ARITZIA

Aritzia Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS
First Quarter Ended June 1, 2025

July 10, 2025

The following Management's Discussion and Analysis ("MD&A") dated July 10, 2025 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 13-week period ended June 1, 2025. This MD&A should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and accompanying notes for Q1 2026 (as hereinafter defined) and audited annual consolidated financial statements and accompanying notes for Fiscal 2025 (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 2026 financial outlook,
- our approach and expectations with respect to boutique growth, expansion and enhancements,
- our eCommerce growth, including our plans to fuel Digital growth, deliver our eCommerce 2.0 strategy, invest in our digital capabilities, and the anticipated results therefrom,
- our omni-channel capabilities including the anticipated continuing 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, including plans to implement increased automation, plans relating to the use of our current facility in New Westminster, British Columbia, our expansion and retrofitting plans for our distribution facilities in Vaughan, Ontario and Columbus, Ohio, and the anticipated results therefrom,
- our expectations with respect to liquidity,
- our use of financial instruments and risk mitigation strategies,
- our future investment opportunities,
- our ability to continue to optimize inventory levels and maximize full-price sales,
- our response to consumer trends and our ability to produce enduring client loyalty,
- the number of subordinate voting shares which may be purchased under the 2025 NCIB (as defined herein),
- our dedication to making progress on our Impact goals, priorities and our strengthening sustainability efforts, and

– a range of scenarios given uncertainties related to the broader macroeconomic environment, including tariffs.

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

Given the current challenging operating environment, there can be no assurances regarding: (a) the macroeconomic impacts on Aritzia's business, operations, labour force, supply chain performance and growth strategies; (b) Aritzia's ability to mitigate such impacts, including ongoing measures to enhance short-term liquidity, contain costs and safeguard the business; (c) general economic conditions and impacts to consumer discretionary spending and shopping habits (including impacts from changes to interest rate environments); (d) credit, market, currency, commodity market, inflation, interest rates, global supply chains, operational, and liquidity risks generally; (e) geopolitical events including the imposition of any new, or any material changes to applicable duties, tariffs and trade restrictions or similar measures (and any retaliatory measures); (f) public health related limitations or restrictions that may be placed on servicing our clients or the duration of any such limitations or restrictions; 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 2025 (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 Data 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 Accounting Standards") and International Accounting Standard ("IAS") 34, respectively, 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 “Q1 2026” are to our 13-week period ended June 1, 2025, and to “Q1 2025” are to our 13-week period ended 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 ended March 2, 2025, and to "Fiscal 2024" are to our 53-week period ended March 3, 2024.

The unaudited condensed interim consolidated financial statements and accompanying notes for Q1 2026 and this MD&A were authorized for issue by the Audit Committee on behalf of the Company’s Board of Directors (the "Board of Directors") on July 10, 2025.

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 130+ 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 May 5, 2025, the Company announced that the Toronto Stock Exchange ("TSX") approved the Company's normal course issuer bid (the "2025 NCIB") which allows the Company to repurchase and cancel up to 4,226,994 of its subordinate voting shares, representing approximately 5% of the public float of 84,539,881 subordinate voting shares as at April 30, 2025, over the twelve-month period commencing May 7, 2025 and ending May 6, 2026. On May 27, 2025, the Company also announced it had entered into an automatic share purchase plan (the "2025

ASPP"), with its designated broker, which commenced immediately and will terminate upon the expiry of the 2025 NCIB.

During the 13-week period ended June 1, 2025, the Company repurchased a total of 15,200 subordinate voting shares for cancellation under the 2025 NCIB at an average price of $60.67 per subordinate voting share for total cash consideration of $0.9 million (including commissions).

Tariffs and Trade Restriction Uncertainties

The continued changes to, deferral of, and announcement of the imposition of new tariffs by the U.S. administration and other foreign governments, and retaliatory actions by the Canadian government, continue to create economic uncertainty, and could negatively impact the Canadian economy, potentially increasing costs, disrupting supply chains, weaken the Canadian and/or U.S. dollar, and other potential negative impacts. The Company continues to assess the direct and indirect impacts to its business of such tariffs, retaliatory tariffs or other trade protectionist measures implemented as this situation continues to develop, and such impacts could be material.

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 (as defined herein) with the most directly comparable IFRS Accounting Standards financial measure.

Q1 2026

For Q1 2026, compared to Q1 2025:

- **Net revenue** increased 33.0% to $663.3 million, with comparable sales[1] growth of 19.3%
- **United States net revenue** increased 45.1% to $413.0 million, comprising 62.3% of net revenue
- **Retail net revenue** increased 34.2% to $480.3 million
- **eCommerce net revenue** increased 30.0% to $183.0 million, comprising 27.6% of net revenue
- **Gross profit margin**[1] increased 320 bps to 47.2% from 44.0%
- **Selling, general and administrative expenses** as a percentage of net revenue decreased 190 bps to 33.5% from 35.4%
- **Adjusted EBITDA**[1] increased 76.9% to $95.3 million. **Adjusted EBITDA**[1] as a percentage of net revenue increased 360 bps to 14.4% from 10.8%
- **Net income** increased 167.7% to $42.4 million, or 6.4% from 3.2% as a percentage of net revenue. **Net income per diluted share** was $0.36 per share, compared to $0.14 per share in Q1 2025
- **Adjusted Net Income**[1] increased 97.4% to $49.3 million. **Adjusted Net Income per Diluted Share**[1] was $0.42 per share, compared to $0.22 per share in Q1 2025

OUTLOOK

A discussion of management's expectations as to the Company's financial outlook for Fiscal 2026 is contained in the Company's press release dated July 10, 2025, "Aritzia Reports First Quarter Fiscal 2026 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" along with the Company's press release dated May 1, 2025, "Aritzia Reports Fourth Quarter and Fiscal 2025 Financial Results" for updates to such discussion. These press releases are available on SEDAR+ at www.sedarplus.com under the Company's profile and on our website at investors.aritzia.com.

[1] See the sections below entitled "How We Assess the Performance of our Business", "Selected Financial Information" and "Non-IFRS Financial Measures and Retail Industry Metrics" for further details concerning gross profit margin, comparable sales, constant currency, 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 Accounting Standards financial measure. Non-IFRS financial measures and non-IFRS ratios do not have a standardized meaning under IFRS Accounting Standards, which is used to prepare the Company's financial statements and might not be comparable to similar financial measures presented by other entities.

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 Q1 2026 and Q1 2025 is unaudited.

Selected Consolidated Financial Information

(unaudited, in thousands of Canadian dollars, unless otherwise noted)	**Q1 2026**	**Q1 2025**
Financial Summary:		
Net revenue	$ 663,316	$ 498,630
Cost of goods sold	350,519	279,086
Gross profit	312,797	219,544
Selling, general and administrative	222,483	176,290
Stock-based compensation expense	10,186	7,327
Income from operations	80,128	35,927
Finance expense	12,955	12,581
Other income	8,322	38
Income before income taxes	58,851	23,308
Income tax expense	16,460	7,475
Net income	$ 42,391	$ 15,833
Net income per diluted share	$ 0.36	$ 0.14
Adjusted EBITDA[2]	$ 95,334	$ 53,877
Adjusted Net Income[2]	$ 49,330	$ 24,988
Adjusted Net Income per Diluted Share[2]	$ 0.42	$ 0.22
Weighted average number of diluted shares outstanding (thousands)	118,210	114,745
Cash and cash equivalents	$ 292,611	$ 100,671
Capital cash expenditures (net of proceeds from lease incentives)[2]	$ (52,269)	$ (55,557)
Free cash flow[2]	$ 24,394	$ (68,269)
Percentage of Net Revenue:		
Gross profit	47.2%	44.0%
Selling, general and administrative	33.5%	35.4%
Net income	6.4%	3.2%
Adjusted EBITDA[2]	14.4%	10.8%
Adjusted Net Income [2]	7.4%	5.0%
Other Metrics:		
Year-over-year net revenue growth	33.0%	7.8%
Comparable sales[2] growth (decline)	19.3%	2.0%

The following tables provide selected consolidated financial position information for the periods indicated.

Selected Consolidated Financial Position Information

(unaudited, in thousands of Canadian dollars, unless otherwise noted)	**As at June 1, 2025**	**As at March 2, 2025**
	(unaudited)	
Total assets	$2,467,776	$2,455,814
Total non-current liabilities	837,571	835,923

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

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

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

	Q1 2026	Q1 2025
Reconciliation of Net Income to EBITDA and Adjusted EBITDA:		
Net income	$ 42,391	$ 15,833
Depreciation and amortization	25,171	19,281
Depreciation on right-of-use assets	23,572	26,249
Finance expense	12,955	12,581
Income tax expense	16,460	7,475
EBITDA	120,549	81,419
Adjustments to EBITDA:		
Stock-based compensation expense	10,186	7,327
Rent impact from IFRS 16, Leases[3]	(35,641)	(37,784)
Unrealized (gain) loss on equity derivative contracts	22	670
CYC integration costs and other	218	2,245
Adjusted EBITDA	95,334	53,877
Adjusted EBITDA as a percentage of net revenue	14.4%	10.8%
Reconciliation of Net Income to Adjusted Net Income:		
Net income	$ 42,391	$ 15,833
Adjustments to net income:		
Stock-based compensation expense	10,186	7,327
Unrealized (gain) loss on equity derivative contracts	22	670
CYC integration costs and other	218	2,245
Related tax effects	(3,487)	(1,087)
Adjusted Net Income	$ 49,330	$ 24,988
Adjusted Net Income as a percentage of net revenue	7.4%	5.0%
Weighted average number of diluted shares outstanding (thousands)	118,210	114,745
Adjusted Net Income per Diluted Share	$ 0.42	$ 0.22

(unaudited, in thousands of Canadian dollars)	Q1 2026	Q1 2025
Depreciation on right-of-use assets, excluding fair value adjustments	$ (23,572)	$ (26,116)
Interest expense on lease liabilities	(12,069)	(11,668)
Rent impact from IFRS 16, Leases	$ (35,641)	$ (37,784)

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

(unaudited, in thousands of Canadian dollars)	Q1 2026	Q1 2025
Comparable sales[4]	$ 561,713	$ 453,166
Non-comparable sales	101,603	45,464
Net revenue	$ 663,316	$ 498,630

[3] See Rent Impact from IFRS 16, Leases below

[4] Comparable sales in each respective period reflects total combined net revenue from eCommerce and established boutiques that fall within the comparable sales base during the respective period. See the section titled "How We Assess the Performance of our Business" and "Non-IFRS Financial Measures and Retail Industry Metrics" of this MD&A for further details.

The following table reconciles constant currency changes in net revenue:

(unaudited, in thousands of Canadian dollars)	Q1 2026	Q1 2025	*% change*
Constant currency net revenue	$ 650,511	$ 498,630	30.5 %
Foreign exchange impact	12,805	—	
Net revenue	$ 663,316	$ 498,630	33.0 %

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

(unaudited, in thousands of Canadian dollars)	Q1 2026	Q1 2025
Cash used in investing activities	$ (59,091)	$ (60,348)
Proceeds from lease incentives	6,822	4,791
Capital cash expenditures (net of proceeds from lease incentives)	$ (52,269)	$ (55,557)

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

(unaudited, in thousands of Canadian dollars)	Q1 2026	Q1 2025
Net cash generated from operating activities	$ 100,280	$ 12,272
Interest paid	811	838
Repayments of principal on lease liabilities	(24,428)	(25,822)
Capital cash expenditures (net of proceeds from lease incentives)	(52,269)	(55,557)
Free cash flow	$ 24,394	$ (68,269)

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 fabrics and styles 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 and development teams focused on creating beautiful, elevated, high quality products that align with the unique positioning, look and feel of each brand. Each of our exclusive 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 evolved for over 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 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 offering our client the entire assortment online. We believe that our disciplined merchandise planning strategy enables 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 in overseas markets, 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 countries, including but not limited to, Austria, Cambodia, China, Guatemala, India, Italy, Philippines, Portugal, Romania, Slovenia, Sri Lanka, Turkey, the 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. “Next Generation Suppliers” are finished goods partners that have implemented succession planning as part of their strategy, are digitally enabled, manufacture multiple categories of materials and products and have multiple country of origin footprints and investments in automation. We leverage our “Next Generation Supplier” relationships by using their multi origin footprint to pivot as geopolitical obstacles arise without interrupting our product lifecycle.

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 maintain 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, relocations and expansions. 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 boutiques).

	Q1 2026	Q1 2025
Number of boutiques, beginning of year	130	119
New boutiques	1	—
Number of boutiques, end of year	131	119
Repositioned boutiques	1	1

In addition, there were three Reigning Champ boutiques as at June 1, 2025 (four Reigning Champ boutiques as at June 2, 2024).

Digital Growth

In Fiscal 2025 our eCommerce, Omni channel, Performance Marketing, and Concierge business units evolved into one broader and cohesive Digital business, which supports our brand pillars and helps to ensure consistent messaging and a seamless experience for our clients. We continue to invest in our digital capabilities to support our Digital business, and we plan to fuel Digital 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 Digital 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 Digital 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 intended to extend to our Digital presence. 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 Digital business. Our distribution centres include a 223,000 square foot facility in New Westminster, British Columbia, a 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 Digital business.

In Fiscal 2024, we opened our 550,000 square foot distribution centre in Vaughan, Ontario. This facility is in-sourced and replaced our previous 150,000 square foot facility operated by a third-party logistics provider in Mississauga, Ontario. We have commenced construction of an additional 200,000 square feet space in this facility which is expected to be operational in Fiscal 2026.

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 complete retrofitting work in this facility in Fiscal 2026 to help optimize our operations.

In Fiscal 2025, construction activities commenced on a new 380,000 square foot facility in Delta, British Columbia. We started finalizing plans for construction and design along with starting some construction activities at the end of Fiscal 2025. When completed, this new facility will be operated by us and is expected to be operational in early Fiscal 2027. 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.

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 Digital businesses with added capacity to handle higher levels of throughput.

Omni-Channel Capabilities

In Fiscal 2025, we successfully ramped up Buy Online, Pick-Up In Store and stabilized our Buy Online, Ship From Store capabilities. These new capabilities enabled us to maximize sales and profitability by offering customers more order options.

Our Omni channel was 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 – Available in most boutiques in Canada and the U.S., this 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 – Available in most boutiques in Canada and the U.S., 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 our boutiques and lead to additional opportunities for purchases upon pick up.
- Store Inventory Visibility – This functionality enhances the client experience on aritzia.com by providing visibility of product availability in our boutiques. 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 and management which has resulted in improved fulfillment rates in stores.

Impact and Governance

Reflecting the importance of sustainability-related risks and opportunities to our business and brands, and as a prominent player in the fashion industry, Aritzia believes it has a role to play in advancing sustainability matters. As our business grows, so does our potential to create lasting change - we remain committed to advancing our Impact goals year-over-year progress. We are strengthening our efforts to deliver Everyday Luxury™ responsibly and sustainably.

At Aritzia, Impact refers to the contributions we make to People and the Planet across our full value chain - from raw material sourcing through to product end-of-life. As we continue to grow our business, we're deepening our efforts to embed sustainability into how we operate - focusing on the areas where we can make the greatest positive impact. Across our supply chain, we are aiming to invest in preferred materials (terminology used by the Textile Exchange, a global nonprofit setting industry standards for sustainable fibers and materials to improve clarity and comparability) and collaborating with partners to advance responsible practices. We believe these contributions matter to our clients and we seek to take an evidence-based approach and to deliver long-term positive impact for the benefit of our business resilience and our stakeholders.

Our priorities are guided by the findings in our materiality assessment - which identifies the most significant sustainability risks and opportunities. In Fiscal 2025, we expanded our climate strategy setting science-based emissions reduction targets. We continued to support the communities we serve through product donations, financial support and employee volunteer hours. We enhanced our support for employees through expanded parenthood benefits and remained committed to our belonging and inclusion initiatives.

For a more detailed discussion on our sustainability metrics and key performance indicators, refer to the latest Environmental and Social report, available on Aritzia's Environmental and Social Information page at investors.aritzia.com (which is not incorporated by reference into this MD&A) and for details on our impacts and progress refer to the “Impact and Governance: Our Progress on Sustainability” 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, tariff and international trade policies that could put pressure on our pricing, 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	19%
Second fiscal quarter	23%
Third fiscal quarter	28%
Fourth fiscal quarter	30%
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. Further, extreme weather conditions and natural disasters could materially impact our supply chain network.

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 and iconically Aritzia products, offering of a combination of high quality products at an attainable price point, our refined and evolving merchandise planning strategy, our focus on providing an aspirational shopping experience and exceptional client service, our premier real estate portfolio, captivating content and communications, and our market positioning, collectively resulting in a fashion brand loved by our clients all over the world.

Foreign Exchange

Over half of our net revenue is derived in U.S. dollars and the vast majority of our inventory purchases are denominated in U.S. dollars. Both our net revenues and cost of goods sold could be impacted significantly by 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 FINANCIAL MEASURES AND RETAIL INDUSTRY METRICS

This MD&A makes reference to certain non-IFRS Accounting Standards measures ("non-IFRS financial measures") and certain retail industry metrics. These measures are not recognized measures under IFRS Accounting Standards, do not have a standardized meaning prescribed by IFRS Accounting Standards 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 Accounting Standards 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 Accounting Standards. We use non-IFRS financial measures including "EBITDA", "Adjusted EBITDA", and "Adjusted Net Income"; non-IFRS Accounting Standards ratios ("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", "comparable sales", and "constant currency" which are commonly used operating metrics in the retail industry but may be calculated differently by other retailers. Gross profit margin, comparable sales and constant currency are considered supplementary financial measures under applicable securities laws. These non-IFRS financial 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 Accounting Standards measures. We believe that securities analysts, investors and other interested parties frequently use non-IFRS financial measures and retail industry metrics in the evaluation of issuers. Our management also uses non-IFRS financial 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 financial 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 foreign currency exchange rate for the period to both current year and prior year comparable sales to achieve a consistent basis for comparison (i.e., on a constant currency basis).

Constant currency change in net revenue assumes the average foreign currency exchange rates for the period remained constant with the average foreign currency exchange rates for the same period of the prior year. The constant currency change helps provide investors an understanding of the underlying growth rate of net revenue excluding the impact of changes in foreign currency exchange rates.

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.

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 financial measures and their most comparable IFRS Accounting Standards 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, such as a deduction of interest expense and depreciation relating to our leases to reflect an estimate of rent expense and 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 and other similar fair value adjustments. 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 and other similar fair value adjustments, 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 and other acquisitions, 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, less repayments of principal on lease liabilities and capital cash expenditures (net of proceeds from lease incentives).

RESULTS OF OPERATIONS

Analysis of Results for First Quarter Fiscal 2026

Consolidated Statements of Operations						
(unaudited, in thousands of Canadian dollars, unless otherwise noted)	**Q1 2026**			**Q1 2025**		
			% of net revenue			*% of net revenue*
Net revenue	$	663,316	100.0%	$	498,630	100.0%
Cost of goods sold		350,519	52.8%		279,086	56.0%
Gross profit		312,797	47.2%		219,544	44.0%
Selling, general and administrative		222,483	33.5%		176,290	35.4%
Stock-based compensation expense		10,186	1.5%		7,327	1.5%
Income from operations		80,128	12.1%		35,927	7.2%
Finance expense		12,955	2.0%		12,581	2.5%
Other income		8,322	1.3%		38	—%
Income before income taxes		58,851	8.9%		23,308	4.7%
Income tax expense		16,460	2.5%		7,475	1.5%
Net income	$	42,391	6.4%	$	15,833	3.2%
Net income per diluted share	$	0.36		$	0.14	
Adjusted EBITDA[1]	$	95,334	14.4%	$	53,877	10.8%
Adjusted Net Income[1]	$	49,330	7.4%	$	24,988	5.0%
Adjusted Net Income per Diluted Share[1]	$	0.42		$	0.22	

Net revenue increased 33.0% to $663.3 million, compared to $498.6 million in Q1 2025, or increased 30.5% on a constant currency[2] basis, driven by strong comparable sales growth and the Company's new and repositioned boutiques. Comparable sales[2] grew 19.3%, as all channels and all geographies generated positive double-digit growth, driven by a strong client response to the Company's Spring and Summer products, the Company's optimized inventory position and its strategic marketing investments.

In the United States, net revenue increased 45.1% to $413.0 million, compared to $284.7 million in Q1 2025. This was fueled by the Company's real estate expansion strategy, strong comparable sales growth in the Company's existing boutiques and continued strong momentum in eCommerce. Net revenue in Canada increased 17.0% to $250.3 million, compared to $214.0 million in Q1 2025, driven by accelerated comparable sales growth in both eCommerce and retail.

- **Retail net revenue** increased 34.2% to $480.3 million, compared to $357.8 million in Q1 2025. The net revenue increase was driven by the strong performance of the Company's new and repositioned boutiques, as well as mid-teens comparable sales growth in existing boutiques in both countries. In the last 12 months, the Company opened 13 new boutiques and repositioned three boutiques. Boutique count[5] at the end of Q1 2026 totaled 131 compared to 119 boutiques at the end of Q1 2025.

- **eCommerce net revenue** increased 30.0% to $183.0 million, compared to $140.8 million in Q1 2025. The continued momentum in the Company's eCommerce business was fueled by strong traffic growth from the positive response to Spring and Summer products and strategic investments in digital marketing.

[5] CYC had three Reigning Champ boutiques as at June 1, 2025 (four boutiques as at June 2, 2024) which are excluded from the boutique count. There was one Aritzia boutique closure in both Fiscal 2025.

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

(unaudited, in thousands of Canadian dollars)	Q1 2026	Q1 2025
Retail net revenue	$ 480,306	$ 357,843
eCommerce net revenue	183,010	140,787
Net revenue	$ 663,316	$ 498,630

	Q1 2026	Q1 2025
United States net revenue	$ 412,987	$ 284,661
Canada net revenue	250,329	213,969
Net revenue	$ 663,316	$ 498,630

Gross profit increased 42.5% to $312.8 million, compared to $219.5 million in Q1 2025. Gross profit margin[1] was 47.2%, compared to 44.0% in Q1 2025. The 320 bps increase in gross profit margin was primarily driven by leverage on store occupancy costs, lower warehousing costs and savings from the Company's smart spending initiative.

SG&A expenses increased 26.2% to $222.5 million, compared to $176.3 million in Q1 2025. SG&A expenses were 33.5% of net revenue, compared to 35.4% in Q1 2025. The 190 bps improvement was primarily driven by expense leverage.

Depreciation and amortization increased $3.2 million to $48.7 million, compared to $45.5 million in Q1 2025 primarily due to the depreciation and amortization for new and repositioned boutiques, including flagships, partially offset by lower right-of-use asset depreciation due to the relocation of certain flagship locations last year. The following table provides the depreciation and amortization expense for the periods indicated.

(unaudited, in thousands of Canadian dollars)	Q1 2026	Q1 2025
Depreciation on right-of-use assets	$ 23,572	$ 26,249
Depreciation and amortization	25,171	19,281
Total depreciation and amortization	$ 48,743	$ 45,530

Stock-based compensation expense increased $2.9 million to $10.2 million, compared to $7.3 million in Q1 2025. The following table provides details of the stock-based compensation expense for the periods indicated.

(unaudited, in thousands of Canadian dollars)	Q1 2026	Q1 2025
Equity-settled plans		
Stock options	$ 5,005	$ 4,895
Restricted Share Units	1,915	1,487
Performance Share Units	2,629	410
Cash-settled plans		
Restricted Share Units	293	457
Deferred Share Units	344	78
Stock-based compensation expense	$ 10,186	$ 7,327

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 income.

Finance expense increased $0.4 million to $13.0 million, compared to $12.6 million in Q1 2025. The increase in finance expense was primarily due to higher interest expense on lease liabilities from new and repositioned boutiques.

Other expense (income) was $8.3 million, compared to $0.04 million in Q1 2025. The increase in other expense is primarily due to the weakening of the U.S. dollar, which resulted in unrealized losses from the translation of an intercompany loan from USD to CAD ($10.3 million loss compared to $1.2 million gain in Q1 2025). The intercompany loan balance was USD$165.2 million, compared to USD$163.9 million at the end of Q4 2025. The following table provides details of other expense (income) for the periods indicated.

(unaudited, in thousands of Canadian dollars)	Q1 2026	Q1 2025
Realized foreign exchange loss (gain)	$ 2,445	$ (1,316)
Unrealized foreign exchange loss (gain)	7,871	110
Unrealized (gain) loss on equity derivative contracts	22	670
CYC integration costs and other	218	2,245
Interest and other income	(2,234)	(1,671)
Other expense (income)	$ 8,322	$ 38

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 both Q1 2026 and Q1 2025 was 26.8%.

Income tax expense was $16.5 million, compared to $7.5 million in Q1 2025 and the effective tax rates for Q1 2026 and Q1 2025 were 28.0% and 32.1%, respectively. The effective tax rates are driven largely by the proportionate amount of deductible and non-deductible stock-based compensation expense on equity-settled plans relative to net income before income taxes.

Net income was $42.4 million, an increase of 167.7% compared to $15.8 million in Q1 2025, primarily attributable to the factors described above. **Net income per diluted share** was $0.36 per share, an increase of 157.1% compared to $0.14 per share in Q1 2025. The increase in net income per diluted share were primarily attributable to the factors discussed above.

Adjusted EBITDA[1] was $95.3 million, or 14.4% of net revenue[1], an increase of 76.9% compared to $53.9 million, or 10.8% of net revenue in Q1 2025. The increase in Adjusted EBITDA and Adjusted EBITDA as a percentage of net revenue was attributable to the factors discussed above. Excluding $10.3 million of unrealized foreign exchange translation losses ($1.2 million gain in Q1 2025) on an intercompany loan, Adjusted EBITDA[2] increased by 100.6% to $105.6 million or 16.0% of net revenue, compared to $52.7 million or 10.6% of net revenue in Q1 2025.

Adjusted Net Income[1] was $49.3 million, an increase of 97.4% compared to $25.0 million in Q1 2025. **Adjusted Net Income per Diluted Share**[1] was $0.42 per share, an increase of 90.9% compared to $0.22 per share in Q1 2025. The increase in Adjusted Net Income and Adjusted Net Income per Diluted Share was primarily attributable to the factors discussed above.

Cash and cash equivalents at the end of Q1 2026 totaled $292.6 million compared to $100.7 million at the end of Q1 2025. See "Analysis of Cash Flows for the First Quarter Fiscal 2026" for further details.

Inventory at the end of Q1 2026 was $409.5 million, an increase of 3.2% compared to $396.8 million at the end of Q1 2025.

Capital cash expenditures (net of proceeds from lease incentives)[1] were $52.3 million in Q1 2026, compared to $55.6 million in Q1 2025. Capital cash expenditures in Q1 2026 primarily consists of capital investments in new and repositioned boutiques and the Company's new distribution centre in British Columbia.

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 and revolving line of credit.

Revolving Credit Facility and Revolving Line of Credit

As at June 1, 2025, 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 Canadian Overnight Repo Rate Average ("CORRA"), Secured Overnight Financing Rate ("SOFR") or Canadian prime or base rate, plus a marginal rate between 0.75% and 2.75% (March 2, 2025 – 0.75% and 2.75%). The revolving line of credit bears interest at the daily SOFR, plus a marginal rate between 1.75% and 2.75% (March 2, 2025 – 1.75% and 2.75%). The revolving credit facility matures on October 27, 2026. No amounts were drawn on the revolving credit facility nor the revolving line of credit as at June 1, 2025.

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, as at June 1, 2025, we also have letters of credit facilities of CAD$30.0 million and US$25.0 million (March 2, 2025 - CAD$30.0 million and US$25.0 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 details regarding the letters of credit issued.

Cash Flows

The following table presents cash flows for the periods indicated.

(in thousands of Canadian dollars)	Q1 2026	Q1 2025
Net cash generated from operating activities	$ 100,280	$ 12,272
Net cash used in financing activities	(31,193)	(14,436)
Cash used in investing activities	(59,091)	(60,348)
Effect of exchange rate changes on cash and cash equivalents	(3,020)	(94)
Change in cash and cash equivalents	$ 6,976	$ (62,606)

Analysis of Cash Flows for the First Quarter Fiscal 2026

Net Cash Generated From Operating Activities

For Q1 2026, net cash generated from operating activities totaled $100.3 million, compared to $12.3 million in Q1 2025. This change was primarily attributable to an increase in income from operations and a decrease in the use of working capital primarily due to the timing of inventory purchases and payments, partially offset by an increase in income taxes and interest paid.

Net Cash Used In Financing Activities

For Q1 2026, net cash used in financing activities totaled $31.2 million, compared to $14.4 million in Q1 2025. The increase is mainly due to the repurchase of subordinate voting shares held in trust for future settlement upon vesting of restricted share units and performance share units.

Cash Used In Investing Activities

For Q1 2026, cash used in investing activities totaled $59.1 million, compared to $60.3 million in Q1 2025. Investing activities in Q1 2026 primarily relate to capital investments in new and repositioned boutiques and the Company's new distribution centre in British Columbia. In Q1 2025, investing activities primarily relate to capital investments in new and repositioned boutiques (including flagship boutiques).

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table summarizes our significant undiscounted maturities of our contractual obligations and commitments as at June 1, 2025.

(in thousands of Canadian dollars)	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Accounts payable and accrued liabilities	$ 302,553	$ —	$ —	$ 302,553
Lease liabilities	143,208	557,323	465,360	1,165,891
Minimum lease commitments with future commencement dates	6,058	66,814	130,479	203,351
Total contractual obligations and commitments	$ 451,819	$ 624,137	$ 595,839	$ 1,671,795

As at June 1, 2025, the Company also had approximately $110.3 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 June 1, 2025, we had purchase obligations of $112.4 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 June 1, 2025, letters of credit totaling $4.3 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. 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 June 1, 2025, the value of the net derivative asset was $8.5 million (March 2, 2025 - $8.5 million).

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 Fiscal 2025 audited annual consolidated financial statements.

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)	Q1 2026	Q1 2025
Unrealized (gain) loss for the change in fair value of equity derivative contracts	$ 22	$ 670

As at June 1, 2025, the equity derivative contracts had a positive fair value of $21.2 million (March 2, 2025 - $21.2 million) which are recorded in prepaid expenses and other current assets in the consolidated statements of financial position.

RELATED PARTY TRANSACTIONS

During Q1 2026, we made payments of $2.9 million (Q1 2025 - $2.6 million) for lease of premises, management services and other, and $0.3 million (Q1 2025 - $0.5 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 June 1, 2025, $0.2 million was included in accounts payable and accrued liabilities (March 2, 2025 - $0.6 million) and $0.9 million was included in prepaid expenses and other current assets for lease of premises (March 2, 2025 - $0.8 million). As at June 1, 2025, the outstanding balance of lease liabilities owed to these companies was $39.6 million (March 2, 2025 - $40.5 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)	Q1 2026	Q1 2025
Salaries, directors' fees and short-term benefits	$ 2,398	$ 1,389
Stock-based compensation	3,327	1,751
Key management compensation	$ 5,725	$ 3,140

The increase in key management compensation is commensurate with the Company's growth and performance.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards 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

IFRS 9 Financial Instruments ("IFRS 9") and IFRS Financial Instruments: Disclosures ("IFRS 7")

In May 2024, the International Accounting Standards Board ("IASB") issued amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures to clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system, clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion, add new disclosures for certain instruments with contractual terms that can change cash flows (such as instruments with features linked to the achievement of environmental and social targets), and update the disclosure of equity instruments designated at fair value through other comprehensive income ("FVOCI"). These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments to the classification of financial assets. The Company is currently assessing the impact of these amendments on the consolidated financial statements.

IFRS 18 Presentation and Disclosure to the Financial Statements ("IFRS 18")

The IASB issued IFRS 18 - Presentation and Disclosure in the Financial Statements, in April 2024 which is effective for annual reporting periods beginning on or after January 1, 2027. The new standard will establish a revised structure for the consolidated statements of comprehensive income and improve comparability across entities and reporting periods. The standard will be applied retroactively, with certain transition provisions. The Company is currently assessing the impact of IFRS 18 on the consolidated financial statements.

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 geopolitical and macroeconomic, 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, geopolitical and macroeconomic conditions, foreign exchange risk, interest rate risk, credit risk, liquidity risk and equity price risk.

Geopolitical and Macroeconomic Risk

We source the majority of our raw materials and merchandise from various suppliers in Asia, Europe and Central America and generate over half of our net revenues from the United States and so are dependent on international trade relations, agreements and regulations. Recent executive orders have been issued by the U.S. President, directing the U.S. to impose new or increased tariffs on certain of its trading partners, including Canada, Mexico and China, and on other countries in which our products are produced or sold. It remains unclear the extent to which additional quotas, duties, tariffs, sanctions and/or other trade restrictions or other similar or retaliatory measures may be imposed by Canada, the United States or other countries, whether and if any changes to the currently announced tariffs will be applied, how long they may be in effect, the extent to which further retaliatory measures will be imposed, the nature of the goods that will be subject to such tariffs and whether other factors will support a pass through of all or a part of the tariffs to the market. The disruptions caused by the threat of, the potential or actual imposition of, and increases in the rate or scope of, such quotas, duties, tariffs, sanctions and other trade restrictions or other similar measures (and any retaliatory measures) could adversely impact the profitability of our business, financial condition and results of operations.

General economic conditions in Canada, the United States and other parts of the world, including lower levels of consumer spending, economic volatility, and international trade policies and tariffs, can affect consumer confidence and consumer purchases of discretionary items, including fashion apparel and related products such as ours. Therefore, demand for our products may be impacted by general macroeconomic conditions, which could worsen as a result of the imposition of new duties, tariffs and other trade restrictions or other similar measures. Our sensitivity to economic cycles and any related fluctuation in consumer demand may adversely affect our results of operations and financial condition.

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. This risk is partially mitigated with over half of our net revenues generated 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 June 1, 2025, we have no foreign currency forward contracts outstanding and none were utilized during the 13-week period ended June 1, 2025.

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 June 1, 2025, 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 June 1, 2025, 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. As at June 1, 2025, the fair value of the equity derivative contract was in an asset position of $21.2 million.

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.

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.

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 Q1 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CURRENT SHARE INFORMATION

As of July 9, 2025, an aggregate of 95,124,511 subordinate voting shares, 19,679,244 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 July 9, 2025, an aggregate of 6,877,229 options, 550,644 performance share units and 1,053,621 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 Accounting Standards. 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[6]

(interim periods unaudited, in thousands of Canadian dollars, unless otherwise noted)	Fiscal 2026	Fiscal 2025				Fiscal 2024		
	Q1	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**
Financial Summary:								
Net revenue	$ 663,316	$ 895,118	$ 728,701	$ 615,663	$ 498,630	$ 681,970	$ 653,524	$ 534,191
Cost of goods sold	350,519	515,014	395,216	368,177	279,086	420,723	382,587	347,345
Gross profit	312,797	380,104	333,485	247,486	219,544	261,247	270,937	186,846
SG&A	222,483	246,015	215,649	199,502	176,290	196,835	187,373	171,116
Income from operations	80,128	116,713	107,592	34,558	35,927	49,056	74,115	13,679
Net income (loss)	42,391	99,642	74,068	18,247	15,833	24,207	43,093	(5,990)
Net income (loss) per share	$ 0.37	$ 0.88	$ 0.66	$ 0.16	$ 0.14	$ 0.22	$ 0.39	$ (0.05)
Net income (loss) per diluted share	$ 0.36	$ 0.84	$ 0.63	$ 0.16	$ 0.14	$ 0.21	$ 0.38	$ (0.05)
Adjusted EBITDA[7]	$ 95,334	$ 160,872	$ 136,428	$ 55,167	$ 53,877	$ 72,545	$ 91,763	$ 21,160
Adjusted Net Income[6]	$ 49,330	$ 98,025	$ 83,000	$ 24,536	$ 24,988	$ 38,223	$ 52,701	$ 3,415
Adjusted Net Income[6] per Diluted Share	$ 0.42	$ 0.83	$ 0.71	$ 0.21	$ 0.22	$ 0.34	$ 0.47	$ 0.03
Weighted average number of diluted shares outstanding (in thousands)	118,210	118,395	116,836	116,035	114,745	114,096	113,332	114,295
Cash and cash equivalents	$ 292,611	$ 285,635	$ 207,007	$ 103,983	$ 100,671	$ 163,277	$ 140,804	$ 76,516
Capital cash expenditures (net of proceeds from lease incentives)[6]	$ (52,269)	$ (66,315)	$ (81,948)	$ (49,670)	$ (55,557)	$ (41,681)	$ (41,368)	$ (45,703)
Free cash flow[6]	$ 24,394	$ 65,598	$ 103,996	$ (5,727)	$ (68,269)	$ 22,871	$ 171,607	$ (75,047)
Percentage of Net Revenue:								
Gross profit	47.2%	42.5%	45.8%	40.2%	44.0%	38.3%	41.5%	35.0%
SG&A	33.5%	27.5%	29.6%	32.4%	35.4%	28.9%	28.7%	32.0%
Net income (loss)	6.4%	11.1%	10.2%	3.0%	3.2%	3.5%	6.6%	(1.1)%
Adjusted EBITDA[6]	14.4%	18.0%	18.7%	9.0%	10.8%	10.6%	14.0%	4.0%
Adjusted Net Income[6]	7.4%	11.0%	11.4%	4.0%	5.0%	5.6%	8.1%	0.6%
Other Metrics:								
Net revenue growth	33.0%	31.3%	11.5%	15.3%	7.8%	7.0%	4.6%	1.6%
Comparable sales[6] growth (decline)	19.3%	26.0%	6.6%	6.5%	2.0%	(3.0)%	0.5%	(4.3)%
Boutiques:[4]								
Number of boutiques, beginning of period	130	127	122	119	119	117	116	115
New boutiques	1	4	5	3	—	3	1	1
Boutique closure	—	(1)	—	—	—	(1)	—	—
Number of boutiques, end of period	131	130	127	122	119	119	117	116
Repositioned boutiques	1	1	1	—	1	1	1	1

[6] 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 Fiscal 2025 MD&A dated May 1, 2025 for the 13-week period ended March 2, 2025, our Q3 2025 MD&A dated January 9, 2025 for the 13-week period ended December 1, 2024, our Q2 2025 MD&A dated October 10, 2024 for the 13-week period ended September 1, 2024, Q1 2025 MD&A dated July 11, 2024 for the 13-week period ended June 2, 2024, our Fiscal 2024 MD&A dated May 2, 2024 for the 14-week period ended March 3, 2024, our Q3 2024 MD&A dated January 10, 2024 for the 13-week period ended November 26, 2023, and our Q2 2024 MD&A dated September 28, 2023 for the 13-week period ended August 27, 2023, which are available on SEDAR+.

[7] 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 Financial Measures and Retail Industry Metrics".