

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the month of November, 2021

Commission File Number: 001-38027

CANADA GOOSE HOLDINGS INC.

(Translation of registrant's name into English)

**250 Bowie Ave
Toronto, Ontario, Canada**
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

EXHIBIT INDEX

Exhibits 99.1 and 99.2 to this report of a Foreign Private Issuer on Form 6-K are deemed filed for all purposes under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended.

Exhibit No.	Description
99.1	<u>Consolidated Interim Financial Statements as at and for the Second and Two Quarters Ended September 26, 2021</u>
99.2	<u>Management's Discussion and Analysis of Financial Condition and Results of Operation for the Second and Two Quarters Ended September 26, 2021</u>
99.3	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer</u>
99.4	<u>Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer</u>
99.5	<u>Press release of Canada Goose Holdings Inc., dated November 5, 2021</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Canada Goose Holdings Inc.

By: /s/ Jonathan Sinclair
Name: Jonathan Sinclair
Title: Executive Vice President and Chief Financial Officer

Date: November 5, 2021

Canada Goose Holdings Inc.

Condensed Consolidated Interim Financial Statements

As at and for the second and two quarters ended
September 26, 2021 and September 27, 2020

(Unaudited)

**Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(unaudited)**

(in millions of Canadian dollars, except per share amounts)

	Notes	Second quarter ended		Two quarters ended	
		September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
		\$	\$	\$	\$
Revenue	3	232.9	194.8	289.2	220.9
Cost of sales	6	97.9	100.6	123.5	121.9
Gross profit		135.0	94.2	165.7	99.0
Selling, general & administrative expenses		101.3	62.4	172.9	111.0
Depreciation and amortization		22.4	16.7	42.2	32.2
Operating income (loss)		11.3	15.1	(49.4)	(44.2)
Net interest, finance and other costs	10	7.9	6.0	24.4	12.7
Income (loss) before income taxes		3.4	9.1	(73.8)	(56.9)
Income tax recovery		(5.6)	(1.3)	(26.1)	(17.2)
Net income (loss)		9.0	10.4	(47.7)	(39.7)
Other comprehensive income (loss)					
Items that will not be reclassified to earnings, net of tax:					
Actuarial gain on post-employment obligation		0.2	0.2	0.2	0.2
Items that may be reclassified to earnings, net of tax:					
Cumulative translation adjustment gain (loss)		1.7	1.8	(0.2)	0.2
Net loss on derivatives designated as cash flow hedges	15	(2.0)	(1.0)	(1.9)	(0.9)
Reclassification of net loss on cash flow hedges to income	15	0.4	1.9	0.5	3.8
Net (loss) gain on derivatives designated as a net investment hedge	15	—	(0.8)	—	0.8
Other comprehensive income (loss)		0.3	2.1	(1.4)	4.1
Comprehensive income (loss)		9.3	12.5	(49.1)	(35.6)
Earnings (loss) per share					
Basic	4	\$ 0.08	\$ 0.09	\$(0.43)	\$(0.36)
Diluted	4	\$ 0.08	\$ 0.09	\$(0.43)	\$(0.36)

The accompanying notes to the condensed consolidated interim financial statements are an integral part of these financial statements.

Condensed Consolidated Interim Statements of Financial Position
(unaudited)
(in millions of Canadian dollars)

	Notes	September 26, 2021	September 27, 2020	March 28, 2021
		\$	\$	\$
Assets				
Current assets				
Cash		98.9	156.3	477.9
Trade receivables	5	111.2	114.9	40.9
Inventories	6	416.4	417.2	342.3
Income taxes receivable		9.3	10.8	4.8
Other current assets	14	49.4	36.9	31.0
Total current assets		685.2	736.1	896.9
Deferred income taxes		77.5	62.1	46.9
Property, plant and equipment		125.9	120.1	116.5
Intangible assets		154.8	157.4	155.0
Right-of-use assets	7	253.0	247.7	233.7
Goodwill		53.1	53.1	53.1
Other long-term assets	14	5.2	1.1	5.1
Total assets		1,354.7	1,377.6	1,507.2
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	8, 14	195.2	163.6	177.8
Provisions	9	18.0	17.9	20.0
Income taxes payable		16.4	13.1	19.1
Short-term borrowings	10	27.3	11.0	—
Current portion of lease liabilities	7	55.8	43.5	45.2
Total current liabilities		312.7	249.1	262.1
Provisions	9	27.0	19.6	25.6
Deferred income taxes		20.4	15.9	21.6
Revolving facility	10	—	222.5	—
Term loan	10	372.9	151.2	367.8
Lease liabilities	7	224.0	223.2	209.6
Other long-term liabilities	14	21.7	6.4	20.4
Total liabilities		978.7	887.9	907.1
Shareholders' equity	11	376.0	489.7	600.1
Total liabilities and shareholders' equity		1,354.7	1,377.6	1,507.2

The accompanying notes to the condensed consolidated interim financial statements are an integral part of these financial statements.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(unaudited)
(in millions of Canadian dollars)

Notes	Multiple voting shares	Subordinate voting shares	Share capital		Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income	Total
				Total				
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at March 28, 2021	1.4	119.1	120.5	25.2	459.6	(5.2)	600.1	
Normal course issuer bid purchase of subordinate voting shares	11	—	(7.6)	(7.6)	—	(169.3)	(176.9)	
Normal course issuer bid purchase of subordinate voting shares held for cancellation	11	—	(0.3)	(0.3)	—	(7.0)	(7.3)	
Liability to broker under automatic share purchase plan	11	—	—	—	(3.3)	—	(3.3)	
Exercise of stock options	11	—	8.3	8.3	(2.5)	—	5.8	
Net loss		—	—	—	—	(47.7)	(47.7)	
Other comprehensive loss		—	—	—	—	(1.4)	(1.4)	
Share-based payment	12	—	—	—	6.9	—	6.9	
Deferred tax on share-based payment		—	—	—	(0.2)	—	(0.2)	
Balance at September 26, 2021	1.4	119.5	120.9	26.1	235.6	(6.6)	376.0	
Balance at March 29, 2020	1.4	113.3	114.7	15.7	389.4	0.4	520.2	
Exercise of stock options	11	—	1.0	1.0	(0.6)	—	0.4	
Net loss		—	—	—	—	(39.7)	(39.7)	
Other comprehensive income		—	—	—	—	4.1	4.1	
Share-based payment	12	—	—	—	4.7	—	4.7	
Balance at September 27, 2020	1.4	114.3	115.7	19.8	349.7	4.5	489.7	

The accompanying notes to the condensed consolidated interim financial statements are an integral part of these financial statements.

Condensed Consolidated Interim Statements of Cash Flows
(unaudited)
(in millions of Canadian dollars)

Notes	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
	\$	\$	\$	\$
Operating activities				
Net income (loss)	9.0	10.4	(47.7)	(39.7)
Items not affecting cash:				
Depreciation and amortization	25.8	18.5	49.3	37.3
Income tax recovery	(5.6)	(1.3)	(26.1)	(17.2)
Interest expense	10	7.5	14.1	10.4
Foreign exchange loss (gain)	2.6	(1.5)	8.1	(0.6)
Acceleration of unamortized costs on debt extinguishment	10	—	9.5	—
Loss on disposal of assets	—	—	—	0.1
Share-based payment	12	4.2	6.9	4.7
	43.5	34.6	14.1	(5.0)
Changes in non-cash operating items	16	(62.5)	(169.4)	(64.7)
Income taxes paid	(1.1)	(2.4)	(12.2)	(3.8)
Interest paid	(6.6)	(5.4)	(13.7)	(9.8)
Net cash used in operating activities	(26.7)	(13.5)	(181.2)	(83.3)
Investing activities				
Purchase of property, plant and equipment	(7.8)	(3.0)	(13.8)	(7.0)
Investment in intangible assets	(3.8)	(1.0)	(4.7)	(1.8)
Initial direct costs of right-of-use assets	7	(0.1)	(0.5)	—
Net cash used in investing activities	(11.7)	(4.0)	(19.0)	(8.8)
Financing activities				
Mainland China Facilities borrowings	10	16.3	11.1	23.7
Term loan repayments	10	(1.0)	—	(1.9)
Revolving facility borrowings	10	—	11.8	—
Transaction costs on financing activities	10	0.1	(0.1)	(0.4)
Subordinate voting shares purchased and cancelled under NCIB	11	(176.9)	—	(176.9)
Subordinate voting shares purchased and held for cancellation under NCIB	11	(2.7)	—	(2.7)
Principal payments on lease liabilities	7	(9.7)	(8.8)	(17.4)
Exercise of stock options	12	4.6	0.1	5.8
Net cash (used in) from financing activities	(169.3)	14.1	(172.7)	217.6
Effects of foreign currency exchange rate changes on cash	0.7	(0.4)	(6.1)	(0.9)
(Decrease) increase in cash	(207.0)	(3.8)	(379.0)	124.6
Cash, beginning of period	305.9	160.1	477.9	31.7
Cash, end of period	98.9	156.3	98.9	156.3

The accompanying notes to the condensed consolidated interim financial statements are an integral part of these financial statements.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

Note 1. The Company

Organization

Canada Goose Holdings Inc. and its subsidiaries (the "Company") design, manufacture, and sell performance luxury apparel for men, women, youth, children, and babies. The Company's apparel collections include various styles of parkas, lightweight down jackets, rainwear, windwear, knitwear, footwear, and accessories for the fall, winter, and spring seasons. The Company's head office is located at 250 Bowie Avenue, Toronto, Canada M6E 4Y2. The use of the terms "Canada Goose", "we", and "our" throughout these notes to the condensed consolidated interim financial statements ("Interim Financial Statements") refer to the Company.

Canada Goose is a public company listed on the Toronto Stock Exchange and the New York Stock Exchange under the trading symbol "GOOS". The principal shareholders of the Company are investment funds advised by Bain Capital LP and its affiliates ("Bain Capital"), and DTR LLC ("DTR"), an entity indirectly controlled by the President and Chief Executive Officer of the Company. The principal shareholders hold multiple voting shares representing 47.7% of the total shares outstanding as at September 26, 2021, or 90.1% of the combined voting power of the total voting shares outstanding. Subordinate voting shares that trade on public markets represent 52.3% of the total shares outstanding as at September 26, 2021, or 9.9% of the combined voting power of the total voting shares outstanding.

Statement of compliance

The Interim Financial Statements are prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Certain information, which is considered material to the understanding of the Interim Financial Statements and is normally included in the annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB, is not provided in these notes. These Interim Financial Statements should be read in conjunction with the Company's Annual Financial Statements.

The Interim Financial Statements were authorized for issuance in accordance with a resolution of the Company's Board of Directors on November 4, 2021.

Seasonality

Our business is seasonal, and we have historically realized a significant portion of our Wholesale revenue and operating income in the second and third quarters of the fiscal year and Direct-to-Consumer ("DTC") revenue and operating income in the third and fourth quarters of the fiscal year. Thus, lower-than-expected revenue in these periods could have an adverse impact on our annual operating results.

Cash flows from operating activities are typically highest in the third and fourth quarters of the fiscal year due to revenue from the DTC segment and the collection of trade receivables from Wholesale revenue earlier in the year. Working capital requirements typically increase as inventory builds. Borrowings have historically increased in the first and second quarters and been repaid in the third quarter of the fiscal year.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

Note 2. Significant accounting policies and critical accounting estimates and judgments

Basis of presentation

The significant accounting policies and critical accounting estimates and judgments as disclosed in the Company's March 28, 2021 annual consolidated financial statements have been applied consistently in the preparation of these Interim Financial Statements except as noted below. The Interim Financial Statements are presented in Canadian dollars, the Company's functional and presentation currency.

The Company's fiscal year is a 52 or 53-week reporting cycle with the fiscal year ending on the Sunday closest to March 31. Each fiscal quarter is 13 weeks. The additional week in a 53-week fiscal year is added to the third quarter. Fiscal 2022 is the first 53-week fiscal year, ending on April 3, 2022.

Certain comparative figures have been reclassified to conform with the current year presentation.

COVID-19 pandemic

Globally, public health officials have imposed restrictions and recommended precautions to mitigate the spread of the novel coronavirus pandemic ("COVID-19"), resulting in temporary closures of our retail locations as well as reduced traffic and store productivity, similarly impacting our wholesale partners. Store operations have largely resumed during the second quarter of fiscal 2022 across our global store network, however retail store traffic remains below pre-pandemic levels as at September 26, 2021. We have also experienced a significant reduction in the capacity of our network, including our manufacturing facilities, due to distancing measures. All our manufacturing facilities were operating as at September 26, 2021 at lower than pre-pandemic output levels to ensure appropriate distancing measures were in place.

In March 2021, the IASB issued an amendment to IFRS 16, *Leases* to extend the period over which the practical expedient is available for use. This amendment exempts lessees from determining whether COVID-19 related rent concessions for lease payments originally due on or before June 30, 2022 are lease modifications. The amendment is effective for annual reporting periods beginning on or after April 1, 2021 and earlier application is permitted. In accordance with the guidance issued, the Company adopted the amendment effective March 29, 2021 and elected not to treat COVID-19 related rent concessions as lease modifications. Rent concessions of \$nil and \$0.2m were recognized in the statement of income (loss) for the second and two quarters ended September 26, 2021, respectively (second and two quarters ended September 27, 2020 - \$1.7m and \$2.4m, respectively), and the Company will consider seeking further rent concessions as it continues to monitor the impact of COVID-19.

As a result of the temporary store closures, net costs of less than \$0.1m and \$0.2m were recognized in selling, general & administrative ("SG&A") expenses, depreciation and amortization, and interest during the second and two quarters ended September 26, 2021, respectively (second and two quarters ended September 27, 2020 - \$0.4m and \$7.1m, respectively).

Management assessed whether indicators of impairment existed as at September 26, 2021 in accordance with IAS 36, *Impairment of Assets*, and no indicators were identified.

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

Principles of consolidation

The Interim Financial Statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances have been eliminated.

Operating segments

The Company classifies its business in three operating and reportable segments: DTC, Wholesale, and Other. The DTC segment comprises sales through country-specific e-Commerce platforms and its Company-operated retail stores located in luxury shopping locations.

The Wholesale segment comprises sales made to a mix of retailers and international distributors, who are partners that have exclusive rights to an entire market.

The Other segment comprises sales and costs not directly allocated to the DTC or Wholesale channels, such as sales to employees and SG&A expenses. The Other segment includes the cost of marketing expenditures to build brand awareness across all segments, corporate costs in support of manufacturing operations, other corporate costs, and foreign exchange gains and losses not specifically associated with DTC or Wholesale segment operations.

Within the Other segment, comparative information also includes sales of personal protective equipment ("PPE") in response to COVID-19 along with costs incurred as a consequence of the COVID-19 pandemic including overhead costs resulting from the temporary closure of our manufacturing facilities.

Standards issued and not yet adopted

Certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective and have not been adopted early by the Company. Management anticipates that pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments, and interpretations is provided below.

In January 2020, the IASB issued an amendment to IAS 1, *Presentation of Financial Statements* to clarify its requirements for the presentation of liabilities in the statement of financial position. The limited scope amendment affected only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. The amendment clarified that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specified that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduced a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendment is effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company is assessing the potential impact of the amendment.

In August 2020, the IASB issued "Interest Rate Benchmark Reform – Phase II (amendments to IFRS 9, *Financial Instruments*; IFRS 7, *Financial Instruments: Disclosures*; IAS 39, *Financial Instruments: Recognition and Measurement*; IFRS 4, *Insurance Contracts* and IFRS 16, *Leases*)", which addresses issues that affect financial reporting once an existing benchmark rate is replaced with an alternative rate and provides specific disclosure requirements. The amendment introduces a practical expedient for modifications required by the Interbank Offer Rate ("IBOR") reform. The amendment relates to the modification of financial instruments where the basis for determining the contractual cash flows changes as a result of the IBOR reform,

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

allowing for prospective application of the alternative rate. A similar practical expedient is proposed for lessee accounting under IFRS 16. It also relates to the application of hedge accounting, which is not discontinued solely because of the IBOR reform. Hedging relationships, including formal designation and documentation, must be amended to reflect modifications to the hedged item, however, the practical expedient allows the hedge relationship to continue, additional ineffectiveness may be required. The amendment is effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted. A broader market-wide initiative is underway to transition the various IBOR based on rates in use to alternative reference rates. The Company is assessing the potential impact of the amendment and has begun discussions with its lenders. It is too early to determine if any modifications as a result of the amendment will meet the requirements for the application of the practical expedient.

Note 3. Segment information

The Company has three reportable operating segments: DTC, Wholesale, and Other. The Company measures each reportable operating segment's performance based on revenue and segment operating income (loss), which is the profit metric utilized by the Company's chief operating decision maker, the President and Chief Executive Officer, for assessing the performance of operating segments. Our DTC and Wholesale operating segments are not reliant on any single external customer.

The Company does not report total assets or total liabilities based on its reportable operating segments.

**Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)**

(in millions of Canadian dollars)	Second quarter ended September 26, 2021			
	DTC	Wholesale	Other	Total
	\$	\$	\$	\$
Revenue	83.2	147.9	1.8	232.9
Cost of sales	21.9	74.8	1.2	97.9
Gross profit	61.3	73.1	0.6	135.0
SG&A expenses	23.3	13.9	64.1	101.3
Depreciation and amortization	17.0	0.8	4.6	22.4
Operating income (loss)	21.0	58.4	(68.1)	11.3
Net interest, finance and other costs				7.9
Income before income taxes				3.4

(in millions of Canadian dollars)	Second quarter ended September 27, 2020			
	DTC	Wholesale	Other	Total
	\$	\$	\$	\$
Revenue	46.2	118.5	30.1	194.8
Cost of sales	10.7	62.1	27.8	100.6
Gross profit	35.5	56.4	2.3	94.2
SG&A expenses	15.8	10.6	36.0	62.4
Depreciation and amortization	12.6	0.9	3.2	16.7
Operating income (loss)	7.1	44.9	(36.9)	15.1
Net interest, finance and other costs				6.0
Income before income taxes				9.1

**Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)**

(in millions of Canadian dollars)	Two quarters ended September 26, 2021			
	DTC	Wholesale	Other	Total
	\$	\$	\$	\$
Revenue	112.6	173.7	2.9	289.2
Cost of sales	29.9	91.5	2.1	123.5
Gross profit	82.7	82.2	0.8	165.7
SG&A expenses	38.6	21.8	112.5	172.9
Depreciation and amortization	32.2	1.8	8.2	42.2
Operating income (loss)	11.9	58.6	(119.9)	(49.4)
Net interest, finance and other costs				24.4
Loss before income taxes				(73.8)

(in millions of Canadian dollars)	Two quarters ended September 27, 2020			
	DTC	Wholesale	Other	Total
	\$	\$	\$	\$
Revenue	56.6	127.2	37.1	220.9
Cost of sales	12.5	69.3	40.1	121.9
Gross profit (loss)	44.1	57.9	(3.0)	99.0
SG&A expenses	25.4	18.4	67.2	111.0
Depreciation and amortization	23.8	1.8	6.6	32.2
Operating (loss) income	(5.1)	37.7	(76.8)	(44.2)
Net interest, finance and other costs				12.7
Loss before income taxes				(56.9)

Geographic information

The Company determines the geographic location of revenue based on the location of its customers.

(in millions of Canadian dollars)	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
	\$	\$	\$	\$
Canada	50.1	66.3	60.5	77.9
United States	59.4	37.8	68.5	40.3
Asia Pacific	58.5	41.5	80.9	51.5
EMEA ⁽¹⁾	64.9	49.2	79.3	51.2
Revenue	232.9	194.8	289.2	220.9

⁽¹⁾ EMEA comprises Europe, the Middle East, Africa, and Latin America.

**Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)**

Note 4. Earnings per share

The following table presents details for the calculation of basic and diluted earnings per share:

(in millions of Canadian dollars, except share and per share amounts)	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Net income (loss)	\$ 9.0	\$ 10.4	\$(47.7)	\$(39.7)
Weighted average number of multiple and subordinate voting shares outstanding	109,780,547	110,143,728	110,122,185	110,104,158
Weighted average number of shares on exercise of stock options and RSUs ⁽¹⁾	1,025,395	744,719	—	—
Diluted weighted average number of multiple and subordinate voting shares outstanding	110,805,942	110,888,447	110,122,185	110,104,158
Earnings (loss) per share				
Basic	\$ 0.08	\$ 0.09	\$(0.43)	\$(0.36)
Diluted	\$ 0.08	\$ 0.09	\$(0.43)	\$(0.36)

⁽¹⁾ Applicable to dilutive and when the weighted average daily closing share price for the year was greater than the exercise price for stock options. For the two quarters ended September 26, 2021, there were 995,002 stock options (two quarters ended September 27, 2020 - 727,718 shares) that were not taken into account in the calculation of diluted earnings per share because their effect was anti-dilutive.

Note 5. Trade receivables

(in millions of Canadian dollars)	September 26, 2021	September 27, 2020	March 28, 2021
	\$	\$	\$
Trade accounts receivable	90.1	91.5	21.9
Credit card receivables	4.4	3.1	2.1
Government grant receivable	—	10.6	4.4
Other receivables	17.9	11.7	14.3
	112.4	116.9	42.7
Less: expected credit loss and sales allowances	(1.2)	(2.0)	(1.8)
Trade receivables, net	111.2	114.9	40.9

**Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)**

Note 6. Inventories

(in millions of Canadian dollars)	September 26, 2021	September 27, 2020	March 28, 2021
	\$	\$	\$
Raw materials	71.2	74.4	63.8
Work in progress	17.6	16.4	18.6
Finished goods	327.6	326.4	259.9
Total inventories at the lower of cost and net realizable value	416.4	417.2	342.3

Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining rate of sale. As at September 26, 2021, provision for obsolescence amounted to \$26.2m (September 27, 2020 - \$20.7m, March 28, 2021 - \$23.4m).

Amounts charged to cost of sales comprise the following:

(in millions of Canadian dollars)	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
	\$	\$	\$	\$
Cost of goods manufactured	94.5	98.8	116.4	116.8
Depreciation and amortization	3.4	1.8	7.1	5.1
	97.9	100.6	123.5	121.9

**Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)**

Note 7. Leases

Right-of-use assets

The following table presents changes in the cost and the accumulated depreciation of the Company's right-of-use assets:

(in millions of Canadian dollars)	Retail stores	Manufacturing facilities	Other	Total
Cost	\$	\$	\$	\$
March 28, 2021	253.3	36.7	18.4	308.4
Additions	42.4	—	0.4	42.8
Lease modifications	1.6	—	—	1.6
Impact of foreign currency translation	1.1	—	0.1	1.2
September 26, 2021	298.4	36.7	18.9	354.0
March 29, 2020	191.5	36.6	18.0	246.1
Additions	58.1	0.1	3.0	61.2
Lease modifications	—	—	(1.5)	(1.5)
Impact of foreign currency translation	(3.2)	—	(0.5)	(3.7)
September 27, 2020	246.4	36.7	19.0	302.1
Accumulated depreciation	\$	\$	\$	\$
March 28, 2021	58.8	9.9	6.0	74.7
Depreciation	21.3	2.6	2.0	25.9
Impact of foreign currency translation	0.4	—	—	0.4
September 26, 2021	80.5	12.5	8.0	101.0
March 29, 2020	26.8	4.8	2.7	34.3
Depreciation	16.5	2.6	1.7	20.8
Impact of foreign currency translation	(0.6)	—	(0.1)	(0.7)
September 27, 2020	42.7	7.4	4.3	54.4
Net book value				
September 26, 2021	217.9	24.2	10.9	253.0
September 27, 2020	203.7	29.3	14.7	247.7
March 28, 2021	194.5	26.8	12.4	233.7

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Lease liabilities

The following table presents the changes in the Company's lease liabilities:

(in millions of Canadian dollars)	Retail stores	Manufacturing facilities	Other	Total
	\$	\$	\$	\$
March 28, 2021	211.0	29.9	13.9	254.8
Additions	41.9	—	0.4	42.3
Lease modifications	1.5	—	—	1.5
Principal payments	(15.0)	(2.7)	(1.9)	(19.6)
Impact of foreign currency translation	0.7	—	0.1	0.8
September 26, 2021	240.1	27.2	12.5	279.8
March 29, 2020	176.3	34.7	16.9	227.9
Additions	58.1	—	3.0	61.1
Lease modifications	—	—	(1.3)	(1.3)
Principal payments	(13.5)	(2.4)	(1.5)	(17.4)
Impact of foreign currency translation	(2.9)	—	(0.7)	(3.6)
September 27, 2020	218.0	32.3	16.4	266.7

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Lease liabilities are classified as current and non-current liabilities as follows:

(in millions of Canadian dollars)	Retail stores	Manufacturing facilities	Other	Total
	\$	\$	\$	\$
Current lease liabilities	46.5	4.9	4.4	55.8
Non-current lease liabilities	193.6	22.3	8.1	224.0
September 26, 2021	240.1	27.2	12.5	279.8
Current lease liabilities	34.6	5.0	3.9	43.5
Non-current lease liabilities	183.4	27.3	12.5	223.2
September 27, 2020	218.0	32.3	16.4	266.7
Current lease liabilities	36.2	5.1	3.9	45.2
Non-current lease liabilities	174.8	24.8	10.0	209.6
March 28, 2021	211.0	29.9	13.9	254.8

Leases of low-value assets and short-term leases are not included in the calculation of lease liabilities. These lease expenses are recognized in cost of sales or SG&A expenses on a straight-line or other systematic basis.

For the second and two quarters ended September 26, 2021, \$1.6m and \$2.1m of lease payments, respectively, were not included in the measurement of lease liabilities (second and two quarters ended September 27, 2020 - \$0.3m and \$2.1m, respectively). The majority of these balances related to short-term leases and variable rent payments.

Note 8. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

(in millions of Canadian dollars)	September 26, 2021	September 27, 2020	March 28, 2021
	\$	\$	\$
Trade payables	67.0	64.1	78.9
Accrued liabilities	70.9	57.3	49.9
Employee benefits	25.1	20.3	28.3
Derivative financial instruments	8.8	7.2	8.8
Other payables	23.4	14.7	11.9
Accounts payable and accrued liabilities	195.2	163.6	177.8

Note 9. Provisions

Provisions consist primarily of amounts recorded with respect to customer warranty obligations, terminations of sales agents and distributors, sales returns, and asset retirement obligations.

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Provisions are classified as current and non-current liabilities based on management's expectations of the timing of settlement, as follows:

(in millions of Canadian dollars)	Warranty	Sales returns	Asset retirement obligations	Other	Total
	\$	\$	\$	\$	\$
Current provisions	5.9	12.1	—	—	18.0
Non-current provisions	19.6	—	7.4	—	27.0
September 26, 2021	25.5	12.1	7.4	—	45.0
Current provisions	4.1	13.6	—	0.2	17.9
Non-current provisions	14.8	—	4.8	—	19.6
September 27, 2020	18.9	13.6	4.8	0.2	37.5
Current provisions	6.3	13.7	—	—	20.0
Non-current provisions	20.1	—	5.5	—	25.6
March 28, 2021	26.4	13.7	5.5	—	45.6

Note 10. Borrowings

Revolving facility

The Company has an agreement with a syndicate of lenders for a senior secured asset-based credit facility consisting of a revolving credit facility in the amount of \$467.5m, with an increase in commitments to \$517.5m during the peak season (June 1 - November 30). The revolving facility matures on June 3, 2024. Amounts owing under the revolving facility may be borrowed, repaid and re-borrowed for general corporate purposes.

The revolving facility has multiple interest rate charge options that are based on the Canadian prime rate, Banker's Acceptance rate, the lenders' Alternate Base Rate, European Base Rate, LIBOR rate, or EURIBOR rate plus an applicable margin, with interest payable quarterly or at the end of the then current interest period (whichever is earlier). The Company has pledged substantially all of its assets as collateral for the revolving facility. The revolving facility contains financial and non-financial covenants which could impact the Company's ability to draw funds.

As at September 26, 2021, the Company had repaid all amounts owing on the revolving facility (September 27, 2020 - \$224.9m and March 28, 2021 - \$nil) and related deferred financing charge in the amounts of \$1.1m (September 27, 2020 - \$1.9m and March 28, 2021 - \$1.7m) were included in other long-term liabilities. As at and during the two quarters ended September 26, 2021, the Company was in compliance with all covenants.

The Company had unused borrowing capacity available under the revolving facility of \$328.6m as at September 26, 2021 (September 27, 2020 - \$101.8m, March 28, 2021 - \$181.2m).

Notes to the Condensed Consolidated Interim Financial Statements (unaudited)

The Company had a first-in, last-out facility included in the revolving facility in the amount of \$50.0m which matured on May 25, 2021. No amounts were outstanding at the time of maturity and the first-in, last-out facility has not been renewed. As the facility was not renewed, deferred financing costs of \$0.4m were written off to the statement of income (loss).

The revolving credit commitment also includes a letter of credit commitment in the amount of \$25.0m, with a \$5.0m sub-commitment for letters of credit issued in a currency other than Canadian dollars, U.S. dollars, euros or British pounds sterling, and a swingline commitment for \$25.0m. As at September 26, 2021, the Company had letters of credit outstanding under the revolving facility of \$5.8m (September 27, 2020 - \$5.7m, March 28, 2021 - \$5.0m).

Term loan

The Company has a senior secured loan agreement with a syndicate of lenders that is secured on a split collateral basis alongside the revolving facility. As a result of the Refinancing Amendment which took place on October 7, 2020, the aggregate principal amount owing increased to US\$300.0m from US\$113.8m.

On April 9, 2021, the Company entered into an agreement with its lenders to reprice its term loan, referred to as the Repricing Amendment and Fifth Amendment to Credit Agreement ("Repricing Amendment"). The Repricing Amendment decreases the interest to a rate of LIBOR plus an applicable margin of 3.50% from LIBOR plus an applicable margin of 4.25%, payable quarterly in arrears. The Company elected to account for the Repricing Amendment as a debt extinguishment and re-borrowing of the loan amount. As a result, the acceleration of unamortized costs of \$9.5m was included in net interest, finance and other costs in the statement of income (loss). In connection with the Repricing Amendment, the Company incurred transaction costs of \$0.9m which are being amortized using the effective interest rate method over the new term to maturity.

As a result of the Repricing Amendment, there were no changes to the following terms from the existing term loan: a) the aggregate principal amount of US\$300.0m; b) the maturity date of October 7, 2027; c) LIBOR may not be less than 0.75%, and d) US\$0.75m on the principal amount is repayable quarterly. The Repricing Amendment had no impact on the existing derivative contracts entered into on October 30, 2020.

Voluntary prepayments of amounts owing under the term loan may be made at any time without premium or penalty but once repaid may not be reborrowed. The Company began quarterly repayments of US\$0.75m on the principal amount during the first quarter ended June 27, 2021. As at September 26, 2021, the Company had US\$298.5m (March 28, 2021 - US\$300.0m) aggregate principal amount outstanding under the term loan. The Company has pledged substantially all of its assets as collateral for the term loan. The term loan contains financial and non-financial covenants which could impact the Company's ability to draw funds. As at and during the two quarters ended September 26, 2021, the Company was in compliance with all covenants.

As the term loan is denominated in U.S. dollars, the Company remeasures the outstanding balance plus accrued interest at each balance sheet date.

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The amount outstanding with respect to the term loan is as follows:

(in millions of Canadian dollars)	September 26, 2021	September 27, 2020	March 28, 2021
	\$	\$	\$
Term loan	377.6	152.3	377.3
Unamortized portion of deferred transaction costs	(0.9)	(1.1)	(5.8)
Original issue discount	—	—	(3.7)
	<u>376.7</u>	<u>151.2</u>	<u>367.8</u>

Mainland China Facilities

A subsidiary of the Company in Mainland China has two uncommitted loan facilities from different institutions in the aggregate amount of RMB 310.0m ("Mainland China Facilities"). The term of each draw on the loans is one, three or six months or such other period as agreed upon and shall not exceed twelve months (including any extension or rollover). The interest rate on each facility is equal to loan prime rate of 1 year, plus 0.15% per annum, and payable at one, three or six months, depending on the term of each draw. Proceeds drawn on the Mainland China Facilities are being used to support working capital requirements and build up of inventory for peak season sales. As at September 26, 2021, the Company had \$23.5m owing on the Mainland China Facilities (September 27, 2020 - \$11.0m, March 28, 2021 - \$nil).

Short-term Borrowings

As at September 26, 2021, the Company has short-term borrowings in the amount of \$27.3m. Short-term borrowings include \$23.5m (September 27, 2020 - \$11.0m, March 28, 2021 - \$nil) owing on the Mainland China Facilities and \$3.8m (September 27, 2020 - \$nil, March 28, 2021 - \$nil) for the quarterly principal repayments on the term loan. Short-term borrowings are all due within the next 12 months.

Net interest, finance and other costs consist of the following:

(in millions of Canadian dollars)	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
	\$	\$	\$	\$
Interest expense				
Mainland China Facilities	0.2	0.1	0.2	0.1
Revolving facility	0.5	1.5	0.7	2.3
Term loan	4.3	1.8	8.6	3.6
Lease liabilities	2.4	2.4	4.7	4.7
Standby fees	0.5	0.3	1.0	0.6
Acceleration of unamortized costs on debt extinguishment	—	—	9.5	—
Interest income	—	(0.2)	(0.3)	(0.3)
Other costs	—	0.1	—	1.7
Net interest, finance and other costs	<u>7.9</u>	<u>6.0</u>	<u>24.4</u>	<u>12.7</u>

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Note 11. Shareholders' equity

Share capital transactions for the two quarters ended September 26, 2021

Normal course issuer bid

The Board of Directors has authorized the Company to initiate a normal course issuer bid ("NCIB"), in accordance with the requirements of the Toronto Stock Exchange, to purchase up to 5,943,239 subordinate voting shares over the 12-month period from August 20, 2021 to August 19, 2022. Purchased subordinate voting shares will be cancelled.

Further, the Board of Directors has authorized the Company to initiate an automatic share purchase plan ("ASPP") under which a designated broker may purchase subordinate voting shares under the NCIB during the regularly scheduled quarterly trading blackout period. The repurchases made under the ASPP will be made in accordance with certain purchasing parameters and will continue until the earlier of the date in which the Company has acquired the maximum limit of subordinate voting shares pursuant to the ASPP or upon the date of expiry of the NCIB.

During the two quarters ended September 26, 2021, the Company purchased 3,802,436 subordinate voting shares for cancellation for total cash consideration of \$179.6m and a payable to the designated broker of \$4.6m. The amount to purchase the subordinate voting shares has been charged to share capital, with the remaining \$176.3m charged to retained earnings. Of the 3,802,436 subordinate voting shares purchased, 987,088 were purchased under the ASPP for total cash consideration of \$42.1m.

A liability representing the maximum amount that the entity could be required to pay the designated broker under the ASPP was \$3.3m as at September 26, 2021. The amount has been charged to contributed surplus. Subsequent to the quarter and as of the date hereof, the Company purchased an additional 62,700 subordinate voting shares for cancellation for total cash consideration of \$3.0m under the ASPP. The ASPP has concluded as of the date hereof and the remaining liability to the designated broker is \$nil.

The transactions affecting the issued and outstanding share capital of the Company are described below:

(in millions of Canadian dollars, except share and per share amounts)	Multiple voting shares		Subordinate voting shares		Total	
	Number	\$	Number	\$	Number	\$
March 28, 2021	51,004,076	1.4	59,435,079	119.1	110,439,155	120.5
Purchase of subordinate voting shares	—	—	(3,650,636)	(7.6)	(3,650,636)	(7.6)
Purchase of subordinate voting shares held for cancellation	—	—	(151,800)	(0.3)	(151,800)	(0.3)
Exercise of stock options	—	—	241,613	8.3	241,613	8.3
Settlement of RSUs	—	—	48,800	—	48,800	—
September 26, 2021	51,004,076	1.4	55,923,056	119.5	106,927,132	120.9

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Share capital transactions for the two quarters ended September 27, 2020

The transactions affecting the issued and outstanding share capital of the Company are described below:

(in millions of Canadian dollars, except share and per share amounts)	Multiple voting shares		Subordinate voting shares		Total	
	Number	\$	Number	\$	Number	\$
March 29, 2020	51,004,076	1.4	58,999,182	113.3	110,003,258	114.7
Exercise of stock options	—	—	130,179	1.0	130,179	1.0
Settlement of RSUs	—	—	11,901	—	11,901	—
September 27, 2020	<u>51,004,076</u>	<u>1.4</u>	<u>59,141,262</u>	<u>114.3</u>	<u>110,145,338</u>	<u>115.7</u>

Note 12. Share-based payments

The Company has issued stock options to purchase subordinate voting shares under its incentive plans, prior to the public share offering on March 21, 2017, the Legacy Plan, and subsequently, the Omnibus Plan. All options are issued at an exercise price that is not less than market value at the time of grant and expire ten years after the grant date.

Stock option transactions are as follows:

(in millions of Canadian dollars, except share and per share amounts)	September 26, 2021		Two quarters ended September 27, 2020	
	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares
Options outstanding, beginning of period	\$ 38.32	2,498,973	\$ 32.97	1,794,377
Granted to purchase shares	\$ 48.92	739,420	\$ 37.19	1,244,975
Exercised	\$ 24.03	(241,613)	\$ 2.81	(130,179)
Cancelled	\$ 47.59	(64,831)	\$ 49.31	(86,671)
Expired	\$ —	—	\$ 56.29	(9,046)
Options outstanding, end of period	<u>\$ 41.97</u>	<u>2,931,949</u>	<u>\$ 35.65</u>	<u>2,813,456</u>

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Restricted share units

Under the Omnibus Plan, the Company has granted RSUs to employees of the Company. The RSUs are treated as equity instruments for accounting purposes. We expect that vested RSUs will be paid at settlement through the issuance of one subordinate voting share per RSU. The RSUs vest over a period of three years, a third on each anniversary of the date of grant.

RSUs transactions are as follows:

	September 26, 2021	Two quarters ended September 27, 2020
	Number	Number
RSUs outstanding, beginning of period	137,117	37,578
Granted	152,320	119,758
Settled	(48,800)	(11,901)
Cancelled	(7,264)	(5,452)
RSUs outstanding, end of period	233,373	139,983

Subordinate voting shares, to a maximum of 2,953,423 shares, have been reserved for issuance under equity incentive plans to select employees of the Company, with vesting contingent upon meeting the service, performance goals and other conditions of the Omnibus Plan.

Accounting for share-based awards

For the second and two quarters ended September 26, 2021, the Company recorded \$4.2m and \$6.9m, respectively, as contributed surplus and compensation expense for the vesting of stock options and RSUs (second and two quarters ended September 27, 2020 - \$2.9m and \$4.7m, respectively). Share-based compensation expense is included in SG&A expenses.

The assumptions used to measure the fair value of options granted under the Black-Scholes option pricing model at the grant date were as follows:

(in millions of Canadian dollars, except share and per share amounts)	September 26, 2021	Two quarters ended September 27, 2020
Weighted average stock price valuation	\$ 48.92	\$ 37.19
Weighted average exercise price	\$ 48.92	\$ 37.19
Risk-free interest rate	0.44 %	0.32 %
Expected life in years	5	5
Expected dividend yield	— %	— %
Volatility	40 %	40 %
Weighted average fair value of options issued	\$ 14.36	\$ 9.90

Fair value for RSUs is determined based on the market value of the subordinate voting shares at the time of grant. As at September 26, 2021, the weighted average fair value of the RSUs issued was \$48.92 (September 27, 2020 - \$33.97).

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Note 13. Related party transactions

The Company enters into transactions from time to time with its principal shareholders and organizations affiliated with members of the Board of Directors by incurring expenses for business services. During the second and two quarters ended September 26, 2021, the Company incurred expenses with related parties of \$0.4m and \$0.6m, respectively (second and two quarters ended September 27, 2020 - \$0.3m and \$0.4m, respectively) from companies related to certain shareholders. Balances owing to related parties as at September 26, 2021 were \$0.4m (September 27, 2020 - \$0.7m, March 28, 2021 - \$0.3m).

A lease liability due to the controlling shareholder of the acquired Baffin Inc. business (the "Baffin Vendor") for leased premises was \$4.2m as at September 26, 2021 (September 27, 2020 - \$5.0m, March 28, 2021 - \$4.6m). During the second and two quarters ended September 26, 2021, the Company paid principal and interest on the lease liability, net of rent concessions, and other operating costs to entities affiliated with the Baffin Vendor totaling \$0.4m and \$0.7m, respectively (second and two quarters ended September 27, 2020 - \$0.3m and \$0.6m, respectively). No amounts were owing to Baffin entities as at September 26, 2021, September 27, 2020, and March 28, 2021.

Note 14. Financial instruments and fair value

The following table presents the fair values and fair value hierarchy of the Company's financial instruments and excludes financial instruments carried at amortized cost that are short-term in nature:

(in millions of Canadian dollars)				September 26, 2021	
	Level 1	Level 2	Level 3	Carrying value	Fair value
	\$	\$	\$	\$	\$
Financial assets					
Cash	98.9	—	—	98.9	98.9
Derivatives included in other current assets	—	4.1	—	4.1	4.1
Derivatives included in other long-term assets	—	5.2	—	5.2	5.2
Financial liabilities					
Derivatives included in accounts payable and accrued liabilities	—	8.8	—	8.8	8.8
Mainland China Facilities	—	—	23.5	23.5	23.5
Derivatives included in other long-term liabilities	—	20.2	—	20.2	20.2
Revolving facility	—	—	—	—	—
Term loan	—	376.7	—	376.7	393.6

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	September 27, 2020				
(in millions of Canadian dollars)	Level 1	Level 2	Level 3	Carrying value	Fair value
	\$	\$	\$	\$	\$
Financial assets					
Cash	156.3	—	—	156.3	156.3
Derivatives included in other current assets	—	4.2	—	4.2	4.2
Derivatives included in other long-term assets	—	1.1	—	1.1	1.1
Financial liabilities					
Derivatives included in accounts payable and accrued liabilities	—	7.2	—	7.2	7.2
Short-term borrowings	—	—	11.0	11.0	11.0
Derivatives included in other long-term liabilities	—	3.6	—	3.6	3.6
Revolving facility	—	—	222.5	222.5	224.9
Term loan	—	—	151.2	151.2	152.3

	March 28, 2021				
(in millions of Canadian dollars)	Level 1	Level 2	Level 3	Carrying value	Fair value
	\$	\$	\$	\$	\$
Financial assets					
Cash	477.9	—	—	477.9	477.9
Derivatives included in other current assets	—	5.9	—	5.9	5.9
Derivatives included in other long-term assets	—	5.1	—	5.1	5.1
Financial liabilities					
Derivatives included in accounts payable and accrued liabilities	—	8.8	—	8.8	8.8
Derivatives included in other long-term liabilities	—	19.5	—	19.5	19.5
Term loan	—	367.8	—	367.8	377.3

There were no transfers between the levels of fair value hierarchy.

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Note 15. Financial risk management objectives and policies

The Company's primary risk management objective is to protect the Company's assets and cash flow, in order to increase the Company's enterprise value.

The Company is exposed to capital management risk, liquidity risk, credit risk, market risk, foreign exchange risk, and interest rate risk. The Company's senior management and Board of Directors oversee the management of these risks. The Board of Directors reviews and agrees upon policies for managing each of these risks which are summarized below.

Capital management

The Company manages its capital and capital structure with the objectives of safeguarding sufficient net working capital over the annual operating cycle and providing sufficient financial resources to grow operations to meet long-term consumer demand. The Board of Directors of the Company monitors the Company's capital management on a regular basis. The Company will continually assess the adequacy of the Company's capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and risk characteristics of the business.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to satisfy the requirements for business operations, capital expenditures, debt service and general corporate purposes, under normal and stressed conditions. The primary source of liquidity is funds generated by operating activities; the Company also relies on the revolving facility and the Mainland China Facilities as sources of funds for short term working capital needs. The Company continuously reviews both actual and forecasted cash flows to ensure that the Company has appropriate capital capacity.

The following table summarizes the amount of contractual undiscounted future cash flow requirements as at September 26, 2021:

Contractual obligations (in millions of Canadian dollars)	Q3 & Q4 2022	2023	2024	2025	2026	2027	Thereafter	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	195.2	—	—	—	—	—	—	195.2
Mainland China Facilities	23.5	—	—	—	—	—	—	23.5
Term loan	1.9	3.8	3.8	3.8	3.8	3.8	356.7	377.6
Interest commitments relating to borrowings ⁽¹⁾	9.0	16.0	16.0	16.0	16.0	16.0	8.0	97.0
Foreign exchange forward contracts	—	4.8	—	—	15.0	—	—	19.8
Lease obligations	32.1	63.9	53.2	47.7	36.2	29.3	51.1	313.5
Pension obligation	—	—	—	—	—	—	2.0	2.0
Total contractual obligations	261.7	88.5	73.0	67.5	71.0	49.1	417.8	1,028.6

⁽¹⁾ Interest commitments are calculated based on the loan balance and the interest rate payable on the Mainland China Facilities and the term loan of 4.26% and 4.25%, respectively, as at September 26, 2021.

As at September 26, 2021, we had additional liabilities which included provisions for warranty, sales returns, asset retirement obligations, and deferred income tax liabilities. These liabilities

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have not been included in the table above as the timing and amount of future payments are uncertain.

Letter of guarantee facility

On April 14, 2020, Canada Goose Inc. entered into a letter of guarantee facility in the amount of \$10.0m. Letters of guarantee are available for terms of up to twelve months and will be charged a fee equal to 1.2% per annum calculated against the face amount and over the term of the guarantee. Amounts issued on the facility will be used to finance working capital requirements through letters of guarantee, standby letters of credit, performance bonds, counter guarantees, counter standby letters of credit, or similar credits. The Company immediately reimburses the issuing bank for amounts drawn on issued letters of guarantees. At September 26, 2021, the Company had \$6.0m outstanding.

In addition, during the second quarter ended September 26, 2021, a subsidiary of the Company in Mainland China entered into letters of guarantee in the amount of \$9.2m. Amounts will be used to finance working capital requirements through letters of guarantee, standby letters of credit, performance bonds, counter guarantees, counter standby letters of credit, or similar credits.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Credit risk arises from the possibility that certain parties will be unable to discharge their obligations. The Company manages its credit risk through a combination of third party credit insurance and internal house risk. Credit insurance is provided by a third party for customers and is subject to continuous monitoring of the credit worthiness of the Company's customers. Insurance covers a specific amount of revenue, which may be less than the Company's total revenue with a specific customer. The Company has an agreement with a third party who has insured the risk of loss for up to 90% of accounts receivable from certain designated customers subject to a total deductible of \$0.1m, to a maximum of \$30.0m per year. As at September 26, 2021, accounts receivable totaling approximately \$52.9m (September 27, 2020 - \$53.0m, March 28, 2021 - \$5.7m) were insured. Complementary to third party insurance, the Company establishes payment terms with customers to mitigate credit risk and continues to closely monitor its accounts receivable credit risk exposure.

Trade accounts receivable factoring program

A subsidiary of the Company in Europe has an agreement to factor, on a limited recourse basis, certain of its trade accounts receivable up to a limit of €20.0m in exchange for advanced funding equal to 100% of the principal value of the invoice.

For the two quarters ended September 26, 2021, the Company received cash proceeds from the sale of trade accounts receivable with carrying values of \$7.8m which were derecognized from the Company's statement of financial position (two quarters ended September 27, 2020 - \$6.2m). Fees of less than \$0.1m were incurred during the two quarters ended September 26, 2021 (two quarters ended September 27, 2020 - less than \$0.1m) and included in net interest, finance and other costs in the statement of income (loss). As at September 26, 2021, the outstanding amount of trade accounts receivable derecognized from the Company's statement of financial position, but which the Company continued to service, was \$5.7m (September 27, 2020 - \$5.8m, March 28, 2021 - \$nil).

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Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise foreign exchange risk and interest rate risk.

Foreign exchange risk

Foreign exchange risk in operating cash flows

The Company's Interim Financial Statements are expressed in Canadian dollars, but a substantial portion of the Company's revenues, purchases, and expenses are denominated in other currencies, principally U.S. dollars, euros, British pounds sterling, Swiss francs, Chinese yuan, and Hong Kong dollars. The Company has entered into forward foreign exchange contracts to reduce the foreign exchange risk associated with revenues, purchases, and expenses denominated in these currencies. Certain forward foreign exchange contracts were designated at inception and accounted for as cash flow hedges. On December 18, 2020, the Company initiated the operating hedge program for the fiscal year ending April 3, 2022. During second quarter ended September 26, 2021, the Company initiated the operating hedge program for the fiscal year ending April 2, 2023.

Revenues and expenses of all foreign operations are translated into Canadian dollars at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are recognized. As a result, we are exposed to foreign currency translation gains and losses. Appreciating foreign currencies relative to the Canadian dollar, to the extent they are not hedged, will positively impact operating income and net income by increasing our revenue, while depreciating foreign currencies relative to the Canadian dollar will have the opposite impact.

The Company recognized the following unrealized losses and gains in the fair value of derivatives designated as cash flow hedges in other comprehensive income:

(in millions of Canadian dollars)	September 26, 2021		Second quarter ended September 27, 2020		September 26, 2021		Two quarters ended September 27, 2020	
	Net loss	Tax recovery	Net gain	Tax expense	Net loss	Tax recovery	Net gain	Tax expense
	\$	\$	\$	\$	\$	\$	\$	\$
Forward foreign exchange contracts designated as cash flow hedges	(2.2)	0.7	0.8	(0.1)	(1.5)	0.5	3.1	(0.9)

**Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)**

The Company reclassified the following gains from other comprehensive income on derivatives designated as cash flow hedges to locations in the consolidated financial statements described below:

(in millions of Canadian dollars)	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Gain from other comprehensive income	\$	\$	\$	\$
Forward foreign exchange contracts designated as cash flow hedges				
Revenue	(0.1)	—	(0.1)	—
SG&A expenses	—	—	(0.1)	—
Inventory	—	—	(1.0)	—

For the second and two quarters ended September 26, 2021, an unrealized loss of \$0.1m and an unrealized gain of \$0.2m, respectively (second and two quarters ended September 27, 2020 - unrealized gains of \$0.6m and \$1.2m, respectively) on forward exchange contracts that were not treated as hedges were recognized in SG&A expenses in the statement of income (loss).

Foreign currency forward exchange contracts outstanding as at September 26, 2021 related to operating cash flows were:

(in millions)	Aggregate Amounts		Currency
Forward contract to purchase Canadian dollars	US\$	124.6	U.S. dollars
	€	134.2	euros
Forward contract to sell Canadian dollars	US\$	65.2	U.S. dollars
	€	62.7	euros
Forward contract to purchase euros	CNY	657.4	Chinese yuan
	£	62.9	British pounds sterling
	HKD	29.4	Hong Kong dollars
	SEK	4.8	Swedish kronor
Forward contract to sell euros	CHF	2.1	Swiss francs
	CHF	13.1	Swiss francs
	CNY	66.7	Chinese yuan
	£	5.5	British pounds sterling

**Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)**

Foreign exchange risk on borrowings

The Company enters into derivative transactions to hedge a portion of its exposure to interest rate risk and foreign currency exchange risk related to principal and interest payments on the term loan denominated in U.S. dollars (note 10). The Company also entered into a five-year forward exchange contract by selling \$368.5m and receiving US\$270.0m as measured on the trade date, to fix the foreign exchange risk on a portion of the term loan borrowings.

The Company recognized the following unrealized gains and losses in the fair value of derivatives designated as hedging instruments in other comprehensive income:

(in millions of Canadian dollars)	September 26, 2021		Second quarter ended September 27, 2020		September 26, 2021		Two quarters ended September 27, 2020	
	Net gain	Tax expense	Net loss	Tax recovery	Net loss	Tax recovery	Net (loss) gain	Tax recovery (expense)
	\$	\$	\$	\$	\$	\$	\$	\$
Swaps designated as cash flow hedges	0.1	(0.1)	(1.9)	0.3	(0.4)	0.1	(4.0)	0.6
Euro-denominated cross-currency swap designated as a net investment hedge	—	—	(0.8)	0.1	—	—	0.8	(0.2)

The Company reclassified the following losses from other comprehensive income on derivatives designated as hedging instruments to SG&A expenses:

(in millions of Canadian dollars)	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Loss from other comprehensive income	\$	\$	\$	\$
Swaps designated as cash flow hedges	0.3	2.1	0.5	4.3

For the second and two quarters ended September 26, 2021, unrealized gains of \$7.6m and \$0.1m, respectively (second and two quarters ended September 27, 2020 - unrealized losses of \$0.9m and \$1.7m, respectively) in the fair value of the long-dated forward exchange contract related to a portion of the term loan balance were recognized in SG&A expenses in the statement of income (loss).

Interest rate risk

The Company is exposed to interest rate risk related to the effect of interest rate changes on borrowings outstanding under the revolving facility, the term loan and the Mainland China Facilities. Based on the weighted average amount of outstanding borrowings on our Mainland China Facilities during the two quarters ended September 26, 2021, a 1.00% increase in the average interest rate on our borrowings would have increased interest expense by less than \$0.1m (two quarters ended September 27, 2020 - less than \$0.1m). Correspondingly, a 1.00% increase in the average interest rate would have increased interest expense on the revolving facility and term loan by less than \$0.1m and \$1.9m, respectively (two quarters ended September 27, 2020 - \$0.9m and \$0.8m, respectively).

**Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)**

The Company entered into five-year interest rate swaps by fixing the LIBOR component of its interest rate at 0.95% on notional debt of US\$270.0m. The swaps terminate on December 31, 2025. Subsequent to the Repricing Amendment, the applicable interest rate on the interest rate swaps is 4.45%. The interest rate swaps were designated at inception and accounted for as cash flow hedges.

Interest rate risk on the term loan is partially mitigated by interest rate swap hedges. The impact on future interest expense as a result of future changes in interest rates will depend largely on the gross amount of borrowings at that time.

Note 16. Selected cash flow information

Changes in non-cash operating items

(in millions of Canadian dollars)	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
	\$	\$	\$	\$
Trade receivables	(71.9)	(84.5)	(70.5)	(80.7)
Inventories	(11.5)	12.9	(74.7)	(3.7)
Other current assets	(19.3)	0.8	(20.1)	(1.2)
Accounts payable and accrued liabilities	34.6	25.5	(3.3)	19.3
Provisions	6.3	5.0	(0.6)	0.6
Other	(0.7)	—	(0.2)	1.0
Change in non-cash operating items	(62.5)	(40.3)	(169.4)	(64.7)

CANADA GOOSE HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the second and two quarters ended September 26, 2021

The following Management's Discussion and Analysis ("MD&A") for Canada Goose Holdings Inc. ("us," "we," "our," "Canada Goose" or the "Company") is dated November 4, 2021 and provides information concerning our results of operations and financial condition for the second and two quarters ended September 26, 2021. All figures are presented in Canadian ("CAD") dollars, unless otherwise noted. You should read this MD&A together with our unaudited condensed consolidated interim financial statements as at and for the second and two quarters ended September 26, 2021 ("Interim Financial Statements") and our audited consolidated financial statements and the related notes for the fiscal year ended March 28, 2021 ("Annual Financial Statements"). Additional information about Canada Goose is available on our website at www.canadagoose.com, on the SEDAR website at www.sedar.com, and on the EDGAR section of the U.S. Securities and Exchange Commission (the "SEC") website at www.sec.gov, including our Annual Report on Form 20-F for the fiscal year ended March 28, 2021 ("Annual Report").

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements. These statements are neither historical facts nor assurances of future performance. Instead, they are based on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, and other future conditions. Forward-looking statements can be identified by words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "intend," "may," "plan," "predict," "project," "potential," "should," "will," "would," and other similar expressions, although not all forward-looking statements contain these identifying words. These forward-looking statements include all matters that are not historical facts. They appear in many places throughout this MD&A and include statements regarding our intentions, beliefs, or current expectations concerning, among other things, our results of operations, financial condition, liquidity, business prospects, growth, strategies, expectations regarding industry trends and the size and growth rates of addressable markets, our business plan, and our growth strategies, including plans for expansion to new markets and new products, expectations for seasonal trends, and the industry in which we operate.

Certain assumptions made in preparing the forward-looking statements contained in this MD&A include:

- our ability to continue operating our business amid the societal and economic disruption caused by the novel coronavirus pandemic ("COVID-19");
- our ability to implement our growth strategies;
- our ability to maintain strong business relationships with our customers, suppliers, wholesalers, and distributors;
- our ability to keep pace with changing consumer preferences;
- our ability to protect our intellectual property; and
- the absence of material adverse changes in our industry or the global economy.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the “Risk Factors” section of our Annual Report and other risk factors described herein, which include, but are not limited to, the following risks:

- risks and global disruptions associated with the ongoing COVID-19 pandemic, which may further affect general economic conditions, including discretionary consumer spending;
- additional potential closures of our retail stores and the retail stores of our wholesale partners as a result of COVID-19 related restrictions imposed by local authorities;
- we may not open new retail stores or expand e-Commerce access on our planned timelines;
- we may be unable to maintain the strength of our brand or to expand our brand to new products and geographies;
- unanticipated changes in the effective tax rate or adverse outcomes from audit examinations of corporate income or other tax returns;
- our indebtedness may adversely affect our financial condition;
- global political events, including the impact of political disruptions and protests; which may cause business interruptions;
- our ability to procure high quality raw materials and certain finished goods globally;
- our ability to forecast our inventory need and to manage our product distribution networks;
- the success of our business strategy;
- our ability to manage our exposure to data security and cyber security events;
- fluctuations in raw material costs, interest rates and currency exchange rates; and
- we may be unable to maintain effective internal controls over financial reporting.

Although we base the forward-looking statements contained in this MD&A on assumptions that we believe are reasonable, we caution you that actual results and developments (including our results of operations, financial condition and liquidity, and the development of the industry in which we operate) may differ materially from those made in or suggested by the forward-looking statements contained in this MD&A. Additional impacts may arise that we are not aware of currently. The potential of such additional impacts intensifies the business and operating risks which we face, and these should be considered when reading the forward-looking statements contained in this MD&A. In addition, even if results and developments are consistent with the forward-looking statements contained in this MD&A, those results and developments may not be indicative of results or developments in subsequent periods. As a result, any or all of our forward-looking statements in this MD&A may prove to be inaccurate. No forward-looking statement is a guarantee of future results. Moreover, we operate in a highly competitive and rapidly changing environment in which new risks often emerge. It is not possible for our management to predict all risks, nor can we assess the impact of all 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 we may make.

You should read this MD&A and the documents that we reference herein completely and with the understanding that our actual future results may be materially different from what we expect. The forward-looking statements contained herein are made as of the date of this MD&A, and we do not assume any obligation to update any forward-looking statements except as required by applicable laws.

BASIS OF PRESENTATION

The Interim Financial Statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), specifically International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”), and are presented in millions of Canadian dollars, except where otherwise indicated. The Interim Financial Statements do not include all of the information required for Annual Financial Statements and should be read in conjunction with the Annual Financial Statements. Certain financial measures contained in this MD&A are non-IFRS financial measures and are discussed further under “Non-IFRS Financial Measures” below.

All references to “\$”, “CAD” and “dollars” refer to Canadian dollars, “USD” and “US\$” refer to U.S. dollars, “GBP” refer to British pounds sterling, “EUR” refer to euros, “CHF” refer to Swiss francs, “CNY” refer to Chinese yuan, “RMB” refer to Chinese renminbi, and “HKD” refer to Hong Kong dollars unless otherwise indicated. Certain totals, subtotals and percentages throughout this MD&A may not reconcile due to rounding.

All references to “fiscal 2019” are to the Company’s fiscal year ended March 31, 2019; to “fiscal 2020” are to the Company’s fiscal year ended March 29, 2020; to “fiscal 2021” are to the Company’s fiscal year ended March 28, 2021; and to “fiscal 2022” are to the Company’s fiscal year ending April 3, 2022.

Certain comparative figures have been reclassified to conform with the current year presentation.

SUMMARY OF FINANCIAL PERFORMANCE

The following table summarizes results of operations for the second and two quarters ended September 26, 2021 compared to the second and two quarters ended September 27, 2020, and expresses the percentage relationship to revenue of certain financial statement captions. Basis points (“bps”) expresses the changes between percentages. See “Results of Operations” for additional details.

CAD \$ millions (except per share data)	Second quarter ended			Two quarters ended		
	September 26, 2021	September 27, 2020	% Change	September 26, 2021	September 27, 2020	% Change
Statement of Operations data:						
Revenue	232.9	194.8	19.6%	289.2	220.9	30.9%
Gross profit	135.0	94.2	43.3%	165.7	99.0	67.4%
Gross margin	58.0 %	48.4 %	960 bps	57.3 %	44.8 %	1,250 bps
Operating income (loss)	11.3	15.1	(25.2)%	(49.4)	(44.2)	(11.8)%
Net income (loss)	9.0	10.4	(13.5)%	(47.7)	(39.7)	(20.2)%
Earnings (loss) per share						
Basic	\$ 0.08	\$ 0.09	(11.1)%	\$ (0.43)	\$ (0.36)	(19.4)%
Diluted	\$ 0.08	\$ 0.09	(11.1)%	\$ (0.43)	\$ (0.36)	(19.4)%
Non-IFRS Financial Measures:⁽¹⁾						
EBIT	11.3	15.1	(25.2)%	(49.4)	(44.2)	(11.8)%
Adjusted EBIT	16.1	15.7	2.5%	(44.1)	(30.8)	(43.2)%
Adjusted EBIT margin	6.9 %	8.1 %	(120) bps	(15.2)%	(13.9)%	(130) bps
Adjusted net income (loss)	13.2	11.5	14.8%	(36.8)	(26.9)	(36.8)%
Adjusted net income (loss) per basic share	\$ 0.12	\$ 0.10	20.0%	\$ (0.33)	\$ (0.24)	(37.5)%
Adjusted net income (loss) per diluted share	\$ 0.12	\$ 0.10	20.0%	\$ (0.33)	\$ (0.24)	(37.5)%

⁽¹⁾ See “Non-IFRS Financial Measures” for a description of these measures and a reconciliation to the nearest IFRS measure.

Segments

Our reporting segments align with our sales channels: Direct-to-Consumer (“DTC”), Wholesale, and Other. We measure each reportable operating segment’s performance based on revenue and operating income. As at September 26, 2021, our DTC segment included sales to customers through our 51 national e-Commerce markets and 38 directly operated retail stores across North America, Europe, and Asia Pacific. Through our Wholesale segment, we sell to a mix of retailers and international distributors. The Other segment comprises sales and costs not directly allocated to the DTC or Wholesale channels, such as sales to employees and selling, general & administrative (“SG&A”) expenses.

Factors Affecting our Performance

We believe that our performance depends on many factors including those discussed below.

- *Growth in our DTC Channel.* We plan to continue executing our global strategy through retail and e-Commerce expansion, though the scale of such expansion has been impacted and may be delayed due to COVID-19.
- *Growth investments.* In the early stages of the COVID-19 pandemic at the height of first wave retail closures, discretionary SG&A expenses spend was reduced significantly. As distribution and sales continue to recover, we have made significant SG&A investments ahead of revenue growth in certain areas, including brand and demand building. We will be guided by our view of opportunities to deliver on our growth strategy.
- *COVID-19 pandemic.* COVID-19 continues to impact the global economy and public health officials have imposed restrictions and recommended precautions to mitigate the spread of the virus.

As a result of the pandemic, our retail stores have been impacted by temporary closures and reduced traffic. During the second quarter of fiscal 2022, store operations have largely resumed across our global store network, however retail store traffic remains below pre-pandemic levels. Trading days lost to temporary store closures due to COVID-19 did not materially impact results for the second quarter of fiscal 2022 and the comparative quarter. All of our retail stores are operating as at November 4, 2021.

We have also experienced a reduction in the capacity of our supply chain, including our facilities, due to distancing measures. All of our manufacturing facilities were operating as at September 26, 2021 at lower than pre-pandemic output levels to ensure appropriate distancing measures were in place. We expect to return to more normal levels of production as restrictions and recommended precautions are lifted.

We also received rent concessions in the form of abatements and deferrals and will consider seeking further rent relief as we continue to monitor the impact of COVID-19. Rent concessions of \$nil and \$0.2m were recognized in the statement of income (loss) for the second and two quarters ended September 26, 2021, respectively.

Future developments on COVID-19 are highly uncertain and out of our control. Prolonged disruptions due to the pandemic may negatively impact our operations and result in temporary closures of our retail stores and manufacturing facilities, as well as our wholesale partners, lower retail store traffic, and continued impacts on our supply chain.

- *Global political events and other disruptions.* We are conscious of risks related to social, economic, and political instability, including geopolitical tensions, regulatory matters, market volatility, and social unrest that are affecting consumer spending in certain countries and travel corridors. We have been, and may in the future be, impacted by widespread protests and other disruptions. To the extent that such disruptions persist, we expect that operations and traffic at our retail stores may be impacted.
- *New Products.* We intend to continue investing in innovation and the development and introduction of new products across styles, uses, and climates. This includes Canada Goose footwear and Baffin branded footwear through Baffin's own distinct sales channels. We expect that certain new products may carry a lower gross margin per unit relative to our long-standing styles which are produced in significantly higher volumes.

- *Seasonality.* We experience seasonal fluctuations in our revenue and operating results and have historically realized a significant portion of our annual wholesale revenue during our second and third fiscal quarters, and our annual DTC revenue in our third and fourth fiscal quarters. We generated 86.9% and 85.7% of our annual wholesale revenue in the combined second and third fiscal quarters of fiscal 2021 and fiscal 2020, respectively. Additionally, we generated 89.3% and 79.2% of our annual DTC revenue in the combined third and fourth fiscal quarters of fiscal 2021 and fiscal 2020, respectively. Because of seasonal fluctuations in revenue and fixed costs associated with our business, particularly the headcount growth and premises costs associated with our expanding DTC channel, we typically experience negative and substantially reduced net income and adjusted EBIT⁽¹⁾ in the first and fourth quarters, respectively. As a result of our seasonality, changes that impact gross margin and adjusted EBIT⁽¹⁾ can have a disproportionate impact on the quarterly results when they are recorded in our off-peak revenue periods.

⁽¹⁾ *Adjusted EBIT is a non-IFRS measure. See “Non-IFRS Financial Measures” for a description of these measures.*

Guided by expected demand and wholesale orders, we typically manufacture on a linear basis throughout the fiscal year. Net working capital requirements typically increase as inventory builds. We finance these needs through a combination of cash on hand and borrowings on the Revolving Facility (as defined below) and the Mainland China Facilities (as defined below). Historically, cash flows from operations have been highest in the third and fourth fiscal quarters of the fiscal year due to revenue from the DTC channel and the collection of receivables from wholesale revenue earlier in the year.

- *Developments in international trade.* We continue to monitor the impact on our operations in Europe and the U.K. as a result of the British exit from the European Union (“Brexit”). Our preparations for Brexit included, among other activities, opening a third-party logistics facility early in fiscal 2021, advanced inventory staging in the U.K. in the event of disruptions to the flow of goods, and adding processes to utilize duty savings under the Canada-U.K. Continuity Trade Agreement. Duty savings continue for U.S. shipments under the United States-Mexico-Canada Agreement. We monitor developments in international trade in countries where we operate that could have an impact on our business.
- *Foreign Exchange.* We sell a significant portion of our products to customers outside of Canada, which exposes us to fluctuations in foreign currency exchange rates. In fiscal years 2021, 2020, and 2019, we generated 67.9%, 62.3%, and 58.0%, respectively, of our revenue in currencies other than Canadian dollars. Historically, most of our wholesale revenue was derived from orders made prior to the beginning of the fiscal year. This high degree of visibility into our anticipated future cash flows from wholesale operations is now significantly less certain given the COVID-19 disruptions. Most of our raw materials are sourced outside of Canada, primarily in U.S. dollars, and SG&A expenses are typically denominated in the currency of the country in which they are incurred. As part of our risk management program, we have entered into foreign exchange derivative contracts to manage certain of our exposures to exchange rate fluctuations for future foreign currency transactions, which is intended to reduce the variability of our operating costs and future cash flows denominated in local currencies. We continue to monitor our risk management program to take into account the prevailing global uncertainty of COVID-19.

We are exposed to translation and transaction risks associated with foreign currency exchange fluctuations on the Chinese renminbi denominated principal and interest amounts

payable on the Mainland China Facilities and U.S. dollar denominated principal and interest amounts payable on our Revolving Facility and senior secured term loan facility (the "Term Loan Facility"). The Company has entered into foreign exchange forward contracts to hedge a portion of the exposure to foreign currency exchange risk on the principal amount of the Term Loan Facility. See "Quantitative and Qualitative Disclosures about Market Risk - Foreign Exchange Risk" below.

The main foreign currency exchange rates that impact our business and operations as at and for the second and two quarters ended September 26, 2021 and for the fiscal year ended March 28, 2021 are summarized below:

Currency	Foreign currency exchange rate to \$1.00 CAD						Closing Rate September 26, 2021
	Fiscal 2022						
	Average Rate					2022	
	Q1	Q2	Q3	Q4			
USD/CAD	1.2280	1.2601	—	—	1.2441	1.2680	
EUR/CAD	1.4804	1.4852	—	—	1.4828	1.4854	
GBP/CAD	1.7170	1.7367	—	—	1.7269	1.7339	
CHF/CAD	1.3485	1.3723	—	—	1.3604	1.3709	
CNY/CAD	0.1902	0.1948	—	—	0.1925	0.1961	
HKD/CAD	0.1581	0.1620	—	—	0.1601	0.1629	

Currency	Foreign currency exchange rate to \$1.00 CAD						Closing Rate March 28, 2021
	Fiscal 2021						
	Average Rate					2021	
	Q1	Q2	Q3	Q4			
USD/CAD	1.3859	1.3316	1.3030	1.2666	1.3218	1.2580	
EUR/CAD	1.5256	1.5579	1.5537	1.5267	1.5410	1.4831	
GBP/CAD	1.7203	1.7212	1.7207	1.7461	1.7271	1.7345	
CHF/CAD	1.4378	1.4486	1.4417	1.4003	1.4321	1.3384	
CNY/CAD	0.1955	0.1926	0.1967	0.1955	0.1951	0.1923	
HKD/CAD	0.1788	0.1718	0.1681	0.1633	0.1705	0.1619	

Source: Bank of Canada

Components of Our Results of Operations

Revenue

The DTC segment comprises sales through country-specific e-Commerce platforms and its Company-operated retail stores located in luxury shopping locations. Revenue through e-Commerce operations and retail stores is recognized upon delivery of the goods to the customer and when consideration is received, net of an estimated provision for sales returns.

The Wholesale segment comprises sales made to a mix of functional and fashionable retailers, including major luxury department stores, outdoor specialty stores, and individual shops, and to international distributors, who are partners that have exclusive rights to an entire market. Wholesale revenue from the sale of goods, net of an estimated provision for sales returns, discounts, and allowances, is recognized when control of the goods has been transferred to the reseller, which, depending on the terms of the agreement with the reseller, occurs when the products have been shipped to the reseller, are picked up from our third party warehouse, or arrive at the reseller's facilities.

The Other segment comprises sales and costs not directly allocated to the DTC or Wholesale channels, such as sales to employees and SG&A expenses. The Other segment includes the cost of marketing expenditures to build brand awareness and demand across all segments, corporate costs in support of manufacturing operations, other corporate costs, and foreign exchange gains and losses not specifically associated with DTC or Wholesale segment operations.

Within the Other segment, comparative information also includes sales of personal protective equipment ("PPE") during the comparative quarter in response to COVID-19 along with costs incurred as a consequence of the COVID-19 pandemic including overhead costs resulting from the temporary closure of our manufacturing facilities.

Gross Profit

Gross profit is our revenue less cost of sales. Cost of sales comprises the cost of manufacturing our products, including raw materials, direct labour, and overhead, plus freight, duties, and non-refundable taxes incurred in delivering the goods to distribution centres managed by third parties or to our retail stores. Cost of sales also includes depreciation on our manufacturing right-of-use assets and plant assets as well as inventory provisions, and allowances related to obsolescence and shrinkage. The primary drivers of our cost of sales are the costs of raw materials (which are sourced in both Canadian dollars and U.S. dollars), manufacturing labour rates in the provinces of Canada, and the allocation of overhead. Gross margin measures our gross profit as a percentage of revenue.

SG&A Expenses

SG&A expenses consist of selling costs to support our customer relationships and to deliver our products to our e-Commerce customers, retail stores, and wholesale partners. It also includes our marketing and brand investment activities and the corporate infrastructure required to support our ongoing operations. Incurred product development costs, primarily employee salaries and benefits, are also recognized in SG&A expenses. Foreign exchange gains and losses are recorded in SG&A expenses and comprise the translation of assets and liabilities denominated in currencies other than the functional currency of the Company or its subsidiaries, including cash balances, the Mainland China Facilities, the Term Loan Facility, a portion of our Revolving Facility, mark-to-market adjustments on derivative contracts, gains or losses associated with our term loan hedges, and realized gains and losses on settlement of foreign currency denominated assets and liabilities.

Selling costs, other than headcount-related costs, generally correlate to revenue timing and would typically experience similar seasonal trends. As a percentage of sales, we expect these selling costs to change as our business evolves. This change has been and is expected to be primarily driven by the expansion of our DTC segment, including the investment required to support e-Commerce sites and retail stores. Retail store costs are mostly fixed and are incurred throughout the year.

General and administrative expenses represent costs incurred in our corporate offices, primarily related to marketing, personnel costs (including salaries, variable incentive compensation, benefits, and share-based compensation), technology support, and other professional service costs. We have invested considerably in this area to support the growing volume and complexity of our business and anticipate continuing to do so in the future.

Depreciation and amortization

Depreciation and amortization represent the economic benefit incurred in using the Company's property, plant and equipment, intangible assets, and right-of-use assets. We expect depreciation and amortization to increase, primarily driven by the expansion of our DTC segment and information technology-related expenditures to support growth.

Operating Income

Operating income is our gross profit less SG&A expenses and depreciation and amortization.

Net interest, finance and other costs

Net interest, finance and other costs represents interest expense on our borrowings including the Mainland China Facilities, the Revolving Facility, the Term Loan Facility, and lease liabilities, as well as standby fees, net of interest income. In addition, corporate restructuring costs were recognized in fiscal 2021.

Income Taxes

We are subject to income taxes in the jurisdictions in which we operate and, consequently, income tax expense is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events.

RESULTS OF OPERATIONS

For the second quarter ended September 26, 2021 compared to the second quarter ended September 27, 2020

The following table summarizes results of operations and expresses the percentage relationship to revenue of certain financial statement captions. Basis points ("bps") expresses the changes between percentages.

CAD \$ millions (except share and per share data)	Second quarter ended		\$ Change	% Change
	September 26, 2021	September 27, 2020		
Statement of Operations data:				
Revenue	232.9	194.8	38.1	19.6%
Cost of sales	97.9	100.6	2.7	2.7%
Gross profit	135.0	94.2	40.8	43.3%
<i>Gross margin</i>	58.0 %	48.4 %		960 bps
SG&A expenses	101.3	62.4	(38.9)	(62.3)%
<i>SG&A expenses as % of revenue</i>	43.5 %	32.0 %		(1,150) bps
Depreciation and amortization	22.4	16.7	(5.7)	(34.1)%
Operating income	11.3	15.1	(3.8)	(25.2)%
<i>Operating margin</i>	4.9 %	7.8 %		(290) bps
Net interest, finance and other costs	7.9	6.0	(1.9)	(31.7)%
Income before income taxes	3.4	9.1	(5.7)	(62.6)%
Income tax recovery	(5.6)	(1.3)	4.3	330.8%
<i>Effective tax rate</i>	(164.7)%	(14.3)%		15,040 bps
Net income	9.0	10.4	(1.4)	(13.5)%
Other comprehensive income	0.3	2.1	(1.8)	(85.7)%
Comprehensive income	9.3	12.5	(3.2)	(25.6)%
Earnings per share				
Basic	\$ 0.08	\$ 0.09	(0.01)	(11.1)%
Diluted	\$ 0.08	\$ 0.09	(0.01)	(11.1)%
Weighted average number of shares outstanding				
Basic	109,780,547	110,143,728		
Diluted	110,805,942	110,888,447		
Non-IFRS Financial Measures:⁽¹⁾				
EBIT	11.3	15.1	(3.8)	(25.2)%
Adjusted EBIT	16.1	15.7	0.4	2.5%
Adjusted EBIT margin	6.9 %	8.1 %		(120) bps
Adjusted net income	13.2	11.5	1.7	14.8%
Adjusted net income per basic share	\$ 0.12	\$ 0.10	0.02	20.0%
Adjusted net income per diluted share	\$ 0.12	\$ 0.10	0.02	20.0%

⁽¹⁾ See "Non-IFRS Financial Measures" for a description of these measures and a reconciliation to the nearest IFRS measure.

Revenue

Revenue for the second quarter ended September 26, 2021 was \$232.9m, an increase of \$38.1m or 19.6%, from \$194.8m for the second quarter ended September 27, 2020. Excluding \$28.8m of temporary PPE sales in the comparative quarter, revenue increased by \$66.9m or 40.3%. Revenue generated from our DTC channel represented 35.7% of total revenue for the second quarter ended September 26, 2021 compared to 23.7% for the second quarter ended September 27, 2020. On a constant currency⁽¹⁾ basis, revenue increased by 21.0% for the second quarter ended September 26, 2021 compared to the second quarter ended September 27, 2020.

CAD \$ millions	Second quarter ended		\$ Change			% Change	
	September 26, 2021	September 27, 2020	As reported	Foreign exchange impact	In constant currency ⁽¹⁾	As reported	In constant currency ⁽¹⁾
DTC	83.2	46.2	37.0	0.6	37.6	80.1 %	81.4 %
Wholesale	147.9	118.5	29.4	2.2	31.6	24.8 %	26.7 %
Other	1.8	30.1	(28.3)	—	(28.3)	(94.0)%	(94.0)%
Total revenue	232.9	194.8	38.1	2.8	40.9	19.6 %	21.0 %

⁽¹⁾ Constant currency revenue is a non-IFRS financial measure. See "Non-IFRS Financial Measures" for a description of this measure.

DTC

Revenue from our DTC segment was \$83.2m for the second quarter ended September 26, 2021 compared to \$46.2m for the second quarter ended September 27, 2020. The increase of \$37.0m or 80.1% was attributable to higher revenue from existing stores complemented by e-Commerce growth of 33.8% across all major markets and new retail expansion. Despite continued store traffic headwinds, revenue from our retail stores was positively impacted by higher retail traffic, normalized store operating hours and increased occupancy limits from the comparative quarter, which was negatively impacted by higher COVID-19 disruptions.

Wholesale

Revenue from our Wholesale segment was \$147.9m for the second quarter ended September 26, 2021 compared to \$118.5m for the second quarter ended September 27, 2020. The increase of \$29.4m or 24.8% was attributable to the timing of shipments to our wholesale partners. In the comparative quarter, due to the impact of COVID-19, there was a significant delay in the timing of shipments to partner operations globally.

Other

Revenue from our Other segment was \$1.8m, principally from sales to employees, for the second quarter ended September 26, 2021 compared to \$30.1m for the second quarter ended September 27, 2020. The decrease of \$28.3m or 94.0% was mainly attributable to \$28.8m of PPE sales in the comparative quarter, which were temporarily manufactured in support of COVID-19 response efforts.

Revenue by geography

CAD \$ millions	Second quarter ended		\$ Change			% Change	
	September 26, 2021	September 27, 2020	As reported	Foreign exchange impact	In constant currency ⁽²⁾	As reported	In constant currency ⁽²⁾
	Canada	50.1	66.3	(16.2)	—	(16.2)	(24.4)%
United States	59.4	37.8	21.6	1.9	23.5	57.1 %	62.2 %
Asia Pacific	58.5	41.5	17.0	(0.1)	16.9	41.0 %	40.7 %
EMEA ⁽¹⁾	64.9	49.2	15.7	1.0	16.7	31.9 %	33.9 %
Total revenue	232.9	194.8	38.1	2.8	40.9	19.6 %	21.0 %

⁽¹⁾ EMEA comprises Europe, the Middle East, Africa, and Latin America.

⁽²⁾ Constant currency revenue is a non-IFRS financial measure. See "Non-IFRS Financial Measures" for a description of these measures.

Revenue increased in the United States, APAC, and EMEA for the second quarter ended September 26, 2021 compared to the comparative quarter resulting from an increase in both DTC and Wholesale revenue. Revenue in Canada grew by 33.6% excluding the \$28.8m of PPE sales made in the comparative quarter. Including PPE, revenue in Canada decreased by 24.4%. The increase in revenue in all regions was attributable to higher revenues from existing retail stores, e-Commerce growth in all major markets and retail store expansion specifically in Mainland China.

Gross Profit

Gross profit and gross margin for the second quarter ended September 26, 2021 were \$135.0m and 58.0%, respectively, compared to \$94.2m and 48.4%, respectively, for the second quarter ended September 27, 2020. The increase in gross profit of \$40.8m was attributable to higher revenue as noted above. Gross profit in the comparative quarter included the impact of \$28.8m of non-recurring PPE sales and \$7.8m of COVID-19 related government payroll subsidies. Excluding the impact of these items, gross margin was 51.2% in the comparative quarter. Gross margin in the current quarter was favourably impacted by an increased proportion of DTC revenue, a lower proportion of revenue from international distributors from the comparative quarter, and incremental benefits from pricing, which was partially offset by unfavourable impacts from product mix due to higher sales in non-parka categories.

CAD \$ millions	Second quarter ended				\$ Change	% Change
	September 26, 2021		September 27, 2020			
	Gross profit	Gross margin	Gross profit	Gross margin		
DTC	61.3	73.7 %	35.5	76.8 %	25.8	72.7 %
Wholesale	73.1	49.4 %	56.4	47.6 %	16.7	29.6 %
Other	0.6	33.3 %	2.3	7.6 %	(1.7)	(73.9)%
Total gross profit	135.0	58.0 %	94.2	48.4 %	40.8	43.3 %

DTC

Gross profit in our DTC segment was \$61.3m for the second quarter ended September 26, 2021 compared to \$35.5m for the second quarter ended September 27, 2020. The increase of \$25.8m in gross profit was attributable to higher revenues. The gross margin was 73.7% for the second quarter ended September 26, 2021, a decrease of 3.1% compared to 76.8% in the comparative quarter. The gross margin in the comparative quarter benefited from an allocation of COVID-19 related government payroll subsidies (-380 bps). During the second quarter ended September 26, 2021, gross margin was favourably impacted by channel mix due to higher sales volumes from retail stores (+230 bps), which was partially offset by an increase in sales volumes in non-parka categories, typically with lower margins (-170 bps) reflecting a more diverse product range in our DTC business prior to entering peak season. The incremental benefits from pricing were offset by higher duty costs in the current quarter.

Wholesale

Gross profit in our Wholesale segment was \$73.1m for the second quarter ended September 26, 2021 compared to \$56.4m for the second quarter ended September 27, 2020. The increase of \$16.7m in gross profit was attributable to higher revenues. The gross margin was 49.4% for the second quarter ended September 26, 2021, an increase of 1.8% compared to 47.6% in the comparative quarter. The gross margin in the comparative quarter benefited from an allocation of COVID-19 related government payroll subsidies (-510 bps). During the second quarter ended September 26, 2021, the increase in gross margin was driven by a higher proportion of sales to our wholesale partners compared to international distributors (+490 bps) and incremental benefits from pricing (+210 bps). The benefit of reduced production costs related to COVID-19 protocols was offset by unfavourable impacts from product mix due to higher sales in non-parka categories.

Other

Gross profit in our Other segment was \$0.6m for the second quarter ended September 26, 2021 compared to \$2.3m for the second quarter ended September 27, 2020, a decrease of \$1.7m. In response to COVID-19, the Company sold \$28.8m of PPE with a gross profit and gross margin of \$1.0m and 3.5%, respectively, in the comparative quarter.

SG&A Expenses

SG&A expenses were \$101.3m for the second quarter ended September 26, 2021 compared to \$62.4m for the second quarter ended September 27, 2020. The increase of \$38.9m or 62.3% was attributable to \$14.6m of incremental investment in marketing to assist with brand awareness and support our growth through our digital sales channels around the world ahead of peak season, \$3.9m in strategic initiatives, including digital capabilities and the launch of Canada Goose footwear, \$5.0m in higher costs related to the retail store network expansion and the reopening of existing retail stores, and \$1.4m of higher performance-based compensation. The comparable quarter also benefited from the \$3.0m release of a non-cash sales contract provision discussed below and \$4.1m in COVID-19 related government payroll subsidies which did not recur.

CAD \$ millions	Second quarter ended					
	September 26, 2021		September 27, 2020		\$ Change	% Change
	Reported	% of segment revenue	Reported	% of segment revenue		
DTC	23.3	28.0 %	15.8	34.2 %	(7.5)	(47.5)%
Wholesale	13.9	9.4 %	10.6	8.9 %	(3.3)	(31.1)%
Other	64.1		36.0		(28.1)	(78.1)%
Total SG&A expenses	<u>101.3</u>	43.5 %	<u>62.4</u>	32.0 %	<u>(38.9)</u>	(62.3)%

DTC

SG&A expenses in our DTC segment for the second quarter ended September 26, 2021 were \$23.3m, or 28.0% of segment revenue, compared to \$15.8m, or 34.2% of segment revenue, for the second quarter ended September 27, 2020. The increase of \$7.5m or 47.5% was attributable to \$3.3m of higher operating costs due to incremental new stores and the reopening of existing retail stores, \$1.7m of higher personnel costs, and \$0.3m of incremental warranty costs due to higher sales volumes relative to the comparative quarter. Additionally, there were \$0.6m of higher costs related to e-Commerce volumes and to support our e-Commerce platform. The comparative quarter also benefited from \$0.8m of COVID-19 related government payroll subsidies which did not recur. Pre-store opening costs and COVID-19 related temporary store closure costs of \$0.4m and less than \$0.1m, respectively, were recognized in the second quarter ended September 26, 2021 compared to pre-store opening costs and COVID-19 related temporary store closure costs of \$1.4m and \$0.2m, respectively, in the comparative quarter.

Wholesale

SG&A expenses in our Wholesale segment for the second quarter ended September 26, 2021 were \$13.9m, or 9.4% of segment revenue, compared to \$10.6m, or 8.9% of segment revenue, for the second quarter ended September 27, 2020. The increase of \$3.3m or 31.1% was attributable to \$0.9m of incremental warranty costs due to higher sales volumes and \$0.8m of unfavourable foreign exchange fluctuations related to working capital in the quarter. The comparative quarter also benefited from \$1.2m of insurance claim recoveries and \$0.6m of COVID-19 related government payroll subsidies which did not recur.

Other

SG&A expenses in our Other segment, which include unallocated corporate expenses, were \$64.1m for the second quarter ended September 26, 2021 compared to \$36.0m for the second quarter ended September 27, 2020. The increase of \$28.1m or 78.1% was attributable to \$14.6m of incremental investment in marketing and \$3.9m in strategic initiatives as discussed above, \$1.4m of higher performance-based compensation, and \$0.4m of unfavourable foreign exchange fluctuations related to working capital denominated in currencies other than Canadian dollars and the Term Loan Facility, net of hedge impacts. The comparative quarter also benefited from the \$3.0m release of a non-cash sales contract provision as a result of the expiration of the statute of limitations in the respective jurisdiction and \$2.7m of government payroll subsidies which did not recur.

Depreciation and amortization

Depreciation and amortization was \$22.4m for the second quarter ended September 26, 2021 compared to \$16.7m for the second quarter ended September 27, 2020, an increase of \$5.7m or 34.1%. Of the increase, \$4.4m was driven by continued retail store expansion. Depreciation expense on right-of-use assets of \$0.8m and \$nil were related to pre-store opening costs and COVID-19 related temporary store closures costs, respectively, in the second quarter ended September 26, 2021 compared to \$1.4m and \$0.2m of pre-store opening costs and COVID-19 related temporary store closures, respectively, in the second quarter ended September 27, 2020.

CAD \$ millions	Second quarter ended		\$ Change	% Change
	September 26, 2021	September 27, 2020		
	Reported	Reported		
DTC	17.0	12.6	(4.4)	(34.9)%
Wholesale	0.8	0.9	0.1	11.1 %
Other	4.6	3.2	(1.4)	(43.8)%
Total depreciation and amortization	22.4	16.7	(5.7)	(34.1)%

Operating Income and Margin

Operating income and operating margin were \$11.3m and 4.9% for the second quarter ended September 26, 2021 compared to operating income of \$15.1m and 7.8% for the second quarter ended September 27, 2020. The decrease in operating income of \$3.8m or 25.2% was attributable to higher operating costs, partially offset by higher gross profit.

CAD \$ millions	Second quarter ended				\$ Change	% Change
	September 26, 2021		September 27, 2020			
	Operating income (loss)	Operating margin	Operating income (loss)	Operating margin		
DTC	21.0	25.2 %	7.1	15.4 %	13.9	195.8 %
Wholesale	58.4	39.5 %	44.9	37.9 %	13.5	30.1 %
Other	(68.1)		(36.9)		(31.2)	(84.6)%
Total operating income	11.3	4.9 %	15.1	7.8 %	(3.8)	(25.2)%

DTC

DTC segment operating income was \$21.0m for the second quarter ended September 26, 2021 compared to \$7.1m for the second quarter ended September 27, 2020. The increase in operating income of \$13.9m or 195.8% and operating margin of 9.8% were attributable to improved sales volumes from reduced COVID-19 impacts globally. This was partially offset by higher operating and personnel costs due to incremental new stores and increased overall store activity relative to the comparative quarter. Pre-store opening costs and COVID-19 related temporary store closure costs of \$1.2m and less than \$0.1m, respectively, were recognized in

the second quarter ended September 26, 2021 compared to pre-store opening costs and COVID-19 related temporary store closure costs of \$2.8m and \$0.4m, respectively, in the comparative quarter.

Wholesale

Wholesale segment operating income was \$58.4m for the second quarter ended September 26, 2021 compared to \$44.9m for the second quarter ended September 27, 2020. The increase in operating income of \$13.5m or 30.1% and operating margin of 1.6% were attributable to a higher segment revenue and gross profit, partially offset by higher SG&A expenses as discussed above.

Other

Other segment operating loss was \$(68.1)m for the second quarter ended September 26, 2021 compared to \$(36.9)m for the second quarter ended September 27, 2020. The increase in operating loss of \$31.2m or 84.6% was attributable to \$28.1m of higher SG&A expenses as discussed above.

Net Interest, Finance and Other Costs

Net interest, finance and other costs were \$7.9m for the second quarter ended September 26, 2021 compared to \$6.0m for the second quarter ended September 27, 2020. The increase of \$1.9m or 31.7% was driven by higher interest charges of \$2.5m on the Term Loan Facility due to higher gross borrowings from the comparative quarter and a higher average interest rate. The increase was partially offset by lower borrowings under the Revolving Facility of \$nil for the second quarter ended September 26, 2021 compared to \$224.9m for the second quarter ended September 27, 2020.

Income Taxes

Income tax recovery was \$5.6m for the second quarter ended September 26, 2021 compared to income tax recovery of \$1.3m for the second quarter ended September 27, 2020. For the second quarter ended September 26, 2021, the effective and statutory tax rates were (164.7)% and 25.4%, respectively, compared to (14.3)% and 25.5% for the second quarter ended September 27, 2020, respectively. Given our global operations, the effective tax rate is largely impacted by our profit or loss in taxable jurisdictions relative to the applicable tax rates.

Net Income

Net income for the second quarter ended September 26, 2021 was \$9.0m compared to \$10.4m for the second quarter ended September 27, 2020, driven by the factors described above.

For the two quarters ended September 26, 2021 compared to the two quarters ended September 27, 2020

The following table summarizes results of operations and expresses the percentage relationship to revenue of certain financial statement captions. Basis points (“bps”) expresses the changes between percentages.

CAD \$ millions (except share and per share data)	Two quarters ended		\$ Change	% Change
	September 26, 2021	September 27, 2020		
Statement of Operations data:				
Revenue	289.2	220.9	68.3	30.9%
Cost of sales	123.5	121.9	(1.6)	(1.3)%
Gross profit	165.7	99.0	66.7	67.4%
<i>Gross margin</i>	57.3 %	44.8 %		1,250 bps
SG&A expenses	172.9	111.0	(61.9)	(55.8)%
<i>SG&A expenses as % of revenue</i>	59.8 %	50.2 %		(960) bps
Depreciation and amortization	42.2	32.2	(10.0)	(31.1)%
Operating loss	(49.4)	(44.2)	(5.2)	(11.8)%
<i>Operating margin</i>	(17.1)%	(20.0)%		290 bps
Net interest, finance and other costs	24.4	12.7	(11.7)	(92.1)%
Loss before income taxes	(73.8)	(56.9)	(16.9)	(29.7)%
Income tax recovery	(26.1)	(17.2)	8.9	51.7%
<i>Effective tax rate</i>	35.4 %	30.2 %		520 bps
Net loss	(47.7)	(39.7)	(8.0)	(20.2)%
Other comprehensive (loss) income	(1.4)	4.1	(5.5)	(134.1)%
Comprehensive loss	(49.1)	(35.6)	(13.5)	(37.9)%
Loss per share				
Basic	\$ (0.43)	\$ (0.36)	(0.07)	(19.4)%
Diluted	\$ (0.43)	\$ (0.36)	(0.07)	(19.4)%
Weighted average number of shares outstanding				
Basic	110,122,185	110,104,158		
Diluted	110,122,185	110,104,158		
Non-IFRS Financial Measures:⁽¹⁾				
EBIT	(49.4)	(44.2)	(5.2)	(11.8)%
Adjusted EBIT	(44.1)	(30.8)	(13.3)	(43.2)%
Adjusted EBIT margin	(15.2)%	(13.9)%		(130) bps
Adjusted net loss	(36.8)	(26.9)	(9.9)	(36.8)%
Adjusted net loss per basic and diluted share	\$ (0.33)	\$ (0.24)	(0.09)	(37.5)%

⁽¹⁾ See “Non-IFRS Financial Measures” for a description of these measures and a reconciliation to the nearest IFRS measure.

Revenue

Revenue for the two quarters ended September 26, 2021 increased by \$68.3m or 30.9% to \$289.2m from \$220.9m for the two quarters ended September 27, 2020. Excluding \$35.8m of temporary PPE sales in the comparative period, revenue increased by \$104.1m or 56.2%. On a constant currency⁽¹⁾ basis, revenue increased by 32.4% for the two quarters ended September 26, 2021 compared to the two quarters ended September 27, 2020. Revenue generated from our DTC channel represented 38.9% of total revenue for the two quarters ended September 26, 2021 compared to 25.6% for the two quarters ended September 27, 2020.

CAD \$ millions	Two quarters ended		\$ Change			% Change	
	September 26, 2021	September 27, 2020	As reported	Foreign exchange impact	In constant currency ⁽¹⁾	As reported	In constant currency ⁽¹⁾
DTC	112.6	56.6	56.0	1.0	57.0	98.9 %	100.7 %
Wholesale	173.7	127.2	46.5	2.3	48.8	36.6 %	38.4 %
Other	2.9	37.1	(34.2)	—	(34.2)	(92.2)%	(92.2)%
Total revenue	289.2	220.9	68.3	3.3	71.6	30.9 %	32.4 %

⁽¹⁾ Constant currency revenue is a non-IFRS financial measure. See "Non-IFRS Financial Measures" for a description of this measure.

DTC

Revenue from our DTC segment for the two quarters ended September 26, 2021 was \$112.6m compared to \$56.6m for the two quarters ended September 27, 2020. The increase of \$56.0m or 98.9% was attributable higher revenue from existing store sales complemented by e-Commerce growth of 47.0% across all major markets, and new retail expansion since the second quarter of fiscal 2021. Revenue from our retail stores was positively impacted by reduced but nevertheless continuing COVID-19 disruptions from the comparative period, including reduced partial store closures, higher retail traffic, increased store operating hours and increased occupancy limits.

Wholesale

Revenue from our Wholesale segment for the two quarters ended September 26, 2021 was \$173.7m compared to \$127.2m for the two quarters ended September 27, 2020. The increase of \$46.5m or 36.6% was attributable to higher volume and the timing of shipments to our wholesale partners. In the comparative period, due to the impact of COVID-19, there was a significant delay in the timing of shipments to partner operations globally.

Other

Revenue from our Other segment for the two quarters ended September 26, 2021 was \$2.9m compared to \$37.1m for the two quarters ended September 27, 2020. The decrease of \$34.2m or 92.2% was mainly attributable to \$35.8m of PPE sales in the comparative period, which were temporarily manufactured in support of COVID-19 response efforts.

Revenue by geography

CAD \$ millions	Two quarters ended		\$ Change			% Change	
	September 26, 2021	September 27, 2020	As reported	Foreign exchange impact	In constant currency ⁽¹⁾	As reported	In constant currency ⁽²⁾
Canada	60.5	77.9	(17.4)	—	(17.4)	(22.3)%	(22.3)%
United States	68.5	40.3	28.2	2.2	30.4	70.0 %	75.4 %
Asia Pacific	80.9	51.5	29.4	—	29.4	57.1 %	57.1 %
EMEA ⁽¹⁾	79.3	51.2	28.1	1.1	29.2	54.9 %	57.0 %
Total revenue	289.2	220.9	68.3	3.3	71.6	30.9 %	32.4 %

⁽¹⁾ EMEA comprises Europe, the Middle East, Africa, and Latin America.

⁽²⁾ Constant currency revenue is a non-IFRS financial measure. See “Non-IFRS Financial Measures” for a description of this measure.

Revenue increased in the United States, APAC, and EMEA during the two quarters ended September 26, 2021 compared to the comparative period resulting from an increase in both DTC and Wholesale revenue. Revenue in Canada grew by 43.7% excluding the \$35.8m of PPE sales made in the comparative period. Including PPE, revenue in Canada decreased by 22.3%. The increase in revenue in all regions was attributable to higher revenues from existing retail stores, e-Commerce growth in all major markets and the retail store expansion specifically in Mainland China and Europe.

Gross Profit

Gross profit and gross margin for the two quarters ended September 26, 2021 were \$165.7m and 57.3%, respectively, compared to \$99.0m and 44.8%, respectively, for the two quarters ended September 27, 2020. The increase in gross profit of \$66.7m was attributable to higher revenue as noted above. Gross profit in the comparative period included the impact of \$35.8m of non-recurring PPE sales, \$9.1m of COVID-19 related government payroll subsidies, \$4.3m of manufacturing overhead costs during a period when production ceased due to COVID-19, and the \$1.7m benefit of a one-time duty recovery in the DTC segment. Excluding the impact of these items, gross margin was 50.4% in the comparative period. Gross margin in the current period was favourably impacted by an increased proportion of DTC revenue from the comparative quarter, a lower proportion of sales to international distributors, and incremental benefits from pricing, which were partially offset by unfavourable impacts from product mix due to higher sales in non-parka categories.

	Two quarters ended					
	September 26, 2021		September 27, 2020		\$ Change	% Change
CAD \$ millions	Gross profit	Gross margin	Gross profit (loss)	Gross margin		
DTC	82.7	73.4 %	44.1	77.9 %	38.6	87.5 %
Wholesale	82.2	47.3 %	57.9	45.5 %	24.3	42.0 %
Other	0.8	27.6 %	(3.0)	(8.1)%	3.8	126.7 %
Total gross profit	165.7	57.3 %	99.0	44.8 %	66.7	67.4 %

DTC

Gross profit in our DTC segment was \$82.7m for the two quarters ended September 26, 2021 compared to \$44.1m for the two quarters ended September 27, 2020. The increase of \$38.6m in gross profit was attributable to higher revenues. The gross margin was 73.4% for the two quarters ended September 26, 2021, a decrease of 4.5% compared to 77.9% in the comparative period. The gross margin in the prior year benefited from an allocation of COVID-19 related government payroll subsidies (-350 bps) and a duty recovery of \$1.7m relating to China shipments (-150 bps). During the two quarters ended September 26, 2021, gross margin was favourably impacted by channel mix due to higher sales volumes from retail stores (+240 bps) and incremental benefits from pricing (+80 bps), which were partially offset by higher duty costs (-110 bps) and the increase in sales volumes in non-parka categories, typically with lower margins (-100 bps).

Wholesale

Gross profit in our Wholesale segment was \$82.2m for the two quarters ended September 26, 2021 compared to \$57.9m for the two quarters ended September 27, 2020. The increase in gross profit of \$24.3m was attributable to higher revenues. The gross margin was 47.3% for the two quarters ended September 26, 2021, an increase of 1.8% compared to 45.5% in the comparative period. The gross margin in the prior year benefited from an allocation of COVID-19 related government payroll subsidies (-550 bps). During the two quarters ended September 26, 2021, the increase in gross margin was driven by a higher proportion of sales to our wholesale partners compared to international distributors (+620 bps), incremental benefits from pricing (+250 bps), and reduced production costs related to COVID-19 protocols (+100 bps), which were partially offset by unfavourable impacts from product mix due to higher sales in non-parka categories (-220 bps).

Other

Gross profit in our Other segment was \$0.8m for the two quarters ended September 26, 2021 compared to gross loss of \$(3.0)m for the two quarters ended September 27, 2020, an increase of \$3.8m or 126.7%. In response to COVID-19, the Company sold \$35.8m of PPE with a gross profit and gross margin of \$nil and 0%, respectively, in the comparative period. Gross profit and gross margin were affected by \$4.3m (-1,160 bps) in overhead costs resulting from the temporary closure of our manufacturing facilities due to COVID-19 in the comparative period.

SG&A Expenses

SG&A expenses were \$172.9m for the two quarters ended September 26, 2021 compared to \$111.0m for the two quarters ended September 27, 2020. The increase in SG&A expenses of \$61.9m or 55.8% was attributable to \$15.7m of incremental investment in marketing to assist with brand awareness and support our growth through our digital sales channels around the world ahead of peak season, \$6.4m in strategic initiatives, including digital capabilities and the launch of Canada Goose footwear, \$8.6m in higher costs related to the retail store network expansion and the reopening of existing retail stores, and \$4.9m of unfavourable foreign exchange fluctuations related to working capital and the Term Loan Facility, net of hedge impacts. The comparative period also benefited from the \$3.0m release of a non-cash sales contract provision discussed above and \$11.2m in COVID-19 related government payroll subsidies which did not recur.

CAD \$ millions	Two quarters ended				\$ Change	% Change
	September 26, 2021		September 27, 2020			
	Reported	% of segment revenue	Reported	% of segment revenue		
DTC	38.6	34.3 %	25.4	44.9 %	(13.2)	(52.0)%
Wholesale	21.8	12.6 %	18.4	14.5 %	(3.4)	(18.5)%
Other	112.5		67.2		(45.3)	(67.4)%
Total SG&A expenses	172.9	59.8 %	111.0	50.2 %	(61.9)	(55.8)%

DTC

SG&A expenses in our DTC segment for the two quarters ended September 26, 2021 were \$38.6m, or 34.3% of segment revenue, compared to \$25.4m, or 44.9% of segment revenue, for the two quarters ended September 27, 2020, an increase of \$13.2m, or 52.0%. The increase of \$13.2m or 52.0% was attributable to \$4.6m of higher personnel costs, \$4.0m of higher operating costs due to incremental new stores and the reopening of existing retail stores, and \$0.3m of incremental warranty costs due to higher sales volumes relative to the comparative period. Additionally there were \$1.3m of higher costs related to e-Commerce volumes and to support our e-Commerce platform. The comparative period also benefited from \$2.0m of COVID-19 related government payroll subsidies which did not recur. Pre-store opening costs and COVID-19 related temporary store closure costs of \$0.7m and less than \$0.1m, respectively, were recognized in the two quarters ended September 26, 2021 compared to pre-store opening costs and COVID-19 related temporary store closure costs of \$1.7m and \$1.9m, respectively, in the comparative quarter.

Wholesale

SG&A expenses in our Wholesale segment were \$21.8m for the two quarters ended September 26, 2021 compared to \$18.4m for the two quarters ended September 27, 2020. The increase of \$3.4m or 18.5% was attributable to \$1.1m of higher freight costs driven by incremental volume and \$0.5m of incremental warranty costs due to higher sales volumes in the current period. The comparative period also benefited from \$1.4m of COVID-19 related government payroll subsidies which did not recur.

Other

SG&A expenses in our Other segment, which include unallocated corporate expenses, were \$112.5m for the two quarters ended September 26, 2021 compared to \$67.2m for the two quarters ended September 27, 2020. The increase of \$45.3m or 67.4% was attributable to \$15.7m of incremental investment in marketing and \$6.4m in strategic initiatives as discussed above, \$4.5m of higher performance-based compensation, and \$4.1m of unfavourable foreign exchange fluctuations related to working capital denominated in currencies other than Canadian dollars and the Term Loan Facility, net of hedge impacts. The comparable period also benefited from the \$3.0m release of a non-cash sales contract provision as a result of the expiration of the statute of limitations in the respective jurisdiction and \$7.8m of government payroll subsidies which did not recur.

Depreciation and amortization

Depreciation and amortization was \$42.2m for the two quarters ended September 26, 2021 compared to \$32.2m for the two quarters ended September 27, 2020, an increase of \$10.0m or 31.1%. Of this increase, \$8.4m was driven by continued retail expansion. Depreciation expense on right-of-use assets of \$1.4m and \$0.2m was related to pre-store opening costs and COVID-19 related temporary store closures, respectively, in the two quarters ended September 26, 2021 compared to \$2.0m and \$4.0m of pre-store opening costs and COVID-19 related temporary store closures, respectively, in the two quarters ended September 27, 2020.

CAD \$ millions	Two quarters ended		\$ Change	% Change
	September 26, 2021	September 27, 2020		
	Reported	Reported		
DTC	32.2	23.8	(8.4)	(35.3)%
Wholesale	1.8	1.8	—	— %
Other	8.2	6.6	(1.6)	(24.2)%
Total depreciation and amortization	42.2	32.2	(10.0)	(31.1)%

Operating Income (Loss) and Margin

Operating loss and operating margin were \$(49.4)m and (17.1)% for the two quarters ended September 26, 2021 compared to operating loss and operating margin of \$(44.2)m and (20.0)% for the two quarters ended September 27, 2020. The increase in operating loss of \$5.2m or 11.8% was attributable to higher operating costs, partially offset by higher gross profit.

CAD \$ millions	Two quarters ended				\$ Change	% Change
	September 26, 2021		September 27, 2020			
	Operating income (loss)	Operating margin	Operating (loss) income	Operating margin		
DTC	11.9	10.6 %	(5.1)	(9.0)%	17.0	333.3 %
Wholesale	58.6	33.7 %	37.7	29.6 %	20.9	55.4 %
Other	(119.9)		(76.8)		(43.1)	(56.1)%
Total operating loss	<u>(49.4)</u>	(17.1)%	<u>(44.2)</u>	(20.0)%	<u>(5.2)</u>	(11.8)%

DTC

DTC segment operating income was \$11.9m for the two quarters ended September 26, 2021 compared to operating loss of \$(5.1)m for the two quarters ended September 27, 2020. The increase in operating income of \$17.0m and operating margin of 19.6% were attributable to improved sales volumes from reduced COVID-19 impacts globally. This was partially offset by higher personnel and operating costs, as well as increased depreciation and amortization due to incremental new stores and increased overall store activity relative to the comparative period. Pre-store opening costs and COVID-19 related temporary store closure costs of \$2.1m and \$0.2m, respectively, were recognized in the two quarters ended September 26, 2021 compared to pre-store opening costs and COVID-19 related temporary store closure costs of \$3.7m and \$5.9m, respectively, in the comparative period.

Wholesale

Wholesale segment operating income was \$58.6m for the two quarters ended September 26, 2021 compared to operating income of \$37.7m for the two quarters ended September 27, 2020. The increase in operating income of \$20.9m or 55.4% was attributable to a higher segment revenue and gross profit, partially offset by higher SG&A expenses as discussed above.

Other

Other segment operating loss was \$(119.9)m for the two quarters ended September 26, 2021 compared to \$(76.8)m for the two quarters ended September 27, 2020. The increase in operating loss of \$43.1m or 56.1% was attributable to \$45.3m of higher SG&A expenses as discussed above, partially offset by \$4.3m of overhead costs resulting from the temporary closure of our manufacturing facilities due to COVID-19 in the comparative period.

Net Interest, Finance and Other Costs

Net interest, finance and other costs were \$24.4m for the two quarters ended September 26, 2021 compared to \$12.7m for the two quarters ended September 27, 2020. The increase of \$11.7m or 92.1% was driven by the acceleration of unamortized costs of \$9.5m in connection

with the Repricing Amendment (as defined below) on the Term Loan Facility and higher interest charges of \$5.0m on the Term Loan Facility due to higher gross borrowings from the comparative period and a higher average interest rate, partially offset by corporate restructuring costs of \$1.7m incurred in the comparative period and lower borrowings under the Revolving Facility.

Income Taxes

Income tax recovery was \$26.1m for the two quarters ended September 26, 2021 compared to an income tax recovery of \$17.2m for the two quarters ended September 27, 2020. For the two quarters ended September 26, 2021, the effective and statutory tax rates were 35.4% and 25.4%, respectively, compared to 30.2% and 25.5% for the two quarters ended September 27, 2020, respectively. Given our global operations, the effective tax rate is largely impacted by our profit or loss in taxable jurisdictions relative to the applicable tax rates.

Net Loss

Net loss for the two quarters ended September 26, 2021 was \$(47.7)m compared to \$(39.7)m for the two quarters ended September 27, 2020, driven by the factors described above.

Quarterly Financial Information

The following is a summary of selected consolidated financial information for each of the eight most recently completed quarters:

CAD \$ millions (except per share data)	Fiscal 2022		Fiscal 2021				Fiscal 2020	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
Revenue								
DTC	83.2	29.4	172.2	299.4	46.2	10.4	114.2	301.8
Wholesale	147.9	25.8	33.3	160.8	118.5	8.7	25.0	145.3
Other	1.8	1.1	3.3	13.8	30.1	7.0	1.7	5.0
Total	232.9	56.3	208.8	474.0	194.8	26.1	140.9	452.1
% of fiscal year revenue	— %	— %	23.1 %	52.5 %	21.6 %	2.9 %	14.7 %	47.2 %
Net income (loss)	9.0	(56.7)	2.9	107.0	10.4	(50.1)	2.5	118.0
Earnings (loss) per share								
Basic	\$ 0.08	\$ (0.51)	\$ 0.03	\$ 0.97	\$ 0.09	\$ (0.46)	\$ 0.02	\$ 1.08
Diluted	\$ 0.08	\$ (0.51)	\$ 0.03	\$ 0.96	\$ 0.09	\$ (0.46)	\$ 0.02	\$ 1.07
Adjusted EBIT ⁽¹⁾	16.1	(60.2)	5.4	157.9	15.7	(46.5)	(9.7)	163.8
Adjusted net income (loss) per diluted share ⁽¹⁾	\$ 0.12	\$ (0.45)	\$ 0.01	\$ 1.01	\$ 0.10	\$ (0.35)	\$ (0.12)	\$ 1.08

⁽¹⁾ See "Non-IFRS Financial Measures" for a description of these measures and a reconciliation to the nearest IFRS measure.

Revenue in our wholesale segment is highest in our second and third quarters as we fulfill wholesale customer orders in time for the Fall and Winter retail seasons, and, in our DTC segment, in the third and fourth quarters. Our net income is typically negative in the first quarter and reduced in the fourth quarter as we invest ahead of our peak season.

Revenue

Over the last eight quarters, revenue has been impacted by the following:

- the COVID-19 pandemic beginning in the fourth quarter of fiscal 2020;
- timing of store openings;
- launch and expansion of international e-Commerce sites;
- timing and extent of SG&A, including demand generation activities;
- increased manufacturing flexibility through a shift to in-house production, which has an impact on the timing of wholesale order shipments and customer demand;
- timing of end-consumer purchasing in the DTC segment and the availability of new products;
- successful execution of global pricing strategy;
- shift in mix of revenue from wholesale to DTC, which has impacted the seasonality of our financial performance;
- shift in geographic mix of sales to increase sales outside of Canada;

- fluctuation of foreign currencies relative to the Canadian dollar;
- political disruptions in Hong Kong beginning in June 2019;
- protests in many North American cities beginning in the first quarter of fiscal 2021; and
- PPE production beginning in the first quarter through to the third quarter of fiscal 2021.

Net Income (Loss)

Over the last eight quarters, net income (loss) has been affected by the following factors:

- impact of the items affecting revenue, as discussed above;
- costs incurred and relief received from government programs as a result of the COVID-19 pandemic beginning in the fourth quarter of fiscal 2020;
- increase and timing of our investment in brand, marketing, and administrative support as well as increased investment in property, plant, and equipment and intangible assets to support growth initiatives;
- increase in fixed SG&A costs associated with our business, particularly the headcount growth and premises costs associated with our expanding DTC channel, resulting in negative and reduced net income in our seasonally low-revenue first and fourth quarters, respectively;
- impact of foreign exchange;
- fluctuations in average cost of borrowings to address growing net working capital requirements and higher seasonal borrowings in the first and second quarters of each fiscal year to address the seasonal nature of revenue;
- pre-store opening costs incurred, timing of leases signed, and opening of stores;
- the nature and timing of transaction costs in connection with secondary offerings of shares, the Baffin acquisition, and amendments to long-term debt agreements; and
- the proportion of taxable income in non-Canadian jurisdictions and changes to rates and tax legislation in those jurisdictions.

NON-IFRS FINANCIAL MEASURES

The Company uses certain non-IFRS financial measures in this document and other documents, including EBIT, adjusted EBIT, adjusted EBIT margin, EBITDA, adjusted EBITDA, adjusted net income (loss), adjusted net income (loss) per basic and diluted share, constant currency revenue, net debt, net debt leverage, net working capital, net working capital turnover, and free operating cash flow. These financial measures are employed by the Company to measure its operating and economic performance and to assist in business decision-making, as well as providing key performance information to senior management. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors and analysts use this information to evaluate the Company's operating and financial performance. These financial measures are not defined under IFRS nor do they replace or supersede any standardized measure under IFRS. Other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

CAD \$ millions (except per share data)	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
EBIT	11.3	15.1	(49.4)	(44.2)
Adjusted EBIT	16.1	15.7	(44.1)	(30.8)
<i>Adjusted EBIT margin</i>	6.9 %	8.1 %	(15.2)%	(13.9)%
EBITDA	37.1	33.6	(0.1)	(6.9)
Adjusted EBITDA	41.1	32.6	3.6	0.5
Adjusted net income (loss)	13.2	11.5	(36.8)	(26.9)
Adjusted net income (loss) per basic share	\$ 0.12	\$ 0.10	\$ (0.33)	\$ (0.24)
Adjusted net income (loss) per diluted share	\$ 0.12	\$ 0.10	\$ (0.33)	\$ (0.24)
Free operating cash flow	(48.1)	(26.3)	(219.8)	(109.5)

CAD \$ millions	September 26, 2021	September 27, 2020	March 28, 2021
Net debt	(582.0)	(498.6)	(154.2)
Net working capital	356.7	385.2	202.1

EBIT, adjusted EBIT, adjusted EBIT margin, EBITDA, adjusted EBITDA, adjusted net income (loss), and adjusted net income (loss) per basic and diluted share

These non-IFRS measures exclude the impact of certain non-cash items and certain other adjustments related to events that are non-recurring or unusual in nature, including the COVID-19 pandemic, that we believe are not reflective of our ongoing operations and that make comparisons of underlying financial performance between periods difficult. We use, and believe that certain investors and analysts use, this information to evaluate our core financial and operating performance for business planning purposes, as well as to analyze how our business operates in, or responds to, swings in economic cycles or to other events that impact the apparel industry.

For the two quarters ended September 26, 2021 and for the two quarters ended September 27, 2020, we believe that identifying certain costs directly resulting from the impact of the COVID-19 pandemic and excluding these amounts from our calculation of the non-IFRS measures described above helps management and investors assess the impact of COVID-19 on our business as well as our general economic performance during the period. During the two quarters ended September 26, 2021, these primarily comprised of temporary store closure costs including depreciation and interest expenses. These were partially offset by rent concessions recognized during the period.

Constant currency revenue

Constant currency revenue is calculated by translating the prior year reported amounts into comparable amounts using a single foreign exchange rate for each currency calculated based on the current period exchange rates. We use, and believe that certain investors and analysts use, this information to assess how our business and geographic segments performed excluding the effects of foreign currency exchange rate fluctuations. See the Revenue section of

the “Results of Operations” for a reconciliation of reported revenue and revenue on a constant currency basis.

Net debt and net debt leverage

We define net debt as total indebtedness, net of cash, and net debt leverage as the ratio of net debt to adjusted EBITDA, measured on a spot basis. We use, and believe that certain investors and analysts use, these non-IFRS financial measures to determine the Company’s financial leverage and ability to meet its debt obligations. See “Financial Condition, Liquidity and Capital Resources - Indebtedness” below for a table providing the calculation of net debt and discussion of net debt leverage.

Net working capital and net working capital turnover

We define net working capital as current assets, net of cash, minus current liabilities, excluding the short-term borrowings and current portion of lease liabilities. Net working capital turnover is the ratio of average net working capital to revenue, by averaging net working capital for each quarter. We use, and believe that certain investors and analysts use, this information to assess the Company’s liquidity and management of net working capital resources. See “Financial Condition, Liquidity and Capital Resources” below for a table providing the calculation of net working capital.

Free operating cash flow

We define free operating cash flow as net cash flows from (used in) operating activities plus net cash flows from (used in) investing activities, minus principal payments on lease liabilities. We use, and believe that certain investors and analysts use, this information to assess the Company’s financial leverage and cash available for repayment of borrowings and other financing activities and as an indicator of operational financial performance. See “Cash Flows” below for a table providing the free operating cash flow balance for the quarter.

The tables below reconcile net income (loss) to EBIT, adjusted EBIT, EBITDA, adjusted EBITDA, and adjusted net income (loss) for the periods indicated. Adjusted EBIT margin is equal to adjusted EBIT for the period presented as a percentage of revenue for the same period.

CAD \$ millions	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Net income (loss)	9.0	10.4	(47.7)	(39.7)
<i>Add (deduct) the impact of:</i>				
Income tax recovery	(5.6)	(1.3)	(26.1)	(17.2)
Net interest, finance and other costs	7.9	6.0	24.4	12.7
EBIT	11.3	15.1	(49.4)	(44.2)
Unrealized foreign exchange loss (gain) on Term Loan Facility (a)	3.0	(0.9)	2.1	(1.0)
Share-based compensation (b)	—	0.1	0.1	0.2
Net temporary store closure costs (c)	—	0.3	0.2	5.8
Net excess overhead costs from temporary closure of manufacturing facilities (c)	—	—	—	4.3
Pre-store opening costs (d)	1.2	2.8	2.1	3.7
Transition of logistics agencies (g)	0.1	0.7	0.1	2.2
Costs of the Baffin acquisition (h)	—	0.5	—	0.9
Non-cash provision release (i)	—	(3.0)	—	(3.0)
Other (k)	0.5	0.1	0.7	0.3
Total adjustments	4.8	0.6	5.3	13.4
Adjusted EBIT	16.1	15.7	(44.1)	(30.8)
<i>Adjusted EBIT margin</i>	6.9 %	8.1 %	(15.2)%	(13.9)%
<i>Add the impact of:</i>				
Depreciation and amortization ⁽¹⁾	25.8	18.5	49.3	37.3
EBITDA⁽²⁾	37.1	33.6	(0.1)	(6.9)
Adjusted EBITDA⁽³⁾	41.1	32.6	3.6	0.5

⁽¹⁾ Depreciation and amortization include depreciation on right-of-use assets under IFRS 16, Leases.

⁽²⁾ EBITDA is defined as earnings before interest, taxes, depreciation and amortization. We reported earnings before interest, taxes, depreciation and amortization, and rent expense ("EBITDAR") in prior periods. EBITDAR has been replaced with EBITDA given the rent component used in the calculation of EBITDAR is not meaningful.

(3) Adjusted EBITDA is calculated as EBITDA, adjusted for items (a) to (i) but excluding \$nil and \$0.2m of net temporary store closure costs in (c), and \$0.8m and \$1.4m of pre-store opening costs in (d), for the second and two quarters ended September 26, 2021, respectively, compared to the exclusion of net temporary store closure costs of \$0.2m and \$4.0m and pre-store opening costs of \$1.4m and \$2.0m for the second and two quarters ended September 27, 2020, respectively.

CAD \$ millions	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Net income (loss)	9.0	10.4	(47.7)	(39.7)
<i>Add (deduct) the impact of:</i>				
Unrealized foreign exchange loss (gain) on Term Loan Facility (a)	3.0	(0.9)	2.1	(1.0)
Share-based compensation (b)	—	0.1	0.1	0.2
Net temporary store closure costs (c) (e)	—	0.4	0.2	7.1
Net excess overhead costs from temporary closure of manufacturing facilities (c)	—	—	—	4.3
Pre-store opening costs (d) (f)	1.4	3.1	2.4	4.2
Transition of logistics agencies (g)	0.1	0.7	0.1	2.2
Costs of the Baffin acquisition (h)	—	0.5	—	0.9
Non-cash provision release (i)	—	(3.0)	—	(3.0)
Acceleration of unamortized costs on Term Loan Facility Repricing (j)	—	—	9.5	—
Restructuring expense (c)	—	0.1	—	1.7
Other (k)	0.5	0.1	0.7	0.3
Total adjustments	5.0	1.1	15.1	16.9
Tax effect of adjustments	(0.8)	—	(4.2)	(4.1)
Adjusted net income (loss)	<u>13.2</u>	<u>11.5</u>	<u>(36.8)</u>	<u>(26.9)</u>

(a) Unrealized gains and losses on the translation of the Term Loan Facility from USD to CAD, net of the effect of derivative transactions entered into to hedge a portion of the exposure to foreign currency exchange risk.

(b) Non-cash based compensation expense on stock options issued prior to the Company's initial public offering ("IPO") under the Legacy Plan and cash payroll taxes paid of less than \$0.1m and \$0.1m in the second and two quarters ended September 26, 2021, respectively, (second and two quarters ended September 27, 2020 - less than \$0.1m and \$0.1m, respectively) on gains earned by option holders (compensation) when stock options are exercised.

(c) Net temporary store closure costs of less than \$0.1m and \$0.2m were incurred in the second and two quarters ended September 26, 2021, respectively. These were comprised of temporary store costs of less than \$0.1m and \$0.4m, partially offset by government subsidies of less than \$0.1m and \$0.2m in Europe in the second and two quarters ended September 26, 2021, respectively. Globally, government subsidies of \$12.0m and \$20.7m were recognized in the second and two quarters ended September 27, 2020, respectively.

Government subsidies were recorded as a reduction to excess overhead costs from temporary closure of manufacturing facilities (\$7.8m and \$9.1m), temporary store closure costs (\$0.5m and \$1.4m), and restructuring expense (\$0.1m and \$0.4m), for the second and two quarters ended September 27, 2020, respectively. The benefit of \$11.4m and \$17.6m of government subsidies therefore remained in adjusted EBIT as a reduction to the associated wage costs for the second and two quarters ended September 27, 2020, respectively.

- (d) Costs incurred during pre-opening periods for new retail stores, including depreciation on right-of-use assets.
- (e) Includes less than \$0.1m and less than \$0.1m of interest expense on lease liabilities for temporary store closures for the second and two quarters ended September 26, 2021, respectively (second and two quarters ended September 27, 2020 - \$0.1m and \$1.3m, respectively).
- (f) Pre-store opening costs incurred in (d) above plus \$0.2m and \$0.3m of interest expense on lease liabilities for new retail stores during pre-opening periods for the second and two quarters ended September 26, 2021, respectively (second and two quarters ended September 27, 2020 - \$0.3m and \$0.5m, respectively).
- (g) Costs incurred for the transition of logistics, warehousing, and freight forwarding agencies to enhance our global distribution structure.
- (h) Costs in connection with the Baffin acquisition and the impact of gross margin that would otherwise have been recognized on inventory recorded at net realizable value less costs to sell.
- (i) Release of a non-cash sales contract provision as a result of the expiration of the statute of limitations in the respective jurisdiction in the second and two quarters ended September 27, 2020.
- (j) Non-cash unamortized costs accelerated in connection with the Repricing Amendment on April 9, 2021.
- (k) Includes costs for class action lawsuits and rent abatement received.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

The following table represents our net working capital⁽¹⁾ position as at September 26, 2021, September 27, 2020 and March 28, 2021.

CAD \$ millions	September 26, 2021	September 27, 2020	\$ Change	March 28, 2021	\$ Change
Current assets	685.2	736.1	(50.9)	896.9	(211.7)
Deduct: Cash	(98.9)	(156.3)	57.4	(477.9)	379.0
Current assets, net of cash	586.3	579.8	6.5	419.0	167.3
Current liabilities	312.7	249.1	63.6	262.1	50.6
<i>Deduct the impact of:</i>					
Short-term borrowings	(27.3)	(11.0)	(16.3)	—	(27.3)
Current portion of lease liabilities	(55.8)	(43.5)	(12.3)	(45.2)	(10.6)
Current liabilities, net of Short-term borrowings and lease liabilities	229.6	194.6	35.0	216.9	12.7
Net working capital ⁽¹⁾	<u>356.7</u>	<u>385.2</u>	<u>(28.5)</u>	<u>202.1</u>	<u>154.6</u>

⁽¹⁾ See "Non-IFRS Financial Measures" for a description of this measure.

As at September 26, 2021, we had \$356.7m of net working capital compared to \$385.2m of net working capital as at September 27, 2020. The \$28.5m decrease, or 7.4%, was driven by an increase in accounts payable and accrued liabilities due to higher accrued expenses attributable to the expanded retail network. Net working capital turnover⁽¹⁾ was 27.9% in the quarter ended September 26, 2021.

As at September 26, 2021, we had \$356.7m of net working capital compared to \$202.1m of net working capital as at March 28, 2021.

Cash Flows

The following table summarizes the Company's consolidated statement of cash flows for the second and two quarters ended September 26, 2021 compared to the second and two quarters ended September 27, 2020.

CAD \$ millions	Second quarter ended			Two quarters ended		
	September 26, 2021	September 27, 2020	\$ Change	September 26, 2021	September 27, 2020	\$ Change
Total cash (used in) provided by:						
Operating activities	(26.7)	(13.5)	(13.2)	(181.2)	(83.3)	(97.9)
Investing activities	(11.7)	(4.0)	(7.7)	(19.0)	(8.8)	(10.2)
Financing activities	(169.3)	14.1	(183.4)	(172.7)	217.6	(390.3)
Effects of foreign currency exchange rate changes on cash	0.7	(0.4)	1.1	(6.1)	(0.9)	(5.2)
(Decrease) increase in cash	(207.0)	(3.8)	(203.2)	(379.0)	124.6	(503.6)
Cash, beginning of period	305.9	160.1	145.8	477.9	31.7	446.2
Cash, end of period	98.9	156.3	(57.4)	98.9	156.3	(57.4)
Free operating cash flow ⁽¹⁾	(48.1)	(26.3)	(21.8)	(219.8)	(109.5)	(110.3)

⁽¹⁾ See "Non-IFRS Financial Measures" for a description of this measure.

Cash Requirements

Our primary need for liquidity is to fund net working capital, capital expenditures, debt services, and general corporate requirements of our business. Our primary source of liquidity to meet our cash requirements is cash generated from operating activities over our annual operating cycle. We also utilize the Mainland China Facilities, the Revolving Facility, and the Trade accounts receivable factoring program to provide short-term liquidity and to have funds available for net working capital. Our ability to fund our operations, invest in planned capital expenditures, meet debt obligations, and repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject, but not limited to, prevailing economic, financial, and business conditions, some of which are beyond our control. Cash generated from operating activities is significantly impacted by the seasonality of our business. Historically, cash flows from operating activities have been highest in the third and fourth fiscal quarters of the fiscal year due to revenue from the DTC channel and the collection of receivables from wholesale revenue earlier in the year.

Cash flows used in operating activities

Cash flows used in operating activities were \$26.7m for the second quarter ended September 26, 2021 compared to \$13.5m for the second quarter ended September 27, 2020. The increase in cash used in operating activities of \$13.2m was driven by \$24.4m of increased inventory production as our manufacturing facilities had limited production in the comparative quarter, partially offset by \$9.1m of lower settlements of trade payables.

Cash flows used in operating activities were \$181.2m for the two quarters ended September 26, 2021 compared to \$83.3m for the two quarters ended September 27, 2020. The expected increase in cash used in operating activities of \$97.9m was driven by \$71.0m of increased inventory production as our manufacturing facilities exclusively produced PPE in the comparative period and \$22.6m of higher settlements of trade payables.

Cash flows used in investing activities

Cash flows used in investing activities were \$11.7m for the second quarter ended September 26, 2021 compared to cash flows used in investing activities of \$4.0m for the second quarter ended September 27, 2020. The increase in cash flows used in investing activities of \$7.7m was due to the investment program behind our strategic initiatives, including higher costs incurred for retail store construction driven by the timing of store openings.

Cash flows used in investing activities were \$19.0m for the two quarters ended September 26, 2021 compared to cash flows used in investing activities of \$8.8m for the two quarters ended September 27, 2020. The increase in cash flows used in investing activities of \$10.2m was due to the investment program behind our strategic initiatives as described above.

Cash flows (used in) from financing activities

Cash flows used in financing activities were \$169.3m for the second quarter ended September 26, 2021 compared to cash flows from financing activities of \$14.1m for the second quarter ended September 27, 2020. The increase in cash flows used in financing activities of \$183.4m was driven by \$176.9m and \$2.7m of payments for the purchase of subordinate voting shares that were cancelled and held for cancellation, respectively, related to the normal course issuer bid ("NCIB") that was initiated during the second quarter ended September 26, 2021. Refer to the "Normal course issuer bid" section of this MD&A for additional details.

Cash flows used in financing activities were \$172.7m for the two quarters ended September 26, 2021 compared to cash flows from financing activities of \$217.6m for the two quarters ended September 27, 2020. The increase in cash flows used in financing activities of \$390.3m was driven by \$221.3m of higher borrowings on the Revolving Facility in the comparative period and the payments for the purchase of subordinate voting shares related to the NCIB as described above.

Free operating cash flow⁽¹⁾

The table below reconciles the cash flows used in operating and investing activities, and principal payments on lease liabilities to free operating cash flow.

CAD \$ millions	Second quarter ended			Two quarters ended		
	September 26, 2021	September 27, 2020	\$ Change	September 26, 2021	September 27, 2020	\$ Change
Total cash used in:						
Operating activities	(26.7)	(13.5)	(13.2)	(181.2)	(83.3)	(97.9)
Investing activities	(11.7)	(4.0)	(7.7)	(19.0)	(8.8)	(10.2)
Deduct the impact of:						
Principal payments on lease liabilities	(9.7)	(8.8)	(0.9)	(19.6)	(17.4)	(2.2)
Free operating cash flow⁽¹⁾	(48.1)	(26.3)	(21.8)	(219.8)	(109.5)	(110.3)

⁽¹⁾ See "Non-IFRS Financial Measures" for a description of this measure.

Free operating cash flows used in the second quarter ended September 26, 2021 decreased to \$(48.1)m from \$(26.3)m for the second quarter ended September 27, 2020 due to higher cash flows used in operating and investing activities as described above and higher principal paid on lease liabilities.

Free operating cash flows used in the two quarters ended September 26, 2021 decreased to \$(219.8)m from \$(109.5)m for the two quarters ended September 27, 2020 due to higher cash flows used in operating and investing activities as described above and higher principal paid on lease liabilities.

Indebtedness

The following table presents our net debt⁽¹⁾ as at September 26, 2021, September 27, 2020, and March 28, 2021.

CAD \$ millions	September 26, 2021	September 27, 2020	\$ Change	March 28, 2021	\$ Change
Cash	98.9	156.3	(57.4)	477.9	(379.0)
Mainland China Facilities	(23.5)	(11.0)	(12.5)	—	(23.5)
Revolving Facility	—	(224.9)	224.9	—	—
Term Loan Facility	(377.6)	(152.3)	(225.3)	(377.3)	(0.3)
Lease liabilities	(279.8)	(266.7)	(13.1)	(254.8)	(25.0)
Net debt⁽¹⁾	(582.0)	(498.6)	(83.4)	(154.2)	(427.8)

⁽¹⁾ See "Non-IFRS Financial Measures" for a description of this measure.

As at September 26, 2021, net debt was \$582.0m compared to \$498.6m as at September 27, 2020. The increase of \$83.4m was driven by a lower cash position of \$57.4m and an increase of \$13.1m in lease liabilities. The Revolving Facility balance from the comparative quarter of \$224.9m was replaced with increased borrowings on the Term Loan Facility of \$225.3m due to the Refinancing Amendment. Net debt leverage⁽¹⁾ as at September 26, 2021 was 2.7 times adjusted EBITDA.

Net debt as at September 26, 2021 was \$582.0m compared to \$154.2m as at March 28, 2021. The increase in net debt of \$427.8m was driven by the consumption of cash of \$379.0m, which includes the purchase of subordinate voting shares for total cash consideration of \$179.6m, in the two quarters ended September 26, 2021.

Revolving Facility

The Company has an agreement with a syndicate of lenders for a senior secured asset-based credit facility ("Revolving Facility") consisting of a revolving credit facility in the amount of \$467.5m, with an increase in commitments to \$517.5m during the peak season (June 1 - November 30). The Revolving Facility matures on June 3, 2024. Amounts owing under the Revolving Facility may be borrowed, repaid and re-borrowed for general corporate purposes.

As at September 26, 2021, the Company had repaid all amounts owing on the Revolving Facility (September 27, 2020 - \$224.9m and March 28, 2021 - \$nil) and related deferred financing charges in the amounts of \$1.1m (September 27, 2020 - \$1.9m and March 28, 2021 - \$1.7m) were included in other long-term liabilities. As at and during the two quarters ended September 26, 2021, the Company was in compliance with all covenants.

The Company had unused borrowing capacity available under the Revolving Facility of \$328.6m as at September 26, 2021 (September 27, 2020 - \$101.8m, March 28, 2021 - \$181.2m).

The Company had a first-in, last-out facility included in the Revolving Facility in the amount of \$50.0m which matured on May 25, 2021. No amounts were outstanding at the time of maturity and the first-in, last-out facility has not been renewed. As the facility was not renewed, deferred financing costs of \$0.4m were written off to the statement of income (loss).

As at September 26, 2021, the Company had letters of credit outstanding under the Revolving Facility of \$5.8m (September 27, 2020 - \$5.7m, March 28, 2021 - \$5.0m).

Term Loan Facility

The Company has a senior secured loan agreement with a syndicate of lenders that is secured on a split collateral basis alongside the Revolving Facility. As a result of the Refinancing Amendment which took place on October 7, 2020, the aggregate principal amount owing increased to US\$300.0m from US\$113.8m.

On April 9, 2021, the Company entered into an agreement with its lenders to reprice its term loan, referred to as the Repricing Amendment and Fifth Amendment to Credit Agreement ("Repricing Amendment"). The Repricing Amendment decreases the interest to a rate of LIBOR plus an applicable margin of 3.50% from LIBOR plus an applicable margin of 4.25%, payable quarterly in arrears. The Company elected to account for the Repricing Amendment as a debt extinguishment and re-borrowing of the loan amount. As a result, the acceleration of unamortized costs of \$9.5m was included in net interest, finance and other costs in the statement of income (loss). In connection with the Repricing Amendment, the Company incurred transaction costs of \$0.9m which are being amortized using the effective interest rate method over the new term to maturity.

As a result of the Repricing Amendment, there were no changes to the following terms from the existing Term Loan Facility: a) the aggregate principal amount of US\$300.0m; b) the maturity date of October 7, 2027; c) LIBOR may not be less than 0.75%, and d) US\$0.75m on the principal amount is repayable quarterly. The Repricing Amendment had no impact on the existing derivative contracts entered into on October 30, 2020.

Voluntary prepayments of amounts owing under the Term Loan Facility may be made at any time without premium or penalty but once repaid may not be reborrowed. The Company began quarterly repayments of US\$0.75m on the principal amount during the first quarter ended June 27, 2021. The Company has pledged substantially all of its assets as collateral for the Term Loan Facility. The Term Loan Facility contains financial and non-financial covenants, which could impact the Company's ability to draw funds. As at and during the two quarters ended September 26, 2021, the Company was in compliance with all covenants.

As the Term Loan Facility is denominated in U.S. dollars, the Company remeasures the outstanding balance in Canadian dollars at each balance sheet date. As at September 26, 2021, we had \$377.6m (US\$298.5m) aggregate principal amount outstanding under the Term Loan Facility (March 28, 2021 - \$377.3m). The difference in amounts in these periods is the result of the change in the CAD:USD exchange rate. As at September 27, 2020, prior to the Refinancing Amendment, the aggregate principal amount owing was \$152.3m.

Mainland China Facilities

A subsidiary of the Company in Mainland China has two uncommitted loan facilities from different institutions in the aggregate amount of RMB 310.0m ("Mainland China Facilities"). The term of each draw on the loans is one, three or six months or such other period as agreed upon and shall not exceed twelve months (including any extension or rollover). The interest rate on each facility is equal to loan prime rate of 1 year, plus 0.15% per annum, and payable at one, three or six months, depending on the term of each draw. Proceeds drawn on the Mainland China Facilities are being used to support working capital requirements and build up of inventory for peak season sales. As at September 26, 2021, the Company had \$23.5m owing on the Mainland China Facilities (September 27, 2020 - \$11.0m, March 28, 2021 - \$nil).

Short-term Borrowings

As at September 26, 2021, the Company has short-term borrowings in the amount of \$27.3m. Short-term borrowings include \$23.5m (September 27, 2020 - \$11.0m, March 28, 2021 - \$nil) owing on the Mainland China Facilities and \$3.8m (September 27, 2020 - \$nil, March 28, 2021 - \$nil) for the quarterly principal repayments on the term loan. Short-term borrowings are all due within the next 12 months.

Lease Liabilities

The Company had \$279.8m (September 27, 2020 - \$266.7m, March 28, 2021 - \$254.8m) of lease liabilities as at September 26, 2021, of which \$55.8m (September 27, 2020 - \$43.5m, March 28, 2021 - \$45.2m) are due within one year. Lease liabilities represent the discounted amount of future payments under leases for right-of-use assets.

Normal course issuer bid

The Company has initiated a NCIB in relation to its subordinate voting shares. The Company is authorized to make purchases under the NCIB from August 20, 2021 to August 19, 2022, in accordance with the requirements of the Toronto Stock Exchange (the "TSX"). The Board of Directors of the Company has authorized the Company to repurchase up to 5,943,239 subordinate voting shares, representing approximately 10.0% of the issued and outstanding subordinate voting shares as at August 6, 2021. Purchases will be made by means of open market transactions on both the TSX and the New York Stock Exchange (the "NYSE"), or alternative trading systems, if eligible, or by such other means as a securities regulatory authority may permit. Under the NCIB, the Company will be allowed to purchase daily, through the facilities of the TSX, a maximum of 256,010 subordinate voting shares, representing 25% of the average daily trading volume, as calculated per the TSX rules for the six-month period starting on February 1, 2021 to July 31, 2021. Repurchased subordinate voting shares will be cancelled. A copy of the Company's notice of intention to commence a normal course issuer bid through the facilities of the TSX may be obtained, without charge, by contacting the Company. The Company believes that the purchase of its subordinate voting shares under the NCIB is an appropriate and desirable use of available excess cash.

Further, the Board of Directors has authorized the Company to initiate an automatic share purchase plan ("ASPP") under which a designated broker may purchase subordinate voting shares under the NCIB during the regularly scheduled quarterly trading blackout period. The repurchases made under the ASPP will be made in accordance with certain purchasing parameters and will continue until the earlier of the date in which the Company has acquired the maximum limit of subordinate voting shares pursuant to the ASPP or upon the date of expiry of the NCIB.

During the two quarters ended September 26, 2021, the Company purchased 3,802,436 subordinate voting shares for cancellation for total cash consideration of \$179.6m and a payable to the designated broker of \$4.6m. The amount to purchase the subordinate voting shares has been charged to share capital, with the remaining \$176.3m charged to retained earnings. Of the 3,802,436 subordinate voting shares purchased, 987,088 were purchased under the ASPP for total cash consideration of \$42.1m.

A liability representing the maximum amount that the entity could be required to pay the designated broker under the ASPP was \$3.3m as at September 26, 2021. The amount has been charged to contributed surplus. Subsequent to the quarter and as of the date hereof, the Company purchased an additional 62,700 subordinate voting shares for cancellation for total cash consideration of \$3.0m under the ASPP. The ASPP has concluded as of the date hereof and the remaining liability to the designated broker is \$nil.

Capital Management

The Company manages its capital and capital structure, with the objectives of safeguarding sufficient net working capital⁽¹⁾ over the annual operating cycle and providing sufficient financial resources to grow operations to meet long-term consumer demand. The Board of Directors of

the Company monitors the Company's capital management on a regular basis. We will continually assess the adequacy of the Company's capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and risk characteristics of the business.

⁽¹⁾ See "Non-IFRS Financial Measures" for a description of these measures.

Contractual Obligations

The following table summarizes the amount of contractual undiscounted future cash flow requirements as at September 26, 2021:

CAD \$ millions	Q3 & Q4	2023	2024	2025	2026	2027	Thereafter	Total
	2022							
	\$	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	195.2	—	—	—	—	—	—	195.2
Mainland China Facilities	23.5	—	—	—	—	—	—	23.5
Term Loan Facility	1.9	3.8	3.8	3.8	3.8	3.8	356.7	377.6
Interest commitments relating to borrowings ⁽¹⁾	9.0	16.0	16.0	16.0	16.0	16.0	8.0	97.0
Foreign exchange forward contracts	—	4.8	—	—	15.0	—	—	19.8
Lease obligations	32.1	63.9	53.2	47.7	36.2	29.3	51.1	313.5
Pension obligation	—	—	—	—	—	—	2.0	2.0
Total contractual obligations	261.7	88.5	73.0	67.5	71.0	49.1	417.8	1,028.6

⁽¹⁾ Interest commitments are calculated based on the loan balance and the interest rate payable on the Mainland China Facilities and the Term Loan Facility of 4.26% and 4.25%, respectively, as at September 26, 2021.

As at September 26, 2021, we had additional liabilities which included provisions for warranty, sales returns, asset retirement obligations, and deferred income tax liabilities. These liabilities have not been included in the table above as the timing and amount of future payments are uncertain.

Off-Balance Sheet Arrangements

The Company uses off-balance sheet arrangements including letters of credit and guarantees in connection with certain obligations, including leases. In Europe, the Company also entered into an agreement to factor, on a limited recourse basis, certain of its trade accounts receivable up to a limit of €20.0m in exchange for advanced funding equal to 100% of the principal value of the invoice. Refer to the "Credit risk" section of this MD&A for additional details on the Trade accounts receivable factoring program. Other than those items disclosed here and elsewhere in this MD&A and our financial statements, we did not have any material off-balance sheet arrangements or commitments as at September 26, 2021.

Letter of guarantee facility

On April 14, 2020, Canada Goose Inc. entered into a letter of guarantee facility in the amount of \$10.0m. Letters of guarantee are available for terms of up to twelve months and will be charged a fee equal to 1.2% per annum calculated against the face amount and over the term of the guarantee. Amounts issued on the facility will be used to finance working capital requirements through letters of guarantee, standby letters of credit, performance bonds, counter guarantees, counter standby letters of credit, or similar credits. The Company immediately reimburses the

issuing bank for amounts drawn on issued letters of guarantees. At September 26, 2021, the Company had \$6.0m outstanding in connection to the letters of guarantee.

In addition, during the second quarter ended September 26, 2021, a subsidiary of the Company in Mainland China entered into letters of guarantee in the amount of \$9.2m. Amounts will be used to finance working capital requirements through letters of guarantee, standby letters of credit, performance bonds, counter guarantees, counter standby letters of credit, or similar credits.

Outstanding Share Capital

Canada Goose is a publicly traded company and the subordinate voting shares are listed on the New York Stock Exchange (NYSE: GOOS) and on the Toronto Stock Exchange (TSX: GOOS). As at November 1, 2021, there were 55,862,376 subordinate voting shares issued and outstanding, and 51,004,076 multiple voting shares issued and outstanding.

As at November 1, 2021, there were 2,897,702 options and 228,047 restricted share units outstanding under the Company's equity incentive plans, of which 1,003,885 options were vested as of such date. Each option is exercisable for one subordinate voting share. We expect that vested restricted share units will be paid at settlement through the issuance of one subordinate voting share per restricted share unit.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks arising from transactions in the normal course of our business. Such risk is principally associated with credit risk, foreign currency risk, and interest rate risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Credit risk arises from the possibility that certain parties will be unable to discharge their obligations. The Company manages its credit risk through a combination of third party credit insurance and internal house risk. Credit insurance is provided by a third party for customers and is subject to continuous monitoring of the credit worthiness of the Company's customers. Insurance covers a specific amount of revenue, which may be less than the Company's total revenue with a specific customer. The Company has an agreement with a third party who has insured the risk of loss for up to 90% of accounts receivable from certain designated customers subject to a total deductible of \$0.1m, to a maximum of \$30.0m per year. As at September 26, 2021, accounts receivable totaling approximately \$52.9m (September 27, 2020 - \$53.0m, March 28, 2021 - \$5.7m) were insured. Complementary to third party insurance, the Company establishes payment terms with customers to mitigate credit risk and continues to closely monitor its accounts receivable credit risk exposure.

Trade accounts receivable factoring program

A subsidiary of the Company in Europe has an agreement to factor, on a limited recourse basis, certain of its trade accounts receivable up to a limit of €20.0m in exchange for advanced funding equal to 100% of the principal value of the invoice.

For the two quarters ended September 26, 2021, the Company received cash proceeds from the sale of trade accounts receivable with carrying values of \$7.8m which were derecognized from the Company's statement of financial position (two quarters ended September 27, 2020 - \$6.2m). Fees of less than \$0.1m were incurred during the two quarters ended September 26, 2021 (two quarters ended September 27, 2020 - less than \$0.1m) and included in net interest, finance and other costs in the statement of income (loss). As at September 26, 2021, the outstanding amount of trade accounts receivable derecognized from the Company's statement of financial position, but which the Company continued to service, was \$5.7m (September 27, 2020 - \$5.8m, March 28, 2021 - \$nil).

Foreign exchange risk

Foreign exchange risk in operating cash flows

Our Interim Financial Statements are expressed in Canadian dollars, but a portion of the Company's revenues, purchases, and expenses are denominated in foreign currencies, primarily U.S. dollars, euros, British pounds sterling, Swiss francs, Chinese yuan, and Hong Kong dollars. Furthermore, as our business in Greater China grows, transactions in Chinese yuan and Hong Kong dollar are expected to increase. Net monetary assets denominated in currencies other than Canadian dollars that are held in entities with Canadian dollar functional currency are translated into Canadian dollars at the foreign currency exchange rate in effect at the balance sheet date. Revenues and expenses of all foreign operations are translated into Canadian dollars at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are recognized. As a result, we are exposed to foreign currency translation gains and losses. Appreciating foreign currencies relative to the Canadian dollar, to the extent they are not hedged, will positively impact operating income and net income by increasing our revenue, while depreciating foreign currencies relative to the Canadian dollar will have the opposite impact.

We are also exposed to fluctuations in the prices of U.S. dollar denominated purchases as a result of changes in U.S. dollar exchange rates. A depreciating Canadian dollar relative to the U.S. dollar will negatively impact operating income and net income by increasing our costs of raw materials, while an appreciating Canadian dollar relative to the U.S. dollar will have the opposite impact.

The Company has entered into forward foreign exchange contracts to reduce the foreign exchange risk to fluctuations in the U.S. dollar, euro, British pound sterling, Swiss franc, Chinese yuan, Hong Kong dollar, and Swedish krona exchange rates for revenues and purchases. Certain forward foreign exchange contracts were designated at inception and accounted for as cash flow hedges. The operating hedge program for the fiscal year ending April 3, 2022 was initiated on December 18, 2020. During the second quarter ended September 26, 2021, the Company initiated the operating hedge program for the fiscal year ending April 2, 2023.

The Company recognized the following unrealized losses and gains in the fair value of derivatives designated as cash flow hedges in other comprehensive income:

CAD \$ millions	September 26, 2021		Second quarter ended September 27, 2020		September 26, 2021		Two quarters ended September 27, 2020	
	Net loss	Tax recovery	Net gain	Tax expense	Net loss	Tax recovery	Net gain	Tax expense
	\$	\$	\$	\$	\$	\$	\$	\$
Forward foreign exchange contracts designated as cash flow hedges	(2.2)	0.7	0.8	(0.1)	(1.5)	0.5	3.1	(0.9)

The Company reclassified the following gains from other comprehensive income on derivatives designated as cash flow hedges to locations in the consolidated financial statements described below:

CAD \$ millions	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Gain from other comprehensive income	\$	\$	\$	\$
Forward foreign exchange contracts designated as cash flow hedges				
Revenue	(0.1)	—	(0.1)	—
SG&A expenses	—	—	(0.1)	—
Inventory	—	—	(1.0)	—

For the second and two quarters ended September 26, 2021, an unrealized loss of \$0.1m and an unrealized gain of \$0.2m, respectively (second and two quarters ended September 27, 2020 - unrealized gains of \$0.6m and \$1.2m, respectively) on forward exchange contracts that were not treated as hedges were recognized in SG&A expenses in the statement of income (loss).

Foreign currency forward exchange contracts outstanding as at September 26, 2021 related to operating cash flows were:

(in millions)	Aggregate Amounts		Currency
Forward contract to purchase Canadian dollars	US\$	124.6	U.S. dollars
	€	134.2	euros
Forward contract to sell Canadian dollars	US\$	65.2	U.S. dollars
	€	62.7	euros
Forward contract to purchase euros	CNY	657.4	Chinese yuan
	£	62.9	British pounds sterling
	HKD	29.4	Hong Kong dollars
	SEK	4.8	Swedish kronor
	CHF	2.1	Swiss francs
Forward contract to sell euros	CHF	13.1	Swiss francs
	CNY	66.7	Chinese yuan
	£	5.5	British pounds sterling

Foreign exchange risk on borrowings

Amounts available for borrowing under part of our Revolving Facility are denominated in U.S. dollars. As at September 26, 2021, there were no amounts owing under the Revolving Facility.

Amounts available for borrowing under the Term Loan Facility are denominated in U.S. dollars. Based on our outstanding balances of \$377.6m (US\$298.5m) under the Term Loan Facility as at September 26, 2021, a \$0.01 depreciation in the value of the Canadian dollar compared to the U.S. dollar would have resulted in a decrease in our pre-tax income of \$3.0m solely as a result of that exchange rate fluctuation's effect on the debt.

Amounts available for borrowing under the Mainland China Facilities are denominated in Chinese renminbi. Based on our outstanding balances of \$23.5m (RMB120.3m) under the Mainland China Facilities as at September 26, 2021, a \$0.01 depreciation in the value of the Canadian dollar compared to the Chinese renminbi would have resulted in a decrease in our pre-tax income of \$1.2m solely as a result of that exchange rate fluctuation's effect on the debt.

The Company enters into derivative transactions to hedge a portion of its exposure to interest rate risk and foreign currency exchange risk related to principal and interest payments on the Term Loan Facility denominated in U.S. dollars. The Company also entered into a five-year forward exchange contract by selling \$368.5m and receiving US\$270.0m as measured on the trade date, to fix the foreign exchange risk on a portion of the Term Loan Facility.

The Company recognized the following unrealized gains and losses in the fair value of derivatives designated as hedging instruments in other comprehensive income:

CAD \$ millions	September 26, 2021		Second quarter ended September 27, 2020		September 26, 2021		Two quarters ended September 27, 2020	
	Net gain	Tax expense	Net loss	Tax recovery	Net loss	Tax recovery	Net (loss) gain	Tax recovery (expense)
	\$	\$	\$	\$	\$	\$	\$	\$
Swaps designated as cash flow hedges	0.1	(0.1)	(1.9)	0.3	(0.4)	0.1	(4.0)	0.6
Euro-denominated cross-currency swap designated as a net investment hedge	—	—	(0.8)	0.1	—	—	0.8	(0.2)

The Company reclassified the following losses from other comprehensive income on derivatives designated as hedging instruments to SG&A expenses:

CAD \$ millions	September 26, 2021	Second quarter ended September 27, 2020	September 26, 2021	Two quarters ended September 27, 2020
	\$	\$	\$	\$
Loss from other comprehensive income				
Swaps designated as cash flow hedges	0.3	2.1	0.5	4.3

For the second and two quarters ended September 26, 2021, unrealized gains of \$7.6m and \$0.1m, respectively (second and two quarters ended September 27, 2020 - unrealized losses of \$0.9m and \$1.7m, respectively) in the fair value of the long-dated forward exchange contract related to a portion of the Term Loan Facility were recognized in SG&A expenses in the statement of income (loss).

Interest rate risk

We are exposed to interest rate risk related to the effect of interest rate changes on borrowings outstanding under the Revolving Facility, the Term Loan Facility and the Mainland China Facilities. Based on the weighted average amount of outstanding borrowings on the Mainland China Facilities during the two quarters ended September 26, 2021, a 1.00% increase in the average interest rate on our borrowings would have increased interest expense by less than \$0.1m (two quarters ended September 27, 2020 - less than \$0.1m). Correspondingly, a 1.00% increase in the average interest rate would have increased interest expense on the Revolving Facility and Term Loan Facility by less than \$0.1m and \$1.9m, respectively (two quarters ended September 27, 2020 - \$0.9m and \$0.8m, respectively).

The Company entered into five-year interest rate swaps by fixing the LIBOR component of its interest rate at 0.95% on notional debt of US\$270.0m. The swaps terminate on December 31, 2025. Subsequent to the Repricing Amendment, the applicable interest rate on the interest rate swaps was 4.45%. The interest rate swaps were designated at inception and accounted for as cash flow hedges.

Interest rate risk on the Term Loan Facility is partially mitigated by interest rate swap hedges. The impact on future interest expense as a result of future changes in interest rates will depend largely on the gross amount of our borrowings at that time.

RELATED PARTY TRANSACTIONS

The Company enters into transactions from time to time with its principal shareholders and organizations affiliated with members of the Board of Directors by incurring expenses for business services. During the second and two quarters ended September 26, 2021, the Company incurred expenses with related parties of \$0.4m and \$0.6m, respectively (second and two quarters ended September 27, 2020 - \$0.3m and \$0.4m, respectively) from companies related to certain shareholders. Balances owing to related parties as at September 26, 2021 were \$0.4m (September 27, 2020 - \$0.7m, March 28, 2021 - \$0.3m).

A lease liability due to the controlling shareholder of the acquired Baffin Inc. business (the "Baffin Vendor") for leased premises was \$4.2m as at September 26, 2021 (September 27, 2020 - \$5.0m, March 28, 2021 - \$4.6m). During the second and two quarters ended September 26, 2021, the Company paid principal and interest on the lease liability, net of rent concessions, and other operating costs to entities affiliated with the Baffin Vendor totaling \$0.4m and \$0.7m, respectively (second and two quarters ended September 27, 2020 - \$0.3m and \$0.6m, respectively). No amounts were owing to Baffin entities as at September 26, 2021, September 27, 2020, and March 28, 2021.

FISCAL 2022 OUTLOOK

A revised discussion as to our fiscal 2022 outlook is contained in our earnings press release dated November 5, 2021 under the section entitled "Revised Fiscal 2022 Outlook". This press release is available on the SEDAR website at www.sedar.com, on the EDGAR section of the SEC website at www.sec.gov and on our website at investor.canadagoose.com.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Interim Financial Statements have been prepared in accordance with IFRS as issued by the IASB. The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. While our significant accounting policies are more fully described in the notes to our Annual Financial Statements and Interim Financial Statements, we believe that the following accounting policies and estimates are critical to our business operations and understanding our financial results.

The following are the accounting policies subject to judgments and key sources of estimation uncertainty that we believe could have the most significant impact on the amounts recognized in the Interim Financial Statements.

Revenue recognition. Revenue comprises DTC, Wholesale, and Other segment revenues. Revenue is measured at the amount of consideration to which the Company expects to be entitled in exchange for the sale of goods in the ordinary course of the Company's activities. Revenue is presented net of sales tax, estimated returns, sales allowances, and discounts. The Company recognizes revenue when the Company has agreed terms with its customers, the contractual rights and payment terms have been identified, the contract has commercial substance, it is probable that consideration will be collected by the Company, and when control of the goods is transferred to the customer have been met.

It is the Company's policy to sell merchandise through the DTC channel with a limited right to return, typically within 30 days. Accumulated experience is used to estimate and provide for such returns.

Inventories. Inventories are carried at the lower of cost and net realizable value which requires us to use estimates related to fluctuations in inventory levels, planned production, customer behaviour, obsolescence, future retail prices, seasonality and costs necessary to sell the inventory.

We periodically review our inventories and make provisions as necessary to appropriately value obsolete or damaged raw materials and finished goods. In addition, as part of inventory valuations, we accrue for inventory shrinkage for lost or stolen items based on historical trends from actual physical inventory counts.

Leases. We exercise judgment when contracts are entered into that may give rise to a right-of-use asset that would be accounted for as a lease. Judgment is required in determining the appropriate lease term on a lease by lease basis. We consider all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option at inception and over the term of the lease, including investments in major leaseholds, operating performance, and changed circumstances. The periods covered by renewal or termination options are only included in the lease term if we are reasonably certain to exercise that option. Changes in the economic environment or changes in the retail industry may impact the assessment of the lease term.

We determine the present value of future lease payments by estimating the incremental borrowing rate specific to each leased asset or portfolio of leased assets. We determine the incremental borrowing rate of each leased asset or portfolio of leased assets by incorporating our creditworthiness, the security, term, and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

Impairment of non-financial assets (goodwill, intangible assets, property, plant and equipment, and right-of-use assets). We are required to use judgment in determining the grouping of assets to identify their cash generating units ("CGU") for the purposes of testing non-financial assets for impairment. Judgment is further required to determine appropriate groupings of CGUs for the level at which goodwill and intangible assets are tested for impairment. For the purpose of goodwill and intangible assets impairment testing, CGUs are grouped at the lowest level at which goodwill and intangible assets are monitored for internal management purposes. Judgment is also applied in allocating the carrying amount of assets to CGUs. In addition, judgment is used to determine whether a triggering event has occurred requiring an impairment test to be completed.

In determining the recoverable amount of a CGU or a group of CGUs, various estimates are employed. We determine value-in-use by using estimates including projected future revenues, margins, costs, and capital investment consistent with strategic plans presented to the Board of Directors. Fair value less costs of disposal are estimated with reference to observable market transactions. Discount rates are consistent with external industry information reflecting the risk associated with the specific cash flows.

Income and other taxes. Current and deferred income taxes are recognized in the statement of income, except when it relates to a business combination, or items recognized in equity or in other comprehensive income. Application of judgment is required regarding the classification of transactions and in assessing probable outcomes of claimed deductions including expectations about future operating results, the timing and reversal of temporary differences and possible audits of income tax and other tax filings by the tax authorities in the various jurisdictions in which the Company operates.

Warranty. The critical assumptions and estimates used in determining the warranty provision at the statement of financial position date are: the number of jackets expected to require repair or replacement; the proportion to be repaired versus replaced; the period in which the warranty claim is expected to occur; the cost of repair; the cost to replace a jacket; and the risk-free rate used to discount the provision to present value. We review our inputs to this estimate on a quarterly basis to ensure the provision reflects the most current information regarding our products.

CHANGES IN ACCOUNTING POLICIES

Standards issued and adopted

In March 2021, the IASB issued an amendment to IFRS 16, *Leases* to extend the period over which the practical expedient is available for use. This amendment exempts lessees from determining whether COVID-19 related rent concessions for lease payments originally due on or before June 30, 2022 are lease modifications. The amendment is effective for annual reporting periods beginning on or after April 1, 2021 and earlier application is permitted. In accordance with the guidance issued, the Company adopted the amendment effective March 29, 2021 and elected not to treat COVID-19 related rent concessions as lease modifications. Rent concessions of \$nil and \$0.2m were recognized in the statement of income (loss) for the second and two quarters ended September 26, 2021, respectively.

Standards issued and not yet adopted

Certain new standards, amendments, and interpretations to existing IFRS standards have been published but are not yet effective and have not been adopted early by the Company. Management anticipates that pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments, and interpretations is provided below.

In January 2020, the IASB issued an amendment to IAS 1, *Presentation of Financial Statements* to clarify its requirements for the presentation of liabilities in the statement of financial position. The limited scope amendment affected only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. The amendment clarified that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specified that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduced a

definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendment is effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company is assessing the potential impact of the amendment.

In August 2020, the IASB issued "Interest Rate Benchmark Reform – Phase II (amendments to IFRS 9, *Financial Instruments*; IFRS 7, *Financial Instruments: Disclosures*; IAS 39, *Financial Instruments: Recognition and Measurement*; IFRS 4, *Insurance Contracts* and IFRS 16, *Leases*)", which addresses issues that affect financial reporting once an existing benchmark rate is replaced with an alternative rate and provides specific disclosure requirements. The amendment introduces a practical expedient for modifications required by the Interbank Offer Rate ("IBOR") reform. The amendment relates to the modification of financial instruments where the basis for determining the contractual cash flows changes as a result of the IBOR reform, allowing for prospective application of the alternative rate. A similar practical expedient is proposed for lessee accounting under IFRS 16. It also relates to the application of hedge accounting, which is not discontinued solely because of the IBOR reform. Hedging relationships, including formal designation and documentation, must be amended to reflect modifications to the hedged item, however, the practical expedient allows the hedge relationship to continue, additional ineffectiveness may be required. The amendment is effective for annual reporting periods beginning on or after January 1, 2021. Earlier application is permitted. A broader market-wide initiative is underway to transition the various IBOR based on rates in use to alternative reference rates. The Company is assessing the potential impact of the amendment and has begun discussions with its lenders. It is too early to determine if any modifications as a result of the amendment will meet the requirements for the application of the practical expedient.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Management, including the CEO and CFO, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based on that evaluation, the CEO and CFO concluded that such disclosure controls and procedures were effective as of September 26, 2021 to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and the CFO and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that accurately and fairly reflect, in reasonable detail, the transactions and dispositions of assets of the Company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that the receipts and expenditures of the Company are made only in accordance with authorizations of management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the assets of the Company that could have a material effect on the consolidated financial statements.

There has been no change in the Company's internal control over financial reporting during the two quarters ended September 26, 2021 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. Management determined that the Company's internal control over financial reporting was effective as of September 26, 2021.

Limitations of Controls and Procedures

Due to its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Management's projections of any evaluation of the effectiveness of internal control over financial reporting as to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

CERTIFICATION

I, Dani Reiss, certify that:

1. I have reviewed the financial statements and MD&A for the second and two quarters ended September 26, 2021 of Canada Goose Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

CERTIFICATION

I, Jonathan Sinclair, certify that:

1. I have reviewed the financial statements and MD&A for the second and two quarters ended September 26, 2021 of Canada Goose Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal quarter (the company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent function):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: November 5, 2021

By:

/s/ Jonathan Sinclair

Jonathan Sinclair

Executive Vice President and Chief Financial Officer

Canada Goose Reports Results for Second Quarter Fiscal 2022 and Raises Fiscal 2022 Outlook



Second Quarter Fiscal 2022 Highlights (in Canadian dollars):

- Total revenue \$232.9m
- Net income \$9.0m, or \$0.08 per diluted share
- Non-IFRS adjusted EBIT \$16.1m
- Non-IFRS adjusted net income per diluted share \$0.12

TORONTO, ON (November 5, 2021) - Canada Goose Holdings Inc. (“Canada Goose” or the “Company”) (NYSE:GOOS, TSX:GOOS) today announced financial results for the second quarter ended September 26, 2021.

“Our second quarter results demonstrate our momentum,” said Dani Reiss, President & CEO. “Across all channels, we are seeing strong leading indicators of peak season demand. With accelerating DTC trends, growing lifestyle relevance and unique supply chain flexibility, we believe we have the right foundation in place for an outstanding fiscal 2022.”

Second Quarter Fiscal 2022 Business Highlights (compared to Second Quarter Fiscal 2021)

- Total revenue increased by 40.3%, excluding \$28.8m of temporary PPE sales in the comparative quarter. Including temporary PPE sales, total revenue increased by 19.6%.
- Global e-Commerce revenue increased by 33.8%, driven by growth in all major existing markets.
- DTC revenue in Mainland China increased by 85.9%.

Second Quarter Fiscal 2022 Results (compared to Second Quarter Fiscal 2021)

- Total revenue was \$232.9m from \$194.8m.
 - DTC revenue was \$83.2m from \$46.2m. The majority of the increase was driven by higher sales from existing retail stores, complemented by e-Commerce growth and retail expansion.
 - Wholesale revenue was \$147.9m from \$118.5m. The increase was a result of earlier order shipment timing relative to fiscal 2021. This was driven by wholesale partner requests due to a lower level of COVID-19 disruptions to their operations.
 - Other revenue was \$1.8m from \$30.1m. The decrease was attributable to PPE sales in the comparative quarter, which were temporarily manufactured in support of COVID-19 response efforts.
- Gross profit was \$135.0m, a gross margin of 58.0%, compared to \$94.2m and 48.4%.

- DTC gross margin of 73.7%, compared to 76.8%. The decrease was driven by a higher proportion of sales in non-parka categories with lower margins (-170 bps) and COVID-19 related government payroll subsidies in the comparative quarter (-380 bps). This was partially offset by a higher proportion of sales from retail stores (+230 bps).
- Wholesale gross margin of 49.4%, compared to 47.6%. The increase was driven by a lower proportion of sales to international distributors (+490 bps) and pricing (+210 bps). This was partially offset by COVID-19 related government payroll subsidies in the comparative quarter (-510 bps).
- Other segment gross profit was \$0.6m from \$2.3m.
- Operating income was \$11.3m, an operating margin of 4.9%, compared to \$15.1m and 7.8%.
 - DTC operating margin of 25.2%, compared to 15.4%. The positive impact of revenue growth was partially offset by the decrease in segment gross margin.
 - Wholesale operating margin of 39.5%, compared to 37.9%. The increase in operating margin was attributable to higher segment revenue and gross margin.
 - Other operating loss was \$(68.1)m from \$(36.9)m. The increase in operating loss was attributable to \$18.5m of incremental investment in marketing and strategic initiatives, the benefit of \$2.7m of COVID-19 related government payroll subsidies in the comparative quarter, and \$1.4m of higher performance-based compensation.
- Net income was \$9.0m, or \$0.08 per diluted share, compared to \$10.4m, or \$0.09 per diluted share.
- Non-IFRS adjusted EBIT was \$16.1m, an adjusted EBIT margin of 6.9%, compared to \$15.7m and 8.1%.
- Non-IFRS adjusted net income was \$13.2m, or \$0.12 per diluted share, compared to \$11.5m, or \$0.10 per diluted share.
- Cash was \$98.9m as at quarter end, compared to \$156.3m. 3.8m subordinate voting shares were repurchased for a total cash consideration of \$179.6m.
- Inventory was \$416.4m as at quarter end, compared to \$417.2m.

Revised Fiscal 2022 Outlook

On the basis of year-to-date performance and current trends, Canada Goose now expects total revenue in fiscal 2022 to exceed the outlook originally provided on May 13, 2021. For fiscal 2022, the Company currently expects:

- Total revenue \$1.125Bn to \$1.175Bn, compared to exceeding \$1.000Bn.
- Non-IFRS adjusted EBIT \$186m to \$208m, implying an adjusted EBIT margin of 16.5% to 17.7%.
- Non-IFRS adjusted net income per diluted share \$1.17 to \$1.33.

This is based on a number of assumptions, including the following:

- No material change in economic conditions or operation disruptions, including due to COVID-19.
- DTC revenue at approximately 70% of total revenue.
- Wholesale revenue growth in the mid-single digits, compared to wholesale revenue in-line with fiscal 2021.
- Weighted average diluted shares outstanding of 109.3m.

Within the meaning of applicable securities laws, this outlook constitutes forward-looking information. The purpose of this outlook is to provide a description of management's expectations regarding the Company's financial performance and may not be appropriate for other purposes. Actual results could vary materially as a result of numerous factors, including the extent and duration of operational disruptions that may affect our business as a result of the COVID-19 pandemic and other risk factors, many of which are beyond the Company's control. See "Cautionary Note Regarding Forward-Looking Statements".

Conference Call Information

Dani Reiss, President and Chief Executive Officer and Jonathan Sinclair, EVP and Chief Financial Officer, will host the conference call at 9:00 a.m. Eastern Time on November 5, 2021. Those interested in participating are invited to dial (833) 952-1517 or (778) 560-2836 if calling internationally and reference Conference ID 9893128 when prompted. A live audio webcast of the conference call will be available online at <http://investor.canadagoose.com>.

About Canada Goose

Founded in 1957 in a small warehouse in Toronto, Canada, Canada Goose (NYSE:GOOS, TSX:GOOS) is a lifestyle brand and a leading manufacturer of performance luxury apparel. Every collection is informed by the rugged demands of the Arctic, ensuring a legacy of functionality is embedded in every product from parkas and rainwear to apparel and accessories. Canada Goose is inspired by relentless innovation and uncompromised craftsmanship, recognized as a leader for its Made in Canada commitment. In 2020, Canada Goose announced HUMANATURE, its purpose platform that unites its sustainability and values-based initiatives, reinforcing its commitment to keep the planet cold and the people on it warm. Canada Goose also owns Baffin, a Canadian designer and manufacturer of performance outdoor and industrial footwear. Visit www.canadagoose.com for more information.

Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(unaudited)

(in millions of Canadian dollars, except share and per share amounts)

	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
	\$	\$	\$	\$
Revenue	232.9	194.8	289.2	220.9
Cost of sales	97.9	100.6	123.5	121.9
Gross profit	135.0	94.2	165.7	99.0
<i>Gross margin</i>	58.0 %	48.4 %	57.3 %	44.8 %
SG&A expenses	101.3	62.4	172.9	111.0
<i>SG&A expenses as % of revenue</i>	43.5 %	32.0 %	59.8 %	50.2 %
Depreciation and amortization	22.4	16.7	42.2	32.2
Operating income (loss)	11.3	15.1	(49.4)	(44.2)
<i>Operating margin</i>	4.9 %	7.8 %	(17.1)%	(20.0)%
Net interest, finance and other costs	7.9	6.0	24.4	12.7
Income (loss) before income taxes	3.4	9.1	(73.8)	(56.9)
Income tax recovery	(5.6)	(1.3)	(26.1)	(17.2)
<i>Effective tax rate</i>	(164.7)%	(14.3)%	35.4 %	30.2 %
Net income (loss)	9.0	10.4	(47.7)	(39.7)
Other comprehensive income (loss)	0.3	2.1	(1.4)	4.1
Comprehensive income (loss)	9.3	12.5	(49.1)	(35.6)
Earnings (loss) per share				
Basic	\$ 0.08	\$ 0.09	\$ (0.43)	\$ (0.36)
Diluted	\$ 0.08	\$ 0.09	\$ (0.43)	\$ (0.36)
Weighted average number of shares outstanding				
Basic	109,780,547	110,143,728	110,122,185	110,104,158
Diluted	110,805,942	110,888,447	110,122,185	110,104,158
Non-IFRS Financial Measures:⁽¹⁾				
EBIT	11.3	15.1	(49.4)	(44.2)
Adjusted EBIT	16.1	15.7	(44.1)	(30.8)
Adjusted EBIT margin	6.9 %	8.1 %	(15.2)%	(13.9)%
Adjusted net income (loss)	13.2	11.5	(36.8)	(26.9)
Adjusted net income (loss) per basic share	\$ 0.12	\$ 0.10	\$ (0.33)	\$ (0.24)
Adjusted net income (loss) per diluted share	\$ 0.12	\$ 0.10	\$ (0.33)	\$ (0.24)

⁽¹⁾ See “Non-IFRS Financial Measures”.

**Condensed Consolidated Interim Statements of Financial Position
(unaudited)**

(in millions of Canadian dollars)

	September 26, 2021	September 27, 2020	March 28, 2021
	\$	\$	\$
Assets			
Current assets			
Cash	98.9	156.3	477.9
Trade receivables	111.2	114.9	40.9
Inventories	416.4	417.2	342.3
Income taxes receivable	9.3	10.8	4.8
Other current assets	49.4	36.9	31.0
Total current assets	685.2	736.1	896.9
Deferred income taxes	77.5	62.1	46.9
Property, plant and equipment	125.9	120.1	116.5
Intangible assets	154.8	157.4	155.0
Right-of-use assets	253.0	247.7	233.7
Goodwill	53.1	53.1	53.1
Other long-term assets	5.2	1.1	5.1
Total assets	1,354.7	1,377.6	1,507.2
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	195.2	163.6	177.8
Provisions	18.0	17.9	20.0
Income taxes payable	16.4	13.1	19.1
Short-term borrowings	27.3	11.0	—
Current portion of lease liabilities	55.8	43.5	45.2
Total current liabilities	312.7	249.1	262.1
Provisions	27.0	19.6	25.6
Deferred income taxes	20.4	15.9	21.6
Revolving facility	—	222.5	—
Term loan	372.9	151.2	367.8
Lease liabilities	224.0	223.2	209.6
Other long-term liabilities	21.7	6.4	20.4
Total liabilities	978.7	887.9	907.1
Shareholders' equity	376.0	489.7	600.1
Total liabilities and shareholders' equity	1,354.7	1,377.6	1,507.2

Non-IFRS Financial Measures

This press release includes references to certain non-IFRS financial measures such as EBIT, adjusted EBIT, adjusted EBIT margin, adjusted net income (loss) and adjusted net income (loss) per basic and diluted share. These financial measures are employed by the Company to measure its operating and economic performance and to assist in business decision-making, as well as providing key performance information to senior management. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors and analysts use this information to evaluate the Company's operating and financial performance. These financial measures are not defined under IFRS nor do they replace or supersede any standardized measure under IFRS. Other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures. Definitions and reconciliations of non-IFRS measures to the nearest IFRS measure can be found in our MD&A. Such reconciliations can also be found in this press release under "Reconciliation of Non-IFRS Measures".

Reconciliation of Non-IFRS Measures

The tables below reconcile net income (loss) to EBIT, adjusted EBIT, and adjusted net income (loss) for the periods indicated. Adjusted EBIT margin is equal to adjusted EBIT for the period presented as a percentage of revenue for the same period.

CAD \$ millions	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Net income (loss)	9.0	10.4	(47.7)	(39.7)
<i>Add (deduct) the impact of:</i>				
Income tax recovery	(5.6)	(1.3)	(26.1)	(17.2)
Net interest, finance and other costs	7.9	6.0	24.4	12.7
EBIT	11.3	15.1	(49.4)	(44.2)
Unrealized foreign exchange loss (gain) on Term Loan Facility (a)	3.0	(0.9)	2.1	(1.0)
Share-based compensation (b)	—	0.1	0.1	0.2
Net temporary store closure costs (c)	—	0.3	0.2	5.8
Net excess overhead costs from temporary closure of manufacturing facilities (c)	—	—	—	4.3
Pre-store opening costs (d)	1.2	2.8	2.1	3.7
Transition of logistics agencies (g)	0.1	0.7	0.1	2.2
Costs of the Baffin acquisition (h)	—	0.5	—	0.9
Non-cash provision release (i)	—	(3.0)	—	(3.0)
Other (k)	0.5	0.1	0.7	0.3
Total adjustments	4.8	0.6	5.3	13.4
Adjusted EBIT	16.1	15.7	(44.1)	(30.8)
<i>Adjusted EBIT margin</i>	6.9 %	8.1 %	(15.2)%	(13.9)%

CAD \$ millions	Second quarter ended		Two quarters ended	
	September 26, 2021	September 27, 2020	September 26, 2021	September 27, 2020
Net income (loss)	9.0	10.4	(47.7)	(39.7)
<i>Add (deduct) the impact of:</i>				
Unrealized foreign exchange loss (gain) on Term Loan Facility (a)	3.0	(0.9)	2.1	(1.0)
Share-based compensation (b)	—	0.1	0.1	0.2
Net temporary store closure costs (c) (e)	—	0.4	0.2	7.1
Net excess overhead costs from temporary closure of manufacturing facilities (c)	—	—	—	4.3
Pre-store opening costs (d) (f)	1.4	3.1	2.4	4.2
Transition of logistics agencies (g)	0.1	0.7	0.1	2.2
Costs of the Baffin acquisition (h)	—	0.5	—	0.9
Non-cash provision release (i)	—	(3.0)	—	(3.0)
Acceleration of unamortized costs on Term Loan Facility Repricing (j)	—	—	9.5	—
Restructuring expense (c)	—	0.1	—	1.7
Other (k)	0.5	0.1	0.7	0.3
Total adjustments	5.0	1.1	15.1	16.9
Tax effect of adjustments	(0.8)	—	(4.2)	(4.1)
Adjusted net income (loss)	13.2	11.5	(36.8)	(26.9)

- (a) Unrealized gains and losses on the translation of the Term Loan Facility from USD to CAD, net of the effect of derivative transactions entered into to hedge a portion of the exposure to foreign currency exchange risk.
- (b) Non-cash based compensation expense on stock options issued prior to the Company's initial public offering ("IPO") under the Legacy Plan and cash payroll taxes paid of less than \$0.1m and \$0.1m in the second and two quarters ended September 26, 2021, respectively, (second and two quarters ended September 27, 2020 - less than \$0.1m and \$0.1m, respectively) on gains earned by option holders (compensation) when stock options are exercised.
- (c) Net temporary store closure costs of less than \$0.1m and \$0.2m were incurred in the second and two quarters ended September 26, 2021, respectively. These were comprised of temporary store costs of less than \$0.1m and \$0.4m, partially offset by government subsidies of less than \$0.1m and \$0.2m in Europe in the second and two quarters ended September 26, 2021, respectively. Globally, government subsidies of \$12.0m and \$20.7m were recognized in the second and two quarters ended September 27, 2020, respectively. Government subsidies were recorded as a reduction to excess overhead costs from temporary closure of manufacturing facilities (\$7.8m and \$9.1m), temporary store closure costs (\$0.5m and \$1.4m), and restructuring expense (\$0.1m and \$0.4m), for the second and two quarters ended September 27, 2020, respectively. The benefit of \$11.4m and \$17.6m of government subsidies therefore remained in adjusted EBIT as a reduction to the associated wage costs for the second and two quarters ended September 27, 2020, respectively.
- (d) Costs incurred during pre-opening periods for new retail stores, including depreciation on right-of-use assets.
- (e) Includes less than \$0.1m and less than \$0.1m of interest expense on lease liabilities for temporary store closures for the second and two quarters ended September 26, 2021, respectively (second and two quarters ended September 27, 2020 - \$0.1m and \$1.3m, respectively).
- (f) Pre-store opening costs incurred in (d) above plus \$0.2m and \$0.3m of interest expense on lease liabilities for new retail stores during pre-opening periods for the second and two quarters ended September 26, 2021, respectively (second and two quarters ended September 27, 2020 - \$0.3m and \$0.5m, respectively).
- (g) Costs incurred for the transition of logistics, warehousing, and freight forwarding agencies to enhance our global distribution structure.

- (h) Costs in connection with the Baffin acquisition and the impact of gross margin that would otherwise have been recognized on inventory recorded at net realizable value less costs to sell.
- (i) Release of a non-cash sales contract provision as a result of the expiration of the statute of limitations in the respective jurisdiction in the second and two quarters ended September 27, 2020.
- (j) Non-cash unamortized costs accelerated in connection with the Repricing Amendment on April 9, 2021.
- (k) Includes costs for class action lawsuits and rent abatement received.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements, including statements relating to the execution of our proposed strategy, our operating performance and prospects, and the general impact of the COVID-19 pandemic on the business. These forward-looking statements generally can be identified by the use of words such as “anticipate,” “believe,” “could,” “continue,” “expect,” “estimate,” “forecast,” “may,” “potential,” “project,” “plan,” “would,” “will,” and other words of similar meaning. Each forward-looking statement contained in this press release, including, without limitation, our fiscal 2022 financial outlook and the related assumptions included herein is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statement. Our business is subject to substantial risks and uncertainties. Applicable risks and uncertainties include, among others, the impact of the ongoing COVID-19 pandemic, and are discussed under the headings “Cautionary Note regarding Forward-Looking Statements” and “Factors Affecting our Performance” in our MD&A as well as in our “Risk Factors” in our Annual Report on Form 20-F for the year ended March 28, 2021. You are also encouraged to read our filings with the SEC, available at www.sec.gov, and our filings with Canadian securities regulatory authorities available at www.sedar.com for a discussion of these and other risks and uncertainties. Investors, potential investors, and others should give careful consideration to these risks and uncertainties. We caution investors not to rely on the forward-looking statements contained in this press release when making an investment decision in our securities. The forward-looking statements in this press release speak only as of the date of this release, and we undertake no obligation to update or revise any of these statements.

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