ARITZIA NEWS RELEASE

Aritzia Reports Financial Results for Second Quarter ended August 30, 2020
eCommerce revenue increased by 82% during the second quarter
93 of 97 boutiques reopened as of August 30, 2020

VANCOUVER, October 14, 2020 /PRNewswire/ - Aritzia Inc. ("Aritzia" or the "Company") (TSX: ATZ), a vertically integrated, innovative design house of exclusive fashion brands offering Everyday Luxury in its boutiques and online, today announced its second quarter financial results for fiscal 2021 ended August 30, 2020.

With Love, Aritzia is rooted in celebrating fearless individuality. Using a love letter as a vessel for inspiration, Aritzia is shining the spotlight on inspiring people who articulate and embody the diverse Aritzia community.

“We are pleased with the ongoing recovery of our business in the second quarter. Driven by our beautiful product assortment featuring a stay-at-home lifestyle and the engaging service we deliver through our Concierge team and across our aspirational shopping environments, our Everyday Luxury experience continues to resonate with our clients. In-boutique demand exceeded our expectations as clients returned with enthusiasm to our reopened boutiques, while the strength of our eCommerce business continued, delivering 82% growth compared to the second quarter last year. Our increasing revenue combined with highly effective inventory and cost management allowed us to maintain our strong cash position,” said Brian Hill, Founder, Chief Executive Officer and Chairman.

“For the first six weeks of the third quarter, the momentum of our business continued to grow as a result of strong client response to the launch of our on-point Fall collections and compelling marketing initiatives. While occupancy restrictions and stricter government directives will continue to impact our retail performance, our eCommerce business is well-positioned to continue to offset these measures. Looking ahead, we maintain our confidence in our tremendous growth potential as we continue expanding our exclusive product offering, enhancing our eCommerce capabilities and omni-channel experience, capitalizing on unprecedented real estate opportunities, and investing in world-class talent and infrastructure. I am extremely grateful to our people for their unwavering commitment and to our clients for their enduring loyalty during these extraordinary times,” concluded Mr. Hill.

Highlights for the Second Quarter

- Net revenue decreased by 17.0% to $200.2 million from Q2 last year
- At the start of the quarter, 31% of the Company’s boutiques were reopened, with 96% of boutiques reopened by the end of the quarter
- Sales for the reopened boutiques trended on average at 70% of last year’s productivity levels for the quarter
- eCommerce revenue increased by 82.3% compared to Q2 last year
- Gross profit margin(1) decreased to 35.2% from 39.6% in Q2 last year
- Adjusted EBITDA(1) decreased to $12.3 million from $36.4 million in Q2 last year

- Adjusted Net Income(1) was $1.0 million, or $0.01 per diluted share, compared to $19.8 million, or $0.18 per diluted share in Q2 last year
- Net loss was $(0.9) million compared to net income of $17.9 million in Q2 last year
- Cash and cash equivalents at the end of Q2 totaled $207.3 million, compared to $30.0 million at the end of Q2 last year
- Subsequent to the end of Q2, the Company repaid the $100.0 million revolver

Unless otherwise indicated, all amounts are expressed in Canadian dollars. Certain metrics, including those expressed on an adjusted or comparable basis, are non-IFRS measures. See "Non-IFRS Measures including Retail Industry Metrics" and "Selected Consolidated Financial Information".

Financial Results for the Second Quarter

All comparative figures below are for the 13-week period ended August 30, 2020, compared to the 13-week period ended September 1, 2019.

Net revenue decreased by 17.0% to $200.2 million, compared to $241.2 million in the second quarter last year. The decrease in net revenue was primarily due to the impact of COVID-19, including occupancy restrictions, reduced operating hours and partial boutique closures, partially offset by continued momentum from the Company's eCommerce revenue, which increased by 82.3% from the second quarter last year. In the second quarter last year, the Company results included its annual warehouse sale, which was cancelled this year due to COVID-19.

Gross profit decreased to $70.4 million, compared to $95.4 million in the second quarter last year. Gross profit margin was 35.2% compared to 39.6% in the second quarter last year. The decrease in gross profit margin was primarily due to occupancy, warehousing and distribution centre cost deleverage from the reduced retail revenue, partially offset by rent abatements and government payroll subsidies recognized during the second quarter.

Selling, general and administrative ("SG&A") expenses decreased by 0.7% to $60.2 million, compared to $60.6 million in the second quarter last year. SG&A expenses were 30.1% of net revenue compared to 25.1% of net revenue in the second quarter last year. Deleverage in SG&A expenses during the second quarter was primarily due to the loss of retail revenue and the implementation of additional health and safety measures, partially offset by government payroll subsidies recognized during the second quarter.

Adjusted EBITDA(1) was $12.3 million, or 6.1% of net revenue, compared to $36.4 million, or 15.1% of net revenue, in the second quarter last year. The decrease in Adjusted EBITDA was primarily due to the loss of net revenue from the impacts of COVID-19. Adjusted EBITDA excludes the favorable impact of IFRS 16, stock-based compensation expense and unrealized gains on equity derivative contracts.

Net loss was ($0.9) million, compared to net income of $17.9 million in the second quarter last year. The decrease in net income during the quarter was primarily driven by the factors described above.

Adjusted Net Income(1) was $1.0 million, compared to Adjusted Net Income of $19.8 million in the second quarter last year. Adjusted Net Income excludes the impact of stock-based compensation expense and unrealized gains on equity derivative contracts, net of related tax effects.

Adjusted Net Loss per diluted share(1) was $0.01 compared to Adjusted Net Income per diluted share of $0.18 in the second quarter last year.

Cash and cash equivalents at the end of the second quarter totaled $207.3 million, compared to $30.0 million at the end of the second quarter last year. The cash position at the end of the second quarter reflects the full drawdown of the Company's revolving credit facility of $100.0 million and the extension of certain payment terms. Subsequent to the end of Q2, the Company repaid the $100.0 million revolver.

Inventory at end of Q2 was $140.9 million, compared to $136.5 million at the end of Q2 last year. This positions the Company well for the upcoming season.

Year-to-Date Results

All comparative figures below are for the 26-week period ended August 30, 2020, compared to the 26-week period ended September 1, 2019.

Net revenue decreased by 28.9% to $311.5 million, compared to $437.9 million in the prior year. The decrease in net revenue was primarily due to the impact of COVID-19, including temporary boutique closures, occupancy restrictions and reduced boutique operating hours, partially offset by strong eCommerce revenue growth.

Gross profit decreased to $83.5 million, compared to $181.0 million in the prior year. Gross profit margin was 26.8% compared to 41.3% in the prior year. The decrease in gross profit margin was primarily due to occupancy, warehousing and distribution centre cost deleverage from the reduced retail revenue and higher markdowns from successful sales events during the first quarter this year that drove its eCommerce revenue during boutique closures, partially offset by rent abatements and government payroll subsidies recognized during the year.

Selling, general and administrative ("SG&A") expenses decreased by 9.9% to $103.7 million, compared to $115.0 million in the prior year. SG&A expenses were 33.3% of net revenue compared to 26.3% of net revenue in the prior year. Deleverage in SG&A expenses this year was primarily due to the loss of retail revenue and the implementation of additional health and safety measures, partially offset by government payroll subsidies recognized during the year.

Adjusted EBITDA(1) was $(13.0) million, or (4.2%) of net revenue, compared to $71.8 million, or 16.4% of net revenue, in the prior year. The decrease in Adjusted EBITDA was primarily due to the loss of net revenue from the impacts of COVID-19. Adjusted EBITDA excludes the favorable impact of IFRS 16, stock-based compensation expense and unrealized losses on equity derivative contracts.

Net loss was $(27.3) million, compared to net income of $34.1 million in the prior year. The decrease in net income during the quarter was primarily driven by the factors described above.

Adjusted Net Loss(1) was $(24.0) million, compared to Adjusted Net Income of $38.2 million in the prior year. Adjusted Net Income excludes the impact of stock-based compensation expense and unrealized losses on equity derivative contracts, net of related tax effects.

Adjusted Net Loss per diluted share(1) was $(0.22) compared to Adjusted Net Income per diluted share of $0.34 in the prior year.

(1) See "Non-IFRS Measures including Retail Industry Metrics" and "Selected Consolidated Financial Information" below, including for a reconciliation of the non-IFRS measures used in this release to the most comparable IFRS measures. See also sections entitled "How We Assess the Performance of our Business", "Non-IFRS Measures including Retail Industry Metrics" and "Selected Consolidated Financial Information" in the Management's Discussion and Analysis for further details concerning comparable sales growth, Adjusted EBITDA, Adjusted Net Income and Adjusted Net Income per diluted share and free cash flow including definitions and reconciliations to the relevant reported IFRS measure.

Outlook

The Company is pleased with the positive client response to its new fall/winter product launch. This has manifested itself into sustained momentum in the Company's eCommerce business and continued improvement in boutique productivity in the first six weeks of the third quarter.

Although the Company is cautiously optimistic for the holiday season, recent increases in COVID-19 positive case rates and new corresponding government restrictions in some of its key markets, are tempering enthusiasm for the short-term.

In order to ensure the health and safety of its people, clients and communities, the Company has implemented stringent protocols for its boutiques, distribution centre and support offices. These incremental measures are expected to add increased labour and operating expenses for the foreseeable future.

The Company remains excited about its long-term future and are well-positioned to capitalize on the boundless opportunities that lie ahead.

Conference Call Details

A conference call to discuss the Company's second quarter results is scheduled for Wednesday, October 14, 2020, at 1:30 p.m. PT / 4:30 p.m. ET. To participate, please dial 1-800-319-4610 (North America toll-free) or 1-416-915-3239 (Toronto and overseas long-distance). The call is also accessible via webcast at http://investors.aritzia.com/events-and-presentations/. A recording will be available shortly after the conclusion of the call. To access the replay, please dial 1-855-669-9658 and the access code 5252. An archive of the webcast will be available on Aritzia's investor relations website.

About Aritzia

Aritzia is an innovative design house and fashion boutique. We conceive, create, develop and retail fashion brands with a depth of design and quality that provides compelling value. Each of our exclusive brands has its own vision and distinct aesthetic point of view. As a group, they are united by an unwavering commitment to superior fabrics, meticulous construction and relevant, effortless design.

Founded in Vancouver in 1984, Aritzia now has more than 95 locations in select cities across North America, including Vancouver, Toronto, Montreal, New York, Los Angeles, San Francisco and Chicago. We pride ourselves on creating immersive, human and highly personal shopping experiences, both in our boutiques and on aritzia.com — with a focus on delivering Everyday Luxury.

Comparable Sales Growth

Comparable sales growth is typically a useful operating metric in assessing the performance of the Company's business. However, as the temporary boutique closures from COVID-19 have resulted in all boutiques being removed from its comparable store base, the Company believes comparable sales growth is not currently representative of its business and therefore the Company has not reported figures on this metric in this press release.

Non-IFRS Measures including Retail Industry Metrics

This press release makes reference to certain non-IFRS measures including certain retail industry metrics. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including "EBITDA", "Adjusted EBITDA", "Adjusted Net Income", "Adjusted Net Income per diluted share", and "gross profit margin". This press release also makes reference to "comparable sales growth", which is a commonly used operating metric in the retail industry but may be calculated differently compared to other retailers. These non-IFRS measures including retail industry metrics are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We believe that securities analysts, investors and other interested parties frequently use non-IFRS measures including retail industry metrics in the evaluation of issuers. Our management also uses non-IFRS measures including 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. Definitions and reconciliations of non-IFRS measures to the relevant reported measures can be found in our MD&A. Such reconciliations can also be found in this press release under the heading "Selected Consolidated Financial Information".

Forward-Looking Information

Certain statements made in this press release may constitute forward-looking information under applicable securities laws. These statements may relate to our future financial outlook, our ability to sustain momentum in our eCommerce business, the impact of health and safety measures on boutique performance and labour and operating expenses, the ability for our eCommerce business to meet demand, the expansion of our product offering, enhancement of our eCommerce capabilities and omni-channel experience and our ability to capitalize on real estate opportunities while investing in talent and infrastructure. Particularly, information regarding our expectations of future results, targets, performance achievements, prospects or opportunities is forward-looking information. As the context requires, this may include certain targets as disclosed in the prospectus for our initial public offering, which are based on the factors and assumptions, and subject to the risks, as set out therein and herein. Often but not always, forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology.

Given this unprecedented period of uncertainty, there can be no assurances regarding: (a) the limitations or restrictions that may be placed on servicing our clients in reopened boutiques or potential re-closing of boutiques; (b) the COVID-19-related impacts on Aritzia's business, operations, supply chain performance and growth strategies, (c) Aritzia's ability to mitigate such impacts, including ongoing measures to enhance short-term liquidity, contain costs and safeguard the business; (d) general economic conditions related to COVID-19 and impacts to consumer discretionary spending and shopping habits; (e) credit, market, currency, interest rates, operational, and liquidity risks generally; and (f) 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, level of activity, performance or 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 the Company's annual information form dated May 28, 2020 for the fiscal year ended March 1, 2020 (the "AIF"). A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

The Company cautions that the list of risk factors and uncertainties described in the AIF is not exhaustive and other factors could also adversely affect its results. 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 press release represents our expectations as of the date of this press release (or as the date they are otherwise stated to be made), and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

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Selected Consolidated Financial Information

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS:

(Unaudited, in thousands of Canadian dollars, unless otherwise noted)	**Q2 2021 13 weeks**		**Q2 2020 13 weeks**		**YTD 2021 26 weeks**		**YTD 2020 26 weeks**	
Net revenue	$ 200,155	100.0%	$ 241,178	100.0%	$ 311,544	100.0%	$ 437,877	100.0%
Cost of goods sold	129,719	64.8%	145,751	60.4%	228,047	73.2%	256,889	58.7%
Gross profit	70,436	35.2%	95,427	39.6%	83,497	26.8%	180,988	41.3%
Operating expenses								
Selling, general and administrative	60,151	30.1%	60,567	25.1%	103,662	33.3%	114,996	26.3%
Stock-based compensation expense	2,147	1.1%	1,942	0.8%	3,126	1.0%	4,316	1.0%
Income (loss) from operations	8,138	4.1%	32,918	13.6%	(23,291)	(7.5%)	61,676	14.1%
Finance expense	7,355	3.7%	7,157	3.0%	14,745	4.7%	14,384	3.3%
Other expense (income)	1,345	0.7%	664	0.3%	127	0.0%	(615)	(0.1%)
(Loss) income before income taxes	(562)	(0.3%)	25,097	10.4%	(38,163)	(12.2%)	47,907	10.9%
Income tax expense (recovery)	312	0.2%	7,177	3.0%	(10,818)	(3.5%)	13,831	3.2%
Net (loss) income	$ (874)	(0.4%)	$ 17,920	7.4%	$ (27,345)	(8.8%)	$ 34,076	7.8%
Other Performance Measures:								
Year-over-year net revenue growth	(17.0%)		17.4%		(28.9%)		17.6%	
Comparable sales growth[i]	n/a		8.4%		n/a		8.2%	
Free cash flow	$ (15,200)		$ (1,137)		$ (7,145)		$ 15,780	
Capital cash expenditures (excluding proceeds from leasehold inducements)	13,166		11,971		27,046		22,137	
Number of boutiques, end of period	97		93		97		93	
New boutiques added	-		1		1		2	
Boutiques expanded or repositioned	1		-		1		1	

Note:
i) Please see the “Comparable Sales Growth” section above for more details.

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

(Unaudited, in thousands of Canadian dollars, unless otherwise noted)	**Q2 2021 13 weeks**	**Q2 2020 13 weeks**	**YTD 2021 26 weeks**	**YTD 2020 26 weeks**
Reconciliation of Net (Loss) Income to EBITDA and Adjusted EBITDA:				
Net (loss) income	$ (874)	$ 17,920	$ (27,345)	$ 34,076
Depreciation and amortization	26,036	22,666	51,849	45,864
Finance expense	7,355	7,157	14,745	14,384
Income tax expense	312	7,177	(10,818)	13,831
EBITDA	32,829	54,920	28,431	108,155
Adjustments to EBITDA:				
Stock-based compensation expense	2,147	1,942	3,126	4,316
Rent impact from IFRS 16, Leases(i)	(22,621)	(20,490)	(45,230)	(40,720)
Unrealized foreign exchange (gain) loss on forward contracts	(81)	-	715	-
Adjusted EBITDA	$ 12,274	$ 36,372	$ (12,958)	$ 71,751
Adjusted EBITDA as a Percentage of Net Revenue	6.1%	15.1%	(4.2%)	16.4%
Reconciliation of Net (Loss) Income to Adjusted Net (Loss) Income:				
Net (loss) income	$ (874)	$ 17,920	$ (27,345)	$ 34,076
Adjustments to net income:				
Stock-based compensation expense	2,147	1,942	3,126	4,316
Unrealized foreign exchange (gain) loss on forward contracts	(81)	-	715	-
Related tax effects	(158)	(105)	(456)	(151)
Adjusted Net Income (Loss)	$ 1,034	$ 19,757	$ (23,960)	$ 38,241
Adjusted Net (Loss) Income as a Percentage of Net Revenue	0.5%	8.2%	(7.7%)	8.7%
Weighted Average Number of Diluted Shares Outstanding (thousands)	112,550	111,537	109,375	111,696
Adjusted Net (Loss) Income per Diluted Share	$ 0.01	$ 0.18	$ (0.22)	$ 0.34

Note:
i) Rent Impact from IFRS 16, Leases

	Q2 2021 13 weeks	**Q2 2020 13 weeks**	**YTD 2021 26 weeks**	**YTD 2020 26 weeks**
Depreciation and amortization of right-of-use assets	$ (16,586)	$ (14,671)	$ (33,034)	$ (29,031)
Finance expense, related to leases	(6,035)	(5,819)	(12,196)	(11,689)
Rent impact from IFRS 16, Leases	$ (22,621)	$ (20,490)	$ (45,230)	$ (40,720)

RECONCILIATION OF COMPARABLE SALES TO NET REVENUE:

(Unaudited, in thousands of Canadian dollars)	**Q2 2021 13 weeks**	**Q2 2020 13 weeks**	**YTD 2021 26 weeks**	**YTD 2020 26 weeks**
	(not applicable) (ii)		*(not applicable)* (ii)	
Comparable sales[i]		$ 206,500		$ 367,794
Non-comparable sales		34,678		70,083
Net revenue		$ 241,178		$ 437,877

Note:

i) The comparable sales for a given period represents revenue (net of sales tax, returns and discounts) from boutiques that have been opened for at least 56 weeks including eCommerce revenue (net of sales tax, returns and discounts) within that given period. This information is provided to give context for comparable sales in such given period as compared to net revenue reported in our financial statements. Our comparable sales growth calculation excludes the impact of foreign currency fluctuations. For more details, please see the “Comparable Sales Growth” subsection of the “How We Assess the Performance of Our Business” section of the Management’s Discussion and Analysis.

ii) Please see the “Comparable Sales Growth” section of the Management’s Discussion and Analysis .

CONDENSED INTERIM CONSOLIDATED CASH FLOWS:

(Unaudited, in thousands of Canadian dollars)	**Q2 2021 13 weeks**	**Q2 2020 13 weeks**	**YTD 2021 26 weeks**	**YTD 2020 26 weeks**
Cash Flows:				
Net cash generated from operating activities	$ 11,585	$ 24,578	$ 35,564	$ 65,257
Net cash (used in) generated from financing activities	(14,212)	(17,943)	82,097	(113,942)
Net cash used in investing activities	(13,166)	(11,971)	(27,046)	(22,137)
Effect of exchange rate changes on cash and cash equivalents	(1,266)	(435)	(1,111)	(89)
(Decrease) increase in cash and cash equivalents	$ (17,059)	$ (5,771)	$ 89,504	$ (70,911)

FREE CASH FLOW:

(Unaudited, in thousands of Canadian dollars)	**Q2 2021 13 weeks**	**Q2 2020 13 weeks**	**YTD 2021 26 weeks**	**YTD 2020 26 weeks**
Net cash generated from operating activities	$ 11,585	$ 24,578	$ 35,564	$ 65,257
Interest paid	1,101	1,154	2,396	2,372
Net cash used in investing activities	(13,166)	(11,971)	(27,046)	(22,137)
Repayments of principal on lease liabilities	(14,720)	(14,898)	(18,059)	(29,712)
Free cash flow	$ (15,200)	$ (1,137)	$ (7,145)	$ 15,780

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION:

(Unaudited, in thousands of Canadian dollars)

	As at August 30, 2020	As at March 1, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 207,254	$ 117,750
Accounts receivable	3,832	6,555
Income taxes recoverable	7,953	2,157
Inventory	140,861	94,034
Prepaid expenses and other current assets	28,274	10,880
Total current assets	388,174	231,376
Property and equipment	187,395	184,637
Intangible assets	62,691	63,867
Goodwill	151,682	151,682
Right-of-use assets	396,135	380,360
Other assets	3,807	4,315
Deferred tax assets	18,568	20,478
Total assets	$ 1,208,452	$ 1,036,715
Liabilities		
Current liabilities		
Bank indebtedness	$ 100,000	$ -
Accounts payable and accrued liabilities	122,317	57,715
Income taxes payable	-	3,198
Current portion of lease liabilities	84,273	63,440
Deferred revenue	31,731	29,490
Total current liabilities	338,321	153,843
Lease liabilities	460,170	447,087
Other non-current liabilities	11,395	9,451
Deferred tax liabilities	16,147	19,529
Long-term debt	74,797	74,740
Total liabilities	900,830	704,650
Shareholders’ equity		
Share capital	221,245	219,050
Contributed surplus	58,198	57,221
Retained earnings	28,645	56,476
Accumulated other comprehensive loss	(466)	(682)
Total shareholders’ equity	307,622	332,065
Total liabilities and shareholders’ equity	$ 1,208,452	$ 1,036,715