to elevate our boutique design and believe we deliver a fully immersive experience including enhancing the sensory experience by adding A-OK cafes in select boutiques.

The following table summarizes the change in Aritzia's boutique count for the periods indicated (excluding Reigning Champ brand boutiques).

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

In addition, there were four Reigning Champ brand boutiques as at March 3, 2024 and February 26, 2023.

eCommerce Growth

We continue to invest in our digital capabilities to support our eCommerce business, and we plan to fuel eCommerce growth by delivering against our Aritzia eCommerce 2.0 strategy, featuring tailored product discovery, creative innovation, and intuitive experiences. We aspire to connect clients to Everyday Luxury, offering beautiful product, tailored experiences, and endless inspiration to be a leading eCommerce business.

The strategy behind Aritzia eCommerce 2.0 has the following components, which is our value proposition that we believe highlights our unique competitive advantage:

- *We plan to deliver tailored product discovery:* We plan to enable clients to discover all we have to offer, while personalizing suggestions for their individual taste, style and preferences. We have made significant progress leveraging advanced business intelligence and behaviour analytics to further enhance our understanding of our clients. This includes optimizing our online operations to enhance personalization which we believe will drive higher conversion and client loyalty. Aritzia.com showcases our entire product assortment, and our brands are designed for a segment of our overall client base. We also plan to increase our online exclusive assortment, offering unique benefits for our clients to shop online. We aim to inspire the client to discover our diverse assortment, while content is tailored to their individual style and preferences to keep them engaged.
- *We plan to deliver creative innovation:* With an emphasis on form, creative innovation keeps our eCommerce experience at the forefront of cool. This extends to service, operations and technology. We aim to continuously raise the bar across both form and function. Whether it be aspirational site design, how we merchandise, captivating content and communications, or coming up with a creative technology solution – we plan to redefine the norms.
- *We plan to deliver an intuitive experience:* Our eCommerce platform aims to provide our clients further ease of use at all touchpoints. A word that is often used to describe Everyday Luxury is effortless, and this is the digital interpretation. We strive to offer a seamless, integrated, and highly shoppable experience.

Aritzia is focused on improving the digital experience across all devices (e.g., desktop, mobile, tablet) to work towards making shopping even more frictionless than it is today. The core areas of our client's digital journey including discovery, evaluating, and purchase are continuously improved.

Distribution Facilities

Our current distribution network consists of three distribution centres, two in Canada and one in the United States, that are well positioned to service our boutiques and eCommerce business. Our distribution centres include a 223,000 square foot facility in New Westminster, British Columbia, a newly-opened 550,000 square foot facility in Vaughan, Ontario, and a 560,000 square foot third-party facility in Columbus, Ohio.

We operate our distribution centres located in New Westminster, British Columbia and Vaughan, Ontario, while the distribution centre located in Columbus, Ohio is operated by a third-party logistics provider. Our inventory is centrally managed and shared amongst our boutiques and eCommerce business.

In Fiscal 2024, we opened our new 550,000 square foot distribution centre in Vaughan, Ontario. This new facility is in-sourced and replaces our previous 150,000 square foot facility operated by a third-party logistics provider in Mississauga, Ontario. This facility is currently in full operation and meeting all of our performance goals.

In Fiscal 2024, construction commenced on a new 380,000 square foot facility in Delta, British Columbia. When completed, this new facility will be operated by us and is expected to be operational in Fiscal 2026. We plan to retain our current facility in New Westminster, British Columbia for storage and office space purposes, among other things. We plan on implementing increased automation, including robotic equipment in this new facility to increase our efficiencies and throughput.

In Fiscal 2024, we expanded and took over the entire building in our Columbus, Ohio distribution centre, resulting in an additional 305,000 square feet for a total of approximately 560,000 square feet in that facility. We plan to commence retrofitting work in this facility in Fiscal 2025 to optimize our operations.

Our current facilities are set up to flexibly manage multi-channel and omni-channel demands, as our business continues to grow, and these further expansions will also support both our retail and eCommerce businesses with added capacity to handle higher levels of throughput.

Omni-Channel Capabilities

In Fiscal 2024, we successfully launched new omni channel capabilities, including Buy Online, Ship From Store and Buy Online, Pick Up In Store. These new capabilities will help maximize sales and profitability and ensure our store teams are operating efficiently.

The Omni Project is built on the foundation of our point-of-sale system and investment in digital selling tools to enable omni-channel capabilities and optimize our technical systems and architecture. The project brought to life a new order fulfillment solution, the physical optimization of our backroom spaces, foundational order sourcing technology, and enhancements to our digital customer experience. The omni channel capabilities are as follows:

- Buy Online, Ship From Store – Launched in 60 stores in Canada and 50 stores in the U.S. This new capability introduces store inventory online, ensuring our full product assortment is available on aritzia.com. It also enables strategic targeting of inventory across our network of boutiques and minimizes delivery time to our clients.
- Buy Online, Pick-up In Store – Launched in 8 stores in Canada and 3 in the U.S. in Fiscal 2024, additional stores will be added early in Fiscal 2025. This capability provides clients with the option to pick up their online order in store. Building on store inventory visibility, this capability further integrates the online and in-store experiences leveraging the strong service in our boutiques to deliver an elevated, yet convenient experience. It is expected to also drive traffic to stores and lead to additional opportunities for purchases upon pick up.
- Store Inventory Visibility – Launched in Fiscal 2022, this functionality enhances the client experience on aritzia.com by providing visibility of product availability in stores. This initiative drives cross-channel shopping behavior and reduces contacts to our Concierge team by enabling clients to self-serve on common product availability related questions.

We've also made meaningful improvements to the availability of fulfillment data and analytics as well as tools to maintain inventory accuracy which has resulted in improved fulfillment rates in stores.

Environment, Social & Governance ("ESG")

As a prominent player in the fashion industry, Aritzia acknowledges the role it must play in accelerating its ESG commitments and performance. As we continue to grow our business, we remain dedicated to making year-over-year progress on our impact priorities and against our targets. At Aritzia, Community refers to the contributions we make to People and the Planet. The Community scope spans Aritzia's full value chain — from raw material sourcing in our upstream operations, through to product end-of-life in our downstream operations. With the goal to strengthen our positive impact, initiatives and oversight are shared throughout our organization. We seek to take an evidence-based approach and to deliver long-term impact.

Our priorities are aligned with the findings in our materiality assessment — which identifies our material impacts, opportunities and risks, as well as The Sustainability Accounting Standards Board's (SASB) reporting framework, the United Nations Sustainable Development Goals (UNSDGs), and the Taskforce for Climate-Related Financial Disclosures (TCFD). In Fiscal 2024, we began building on our climate change-related reporting infrastructure in preparation to meet the anticipated reporting requirements of the Canadian Sustainability Standards Board (CSSB)'s Canadian Sustainability Disclosure Standards (CSDS), as they may be modified by Canadian securities or other regulators. These standards that align with the global baseline standards developed by the International Sustainability Standards Board (ISSB).

For a more detailed discussion on our ESG metrics and key performance indicators, refer to the latest Aritzia Community™ | ESG Report, available on Aritzia's Environmental and Social Investor Relations page at investors.aritzia.com and for details on our ESG impacts and progress refer to the "Environment, Social & Governance ("ESG"): Our Impacts and Our Progress" section of the Company's AIF, which is available on SEDAR+ at www.sedarplus.com.

Consumer Trends

The apparel industry is subject to shifts in consumer trends, preferences and consumer spending and our revenue and operating results depend, in part, on our ability to respond to such changes and in a timely manner. Our differentiated multi-brand strategy gives us control over our products and provides us with the flexibility to optimize our brand mix as needed to address changes in consumer demand and fashion preferences, which has historically been a critical driver of our growth. Our revenue is also impacted by discretionary spending by consumers, which is affected by many factors that are beyond our control, including, but not limited to, general economic conditions, consumer disposable income levels, consumer confidence levels, consumer debt, inflation, the cost of basic necessities and other goods and the effects of weather, natural disasters or global pandemics. We believe that our track record demonstrates the success of our exclusive brand strategy at responding to changes in fashion demands through all stages of economic cycles.

Seasonality

The apparel industry is seasonal in nature, with a higher proportion of net revenue and operating income generated in the second half of the fiscal year, which includes the back-to-school and holiday seasons. We also have higher working capital requirements in the periods preceding the launch of new seasons as we receive and pay for new inventory. We manage our working capital needs through cash flow from operations and our revolving credit facility.

Average quarterly share of annual net revenue over the last three completed fiscal years is as follows:

First fiscal quarter	18%
Second fiscal quarter	24%
Third fiscal quarter	29%
Fourth fiscal quarter	29%
Yearly total	<u>100%</u>

Weather

Extreme weather conditions in the areas in which our boutiques are located could adversely affect our business and financial results. For example, frequent or unusually heavy snowfall, ice storms, rainstorms or other extreme weather conditions over a prolonged period could make it difficult for our clients to travel to our boutiques and

thereby reduce our revenue and profitability. This is potentially mitigated by our clients' ability to buy our products through aritzia.com. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of our inventory incompatible with those unseasonable conditions, which could adversely affect our ability to execute our strategy to effectively present seasonal inventory.

Competition

We operate in the apparel industry, primarily within the Canadian and United States markets. We are strategically positioned in the global fashion landscape between fast fashion and luxury. We compete with a diverse group of specialty apparel retailers, department stores, fast fashion retailers, athletic retailers and other manufacturers and retailers of branded apparel. Market participants compete on the basis of, among other things, the location of boutiques, eCommerce experience, the breadth, style, quality, price and availability of merchandise, the level of client service and brand recognition. We believe that we successfully compete on the basis of several factors that include our strategic mix of exclusive brands, offering of a combination of high quality products at an attainable price point, our refined and proven merchandise planning strategy, our focus on providing an aspirational shopping experience and exceptional client service, our premier real estate portfolio and our market positioning, collectively resulting in a fashion brand loved by our clients all over the world.

Foreign Exchange

Approximately half of our net revenue is derived in Canadian dollars while the vast majority of our inventory purchases are denominated in U.S. dollars, which could cause an impact to our cost of goods sold following changes in the value of the Canadian dollar against the U.S. dollar. Fluctuations in the exchange rate of the Canadian dollar versus the U.S. dollar could materially affect our gross profit margins and operating results. If needed, we will use foreign currency forward contracts to mitigate risks associated with forecasted U.S. dollar merchandise purchases sold in Canada, but there can be no assurances that such strategies will prove to be successful. See the "Risk Factors" section of this MD&A.

NON-IFRS MEASURES AND RETAIL INDUSTRY METRICS

This MD&A 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 or 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 MD&A also makes reference to "gross profit margin" as well as "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. For definitions of these non-IFRS measures and retail industry metrics and reconciliations of these non-IFRS financial measures to the relevant reported measures, please see the "How We Assess the Performance of Our Business" and "Selected Financial Information" sections of this MD&A.

HOW WE ASSESS THE PERFORMANCE OF OUR BUSINESS

In assessing the performance of our business, we consider a variety of financial and operating measures that affect our operating results.

Net revenue reflects our sale of merchandise, less returns and discounts. The Company recognizes revenue when control of the goods or services has been transferred to the customer which generally occurs when the product is delivered to the customer and therefore may be subject to deferral. Revenue is measured at the fair value of consideration to which the Company expects to be entitled to, including variable consideration, if any, to the extent it is highly probable that a significant reversal will not occur. Revenues are measured net of discounts and an estimated allowance for returns. Revenues are reported net of sales taxes collected for various governmental agencies. Receipts from the sale of gift cards are treated as deferred revenue. When gift cards are redeemed for merchandise, the related revenue is recognized.

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 over the comparative reportable period. Comparable sales from established boutiques is calculated based on revenue from boutiques that have been opened for at least 56 weeks, and excludes boutiques that were repositioned, boutiques in centres where we opened a new additional boutique and boutiques significantly impacted by nearby construction and other similar disruptions during this period. Our comparable sales calculation excludes the impact of foreign currency fluctuations. We apply the relevant prior year comparative's average monthly exchange rate to both current year and prior year comparable sales to achieve a consistent basis for comparison (i.e., on a constant currency basis).

Gross profit reflects our net revenue less cost of goods sold. Cost of goods sold includes inventory and product-related costs, occupancy costs, and depreciation expense for our boutiques and distribution centres. Our cost of goods sold may include different costs compared to other retailers. Gross profit margin is impacted by the components of cost of goods sold, product mix and markdowns. We define gross profit margin as our gross profit divided by our net revenue.

Selling, general and administrative ("SG&A") expenses consists of selling expenses that are generally variable with net revenue and general and administrative operating expenses that are primarily fixed. Our SG&A expenses also include depreciation and amortization expenses for all support office assets and intangible assets. We expect our SG&A expenses to increase as we continue to open new boutiques, grow our eCommerce business, increase brand awareness and invest in our technology, infrastructure and people.

SG&A expenses as a percentage of net revenue, excluding strategic investments in technology and infrastructure, are usually higher in the lower net revenue volume first and second quarters, and lower in the higher net revenue volume third and fourth quarters because a portion of these costs are relatively fixed. Our SG&A expenses may include different expenses compared to other retailers.

EBITDA is defined as consolidated net income before depreciation and amortization, finance expense and income tax expense. We believe this measure is useful as it is used by management as a component of reconciliation between other non-IFRS measures and their most comparable IFRS measure.

Adjusted EBITDA and Adjusted EBITDA as a percentage of net revenue are useful measures of operating performance, as we believe they provide a more relevant picture of operating results in that the measures exclude the effects of financing and investing activities by removing the effects of interest, depreciation and amortization expenses that are not reflective of underlying business performance and other one-time or non-recurring expenses. We use Adjusted EBITDA and Adjusted EBITDA as a percentage of net revenue to facilitate a comparison of our operating performance on a consistent basis from period-to-period and to provide for a more complete understanding of factors and trends affecting our business. We define Adjusted EBITDA as consolidated net income before depreciation and amortization, finance expense and income tax expense, adjusted for the impact of certain items, including non-cash items and/or items we consider non-recurring and not representative of our ongoing operating performance, such as stock-based compensation expense, unrealized gains or losses on equity derivative and forward contracts, a deduction of interest expense and depreciation relating to our leases to reflect an estimate of rent expense, and fair value adjustments on NCI in exchangeable shares liability. Because Adjusted EBITDA excludes certain non-cash items, we believe that it is less susceptible to variances in actual performance resulting from depreciation and amortization and other non-cash charges. We define Adjusted EBITDA as a percentage of net revenue as the percentage obtained by dividing Adjusted EBITDA by net revenue.

Adjusted Net Income (and per Diluted Share) and Adjusted Net Income as a percentage of net revenue are useful measures of performance, as we believe they provide a more relevant picture of results by excluding the effects of expenses that are not reflective of underlying business performance and other one-time or non-recurring expenses. We use Adjusted Net Income, Adjusted Net Income per Diluted Share, and Adjusted Net Income as a percentage of net revenue to facilitate a comparison of our performance on a consistent basis from period-to-period and to provide for a more complete understanding of factors and trends affecting our business. We define Adjusted Net Income as consolidated net income adjusted for the impact of certain items, including non-cash items and/or other items we consider non-recurring and not representative of our ongoing operating performance, such as stock-based compensation expense, unrealized gains or losses on equity derivative and forward contracts, fair value adjustments in NCI in exchangeable shares liability, net of related tax effects. We define Adjusted Net Income per Diluted Share by dividing Adjusted Net Income by the weighted average number of diluted shares outstanding. We define Adjusted Net Income as a percentage of net revenue as the percentage obtained by dividing Adjusted Net Income by net revenue.

Capital cash expenditures (net of proceeds from lease incentives) is a measure we believe to be a useful indicator of the net cash capital investment relating to our boutiques and infrastructure. We define capital cash expenditures (net of proceeds from lease incentives) as cash used in investing activities, excluding cash used in business combinations, less proceeds from lease incentives.

Free cash flow is a useful metric because it is an indicator of how much cash is available for business acquisitions, debt repayment, share repurchases and other investing and financing activities. Our sustained ability to generate free cash flow is an indicator of the financial strength of our business, as we require regular capital expenditures to build and maintain boutiques and invest in infrastructure. We define free cash flow as net cash generated from operating activities excluding interest paid on credit facilities, plus proceeds from lease incentives, less repayments of principal on lease liabilities and cash used for the purchase of property, equipment and intangible assets.

RESULTS OF OPERATIONS

Analysis of Results for Fourth Quarter Fiscal 2024

Consolidated Statements of Operations				
<i>(unaudited, in thousands of Canadian dollars, unless otherwise noted)</i>				
	Q4 2024		Q4 2023	
		<i>% of net revenue</i>		<i>% of net revenue</i>
Net revenue	\$ 681,970	100.0%	\$ 637,582	100.0%
Cost of goods sold	420,723	61.7%	395,422	62.0%
Gross profit	261,247	38.3%	242,160	38.0%
Selling, general and administrative	196,835	28.9%	171,299	26.9%
Stock-based compensation expense	15,356	2.3%	3,157	0.5%
Income from operations	49,056	7.2%	67,704	10.6%
Finance expense	12,429	1.8%	9,501	1.5%
Other expense (income)	(478)	(0.1)%	4,052	0.6%
Income before income taxes	37,105	5.4%	54,151	8.5%
Income tax expense	12,898	1.9%	16,813	2.6%
Net income	\$ 24,207	3.5%	\$ 37,338	5.9%
Net income per diluted share	\$ 0.21		\$ 0.32	
Adjusted EBITDA ¹	\$ 72,545	10.6%	\$ 79,354	12.4%
Adjusted Net Income ¹	\$ 38,223	5.6%	\$ 46,671	7.3%
Adjusted Net Income per Diluted Share ¹	\$ 0.34		\$ 0.40	

Net revenue increased by 7.0% to \$682.0 million, including 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 count⁴ 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.

⁴ CYC had four Reigning Champ boutiques as at March 3, 2024 and February 26, 2023 which are excluded from the boutique count.

The following table provides net revenue by channel and geographic location for the periods indicated.

(unaudited, in thousands of Canadian dollars)

	Q4 2024	Q4 2023
Retail net revenue	\$ 416,406	\$ 363,101
eCommerce net revenue	265,564	274,481
Net revenue	<u>\$ 681,970</u>	<u>\$ 637,582</u>

	Q4 2024	Q4 2023
United States net revenue	\$ 369,121	\$ 337,456
Canada net revenue	312,849	300,126
Net revenue	<u>\$ 681,970</u>	<u>\$ 637,582</u>

Gross profit increased by 7.9% to \$261.2 million, compared to \$242.2 million in Q4 2023. Gross profit margin¹ 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.

Depreciation and amortization increased by \$8.5 million to \$46.3 million, compared to \$37.8 million in Q4 2023 primarily due to the increase in leased assets, new and repositioned store openings, and the recent opening of our Vaughan, Ontario distribution centre. The following table provides the depreciation and amortization expense for the periods indicated.

(unaudited, in thousands of Canadian dollars)

	Q4 2024	Q4 2023
Depreciation on right-of-use assets	\$ 28,166	\$ 23,164
Depreciation and amortization	18,163	14,617
Total depreciation and amortization	<u>\$ 46,329</u>	<u>\$ 37,781</u>

Stock-based compensation expense was \$15.4 million, compared to \$3.2 million in Q4 2023. The increase in stock-based compensation expense was primarily due to the effect of share price changes (i.e., mark-to-market) on our cash-settled restricted and deferred share units as well as an increased expense related to our equity-settled plans. The following table provides details of the stock-based compensation expense for the periods indicated.

(unaudited, in thousands of Canadian dollars)

	Q4 2024	Q4 2023
Equity-settled plans		
Stock options	\$ 5,245	\$ 4,134
Restricted Share Units	1,899	1,024
Performance Share Units	1,458	726
Cash-settled plans		
Restricted Share Units	3,895	(1,393)
Deferred Share Units	2,859	(1,334)
Stock-based compensation expense	<u>\$ 15,356</u>	<u>\$ 3,157</u>

The Company uses equity derivative contracts to offset our cash flow variability of the expected payment associated with our cash-settled deferred and restricted share units. Realized and unrealized gains and losses related to these equity derivative contracts are recorded in other expense (income).

Finance expense increased by \$2.9 million to \$12.4 million, compared to \$9.5 million in Q4 2023. The increase in finance expense was primarily due to higher interest expense on lease liabilities in Q4 2024.

Other expense (income) was \$(0.5) million, compared to \$4.1 million in Q4 2023. The following table provides details of other expense (income) for the periods indicated.

(unaudited, in thousands of Canadian dollars)

	Q4 2024	Q4 2023
Realized foreign exchange loss (gain)	\$ 1,734	\$ 493
Unrealized foreign exchange loss (gain)	(413)	(1,941)
Unrealized loss (gain) on equity derivative contracts	(6,434)	6,136
Realized loss (gain) on equity derivative contracts	(1,048)	—
CYC integration and acquisition costs (including Share Adjustments revaluation (see note 12 of the Fiscal 2024 audited consolidated financial statements))	2,347	467
Impairment of right-of-use assets and lease exit costs	5,862	—
Interest and other income	(2,526)	(1,103)
Other expense (income)	<u>\$ (478)</u>	<u>\$ 4,052</u>

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, adjustments are recognized in subsequent periods. The statutory income tax rate for Q4 2024 and Q4 2023 was 26.7% and 26.6%, respectively.

Income tax expense was \$12.9 million, compared to \$16.8 million in Q4 2023 and the effective tax rate for Q4 2024 and Q4 2023 were 34.8% and 31.0%, respectively. 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 before income taxes.

Net income was \$24.2 million, a decrease of 35.2% compared to \$37.3 million in Q4 2023. The decrease in net income was primarily attributable to the factors described above.

Net income per diluted share was \$0.21 per share, a decrease of 34.4% compared to \$0.32 per share in Q4 2023, primarily due to the factors discussed above.

Adjusted EBITDA¹ was \$72.5 million, or 10.6% of net revenue¹, a decrease of 8.6% compared to \$79.4 million, or 12.4% of net revenue in Q4 2023. The decrease in Adjusted EBITDA and Adjusted EBITDA as a percentage of net revenue was attributable to the factors described above.

Adjusted Net Income¹ was \$38.2 million, a decrease of 18.1% compared to \$46.7 million in Q4 2023, primarily due to the factors discussed above.

Adjusted Net Income per Diluted Share¹ was \$0.34 per share, a decrease of 15.0% compared to \$0.40 per share in Q4 2023, primarily due to the factors discussed above.

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)¹ were \$41.7 million in Q4 2024, compared to \$38.5 million in Q4 2023. The increase is primarily due to capital investments in new and repositioned boutiques and support office expansion.

Analysis of Results for Fiscal 2024

Consolidated Statements of Operations

(in thousands of Canadian dollars, unless otherwise noted)

	Fiscal 2024		Fiscal 2023	
		% of net revenue		% of net revenue
Net revenue	\$ 2,332,350	100.0%	\$ 2,195,630	100.0%
Cost of goods sold	1,433,369	61.5%	1,281,638	58.4%
Gross profit	898,981	38.5%	913,992	41.6%
Selling, general and administrative	708,783	30.4%	602,469	27.4%
Stock-based compensation expense	31,784	1.4%	24,369	1.1%
Income from operations	158,414	6.8%	287,154	13.1%
Finance expense	49,091	2.1%	31,263	1.4%
Other expense (income)	(5,287)	(0.2)%	(7,916)	(0.4)%
Income before income taxes	114,610	4.9%	263,807	12.0%
Income tax expense	35,830	1.5%	76,219	3.5%
Net income	\$ 78,780	3.4%	\$ 187,588	8.5%
Net income per diluted share	\$ 0.69		\$ 1.63	
Adjusted EBITDA ¹	\$ 217,056	9.3%	\$ 351,181	16.0 %
Adjusted Net Income ¹	\$ 105,557	4.5%	\$ 214,771	9.8 %
Adjusted Net Income per Diluted Share ¹	\$ 0.92		\$ 1.86	

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.

The following table provides net revenue by channel and geographic location for the periods indicated.

(in thousands of Canadian dollars)

	Fiscal 2024	Fiscal 2023
Retail net revenue	\$ 1,547,046	\$ 1,425,779
eCommerce net revenue	785,304	769,851
Net revenue	\$ 2,332,350	\$ 2,195,630

	Fiscal 2024	Fiscal 2023
United States net revenue	\$ 1,226,476	\$ 1,120,962
Canada net revenue	1,105,874	1,074,668
Net revenue	\$ 2,332,350	\$ 2,195,630

Gross profit decreased by 1.6% to \$899.0 million, compared to \$914.0 million in Fiscal 2023. Gross profit margin¹ 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.

Depreciation and amortization increased by \$34.1 million to \$168.0 million, compared to \$133.9 million in Fiscal 2023 primarily due to the increase in leased assets, new and repositioned store openings, and the recent opening of our Vaughan, Ontario distribution centre. The following table provides the depreciation and amortization expense for the periods indicated.

(in thousands of Canadian dollars)

	Fiscal 2024	Fiscal 2023
Depreciation on right-of-use assets	\$ 103,524	\$ 81,047
Depreciation and amortization	64,515	52,855
Total depreciation and amortization	<u>\$ 168,039</u>	<u>\$ 133,902</u>

Stock-based compensation expense was \$31.8 million, compared to \$24.4 million in Fiscal 2023. The increase in stock-based compensation expense was primarily due to increased expense related to our equity-settled plans, partially offset by the effect of share price changes (i.e., mark-to-market) on our cash-settled restricted and deferred share units. The following table provides details of the stock-based compensation expense for the periods indicated.

(in thousands of Canadian dollars)

	Fiscal 2024	Fiscal 2023
Equity-settled plans		
Stock options	\$ 19,115	\$ 14,467
Restricted Share Units	6,134	2,666
Performance Share Units	5,090	2,409
Cash-settled plans		
Restricted Share Units	917	4,742
Deferred Share Units	528	85
Stock-based compensation expense	<u>\$ 31,784</u>	<u>\$ 24,369</u>

The Company uses equity derivative contracts to offset our cash flow variability of the expected payment associated with our cash-settled deferred and restricted share units. Unrealized gains and losses related to these equity derivative contracts are recorded in other expense (income).

Finance expense increased by \$17.8 million to \$49.1 million, compared to \$31.3 million in Fiscal 2023. The increase in finance expense was primarily due to higher interest expense on lease liabilities and interest expense on the revolving credit facility draw at the end of Q2 2024, which was repaid during Q3 2024.

Other expense (income) was \$(5.3) million, compared to \$(7.9) million in Fiscal 2023. The following table provides details of other expense (income) for the periods indicated.

(in thousands of Canadian dollars)

	Fiscal 2024	Fiscal 2023
Realized foreign exchange loss (gain)	\$ 22	\$ (9,109)
Unrealized foreign exchange loss (gain)	(19)	(1,657)
Fair value adjustment of NCI in exchangeable shares liability	(15,000)	—
Unrealized loss (gain) on equity derivative contracts	5,189	6,093
Realized loss (gain) on equity derivative contracts	(1,048)	(1,387)
CYC integration and acquisition costs (including Share Adjustments revaluation (see note 12 of the Fiscal 2024 audited consolidated financial statements))	4,200	467
Impairment of right-of-use assets and lease exit costs	5,862	—
Secondary offering costs	—	518
Interest and other income	(4,493)	(2,841)
Other expense (income)	<u>\$ (5,287)</u>	<u>\$ (7,916)</u>

As a result of the Company's early acquisition of the remaining 25% CYC ownership interest on May 26, 2023, the Company revalued the non-controlling interest in exchangeable shares liability to \$20.5 million as at May 26, 2023 based on a Monte Carlo simulation which resulted in a \$15.0 million gain recorded in other expense (income).

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, adjustments are recognized in subsequent periods. The statutory income tax rates for Fiscal 2024 and Fiscal 2023 were 26.7% and 26.6%, respectively.

Income tax expense was \$35.8 million, compared to \$76.2 million in Fiscal 2023 and the effective tax rates for Fiscal 2024 and Fiscal 2023 were 31.3% and 28.9%, respectively. 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 before income taxes and the non-deductible fair value adjustment of non-controlling interest in exchangeable shares liability.

Net income was \$78.8 million, a decrease of 58.0% compared to \$187.6 million in Fiscal 2023. The decrease in net income was primarily attributable to the factors described above.

Net income per diluted share was \$0.69, a decrease of 57.7%, compared to \$1.63 in Fiscal 2023, primarily attributable to the factors discussed above.

Adjusted EBITDA¹ was \$217.1 million, or 9.3% of net revenue¹, a decrease of 38.2%, compared to \$351.2 million, or 16.0% of net revenue in Fiscal 2023. The decrease in Adjusted EBITDA and Adjusted EBITDA as a percentage of net revenue was attributable to the factors described above.

Adjusted Net Income¹ was \$105.6 million, a decrease of 50.9%, compared to \$214.8 million in Fiscal 2023, primarily due to the factors discussed above.

Adjusted Net Income per Diluted Share¹ was \$0.92, a decrease of 50.5%, compared to \$1.86 in Fiscal 2023, primarily due to the factors discussed above.

Capital cash expenditures (net of proceeds from lease incentives)¹ 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 expansion.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our principal uses of funds are for operating expenses, capital expenditures and debt service requirements. We believe that cash generated from operations, together with amounts available under our revolving credit facility and revolving line of credit, are expected to be sufficient to meet our future operating expenses, capital expenditures, debt service requirements and return to shareholders (share buybacks). Our ability to fund future operating expenses, capital expenditures, debt service requirements and return to shareholders (share buybacks) will depend

on, among other things, our future operating performance, which will be affected by general economic, financial and other factors, including factors beyond our control. See “Summary of Factors Affecting Performance”, “Recent Events” and “Risk Factors” of this MD&A for additional information. We review investment opportunities in the normal course of our business and may make select investments to implement our business strategy when suitable opportunities arise. Historically, the funding for any such investments has come from cash flows from operating activities and/or our revolving credit facility.

Revolving Credit Facility and Revolving Line of Credit

As at March 3, 2024, we have a \$300.0 million revolving credit facility and a US\$10.0 million revolving line of credit issued by a member of the lending syndicate in connection with the revolving credit facility. The revolving credit facility 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% (February 26, 2023 – 0.50% and 2.50%). The revolving line of credit bears interest at the daily SOFR, plus a marginal rate between 1.75% and 2.75%. No amounts were drawn on the revolving credit facility nor the revolving line of credit as at March 3, 2024.

The revolving credit facility agreement (including the revolving line of credit by extension) contains restrictive covenants customary for credit facilities of this nature, including restrictions on us and each credit facility guarantor, subject to certain exceptions, to incur indebtedness, grant liens, merge, amalgamate or consolidate with other companies, transfer, lease or otherwise dispose of all or substantially all of its assets, liquidate or dissolve, engage in any material business other than the fashion retail business, make investments, acquisitions, loans, advances or guarantees, make any restricted payments, enter into transactions with affiliates, repay indebtedness, enter into restrictive agreements, enter into sale-leaseback transactions, ensure pension plan compliance, sell or discount receivables, enter into agreements with unconditional purchase obligations, issue shares, create or acquire a subsidiary or make any hostile acquisitions.

In addition, we also have letters of credit facilities of 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%.

See “Off-Balance Sheet Arrangements” for letters of credit issued.

Cash Flows

The following table presents cash flows for the periods indicated.

<i>(in thousands of Canadian dollars)</i>	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
Net cash generated from (used in) operating activities	\$ 99,688	\$ 10,184	\$ 358,823	\$ 74,913
Net cash generated from (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	<u>\$ 22,473</u>	<u>\$ (45,388)</u>	<u>\$ 76,767</u>	<u>\$ (178,735)</u>

Analysis of Cash Flows for the Fourth Quarter Fiscal 2024

Net Cash Generated From (Used In) Operating Activities

For Q4 2024, net cash generated from operating activities totaled \$99.7 million, compared to \$10.2 million in Q4 2023. This change was primarily attributable to a lower use of working capital due to lower inventory purchases and timing of receipts and payments, partially offset by a decrease in income from operations and an increase in interest paid on lease liabilities.

Net Cash Generated From (Used In) Financing Activities

For Q4 2024, net cash used in financing activities totaled \$29.8 million, compared to \$15.3 million in Q4 2023. Financing activities in Q4 2024 primarily relate to the repayment of principal on lease liabilities and the repurchase

of subordinate voting shares for cancellation, partially offset by proceeds received from lease incentives and proceeds received from options exercised. Financing activities in Q4 2023 primarily relate to the repayment of principal on lease liabilities, partially offset by proceeds received from options exercised and proceeds received from lease incentives.

Cash Used In Investing Activities

For Q4 2024, cash used in investing activities totaled \$47.2 million, compared to \$41.2 million in Q4 2023. Investing activities in Q4 2024 and Q4 2023 primarily relate to capital investments in new and repositioned boutiques, support office expansion and technology infrastructure. In Q4 2023, investing activities also included the recently opened distribution centre in Vaughan, Ontario.

Analysis of Cash Flows for Fiscal 2024

Cash Flows Generated From (Used In) Operating Activities

For Fiscal 2024, net cash generated from operating activities totaled \$358.8 million, compared to \$74.9 million in Fiscal 2023. This change was primarily attributable to a lower use of working capital due to lower inventory purchases, timing of receipts and payments and a decrease in income taxes paid, partially offset by a decrease in income from operations and an increase in interest paid on lease liabilities.

Cash Flows Generated From (Used In) Financing Activities

For Fiscal 2024, net cash used in financing activities totaled \$98.7 million, compared to \$122.5 million in Fiscal 2023. Financing activities in Fiscal 2024 primarily relate to the repayment of principal on lease liabilities and the \$30.0 million repurchase of subordinate voting shares for cancellation partially offset by proceeds received from lease incentives and proceeds received from options exercised. Financing activities in Fiscal 2023 primarily relate to the repayment of principal on lease liabilities and the \$61.1 million repurchase of subordinate voting shares for cancellation, partially offset by proceeds received from lease incentives and proceeds received from options exercised.

Cash Flows Used In Investing Activities

For Fiscal 2024, cash used in investing activities totaled \$183.0 million, compared to \$131.2 million in Fiscal 2023. Investing activities in Fiscal 2024 primarily relate to capital investments in new and repositioned boutiques, support office expansion, technology infrastructure and distribution center projects as well as a \$6.3 million contingent consideration payout to CYC's shareholders. Investing activities in Fiscal 2023 primarily relate to new boutiques, boutique repositions, and distribution center projects as well as a \$5.6 million contingent consideration payout to CYC's shareholders.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes our significant undiscounted maturities of our contractual obligations and commitments as at March 3, 2024.

<i>(in thousands of Canadian dollars)</i>	Less than 1 year	1 to 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	\$ 212,835	\$ —	\$ —	\$ 212,835
Lease liabilities	150,223	464,396	427,240	1,041,859
Minimum lease commitments with future commencement dates	8,097	88,779	148,662	245,538
Total contractual obligations and commitments	<u>\$ 371,155</u>	<u>\$ 553,175</u>	<u>\$ 575,902</u>	<u>\$ 1,500,232</u>

As at March 3, 2024, the Company also had approximately \$105 million remaining on issued purchase orders for expected future capital expenditures. Capital expenditures are generally funded from the Company's operating cash flows and, if needed, from the available revolving credit facility.

OFF-BALANCE SHEET ARRANGEMENTS

Our third party manufacturers purchase raw materials on our behalf to be used for future production. As at March 3, 2024, we had purchase obligations of \$86.6 million, which represent commitments for fabric expected to be used during upcoming seasons, made in the normal course of business.

We enter into trade letters of credit to facilitate the international purchase of inventory. We also enter into standby letters of credit to secure certain of our obligations, including leases and duties related to import purchases. As at March 3, 2024, letters of credit totaling \$23.5 million have been issued.

FINANCIAL INSTRUMENTS

Financial instruments related to the acquisition of CYC

In connection with the acquisition of CYC in June, 2021, we entered into two financial instruments that were revalued on a recurring basis in the consolidated financial statements: contingent consideration and non-controlling interest in exchangeable shares liability. Changes in the fair value of these two financial instruments were recorded in net income. The final payment on the contingent consideration was made in May 2023 as scheduled. On May 26, 2023, the Company and the selling shareholders agreed to the Company's early acquisition of the remaining 25% interest in CYC held through CYC's exchangeable shares which resulted in the extinguishment of the existing non-controlling interest in exchangeable shares liability and a net derivative asset of \$1.5 million (recorded in other non-current assets). As at March 3, 2024 the value of the net derivative asset was \$1.0 million with the loss on revaluation recorded in Other expense (income).

The details of, and significant assumptions made in determining the fair value of our financial instruments, including those related to the acquisition of CYC, are disclosed in note 12 to our interim unaudited consolidated financial statements for the 13-week period ended May 28, 2023, note 13 to our audited annual consolidated financial statements for Fiscal 2023, note 12 to our audited annual consolidated financial statements for Fiscal 2024.

Equity derivative contracts

We have equity derivative contracts to hedge the share price exposure on our cash-settled deferred and restricted share units. These contracts are not designated as hedging instruments for accounting purposes. Changes in the fair value of equity derivative contracts are recorded in other expense (income). The following table provides details of realized and unrealized losses (gains) for the periods indicated.

(in thousands of Canadian dollars)

	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
Unrealized loss (gain) for the change in fair value of equity derivative contracts	\$ (6,434)	\$ 6,136	\$ 5,189	\$ 6,093
Realized loss (gain) arising from the settlement of equity derivative contracts	(1,048)	—	(1,048)	(1,387)

As at March 3, 2024, the equity derivative contracts had a positive fair value of \$4.3 million (February 26, 2023 - \$9.5 million) which are recorded in prepaid expenses and other current assets in the consolidated statements of financial position.

RELATED PARTY TRANSACTIONS

During Fiscal 2024, we made payments of \$9.9 million (Fiscal 2023 - \$5.4 million) for lease of premises and management services and \$0.7 million (Fiscal 2023 - \$1.3 million) 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 March 3, 2024, \$0.5 million was included in accounts payable and accrued liabilities (February 26, 2023 - nominal) and \$0.8 million was included in prepaid expenses and other current assets for the lease of premises (February 26, 2023 - \$nil). As at March 3, 2024, the outstanding balance of lease liabilities owed to these companies was \$45.6 million (February 26, 2023 - \$49.7 million). These transactions were measured at the amount of consideration established at market terms.

TRANSACTIONS WITH KEY MANAGEMENT

Key management includes our directors and executive team. Compensation awarded to key management includes:

(in thousands of Canadian dollars)

	Q4 2024	Q4 2023	Fiscal 2024	Fiscal 2023
Salaries, directors' fees and short-term benefits	\$ 1,374	\$ 1,059	\$ 5,149	\$ 4,404
Stock-based compensation	5,920	344	10,055	6,617
Key management compensation	\$ 7,294	\$ 1,403	\$ 15,204	\$ 11,021

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, 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 judgments 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.

The following discusses the most significant accounting judgments and estimates made by management in preparation of the consolidated financial statements:

Return Allowances

Recognizing provisions for sales return allowances requires the use of estimates of the return rate of merchandise based on historical return patterns.

Valuation of Finished Goods Inventory

Inventory is stated at the lower of cost and net realizable value. We periodically review our inventories and make provisions which requires the use of estimates related to product quality, damages, inventory shrinkage for lost or stolen items, future demand, selling prices, and market conditions.

Impairment of Goodwill and Indefinite Life Intangible Assets

Goodwill and indefinite life intangible asset impairment testing requires the use of estimates in the impairment testing model. On an annual basis, we test whether goodwill and indefinite life intangible assets are impaired. The recoverable value is determined using discounted future cash flow models, which incorporate estimates regarding future events, specifically future cash flows, growth rates and discount rates. We use judgment in determining the grouping of assets to identify our cash generating units ("CGUs") for purposes of testing for impairment. In testing for impairment, goodwill acquired in a business combination is allocated to the group of CGUs that are expected to benefit from the synergies of the business combination, which involves judgment.

Leases

We estimate the incremental borrowing rate used for calculating lease liabilities and right-of-use assets. We estimate the incremental borrowing rate of each leased asset as the rate of interest that we would have to pay to borrow, over a similar term with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

We exercise judgment in determining the appropriate lease term at the lease commencement date. We exercise judgment on whether we will exercise available renewal or termination options, and thus include such options in the lease terms. We consider all facts and circumstances that create an economic incentive to exercise a renewal or termination option.

ACCOUNTING POLICY DEVELOPMENTS

Standards, interpretations and amendments issued and adopted

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

In February 2021, the International Accounting Standards Board ("IASB") issued Disclosure of Accounting Policies, which amends IAS 1 and IFRS Practice Statement 2. The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier adoption permitted. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments also clarify that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed. The Company assessed the impact of the amendment and determined there is no material impact on the audited consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

In February 2021, the IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier adoption permitted. The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The Company assessed the impact of the amendment and determined there is no material impact on the audited consolidated financial statements.

Deferred Tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)

In May 2021, the IASB issued targeted amendments to IAS 12 – Income Taxes. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The amendments clarify that companies are required to recognize deferred taxes on transactions where both assets and liabilities are recognized, such as with leases and asset retirement (decommissioning) obligations. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The Company assessed the impact of the amendment and determined there is no material impact on the audited consolidated financial statements.

International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)

The Organisation for Economic Co-operation and Development published Pillar Two model rules designed to address the tax challenges arising from the digitalization of the global economy. It is unclear if the Pillar Two model rules create additional deferred taxes. In response to this uncertainty, in May 2023, the IASB issued amendments to IAS 12 - Income Taxes introducing a mandatory temporary exception, which we are using, from the recognition and disclosure of deferred taxes related to the implementation of Pillar Two model rules. The amendments also require that the Company separately disclose current income tax expense/income related to Pillar Two income taxes effective for the annual reporting period beginning on or after January 1, 2023. The Company does not expect a material exposure to Pillar Two income taxes.

Standards, interpretations and amendments not yet effective and not yet applied

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

In January 2020, the IASB issued Classification of Liabilities as Current or Non-Current, which amends IAS 1 – Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 with earlier application permitted. The narrow scope amendments affect only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. It clarifies that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company is currently assessing the potential impact of these amendments.

RISK FACTORS

For a detailed description of risk factors associated with the Company, refer to the “Risk Factors” section of the Company’s AIF, which is available on SEDAR+ at www.sedarplus.com.

In addition, we are exposed to a variety of financial risks in the normal course of operations including foreign exchange, interest rate, credit, liquidity and equity price risk, as summarized below. Our overall risk management program and business practices seek to minimize any potential adverse effects on our consolidated financial performance.

Risk management is carried out under practices approved by our Audit Committee. This includes reviewing and making recommendations to the Board of Directors on the adequacy of our risk management policies and procedures with regard to identifying the Company’s principal risks and implementing appropriate systems and controls to manage these risks. Risk management covers many areas of risk including, but not limited to, foreign exchange risk, interest rate risk, credit risk, liquidity risk and equity price risk.

Foreign Exchange Risk

We source the majority of our raw materials and merchandise from various suppliers in Asia, Europe and Central America with the vast majority of purchases denominated in U.S. dollars. Our foreign exchange risk is primarily with respect to the U.S. dollar but we have limited exposure to other currencies as well. We may use foreign currency forward contracts to mitigate risks associated with forecasted U.S. dollar merchandise purchases sold in Canada. As at March 3, 2024, we have no foreign currency forward contracts outstanding and none were utilized during Fiscal 2024.

Interest Rate Risk

We have a revolving credit facility and related revolving line of credit which provides available borrowings in an amount up to \$300.0 million and US\$10 million, respectively. Because the revolving credit facility and revolving line of credit bear interest at variable rates, we are exposed to market risks relating to changes in interest rates on outstanding balances. As at March 3, 2024, no amounts were drawn under the revolving credit facility and the revolving line of credit.

Credit Risk

Credit risk refers to the possibility of an unexpected event if a counterparty to a financial instrument fails to meet their contractual obligations. Financial instruments that potentially subject us to credit risk consist of cash and cash equivalents, accounts receivable, and derivative contracts used to hedge market risks. We are exposed to minimal credit risk. We deposit our cash and cash equivalents with major financial institutions that have been assigned high credit ratings by internationally recognized credit rating agencies. We are exposed to credit risk on receivables from our landlords in relation to tenant improvement allowances. To reduce this risk, we enter into leases with landlords with established credit history, and for certain leases, we may offset rent payments until accounts receivable are fully satisfied. We only enter into derivative contracts with major financial institutions, as described above and as needed, for the purchase of foreign currency forward contracts.

Liquidity Risk

Liquidity risk is the risk that we cannot meet a demand for cash or fund our obligations as they come due. We manage liquidity risk by continuously monitoring actual and projected cash flows, taking into account the seasonality of our revenue, income, working capital and capital expenditure needs. The revolving credit facility and related revolving line of credit are used to maintain liquidity. As at March 3, 2024, no amounts were drawn under the revolving credit facility and revolving line of credit.

Equity Price Risk

We are exposed to risk arising from the cash settlement of our deferred and restricted share units, as an appreciating subordinate voting share price increases the potential cash outflow. We record a liability for the potential future settlement of our deferred and restricted share units by reference to the fair value of the liability. We may use equity derivative contracts to offset our cash flow variability of the expected payment associated with our deferred and restricted share units. We only enter into equity derivative contracts with major financial institutions.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining a system of disclosure controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Such controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management on a timely basis, including the Chief Executive Officer and the Chief Financial Officer, so that they can make appropriate and timely decisions regarding public disclosure.

As required by CSA National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), an evaluation of the adequacy of the design and effective operation of the Company's disclosure controls and procedures was conducted under the supervision of management, including the CEO and CFO, as at March 3, 2024. They concluded that, as at March 3, 2024 the design and operation of its disclosure controls and procedures was effective in providing reasonable assurance that material information regarding this MD&A, the consolidated financial statements and other disclosures was made known to them on a timely basis.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS. The Company's internal controls over financial reporting include, but are not limited to, detailed policies and procedures relating to financial accounting and reporting, and controls over systems that process and summarize transactions. The Company's procedures for financial reporting also include the active involvement of qualified financial professionals, senior management and its Audit Committee.

As also required by NI 52-109, management, including the CEO and CFO, evaluated the adequacy of the design and the effective operation of the Company's internal control over financial reporting as defined in NI 52-109, as at March 3, 2024. In making this assessment, management, including the CEO and CFO, used the framework set forth in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, the CEO and the CFO have concluded that the design and operation of the Company's internal control over financial reporting, as defined by NI 52-109, were effective as at March 3, 2024.

In designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures. Therefore, even when determined to be designed effectively, disclosure controls and internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during Q4 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CURRENT SHARE INFORMATION

As of May 1, 2024, an aggregate of 90,946,154 subordinate voting shares, 20,437,349 multiple voting shares and no preferred shares are issued and outstanding. All of the issued and outstanding multiple voting shares are, directly or indirectly, held or controlled by Brian Hill, our principal shareholder, Founder and Executive Chair. As of May 1, 2024, an aggregate of 9,699,002 options, 497,746 performance share units and 770,064 restricted share units to acquire subordinate voting shares are outstanding.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's AIF, is available on SEDAR+ at www.sedarplus.com. The Company's subordinate voting shares are listed for trading on the TSX under the symbol "ATZ".

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS AND CERTAIN PERFORMANCE MEASURES

The following table summarizes the results of our operations for the eight most recently completed quarters. This unaudited quarterly information, other than Adjusted EBITDA, Adjusted Net Income, Adjusted Net Income per Diluted Share, capital cash expenditures (net of proceeds from lease incentives), free cash flow and comparable sales, has been prepared in accordance with IFRS. Due to seasonality, the results of operations for any quarter are not necessarily indicative of the results of operations for the fiscal year.

Consolidated Quarterly Results⁵

(in thousands of Canadian dollars, unless otherwise noted)

	Fiscal 2024				Fiscal 2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial Summary:								
Net revenue	\$ 681,970	\$ 653,524	\$ 534,191	\$ 462,665	\$ 637,582	\$ 624,615	\$ 525,523	\$ 407,910
Cost of goods sold	420,723	382,587	347,345	282,714	395,422	353,952	305,250	227,014
Gross profit	261,247	270,937	186,846	179,951	242,160	270,663	220,273	180,896
SG&A	196,835	187,373	171,116	153,459	171,299	163,737	147,154	120,279
Income from operations	49,056	74,115	13,679	21,564	67,704	95,368	64,138	59,944
Net income (loss)	24,207	43,093	(5,990)	17,470	37,338	70,728	46,261	33,261
Net income (loss) per share	\$ 0.22	\$ 0.39	\$ (0.05)	\$ 0.16	\$ 0.34	\$ 0.64	\$ 0.42	\$ 0.30
Net income (loss) per diluted share	\$ 0.21	\$ 0.38	\$ (0.05)	\$ 0.15	\$ 0.32	\$ 0.61	\$ 0.40	\$ 0.29
Adjusted EBITDA ⁶	\$ 72,545	\$ 91,763	\$ 21,160	\$ 31,588	\$ 79,354	\$ 119,618	\$ 82,563	\$ 69,646
Adjusted Net Income ⁶	\$ 38,223	\$ 52,701	\$ 3,415	\$ 11,218	\$ 46,671	\$ 76,610	\$ 50,619	\$ 40,871
Adjusted Net Income ⁶ per Diluted Share	\$ 0.34	\$ 0.47	\$ 0.03	\$ 0.10	\$ 0.40	\$ 0.67	\$ 0.44	\$ 0.35
Weighted average number of diluted shares outstanding (in thousands)	114,096	113,332	114,295	114,793	115,249	115,154	114,457	116,080
Cash and cash equivalents	\$ 163,277	\$ 140,804	\$ 76,516	\$ 58,793	\$ 86,510	\$ 131,898	\$ 65,424	\$ 179,358
Capital cash expenditures (net of proceeds from lease incentives) ⁶	\$ (41,681)	\$ (41,368)	\$ (45,703)	\$ (26,504)	\$ (38,503)	\$ (26,362)	\$ (22,830)	\$ (24,355)
Free cash flow ⁶	\$ 22,871	\$ 171,607	\$ (75,047)	\$ (19,929)	\$ (49,193)	\$ 68,297	\$ (84,514)	\$ (54,246)
Percentage of Net Revenue:								
Gross profit	38.3%	41.5%	35.0%	38.9%	38.0%	43.3%	41.9%	44.3%
SG&A	28.9%	28.7%	32.0%	33.2%	26.9%	26.2%	28.0%	29.5%
Net income (loss)	3.5%	6.6%	(1.1)%	3.8%	5.9%	11.3%	8.8%	8.2%
Adjusted EBITDA ⁶	10.6%	14.0%	4.0%	6.8%	12.4%	19.2%	15.7%	17.1%
Adjusted Net Income ⁶	5.6%	8.1%	0.6%	2.4%	7.3%	12.3%	9.6%	10.0%
Other Metrics:								
Net revenue growth	7.0%	4.6%	1.6%	13.4%	43.5%	37.8%	50.1%	65.2%
Comparable sales ⁶ growth (decline)	(3.0)%	0.5%	(4.3)%	4.1%	32.2%	22.8%	28.3%	29.4%
Boutiques:⁴								
Number of boutiques, beginning of period	117	116	115	114	113	112	109	106
New boutiques added	3	1	1	1	2	—	3	3
Repositioned to a flagship boutique	—	—	—	—	(1)	—	—	—
Pop-up boutique converted to a permanent boutique	—	—	—	—	—	1	—	—
Boutique closure	(1)	—	—	—	—	—	—	—
Number of boutiques, end of period	119	117	116	115	114	113	112	109
Repositioned boutiques	1	1	1	—	1	4	—	—

⁵ For a discussion of the factors that have caused variations in our business over the last eight quarters, please refer to the "Results of Operations" sections in this MD&A, our Q3 2024 MD&A dated January 10, 2024 for the 13-week period ended November 26, 2023, our Q2 2024 MD&A dated September 28, 2023 for the 13-week period ended August 27, 2023, our Q1 2024 MD&A dated July 11, 2023 for the 13-week period ended May 28, 2023, our Fiscal 2023 MD&A dated May 2, 2023 for the year ended February 26, 2023, our Q3 2023 MD&A dated January 11, 2023 for the 13-week period ended November 27, 2022, our Q2 2023 MD&A dated October 12, 2022 for the 13-week period ended August 28, 2022, and our Q1 2023 MD&A dated July 7, 2022 for the 13-week period ended May 29, 2022, which are available on SEDAR+.

⁶ See "How We Assess the Performance of Our Business" for definitions of Adjusted EBITDA and Adjusted Net Income which are non-IFRS financial measures, Adjusted Net Income per Diluted Share, Adjusted EBITDA as a percentage of net revenue and Adjusted Net Income as a percentage of net revenue which are non-IFRS ratios, capital cash expenditures (net of proceeds from lease incentives) and free cash flow which are capital management measures, and comparable sales which is a supplementary financial measure. See also "Non-IFRS Measures and Retail Industry Metrics".

Financial Statements





Independent auditor's report

To the Shareholders of Aritzia Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Aritzia Inc. and its subsidiaries (together, the Company) as at March 3, 2024 and February 26, 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at March 3, 2024 and February 26, 2023;
- the consolidated statements of operations for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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PwC[®] refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 3, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Inventory

Refer to note 2 – Material accounting policies, note 4 – Judgments and estimates and note 5 – Inventory to the consolidated financial statements.

As at March 3, 2024, the Company held inventory of \$340.1 million including finished goods in transit of \$77.9 million. Inventory is carried at the lower of cost and net realizable value. Cost is determined using weighted average costs. Cost of inventory includes the cost of merchandise and all costs incurred to deliver inventory to the Company's distribution centres.

We considered this a key audit matter due to the magnitude of the inventory balance and the audit effort involved in testing the inventory.

Our approach to addressing the matter included the following procedures, among others:

- Tested the operating effectiveness of relevant controls relating to the accounting for inventory, including the mathematical accuracy of the weighted average cost method.
- Tested a sample of inventory items to purchase invoices.
- Observed the inventory count process for a sample of distribution centres and for a sample of boutiques near year-end and performed independent test counts.
- Tested, on a sample basis, the finished goods in transit as at year-end by agreeing to third party shipment documents, receipt of inventory to distribution centres and purchase invoices.
- Tested, on a sample basis, inventory received post year-end to receiving documents to assess whether inventory was recorded appropriately as at year-end.
- Tested how management determined net realizable value, which included testing a sample of inventory items to the most recent retail prices of the inventory items.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.



Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or



regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Paulina Prokop.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia

May 2, 2024

Aritzia Inc.
Consolidated Statements of Financial Position
As at March 3, 2024 and February 26, 2023

(in thousands of Canadian dollars)

	Note	March 3, 2024	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	5	340,145	467,634
Prepaid expenses and other current assets	12	37,270	33,101
Total current assets		\$ 566,220	\$ 611,848
Property and equipment	6	431,365	308,608
Intangible assets	7	84,975	86,382
Goodwill	7	198,846	198,846
Right-of-use assets	8	632,291	614,061
Other assets	12	5,164	3,830
Deferred tax assets	18	27,272	12,968
Total assets		\$ 1,946,133	\$ 1,836,543
Liabilities			
Accounts payable and accrued liabilities	9, 12	\$ 212,835	\$ 221,712
Income taxes payable		1,606	—
Current portion of contingent consideration	12	—	6,619
Current portion of lease liabilities	8	107,322	117,316
Deferred revenue		81,669	71,653
Total current liabilities		\$ 403,432	\$ 417,300
Lease liabilities	8	698,564	654,690
Other non-current liabilities	10	13,451	21,499
Non-controlling interest in exchangeable shares liability	12	—	35,500
Deferred tax liabilities	18	23,191	21,767
Total liabilities		\$ 1,138,638	\$ 1,150,756
Shareholders' equity			
Share capital	13	\$ 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
Commitments and contingencies	20		

Approved on behalf of the Board of Directors
Brian Hill Director

John Currie Director

Aritzia Inc.
Consolidated Statements of Operations
For the years ended March 3, 2024 and February 26, 2023

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

	Note	March 3, 2024	February 26, 2023
Net revenue	16, 19	\$ 2,332,350	\$ 2,195,630
Cost of goods sold	17	1,433,369	1,281,638
Gross profit		898,981	913,992
Selling, general and administrative		708,783	602,469
Stock-based compensation expense	14, 17	31,784	24,369
Income from operations		158,414	287,154
Finance expense	8, 11, 17	49,091	31,263
Other expense (income)	12, 17	(5,287)	(7,916)
Income before income taxes		114,610	263,807
Income tax expense	18	35,830	76,219
Net income		\$ 78,780	\$ 187,588
Net income per share			
Basic	15	\$ 0.71	\$ 1.70
Diluted	15	\$ 0.69	\$ 1.63
Weighted average number of shares outstanding (thousands)			
Basic	15	110,653	110,259
Diluted	15	114,194	115,301

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

Aritzia Inc.
Consolidated Statements of Comprehensive Income
For the years ended March 3, 2024 and February 26, 2023

(in thousands of Canadian dollars)

	March 3, 2024	February 26, 2023
Net income	\$ 78,780	\$ 187,588
Other comprehensive income (loss)		
Items that are or may be reclassified subsequently to net income (loss):		
Foreign currency translation adjustment	(144)	(3,309)
Comprehensive income	\$ 78,636	\$ 184,279

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

Aritzia Inc.

Consolidated Statements of Changes in Shareholders' Equity

For the years ended March 3, 2024 and February 26, 2023

(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 27, 2022	21,937,349	\$ 15,858	89,181,069	\$ 235,433	\$ 56,342	\$ 223,553	\$ (375)	\$ 530,811
Net Income	—	—	—	—	—	187,588	—	187,588
Options exercised (note 14)	—	—	943,772	18,513	(7,202)	—	—	11,311
Stock-based compensation expense on equity-settled plans (note 14)	—	—	—	—	19,542	—	—	19,542
Share exchange at secondary offering (note 13)	(1,500,000)	(1,084)	1,500,000	1,084	—	—	—	—
Shares repurchased for cancellation (note 13)	—	—	(1,619,580)	(4,285)	—	(55,871)	—	(60,156)
Foreign currency translation adjustment	—	—	—	—	—	—	(3,309)	(3,309)
Balance, February 26, 2023	20,437,349	\$ 14,774	90,005,261	\$ 250,745	\$ 68,682	\$ 355,270	\$ (3,684)	\$ 685,787
Net Income	—	—	—	—	—	78,780	—	78,780
Options exercised (note 14)	—	—	1,388,360	30,139	(9,418)	—	—	20,721
Stock-based compensation expense on equity-settled plans (note 14)	—	—	—	—	30,339	—	—	30,339
Shares repurchased for cancellation (note 13)	—	—	(1,089,641)	(3,275)	—	(26,713)	—	(29,988)
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	—	—	—	—	—	—	(144)	(144)
Balance, March 3, 2024	20,437,349	\$ 14,774	90,723,027	\$ 292,963	\$ 96,249	\$ 407,337	\$ (3,828)	\$ 807,495

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

Aritzia Inc.

Consolidated Statements of Cash Flows

For the years ended March 3, 2024 and February 26, 2023

(in thousands of Canadian dollars)

	Note	March 3, 2024	February 26, 2023
Operating activities			
Net income for the period		\$ 78,780	\$ 187,588
Adjustments for:			
Depreciation and amortization		64,515	52,855
Depreciation on right-of-use assets	8	103,524	81,047
Impairment of right-of-use assets	8, 17	5,043	—
Finance expense	17	49,091	31,263
Stock-based compensation expense	14, 17	31,784	24,369
Unrealized loss on equity derivative contracts	12, 17	5,189	6,093
Income tax expense	18	35,830	76,219
Fair value adjustment of non-controlling interest in exchangeable shares liability	12, 17	(15,000)	—
Other	12, 17	(590)	(1,070)
Cash generated before non-cash working capital balances and interest and income taxes		358,166	458,364
Net change in non-cash working capital	22	97,002	(228,956)
Cash generated before interest and income taxes		455,168	229,408
Interest paid		(6,132)	(3,743)
Interest paid on lease liabilities	8	(42,679)	(27,336)
Income taxes paid		(47,534)	(123,416)
Net cash generated from (used in) operating activities		358,823	74,913
Financing activities			
Payment of financing fees	11	(611)	—
Repayment of principal on lease liabilities	8	(110,197)	(86,262)
Proceeds from lease incentives		21,405	13,538
Proceeds from options exercised	14	20,721	11,311
Shares repurchased for cancellation	13	(29,988)	(61,124)
Net cash generated from (used in) financing activities		(98,670)	(122,537)
Investing activities			
Purchase of property and equipment	6	(173,687)	(122,767)
Purchase of intangible assets	7	(2,974)	(2,821)
Contingent consideration payout, net relating to the acquisition of CYC Design Corporation ("CYC")	12	(6,303)	(5,625)
Cash used in investing activities		(182,964)	(131,213)
Effect of exchange rate changes on cash and cash equivalents		(422)	102
Change in cash and cash equivalents		76,767	(178,735)
Cash and cash equivalents – Beginning of period		86,510	265,245
Cash and cash equivalents – End of period		\$ 163,277	\$ 86,510
Supplemental cash flow information	22		

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

Aritzia Inc.

Notes to Consolidated Financial Statements

March 3, 2024 and February 26, 2023

(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.

On June 25, 2021, the Company acquired 75% of the common shares in CYC Design Corporation ("CYC") and on May 26, 2023 the Company acquired the remaining 25% interest in CYC (note 12). The results of operations, financial position, and cash flows of CYC, which owns the Reigning Champ brand, have been included in the Company's consolidated financial statements since the date of the 75% acquisition. CYC has four boutiques in Canada.

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

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The consolidated financial statements have been prepared on a historical cost basis, except for derivative instruments, non-controlling interest in exchangeable shares liability, cash-settled deferred share units and restricted share units, as disclosed in the accounting policies set out in note 2. These consolidated financial statements are presented in Canadian dollars, unless otherwise noted.

Fiscal year

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 2024 is a 53-week year and Fiscal 2023 was a 52-week year. All references to Fiscal 2024 represent the fiscal year ending March 3, 2024 and all references to Fiscal 2023 represent the fiscal year ended February 26, 2023.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, including Aritzia LP and CYC, domiciled in Canada, and United States of Aritzia Inc., domiciled in the United States. All intercompany transactions and balances are eliminated on consolidation and consistent accounting policies are applied across the Company.

Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars. The functional currency for each entity included in these consolidated financial statements is the currency of the primary economic environment in which the entity operates. The functional currency of the parent corporation and its Canadian operations is the Canadian dollar. The functional currency of the Company's U.S. operations is the U.S. dollar.

Aritzia Inc.

Notes to Consolidated Financial Statements

March 3, 2024 and February 26, 2023

(in thousands of Canadian dollars, unless otherwise noted)

Cost of goods sold

Cost of goods sold includes inventory and product-related costs, occupancy costs, and depreciation expense for the Company's boutiques and distribution centres.

Selling, general and administrative

Selling, general and administrative expenses consist of selling expenses that are generally variable with revenues and general and administrative operating expenses that are primarily fixed. Selling, general and administrative expenses also include depreciation and amortization expense for all support office assets and intangible assets.

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 consolidated financial statements were authorized for issue on May 2, 2024 by the Company's Board of Directors ("Board").

2 Material accounting policies

Foreign currency translation

Transactions denoted in foreign currencies are translated into the functional currency for the respective entity at the exchange rates at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at the reporting date exchange rates, are recognized in profit or loss. Other non-monetary items on the consolidated statement of financial position denominated in foreign currencies are translated into the functional currencies using the exchange rates at the date of the transaction.

The Company's U.S. operations with a functional currency of U.S. dollars are translated into Canadian dollars at each reporting date. Assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the reporting date. Revenues and expenses are translated into Canadian dollars at average exchange rates during the reporting period. The resulting translation adjustments are included in other comprehensive income.

Inventory

Inventory, consisting of finished goods and raw materials, is carried at the lower of cost and net realizable value. Cost is determined using weighted average costs. Cost of inventories includes the cost of merchandise and all costs incurred to deliver inventory to the Company's distribution centres including freight and duty.

Property and equipment

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including any costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Costs and related accumulated depreciation for property and equipment are removed from the accounts upon their sale or disposition and the resulting gain or loss is reflected in the results of operations.

Aritzia Inc.

Notes to Consolidated Financial Statements

March 3, 2024 and February 26, 2023

(in thousands of Canadian dollars, unless otherwise noted)

Depreciation is recognized on a straight-line basis over the estimated useful lives of each component of an item of property and equipment, commencing when the assets are ready for use, as follows:

Computer hardware and software	3 - 7 years
Furniture and equipment	3 - 10 years
Leasehold improvements	shorter of lease term and estimated useful life

Estimates of useful lives, residual values and methods of depreciation are reviewed annually. Any changes are accounted for prospectively as a change in accounting estimate.

Intangible assets

Intangible assets are recorded at cost and include trade names, trademarks, non-competition agreements and internally developed computer software.

Costs to purchase any trademarks from third parties are capitalized and amortized over the useful lives of the assets. Costs include all expenditures that are directly attributable to the acquisition or development of the asset.

The Company capitalizes, in intangible assets, direct costs incurred during the application and infrastructure development stages of developing computer software for internal use. All costs incurred during the preliminary project stage, including project scoping, identification and testing of alternatives, are expensed as incurred.

The Aritzia and Reigning Champ trade names have been determined to have an indefinite life and are not amortized. The remaining intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Other trade names and trademarks	term of registration or up to a maximum of 20 years
Non-compete agreements	5 years
Computer software	3 - 7 years

Estimates of useful lives, residual values and methods of amortization are reviewed annually. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment of non-financial assets

General

Impairment testing compares the carrying values of the assets or cash-generating units ("CGU") being tested with their recoverable amounts (the recoverable amount being the greater of an asset's or CGUs value in use or fair value less costs of disposal). To the extent that the carrying value of an asset or CGU exceeds its recoverable amount, the excess amount would be recorded as an impairment loss. Should the recoverable amounts for impaired assets or CGUs subsequently increase, the impairment losses previously recognized (other than in respect of goodwill) may be reversed.

Property, plant and equipment, intangible assets, and right-of-use assets with finite lives

Assets that are subject to depreciation or amortization are periodically reviewed for indicators of impairment. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, the asset or CGU is tested for impairment.

Aritzia Inc.

Notes to Consolidated Financial Statements

March 3, 2024 and February 26, 2023

(in thousands of Canadian dollars, unless otherwise noted)

Goodwill and intangible assets with indefinite lives

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Company has selected the first day of the fourth quarter as the time of the annual impairment test. The recoverable amount of goodwill is based on value in use, calculated using discounted cash flows over five years with a terminal value generated from continuing use of the group of CGUs.

The fair value methodologies used by the Company in testing goodwill and indefinite-lived intangible assets include assumptions related to financial forecasts, sales trends, discount rates, terminal growth rates, royalty rates and other assumptions that are judgmental in nature. If future economic conditions or operating performance, such as declines in sales or increases in discount rates, are different than those projected by management in its most recent impairment tests for goodwill and indefinite-lived intangible assets, future impairment charges may be required. See note 7 for further details.

Leases

The Company assesses whether a contract is or contains a lease at the inception of the contract. Leases are recognized as a right-of-use asset and corresponding lease liability at the lease commencement date. The lease liability is measured at the present value of the future fixed and in-substance fixed payments and variable lease payments that depend on an index or rate over the lease term, less any lease incentives receivable, discounted using the lessee's incremental borrowing rate, unless the implicit interest rate in the lease can be easily determined. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

Lease terms applied are the contractual non-cancellable periods of the lease, plus periods covered by renewal or termination options, if the Company is reasonably certain to exercise those options. Lease liabilities are remeasured (with a corresponding adjustment to the right-of-use asset) when there is a change in the lease term, a change in the future lease payments resulting from a change in an index or rate used to determine those payments, or when the lease contract is modified and the lease modification is not accounted for as a separate lease.

The right-of-use assets include the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, any initial direct costs, less any lease incentives received before the commencement date. The right-of-use assets are subsequently measured at cost and are depreciated on a straight-line basis from the date the underlying asset is available for use over the lease term.

Lease payments for assets that are exempt through the short-term exemption and variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liabilities. Lease incentives received for variable payment leases are deferred and amortized as a reduction in recognized variable rent expenses over the related lease terms. Proceeds from lease incentives are recognized as financing cash flows in the consolidated statement of cash flows.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provision of the financial instrument. Financial assets are derecognized when the contractual rights to receive cash flows from the financial asset expire and financial liabilities are derecognized when obligations under the contract expire, are discharged or cancelled. The Company's financial assets, which includes cash and cash equivalents and accounts receivable, are classified as amortized cost. The Company's financial liabilities, which includes accounts payable and accrued liabilities, lease liabilities and long term debt, are classified as amortized cost. The Company's equity derivative contracts, contingent consideration and non-controlling interest in exchangeable shares liability are classified as fair value through profit or loss ("FVTPL").

Aritzia Inc.

Notes to Consolidated Financial Statements

March 3, 2024 and February 26, 2023

(in thousands of Canadian dollars, unless otherwise noted)

Financial assets are initially measured at fair value and subsequently measured at amortized cost using the effective interest method if both of the following conditions are met and they are not designated as FVTPL:

- (i) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- (ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. All financial assets not classified as amortized cost as described above are measured at FVTPL.

Financial liabilities are initially measured at fair value, less any directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method.

Changes of the fair value of financial instruments classified as FVTPL are recorded in profit or loss in the period in which they arise. Gains and losses on financial instruments classified at amortized cost are recognized in profit or loss when the financial instruments are derecognized, modified or impaired.

Financial assets and financial liabilities are measured at fair value using a valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy of a particular asset or liability depends on the inputs used in the valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally derived (unobservable). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs based on a company's own assumptions about market participant assumptions using the best information available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that a company has the ability to access at the measurement date.

Level 2 - Valuations based on quoted inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Non-controlling interest in exchangeable shares liability

Non-controlling interest in exchangeable shares liability represented exchangeable shares that could be put back to the Company's subsidiary at the option of the holder and were measured initially at its fair value at the date of acquisition. Subsequent changes in the fair value were recognized in profit and loss. The portion of change in fair value attributable to changes in the Company's own credit risk, if any, was recognized in other comprehensive income. See note 12 regarding the settlement of the exchangeable shares liability in Fiscal 2023.

Share capital

Multiple voting shares and subordinate voting shares are classified as shareholders' equity. Incremental costs directly attributable to the issuance of shares are shown in equity as a deduction, net of tax, from the proceeds of the issuance. When share capital recognized as equity is re-purchased for cancellation, the amount of consideration paid, which includes directly attributable costs, net of tax, is recognized as a deduction from share capital. The excess of the purchase price over the carrying amount of the shares is charged to retained earnings.

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Revenue recognition

The Company recognizes revenue when control of the goods or services has been transferred to the customer. Control transfers once a customer has the ability to direct the use of, and obtain substantially all of the benefits from, the product. This generally occurs when the product is delivered to the customer and therefore may be subject to deferral until delivered to or received by the customer. Revenue is measured at the fair value of the amount of consideration to which the Company expects to be entitled to, including variable consideration, if any, to the extent that it is highly probable that a significant reversal will not occur. Revenues are measured net of discounts and an estimated allowance for returns. Shipping fees charged to customers are recorded as revenue.

Revenues are reported net of sales taxes collected for various governmental agencies.

Receipts from the sale of gift cards are treated as deferred revenue. When gift cards are redeemed for merchandise, the Company recognizes the related revenue. The Company estimates gift card breakage, to the extent there is no requirement for remitting card balances to government agencies under unclaimed property laws, and recognizes revenue in proportion to actual gift card redemptions.

Employee benefits

Short-term employee benefit obligations, which include wages, salaries, compensated absences and bonuses are expensed through cost of goods sold or selling, general and administrative expenses as the related service is provided.

Termination benefits are recognized as an expense when the Company has demonstrated commitment, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

Income tax expense

Current and deferred income taxes are recognized in the Company's net income, except to the extent that they relate to a business combination or items recognized directly in equity or other comprehensive income.

Current taxes are recognized for the estimated taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting nor taxable income or loss. In addition, deferred tax liabilities are not recognized for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the asset and liability, using tax rates enacted or substantively enacted at the year-end date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Stock-based compensation expense

General

For stock-based compensation which vests in its entirety at one future point in time (cliff-vesting), the Company recognizes the expense on a straight-line basis over the vesting period. For stock-based compensation which vests in tranches, the Company recognizes the expense using the graded vesting method. An estimate of forfeitures during the vesting period is made at the date of grant, which is adjusted to reflect actual forfeitures. For stock-based compensation that is subject to performance criteria, it is earned only if certain performance targets are achieved, as established by the Board, along with any other vesting conditions over the vesting period and can decrease or increase if minimum or maximum performance targets are achieved.

Equity-settled plans

Stock option expense is initially recognized based on the fair value of the option at the grant date using the Black-Scholes option-pricing model, with a corresponding increase in contributed surplus. When stock options are exercised, the exercise price proceeds together with the amount initially recorded in contributed surplus are reclassified to share capital.

Compensation expense related to other equity-settled plans is measured based on an estimated fair value at the grant date, with a corresponding increase in contributed surplus. Upon settlement, the amount initially recognized in contributed surplus is reclassified to share capital.

Cash-settled plans

Compensation expense related to cash-settled plans is measured based on the market value of the Company's shares at grant date, with a corresponding liability. The liability is subsequently remeasured at each reporting date based on the market value of the Company's shares, with changes in fair value recognized as stock-based compensation expense over the vesting period.

Net income per share

Basic net income per share is calculated by dividing the net income for the fiscal year attributable to shareholders of the Company by the weighted average number of multiple voting shares and subordinate voting shares outstanding during the year. As all the classes of shares are subject to the same distribution rights, the Company performs the net income per share calculations as if all shares are a single class.

Diluted net income per share is calculated by dividing the net income for the fiscal year attributable to shareholders of the Company by the weighted average number of multiple voting shares and subordinate voting shares outstanding during the year, plus the weighted average number of subordinate voting shares that would be issued on exercise of dilutive stock options granted, as calculated under the treasury stock method, and the dilutive impact of equity-settled restricted and performance share units granted and the non-controlling interest in exchangeable shares liability. .

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3 Accounting policy developments

Standards, interpretations and amendments issued and adopted

The Company assessed the impact of the following amendments and determined there is no material impact to the audited annual consolidated financial statements:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8); and,
- Deferred Tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12).
- International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) which allows for a temporary relief from accounting for deferred income taxes under the Organisation for Economic Cooperation and Development's Pillar Two model rules. The Company is applying the temporary relief but based on preliminary review, the Company does not expect a material exposure to Pillar Two income taxes.

Standards, interpretations and amendments not yet effective and not yet applied

The Company is also currently assessing the potential impact of the following amendment:

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1).

4 Judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates about the future that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions are reviewed on an ongoing basis and are based on management's best judgements and experience and other factors. Revisions to accounting estimates are recognized prospectively. Actual results may differ from these estimates.

Significant judgements and estimates made by management in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include the following:

Judgements

- Lease terms: whether the Company is reasonably certain, at the lease commencement date, it will exercise available renewal or termination options and thus include such options in the lease terms (note 8).
- Impairment testing: judgement in determining the grouping of assets to identify its CGUs for purposes of testing for impairment.

Estimates

- Return allowances: estimates of expected returns based on historical return patterns.
- Inventories: estimates of inventory net realizable value (note 5), which requires the Company to utilize estimates related to product quality, damages, inventory shrinkage for lost or stolen items, future demand, selling prices, and market conditions. The Company periodically reviews its inventories and records a write-down if the cost exceeds net realizable value of inventory, based on the above factors.

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- Goodwill and indefinite life intangible asset impairment testing: estimates in the impairment testing model, which incorporate estimates regarding future events including future cash flows, growth rates and discount rates (note 7). On an annual basis, the Company tests whether goodwill and indefinite life intangible assets are impaired using discounted future cash flow models.
- Incremental borrowing rate: estimates of the incremental borrowing rate used for calculating lease liabilities and right-of-use-assets. The Company estimates the incremental borrowing rate of each leased asset as the rate of interest that the Company would have to pay to borrow, over a similar term with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment (note 8).
- Other: other estimates include determining the useful lives and depreciation methods applied to property, plant and equipment and intangible assets with definite lives for the purposes of depreciation and amortization; in accounting for and measuring items such as deferred revenue, provisions, and purchase price adjustments on business combinations; and in measuring certain fair values, including those relating to the valuation of assets and liabilities acquired in a business combinations, share-based payments, and financial instruments.

5 Inventory

	March 3, 2024	February 26, 2023
Finished goods	\$ 253,095	\$ 397,629
Finished goods-in-transit	77,924	60,527
Raw materials	9,126	9,478
Inventory	\$ 340,145	\$ 467,634

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 \$20.2 million for the year ended March 3, 2024 (February 26, 2023 - \$5.2 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).

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6 Property and equipment

	Leasehold improvements	Furniture and equipment	Computer hardware and software	Construction in- progress	Total
Cost					
Balance, February 27, 2022	\$ 296,202	\$ 69,831	\$ 29,241	\$ 18,720	\$ 413,994
Additions	62,605	14,689	6,061	44,067	127,422
Transfers from construction-in-progress	11,789	3,171	228	(15,188)	—
Dispositions	(5,105)	(2,282)	(2,510)	—	(9,897)
Foreign exchange	9,613	1,843	322	758	12,536
Balance, February 26, 2023	\$ 375,104	\$ 87,252	\$ 33,342	\$ 48,357	\$ 544,055
Additions	99,695	29,889	9,668	44,582	183,834
Transfers from construction-in-progress	14,436	26,408	5,434	(46,278)	—
Dispositions	(6,360)	(3,400)	(4,626)	—	(14,386)
Foreign exchange	(805)	(152)	(26)	(35)	(1,018)
Balance, March 3, 2024	\$ 482,070	\$ 139,997	\$ 43,792	\$ 46,626	\$ 712,485
Accumulated depreciation					
Balance, February 27, 2022	\$ 132,378	\$ 36,444	\$ 21,982	\$ —	\$ 190,804
Depreciation	34,902	9,540	4,546	—	48,988
Dispositions	(5,105)	(2,282)	(2,510)	—	(9,897)
Foreign exchange	4,421	867	264	—	5,552
Balance, February 26, 2023	\$ 166,596	\$ 44,569	\$ 24,282	\$ —	\$ 235,447
Depreciation	40,741	13,511	6,101	—	60,353
Dispositions	(6,360)	(3,400)	(4,626)	—	(14,386)
Foreign exchange	(237)	(44)	(13)	—	(294)
Balance, March 3, 2024	\$ 200,740	\$ 54,636	\$ 25,744	\$ —	\$ 281,120
Net carrying value					
Balance, February 26, 2023	\$ 208,508	\$ 42,683	\$ 9,060	\$ 48,357	\$ 308,608
Balance, March 3, 2024	\$ 281,330	\$ 85,361	\$ 18,048	\$ 46,626	\$ 431,365

Construction-in-progress primarily includes build costs for boutiques not yet opened.

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7 Goodwill and intangible assets

	Indefinite life trade names	Definite life trade names and trademarks	Computer software	Non-compete agreements	Construction- in- progress	Total Intangible assets	Goodwill
Cost							
Balance, February 27, 2022	\$ 72,292	\$ 19,184	\$ 35,356	\$ 1,200	\$ 1,674	\$ 129,706	\$ 198,846
Additions	—	—	—	—	2,851	2,851	—
Balance, February 26, 2023	\$ 72,292	\$ 19,184	\$ 35,356	\$ 1,200	\$ 4,525	\$ 132,557	\$ 198,846
Additions	—	—	719	—	2,036	2,755	—
Transfers from construction in progress	—	—	4,525	—	(4,525)	—	—
Dispositions	—	—	(2,314)	—	—	(2,314)	—
Balance, March 3, 2024	\$ 72,292	\$ 19,184	\$ 38,286	\$ 1,200	\$ 2,036	\$ 132,998	\$ 198,846
Accumulated amortization							
Balance, February 27, 2022	\$ —	\$ 14,625	\$ 27,523	\$ 160	\$ —	\$ 42,308	\$ —
Amortization	—	692	2,935	240	—	3,867	—
Balance, February 26, 2023	\$ —	\$ 15,317	\$ 30,458	\$ 400	\$ —	\$ 46,175	\$ —
Amortization	—	686	3,236	240	—	4,162	—
Dispositions	—	—	(2,314)	—	—	(2,314)	—
Balance, March 3, 2024	\$ —	\$ 16,003	\$ 31,380	\$ 640	\$ —	\$ 48,023	\$ —
Net carrying value							
Balance, February 26, 2023	\$ 72,292	\$ 3,867	\$ 4,898	\$ 800	\$ 4,525	\$ 86,382	\$ 198,846
Balance, March 3, 2024	\$ 72,292	\$ 3,181	\$ 6,906	\$ 560	\$ 2,036	\$ 84,975	\$ 198,846

Construction-in-progress includes internally generated computer software not put into use.

Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill is monitored corporately at the level of the Company's single operating segment. A pre-tax discount rate of 10.3% and a terminal growth assumption rate of 2.0% were used in the impairment model.

The Company's indefinite life trade names include Aritzia and Reigning Champ. As there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows, these intangible assets are considered to have indefinite useful lives. For the purposes of intangible assets with indefinite useful lives, CGUs are grouped at the lowest level that the assets are monitored for internal management purposes and for which largely independent cash flows are generated. The carrying values allocated to the CGUs' intangible assets with indefinite useful lives are set out in the following table:

	March 3, 2024	February 26, 2023
Aritzia trade name	\$ 46,092	\$ 46,092
Reigning Champ trade name	26,200	26,200
Indefinite life trade names	\$ 72,292	\$ 72,292

The recoverable amount of the indefinite life trade names is determined based on the relief from royalty method, calculated using discounted cash flows over five years with a terminal value generated from continuing

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use of the group of CGUs. The method considers the projected royalties that would otherwise be paid to the holder of the trade name, assuming an arm's length owner.

Specific cash flow estimates for the trade names are projected based on approved financial forecasts, annual growth assumptions, royalty rates, discount rates and a terminal growth rate to extrapolate the cash flow projections. A pre-tax discount rate of 10.3% and 16.3% for each of the Aritzia and Reigning Champ trade names, respectively, and a terminal growth assumption rate of 2.0% (based on the Bank of Canada's target inflation rate) were used in the impairment models for each trade name.

As at March 3, 2024 and February 26, 2023, management has determined that there was no impairment of goodwill or the indefinite life trade names. The Company believes that any reasonably possible change in the key assumptions on which the calculation of the recoverable amount of the CGUs is based would not cause the CGUs carrying values to exceed their recoverable amounts.

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 year ended March 3, 2024:

	Right-of-use assets
Cost	
Balance, February 26, 2023	\$ 878,593
Additions, net of lease incentives received	123,400
Modifications, including impairment of right-of-use assets	(2,698)
Foreign exchange	(2,596)
Balance, March 3, 2024	\$ 996,699
Accumulated depreciation	
Balance, February 26, 2023	\$ 264,532
Depreciation	102,992
Amortization of fair value adjustment on CYC leases	532
Modifications	(3,255)
Foreign exchange	(393)
Balance, March 3, 2024	\$ 364,408
Net carrying value	
Balance, February 26, 2023	\$ 614,061
Balance, March 3, 2024	\$ 632,291

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The following table reconciles the change in lease liabilities for the year ended March 3, 2024:

	Lease liabilities
Balance, February 26, 2023	\$ 772,006
Additions	142,492
Interest expense on lease liabilities (note 17)	42,679
Repayment of interest and principal on lease liabilities	(152,876)
Modifications	3,557
Foreign exchange	(1,972)
Balance, March 3, 2024	\$ 805,886
Current portion of lease liabilities	107,322
Long-term portion of lease liabilities	698,564
Lease liabilities	\$ 805,886

The following table summarizes the Company's rent and rent-related expenses for the year ended March 3, 2024:

	March 3, 2024	February 26, 2023
Depreciation on right-of-use assets, excluding fair value adjustments	\$ 102,992	\$ 80,515
Interest expense on lease liabilities (note 17)	42,679	27,336
Variable lease expense	21,960	26,370
Common area maintenance, property taxes and other	54,704	41,336
Lease payments relating to short-term or low value leases	3,446	2,670
Total rent and rent-related expenses	\$ 225,781	\$ 178,227

The future undiscounted minimum lease payments for the Company's leases for its premises, excluding other occupancy charges and variable lease payments, are as follows:

Less than 1 year	\$ 150,223
Between 1 and 5 years	464,396
More than 5 years	427,240
Future undiscounted minimum lease payments	\$ 1,041,859

As at March 3, 2024, the Company had future undiscounted minimum lease payments of \$245.5 million for leases committed to but not yet commenced (February 26, 2023 - \$146.1 million).

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9 Accounts payable and accrued liabilities

	March 3, 2024	February 26, 2023
Trade accounts payable	\$ 133,676	\$ 149,422
Employee benefits payable	53,749	44,205
Other non-trade payables	15,609	22,351
Current portion of Restricted Share Unit ("RSU") plan liabilities (note 14)	9,801	5,734
Accounts payable and accrued liabilities	\$ 212,835	\$ 221,712

10 Other non-current liabilities

	March 3, 2024	February 26, 2023
Deferred Share Unit ("DSU") plan liabilities (note 14)	\$ 8,195	\$ 14,914
Deferred lease inducements	4,830	6,174
Asset retirement obligations	426	411
Other non-current liabilities	\$ 13,451	\$ 21,499

11 Bank indebtedness

On October 27, 2023, the Company refinanced its revolving credit facility, extending the term to October 27, 2026. As part of the refinancing, the Company increased its existing revolving credit facility from \$175.0 million to \$300.0 million. The Company incurred \$0.6 million of financing fees as part of the refinancing in the year ended March 3, 2024, which have been deferred and are being amortized over the term of the facility. The refinancing is considered a debt modification under IFRS 9.

The revolving credit facility 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% (February 26, 2023 – 0.50% and 2.50%). Up to \$10.0 million of the facility can be drawn upon by way of a swingline loan. As at March 3, 2024, no amounts were drawn under the revolving credit facility (February 26, 2023 - \$nil).

On December 14, 2023, the Company entered into an agreement for 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 March 3, 2024, no amounts were drawn under the revolving line of credit.

The Company also has letters of credit facilities of CAD\$50.0 million and US\$40.0 million (February 26, 2023 - 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 March 3, 2024, the amount available under these facilities was reduced to \$80.8 million (February 26, 2023 - \$72.9 million) by certain open letters of credit (note 20).

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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 March 3, 2024 and February 26, 2023, the Company was in compliance with all financial covenants.

12 Financial instruments

The following tables show the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy and accounting classification:

	Classification	Fair Value Level	As at March 3, 2024		As at February 26, 2023	
			Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets						
Cash and cash equivalents	Amortized cost	1	\$ 163,277	\$ 163,277	\$ 86,510	\$ 86,510
Accounts receivable	Amortized cost	2	18,473	18,473	18,184	18,184
Equity derivative contracts	FVTPL	2	4,281	4,281	9,468	9,468
Share Adjustments	FVTPL	3	1,000	1,000	—	—
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	2	\$ 212,835	\$ 212,835	\$ 221,712	\$ 221,712
Lease liabilities	Amortized cost	2	805,886	805,886	772,006	772,006
Contingent consideration	FVTPL	3	—	—	6,619	6,619
Non-controlling interest in exchangeable shares liability	FVTPL	3	—	—	35,500	35,500

There were no transfers between the levels of the fair value of hierarchy for the years ended March 3, 2024 and February 26, 2023.

The carrying value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates their fair value due to the immediate or short-term maturity of these 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. During the year ended March 3, 2024, the Company recorded an unrealized loss of \$5.2 million (February 26, 2023 - unrealized loss of \$6.1 million) for the change in fair value for these contracts in the consolidated statements of operations in other expense (income). During the year ended March 3, 2024, the Company recorded realized gains of \$1.0 million (February 26, 2023 - realized gains of \$1.4 million) arising from the settlement of equity derivative contracts. As at March 3, 2024, the equity derivative contracts had a positive fair value of \$4.3 million (February 26, 2023 – \$9.5 million) which is recorded in prepaid expenses and other current assets in the consolidated statements of financial position.

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Contingent consideration

The Company had a contingent consideration liability of \$13.2 million, payable in two equal instalments, under the CYC purchase agreement dated June 25, 2021 that was based on CYC's future operating results. During the year ended March 3, 2024, the Company paid the final instalment to the CYC shareholders net of \$0.3 million in indemnities and shared costs (year ended February 26, 2023 - net of \$1.0 million in indemnities and shared costs).

Non-controlling interest in exchangeable shares liability

In conjunction with the acquisition, CYC issued exchangeable shares to minority shareholders ("exchangeable shareholders") in exchange for their 25% share of the total common shares at acquisition. The exchangeable shares allow the holders to put back their shares to CYC in the following periods: one-third from May 1, 2024 to August 31, 2024, one-third from May 1, 2025 to August 31, 2025, and one-third from May 1, 2026 to August 31, 2026 (the "put options"). In the event that the exchangeable shareholders do not exercise the put options by August 31, 2026, the Company has an open-ended call option, but not an obligation, to purchase all of the shares held by the exchangeable shareholders (the "call option").

The exercise prices of the put options and the call option are based on certain specific operating results of CYC in the most recently completed fiscal year prior to exercise, subject to a capped enterprise value of \$60.0 million (remaining 25% purchase). Upon exercise, the options are settled through a variable number of the Company's shares based on a volume weighted average price ("VWAP") of the Company's shares for 30 consecutive trading days.

The fair value of the non-controlling interest in exchangeable shares liability is estimated initially, and on a recurring basis, based on a Monte Carlo simulation that has been used to simulate the potential fluctuations in CYC's operating results over the period to exercise. The cash flows associated with the modelled operating results are then discounted back to the valuation date.

As a result of the Company's early acquisition of the remaining 25% ownership interest held through the CYC exchangeable shares on May 26, 2023, the Company revalued the non-controlling interest in exchangeable shares liability to \$20.5 million as at May 26, 2023 based on a Monte Carlo situation which resulted in a \$15.0 million gain recorded in other expense (income). The following assumptions were used:

Initial business enterprise value (100%)	\$63.0 million
Capped enterprise value (remaining 25% purchase)	\$60.0 million
Gross profit expected volatility	11.0%
Gross profit discount rate	9.0%
Expected life	3.3 years

As at May 26, 2023, subsequent to the remeasurement discussed above, the non-controlling interest in exchangeable shares liability was settled and reduced to \$nil (February 26, 2023 - \$35.5 million) in connection with the early acquisition of CYC exchangeable shares with the offset recorded against share capital, contributed surplus and other non-current assets (net derivative asset).

Early 100% Acquisition of CYC

On May 26, 2023, the Company and the 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 with a value based on certain Fiscal 2026

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operational performance metrics of the Reigning Champ brand. Both the Upfront Shares and Additional Shares are subject to forfeiture rates if the exchangeable shareholder leaves before the end of Fiscal 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 (\$2.8 million) 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 and subject to future adjustments ("Share Adjustments") based on set minimum and maximum total values at the end of Fiscal 2026. The Share Adjustments feature are treated as an embedded derivative within other non-current assets on the consolidated statements of financial position. The Share Adjustments value was \$1.0 million on March 3, 2024 (at closing on May 26, 2023, \$1.5 million) resulting in a \$0.5 million loss during the year ended March 3, 2024 included in other expense (income).

13 Share capital

Normal course issuer bids ("NCIB") and automatic share purchase plans ("ASPP")

On January 18, 2024, the Company announced that the TSX accepted its notice of intention to proceed with a NCIB ("2024 NCIB"). Under the 2024 NCIB, Aritzia may purchase up to 3,515,740 of its subordinate voting shares during the twelve-month period commencing January 22, 2024 and ending January 21, 2025. On February 21, 2024, the Company announced that it entered into an automatic share purchase plan (the "2024 ASPP") with a designated broker allowing the Company to purchase its subordinate voting shares under the 2024 NCIB during predetermined blackout periods.

The NCIB approved by the TSX on January 18, 2023 ("2023 NCIB") allowed the company to repurchase and cancel up to 3,860,745 of its subordinate voting shares over the 12 month period commencing January 20, 2023 and ending January 19, 2024. On February 3, 2023, the Company entered into an ASPP (the "2023 ASPP"), which commenced immediately and terminated upon the termination of the 2023 NCIB.

During the year ended March 3, 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 (52-week period ended February 26, 2023 - 1,619,580 subordinate voting shares for cancellation at an average price of \$37.14 per subordinate voting share for total cash consideration of \$60.2 million).

As at March 3, 2024, there were 20,437,349 multiple voting shares and 90,723,027 subordinate voting shares issued and outstanding. There were no preferred shares issued and outstanding as at March 3, 2024. Neither the multiple voting shares nor the subordinate voting shares issued have a par value.

Secondary offerings

From time to time, the Company will announce a secondary offering on a bought deal basis of its subordinate voting shares through a secondary sale of shares by certain entities owned and/or controlled, directly or indirectly, by Brian Hill, Founder and Executive Chair of Aritzia, or Brian Hill and his immediate family (collectively, the "Selling Shareholders"). The Company does not receive any proceeds from the secondary offerings. Underwriting fees are paid by the Selling Shareholders and other expenses related to the secondary offerings are paid by the Company.

On November 14, 2022, the Company announced a secondary offering (the "2022 Secondary Offering"). As part of the 2022 Secondary Offering, during the year ended February 26, 2023, the Selling Shareholders exchanged 1,500,000 of their multiple voting shares for subordinate voting shares for \$51.60 per subordinate

Aritzia Inc.

Notes to Consolidated Financial Statements

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voting share resulting gross proceeds of \$77.4 million to the Selling Shareholders, and expenses paid by the Company of \$0.5 million.

14 Stock-based compensation

Details of stock-based compensation expense

Prior to the Company's initial public offering (the "IPO") the Company had a legacy equity incentive plan (the "Legacy Plan") pursuant to which it had granted stock options to directors, employees, consultants and advisors. Concurrent with the IPO, the Company implemented a long-term incentive plan (the "Omnibus plan") for certain officers, directors, employees or consultants. The Omnibus plan includes stock options, RSUs and PSUs. The Company also has a DSU plan for non-employee directors.

Details of the Company's Omnibus plan are included in the following table:

Unit type	Vesting	Settled in cash or equity
Stock Options	Five-year graded vesting	Equity
Deferred Share Unit	Immediately at time of grant	Cash (not redeemable until the eligible director ceases to be a member of the Board)
Restricted Share Unit	Third anniversary of award date	Cash, equity or combination at the discretion of the Board on the grant date
Performance Share Unit	Third anniversary of award date	Cash, equity or combination at the discretion of the Board on the grant date

Reflected in the consolidated statements of operations as stock-based compensation expense are the following amounts:

	March 3, 2024	February 26, 2023
Equity-settled plans		
Stock options	\$ 19,115	\$ 14,467
Restricted Share Units	6,134	2,666
Performance Share Units	5,090	2,409
Cash-settled plans		
Restricted Share Units	917	4,742
Deferred Share Units	528	85
Stock-based compensation expense	\$ 31,784	\$ 24,369

Stock Options

Legacy Plan

Following completion of the IPO in October 2016, no additional options will be granted under the Legacy Plan. All issued options expire after 10 or 15 years from the date granted.

Aritzia Inc.

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March 3, 2024 and February 26, 2023

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Transactions for options granted under the Legacy Plan for the years ended on March 3, 2024 and February 26, 2023 were as follows:

	March 3, 2024		February 26, 2023	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding, at beginning of year	1,846,630	5.48	2,213,883	\$ 5.35
Exercised	(143,419)	4.50	(367,253)	4.68
Outstanding, at end of year	1,703,211	5.56	1,846,630	\$ 5.48
Exercisable, at end of year	1,703,211	5.56	1,846,630	\$ 5.48

The weighted average share price on the dates the stock options were exercised during the year ended March 3, 2024 was \$32.36 (February 26, 2023 - \$49.22).

The outstanding and exercisable Legacy Plan stock options as at March 3, 2024 were 1,703,211 stock options, with a weighted average remaining contractual life of 1.48 and weighted average exercise price of \$5.56.

Omnibus Plan

All issued options expire after 7 or 10 years from the date granted.

Transactions for options granted under the Omnibus Plan for the years ended March 3, 2024 and February 26, 2023 were as follows:

	March 3, 2024		February 26, 2023	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding, at beginning of year	7,336,092	\$ 24.92	6,380,499	\$ 21.16
Granted	2,425,358	25.94	1,743,661	36.58
Exercised	(1,244,941)	16.13	(576,343)	16.65
Forfeited	(276,920)	31.66	(211,725)	30.42
Outstanding, at end of year	8,239,589	\$ 26.32	7,336,092	\$ 24.92
Exercisable, at end of year	3,179,053	\$ 21.26	3,473,844	\$ 17.15

The weighted average share price on the dates the stock options were exercised during the year ended March 3, 2024 was \$31.49 (February 26, 2023 - \$49.85).

Aritzia Inc.

Notes to Consolidated Financial Statements

March 3, 2024 and February 26, 2023

(in thousands of Canadian dollars, unless otherwise noted)

Information relating to the Company's Omnibus Plan stock options outstanding and exercisable as at March 3, 2024 is as follows:

Range of exercise prices	Stock options outstanding			Stock options exercisable		
	Number of stock options	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options	Weighted average remaining contractual life (years)	Weighted average exercise price
\$12.99 to \$21.05	2,740,293	1.90	\$ 15.97	2,242,830	1.59	\$ 15.45
\$21.06 to \$28.68	2,262,618	9.23	\$ 25.41	31,598	3.20	\$ 23.46
\$28.69 to \$59.75	3,236,678	7.91	\$ 35.71	904,625	7.68	\$ 35.58
	8,239,589	6.27	\$ 26.32	3,179,053	3.34	\$ 21.26

The weighted average fair value of stock options estimated at the grant date for the year ended March 3, 2024 was \$11.68 (February 26, 2023 - \$15.24), based on the Black-Scholes option pricing model using the following assumptions:

Dividend yield	0.0%
Expected volatility	43.3% to 46.7%
Risk-free interest rate	2.9% to 4.2%
Expected life	5.0 to 6.0 years
Exercise price	\$23.63 to \$34.15

The expected volatility reflects the historical volatility in the price of the Company's shares over the expected life.

Restricted Share Unit Plan

The following table summarizes information related to RSUs for the years ended March 3, 2024 and February 26, 2023:

	March 3, 2024		February 26, 2023	
	Cash-settled	Equity-settled	Cash-settled	Equity-settled
Number of units				
Outstanding, at beginning of year	496,221	360,588	652,846	—
Granted	—	476,328	—	371,835
Settled	(159,758)	—	(95,876)	—
Forfeited	(16,764)	(50,348)	(60,749)	(11,247)
Outstanding, at end of year	319,699	786,568	496,221	360,588
Additional information				
Fair value of RSU liability	9,801	—	12,983	—

The weighted average fair value of the grant price for the year ended March 3, 2024 was \$26.16 (February 26, 2023 - \$36.86).

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Notes to Consolidated Financial Statements

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Performance Share Unit Plan

The Company had 497,746 PSUs outstanding, with 268,027 granted with a weighted average fair value of \$25.58 and 28,659 earned and unvested during the year ended March 3, 2024 (year ended February 26, 2023 - 104,224 granted, weighted average fair value of \$35.98).

Director Deferred Share Unit Plan

The Company had 232,207 DSUs outstanding and vested at March 3, 2024 (February 26, 2023 - 182,811), with 49,396 issued at a weighted average fair value of \$28.82 during the year ended March 3, 2024 (year ended February 26, 2023 - 28,985, weighted average fair value of \$42.91). The fair value of the DSU liability at March 3, 2024 was \$8.2 million (February 26, 2023 - \$7.7 million,).

15 Net income per share

Basic

	March 3, 2024	February 26, 2023
Net income attributable to shareholders of the Company	\$ 78,780	\$ 187,588
Weighted average number of shares outstanding during the period (thousands)	110,653	110,259
Basic net income per share	\$ 0.71	\$ 1.70

Diluted

	March 3, 2024	February 26, 2023
Net income attributable to shareholders of the Company	\$ 78,780	\$ 187,588
Weighted average number of shares for net income per diluted share (thousands)	114,194	115,301
Net income per diluted share	\$ 0.69	\$ 1.63

For the year ended March 3, 2024, 5,471,986 stock options and equity-settled RSUs, respectively, 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 (year ended February 26, 2023 – 1,928,728 stock options and equity-settled RSUs).

16 Net Revenue

Net revenue disaggregated for boutiques and eCommerce was as follows:

	March 3, 2024	February 26, 2023
Retail net revenue	\$ 1,547,046	\$ 1,425,779
eCommerce net revenue	785,304	769,851
Net revenue	\$ 2,332,350	\$ 2,195,630

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March 3, 2024 and February 26, 2023

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17 Expenses by nature

	March 3, 2024	February 26, 2023
Cost of goods sold		
Inventory and product-related costs and occupancy costs	\$ 1,287,061	\$ 1,162,199
Depreciation on right-of-use assets	95,641	77,730
Depreciation on property and equipment	50,667	41,709
Cost of goods sold	\$ 1,433,369	\$ 1,281,638

	March 3, 2024	February 26, 2023
Personnel expenses		
Salaries, wages and employee benefits	\$ 553,055	\$ 483,182
Stock-based compensation expense relating to employees (note 14)	31,256	24,369
Personnel expenses	\$ 584,311	\$ 507,551

	March 3, 2024	February 26, 2023
Finance expense		
Interest expense on lease liabilities (note 8)	\$ 42,679	\$ 27,336
Interest expense and banking fees	6,157	3,743
Amortization of deferred financing fees	255	184
Finance expense	\$ 49,091	\$ 31,263

	March 3, 2024	February 26, 2023
Other expense (income)		
Realized foreign exchange loss (gain)	\$ 22	\$ (9,109)
Unrealized foreign exchange loss (gain)	(19)	(1,657)
Fair value adjustment of non-controlling interest in exchangeable shares liability (note 12)	(15,000)	—
Unrealized loss (gain) on equity derivative contracts (note 12)	5,189	6,093
Realized loss (gain) on equity derivative contracts (note 12)	(1,048)	(1,387)
CYC integration and acquisition costs (including Share Adjustments revaluation)	4,200	467
Impairment of right-of-use assets and lease exit costs	5,862	—
Secondary Offering costs (note 13)	—	518
Interest and other income	(4,493)	(2,841)
Other expense (income)	\$ (5,287)	\$ (7,916)

Aritzia Inc.
Notes to Consolidated Financial Statements
March 3, 2024 and February 26, 2023

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18 Income taxes

Income tax expense

	March 3, 2024	February 26, 2023
Current period	\$ 48,979	\$ 64,541
Adjustments with respect to prior periods	(373)	327
Current tax expense	48,606	64,868
Origination and reversal of temporary differences	(12,823)	11,256
Changes in substantively enacted tax rates	292	180
Adjustments with respect to prior periods	(245)	(85)
Deferred tax expense (recovery)	\$ (12,776)	\$ 11,351
Income tax expense	\$ 35,830	\$ 76,219

Reconciliation of effective tax rate

The Company's income tax expense differs from that calculated by applying the combined substantively enacted Canadian federal and provincial statutory income tax rates for the years ended March 3, 2024 and February 26, 2023 of 26.7% and 26.6%, respectively, as follows:

	March 3, 2024	February 26, 2023
Income before income taxes	\$ 114,610	\$ 263,807
Expected income tax expense	30,601	70,173
Increase (decrease) in income taxes resulting from:		
Non-deductible stock-based compensation	7,915	5,119
Net non-taxable fair value adjustment of non-controlling interest in exchangeable shares liability and Share Adjustments	(3,872)	—
Foreign tax rate differences	266	541
Change in substantively enacted tax rates	292	180
Other	628	206
Income tax expense	\$ 35,830	\$ 76,219

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Deferred income tax

The tax effects of the significant temporary differences that comprise deferred tax assets and liabilities as at March 3, 2024 and February 26, 2023 are as follows:

	March 3, 2024	February 26, 2023
Leases	\$ 51,859	\$ 42,716
Inventory	18,035	3,966
Deferred revenue	7,834	5,502
Stock-based compensation	3,928	3,053
Accounts payable and accrued liabilities	3,123	3,024
Net operating loss	2,199	1,110
Deferred lease incentives	1,385	1,790
Financing and share issuance costs	951	970
Other	103	772
Deferred tax assets	\$ 89,417	\$ 62,903
Property and equipment	\$ 53,169	\$ 31,159
Goodwill and intangible assets	31,767	40,529
Other	400	14
Deferred tax liabilities	\$ 85,336	\$ 71,702
Net deferred tax assets (liabilities)	\$ 4,081	\$ (8,799)

The net change in net deferred income tax assets (liabilities) is recorded as follows:

	March 3, 2024	February 26, 2023
Deferred tax expense (recovery) recorded in net income	\$ (12,776)	\$ 11,351
Foreign currency translation adjustment on deferred taxes	(104)	(1,000)
Net change in deferred tax liabilities	\$ (12,880)	\$ 10,351

Of the deferred income tax balances, the Company expects \$32.9 million of the deferred tax assets to be recovered within 12 months and \$13.2 million of the deferred tax liabilities to be settled within 12 months.

The Company intends to indefinitely reinvest the undistributed earnings of its foreign subsidiaries; accordingly, the Company has not recorded a deferred tax liability on these earnings.

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.

Aritzia Inc.
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The following table summarizes net revenue by geographic location of the Company's clients:

	March 3, 2024	February 26, 2023
United States	\$ 1,226,476	\$ 1,120,962
Canada	1,105,874	1,074,668
Net revenue	\$ 2,332,350	\$ 2,195,630

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

	March 3, 2024	February 26, 2023
Canada	\$ 693,567	\$ 693,303
United States	653,910	514,594
Non-current, non-financial assets	\$ 1,347,477	\$ 1,207,897

20 Commitments and contingencies

Product purchase obligations

At March 3, 2024, the Company had purchase obligations of \$86.6 million (February 26, 2023 - \$158.0 million), which represent commitments for fabric expected to be used during upcoming seasons, made in the normal course of business.

Letters of credit

At March 3, 2024, the Company had open letters of credit of \$23.5 million (February 26, 2023 - \$31.6 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.

During the year ended March 3, 2024, the Company made payments of \$9.9 million (February 26, 2023 - \$5.4 million) for lease of premises and management services and \$0.7 million (February 26, 2023 - \$1.3 million) 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 March 3, 2024, \$0.5 million was included in accounts payable and accrued liabilities (February 26, 2023 - nominal) and \$0.8 million was included in prepaid expenses and other current assets for the lease of premises (February 26, 2023 - \$nil). As at March 3, 2024, the outstanding balance of lease liabilities owed to these companies was \$45.6 million (February 26, 2023 - \$49.7 million). These transactions were measured at the amount of consideration established at market terms.

Key management includes the Company's directors and executive team. Compensation awarded to key management includes:

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Notes to Consolidated Financial Statements

March 3, 2024 and February 26, 2023

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	March 3, 2024	February 26, 2023
Salaries, directors' fees and short-term benefits	\$ 5,149	\$ 4,404
Stock-based compensation expense	10,055	6,617
Key management compensation	\$ 15,204	\$ 11,021

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

22 Supplemental cash flow information

The net change in non-cash working capital balances for the years ended March 3, 2024 and February 26, 2023 were as follows:

	March 3, 2024	February 26, 2023
Accounts receivable	\$ (1,554)	\$ (3,616)
Inventory	126,877	(252,376)
Prepaid expenses and other current assets	(12,094)	(6,869)
Other assets	(2,094)	322
Accounts payable and accrued liabilities	(24,485)	20,053
Deferred revenue	10,352	13,530
Net change in non-cash working capital balances	\$ 97,002	\$ (228,956)
Accrued purchases of property and equipment	\$ 24,029	\$ 14,231
Accrued purchases of intangible assets	\$ —	\$ 219

23 Financial risk management

The Company is exposed to a variety of financial risks in the normal course of operations including currency, equity price, credit and liquidity risk, as summarized below. The Company's overall risk management program and business practices seek to minimize any potential adverse effects on the Company's consolidated financial performance.

Risk management is carried out under practices approved by the Company's Audit Committee. This includes reviewing and making recommendations to the Board on the adequacy of the Company's risk management policies and procedures with regard to identifying the Company's principal risks and implementing appropriate systems and controls to manage these risks. Risk management covers many areas of risk including, but not limited to, foreign exchange risk, interest rate risk, equity price risk, credit risk and liquidity risk.

Aritzia Inc.

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Market risk

Currency risk

The Company is exposed to foreign exchange risk on foreign currency denominated transactions, monetary assets and liabilities denominated in a foreign currency, and net investments in foreign operations. The Company sources the majority of its raw materials and merchandise from various suppliers in Asia and Europe with the vast majority of purchases denominated in U.S. dollars. In addition, the Company operates boutiques in the United States. The Company's foreign exchange risk is primarily with respect to the U.S. dollar and the Company has limited exposure to other currencies. Foreign currency forward contracts are used from time to time to mitigate risks associated with forecasted U.S. dollar merchandise purchases sold in Canada. The Company did not utilize foreign currency forward contracts during the year ended March 3, 2024.

As at March 3, 2024, a \$0.05 variation in the Canadian dollar against the U.S. dollar on net monetary accounts in U.S. dollars would, with all other variables being constant, have an approximate favourable (or unfavourable) impact of \$0.3 million on net income.

Interest rate risk

The Company has a revolving credit facility and revolving line of credit which provide available borrowings in an amount up to \$300.0 million and US\$10 million, respectively. Because the revolving credit facility and revolving line of credit bear interest at variable rates, the Company is exposed to market risks relating to changes in interest rates on outstanding balances. As at March 3, 2024, no advances were made under the revolving credit facility and revolving line of credit.

Equity price risk

The Company is exposed to risk arising from cash-settled RSUs and DSUs, as an appreciating subordinate voting share price increases the potential cash outflow. The Company records a liability for the potential future settlement of the RSUs and DSUs by reference to the fair value of the liability. The company uses equity derivative contracts (total return swaps) to offset the cash flow variability of the expected payment associated with RSUs and DSUs. The Company only enters into equity derivative contracts with major financial institutions. As at March 3, 2024, an increase (or decrease) in the Company's share price by \$1.00 would result in an increase (or decrease) of \$0.5 million in the fair value of the liability.

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, accounts receivable, and derivative contracts used to hedge market risks. The Company offsets credit risks associated with cash and cash equivalents by depositing its cash and cash equivalents with major financial institutions that have been assigned high credit ratings by internationally recognized credit rating agencies. The Company is exposed to credit risk on accounts receivable from its landlords for tenant allowances. To reduce this risk, the Company enters into leases with landlords with established credit history and, for certain leases, the Company may offset rent payments until accounts receivable are fully satisfied. The Company only enters into derivative contracts with major financial institutions.

Aritzia Inc.

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Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The Company manages liquidity risk through various means, including monitoring actual and projected cash flows, taking into account the seasonality of its revenue, income, working capital and capital expenditure needs. The Company's revolving credit facility and the revolving line of credit are used to maintain liquidity. As at March 3, 2024 and February 26, 2023, no advances were made under the revolving credit facility and revolving line of credit. As at March 3, 2024, the Company also has letters of credit facilities of CAD\$50.0 million and US\$40.0 million (February 26, 2023 – CAD\$50.0 million and US\$40.0 million), of which \$23.5 million of letters of credit were outstanding (February 26, 2023 – \$31.6 million).

The following table summarizes the undiscounted contractual maturities of the Company's financial liabilities as at March 3, 2024:

	Less than 1 year	1 to 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	\$ 212,835	\$ —	\$ —	\$ 212,835
Lease liabilities	150,223	464,396	427,240	1,041,859
Total	\$ 363,058	\$ 464,396	\$ 427,240	\$ 1,254,694

24 Capital management

The Company's objectives when managing capital are to:

- ensure sufficient liquidity to enable the financing of capital projects thereby facilitating its growth;
- provide a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business; and
- maintain a flexible capital structure that optimizes the cost of capital at an acceptable risk and preserves the ability to meet financial obligations.

The Company defines capital as its revolving credit facility, revolving line of credit and shareholders' equity. The Company's primary uses of capital are to finance increases in non-cash working capital along with capital expenditures for new boutique additions, existing boutique expansion and renovation projects, and other infrastructure investments. The Company currently funds these requirements out of its internally generated cash flows.

The Company is subject to financial covenants and collateral pursuant to its revolving credit facility presented in note 11.

Board of Directors and Executive Officers

BOARD OF DIRECTORS

Aldo Bensadoun	Director
John Currie	Lead Independent Director, Chair of Audit Committee, Member of Compensation and Nominating Committee
Daniel Habashi	Director, Member of Environmental and Social Committee
Brian Hill	Chairman of the Board
David Labistour	Director, Member of Audit Committee, Chair of Environmental and Social Committee
John Montalbano	Director, Member of Audit Committee, Member of Environmental and Social Committee
Marni Payne	Director, Member of Compensation and Nominating Committee
Glen Senk	Director, Member of Compensation and Nominating Committee
Marcia Smith	Director, Chair of Compensation and Nominating Committee, Member of Environmental and Social Committee
Jennifer Wong	Director

EXECUTIVE OFFICERS

Brian Hill	Founder and Executive Chair
Jennifer Wong	Chief Executive Officer
Todd Ingledew	Chief Financial Officer
Karen Kwan	Chief People & Culture Officer
Dave Maclver	Chief Information Officer
Pippa Morgan	Executive Vice President, Retail

Information for Shareholders

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TRANSFER AGENT

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ANNUAL MEETING OF SHAREHOLDERS

July 9, 2024
Virtual meeting details as outlined in
Aritzia's Management Information Circular

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

STOCK EXCHANGE LISTING

Aritzia's subordinate voting shares are
traded on the Toronto Stock Exchange
(TSX) under the symbol TSX.

Aritzia's financial reports, regulatory
filings and news releases are available
at sedarplus.com and on our website at
investors.aritzia.com.



ARITZIA