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 sales[1] 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 sales[1] 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				
(in thousands of Canadian dollars, unless otherwise noted)	**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

(in thousands of Canadian dollars,except per share amounts)	**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

(in thousands of Canadian dollars, unless otherwise noted)	**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	100%

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					
(unaudited, in thousands of Canadian dollars, unless otherwise noted)	Q4 2024		Q4 2023		
		% of net revenue			*% of net revenue*
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 sales[2] 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 count[4] 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	$ 681,970	$ 637,582

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

Gross profit increased by 7.9% to $261.2 million, compared to $242.2 million in Q4 2023. Gross profit margin[1] 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	$ 46,329	$ 37,781

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	$ 15,356	$ 3,157

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)	$ (478)	$ 4,052

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 EBITDA[1] was $72.5 million, or 10.6% of net revenue[1], 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 Income[1] 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 Share[1] 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 sales[2] 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 margin[1] 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	$ 168,039	$ 133,902

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	$ 31,784	$ 24,369

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)	$ (5,287)	$ (7,916)

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 EBITDA[1] was $217.1 million, or 9.3% of net revenue[1], 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 Income[1] 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 Share[1] 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.

(in thousands of Canadian dollars)	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	$ 22,473	$ (45,388)	$ 76,767	$ (178,735)

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.

(in thousands of Canadian dollars)	**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	$ 371,155	$ 553,175	$ 575,902	$ 1,500,232

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 Results[5]

(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”.