

Aritzia Reports Third Quarter Fiscal 2022 Financial Results

Net revenue increased by 62.9% to \$453.3 million
Adjusted EBITDA doubled to \$109.3 million from \$54.6 million
Net Income increased by 112.9% to \$64.9 million

VANCOUVER, January 12, 2022 – Aritzia Inc. (TSX: ATZ, "Aritzia" or the "Company"), a vertically integrated, innovative design house offering Everyday Luxury online and in its boutiques, today announced its third quarter financial results for fiscal 2022 ended November 28, 2021.



“Our exceptional performance continued through the third quarter of fiscal 2022. Our net revenue growth of 63% was driven by an outstanding client response to our Fall and Winter product across all geographies and all channels. Sales growth in the United States sustained unprecedented momentum, increasing 115% and representing 44% of our total revenue in the quarter. Our eCommerce business continued to surge, increasing 47% on top of the 79% increase we saw in the third quarter last year. Our retail business flourished, as comparable sales in our boutiques grew 58% from fiscal 2021, whilst continuing to exceed pre-pandemic levels with retail comps growing 26% from fiscal 2020.” said Brian Hill, Founder, Chief Executive Officer and Chairman.

“Our strong performance has continued in the fourth quarter to date, despite the recent resurgence of COVID-19, associated supply chain and labour headwinds. As I reflect on our brand acceleration, new client acquisition and the performance of our business in the United States, I see extraordinary opportunities for Aritzia. Our business has never been stronger or better positioned for growth, as we continue to drive digital innovation of our eCommerce channel and Omni capabilities, accelerate boutique growth, expand our product assortment, and acquire new clients, all while continuing to strategically invest in our infrastructure and growing our team of world-class talent. I am deeply grateful for our teams’ constant agility, dedication to excellence and tireless hard work that are propelling us toward our goals.” concluded Mr. Hill.

Third Quarter Highlights

- **Net revenue** increased by 62.9% to \$453.3 million from Q3 2021 and 69.6% from Q3 2020
- **eCommerce revenue** increased by 46.9% to \$148.0 million from Q3 2021 and 162.2% from Q3 2020, comprising 32.6% of net revenues in Q3 2022
- **Retail revenue** increased by 72.0% to \$305.3 million from Q3 2021 and 44.8% from Q3 2020, achieving comparable sales growth of 58% compared to Q3 2021 and 26% compared to pre-COVID-19 Q3 2020
- **Gross profit margin**⁽¹⁾ increased to 46.4% from 45.3% in Q3 2021 and 44.7% in Q3 2020
- **Adjusted EBITDA**⁽¹⁾ increased to \$109.3 million from \$54.6 million in Q3 2021 and \$58.4 million in Q3 2020
- **Adjusted Net Income**⁽¹⁾ of \$0.61 per diluted share, compared to \$0.29 per diluted share in Q3 2021 and \$0.32 per diluted share in Q3 2020

(1) Unless otherwise indicated, all amounts are expressed in Canadian dollars. The Company's third quarter results include the consolidation of CYC Design Corporation ("CYC") which closed on June 25, 2021. Due to the material impact of COVID-19 on business operations in fiscal 2021 and 2022, certain references to Q3 2020 and YTD 2020 have been included where Management deems to be a more meaningful measurement of the Company's performance. 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".

Third Quarter Results Compared to Q3 2021

(in thousands of Canadian dollars, unless otherwise noted)

	Q3 2022 13 weeks		Q3 2021 13 weeks		Variance Q3 2022 to Q3 2021	
					%	% pts
eCommerce Revenue	\$ 147,978	32.6%	\$ 100,737	36.2%	46.9%	
Retail Revenue	305,345	67.4%	177,517	63.8%	72.0%	
Net revenue	453,323	100.0%	278,254	100.0%	62.9%	
Gross profit	210,142	46.4%	126,083	45.3%	66.7%	1.1%
SG&A	110,084	24.3%	74,707	26.8%	47.4%	(2.5%)
Adjusted EBITDA⁽¹⁾	\$ 109,289	24.1%	\$ 54,565	19.6%	100.3%	4.5%
Adjusted Net Income⁽¹⁾ per diluted share	\$ 0.61		\$ 0.29		110.3%	

Net revenue increased by 62.9% to \$453.3 million, compared to \$278.3 million in Q3 2021. The Company continues to see an unprecedented acceleration of sales in the United States, where net revenues increased by 115.1% to C\$198.7 million, compared to C\$92.4 million in Q3 2021.

- **eCommerce revenue** increased by 46.9% to \$148.0 million, compared to \$100.7 million in Q3 2021. The Company's eCommerce business continued its momentum, building on the 78.5% increase in Q3 2021.
- **Retail revenue** increased by 72.0% to \$305.3 million, compared to \$177.5 million in Q3 2021. The increase in revenue was led by outstanding performance of our comparable and new boutiques in the United States, as well as, strong double digit comparable sales growth in Canada. For the first time since the start of the pandemic, all of the Company's boutiques were open for the entire duration of the quarter, with one new boutique opened in the United States. Store count at the end of Q3 totaled 105 compared to 101 boutiques at the end of Q3 2021.

Gross profit increased by 66.7% to \$210.1 million, compared to \$126.1 million in Q3 2021. Gross profit margin was 46.4%, compared to 45.3% in Q3 2021. The improvement in gross profit margin was primarily due to leverage on occupancy costs, the strengthening of the Canadian dollar and lower markdowns, partially offset by lower rent abatements and higher freight costs as a result of global supply chain disruptions.

Selling, general and administrative ("SG&A") expenses increased by 47.4% to \$110.1 million, compared to \$74.7 million in Q3 2021. SG&A expenses were 24.3% of net revenue, compared to 26.8% in Q3 2021. The increase in SG&A expenses was primarily due to variable selling costs associated with the increase in revenue and continued investment in talent and technology.

Adjusted EBITDA⁽¹⁾ was \$109.3 million or 24.1% of net revenue, an increase of 100.3% compared to \$54.6 million or 19.6% of net revenue in Q3 2021.

Net income was \$64.9 million, an increase of 112.9% compared to \$30.5 million in Q3 2021.

Adjusted Net Income⁽¹⁾ was \$71.2 million, an increase of 121.2% compared to \$32.2 million in Q3 2021.

Adjusted Net Income⁽¹⁾ per diluted share was \$0.61, an increase of 110.3% compared to \$0.29 in Q3 2021.

Cash and cash equivalents at the end of Q3 totaled \$305.9 million compared to \$174.0 million at the end of Q3 2021. In the last twelve months, the Company has repaid its \$75.0 million term loan and funded the acquisition of CYC for \$32.9 million. The Company currently has zero drawn on its revolving credit facility.

Inventory at the end of Q3 was \$176.9 million, compared to \$138.1 million at the end of Q3 2021. The Company continues to maintain a healthy inventory position despite global supply chain disruptions.

Capital cash expenditures (net of proceeds from lease incentives) were \$20.3 million in Q3 2022, compared to \$10.4 million in Q3 2021.

YTD 2022 Compared to YTD 2021

(in thousands of Canadian dollars, unless otherwise noted)

	YTD 2022 39 weeks		YTD 2021 39 weeks		Variance YTD 2022 to YTD 2021	
					%	% pts
eCommerce Revenue	\$ 382,372	36.4%	\$ 276,065	46.8%	38.5%	
Retail Revenue	667,936	63.6%	313,733	53.2%	112.9%	
Net revenue	1,050,308	100.0%	589,798	100.0%	78.1%	
Gross profit	475,446	45.3%	209,580	35.5%	126.9%	9.8%
SG&A	272,581	26.0%	178,369	30.2%	52.8%	(4.2%)
Adjusted EBITDA⁽¹⁾	\$ 223,082	21.2%	\$ 41,607	7.1%	436.2%	14.1%
Adjusted Net Income⁽¹⁾ per diluted share	\$ 1.19		\$ 0.07		1,600.0%	

Net revenue increased by 78.1% to \$1.1 billion, compared to \$589.8 million in YTD 2021. The Company has seen an unprecedented acceleration of sales in the United States, where net revenues increased by 144.5% to C\$459.3 million, compared to C\$187.9 million in YTD 2021.

Gross profit increased by 126.9% to \$475.4 million, compared to \$209.6 million in YTD 2021. Gross profit margin was 45.3% compared to 35.5% in YTD 2021. The improvement in gross profit margin was primarily due to leverage on occupancy costs, the strengthening of the Canadian dollar and lower markdowns, partially offset by lower rent abatements and higher freight costs as a result of global supply chain disruptions.

SG&A expenses increased by 52.8% to \$272.6 million, compared to \$178.4 million in YTD 2021. SG&A expenses were 26.0% of net revenue compared to 30.2% of net revenue in YTD 2021. Excluding the benefit of government payroll subsidies, the increase in SG&A expenses was 36.2%. The increase in SG&A expenses was primarily due to variable selling costs associated with the increase in revenue and continued investment in talent and technology.

Adjusted EBITDA⁽¹⁾ was \$223.1 million, or 21.2% of net revenue, compared to \$41.6 million, or 7.1% of net revenue in YTD 2021.

Net income was \$122.7 million, compared to \$3.2 million in YTD 2021.

Adjusted Net Income⁽¹⁾ was \$137.3 million, compared to \$8.4 million in YTD 2021.

Adjusted Net Income⁽¹⁾ per diluted share was \$1.19, compared to \$0.07 for the YTD 2021.

(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 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

Consistent with its communication throughout the pandemic, the Company is providing an update for its fourth quarter and fiscal 2022 outlook. Fourth quarter net revenues are anticipated to be in the range of \$375 million to \$400 million, representing a 40% to 50% increase compared to last year. This reflects the robust client demand and continued strength of the Company's business throughout the entire holiday selling season.

However, since the beginning of January the Company has seen revenue pressure due to its third quarter and holiday sales significantly exceeding expectations and correspondingly resulting in meaningfully lower end-of-season sale inventory. That said, despite these headwinds the Company's business in the United States remains strong and the Company is well positioned for the launch of its exciting new Spring collection in February.

Taking the above into consideration, Aritzia has increased its net revenue outlook for the remainder of fiscal 2022. The Company currently expects the following for fiscal 2022:

- Net revenue in the range of \$1.425 billion to \$1.45 billion, implying an increase of approximately 65% to 70% from fiscal 2021, up from the Company's previous outlook of \$1.25 billion to \$1.3 billion. The increase reflects the better than anticipated results in the third quarter and continued anticipated growth in the Company's eCommerce business and the unprecedented growth in our US business, as well as contribution from its retail expansion with:
 - seven to eight new boutiques in the United States, including four opened through the end of the third quarter; with Tyson's Corner in Virginia opened already in the fourth quarter and The Forum Shops in Las Vegas, Easton Town Centre in Columbus and Aventura Mall in Miami slated to open prior to the end of the fiscal year; and
 - six boutique expansions or repositions, including four locations in Canada and two in the United States. Five boutique expansions or repositions have already opened through the end of the third quarter and the sixth reposition already opened in the fourth quarter.
- Gross profit margin improvement seen in the third quarter compared to pre-COVID-19 levels in fiscal 2020 to be similar in the fourth quarter, despite higher expedited freight costs.
- SG&A dollar growth seen in the third quarter compared to pre-COVID-19 levels in fiscal 2020 to be similar in the fourth quarter, driven by continued investments in people, processes and technology in addition to variable costs related to sales growth.
- Net capital expenditures in the range of \$55 million to \$60 million, comprised of:
 - boutique network growth, and
 - ongoing investments in technology and infrastructure to enhance the Company's eCommerce capabilities and omni-channel experience, including capacity expansion at its Distribution Centre in the Greater Vancouver area.

In addition to Aritzia's outlook above, CYC is expected to deliver approximately \$7 million in net revenue and \$1 million in Adjusted EBITDA⁽¹⁾ in the fourth quarter.

Normal Course Issuer Bid

In a separate press release issued today, the Company announced the commencement of a normal course issuer bid ("NCIB") through the facilities of the Toronto Stock Exchange to repurchase and cancel up to 3,732,725 of its subordinate voting shares ("Shares"), representing approximately 5.0% of the public float of 74,654,507, during the twelve month period commencing January 17, 2022 and ending January 16, 2023.

Aritzia's Board of Directors believes that a normal course issuer bid represents an appropriate and desirable use of its available cash, after prioritizing investments in boutiques and strategic infrastructure, to increase shareholder value and is in the best interest of Aritzia and its shareholders.

Appointment of Daniel Habashi to the Board of Directors

The Company also announced that Daniel Habashi will join Aritzia's Board of Directors effective January 14, 2022. Mr. Habashi is the General Manager of TikTok Canada, overseeing content and operations for the market. Mr. Habashi is recognized by Report on Business Magazine as one of Canada's best executives. He served as Chief Marketing Officer of Soho House & Co from 2018 to 2020 and has held leadership positions at

Instagram, Facebook and Microsoft from 2005 to 2017. Mr. Habashi holds a Business Administration Management (Honours) Degree from Wilfrid Laurier University and an International Management degree from LIUC – Università Cattaneo. With the addition of Mr. Habashi, Aritzia's Board of Directors will have eight out of ten directors who are independent under Canadian securities laws.

Aritzia looks forward to welcoming Daniel to their Board of Directors. Daniel's expertise in digital and social will be instrumental in supporting the Company's digital initiatives.

Conference Call Details

A conference call to discuss the Company's second quarter results is scheduled for Wednesday, January 12, 2021, 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 8222. An archive of the webcast will be available on Aritzia's website.

About Aritzia

Aritzia is a vertically integrated 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, and highly personal shopping experiences at aritzia.com and in our 100+ boutiques throughout North America to everyone, everywhere.

Everyday Luxury. To elevate your world.™

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 boutiques being removed from its comparable store base, the Company believes total 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 repurchases under our NCIB, our future financial outlook and anticipated events or results and include, our ability to sustain momentum in our business and advance our strategic growth drivers, continued focus on driving digital innovation and eCommerce and Omni capabilities, accelerating boutique growth and expanding our product assortment, acquiring new clients and investing in our infrastructure and growing team, the Company's response to mitigate anticipated supply chain disruptions and labour shortages, our outlook for: (i) net revenue in the fourth quarter of fiscal 2022, (ii) net revenue in fiscal 2022, (iii) gross profit margin in fiscal 2022, (iv) SG&A as a percent of net revenue in fiscal 2022, (v) net capital expenditure in fiscal 2022, (vi) new boutiques and expansion or repositioning of existing boutiques in fiscal 2022 and (vii) CYC's net revenue and Adjusted EBITDA contribution in the fourth quarter of fiscal 2022. 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.

Implicit in forward-looking statements in respect of the Company's expectations for: (i) net revenue in the range of \$375 million to \$400 million for the fourth quarter, representing a 40% to 50% increase compared to last year, (ii) net revenue in the range of \$1.425 billion to \$1.45 billion in fiscal 2022, implying an increase of 65% to 70% from fiscal 2021, (iii) Gross profit margin improvement seen in the third quarter compared to pre-COVID-19 levels in fiscal 2020 to be similar in the fourth quarter, (iv) SG&A dollar growth seen in the third quarter compared to pre-COVID-19 levels in fiscal 2020 to be similar in the fourth quarter (v) net capital expenditures in the range of \$55 million to \$60 million and (vi) CYC's net revenue and adjusted EBITDA contribution in the fourth quarter of fiscal 2022, are certain current assumptions including the continued acceleration of sales in the United States both in retail and eCommerce channels as well as continued momentum of the Company's eCommerce business in Canada. The Company's forward-looking information is also based upon assumptions regarding the overall retail environment, the COVID-19 pandemic and related health and safety protocols and currency exchange rates for fiscal 2022. Specifically, we have assumed the following exchange rates for fiscal 2022: USD:CAD = 1:1.26.

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 or the duration of any such limitations or restrictions; (b) the COVID-19-related impacts on Aritzia's business, operations, labour force, supply chain performance and growth strategies, (c) Aritzia's ability to mitigate such impacts, including ongoing measures to enhance short-term liquidity, contain costs and safeguard the business; (d) general economic conditions 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 11, 2021 for the fiscal year ended February 28, 2021 (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.

For more information

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Selected Consolidated Financial Information

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Q3 2022		Q3 2021		Q3 2020		YTD 2022		YTD 2021		YTD 2020	
	13 Weeks		13 Weeks		13 Weeks		39 Weeks		39 Weeks		39 Weeks	
Net revenue	\$ 453,323	100.0%	\$ 278,254	100.0%	\$ 267,282	100.0%	\$ 1,050,308	100.0%	\$ 589,798	100.0%	\$ 705,159	100.0%
Cost of goods sold	243,181	53.6%	152,171	54.7%	147,687	55.3%	574,862	54.7%	380,218	64.5%	404,576	57.4%
Gross profit	210,142	46.4%	126,083	45.3%	119,595	44.7%	475,446	45.3%	209,580	35.5%	300,583	42.6%
Operating expenses												
Selling, general and administrative	110,084	24.3%	74,707	26.8%	64,035	24.0%	272,581	26.0%	178,369	30.2%	179,031	25.4%
Stock-based compensation expense	9,109	2.0%	3,372	1.2%	1,063	0.4%	20,406	1.9%	6,498	1.1%	5,379	0.8%
Income from operations	90,949	20.1%	48,004	17.3%	54,497	20.4%	182,459	17.4%	24,713	4.2%	116,173	16.5%
Finance expense	6,160	1.4%	7,211	2.6%	7,021	2.6%	19,110	1.8%	21,956	3.7%	21,405	3.0%
Other (income)	(6,218)	(1.4%)	(1,532)	(0.6%)	(216)	(0.1%)	(9,523)	(0.9%)	(1,405)	(0.2%)	(831)	(0.1%)
Income before income taxes	91,007	20.1%	42,325	15.2%	47,692	17.8%	172,872	16.5%	4,162	0.7%	95,599	13.6%
Income tax expense	26,066	5.7%	11,823	4.2%	12,889	4.8%	50,180	4.8%	1,005	0.2%	26,720	3.8%
Net income	\$ 64,941	14.3%	\$ 30,502	11.0%	\$ 34,803	13.0%	\$ 122,692	11.7%	\$ 3,157	0.5%	\$ 68,879	9.8%
Other Performance Measures:												
Year-over-year net revenue growth (decline)	62.9%		4.1%		10.0%		78.1%		(16.4%)		14.6%	
Comparable sales growth ⁽ⁱ⁾	n/a		n/a		5.1%		n/a		n/a		6.9%	
Capital cash expenditures (net of proceeds from lease incentives)	\$ 20,318		\$ 10,383		\$ 11,194		\$ 36,173		\$ 33,114		\$ 26,521	
Free cash flow	\$ 169,704		\$ 68,387		\$ 80,810		\$ 258,984		\$ 61,242		\$ 96,590	
Number of boutiques, end of period	105		101		94		105		101		94	

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)

	Q3 2022 13 weeks	Q3 2021 13 weeks	Q3 2020 13 weeks	YTD 2022 39 weeks	YTD 2021 39 weeks	YTD 2020 39 weeks
Reconciliation of Net Income to EBITDA and Adjusted EBITDA:						
Net income	\$ 64,941	\$ 30,502	\$ 34,803	\$ 122,692	\$ 3,157	\$ 68,879
Depreciation and amortization	11,238	9,333	8,572	32,459	28,148	25,405
Depreciation on right-of-use assets	17,461	16,834	14,932	50,465	49,868	43,963
Finance expense	6,160	7,211	7,021	19,110	21,956	21,405
Income tax expense	26,066	11,823	12,889	50,180	1,005	26,720
EBITDA	125,866	75,703	78,217	274,906	104,134	186,372
Adjustments to EBITDA:						
Stock-based compensation expense	9,109	3,372	1,063	20,406	6,498	5,379
Rent impact from IFRS 16, Leases ⁽ⁱ⁾	(22,862)	(22,734)	(20,834)	(67,109)	(67,964)	(61,554)
Unrealized gain on equity derivatives contracts	(6,950)	(1,776)	-	(12,186)	(1,061)	-
Fair value adjustment of NCI in exchangeable shares liability	2,000	-	-	2,000	-	-
Fair value adjustment for inventories acquired in CYC	1,902	-	-	1,902	-	-
Acquisition costs of CYC	224	-	-	2,633	-	-
Secondary offering transaction costs	-	-	-	530	-	-
Adjusted EBITDA	\$ 109,289	\$ 54,565	\$ 58,446	\$ 223,082	\$ 41,607	\$ 130,197
Adjusted EBITDA as a percentage of net revenue	24.1%	19.6%	21.9%	21.2%	7.1%	18.5%
Reconciliation of Net Income to Adjusted Net Income:						
Net income	\$ 64,941	\$ 30,502	\$ 34,803	\$ 122,692	\$ 3,157	\$ 68,879
Adjustments to net income:						
Stock-based compensation expense	9,109	3,372	1,063	20,406	6,498	5,379
Unrealized gain on equity derivatives contracts	(6,950)	(1,776)	-	(12,186)	(1,061)	-
Fair value adjustment of NCI in exchangeable shares liability	2,000	-	-	2,000	-	-
Fair value adjustment for inventories acquired in CYC	1,902	-	-	1,902	-	-
Acquisition costs of CYC	224	-	-	2,633	-	-
Secondary offering transaction costs	-	-	-	530	-	-
Related tax effects	(27)	90	(147)	(716)	(244)	(298)
Adjusted Net Income	\$ 71,199	\$ 32,188	\$ 35,719	\$ 137,261	\$ 8,350	\$ 73,960
Adjusted Net Income as a percentage of net revenue	15.7%	11.6%	13.4%	13.1%	1.4%	10.5%
Weighted average number of diluted shares outstanding (thousands)	116,140	112,903	111,898	115,402	112,386	111,742
Adjusted Net Income per diluted share	\$ 0.61	\$ 0.29	\$ 0.32	\$ 1.19	\$ 0.07	\$ 0.66

Note:

(i) Rent Impact from IFRS 16, Leases

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

	Q3 2022 13 weeks	Q3 2021 13 weeks	Q3 2020 13 weeks	YTD 2022 39 weeks	YTD 2021 39 weeks	YTD 2020 39 weeks
Depreciation and amortization of right-of-use assets, excluding fair value adjustments	\$ (17,238)	\$ (16,834)	\$ (14,932)	\$ (50,242)	\$ (49,868)	\$ (43,963)
Finance expense, related to leases	(5,624)	(5,900)	(5,902)	(16,867)	(18,096)	(17,591)
Rent impact from IFRS 16, Leases	\$ (22,862)	\$ (22,734)	\$ (20,834)	\$ (67,109)	\$ (67,964)	\$ (61,554)

CONDENSED INTERIM CONSOLIDATED CASH FLOWS*(Unaudited, in thousands of Canadian dollars, unless otherwise noted)***Cash Flows:**

	Q3 2022 13 weeks	Q3 2021 13 weeks	Q3 2020 13 weeks	YTD 2022 39 weeks	YTD 2021 39 weeks	YTD 2020 39 weeks
Net cash generated from operating activities	\$ 209,471	\$ 96,301	\$ 108,921	\$ 347,734	\$ 126,556	\$ 174,178
Net cash (used in) generated from financing activities	(14,542)	(116,389)	(29,846)	(114,036)	(28,983)	(143,788)
Net cash used in investing activities	(22,336)	(12,434)	(13,486)	(78,842)	(39,480)	(35,623)
Effect of exchange rate changes on cash and cash equivalents	1,543	(696)	91	1,929	(1,807)	2
Change in cash and cash equivalents	\$ 174,136	\$ (33,218)	\$ 65,680	\$ 156,785	\$ 56,286	\$ (5,231)

FREE CASH FLOW*(Unaudited, in thousands of Canadian dollars, unless otherwise noted)*

	Q3 2022 13 weeks	Q3 2021 13 weeks	Q3 2020 13 weeks	YTD 2022 39 weeks	YTD 2021 39 weeks	YTD 2020 39 weeks
Net cash generated from operating activities	\$ 209,471	\$ 96,301	\$ 108,921	\$ 347,734	\$ 126,556	\$ 174,178
Interest paid	525	1,365	1,086	1,878	3,761	3,458
Net cash used in investing activities (purchase of property and equipment and intangible assets)	(22,336)	(12,434)	(13,486)	(46,287)	(39,480)	(35,623)
Repayments of principal on lease liabilities	(17,956)	(16,845)	(15,711)	(44,341)	(29,595)	(45,423)
Free cash flow	\$ 169,704	\$ 68,387	\$ 80,810	\$ 258,984	\$ 61,242	\$ 96,590

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION*(Interim periods unaudited,
in thousands of Canadian dollars)*

	As at November 28, 2021	As at February 28, 2021	As at November 29, 2020
Assets			
Cash and cash equivalents	\$ 305,932	\$ 149,147	\$ 174,036
Accounts receivable	10,477	6,202	5,513
Income taxes recoverable	4,372	4,719	7,139
Inventory	176,861	171,821	138,078
Prepaid expenses and other current assets	40,560	23,452	23,080
Total current assets	538,202	355,341	347,846
Property and equipment	215,349	189,568	194,676
Intangible assets	87,831	62,049	61,775
Goodwill	198,322	151,682	151,682
Right-of-use assets	370,784	363,417	378,578
Other assets	4,694	2,886	3,549
Deferred tax assets	18,469	15,794	16,214
Total assets	\$ 1,433,651	\$ 1,140,737	\$ 1,154,320
Liabilities			
Accounts payable and accrued liabilities	\$ 216,202	\$ 131,893	\$ 134,385
Income taxes payable	41,178	8,287	2,050
Current portion of contingent consideration	6,619	-	-
Current portion of lease liabilities	87,734	71,452	77,423
Deferred revenue	68,010	37,563	51,244
Total current liabilities	419,743	249,195	265,102
Lease liabilities	427,712	423,380	441,368
Other non-current liabilities	21,892	15,059	14,350
Contingent consideration	6,618	-	-
Non-controlling interest in exchangeable shares liability	35,500	-	-
Deferred tax liabilities	25,096	17,985	18,299
Long-term debt	-	74,855	74,826
Total liabilities	936,561	780,474	813,945
Shareholders' equity			
Share capital	242,327	228,665	222,710
Contributed surplus	57,031	56,606	58,917
Retained earnings	197,908	75,216	59,147
Accumulated other comprehensive loss	(176)	(224)	(339)
Total shareholders' equity	497,090	360,263	340,375
Total liabilities and shareholders' equity	\$ 1,433,651	\$ 1,140,737	\$ 1,154,320

BOUTIQUE COUNT SUMMARY

	Q3 2022 13 weeks	Q3 2021 13 weeks	YTD 2022 39 weeks	YTD 2021 39 weeks
Number of boutiques, beginning of period	104	97	101	96
New boutiques	1	5	4	6
Boutiques temporarily closed due to mall redevelopment	-	(1)	-	(1)
Number of boutiques, end of period	105	101	105	101
Boutiques expanded or repositioned	4	2	5	3