# 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 August, 2022**

**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 | Consolidated Interim Financial Statements for the First Quarter Ended July 3, 2022 |
| 99.2 | Management's Discussion and Analysis of Financial Condition and Results of Operation for the First Quarter Ended July 3, 2022 |
| 99.3 | Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer |
| 99.4 | Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer |
| 99.5 | Press release of Canada Goose Holdings Inc., dated August 11, 2022 |

## 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: August 11, 2022

# Canada Goose Holdings Inc.

Condensed Consolidated Interim Financial Statements

As at and for the first quarter ended

July 3, 2022 and June 27, 2021

(Unaudited)

## Condensed Consolidated Interim Statements of Loss
**(unaudited)**
(in millions of Canadian dollars, except per share amounts)

| | Notes | First quarter ended July 3, 2022 | First quarter ended June 27, 2021 |
|---|---|---|---|
| | | | *Restated (Note 2)* |
| | | **$** | **$** |
| Revenue | 4 | 69.9 | 56.3 |
| Cost of sales | 7 | 27.2 | 25.6 |
| **Gross profit** | | 42.7 | 30.7 |
| Selling, general & administrative expenses | | 123.4 | 92.5 |
| **Operating loss** | | (80.7) | (61.8) |
| Net interest, finance and other costs | 11 | 7.4 | 16.5 |
| **Loss before income taxes** | | (88.1) | (78.3) |
| Income tax recovery | | (24.5) | (20.8) |
| **Net loss** | | (63.6) | (57.5) |
| | | | |
| Attributable to: | | | |
| Shareholders of the Company | | (62.4) | (57.5) |
| Non-controlling interest | | (1.2) | — |
| **Net loss** | | (63.6) | (57.5) |
| | | | |
| **Loss per share attributable to shareholders of the Company** | | | |
| Basic and diluted | 5 | $ (0.59) | $ (0.52) |

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

## Condensed Consolidated Interim Statements of Comprehensive Loss (unaudited)

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

| | Notes | First quarter ended July 3, 2022 | First quarter ended June 27, 2021 |
|---|---|---|---|
| | | | *Restated (Note 2)* |
| | | $ | $ |
| **Net loss** | | (63.6) | (57.5) |
| **Other comprehensive loss** | | | |
| Items that may be reclassified to earnings, net of tax: | | | |
| Cumulative translation adjustment loss | | (8.1) | (1.8) |
| Net gain on derivatives designated as cash flow hedges | 16 | 1.3 | 0.1 |
| Reclassification of net loss on cash flow hedges to income | 16 | 1.6 | 0.1 |
| Other comprehensive loss | | (5.2) | (1.6) |
| **Comprehensive loss** | | (68.8) | (59.1) |
| Attributable to: | | | |
| Shareholders of the Company | | (67.5) | (59.1) |
| Non-controlling interest | | (1.3) | — |
| **Comprehensive loss** | | (68.8) | (59.1) |

*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 | July 3, 2022 | June 27, 2021 | April 3, 2022 |
|---|---|---|---|---|
| | | | *Restated (Note 2)* | |
| **Assets** | | $ | $ | $ |
| **Current assets** | | | | |
| Cash | 3 | 81.8 | 305.9 | 287.7 |
| Trade receivables | 6 | 48.2 | 39.2 | 42.7 |
| Inventories | 3, 7 | 504.7 | 404.5 | 393.3 |
| Income taxes receivable | | 4.8 | 6.6 | 1.1 |
| Other current assets | 3, 15 | 52.4 | 34.4 | 37.5 |
| **Total current assets** | | 691.9 | 790.6 | 762.3 |
| Deferred income taxes | | 73.9 | 61.5 | 53.2 |
| Property, plant and equipment | 3 | 110.5 | 119.9 | 114.2 |
| Intangible assets | 3 | 134.7 | 124.4 | 122.2 |
| Right-of-use assets | 3, 8 | 253.2 | 240.8 | 215.2 |
| Goodwill | 3 | 64.7 | 53.1 | 53.1 |
| Other long-term assets | 15 | 17.8 | 4.4 | 20.4 |
| **Total assets** | | 1,346.7 | 1,394.7 | 1,340.6 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Accounts payable and accrued liabilities | 9, 15 | 165.6 | 149.6 | 176.2 |
| Provisions | 10 | 16.2 | 13.4 | 18.5 |
| Income taxes payable | | 13.2 | 10.4 | 24.5 |
| Short-term borrowings | 3, 11 | 30.8 | 10.9 | 3.8 |
| Current portion of lease liabilities | 3, 8 | 59.9 | 49.6 | 58.5 |
| **Total current liabilities** | | 285.7 | 233.9 | 281.5 |
| Provisions | 3, 10 | 30.2 | 25.4 | 31.3 |
| Deferred income taxes | | 18.3 | 7.7 | 15.8 |
| Term loan | 3, 11 | 377.1 | 363.2 | 366.2 |
| Lease liabilities | 3, 8 | 230.6 | 214.7 | 192.2 |
| Other long-term liabilities | 3, 15 | 52.9 | 27.6 | 25.7 |
| **Total liabilities** | | 994.8 | 872.5 | 912.7 |
| **Shareholders' equity** | 12 | 351.9 | 522.2 | 427.9 |
| **Total liabilities and shareholders' equity** | | 1,346.7 | 1,394.7 | 1,340.6 |

*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 | Share capital | | | Contributed surplus | Retained earnings | Accumulated other comprehensive loss | Total attributable to shareholders | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Multiple voting shares | Subordinate voting shares | Total | | | | | | |
| | | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Balance at April 3, 2022** | | 1.4 | 117.1 | 118.5 | 36.2 | 290.4 | (17.2) | 427.9 | — | 427.9 |
| Initial recognition of non-controlling interest on business combination | 3 | — | — | — | — | — | — | — | 10.8 | 10.8 |
| Put option for non-controlling interest | 3 | — | — | — | — | (20.7) | — | (20.7) | — | (20.7) |
| Exercise of stock options | 12 | — | 2.6 | 2.6 | (2.6) | — | — | — | — | — |
| Net loss | | — | — | — | — | (62.4) | — | (62.4) | (1.2) | (63.6) |
| Other comprehensive loss | | — | — | — | — | — | (5.1) | (5.1) | (0.1) | (5.2) |
| Share-based payment | 13 | — | — | — | 2.7 | — | — | 2.7 | — | 2.7 |
| **Balance at July 3, 2022** | | 1.4 | 119.7 | 121.1 | 36.3 | 207.3 | (22.3) | 342.4 | 9.5 | 351.9 |
| | | | | | | | | | | |
| **Balance at March 28, 2021[1]** | | 1.4 | 119.1 | 120.5 | 25.2 | 437.1 | (5.2) | 577.6 | — | 577.6 |
| Exercise of stock options | 12 | — | 2.7 | 2.7 | (1.5) | — | — | 1.2 | — | 1.2 |
| Net loss[1] | | — | — | — | — | (57.5) | — | (57.5) | — | (57.5) |
| Other comprehensive loss[1] | | — | — | — | — | — | (1.6) | (1.6) | — | (1.6) |
| Share-based payment | 13 | — | — | — | 2.7 | — | — | 2.7 | — | 2.7 |
| Deferred tax on share-based payment | | — | — | — | (0.2) | — | — | (0.2) | — | (0.2) |
| **Balance at June 27, 2021[1]** | | 1.4 | 121.8 | 123.2 | 26.2 | 379.6 | (6.8) | 522.2 | — | 522.2 |

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

[1] *The Company adopted a change in accounting policy on the treatment of implementation costs related to Software as a Service ("SaaS") arrangements. See Note 2 for a description of the impact from adopting the agenda decision and the impact of retrospective application on this quarter.*

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

| | | First quarter ended | |
|---|---|---|---|
| | Notes | July 3, 2022 | June 27, 2021 |
| | | | *Restated (Note 2)* |
| | | $ | $ |
| **Operating activities** | | | |
| Net loss | | (63.6) | (57.5) |
| Items not affecting cash: | | | |
| Depreciation and amortization | | 25.8 | 21.4 |
| Income tax recovery | | (24.5) | (20.8) |
| Interest expense | 11 | 7.0 | 6.6 |
| Foreign exchange loss | | 2.1 | 5.5 |
| Acceleration of unamortized costs on debt extinguishment | 11 | — | 9.5 |
| Share-based payment | 13 | 2.7 | 2.7 |
| | | (50.5) | (32.6) |
| Changes in non-cash operating items | 17 | (123.5) | (104.6) |
| Income taxes paid | | (16.2) | (11.1) |
| Interest paid | | (6.7) | (7.1) |
| **Net cash used in operating activities** | | (196.9) | (155.4) |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | | (2.5) | (6.0) |
| Investment in intangible assets | | (1.1) | — |
| Initial direct costs of right-of-use assets | 8 | (0.1) | (0.4) |
| Net cash inflow from business combination | 3 | 2.8 | — |
| **Net cash used in investing activities** | | (0.9) | (6.4) |
| **Financing activities** | | | |
| Mainland China Facilities borrowings | 11 | 4.6 | 7.2 |
| Japan Facility borrowings | 3, 11 | 3.9 | — |
| Term loan repayments | 11 | (1.0) | (0.9) |
| Transaction costs on financing activities | 11 | — | (1.0) |
| Principal payments on lease liabilities | 8 | (13.8) | (9.9) |
| Exercise of stock options | 13 | — | 1.2 |
| **Net cash used in financing activities** | | (6.3) | (3.4) |
| Effects of foreign currency exchange rate changes on cash | | (1.8) | (6.8) |
| Decrease in cash | | (205.9) | (172.0) |
| **Cash, beginning of period** | | 287.7 | 477.9 |
| **Cash, end of period** | | 81.8 | 305.9 |

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

## 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 product offerings include various styles of parkas, lightweight down jackets, rainwear, windwear, apparel, fleece, 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 Chairman and Chief Executive Officer of the Company. The principal shareholders hold multiple voting shares representing 48.4% of the total shares outstanding as at July 3, 2022, or 90.4% of the combined voting power of the total voting shares outstanding. Subordinate voting shares that trade on public markets represent 51.6% of the total shares outstanding as at July 3, 2022, or 9.6% 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 August 10, 2022.

*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.

## 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 April 3, 2022 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 for a 52-week fiscal year. The additional week in a 53-week fiscal year is added to the third quarter.

Certain comparative figures have been reclassified to conform with the current year presentation. Depreciation and amortization for amounts not included in costs of goods sold, which were previously presented in a separate line item, are reflected in the presentation of selling, general, and administrative ("SG&A") expenses.

*COVID-19 pandemic*

Globally, public health officials have imposed restrictions and recommended precautions to mitigate the spread of the novel coronavirus pandemic ("COVID-19"). While restrictions have been lifted to varying degrees in markets around the world, we continue to be impacted to some extent. In the first quarter of fiscal 2023, store operations have largely resumed with the exception of Mainland China. In the first quarter of fiscal 2023, eight out of 16 retail stores in Mainland China experienced store closures. Trading days lost due to temporary closures of our retail locations as well as reduced traffic and store productivity did not materially impact results for the first quarter of fiscal 2023. In the comparative quarter, retail stores were impacted by store closures in Canada and EMEA[1], with approximately 20% of total trading days lost to temporary closures.

[1] EMEA comprises Europe, the Middle East, Africa, and Latin America.

As a result of the temporary store closures, net costs of $2.2m were recognized in SG&A expenses and net interest, finance and other costs during the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - $0.2m).

Management assessed whether indicators of impairment existed as at July 3, 2022 in accordance with IAS 36, *Impairment of Assets*, and no indicators were identified.

*Principles of consolidation*

The Interim Financial Statements include the accounts of the Company and its subsidiaries and those investments over which the Company has control. 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 our 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.

*Summary of accounting policies adopted*

**Non-controlling interest**

In connection with the Japan Joint Venture (refer to note 3), non-controlling interest accounting policy was adopted. At the date of acquisition, the Company elected to measure the non-controlling interest for the Japan Joint Venture based on the proportionate share of the acquiree's identifiable net assets. Transactions with non-controlling interests are treated as transactions with equity owners of the Company. Changes in the Company's ownership interest of CG Japan are accounted for as equity transactions.

**Financial instruments**

In connection with the Japan Joint Venture (refer to note 3), the Company established a financial liability for the put option in respect of non-controlling interests based on the present value of the amount expected to be paid to the non-controlling shareholder if exercised. Subsequently, the put option liability is adjusted to reflect changes in the present value of the amount that could be required to be paid at each reporting date, with fluctuations being recorded within the statement of loss, until it is exercised or expires. The put option is measured at fair value through profit or loss and the fair value of the put option is classified as Level 3 within IFRS 13, *Fair value measurement.*

*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 policies 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.

*Standards issued and adopted*

**Configuration or Customization Costs in a Cloud Computing Arrangement**

In April 2021, the International Financial Reporting Interpretations Committee ("IFRIC") finalized an agenda decision within the scope of IAS 38, *Intangible Assets* which clarified the accounting of configuration and customization costs in cloud computing arrangements often referred to as Software as a Service ("SaaS") arrangements. As a result of the decision, costs that do not meet the capitalization criteria for intangible assets are required to be expensed as incurred.

The adoption of the agenda decision was recognized as a change in accounting policy in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8"). The Company amended the existing accounting policies related to implementation costs on SaaS arrangements as at April 1, 2019. The Company assessed the impact of the interpretation and identified $25.4m of costs recognized as intangible assets within ERP and computer software related to SaaS arrangements that were no longer eligible for capitalization and amortization in accordance with the agenda decision. As a result, these costs were written off as at April 1, 2019 as these costs would have been required to be expensed in the period incurred.

In accordance with IAS 8, retrospective application is required for accounting policy changes and comparative financial information was restated in these interim financial statements. Refer to the Company's Annual Financial Statements for the year ended April 3, 2022 for information on the opening balance sheet as a result of the retrospective application. The following tables outline the impacts of the restatements on the comparative periods:

**Condensed Comprehensive Income Information**

Increase (decrease)

| | | | June 27, 2021 |
|---|---|---|---|
| | As previously reported | Adjustments | Restated |
| | $ | $ | $ |
| SG&A expenses | 91.4 | 1.1 | 92.5 |
| Income tax recovery | (20.5) | (0.3) | (20.8) |
| Net loss | (56.7) | (0.8) | (57.5) |
| Cumulative translation adjustment | (1.9) | 0.1 | (1.8) |

**Condensed Financial Position Information**

Increase (decrease)

| | | | June 27, 2021 |
|---|---|---|---|
| | As previously reported | Adjustments | Restated |
| | $ | $ | $ |
| Deferred income taxes (asset) | 60.1 | 1.4 | 61.5 |
| Intangible assets | 155.5 | (31.1) | 124.4 |
| Deferred income taxes (liability) | 14.2 | (6.5) | 7.7 |
| Shareholders' equity | 545.4 | (23.2) | 522.2 |

**Condensed Cash Flow Information**

Increase (decrease)

| | | | June 27, 2021 |
|---|---|---|---|
| | As previously reported | Adjustments | Restated |
| | $ | $ | $ |
| Net loss | (56.7) | (0.8) | (57.5) |
| Depreciation and amortization | 23.5 | (2.1) | 21.4 |
| Income tax recovery | (20.5) | (0.3) | (20.8) |
| Changes in non-cash items | (106.9) | 2.3 | (104.6) |
| Investment in intangible assets | (0.9) | 0.9 | — |

**Interest Rate Benchmark Reform**

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 amendments introduce a practical expedient for modifications required by the Interbank Offer Rate ("IBOR") reform. The amendments relate 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 exists 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, although additional ineffectiveness may be required. The amendments are effective for annual reporting periods beginning on or after January 1, 2021. A broader market-wide initiative is underway to transition the various IBOR based on rates in use to alternative reference rates. The Company's term loan facility at a net book value of $380.0m, is impacted by the IBOR reform. As such, the reformed IFRS guidance has been adopted, however, accounting under the adopted standard will take place once IBOR related arrangements are modified, which constitutes as an accounting event. As no accounting events have occurred to date, the Company has determined there is no financial reporting impact as of July 3, 2022. The Company is in discussions with its lenders and is currently determining if any modifications will meet the requirements for the application of the practical expedient.

**Note 3. Business combination**

The Company and a former distributor of the Company's products in Japan, Sazaby League, Ltd. ("Sazaby League"), entered into an agreement (the "Joint Venture Agreement") to form a joint venture (the "Japan Joint Venture") pursuant to which the Company acquired 50% of the issued and outstanding voting shares of the legal entity comprising the joint venture, Canada Goose Japan, K.K. ("CG Japan"), on April 4, 2022. CG Japan was established to market, distribute and sell Canada Goose products, and to operate retail stores and e-Commerce in Japan.

Prior to the establishment of CG Japan, the Company sold its products to the former distributor. The majority of sales historically occurred in the first and second quarters and were recorded in the Wholesale operating segment. Subsequent to the transaction, the Company will consolidate the results of CG Japan and revenue and results of operations will be aligned to the respective operating segments and are expected to occur more in line with the seasonality of the Company's Wholesale and DTC segments.

Management performed an analysis under IFRS 10, *Consolidated Financial Statements* and since the Company has the power to direct the relevant activities of CG Japan, is exposed to variable returns, and can use its power to influence those returns, management determined that the Company has control over CG Japan for accounting purposes. In addition, management performed an analysis under IFRS 3, *Business Combinations* and has determined that the Company is the acquirer of CG Japan. Management determined that the assets and processes acquired comprised a business and therefore, accounted for the transaction as a business combination using the acquisition method of accounting. Under the acquisition method, assets and liabilities of the acquiree are recorded at their fair values.

The Company paid cash consideration to CG Japan of $2.6m plus deferred contingent consideration to the non-controlling shareholder with an estimated fair value of $20.0m resulting in total consideration of $22.6m. The deferred contingent consideration is payable if an agreed cumulative adjusted EBIT target is not reached through the period ended June 30, 2026. The estimated fair value of the applicable contingent consideration is calculated using the estimated financial outcome and resulting expected contingent consideration to be paid and inclusion of a discount rate as appropriate. As at April 4, 2022, the contingent consideration amount has been recorded in other long-term liabilities. The amount of contingent consideration will be remeasured at its fair value each reporting period, with changes in fair value recorded in the consolidated statement of income and comprehensive income.

The Company incurred $0.8m in transaction related costs which are included in SG&A expenses in the consolidated statement of earnings and comprehensive income for the first quarter ended July 3, 2022. For the year ended April 3, 2022, the Company incurred $0.7m in transaction related costs.

Assets acquired and liabilities assumed have been recorded based on a preliminary valuation at their fair values at the date of acquisition as follows:

| | $ |
|---|---|
| **Assets acquired** | |
| Cash | 5.4 |
| Inventories | 27.3 |
| Property, plant and equipment | 1.2 |
| Intangible assets | 12.1 |
| Right-of-use assets | 3.3 |
| Goodwill | 11.8 |
| Other assets | 2.4 |
| | 63.5 |
| **Liabilities assumed** | |
| Bank loan | 19.4 |
| Lease liabilities | 3.2 |
| Warranty provision | 0.3 |
| | 22.9 |
| Total identifiable net assets acquired | 40.6 |
| Less: Deferred tax liability | 7.2 |
| Less: Non-controlling interests | 10.8 |
| **Net assets acquired** | 22.6 |
| **Consideration** | |
| Cash paid | 2.6 |
| Contingent consideration | 20.0 |
| **Total purchase consideration** | 22.6 |
| Cash consideration paid | (2.6) |
| Plus: Cash balance acquired | 5.4 |
| **Net cash inflow on business combination** | 2.8 |

The determination of the fair value of assets acquired and liabilities assumed is based on preliminary estimates and certain assumptions with respect to the fair values of the assets acquired and liabilities assumed and are expected to be finalized within one year of the acquisition.

Goodwill is calculated as the difference between total consideration and the fair value of the net assets acquired and is attributable to expected synergies between CG Japan and the Company's existing operations. Goodwill of $11.8m was recognized as the excess of the acquisition cost over the fair value of net identifiable assets at the date of acquisition. Goodwill recognized is not expected to be deductible for income tax purposes. Intangible assets of $12.1m relate to the fair value of the customer list and reacquired distribution rights of the Japan market, which will be amortized over a 10-year period.

The fair value of property, plant and equipment and right-of-use assets was based on management's assessment of the acquired assets' condition, as well as an evaluation of the current market value for such assets. In addition, the Company considered the length of time over which the economic benefit of these assets is expected to be realized and estimated the useful life of such assets as of the acquisition date. The fair value of inventories has been measured at net realizable value, less cost to sell. Final valuations of certain assets and liabilities including inventory, property, plant and equipment, intangible assets, right-of-use assets, other assets and warranty provisions are not yet complete due to the inherent complexity associated with valuations. Therefore, the purchase price allocation is preliminary and is subject to adjustment upon completion of the valuation process.

CG Japan's results are consolidated into the Company's financial results effective April 4, 2022. For the first quarter ended July 3, 2022, CG Japan contributed approximately $0.5m and $(2.7)m to the Company's consolidated gross revenue and operating loss, respectively.

In connection with the business combination, the Joint Venture Agreement includes a put option that allows the non-controlling shareholder to sell its 50% interest to the Company within six months after certain circumstances constituting a "put option trigger" event occurs. If the put option is not exercised during such six-month period the put option will expire. The Company established a financial liability for the put option in respect of non-controlling interests. The fair value of the put option is classified as Level 3 within IFRS 13, *Fair value measurement*. As at April 4, 2022, the fair value of the put option held in Japanese Yen by the non-controlling shareholder is recorded in other long-term liabilities in the amount of JPY 2,076.4m ($21.2m).

The Company recorded the put option liability based on the present value of the amount expected to be paid to the non-controlling shareholder if exercised. Subsequently, the put option liability is adjusted to reflect changes in the present value of the amount that could be required to be paid at each reporting date, with fluctuations being recorded within the Company's statement of loss, until it is exercised or expires. For the first quarter ended July 3, 2022, there was no remeasurement adjustment on the put option liability.

## Note 4. 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 (loss) income, which is the profit metric utilized by the Company's chief operating decision maker, the Chairman and Chief Executive Officer, for assessing the performance of operating segments. Our 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.

| | First quarter ended July 3, 2022 | | | |
|---|---|---|---|---|
| **(in millions of Canadian dollars)** | **DTC** | **Wholesale** | **Other** | **Total** |
| | **$** | **$** | **$** | **$** |
| Revenue | 34.8 | 33.2 | 1.9 | 69.9 |
| Cost of sales | 9.5 | 16.4 | 1.3 | 27.2 |
| **Gross profit** | 25.3 | 16.8 | 0.6 | 42.7 |
| SG&A expenses | 42.0 | 11.2 | 70.2 | 123.4 |
| **Operating (loss) income** | (16.7) | 5.6 | (69.6) | (80.7) |
| Net interest, finance and other costs | | | | 7.4 |
| **Loss before income taxes** | | | | (88.1) |

| | First quarter ended June 27, 2021 | | | |
|---|---|---|---|---|
| **(in millions of Canadian dollars)** | **DTC** | **Wholesale** | **Other** | **Total** |
| | **$** | **$** | **$** | **$** |
| Revenue | 29.1 | 26.1 | 1.1 | 56.3 |
| Cost of sales | 9.4 | 15.7 | 0.5 | 25.6 |
| **Gross profit** | 19.7 | 10.4 | 0.6 | 30.7 |
| SG&A expenses | 30.7 | 8.5 | 53.3 | 92.5 |
| **Operating (loss) income** | (11.0) | 1.9 | (52.7) | (61.8) |
| Net interest, finance and other costs | | | | 16.5 |
| **Loss before income taxes** | | | | (78.3) |

*Geographic information*

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

| | First quarter ended | |
|---|---|---|
| **(in millions of Canadian dollars)** | **July 3, 2022** | **June 27, 2021** |
| | **$** | **$** |
| Canada | 17.9 | 9.9 |
| United States | 15.7 | 9.3 |
| Asia Pacific | 16.1 | 22.4 |
| EMEA[1] | 20.2 | 14.7 |
| **Revenue** | 69.9 | 56.3 |

[1] EMEA comprises Europe, the Middle East, Africa, and Latin America.

### Note 5. Earnings per share

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

| (in millions of Canadian dollars, except share and per share amounts) | First quarter ended July 3, 2022 | First quarter ended June 27, 2021 |
|---|---|---|
| **Net loss attributable to shareholders of the Company** | $ (62.4) | $ (57.5) |
| Weighted average number of multiple and subordinate voting shares outstanding[1] | 105,234,474 | 110,504,248 |
| **Loss per share attributable to shareholders of the Company** | | |
| Basic and diluted | $ (0.59) | $ (0.52) |

[1] Subordinate voting shares issuable on exercise of stock options are not treated as dilutive if including them would decrease the loss per share. Accordingly, 561,537 potentially dilutive shares have been excluded from the calculation of diluted loss per share for the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - 967,328 shares).

### Note 6. Trade receivables

| (in millions of Canadian dollars) | July 3, 2022 | June 27, 2021 | April 3, 2022 |
|---|---|---|---|
| | $ | $ | $ |
| Trade accounts receivable | 25.3 | 17.4 | 22.0 |
| Credit card receivables | 2.0 | 1.8 | 2.5 |
| Government grant receivable | — | 0.1 | — |
| Other receivables | 21.7 | 21.0 | 19.3 |
| | 49.0 | 40.3 | 43.8 |
| Less: expected credit loss and sales allowances | (0.8) | (1.1) | (1.1) |
| **Trade receivables** | 48.2 | 39.2 | 42.7 |

### Note 7. Inventories

| (in millions of Canadian dollars) | July 3, 2022 | June 27, 2021 | April 3, 2022 |
|---|---|---|---|
| | $ | $ | $ |
| Raw materials | 75.7 | 70.6 | 71.3 |
| Work in progress | 15.9 | 17.1 | 14.9 |
| Finished goods | 413.1 | 316.8 | 307.1 |
| **Total inventories at the lower of cost and net realizable value** | 504.7 | 404.5 | 393.3 |

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 July 3, 2022, the provision for obsolescence amounted to $26.9m (June 27, 2021 - $23.1m, April 3, 2022 - $23.6m).

Amounts charged to cost of sales comprise the following:

| | First quarter ended | |
|---|---|---|
| **(in millions of Canadian dollars)** | **July 3, 2022** | **June 27, 2021** |
| | **$** | **$** |
| Cost of goods manufactured | 24.8 | 21.9 |
| Depreciation and amortization | 2.4 | 3.7 |
| | 27.2 | 25.6 |

### Note 8. 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** | **$** | **$** | **$** | **$** |
| **April 3, 2022** | 296.3 | 36.7 | 17.4 | 350.4 |
| Additions | 15.9 | — | 34.6 | 50.5 |
| Additions from business combinations (note 3) | 1.5 | — | 1.8 | 3.3 |
| Lease modifications | 0.2 | — | — | 0.2 |
| Impact of foreign currency translation | (1.1) | — | 0.1 | (1.0) |
| **July 3, 2022** | 312.8 | 36.7 | 53.9 | 403.4 |
| | | | | |
| **March 28, 2021** | 253.3 | 36.7 | 18.4 | 308.4 |
| Additions | 20.9 | — | 0.4 | 21.3 |
| Lease modifications | 1.6 | — | — | 1.6 |
| Impact of foreign currency translation | (3.5) | — | (0.2) | (3.7) |
| **June 27, 2021** | 272.3 | 36.7 | 18.6 | 327.6 |

| (in millions of Canadian dollars) | Retail stores | Manufacturing facilities | Other | Total |
|---|---|---|---|---|
| **Accumulated depreciation** | $ | $ | $ | $ |
| **April 3, 2022** | 110.1 | 15.2 | 9.9 | 135.2 |
| Depreciation | 12.6 | 1.3 | 1.8 | 15.7 |
| Impact of foreign currency translation | (0.6) | — | (0.1) | (0.7) |
| **July 3, 2022** | 122.1 | 16.5 | 11.6 | 150.2 |
| | | | | |
| **March 28, 2021** | 58.8 | 9.9 | 6.0 | 74.7 |
| Depreciation | 10.7 | 1.3 | 1.0 | 13.0 |
| Impact of foreign currency translation | (0.8) | — | (0.1) | (0.9) |
| **June 27, 2021** | 68.7 | 11.2 | 6.9 | 86.8 |
| | | | | |
| **Net book value** | | | | |
| **July 3, 2022** | 190.7 | 20.2 | 42.3 | 253.2 |
| **June 27, 2021** | 203.6 | 25.5 | 11.7 | 240.8 |
| **April 3, 2022** | 186.2 | 21.5 | 7.5 | 215.2 |

*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 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **April 3, 2022** | 217.2 | 24.8 | 8.7 | 250.7 |
| Additions | 15.9 | — | 34.6 | 50.5 |
| Additions from business combinations (note 3) | 1.5 | — | 1.7 | 3.2 |
| Lease modifications | 0.2 | — | — | 0.2 |
| Principal payments | (11.8) | (1.3) | (0.7) | (13.8) |
| Impact of foreign currency translation | (0.4) | — | 0.1 | (0.3) |
| **July 3, 2022** | 222.6 | 23.5 | 44.4 | 290.5 |
| | | | | |
| **March 28, 2021** | 211.0 | 29.9 | 13.9 | 254.8 |
| Additions | 20.5 | — | 0.4 | 20.9 |
| Lease modifications | 1.5 | — | — | 1.5 |
| Principal payments | (7.6) | (1.3) | (1.0) | (9.9) |
| Impact of foreign currency translation | (2.8) | — | (0.2) | (3.0) |
| **June 27, 2021** | 222.6 | 28.6 | 13.1 | 264.3 |

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 | 50.8 | 5.8 | 3.3 | 59.9 |
| Non-current lease liabilities | 171.8 | 17.7 | 41.1 | 230.6 |
| **July 3, 2022** | 222.6 | 23.5 | 44.4 | 290.5 |
| Current lease liabilities | 40.3 | 5.7 | 3.6 | 49.6 |
| Non-current lease liabilities | 182.3 | 22.9 | 9.5 | 214.7 |
| **June 27, 2021** | 222.6 | 28.6 | 13.1 | 264.3 |
| Current lease liabilities | 49.7 | 5.8 | 3.0 | 58.5 |
| Non-current lease liabilities | 167.5 | 19.0 | 5.7 | 192.2 |
| **April 3, 2022** | 217.2 | 24.8 | 8.7 | 250.7 |

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

During the first quarter ended July 3, 2022, $0.6m of lease payments were not included in the measurement of lease liabilities (first quarter ended June 27, 2021 - $0.5m). The majority of this balance related to short-term leases and variable rent payments.

### Note 9. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

| (in millions of Canadian dollars) | July 3, 2022 | June 27, 2021 | April 3, 2022 |
|---|---|---|---|
| | $ | $ | $ |
| Trade payables | 47.4 | 47.9 | 63.9 |
| Accrued liabilities | 73.9 | 56.4 | 67.0 |
| Employee benefits | 26.8 | 19.6 | 26.5 |
| Derivative financial instruments | 13.7 | 10.7 | 10.4 |
| Other payables | 3.8 | 15.0 | 8.4 |
| **Accounts payable and accrued liabilities** | 165.6 | 149.6 | 176.2 |

## Note 10. Provisions

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 | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Current provisions | 5.9 | 10.3 | — | 16.2 |
| Non-current provisions | 22.1 | — | 8.1 | 30.2 |
| **July 3, 2022** | 28.0 | 10.3 | 8.1 | 46.4 |
| Current provisions | 6.0 | 7.4 | — | 13.4 |
| Non-current provisions | 18.8 | — | 6.6 | 25.4 |
| **June 27, 2021** | 24.8 | 7.4 | 6.6 | 38.8 |
| Current provisions | 5.6 | 12.9 | — | 18.5 |
| Non-current provisions | 23.6 | — | 7.7 | 31.3 |
| **April 3, 2022** | 29.2 | 12.9 | 7.7 | 49.8 |

## Note 11. 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 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.

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 the earlier of quarterly or at the end of the then current interest period (whichever is earlier).

As at July 3, 2022, the Company had repaid all amounts owing on the revolving facility (June 27, 2021 - $nil, April 3, 2022 - $nil). As at July 3, 2022, interest and administrative fees for $0.5m (June 27, 2021 - $nil, April 3, 2022 - $0.5m) remain outstanding. Deferred financing charges in the amounts of $0.8m (June 27, 2021 - $1.6m, April 3, 2022 - $0.9m) were included in other long-term liabilities. As at and during the first quarter ended July 3, 2022, the Company was in compliance with all covenants.

The Company had unused borrowing capacity available under the revolving facility of $358.3m as at July 3, 2022 (June 27, 2021 - $313.7m, April 3, 2022 - $191.8m).

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 July 3, 2022, the Company had letters of credit outstanding under the revolving facility of $4.6m (June 27, 2021 - $6.2m, April 3, 2022 - $4.6m).

*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. The facility has an aggregate principal amount of US$300.0m, with quarterly repayments of US$0.75m on the principal amount and a maturity date of October 7, 2027. Moreover, the facility has an interest rate of LIBOR plus an applicable margin of 3.50% payable quarterly in arrears and LIBOR may not be less than 0.75%. The Company incurred transaction costs of $0.9m related to the facility which are being amortized using the effective interest rate method over the term to maturity.

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. As at July 3, 2022, the Company had US$295.5m (June 27, 2021 - US$299.3m, April 3, 2022 - US$296.3m) 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 first quarter ended July 3, 2022, 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.

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

| **(in millions of Canadian dollars)** | **July 3, 2022** | **June 27, 2021** | **April 3, 2022** |
|---|---|---|---|
| | **$** | **$** | **$** |
| Term loan | 380.7 | 367.9 | 370.8 |
| Unamortized portion of deferred transaction costs | (0.7) | (1.0) | (0.8) |
| | 380.0 | 366.9 | 370.0 |

*Mainland China Facilities*

A subsidiary of the Company in Mainland China has two uncommitted loan facilities in the aggregate amount of RMB 310.0m ($59.6m) ("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 the 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 July 3, 2022, the Company had $4.6m (RMB 24.0m) owing on the Mainland China Facilities (June 27, 2021 - $7.2m (RMB 38.0m), April 3, 2022 - $nil (RMB nil)).

*Japan Facility*

A subsidiary of the Company in Japan has a loan facility in the aggregate amount of JPY 4,000.0m ($38.1m) ("Japan Facility") with a floating interest rate of JBA TIBOR plus an applicable margin of 0.3%. The term of the facility is twelve months and each draw on the facility is payable within the term. Proceeds drawn on the Japan Facility are being used to support build up of inventory for peak season sales. As at July 3, 2022, the Company had $23.3m (JPY 2,450.0m) owing on the Japan Facility.

*Short-term Borrowings*

As at July 3, 2022, the Company has short-term borrowings in the amount of $30.8m. Short-term borrowings include $4.6m (June 27, 2021 - $7.2m, April 3, 2022 - $nil) owing on the Mainland China Facilities, $23.3m (June 27, 2021 - $nil, April 3, 2022 - $nil) owing on the Japan Facility, and $2.9m (June 27, 2021 - $3.7m, April 3, 2022 - $3.8m) for the current portion of 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:

| | First quarter ended | |
|---|---|---|
| **(in millions of Canadian dollars)** | **July 3, 2022** | **June 27, 2021** |
| | **$** | **$** |
| Interest expense | | |
| Revolving facility | 0.1 | 0.2 |
| Term loan | 4.3 | 4.3 |
| Lease liabilities | 2.6 | 2.3 |
| Standby fees | 0.4 | 0.5 |
| Acceleration of unamortized costs on debt extinguishment | — | 9.5 |
| Interest income | (0.1) | (0.3) |
| Other costs | 0.1 | — |
| **Net interest, finance and other costs** | 7.4 | 16.5 |

## Note 12. Shareholders' equity

*Share capital transactions for the first quarter ended July 3, 2022*

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** | **$** |
| **April 3, 2022** | 51,004,076 | 1.4 | 54,190,432 | 117.1 | 105,194,508 | 118.5 |
| Exercise of stock options | — | — | 55,248 | 2.6 | 55,248 | 2.6 |
| Settlement of RSUs | — | — | 84,219 | — | 84,219 | — |
| **July 3, 2022** | 51,004,076 | 1.4 | 54,329,899 | 119.7 | 105,333,975 | 121.1 |

*Share capital transactions for the first quarter ended June 27, 2021*

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 |
| Exercise of stock options | — | — | 41,203 | 2.7 | 41,203 | 2.7 |
| Settlement of RSUs | — | — | 48,558 | — | 48,558 | — |
| **June 27, 2021** | 51,004,076 | 1.4 | 59,524,840 | 121.8 | 110,528,916 | 123.2 |

## Note 13. Share-based payments

*Stock options*

The Company 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:

| | First quarter ended | | | |
|---|---|---|---|---|
| | July 3, 2022 | | June 27, 2021 | |
| (in millions of Canadian dollars, except share and per share amounts) | Weighted average exercise price | Number of shares | Weighted average exercise price | Number of shares |
| **Options outstanding, beginning of period** | $ 42.99 | 2,722,690 | $ 38.32 | 2,498,973 |
| Granted to purchase shares | $ 24.64 | 1,568,221 | $ 48.93 | 728,375 |
| Exercised | $ 0.25 | (55,248) | $ 25.66 | (41,203) |
| Cancelled | $ 40.01 | (26,572) | $ 33.97 | (1,414) |
| **Options outstanding, end of period** | $ 36.73 | 4,209,091 | $ 40.92 | 3,184,731 |

*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:

| | First quarter ended | |
|---|---|---|
| | **July 3, 2022** | **June 27, 2021** |
| | **Number** | **Number** |
| **RSUs outstanding, beginning of period** | 215,590 | 137,117 |
| Granted | 207,820 | 151,237 |
| Settled | (84,219) | (48,558) |
| Cancelled | (3,282) | (1,026) |
| **RSUs outstanding, end of period** | 335,909 | 238,770 |

Subordinate voting shares, to a maximum of 1,205,028 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 award*s

For the first quarter ended July 3, 2022, the Company recorded $2.7m, as contributed surplus and compensation expense for the vesting of stock options and RSUs (first quarter ended June 27, 2021 - $2.7m). 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:

| | First quarter ended | |
|---|---|---|
| **(in millions of Canadian dollars, except share and per share amounts)** | **July 3, 2022** | **June 27, 2021** |
| Weighted average stock price valuation | $ 24.64 | $ 48.93 |
| Weighted average exercise price | $ 24.64 | $ 48.93 |
| Risk-free interest rate | 2.51 % | 0.44 % |
| Expected life in years | 5 | 5 |
| Expected dividend yield | — % | — % |
| Volatility | 40 % | 40 % |
| Weighted average fair value of options issued | $ 7.86 | $ 14.36 |

Fair value for RSUs is determined based on the market value of the subordinate voting shares at the time of grant. As at July 3, 2022, the weighted average fair value of the RSUs issued was $24.64 (June 27, 2021 - $48.93).

## Note 14. 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 first quarter ended July 3, 2022, the Company incurred expenses with related parties of $0.3m (first quarter ended June 27, 2021 - $0.2m) from companies related to certain shareholders. Balances owing to related parties as at July 3, 2022 were $0.3m (June 27, 2021 - $0.2m, April 3, 2022 - $0.3m).

A lease liability due to the controlling shareholder of the acquired Baffin Inc. business (the "Baffin Vendor") for leased premises was $3.6m as at July 3, 2022 (June 27, 2021 - $4.4m, April 3, 2022 - $3.8m). During the first quarter ended July 3, 2022, 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 (first quarter ended June 27, 2021 - $0.3m). No amounts were owing to Baffin entities as at July 3, 2022, June 27, 2021, and April 3, 2022.

Lease liabilities due to the non-controlling shareholder of the Japan Joint Venture, Sazaby League, for leased premises was $2.8m as at July 3, 2022. During the first quarter ended July 3, 2022, the Company paid principal and interest on lease liabilities, royalty fees, and other operating costs to Sazaby League totaling $1.4m. Balances owing to Sazaby League as at July 3, 2022 were $0.2m.

## Note 15. 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:

| | | | | | **July 3, 2022** |
|---|---|---|---|---|---|
| **(in millions of Canadian dollars)** | **Level 1** | **Level 2** | **Level 3** | **Carrying value** | **Fair value** |
| | **$** | **$** | **$** | **$** | **$** |
| **Financial assets** | | | | | |
| Derivatives included in other current assets | — | 17.1 | — | 17.1 | 17.1 |
| Derivatives included in other long-term assets | — | 17.7 | — | 17.7 | 17.7 |
| **Financial liabilities** | | | | | |
| Derivatives included in accounts payable and accrued liabilities | — | 13.7 | — | 13.7 | 13.7 |
| Mainland China Facilities | — | — | 4.6 | 4.6 | 4.6 |
| Japan Facility | — | 23.3 | — | 23.3 | 23.3 |
| Term loan | — | 380.0 | — | 380.0 | 404.9 |
| Derivatives included in other long-term liabilities | — | 10.5 | — | 10.5 | 10.5 |
| Put option liability included in other long-term liabilities (note 3) | — | — | 20.7 | 20.7 | 20.7 |
| Contingent consideration included in other long-term liabilities (note 3) | — | — | 19.5 | 19.5 | 19.5 |

| | | | | | June 27, 2021 |
|---|---|---|---|---|---|
| **(in millions of Canadian dollars)** | **Level 1** | **Level 2** | **Level 3** | **Carrying value** | **Fair value** |
| | **$** | **$** | **$** | **$** | **$** |
| **Financial assets** | | | | | |
| Derivatives included in other current assets | — | 8.5 | — | 8.5 | 8.5 |
| Derivatives included in other long-term assets | — | 4.4 | — | 4.4 | 4.4 |
| **Financial liabilities** | | | | | |
| Derivatives included in accounts payable and accrued liabilities | — | 10.7 | — | 10.7 | 10.7 |
| Mainland China Facilities | — | — | 7.2 | 7.2 | 7.2 |
| Derivatives included in other long-term liabilities | — | 26.8 | — | 26.8 | 26.8 |
| Term loan | — | 366.9 | — | 366.9 | 367.9 |

| | | | | | April 3, 2022 |
|---|---|---|---|---|---|
| **(in millions of Canadian dollars)** | **Level 1** | **Level 2** | **Level 3** | **Carrying value** | **Fair value** |
| | **$** | **$** | **$** | **$** | **$** |
| **Financial assets** | | | | | |
| Derivatives included in other current assets | — | 9.5 | — | 9.5 | 9.5 |
| Derivatives included in other long-term assets | — | 20.4 | — | 20.4 | 20.4 |
| **Financial liabilities** | | | | | |
| Derivatives included in accounts payable and accrued liabilities | — | 10.4 | — | 10.4 | 10.4 |
| Derivatives included in other long-term liabilities | — | 23.1 | — | 23.1 | 23.1 |
| Term loan | — | 370.0 | — | 370.0 | 386.9 |

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

## Note 16. 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, the Mainland China Facilities, and the Japan Facility 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 July 3, 2022:

| **Contractual obligations by fiscal year** | **Q2 to Q4 2023** | **2024** | **2025** | **2026** | **2027** | **2028** | **Thereafter** | **Total** |
|---|---|---|---|---|---|---|---|---|
| **(in millions of Canadian dollars)** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** |
| Accounts payable and accrued liabilities | 165.6 | — | — | — | — | — | — | 165.6 |
| Mainland China Facilities | 4.6 | — | — | — | — | — | — | 4.6 |
| Japan Facility | 23.3 | — | — | — | — | — | — | 23.3 |
| Term loan | 2.9 | 3.9 | 3.9 | 3.9 | 3.9 | 362.2 | — | 380.7 |
| Interest commitments relating to borrowings[1] | 13.6 | 17.2 | 17.2 | 17.2 | 17.2 | 8.6 | — | 91.0 |
| Lease obligations | 53.7 | 63.1 | 57.9 | 44.5 | 37.1 | 25.8 | 64.2 | 346.3 |
| Pension obligation | — | — | — | — | — | — | 2.1 | 2.1 |
| **Total contractual obligations** | **263.7** | **84.2** | **79.0** | **65.6** | **58.2** | **396.6** | **66.3** | **1,013.6** |

[1] Interest commitments are calculated based on the loan balance and the interest rate payable on the Mainland China Facilities, the Japan Facility and the term loan of 4.26%, 0.37%, and 4.51% respectively, as at July 3, 2022.

As at July 3, 2022, we had additional liabilities which included provisions for warranty, sales returns, asset retirement obligations, deferred income tax liabilities, as well as the put option liability and the contingent consideration on the Japan Joint Venture. These liabilities 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 July 3, 2022, the Company had $5.4m outstanding.

In addition, during the first quarter ended July 3, 2022, a subsidiary of the Company in Mainland China entered into letters of guarantee in the amount of $1.4m. Amounts will be used to support retail operations 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 July 3, 2022, accounts receivable totaling approximately $14.4m (June 27, 2021 - $7.6m, April 3, 2022 - $8.1m) were insured subject to the policy cap. Complementary to the 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 first quarter ended July 3, 2022, the Company received no cash proceeds from the sale of trade accounts receivable as no amounts were derecognized from the Company's statement of financial position (first quarter ended June 27, 2021 - $0.9m). No fees were incurred during the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - less than $0.1m) and included in net interest, finance and other costs in the interim statements of loss. As at July 3, 2022, the outstanding amount of trade accounts receivable derecognized from the Company’s statement of financial position, but which the Company continued to service, was less than $0.1m (June 27, 2021 - $0.9m, April 3, 2022 - $2.0m).

***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, Hong Kong dollars and since the Japan Joint Venture, Japanese yen. 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. During the second quarter of fiscal 2022, 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 gains in the fair value of derivatives designated as cash flow hedges in other comprehensive income:

| | First quarter ended | | | |
|---|---|---|---|---|
| | July 3, 2022 | | June 27, 2021 | |
| **(in millions of Canadian dollars)** | **Net gain** | **Tax expense** | **Net gain** | **Tax expense** |
| | **$** | **$** | **$** | **$** |
| Forward foreign exchange contracts designated as cash flow hedges | 0.7 | (0.4) | 0.7 | (0.2) |

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

| | First quarter ended | |
|---|---|---|
| **(in millions of Canadian dollars)** | **July 3, 2022** | **June 27, 2021** |
| **Loss (gain) from other comprehensive income** | **$** | **$** |
| Forward foreign exchange contracts designated as cash flow hedges | | |
| Revenue | 0.7 | — |
| SG&A expenses | 1.0 | (0.1) |
| Inventory | (0.1) | (1.0) |

For the first quarter ended July 3, 2022, unrealized loss of $0.6m (first quarter ended June 27, 2021 - unrealized gain of $0.3m) on forward exchange contracts that were not treated as hedges were recognized in SG&A expenses in the interim statements of loss.

Foreign currency forward exchange contracts outstanding as at July 3, 2022 related to operating cash flows were:

| (in millions) | Aggregate Amounts | | Currency |
|---|---|---|---|
| Forward contract to purchase Canadian dollars | US$ | 118.7 | U.S. dollars |
| | € | 113.6 | euros |
| Forward contract to sell Canadian dollars | US$ | 25.0 | U.S. dollars |
| | € | 40.5 | euros |
| Forward contract to purchase euros | CHF | 2.1 | Swiss francs |
| | CNY | 469.1 | Chinese yuan |
| | £ | 47.4 | British pounds sterling |
| Forward contract to sell euros | CHF | 6.4 | Swiss francs |
| | CNY | 90.3 | Chinese yuan |
| | £ | 2.9 | British pounds sterling |

*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 11). 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:

| | First quarter ended | | | |
|---|---|---|---|---|
| | July 3, 2022 | | June 27, 2021 | |
| **(in millions of Canadian dollars)** | **Net gain** | **Tax expense** | **Net loss** | **Tax recovery** |
| | **$** | **$** | **$** | **$** |
| Swaps designated as cash flow hedges | 0.6 | (0.2) | (0.5) | 0.2 |

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

| | First quarter ended | |
|---|---|---|
| **(in millions of Canadian dollars)** | **July 3, 2022** | **June 27, 2021** |
| **Loss from other comprehensive income** | **$** | **$** |
| Swaps designated as cash flow hedges | 0.2 | 0.2 |

For the first quarter ended July 3, 2022, unrealized gains of $12.4m (first quarter ended June 27, 2021 - unrealized losses of $7.5m) 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 interim statements of loss.

***Interest rate risk***

The Company is exposed to interest rate risk related to the effect of interest rate changes on the borrowings outstanding under the term loan, the Mainland China Facilities and Japan Facility which currently bear interest rates at 4.51%, 4.26%, and 0.37% respectively. As at July 3, 2022, the Company had no amounts outstanding on the revolving facility.

Based on the weighted average amount of outstanding borrowings, a 1.00% increase in the average interest rate during the first quarter ended July 3, 2022 would have increased interest expense on the term loan and Mainland China Facilities by $0.9m and less than $0.1m respectively (first quarter ended June 27, 2021 - $0.9m and less than $0.1m, respectively). Correspondingly, a 1.00% increase in the average interest rate would have increased interest expense on our Japan Facility by less than $0.1m.

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. 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 17. Selected cash flow information**

*Changes in non-cash operating items*

| | **First quarter ended** | |
|---|---|---|
| **(in millions of Canadian dollars)** | **July 3, 2022** | **June 27, 2021** |
| | | *Restated (Note 2)* |
| | **$** | **$** |
| Trade receivables | (4.5) | 1.4 |
| Inventories | (85.9) | (63.2) |
| Other current assets | (4.8) | (0.8) |
| Accounts payable and accrued liabilities | (14.3) | (35.6) |
| Provisions | (3.2) | (6.9) |
| Other | (10.8) | 0.5 |
| **Change in non-cash operating items** | (123.5) | (104.6) |

## CANADA GOOSE HOLDINGS INC.

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

For the first quarter ended July 3, 2022

*The following Management's Discussion and Analysis ("MD&A") for Canada Goose Holdings Inc. ("us," "we," "our," "Canada Goose" or the "Company") is dated August 10, 2022 and provides information concerning our results of operations and financial condition for the first quarter ended July 3, 2022. 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 first quarter ended July 3, 2022 ("Interim Financial Statements") and our audited consolidated financial statements and the related notes for the fiscal year ended April 3, 2022 ("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 April 3, 2022 ("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, political, and economic disruption caused by the novel coronavirus pandemic ("COVID-19") and recent and ongoing geopolitical events;
- limited disruption to our DTC channel, including store closures, whether caused by COVID-19 and recent and ongoing geopolitical events or other events;
- 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;
- continued immaterial global supply chain disruptions to our business and ability to fulfill demand and maintain sufficient inventory levels, which we continue to monitor; 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 and geopolitical events, which may further affect general economic and operating conditions;
- additional potential closures or retail traffic disruptions impacting our retail stores and the retail stores of our wholesale partners as a result of COVID-19;
- 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;
- an economic downturn and general economic conditions (for example, inflation and rising interest rates) may further affect discretionary consumer spending;
- we may not be able to satisfy changing consumer preferences;
- 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 manage inventory and forecast our inventory need and to manage our production distribution networks. In anticipation of our expected growth and as an important hedge against inflation, we have built up our inventory to elevated levels. If our supply exceeds demand, we may be required to take certain actions to reduce inventory which could damage our brand;
- we may not be able to protect or preserve our brand image and proprietary rights;
- 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 and Other Specified Financial Measures" below.

The Interim Financial Statements and the accompanying notes have been prepared using the accounting policies described in note 2 to the Annual Financial Statements. The Company adopted a change in accounting policy on the treatment of implementation costs related to Software as a Service ("SaaS") arrangements as described in note 2 to the Interim Financial Statements. See "Changes in Accounting Policies" for a description of the impact from adopting the agenda decision.

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

All references 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; to "fiscal 2022" are to the Company's fiscal year ended April 3, 2022; and to "fiscal 2023" are to the Company's fiscal year ending April 2, 2023.

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 for a 52-week fiscal year. The additional week in a 53-week fiscal year is added to the third quarter. Fiscal 2022 was the first 53-week fiscal year, ended on April 3, 2022, and the additional week was added to the third quarter ended January 2, 2022.

Certain comparative figures have been reclassified to conform with the current year presentation. Depreciation and amortization for amounts not included in costs of goods sold, which were previously presented in a separate line item, are reflected in the presentation of selling, general & administrative ("SG&A") expenses.

## SUMMARY OF FINANCIAL PERFORMANCE

The following table summarizes results of operations for the first quarter ended July 3, 2022 compared to the first quarter ended June 27, 2021, 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.

| | First quarter ended | | |
|---|---|---|---|
| **CAD $ millions (except per share data)** | **July 3, 2022** | **June 27, 2021[2]** | **% Change** |
| **Statement of Operations data:** | | | |
| Revenue | 69.9 | 56.3 | 24.2 % |
| Gross profit | 42.7 | 30.7 | 39.1 % |
| *Gross margin* | *61.1 %* | *54.5 %* | *660 bps* |
| Operating loss | (80.7) | (61.8) | (30.6) % |
| Net loss | (63.6) | (57.5) | (10.6) % |
| Net loss attributable to shareholders of the Company | (62.4) | (57.5) | (8.5) % |
| **Loss per share attributable to shareholders of the Company** | | | |
| Basic and diluted | $ (0.59) | $ (0.52) | (13.5) % |
| **Non-IFRS Financial Measures:[1]** | | | |
| Adjusted EBIT | (75.6) | (61.3) | (23.3) % |
| *Adjusted EBIT margin* | *(108.2)%* | *(108.9)%* | *70 bps* |
| Adjusted net loss attributable to shareholders of the Company | (58.5) | (50.8) | (15.2) % |
| Adjusted net loss per basic and diluted share attributable to shareholders of the Company | $ (0.56) | $ (0.46) | (21.7) % |

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

2 *The Company adopted a change in accounting policy on the treatment of implementation costs related to Software as a Service ("SaaS") arrangements. See "Changes in Accounting Policies" for a description of the impact from adopting the agenda decision and the impact of retrospective application on this quarter.*

## 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 July 3, 2022, our DTC segment included sales to customers through our 56 national e-Commerce markets and 43 directly operated permanent 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 segments, such as sales to employees and 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 may be delayed due to current global conditions.
- *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. While restrictions have been lifted to varying degrees in markets around the world, we continue to be impacted to some extent. Store operations have largely resumed during the first quarter of fiscal 2023 across our global store network with the exception of Mainland China, which was negatively impacted by COVID-19 related restrictions that resulted in store closures, reduced hours, significantly lower retail traffic, and conservative consumer buying behaviour. In the first quarter of fiscal 2023, eight out of 16 retail stores in Mainland China experienced store closures. As at July 3, 2022 and August 11, 2022, all of our retail stores globally were in operation.

  Global supply chain disruptions continue from the ongoing challenges related to COVID-19, however these disruptions have not materially impacted our ability to fulfill demand and maintain sufficient inventory levels. We continue to anticipate and monitor escalating costs based both on freight constraints and required speed to stage inventory or deliver to consumers.

  Future developments relating to COVID-19 are highly uncertain and out of our control. Prolonged disruptions due to the pandemic, including the emergence of the new COVID-19 variants and mutations, 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 impacts on our supply chain.
- *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.

- *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 remain concerned about the conflict in Ukraine and impact on human life for those affected. We continue to suspend all wholesale and e-Commerce sales to Russia, which represented less than 1% of total annual revenue in fiscal 2022. 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.
- *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 82.4% and 86.8% of our annual wholesale revenue in the combined second and third fiscal quarters of fiscal 2022 and fiscal 2021, respectively. Additionally, we generated 85.0% and 89.3% of our annual DTC revenue in the combined third and fourth fiscal quarters of fiscal 2022 and fiscal 2021, 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] among others 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 and Other Specified 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), the Mainland China Facilities (as defined below), and the Japan Facility (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.
- *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 2022, 2021, and 2020, we generated 72.5%, 67.9%, and 62.3%, respectively, of our revenue in currencies other than Canadian dollars. Accordingly, we are exposed to the effect of translating the results of our foreign operations into Canadian dollars. 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 the Term Loan Facility (as defined below). The Company has entered into foreign exchange cross-currency swap and forward contracts to hedge a portion of the exposure to foreign currency exchange and interest rate 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 first quarter ended July 3, 2022 and for the fiscal year ended April 3, 2022 are summarized below:

| | **Foreign currency exchange rate to $1.00 CAD** | | | | | |
|---|---|---|---|---|---|---|
| | **Fiscal 2023** | | | | | |
| | **Average Rate** | | | | | **Closing Rate** |
| **Currency** | **Q1** | **Q2** | **Q3** | **Q4** | **YTD** | **July 3, 2022** |
| USD/CAD | 1.2765 | — | — | — | 1.2765 | 1.2886 |
| EUR/CAD | 1.3590 | — | — | — | 1.3590 | 1.3467 |
| GBP/CAD | 1.6031 | — | — | — | 1.6031 | 1.5668 |
| CHF/CAD | 1.3232 | — | — | — | 1.3232 | 1.3489 |
| CNY/CAD | 0.1932 | — | — | — | 0.1932 | 0.1924 |
| HKD/CAD | 0.1627 | — | — | — | 0.1627 | 0.1642 |
| JPY/CAD | 0.0098 | — | — | — | 0.0098 | 0.0095 |

| | **Foreign currency exchange rate to $1.00 CAD** | | | | | |
|---|---|---|---|---|---|---|
| | **Fiscal 2022** | | | | | |
| | **Average Rate** | | | | | **Closing Rate** |
| **Currency** | **Q1** | **Q2** | **Q3** | **Q4** | **2022** | **April 3, 2022** |
| USD/CAD | 1.2280 | 1.2601 | 1.2600 | 1.2663 | 1.2536 | 1.2512 |
| EUR/CAD | 1.4804 | 1.4852 | 1.4409 | 1.4218 | 1.4571 | 1.3816 |
| GBP/CAD | 1.7170 | 1.7367 | 1.6991 | 1.6995 | 1.7131 | 1.6399 |
| CHF/CAD | 1.3485 | 1.3723 | 1.3669 | 1.3707 | 1.3646 | 1.3514 |
| CNY/CAD | 0.1902 | 0.1948 | 0.1971 | 0.1995 | 0.1954 | 0.1966 |
| HKD/CAD | 0.1581 | 0.1620 | 0.1618 | 0.1622 | 0.1610 | 0.1597 |

Source: Bank of Canada

## Components of Our Results of Operations

*Revenue*

DTC revenue consists of sales through our e-Commerce operations and retail stores. DTC revenue is recognized upon delivery of the goods to the customer and when consideration is received, net of an estimated provision for sales returns.

Wholesale revenue comprises sales to third party resellers, which includes retailers and distributors of our products. 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.

Other revenue comprises sales not directly allocated to the DTC or Wholesale segments, including sales to employees and in fiscal 2021, sales of personal protective equipment ("PPE") to federal, provincial, and local health authorities.

*Gross Profit*

Gross profit is our revenue less cost of sales. Cost of sales comprises the cost of manufacturing our products and goods purchased from other manufacturers, 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, 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, as well as depreciation and amortization. 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, a portion of our Revolving Facility, the Term Loan Facility, the Mainland China Facilities, the Japan 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 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. Operating margin measures our operating income as a percentage of revenue.

*Net interest, finance and other costs*

Net interest, finance and other costs represents interest expense on our borrowings including the Revolving Facility, the Term Loan Facility, the Mainland China Facilities, the Japan Facility, and lease liabilities, as well as standby fees, net of interest income.

*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.

**JOINT VENTURE**

The Company and a former distributor of the Company's products in Japan, Sazaby League, Ltd. (“Sazaby League”), entered into an agreement (the “Joint Venture Agreement”) to form a joint venture (the “Japan Joint Venture”) pursuant to which the Company acquired 50% of the issued and outstanding voting shares of the legal entity comprising the joint venture, Canada Goose Japan, K.K. (“CG Japan”), on April 4, 2022. CG Japan was established to market, distribute and sell Canada Goose products, and to operate retail stores and e-Commerce in Japan. The Japan Joint Venture includes a permanent Canada Goose retail store in Tokyo, a national e-Commerce site, as well as wholesale points of distribution across the country. Total purchase consideration for the transaction was $22.6m which comprised of cash consideration of $2.6m plus deferred contingent consideration with an estimated fair value of $20.0m.

CG Japan’s results of operations have been consolidated with those of the Company from the date of acquisition. Prior to the establishment of CG Japan, the Company sold its products to the former distributor. The majority of sales historically occurred in the first and second quarters and were recorded in the Wholesale operating segment. Going forward, it is expected that CG Japan’s revenue and results of operations will be aligned to our respective operating segments and are expected to occur more in line with the seasonality of the Company's Wholesale and DTC segments, which is expected to have an impact on the timing of the revenue we recognize in Japan.

In connection with the business combination, the Joint Venture Agreement includes a put option that allows the non-controlling shareholder to sell its 50% interest to the Company within six months after certain circumstances constituting a "put option trigger" event occurs. If the put option is not exercised during such six-month period the put option will expire. The Company established a financial liability for the put option in respect of non-controlling interests.

## RESULTS OF OPERATIONS

### For the first quarter ended July 3, 2022 compared to the first quarter ended June 27, 2021

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) | First quarter ended July 3, 2022 | First quarter ended June 27, 2021[2] | $ Change | % Change |
|---|---|---|---|---|
| **Statement of Operations data:** | | | | |
| **Revenue** | 69.9 | 56.3 | 13.6 | 24.2 % |
| Cost of sales | 27.2 | 25.6 | (1.6) | (6.3) % |
| **Gross profit** | 42.7 | 30.7 | 12.0 | 39.1 % |
| *Gross margin* | *61.1 %* | *54.5 %* | | *660 bps* |
| SG&A expenses | 123.4 | 92.5 | (30.9) | (33.4) % |
| *SG&A expenses as % of revenue* | *176.5 %* | *164.3 %* | | *(1,220) bps* |
| **Operating loss** | (80.7) | (61.8) | (18.9) | (30.6) % |
| *Operating margin* | *(115.5)%* | *(109.8)%* | | *(570) bps* |
| Net interest, finance and other costs | 7.4 | 16.5 | 9.1 | 55.2 % |
| **Loss before income taxes** | (88.1) | (78.3) | (9.8) | (12.5) % |
| Income tax recovery | (24.5) | (20.8) | 3.7 | 17.8 % |
| *Effective tax rate* | *27.8 %* | *26.6 %* | | *(120) bps* |
| **Net loss** | (63.6) | (57.5) | (6.1) | (10.6) % |
| Non-controlling interest | (1.2) | — | 1.2 | 100.0 % |
| **Net loss attributable to shareholders of the Company** | (62.4) | (57.5) | (4.9) | (8.5) % |
| **Weighted average number of shares outstanding** | | | | |
| Basic and diluted | 105,234,474 | 110,504,248 | | |
| **Loss per share attributable to shareholders of the Company** | | | | |
| Basic and diluted | $ (0.59) | $ (0.52) | (0.07) | (13.5) % |
| **Non-IFRS Financial Measures:[1]** | | | | |
| Adjusted EBIT | (75.6) | (61.3) | (14.3) | (23.3) % |
| Adjusted EBIT margin | *(108.2)%* | *(108.9)%* | | *70 bps* |
| Adjusted net loss attributable to shareholders of the Company | (58.5) | (50.8) | (7.7) | (15.2) % |
| Adjusted net loss per basic and diluted share attributable to shareholders of the Company | $ (0.56) | $ (0.46) | (0.10) | (21.7) % |

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

2 *The Company adopted a change in accounting policy on the treatment of implementation costs related to Software as a Service ("SaaS") arrangements. See "Changes in Accounting Policies" for a description of the impact from adopting the agenda decision and the impact of retrospective application on this quarter.*

### *Revenue*

Revenue for the first quarter ended July 3, 2022 was $69.9m, an increase of $13.6m or 24.2%, from $56.3m for the first quarter ended June 27, 2021. Revenue generated from our DTC channel represented 49.8% of total revenue for the first quarter ended July 3, 2022 compared to 51.7% for the first quarter ended June 27, 2021. On a constant currency[1] basis, revenue increased by 24.0% for the first quarter ended July 3, 2022 compared to the first quarter ended June 27, 2021.

| | First quarter ended | | $ Change | | | % Change | |
|---|---|---|---|---|---|---|---|
| **CAD $ millions** | **July 3, 2022** | **June 27, 2021** | **As reported** | **Foreign exchange impact** | **In constant currency[1]** | **As reported** | **In constant currency[1]** |
| DTC | 34.8 | 29.1 | 5.7 | (1.1) | 4.6 | 19.6 % | 15.8 % |
| Wholesale | 33.2 | 26.1 | 7.1 | 1.0 | 8.1 | 27.2 % | 31.0 % |
| Other | 1.9 | 1.1 | 0.8 | — | 0.8 | 72.7 % | 72.7 % |
| Total revenue | 69.9 | 56.3 | 13.6 | (0.1) | 13.5 | 24.2 % | 24.0 % |

1 *Constant currency revenue is a non-IFRS financial measure. See "Non-IFRS Financial Measures and Other Specified Financial Measures" for a description of this measure.*

*DTC*

Revenue from our DTC segment was $34.8m for the first quarter ended July 3, 2022 compared to $29.1m for the first quarter ended June 27, 2021. The increase of $5.7m or 19.6% was attributable to continued retail expansion, an increase in existing store sales and the reopening of existing retail stores. In the first quarter ended July 3, 2022, we were negatively impacted by COVID-19 related restrictions in Mainland China, which resulted in store closures, reduced hours, significantly lower retail traffic and conservative consumer buying behavior, which did not occur in the comparative quarter. However, in the first quarter ended June 27, 2021, similar COVID-19 related closures impacted certain stores in Canada and EMEA (defined below), which were open in the current year. DTC comparable sales growth[2] was 10.7%.

2 *DTC comparable growth is a supplementary financial measure. See "Non-IFRS Financial Measures and Other Specified Financial Measures" for a description of this measure.*

*Wholesale*

Revenue from our Wholesale segment was $33.2m for the first quarter ended July 3, 2022 compared to $26.1m for the first quarter ended June 27, 2021. The increase of $7.1m or 27.2% was attributable to pricing and customer requests for earlier shipments. Prior to the Japan Joint Venture, all revenue related to the Japanese market was recorded in the Wholesale channel. Historically revenue was recorded in the first and second quarters, with $9.3m of revenue related to that market included in results for the first quarter ended June 27, 2021. As a result of the Japan Joint Venture, the Company expects the sales to occur more in line with the seasonality of the Company's Wholesale and DTC segments. See "*Joint Venture*" for a description of the Japan Joint Venture.

*Other*

Revenue from our Other segment was $1.9m, principally from sales to employees, for the first quarter ended July 3, 2022 compared to $1.1m for the first quarter ended June 27, 2021. The increase of $0.8m or 72.7% was attributable to an increase in employee sales.

*Revenue by geography*

| | First quarter ended | | $ Change | | | % Change | |
|---|---|---|---|---|---|---|---|
| **CAD $ millions** | **July 3, 2022** | **June 27, 2021** | **As reported** | **Foreign exchange impact** | **In constant currency[2]** | **As reported** | **In constant currency[2]** |
| Canada | 17.9 | 9.9 | 8.0 | — | 8.0 | 80.8 % | 80.8 % |
| United States | 15.7 | 9.3 | 6.4 | (0.8) | 5.6 | 68.8 % | 60.2 % |
| Asia Pacific | 16.1 | 22.4 | (6.3) | (1.6) | (7.9) | (28.1)% | (35.3)% |
| EMEA[1] | 20.2 | 14.7 | 5.5 | 2.3 | 7.8 | 37.4 % | 53.1 % |
| Total revenue | 69.9 | 56.3 | 13.6 | (0.1) | 13.5 | 24.2 % | 24.0 % |

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 and Other Specified Financial Measures" for a description of these measures.*

Revenue increased across all regions except for Asia Pacific for the first quarter ended July 3, 2022 compared to the comparative quarter. Canada and the United States regained momentum within existing stores, while revenue growth in EMEA is attributable to retail expansion. Asia Pacific results were impacted by COVID-19 related restrictions in Mainland China and shift in timing of revenue recognition related to the Japan Joint Venture as described above. Partially offsetting Mainland China declines were improved sales in Macau. All stores have re-opened in Mainland China as of the end of June 2022 and remain open to date.

***Gross Profit***

Gross profit and gross margin for the first quarter ended July 3, 2022 were $42.7m and 61.1%, respectively, compared to $30.7m and 54.5%, respectively, for the first quarter ended June 27, 2021. The increase in gross profit of $12.0m was attributable to higher revenue as noted above and gross margin expansion. Gross margin in the current quarter was favourably impacted by pricing, and lower product costs as a result of increased efficiencies due to the end of COVID-19 restrictions in our manufacturing facilities, partially offset by unfavourable region mix resulting from a lower proportion of sales in the Asia Pacific region due to retail closures relating to COVID-19 restrictions.

| | First quarter ended | | | | | |
|---|---|---|---|---|---|---|
| | July 3, 2022 | | June 27, 2021 | | | |
| **CAD $ millions** | **Gross profit** | **Gross margin** | **Gross profit** | **Gross margin** | **$ Change** | **Change in bps** |
| DTC | 25.3 | *72.7 %* | 19.7 | *67.7 %* | 5.6 | *500 bps* |
| Wholesale | 16.8 | *50.6 %* | 10.4 | *39.8 %* | 6.4 | *1,080 bps* |
| Other | 0.6 | *31.6 %* | 0.6 | *54.5 %* | — | |
| Total gross profit | 42.7 | *61.1 %* | 30.7 | *54.5 %* | 12.0 | *660 bps* |

*DTC*

Gross profit in our DTC segment was $25.3m for the first quarter ended July 3, 2022 compared to $19.7m for the first quarter ended June 27, 2021. The increase of $5.6m in gross profit was attributable to higher revenues as noted above and gross margin expansion. The gross margin was 72.7% for the first quarter ended July 3, 2022, an increase of 500 bps compared to 67.7% in the comparative quarter. During the first quarter ended July 3, 2022, gross margin was favourably impacted by lower product costs (+640 bps) as a result of increased efficiencies due to the end of COVID-19 restrictions in our manufacturing facilities and pricing (+140 bps), partially offset by the unfavourable impact of the fair value inventory acquisition adjustment on sales related to the Japan Joint Venture (-80 bps) and an unfavourable region mix (-150 bps) resulting from a lower proportion of sales from the Asia Pacific region due to retail closures relating to COVID-19 restrictions.

*Wholesale*

Gross profit in our Wholesale segment was $16.8m for the first quarter ended July 3, 2022 compared to $10.4m for the first quarter ended June 27, 2021. The increase of $6.4m in gross profit was attributable to higher revenues and gross margin expansion. The gross margin was 50.6% for the first quarter ended July 3, 2022, an increase of 1,080 bps compared to 39.8% in the comparative quarter. During the first quarter ended July 3, 2022, gross margin benefited from product mix (+510 bps) driven by higher parka sales arising from customer requests for earlier shipments compared to prior quarter, lower product costs (+430 bps) as a result of increased efficiencies due to the end of COVID-19 restrictions in our manufacturing facilities, and pricing (+240 bps) partially offset by higher volume freight and duty costs (-70 bps).

*Other*

Gross profit in our Other segment was $0.6m for the first quarter ended July 3, 2022 compared to $0.6m for the first quarter ended June 27, 2021. Although there was no change in gross profit from the comparative quarter, there was a decrease in gross margin due to employee sales with lower margins in the current quarter.

***SG&A Expenses***

SG&A expenses were $123.4m for the first quarter ended July 3, 2022 compared to $92.5m for the first quarter ended June 27, 2021. The increase of $30.9m or 33.4% was attributable to the timing of $12.6m of investment in marketing (which occurred earlier in the year compared to fiscal 2022) to assist with brand awareness and support our growth, representing earlier timing of activity than in the comparative quarter, $5.1m of incremental personnel costs, $6.9m in higher costs related to opening new stores and running stores at full capacity, $3.8m investment in strategic initiatives including digital and $2.9m in costs to support the new Japan Joint Venture. The increase was partially offset by $5.1m of favourable foreign exchange fluctuations related to working capital denominated in currencies other than Canadian dollars and the Term Loan Facility, net of hedge impacts.

| | First quarter ended | | | | | |
|---|---|---|---|---|---|---|
| | July 3, 2022 | | June 27, 2021 | | | |
| **CAD $ millions** | **Reported** | **% of segment revenue** | **Reported** | **% of segment revenue** | **$ Change** | **% Change** |
| DTC | 42.0 | *120.7 %* | 30.7 | *105.5 %* | (11.3) | (36.8)% |
| Wholesale | 11.2 | *33.7 %* | 8.5 | *32.6 %* | (2.7) | (31.8)% |
| Other | 70.2 | | 53.3 | | (16.9) | (31.7)% |
| Total SG&A expenses | 123.4 | *176.5 %* | 92.5 | *164.3 %* | (30.9) | (33.4)% |

Depreciation and amortization, included above, was $23.4m for the first quarter ended July 3, 2022 compared to $17.8m for the first quarter ended June 27, 2021, an increase of $5.6m which is attributable to continued retail expansion.

*DTC*

SG&A expenses in our DTC segment for the first quarter ended July 3, 2022 were $42.0m, or 120.7% of segment revenue, compared to $30.7m, or 105.5% of segment revenue, for the first quarter ended June 27, 2021. The increase of $11.3m or 36.8% was primarily due to retail expansion and was attributable to $6.9m of incremental personnel costs and higher costs related to opening new stores and running stores at full capacity. Pre-store opening costs and COVID-19 related temporary store closure costs of $0.3m and $2.2m, respectively, were recognized in the first quarter ended July 3, 2022 compared to pre-store opening costs and COVID-19 related temporary store closure costs of $0.9m and $0.2m, respectively, in the comparative quarter.

*Wholesale*

SG&A expenses in our Wholesale segment for the first quarter ended July 3, 2022 were $11.2m, or 33.7% of segment revenue, compared to $8.5m, or 32.6% of segment revenue, for the first quarter ended June 27, 2021. The increase of $2.7m or 31.8% was attributable to $1.4m of higher freight costs driven by incremental volumes and $1.0m of other higher operating costs.

*Other*

SG&A expenses in our Other segment, which include unallocated corporate expenses, were $70.2m for the first quarter ended July 3, 2022 compared to $53.3m for the first quarter ended June 27, 2021. The increase of $16.9m or 31.7% was attributable to the timing of $12.6m of investment in marketing, which occurred earlier in the year compared to fiscal 2022, $5.1m of incremental personnel costs driven by headcount growth, and $4.8m of higher professional fees in support of strategic activities, legal fees, and costs associated with the Japan Joint Venture. The increase was partially offset by $5.1m of favourable foreign exchange fluctuations related to working capital denominated in currencies other than Canadian dollars and the Term Loan Facility, net of hedge impacts.

***Operating Loss and Margin***

Operating loss and operating margin were $(80.7)m and (115.5)% for the first quarter ended July 3, 2022 compared to $(61.8)m and (109.8)% for the first quarter ended June 27, 2021. The increase in operating loss of $18.9m and decrease in operating margin of 570 bps were attributable to higher operating costs noted above, offset by higher gross profit impact of +660 bps.

| | First quarter ended | | | | | |
|---|---|---|---|---|---|---|
| | July 3, 2022 | | June 27, 2021 | | | |
| **CAD $ millions** | **Operating (loss) income** | **Operating margin** | **Operating (loss) income** | **Operating margin** | **$ Change** | **Change in bps** |
| DTC | (16.7) | *(48.0)%* | (11.0) | *(37.8)%* | (5.7) | *(1,020) bps* |
| Wholesale | 5.6 | *16.9 %* | 1.9 | *7.3 %* | 3.7 | *960 bps* |
| Other | (69.6) | | (52.7) | | (16.9) | |
| Total operating loss | (80.7) | *(115.5)%* | (61.8) | *(109.8)%* | (18.9) | *(570) bps* |

*DTC*

DTC segment operating loss and operating margin were $(16.7)m and (48.0)% for the first quarter ended July 3, 2022 compared to $(11.0)m and (37.8)% for the first quarter ended June 27, 2021. The increase in operating loss of $5.7m and decrease in operating margin of 1,020 bps were attributable to higher operating and personnel costs due to incremental new stores, partially offset by improved sales volumes. Pre-store opening costs and COVID-19 related temporary store closure costs of $0.3m and $2.2m, respectively, were recognized in the first quarter ended July 3, 2022 compared to pre-store opening costs and COVID-19 related temporary store closure costs of $0.9m and $0.2m, respectively, in the comparative quarter.

*Wholesale*

Wholesale segment operating income and operating margin were $5.6m and 16.9% for the first quarter ended July 3, 2022 compared to $1.9m and 7.3% for the first quarter ended June 27, 2021. The increase in operating income of $3.7m and operating margin of 960 bps 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 $(69.6)m for the first quarter ended July 3, 2022 compared to $(52.7)m for the first quarter ended June 27, 2021. The increase in operating loss of $16.9m was attributable to higher SG&A expenses as discussed above.

### *Net Interest, Finance and Other Costs*

Net interest, finance and other costs were $7.4m for the first quarter ended July 3, 2022 compared to $16.5m for the first quarter ended June 27, 2021. In the comparative quarter, we incurred accelerated amortization costs of $9.5m related to the refinancing of our Term Loan Facility.

### *Income Taxes*

Income tax recovery was $24.5m for the first quarter ended July 3, 2022 compared to income tax recovery of $20.8m for the first quarter ended June 27, 2021. For the first quarter ended July 3, 2022, the effective and statutory tax rates were 27.8% and 25.4%, respectively, compared to 26.6% and 25.4% for the first quarter ended June 27, 2021, 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 first quarter ended July 3, 2022 was $(63.6)m compared to $(57.5)m for the first quarter ended June 27, 2021, 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)[2] | Revenue | | | | | | (Loss) earnings per share attributable to shareholders of the Company | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | DTC | Wholesale | Other | Total | % of fiscal year revenue | Net (loss) income attributable to shareholders of the Company | Basic | Diluted | Adjusted EBIT[1] | Adjusted net (loss) income per basic and diluted share attributable to shareholders of the Company[1] |
| **Fiscal 2023** | | | | | | | | | | |
| First Quarter | 34.8 | 33.2 | 1.9 | 69.9 | — % | (62.4) $ | (0.59) $ | (0.59) | (75.6) $ | (0.56) |
| **Fiscal 2022** | | | | | | | | | | |
| Fourth Quarter | 185.4 | 35.1 | 2.6 | 223.1 | *20.3 %* | (9.1) $ | (0.09) $ | (0.09) | 12.5 $ | 0.04 |
| Third Quarter | 443.9 | 138.2 | 4.0 | 586.1 | *53.4 %* | 151.3 $ | 1.42 $ | 1.40 | 206.0 $ | 1.41 |
| Second Quarter | 82.0 | 149.1 | 1.8 | 232.9 | *21.2 %* | 9.9 $ | 0.09 $ | 0.09 | 17.4 $ | 0.13 |
| First Quarter | 29.1 | 26.1 | 1.1 | 56.3 | *5.1 %* | (57.5) $ | (0.52) $ | (0.52) | (61.3) $ | (0.46) |
| **Fiscal 2021** | | | | | | | | | | |
| Fourth Quarter | 171.6 | 33.9 | 3.3 | 208.8 | *23.1 %* | 2.5 $ | 0.02 $ | 0.02 | 4.8 $ | 0.01 |
| Third Quarter | 299.1 | 161.1 | 13.8 | 474.0 | *52.5 %* | 107.0 $ | 0.97 $ | 0.96 | 157.9 $ | 1.01 |
| Second Quarter | 46.2 | 118.5 | 30.1 | 194.8 | *21.6 %* | 10.6 $ | 0.10 $ | 0.10 | 16.0 $ | 0.11 |

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

2 *The Company adopted a change in accounting policy on the treatment of implementation costs related to Software as a Service ("SaaS") arrangements. See "Changes in Accounting Policies" for a description of the impact from adopting the agenda decision and the impact of retrospective application on this quarter.*

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 negative or 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:

- COVID-19 beginning in the fourth quarter of fiscal 2020;
- the Japan Joint Venture on April 4, 2022;
- 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 with higher 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;
- the extra week in fiscal 2022 which has been added to the third quarter, as fiscal 2022 was our first 53-week year; and
- PPE production through the second and third quarter of fiscal 2021.

*Net (Loss) Income*

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

- impact of the items affecting revenue, as discussed above;
- 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 the Japan Joint Venture and 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 AND OTHER SPECIFIED FINANCIAL MEASURES

The Company uses certain financial measures that are “non-IFRS financial measures”, including adjusted EBIT, adjusted EBITDA, adjusted net loss, constant currency revenue, net debt, net working capital, free operating cash flow, and DTC comparable sales growth as well as certain financial measures that are “non-IFRS ratios”, including adjusted EBIT margin, adjusted net loss per basic and diluted share attributable to shareholders of the Company, net debt leverage, and net working capital turnover, in each case in this document and other documents. 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.

| | First quarter ended | |
|---|---|---|
| **CAD $ millions (except per share data)** | **July 3, 2022** | **June 27, 2021[1]** |
| Adjusted EBIT | (75.6) | (61.3) |
| *Adjusted EBIT margin* | *(108.2)%* | *(108.9)%* |
| Adjusted EBITDA | (53.2) | (41.0) |
| Adjusted net loss attributable to shareholders of the Company | (58.5) | (50.8) |
| Adjusted net loss per basic and diluted share attributable to shareholders of the Company | $ (0.56) | $ (0.46) |
| Free operating cash flow | (211.6) | (171.7) |

[1] *The Company adopted a change in accounting policy on the treatment of implementation costs related to Software as a Service (“SaaS”) arrangements. See “Changes in Accounting Policies” for a description of the impact from adopting the agenda decision and the impact of retrospective application on this quarter.*

| **CAD $ millions** | **July 3, 2022** | **June 27, 2021** | **April 3, 2022** |
|---|---|---|---|
| Net debt | (617.3) | (333.5) | (333.8) |
| Net working capital | 415.1 | 311.3 | 255.4 |

*Adjusted EBIT, adjusted EBIT margin, adjusted EBITDA, adjusted net loss attributable to shareholders of the Company, and adjusted net loss per basic and diluted share attributable to shareholders of the Company*

These 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 COVID-19, that we believe are not otherwise 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 first quarter ended July 3, 2022, we believe that identifying certain costs directly resulting from the impact of COVID-19 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 first quarter ended July 3, 2022, 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 cash less total borrowings and lease liabilities, 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 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.

*DTC comparable sales growth*

DTC comparable sales growth is a supplementary financial measure defined as sales on a constant currency basis from e-Commerce sites and stores which have been operating for one full year (12 successive fiscal months). The measure excludes store sales from both periods for the specific trading days when the stores were closed, whether those closures occurred in the current period or the comparative period.

The tables below reconcile net loss to adjusted EBIT, adjusted EBITDA, and adjusted net loss attributable to shareholders of the Company 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.

| | First quarter ended | |
|---|---|---|
| **CAD $ millions** | **July 3, 2022** | **June 27, 2021[1]** |
| **Net loss** | (63.6) | (57.5) |
| *Add (deduct) the impact of:* | | |
| Income tax recovery | (24.5) | (20.8) |
| Net interest, finance and other costs | 7.4 | 16.5 |
| **Operating loss** | (80.7) | (61.8) |
| Unrealized foreign exchange gain on Term Loan Facility (a) | (1.5) | (0.9) |
| Share-based compensation (b) | — | 0.1 |
| Net temporary store closure costs (c) | 2.2 | 0.2 |
| Pre-store opening costs (d) | 0.3 | 0.9 |
| Japan Joint Venture costs (g) | 1.4 | — |
| Head office transition costs (h) | 1.7 | — |
| Other (j) | 1.0 | 0.2 |
| Total adjustments | 5.1 | 0.5 |
| **Adjusted EBIT** | (75.6) | (61.3) |
| *Adjusted EBIT margin* | *(108.2)%* | *(108.9)%* |

[1] *The Company adopted a change in accounting policy on the treatment of implementation costs related to Software as a Service ("SaaS") arrangements. See "Changes in Accounting Policies" for a description of the impact from adopting the agenda decision and the impact of retrospective application on this quarter.*

| CAD $ millions | First quarter ended July 3, 2022 | First quarter ended June 27, 2021[1] |
|---|---|---|
| **Net loss** | (63.6) | (57.5) |
| *Add (deduct) the impact of:* | | |
| Income tax recovery | (24.5) | (20.8) |
| Net interest, finance and other costs | 7.4 | 16.5 |
| **Operating loss** | (80.7) | (61.8) |
| Unrealized foreign exchange gain on Term Loan Facility (a) | (1.5) | (0.9) |
| Share-based compensation (b) | — | 0.1 |
| Net temporary store closure costs (c) | 2.2 | 0.2 |
| Pre-store opening costs (d) | 0.3 | 0.9 |
| Japan Joint Venture costs (g) | 1.4 | — |
| Head office transition costs (h) | 1.7 | — |
| Net depreciation and amortization (m) | 22.4 | 20.3 |
| Other (j) | 1.0 | 0.2 |
| Total adjustments | 27.5 | 20.8 |
| **Adjusted EBITDA** | (53.2) | (41.0) |

[1] *The Company adopted a change in accounting policy on the treatment of implementation costs related to Software as a Service ("SaaS") arrangements. See "Changes in Accounting Policies" for a description of the impact from adopting the agenda decision and the impact of retrospective application on this quarter.*

| CAD $ millions | First quarter ended July 3, 2022 | First quarter ended June 27, 2021[1] |
|---|---|---|
| **Net loss** | (63.6) | (57.5) |
| *Add (deduct) the impact of:* | | |
| Unrealized foreign exchange gain on Term Loan Facility (a) | (1.5) | (0.9) |
| Share-based compensation (b) | — | 0.1 |
| Net temporary store closure costs (c) (e) | 2.2 | 0.2 |
| Pre-store opening costs (d) (f) | 0.4 | 1.0 |
| Japan Joint Venture costs (g) | 1.4 | — |
| Head office transition costs (h) (i) | 2.1 | — |
| Acceleration of unamortized costs on Term Loan Facility Repricing (k) | — | 9.5 |
| Other (j) | 1.0 | 0.2 |
| **Total adjustments** | 5.6 | 10.1 |
| Tax effect of adjustments | (1.4) | (3.4) |
| **Adjusted net loss** | (59.4) | (50.8) |
| Adjusted net loss attributable to non-controlling interest (l) | 0.9 | — |
| **Adjusted net loss attributable to shareholders of the Company** | (58.5) | (50.8) |

1 *The Company adopted a change in accounting policy on the treatment of implementation costs related to Software as a Service ("SaaS") arrangements. See "Changes in Accounting Policies" for a description of the impact from adopting the agenda decision and the impact of retrospective application on this quarter.*

(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 $nil in the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - less than $0.1m) on gains earned by option holders (compensation) when stock options are exercised.

(c) Net temporary store closure costs of $2.2m were incurred in the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - $0.2m).

(d) Costs incurred during pre-opening periods for new retail stores, including depreciation on right-of-use assets.

(e) Includes less than $0.1m of interest expense on lease liabilities for temporary store closures for the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - less than $0.1m).

(f) Pre-store opening costs incurred in (d) above as well as less than $0.1m of interest expense on lease liabilities for new retail stores during pre-opening periods for the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - $0.1m).

(g) Costs in connection with the establishment of the Japan Joint Venture including amortization of intangible assets and the impact of gross margin that would otherwise have been recognized on the sale of inventory recorded at net realizable value less costs to sell.

(h) Costs incurred for the corporate head office transition, including depreciation on right-of-use assets.

(i) Corporate head office transition costs incurred in (h) as well as $0.4m of interest expense on lease liabilities for the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - $nil).

(j) Costs for legal proceeding fees including for the defense of class action lawsuits and rent abatements received.

(k) Non-cash unamortized costs accelerated in connection with the repricing amendment for the Term Loan Facility entered into on April 9, 2021.

(l) Calculated as net loss attributable to non-controlling interest less $0.3m of amortization, gross margin adjustment, and tax expense attributable to the non-controlling interest.

(m) Adjusted EBITDA is calculated as adjusted EBIT plus depreciation and amortization as determined in accordance with IFRS, less the amortization of joint venture intangible assets (g), less the depreciation impact for temporary store closures (e), pre-store opening costs (f), and corporate head office transition costs (h). Depreciation and amortization includes depreciation on right-of-use assets under IFRS 16, *Leases*.

## FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

### *Financial Condition*

The following table represents our net working capital[1] position as at July 3, 2022, June 27, 2021 and April 3, 2022.

| **CAD $ millions** | **July 3, 2022** | **June 27, 2021** | **$ Change** | **April 3, 2022** | **$ Change** |
|---|---|---|---|---|---|
| Current assets | 691.9 | 790.6 | (98.7) | 762.3 | (70.4) |
| Deduct: Cash | (81.8) | (305.9) | 224.1 | (287.7) | 205.9 |
| Current assets, net of cash | 610.1 | 484.7 | 125.4 | 474.6 | 135.5 |
| Current liabilities | 285.7 | 233.9 | 51.8 | 281.5 | 4.2 |
| *Deduct the impact of:* | | | | | |
| Short-term borrowings | (30.8) | (10.9) | (19.9) | (3.8) | (27.0) |
| Current portion of lease liabilities | (59.9) | (49.6) | (10.3) | (58.5) | (1.4) |
| Current liabilities, net of short-term borrowings and current portion of lease liabilities | 195.0 | 173.4 | 21.6 | 219.2 | (24.2) |
| Net working capital[1] | 415.1 | 311.3 | 103.8 | 255.4 | 159.7 |

[1] *See "Non-IFRS Financial Measures and Other Specified Financial Measures" for a description of this measure.*

As at July 3, 2022, we had $415.1m of net working capital compared to $311.3m of net working capital as at June 27, 2021. The $103.8m increase, or 33.4%, was driven by $100.2m of higher inventory levels. Of the increase, $27.3m was acquired upon entering into the Japan Joint Venture. Inventory levels increased ahead of our peak selling season as domestic production levels gradually return to pre-pandemic manufacturing and supply chain risks are mitigated by earlier acquisition of offshore production than in the comparative quarter. We are seeing significant growth in the proportion of non-parka inventory as nearly 59% of our inventory comprises non-parka compared to nearly 44% as we broaden our collection. More inventory is being held in Asia Pacific as the size of that business grows in anticipation of peak season with more points of distribution across the region. We are monitoring the levels of inventory in each of our sales channels and across geographic regions and aligning with demand that we are forecasting in each region. Net working capital turnover[1] was 27.4% in the quarter ended July 3, 2022.

As at July 3, 2022, we had $415.1m of net working capital compared to $255.4m of net working capital as at April 3, 2022.

***Cash Flows***

The following table summarizes the Company's consolidated statement of cash flows for the first quarter ended July 3, 2022 compared to the first quarter ended June 27, 2021.

| | First quarter ended | | |
|---|---|---|---|
| **CAD $ millions** | **July 3, 2022** | **June 27, 2021[2]** | **$ Change** |
| Total cash used in: | | | |
| Operating activities | (196.9) | (155.4) | (41.5) |
| Investing activities | (0.9) | (6.4) | 5.5 |
| Financing activities | (6.3) | (3.4) | (2.9) |
| Effects of foreign currency exchange rate changes on cash | (1.8) | (6.8) | 5.0 |
| Decrease in cash | (205.9) | (172.0) | (33.9) |
| Cash, beginning of period | 287.7 | 477.9 | (190.2) |
| Cash, end of period | 81.8 | 305.9 | (224.1) |
| Free operating cash flow[1] | (211.6) | (171.7) | (39.9) |

1 *See "Non-IFRS Financial Measures and Other Specified Financial Measures" for a description of this measure.*

2 *The Company adopted a change in accounting policy on the treatment of implementation costs related to Software as a Service ("SaaS") arrangements. See "Changes in Accounting Policies" for a description of the impact from adopting the agenda decision and the impact of retrospective application on this quarter.*

*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 Japan Facility, 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 $196.9m for the first quarter ended July 3, 2022 compared to $155.4m for the first quarter ended June 27, 2021. The increase in cash flows used in operating activities of $41.5m was driven by a higher net loss, higher taxes paid of $5.1m, and higher trade receivables of $5.9m.

*Cash flows used in investing activities*

Cash flows used in investing activities were $0.9m for the first quarter ended July 3, 2022 compared to $6.4m for the first quarter ended June 27, 2021. The decrease in cash flows used in investing activities of $5.5m was due to lower spend on capital investments and cash consolidated with the Japan Joint Venture.

*Cash flows used in financing activities*

Cash flows used in financing activities were $6.3m for the first quarter ended July 3, 2022 compared to $3.4m for the first quarter ended June 27, 2021. The increase in cash flows used in financing activities of $2.9m was driven by higher principal payments on lease liabilities, partially offset by short-term borrowings.

*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.

| | First quarter ended | | |
|---|---|---|---|
| **CAD $ millions** | **July 3, 2022** | **June 27, 2021** | **$ Change** |
| Total cash used in: | | | |
| Operating activities | (196.9) | (155.4) | (41.5) |
| Investing activities | (0.9) | (6.4) | 5.5 |
| *Deduct the impact of:* | | | |
| Principal payments on lease liabilities | (13.8) | (9.9) | (3.9) |
| **Free operating cash flow**[1] | (211.6) | (171.7) | (39.9) |

1 *See "Non-IFRS Financial Measures and Other Specified Financial Measures" for a description of this measure.*

Free operating cash flows used in the first quarter ended July 3, 2022 increased to $(211.6)m from $(171.7)m for the first quarter ended June 27, 2021 due to higher cash flows used in operating activities and higher principal paid on lease liabilities as described above.

***Indebtedness***

The following table presents our net debt[1] as at July 3, 2022, June 27, 2021, and April 3, 2022.

| **CAD $ millions** | **July 3, 2022** | **June 27, 2021** | **$ Change** | **April 3, 2022** | **$ Change** |
|---|---|---|---|---|---|
| Cash | 81.8 | 305.9 | (224.1) | 287.7 | (205.9) |
| Mainland China Facilities | (4.6) | (7.2) | 2.6 | — | (4.6) |
| Japan Facility | (23.3) | — | (23.3) | — | (23.3) |
| Term Loan Facility | (380.7) | (367.9) | (12.8) | (370.8) | (9.9) |
| Lease liabilities | (290.5) | (264.3) | (26.2) | (250.7) | (39.8) |
| **Net debt**[1] | (617.3) | (333.5) | (283.8) | (333.8) | (283.5) |

1 *See "Non-IFRS Financial Measures and Other Specified Financial Measures" for a description of this measure.*

As at July 3, 2022, net debt was $617.3m compared to $333.5m as at June 27, 2021. The increase of $283.8m was driven by a lower cash position of $224.1m and an increase of $26.2m in lease liabilities and borrowing on the Japan Facility, partially offset by an increase in the borrowings of the Term Loan Facility of $12.8m in the comparative quarter related the refinancing of the Term Loan Facility. Net debt leverage[1] as at July 3, 2022 was 2.4 times adjusted EBITDA.

Net debt as at July 3, 2022 was $617.3m compared to $333.8m as at April 3, 2022. The increase in net debt of $283.5m was driven by the increase in cash consumption largely due to share repurchases in fiscal 2022 for a total cash consideration of $253.2m.

*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. 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 July 3, 2022, the Company had repaid all amounts owing on the Revolving Facility (June 27, 2021 - $nil, April 3, 2022 - $nil). As at July 3, 2022, interest and administrative fees for $0.5m (June 27, 2021 - $nil, April 3, 2022 - $0.5m) remain outstanding. Deferred financing charges in the amounts of $0.8m (June 27, 2021 - $1.6m and April 3, 2022 - $0.9m) were included in other long-term liabilities. As at and during the first quarter ended July 3, 2022, the Company was in compliance with all covenants.

The Company had unused borrowing capacity available under the Revolving Facility of $358.3m as at July 3, 2022 (June 27, 2021 - $313.7m, April 3, 2022 - $191.8m).

As at July 3, 2022, the Company had letters of credit outstanding under the Revolving Facility of $4.6m (June 27, 2021 - $6.2m, April 3, 2022 - $4.6m).

*Term Loan Facility*

The Company has a senior secured loan agreement (“Term Loan Facility”) with a syndicate of lenders that is secured on a split collateral basis alongside the Revolving Facility. The Term Loan Facility has an aggregate principal amount of US$300.0m, with quarterly repayments of US$0.75m on the principal amount and a maturity date of October 7, 2027. Moreover, the Term Loan Facility has an interest rate of LIBOR plus an applicable margin of 3.50%, payable quarterly in arrears and LIBOR may not be less than 0.75%. The Company incurred transaction costs of $0.9m related to the Term Loan Facility which are being amortized using the effective interest rate method over the term to maturity.

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 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 first quarter ended July 3, 2022, 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 July 3, 2022, we had $380.7m (US$295.5m) aggregate principal amount outstanding under the Term Loan Facility (April 3, 2022 - $370.8m). The difference in amounts in these periods is the result of the change in the CAD:USD exchange rate. As at June 27, 2021, prior to the Refinancing Amendment, the aggregate principal amount owing was $367.9m.

*Mainland China Facilities*

A subsidiary of the Company in Mainland China has two uncommitted loan facilities in the aggregate amount of RMB 310.0m ($59.6m) ("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 July 3, 2022, the Company had $4.6m (RMB 24.0m) owing on the Mainland China Facilities (June 27, 2021 - $7.2m (RMB 38.0m), April 3, 2022 - $nil (RMB nil)).

*Japan Facility*

A subsidiary of the Company in Japan has a loan facility in the aggregate amount of JPY 4,000.0m ($38.1m) ("Japan Facility") with a floating interest rate of JBA TIBOR plus an applicable margin of 0.3%. The term of the facility is twelve months and each draw on the facility is payable within the term. Proceeds drawn on the Japan Facility are being used to support build up of inventory for peak season sales. As at July 3, 2022, the Company had $23.3m (JPY 2,450.0m) owing on the Japan Facility.

*Short-term Borrowings*

As at July 3, 2022, the Company has short-term borrowings in the amount of $30.8m. Short-term borrowings include $4.6m (June 27, 2021 - $7.2m, April 3, 2022 - $nil) owing on the Mainland China Facilities, $23.3m (June 27, 2021 - $nil, April 3, 2022 - $nil) owing on the Japan Facility, and $2.9m (June 27, 2021 - $3.7m, April 3, 2022 - $3.8m) 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 $290.5m (June 27, 2021 - $264.3m, April 3, 2022 - $250.7m) of lease liabilities as at July 3, 2022, of which $59.9m (June 27, 2021 - $49.6m, April 3, 2022 - $58.5m) 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 normal course issuer bid ("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 in accordance with applicable securities legislation and 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 first quarter ended July 3, 2022, the Company did not repurchase subordinate voting shares for cancellation. To date, the Company repurchased 5,636,763 subordinate voting for cancellation for total cash consideration of $253.2m under the NCIB.

*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 and Other Specified 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 July 3, 2022:

| CAD $ millions | Q2 to Q4 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | Thereafter | Total |
|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ |
| Accounts payable and accrued liabilities | 165.6 | — | — | — | — | — | — | 165.6 |
| Mainland China Facilities | 4.6 | — | — | — | — | — | — | 4.6 |
| Japan Facility | 23.3 | — | — | — | — | — | — | 23.3 |
| Term Loan Facility | 2.9 | 3.9 | 3.9 | 3.9 | 3.9 | 362.2 | — | 380.7 |
| Interest commitments relating to borrowings[1] | 13.6 | 17.2 | 17.2 | 17.2 | 17.2 | 8.6 | — | 91.0 |
| Lease obligations | 53.7 | 63.1 | 57.9 | 44.5 | 37.1 | 25.8 | 64.2 | 346.3 |
| Pension obligation | — | — | — | — | — | — | 2.1 | 2.1 |
| **Total contractual obligations** | **263.7** | **84.2** | **79.0** | **65.6** | **58.2** | **396.6** | **66.3** | **1,013.6** |

1 *Interest commitments are calculated based on the loan balance and the interest rate payable on the Mainland China Facilities, the Japan Facility and the Term Loan Facility of 4.26%, 0.37%, and 4.51%, as at July 3, 2022.*

As at July 3, 2022, we had additional liabilities which included provisions for warranty, sales returns, asset retirement obligations, deferred income tax liabilities, as well as the put option liability and the contingent consideration on the Japan Joint Venture. 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 July 3, 2022.

*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 July 3, 2022, the Company had $5.4m outstanding in connection to the letters of guarantee.

In addition, during the first quarter ended July 3, 2022, a subsidiary of the Company in Mainland China entered into letters of guarantee in the amount of $1.4m. Amounts will be used to support retail operations 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 August 8, 2022, there were 54,329,899 subordinate voting shares issued and outstanding, and 51,004,076 multiple voting shares issued and outstanding.

As at August 8, 2022, there were 4,177,993 options and 332,405 restricted share units outstanding under the Company's equity incentive plans, of which 1,476,666 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 July 3, 2022, accounts receivable totaling approximately $14.4m (June 27, 2021 - $7.6m, April 3, 2022 - $8.1m) were insured subject to the policy cap. Complementary to the 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 first quarter ended July 3, 2022, the Company received no cash proceeds from the sale of trade accounts receivable as no amounts were derecognized from the Company's statement of financial position (first quarter ended June 27, 2021 - $0.9m). No fees were incurred during the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - less than $0.1m) and included in net interest, finance and other costs in the interim statements of loss. As at July 3, 2022, the outstanding amount of trade accounts receivable derecognized from the Company’s statement of financial position, but which the Company continued to service, was less than $0.1m (June 27, 2021 - $0.9m, April 3, 2022 - $2.0m).

### Foreign exchange risk

*Foreign exchange risk in operating cash flows*

Our Interim Financial Statements are expressed in Canadian dollars, but a substantial 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, Hong Kong dollars, and since the establistment of the Japan Joint Venture on April 4, 2022, Japanese yen. 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 and euro denominated purchases as a result of changes in U.S. dollar or euro exchange rates. A depreciating Canadian dollar relative to the U.S. dollar or euro 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 or euro 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. During the second quarter of fiscal 2022, the Company initiated the operating hedge program for the fiscal year ending April 2, 2023.

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

| | First quarter ended | | | |
|---|---|---|---|---|
| | July 3, 2022 | | June 27, 2021 | |
| **CAD $ millions** | **Net gain** | **Tax expense** | **Net gain** | **Tax expense** |
| | **$** | **$** | **$** | **$** |
| Forward foreign exchange contracts designated as cash flow hedges | 0.7 | (0.4) | 0.7 | (0.2) |

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

| | First quarter ended | |
|---|---|---|
| **CAD $ millions** | **July 3, 2022** | **June 27, 2021** |
| **Loss (gain) from other comprehensive income** | **$** | **$** |
| Forward foreign exchange contracts designated as cash flow hedges | | |
| Revenue | 0.7 | — |
| SG&A expenses | 1.0 | (0.1) |
| Inventory | (0.1) | (1.0) |

For the first quarter ended July 3, 2022, unrealized loss of $0.6m (first quarter ended June 27, 2021 - unrealized gain of $0.3m) on forward exchange contracts that were not treated as hedges were recognized in SG&A expenses in the interim statements of loss.

Foreign currency forward exchange contracts outstanding as at July 3, 2022 related to operating cash flows were:

| **(in millions)** | **Aggregate Amounts** | | **Currency** |
|---|---|---|---|
| Forward contract to purchase Canadian dollars | US$ | 118.7 | U.S. dollars |
| | € | 113.6 | euros |
| Forward contract to sell Canadian dollars | US$ | 25.0 | U.S. dollars |
| | € | 40.5 | euros |
| Forward contract to purchase euros | CHF | 2.1 | Swiss francs |
| | CNY | 469.1 | Chinese yuan |
| | £ | 47.4 | British pounds sterling |
| Forward contract to sell euros | CHF | 6.4 | Swiss francs |
| | CNY | 90.3 | Chinese yuan |
| | £ | 2.9 | 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 July 3, 2022, 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 $380.7m (US$295.5m) under the Term Loan Facility as at July 3, 2022, 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.

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:

| | **First quarter ended** | | | |
|---|---|---|---|---|
| | **July 3, 2022** | | **June 27, 2021** | |
| **CAD $ millions** | **Net gain** | **Tax expense** | **Net loss** | **Tax recovery** |
| | **$** | **$** | **$** | **$** |
| Swaps designated as cash flow hedges | 0.6 | (0.2) | (0.5) | 0.2 |

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

| | First quarter ended | |
|---|---|---|
| **CAD $ millions** | **July 3, 2022** | **June 27, 2021** |
| **Loss from other comprehensive income** | **$** | **$** |
| Swaps designated as cash flow hedges | 0.2 | 0.2 |

For the first quarter ended July 3, 2022, unrealized gains of $12.4m (first quarter ended June 27, 2021 - unrealized losses of $7.5m) 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 interim statements of loss.

### *Interest rate risk*

The Company is exposed to interest rate risk related to the effect of interest rate changes on the borrowings outstanding under the Term Loan Facility, the Mainland China Facilities and Japan Facility which currently bear interest rates at 4.51%, 4.26%, and 0.37% respectively. As at July 3, 2022, the Company had no amounts outstanding on the revolving facility.

Based on the weighted average amount of outstanding borrowings, a 1.00% increase in the average interest rate during the first quarter ended July 3, 2022 would have increased interest expense on the Term Loan Facility and Mainland China Facilities by $0.9m and less than $0.1m respectively (first quarter ended June 27, 2021 - $0.9m and less than $0.1m, respectively). Correspondingly, a 1.00% increase in the average interest rate would have increased interest expense on our Japan Facility by less than $0.1m.

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 first quarter ended July 3, 2022, the Company incurred expenses with related parties of $0.3m (first quarter ended June 27, 2021 - $0.2m) from companies related to certain shareholders. Balances owing to related parties as at July 3, 2022 were $0.3m (June 27, 2021 - $0.2m, April 3, 2022 - $0.3m).

A lease liability due to the controlling shareholder of the acquired Baffin Inc. business (the "Baffin Vendor") for leased premises was $3.6m as at July 3, 2022 (June 27, 2021 - $4.4m, April 3, 2022 - $3.8m). During the first quarter ended July 3, 2022, 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 (first quarter ended June 27, 2021 - $0.3m). No amounts were owing to Baffin entities as at July 3, 2022, June 27, 2021, and April 3, 2022.

Lease liabilities due to the non-controlling shareholder of the Japan Joint Venture, Sazaby League, for leased premises was $2.8m as at July 3, 2022. During the first quarter ended July 3, 2022, the Company paid principal and interest on lease liabilities, royalty fees, and other operating costs to Sazaby League totaling $1.4m. Balances owing to Sazaby League as at July 3, 2022 were $0.2m.

## 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 obsolescence, shrinkage, 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, earnings, working capital, and capital investment consistent with strategic plans presented to the Board of Directors of the Company. 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

*Summary of accounting policies adopted*

### Non-controlling interest

In connection with the Japan Joint Venture, non-controlling interest accounting policy was adopted. Transactions with non-controlling interests are treated as transactions with equity owners of the Company. Changes in the Company's ownership interest of CG Japan are accounted for as equity transactions.

### Financial instruments

In connection with the Japan Joint Venture, the Company established a financial liability for the put option in respect of non-controlling interests based on the present value of the amount expected to be paid to the non-controlling shareholder if exercised. Subsequently, the put option liability is adjusted to reflect changes in the present value of the amount that could be required to be paid at each reporting date, with fluctuations being recorded within the statement of loss, until it is exercised or expires. The put option is measured at amortized cost and the fair value of the put option is classified as Level 3 within IFRS 13, *Fair value measurement.*

*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 policies 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.

*Standards issued and adopted*

### Configuration or Customization Costs in a Cloud Computing Arrangement

In April 2021, the International Financial Reporting Interpretations Committee ("IFRIC") finalized an agenda decision within the scope of IAS 38, Intangible Assets which clarified the accounting of configuration and customization costs in cloud computing arrangements often referred to as Software as a Service ("SaaS") arrangements. As a result of the decision, costs that do not meet the capitalization criteria for intangible assets are required to be expensed as incurred.

The adoption of the agenda decision was recognized as a change in accounting policy in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8"). The Company amended the existing accounting policies related to implementation costs on SaaS arrangements as at April 1, 2019. The Company assessed the impact of the interpretation and identified $25.4m of costs recognized as intangible assets within ERP and computer software related to SaaS arrangements that were no longer eligible for capitalization and amortization in accordance with the agenda decision. As a result, these costs were written off as at April 1, 2019 as these costs would have been required to be expensed in the period incurred.

In accordance with IAS 8, retrospective application is required for accounting policy changes and comparative financial information was restated in these consolidated financial statements. The following tables outline the impacts of the restatements on the comparative periods:

**Condensed Comprehensive Income Information**

Increase (decrease)

| | | | June 27, 2021 |
|---|---|---|---|
| | As previously reported | Adjustments | Restated |
| | $ | $ | $ |
| SG&A expenses | 91.4 | 1.1 | 92.5 |
| Income tax recovery | (20.5) | (0.3) | (20.8) |
| Net loss | (56.7) | (0.8) | (57.5) |
| Cumulative translation adjustment | (1.9) | 0.1 | (1.8) |

**Condensed Financial Position Information**

Increase (decrease)

| | | | June 27, 2021 |
|---|---|---|---|
| | As previously reported | Adjustments | Restated |
| | $ | $ | $ |
| Deferred income taxes (asset) | 60.1 | 1.4 | 61.5 |
| Intangible assets | 155.5 | (31.1) | 124.4 |
| Deferred income taxes (liability) | 14.2 | (6.5) | 7.7 |
| Shareholders' equity | 545.4 | (23.2) | 522.2 |

**Condensed Cash Flow Information**

Increase (decrease)

| | June 27, 2021 | | |
|---|---|---|---|
| | As previously reported | Adjustments | Restated |
| | $ | $ | $ |
| Net loss | (56.7) | (0.8) | (57.5) |
| Depreciation and amortization | 23.5 | (2.1) | 21.4 |
| Income tax recovery | (20.5) | (0.3) | (20.8) |
| Changes in non-cash items | (106.9) | 2.3 | (104.6) |
| Investment in intangible assets | (0.9) | 0.9 | — |

**Interest Rate Benchmark Reform**

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 amendments introduce a practical expedient for modifications required by the Interbank Offer Rate ("IBOR") reform. The amendments relate 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 exists 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, although additional ineffectiveness may be required. The amendments are effective for annual reporting periods beginning on or after January 1, 2021. A broader market-wide initiative is underway to transition the various IBOR based on rates in use to alternative reference rates. The Company's term loan facility at a net book value of $380.0m, will be impacted by the IBOR reform. As such, the reformed IFRS guidance has been adopted, however, accounting under the adopted standard will take place once IBOR related arrangements are modified, which constitutes as an accounting event. As no accounting events have occurred to date, the Company has determined there is no financial reporting impact as of July 3, 2022. The Company is in discussions with its lenders and is currently determining if any modifications 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 July 3, 2022 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 first quarter ended July 3, 2022 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 July 3, 2022.

### 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 first quarter ended July 3, 2022 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: August 11, 2022

By: /s/ Dani Reiss

Dani Reiss

*Chairman and Chief Executive Officer*

**CERTIFICATION**

I, Jonathan Sinclair, certify that:

1. I have reviewed the financial statements and MD&A for the first quarter ended July 3, 2022 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: August 11, 2022

By: */s/ Jonathan Sinclair*

Jonathan Sinclair

*Executive Vice President and Chief Financial Officer*

# Canada Goose Reports Results for First Quarter Fiscal 2023

## Highlights[1]:

- **Better than expected revenue of $69.9m with growth of 24.2%**
- **North America continued strong trend with 75.0% revenue growth**
- **DTC comparable sales growth[2] of 10.7% as stores regained momentum**
- **Gross margin grew to 61.1% from 54.5%**

**TORONTO, ON (August 11, 2022)** - Canada Goose Holdings Inc. ("Canada Goose" or the "Company") (NYSE:GOOS, TSX:GOOS) today announced financial results for the first quarter ended July 3, 2022 ("Q1 2023" or "Q1 ended July 3, 2022"). All amounts are in Canadian dollars unless indicated.

"Our first quarter fiscal 2023 results reflect strong early leading indicators for the year, and we have seen encouraging trends in store productivity," said Dani Reiss, Chairman and CEO. "This fall, we look forward to our planned store openings, in some of the most exciting cities and shopping districts around the world, as well as our upcoming collection launches, thoughtfully curated and designed to drive brand heat and capture new consumers globally."

### Key First Quarter Fiscal 2023 Results

| **CAD $ millions (except share and per share data)** | **First quarter ended July 3, 2022** | **First quarter ended June 27, 2021[4]** | **$ Change** | **% Change** |
|---|---|---|---|---|
| **Revenue** | 69.9 | 56.3 | 13.6 | 24.2 % |
| **Gross profit** | 42.7 | 30.7 | 12.0 | 39.1 % |
| *Gross margin* | *61.1 %* | *54.5 %* | | *660 bps* |
| **Operating loss** | (80.7) | (61.8) | (18.9) | (30.6) % |
| *Operating margin* | *(115.5)%* | *(109.8)%* | | *(570) bps* |
| **Net loss attributable to shareholders of the Company** | (62.4) | (57.5) | (4.9) | (8.5) % |
| **Loss per share attributable to shareholders of the Company** | | | | |
| Basic and diluted | $ (0.59) | $ (0.52) | (0.07) | (13.5) % |
| **Non-IFRS Financial Measures[3]:** | | | | |
| Adjusted EBIT | (75.6) | (61.3) | (14.3) | (23.3) % |
| Adjusted EBIT margin | *(108.2)%* | *(108.9)%* | | *70 bps* |
| Adjusted net loss attributable to shareholders of the Company | (58.5) | (50.8) | (7.7) | (15.2) % |
| Adjusted net loss per basic and diluted share attributable to shareholders of the Company | $ (0.56) | $ (0.46) | (0.10) | (21.7) % |

[1] Comparisons to prior year quarter ended June 27, 2021 ("Q1 2022" or "Q1 ended June 27, 2021")
[2] See "Non-IFRS Financial Measures and Other Specified Financial Measures" for a description of this supplementary financial measure.
[3] See "Non-IFRS Financial Measures and Other Specified Financial Measures".
[4] The Company adopted a change in accounting policy related to Software as a Service arrangements. See "Changes in Accounting Policies" in the Q1 2023 MD&A.

## Revenue

Q1 2023 revenue grew 24.2% on a reported basis and 24.0% on a constant currency revenue[5] basis.

*Revenue By Segment*

| | First quarter ended | | $ Change | | | % Change | |
|---|---|---|---|---|---|---|---|
| **CAD $ millions** | **July 3, 2022** | **June 27, 2021** | **As reported** | **Foreign exchange impact** | **In constant currency** | **As reported** | **In constant currency** |
| DTC | 34.8 | 29.1 | 5.7 | (1.1) | 4.6 | 19.6 % | 15.8 % |
| Wholesale | 33.2 | 26.1 | 7.1 | 1.0 | 8.1 | 27.2 % | 31.0 % |
| Other | 1.9 | 1.1 | 0.8 | — | 0.8 | 72.7 % | 72.7 % |
| Total revenue | 69.9 | 56.3 | 13.6 | (0.1) | 13.5 | 24.2 % | 24.0 % |

DTC revenue grew 19.6% due to improved productivity in existing stores represented by DTC comparable sales growth of 10.7%, continued retail network expansion, and the reopening of existing retail stores which were closed in the comparative quarter. Wholesale revenue grew by 27.2% due to pricing, and customer requests for earlier shipments.

*Revenue by Geography*

| | First quarter ended | | $ Change | | | % Change | |
|---|---|---|---|---|---|---|---|
| **CAD $ millions** | **July 3, 2022** | **June 27, 2021** | **As reported** | **Foreign exchange impact** | **In constant currency** | **As reported** | **In constant currency** |
| Canada | 17.9 | 9.9 | 8.0 | — | 8.0 | 80.8 % | 80.8 % |
| United States | 15.7 | 9.3 | 6.4 | (0.8) | 5.6 | 68.8 % | 60.2 % |
| Asia Pacific | 16.1 | 22.4 | (6.3) | (1.6) | (7.9) | (28.1)% | (35.3)% |
| EMEA[6] | 20.2 | 14.7 | 5.5 | 2.3 | 7.8 | 37.4 % | 53.1 % |
| Total revenue | 69.9 | 56.3 | 13.6 | (0.1) | 13.5 | 24.2 % | 24.0 % |

Revenue growth in Canada was largely driven by stores that were open in Q1 2023 which experienced closures due to COVID-19 restrictions in the comparative quarter. Q1 2023 revenue growth in the United States was largely driven by DTC comparable sales growth. EMEA revenue growth was largely driven by significant retail network expansion and stores that were open in Q1 2023 but had experienced closures due to COVID-19 restrictions in the comparative quarter. Asia Pacific revenue declined from Q1 2022 as eight out of 16 stores in Mainland China experienced closures due to COVID-19 restrictions in Q1 2023. All stores in the region had reopened as of the end of June 2022.

In addition, Q1 2023 revenue from Japan was minimal compared to Q1 2022 revenue of $9.3m as revenue recognition in this market will shift to later in the year due to the creation of Canada Goose Japan Joint Venture ("Japan Joint Venture") with Sazaby League, Ltd. on April 4, 2022. The Japan Joint Venture agreement replaced an exclusive national distributor arrangement between Sazaby League, Ltd. and Canada Goose and sets the stage for the acceleration of growth in Japan, across both the DTC and Wholesale segments. As a result, revenue recognition for the Japan Joint Venture is expected to shift to later in the year which is more in line with the seasonality of the Wholesale and DTC segments for the rest of the Company. See "Joint Venture" in the Company's Q1 2023 Management Discussion & Analysis for more detail.

[5] See "Non-IFRS Financial Measures and Other Specified Financial Measures".
[6] EMEA comprises Europe, the Middle East, Africa, and Latin America.

**Gross profit and gross margin**

The increase in gross profit was largely attributable to higher revenue as noted above and gross margin expansion. Q1 2023 gross margin was favourably impacted by pricing, and lower product costs due to increased production efficiencies. The gross margin in Wholesale also benefited from product mix driven by higher parka sales on customer requests for earlier shipments compared to Q1 2022. These benefits were partially offset by an unfavourable region mix with higher North American revenue and lower revenue in Asia Pacific as well as an unfavourable impact from the fair value inventory acquisition adjustment related to the Japan Joint Venture.

**Operating loss and adjusted EBIT**

Operating loss increased and adjusted EBIT decreased compared to Q1 2022 primarily due to the timing of $12.6m in marketing investments (which occurred earlier in the year compared to fiscal 2022) to drive brand salience ahead of our peak season, $6.9m in higher costs related to opening new stores and running stores at full capacity, $3.8m investment in strategic initiatives including digital, and $2.9m in costs to support the new Japan Joint Venture.

**Net loss and adjusted net loss**

Net loss and adjusted net loss was higher compared to Q1 2022 as a result of factors described above. In addition, net loss in Q1 2022 included a $9.5m charge for acceleration of amortization costs related to the refinancing of our term loan.

**Balance Sheet Highlights**

Cash was $81.8m as at Q1 ended July 3, 2022, compared to $305.9m as at Q1 ended June 27, 2021 largely due to share repurchases in fiscal 2022 for a total cash consideration of $253.2m, and a greater investment in working capital.

Inventory was $504.7m as at Q1 ended July 3, 2022, compared to $404.5m as at Q1 ended June 27, 2021. Of the increase, $27.3m was acquired upon entering the Japan Joint Venture. Inventory levels increased ahead of our peak selling season as domestic production gradually returns to pre-pandemic manufacturing levels and supply chain risks are mitigated by earlier acquisition of offshore production than in the comparative quarter. The Company is seeing significant growth in the proportion of non-parka inventory as nearly 59% of our inventory units comprises non-parka compared to nearly 44% as we broaden our collection. More inventory is being held in Asia Pacific in the current quarter as the size of that business grows in anticipation of peak season with more points of distribution across the region. The Company’s management is monitoring the levels of inventory in the sales channels and across geographic regions and aligning with the forecasted demand in each region.

**Second Quarter and Full Year Fiscal 2023 Outlook**

For fiscal 2023, the Company currently expects:

- Total revenue $1.300Bn to $1.400Bn.
- Non-IFRS adjusted EBIT $250m to $290m, representing a margin of 19.2% to 20.7%.
- Non-IFRS adjusted net income per diluted share $1.60 to $1.90.

For the second quarter of fiscal 2023, the Company currently expects:

- Total revenue $255m to $275m.
- Non-IFRS adjusted EBIT $8.0m to $18.0m.
- Non-IFRS adjusted net income per diluted share $0.02 to $0.14.

This outlook is based on a number of assumptions for fiscal 2023, including the following:

- Improved traffic and lower levels of operating disruptions globally, including mandatory closures, in both Company and partner operated retail stores, relative to fiscal 2022.
- With respect to Mainland China’s contribution, the lower end of the Company’s full year guidance ranges for revenue and profitability assumes there will continue to be limited, periodic COVID-19

disruptions in the region during our peak season and the higher end of the ranges assumes a return to regular trading levels during our peak season in Mainland China.

- The Company expects $60m to $65m in total revenue in fiscal 2023 from the Japan Joint Venture, which is roughly double the contribution from the Japanese market in fiscal 2022.
- Approximate % of fiscal 2023 total revenue by quarter: Q2 20%, Q3 50%, Q4 25%
- DTC % of total revenue 70% to 73%, driven by low to high teens comparable sales growth and continued channel expansion.
- Wholesale revenue growth of 6%.
- Gross margin in the high 60s as a % of total revenue, with expansion driven by DTC mix shift.
- Effective tax rate in the low 20s as a % of income before taxes for fiscal 2023.
- Weighted average diluted shares outstanding of 107.7m for fiscal 2023.

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, Chairman 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 August 11, 2022. Those interested in participating are invited to dial (833) 634 5021 or (412) 902 4218 if calling internationally and reference Conference ID 10169358 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 Loss and Comprehensive Loss (unaudited)**
(in millions of Canadian dollars, except share and per share amounts)

| | First quarter ended | |
|---|---|---|
| | **July 3, 2022** | **June 27, 2021** |
| | | *Restated* |
| | **$** | **$** |
| Revenue | 69.9 | 56.3 |
| Cost of sales | 27.2 | 25.6 |
| **Gross profit** | 42.7 | 30.7 |
| *Gross margin* | *61.1 %* | *54.5 %* |
| SG&A expenses | 123.4 | 92.5 |
| *SG&A expenses as % of revenue* | *176.5 %* | *164.3 %* |
| **Operating loss** | (80.7) | (61.8) |
| *Operating margin* | *(115.5)%* | *(109.8)%* |
| Net interest, finance and other costs | 7.4 | 16.5 |
| **Loss before income taxes** | (88.1) | (78.3) |
| Income tax recovery | (24.5) | (20.8) |
| *Effective tax rate* | *27.8 %* | *26.6 %* |
| **Net loss** | (63.6) | (57.5) |
| Non-controlling interest | (1.2) | — |
| **Net loss attributable to shareholders of the Company** | (62.4) | (57.5) |
| **Weighted average number of shares outstanding** | | |
| Basic and diluted | 105,234,474 | 110,504,248 |
| **Loss per share attributable to shareholders of the Company** | | |
| Basic and diluted | $ (0.59) | $ (0.52) |
| **Non-IFRS Financial Measures:**[(1)] | | |
| Adjusted EBIT | (75.6) | (61.3) |
| Adjusted EBIT margin | *(108.2)%* | *(108.9)%* |
| Adjusted net loss attributable to shareholders of the Company | (58.5) | (50.8) |
| Adjusted net loss per basic and diluted share attributable to shareholders of the Company | $ (0.56) | $ (0.46) |

[1] *See “Non-IFRS Financial Measures and Other Specified Financial Measures”.*

## Condensed Consolidated Interim Statements of Comprehensive Loss (unaudited)

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

| | | First quarter ended | |
|---|---|---|---|
| | Notes | July 3, 2022 | June 27, 2021 |
| | | | *Restated* |
| | | **$** | **$** |
| **Net loss** | | (63.6) | (57.5) |
| **Other comprehensive loss** | | | |
| Items that may be reclassified to earnings, net of tax: | | | |
| Cumulative translation adjustment loss | | (8.1) | (1.8) |
| Net gain on derivatives designated as cash flow hedges | 16 | 1.3 | 0.1 |
| Reclassification of net loss on cash flow hedges to income | 16 | 1.6 | 0.1 |
| Other comprehensive loss | | (5.2) | (1.6) |
| **Comprehensive loss** | | (68.8) | (59.1) |
| Attributable to: | | | |
| Shareholders of the Company | | (67.5) | (59.1) |
| Non-controlling interest | | (1.3) | — |
| **Comprehensive loss** | | (68.8) | (59.1) |

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

| | July 3, 2022 | June 27, 2021 | April 3, 2022 |
|---|---|---|---|
| | | *Restated* | |
| **Assets** | **$** | **$** | **$** |
| **Current assets** | | | |
| Cash | 81.8 | 305.9 | 287.7 |
| Trade receivables | 48.2 | 39.2 | 42.7 |
| Inventories | 504.7 | 404.5 | 393.3 |
| Income taxes receivable | 4.8 | 6.6 | 1.1 |
| Other current assets | 52.4 | 34.4 | 37.5 |
| **Total current assets** | 691.9 | 790.6 | 762.3 |
| Deferred income taxes | 73.9 | 61.5 | 53.2 |
| Property, plant and equipment | 110.5 | 119.9 | 114.2 |
| Intangible assets | 134.7 | 124.4 | 122.2 |
| Right-of-use assets | 253.2 | 240.8 | 215.2 |
| Goodwill | 64.7 | 53.1 | 53.1 |
| Other long-term assets | 17.8 | 4.4 | 20.4 |
| **Total assets** | 1,346.7 | 1,394.7 | 1,340.6 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | 165.6 | 149.6 | 176.2 |
| Provisions | 16.2 | 13.4 | 18.5 |
| Income taxes payable | 13.2 | 10.4 | 24.5 |
| Short-term borrowings | 30.8 | 10.9 | 3.8 |
| Current portion of lease liabilities | 59.9 | 49.6 | 58.5 |
| **Total current liabilities** | 285.7 | 233.9 | 281.5 |
| Provisions | 30.2 | 25.4 | 31.3 |
| Deferred income taxes | 18.3 | 7.7 | 15.8 |
| Term loan | 377.1 | 363.2 | 366.2 |
| Lease liabilities | 230.6 | 214.7 | 192.2 |
| Other long-term liabilities | 52.9 | 27.6 | 25.7 |
| **Total liabilities** | 994.8 | 872.5 | 912.7 |
| **Shareholders' equity** | 351.9 | 522.2 | 427.9 |
| **Total liabilities and shareholders' equity** | 1,346.7 | 1,394.7 | 1,340.6 |

## Non-IFRS Financial Measures and Other Specified Financial Measures

This press release includes references to certain non-IFRS financial measures such as adjusted EBIT, adjusted net loss and constant currency revenue and certain non-IFRS ratios such as, adjusted EBIT margin, adjusted net loss attributable to shareholders of the Company and adjusted net loss per basic and diluted share attributable to the shareholders of the Company. 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" and, in the case of constant currency revenue, under "Revenue".

This press release also includes DTC comparable sales growth which is a supplementary financial measure defined as sales on a constant currency basis from e-Commerce sites and stores which have been operating for one full year (12 successive fiscal months). The measure excludes store sales from both periods for the specific trading days when the stores were closed, whether those closures occurred in the current period or the comparative period.

## Reconciliation of Non-IFRS Measures

The tables below reconcile net loss to adjusted EBIT and adjusted net loss attributable to shareholders of the Company 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.

| | **First quarter ended** | |
|---|---|---|
| **CAD $ millions** | **July 3, 2022** | **June 27, 2021**[1] |
| **Net loss** | (63.6) | (57.5) |
| *Add (deduct) the impact of:* | | |
| Income tax recovery | (24.5) | (20.8) |
| Net interest, finance and other costs | 7.4 | 16.5 |
| **Operating loss** | (80.7) | (61.8) |
| Unrealized foreign exchange gain on Term Loan Facility (a) | (1.5) | (0.9) |
| Share-based compensation (b) | — | 0.1 |
| Net temporary store closure costs (c) | 2.2 | 0.2 |
| Pre-store opening costs (d) | 0.3 | 0.9 |
| Japan Joint Venture costs (g) | 1.4 | — |
| Head office transition costs (h) | 1.7 | — |
| Other (j) | 1.0 | 0.2 |
| Total adjustments | 5.1 | 0.5 |
| **Adjusted EBIT** | (75.6) | (61.3) |
| *Adjusted EBIT margin* | *(108.2)%* | *(108.9)%* |

[1] *The Company adopted a change in accounting policy on the treatment of implementation costs related to Software as a Service ("SaaS") arrangements. See "Changes in Accounting Policies" in the MD&A for a description of the impact from adopting the agenda decision and the impact of retrospective application on this quarter.*

| CAD $ millions | First quarter ended July 3, 2022 | June 27, 2021[1] |
|---|---|---|
| **Net loss** | (63.6) | (57.5) |
| *Add (deduct) the impact of:* | | |
| Unrealized foreign exchange gain on Term Loan Facility (a) | (1.5) | (0.9) |
| Share-based compensation (b) | — | 0.1 |
| Net temporary store closure costs (c) (e) | 2.2 | 0.2 |
| Pre-store opening costs (d) (f) | 0.4 | 1.0 |
| Japan Joint Venture costs (g) | 1.4 | — |
| Head office transition costs (h) (i) | 2.1 | — |
| Acceleration of unamortized costs on Term Loan Facility Repricing (k) | — | 9.5 |
| Other (j) | 1.0 | 0.2 |
| **Total adjustments** | 5.6 | 10.1 |
| Tax effect of adjustments | (1.4) | (3.4) |
| **Adjusted net loss** | (59.4) | (50.8) |
| Adjusted net loss attributable to non-controlling interest (l) | 0.9 | — |
| **Adjusted net loss attributable to shareholders of the Company** | (58.5) | (50.8) |

[1] *The Company adopted a change in accounting policy on the treatment of implementation costs related to Software as a Service ("SaaS") arrangements. See "Changes in Accounting Policies" for a description of the impact from adopting the agenda decision and the impact of retrospective application on this quarter.*

(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 $nil in the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - less than $0.1m) on gains earned by option holders (compensation) when stock options are exercised.

(c) Net temporary store closure costs of $2.2m were incurred in the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - $0.2m).

(d) Costs incurred during pre-opening periods for new retail stores, including depreciation on right-of-use assets.

(e) Includes less than $0.1m of interest expense on lease liabilities for temporary store closures for the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - less than $0.1m).

(f) Pre-store opening costs incurred in (d) above as well as less than $0.1m of interest expense on lease liabilities for new retail stores during pre-opening periods for the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - $0.1m).

(g) Costs in connection with the establishment of the Japan Joint Venture including amortization of intangible assets and the impact of gross margin that would otherwise have been recognized on the sale of inventory recorded at net realizable value less costs to sell.

(h) Costs incurred for the corporate head office transition, including depreciation on right-of-use assets.

(i) Corporate head office transition costs incurred in (h) as well as $0.4m of interest expense on lease liabilities for the first quarter ended July 3, 2022 (first quarter ended June 27, 2021 - $nil).

(j) Costs for legal proceeding fees including for the defense of class action lawsuits and rent abatements received.

(k) Non-cash unamortized costs accelerated in connection with the repricing amendment for the Term Loan Facility entered into on April 9, 2021.

(l) Calculated as net loss attributable to non-controlling interest less $0.3m of amortization, gross margin adjustment, and tax expense attributable to the non-controlling interest.

**Cautionary Note Regarding Forward-Looking Statements**

This press release contains forward-looking statements, including statements relating to the execution of our proposed strategy, early leading indicators and trends for fiscal 2023, 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 “believe,” “could,” “continue,” “expect,” “estimate,” “may,” “potential,” “would,” “will,” and other words of similar meaning. Each forward-looking statement contained in this press release, including, without limitation, our fiscal 2023 full year and second quarter 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 the extent and duration of related disruptions to our operations, as well as the evolution of the global economic conditions, 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 April 3, 2022. 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.

Investors:

ir@canadagoose.com

Media:

media@canadagoose.com