Canada Goose Holdings Inc.

Annual Consolidated Financial Statements

March 28, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Canada Goose Holdings Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Canada Goose Holdings Inc. and subsidiaries (the "Company") as of March 28, 2021 and March 29, 2020, the related consolidated statements of income and comprehensive income, changes in equity, and cash flows for the 52 weeks ended March 28, 2021 and March 29, 2020 and the year ended March 31, 2019, and the related notes and the schedule of Condensed Financial Information of Canada Goose Holdings Inc. (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 28, 2021 and March 29, 2020, and its financial performance and its cash flows for the 52 weeks ended March 28, 2021 and March 29, 2020 and the year ended March 31, 2019, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 28, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 12, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgements. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on accounts or disclosures to which it relates.

Inventory Obsolescence – Refer to Notes 2j, 3 and 9 to the financial statements

Critical Audit Matter Description

Inventory comprises raw materials, work-in-process and finished goods and is carried at the lower of cost and net realizable value. In estimating net realizable value, the Company uses estimates related to fluctuations in inventory levels, planned production, customer behaviour, obsolescence, future selling prices and costs to sell. As a result of management’s analysis, the Company recorded an inventory obsolescence adjustment.

Given the importance of inventory to the Company’s operations and the judgement involved in determining net realizable value, specifically estimated future revenue (future selling prices and product demand); our audit procedures involved a high degree of auditor judgement and an increased extent of audit effort.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future revenue used in determining net realizable value included the following, among others:

- Evaluated the effectiveness of controls, including those related to management’s process for developing the estimates used in the determination of net realizable value and the inventory obsolescence adjustment.
- Performed a retrospective review on the prior year estimated future revenue and compared it to current year activity to evaluate management's ability to accurately estimate the net realizable value.
- Evaluated the reasonableness of future selling prices and product demand by:
    - Comparing future selling price assumptions to historical trends and recent transactions.
    - Assessing management’s merchandising strategy to evaluate the reasonableness of management’s assumptions relating to the expected impact on overall product demand.
    - Considering industry trends and evidence obtained in other areas of the audit.
- Analyzed inventory levels and revenue to evaluate the completeness of management’s identified population of inventory with obsolescence exposure.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
May 12, 2021

We have served as the Company's auditor since fiscal 2010.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Canada Goose Holdings Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Canada Goose Holdings Inc. and subsidiaries (the "Company") as of March 28, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 28, 2021, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the 52 weeks ended March 28, 2021, of the Company and our report dated May 12, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
May 12, 2021

Consolidated Statements of Income and Comprehensive Income
(in millions of Canadian dollars, except per share amounts)

	Notes	Year ended March 28, 2021	March 29, 2020	March 31, 2019
		$	$	$
Revenue	5	903.7	958.1	830.5
Cost of sales	9	349.7	364.8	313.7
Gross profit		554.0	593.3	516.8
Selling, general and administrative expenses		367.3	350.5	302.1
Depreciation and amortization	10, 11, 12	69.8	50.7	18.0
Operating income		116.9	192.1	196.7
Net interest, finance and other costs	16	30.9	28.4	14.2
Income before income taxes		86.0	163.7	182.5
Income tax expense	6	15.8	12.0	38.9
Net income		70.2	151.7	143.6
Other comprehensive (loss) income				
Items that will not be reclassified to earnings, net of tax:				
Actuarial gain (loss) on post-employment obligation		0.7	(0.2)	(0.7)
Items that may be reclassified to earnings, net of tax:				
Cumulative translation adjustment		(12.6)	9.4	(1.3)
Net loss on derivatives designated as cash flow hedges	21	(1.2)	(2.4)	(4.6)
Reclassification of net loss (gain) on cash flow hedges to income	21	7.3	(3.7)	3.8
Net gain (loss) on derivatives designated as a net investment hedge	21	0.2	(0.3)	3.5
Other comprehensive (loss) income		(5.6)	2.8	0.7
Comprehensive income		64.6	154.5	144.3
Earnings per share	7			
Basic		$ 0.64	$ 1.38	$ 1.31
Diluted		$ 0.63	$ 1.36	$ 1.28

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

Consolidated Statements of Financial Position
(in millions of Canadian dollars)

	Notes	March 28, 2021	March 29, 2020
Assets		$	$
Current assets			
Cash		477.9	31.7
Trade receivables	8	40.9	32.3
Inventories	9	342.3	412.3
Income taxes receivable	6	4.8	12.0
Other current assets	20	31.0	43.5
Total current assets		896.9	531.8
Deferred income taxes	6	46.9	40.8
Property, plant and equipment	10	116.5	115.1
Intangible assets	11	155.0	161.7
Right-of-use assets	12	233.7	211.8
Goodwill	13	53.1	53.1
Other long-term assets	20	5.1	6.0
Total assets		1,507.2	1,120.3
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	14, 20	177.8	144.4
Provisions	15	20.0	15.6
Income taxes payable	6	19.1	13.0
Short-term borrowings	16	—	—
Current portion of lease liabilities	12	45.2	35.9
Total current liabilities		262.1	208.9
Provisions	15	25.6	21.4
Deferred income taxes	6	21.6	15.1
Revolving facility	16	—	—
Term loan	16	367.8	158.1
Lease liabilities	12	209.6	192.0
Other long-term liabilities	20	20.4	4.6
Total liabilities		907.1	600.1
Shareholders' equity	17	600.1	520.2
Total liabilities and shareholders' equity		1,507.2	1,120.3

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

Consolidated Statements of Changes in Equity
(in millions of Canadian dollars)

	Notes	Share capital			Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total
		Multiple voting shares	Subordinate voting shares	Total				
		$	$	$	$	$	$	$
Balance at March 31, 2018		1.9	104.2	106.1	4.5	136.1	(3.1)	243.6
Issuance of subordinate voting shares in business combination	17	—	1.5	1.5	—	—	—	1.5
Convert multiple voting shares to subordinate voting shares	17	(0.5)	0.5	—	—	—	—	—
Exercise of stock options	17	—	5.0	5.0	(1.9)	—	—	3.1
Net income		—	—	—	—	143.6	—	143.6
Other comprehensive income		—	—	—	—	—	0.7	0.7
Share-based payment (including tax recovery of $2.8)	18	—	—	—	6.6	—	—	6.6
Balance at March 31, 2019		1.4	111.2	112.6	9.2	279.7	(2.4)	399.1
IFRS 16 initial application	12	—	—	—	—	(4.9)	—	(4.9)
Normal course issuer bid purchase of subordinate voting shares	17	—	(1.6)	(1.6)	—	(37.1)	—	(38.7)
Exercise of stock options	17	—	3.7	3.7	(1.3)	—	—	2.4
Net income		—	—	—	—	151.7	—	151.7
Other comprehensive income		—	—	—	—	—	2.8	2.8
Share-based payment	18	—	—	—	7.8	—	—	7.8
Balance at March 29, 2020		1.4	113.3	114.7	15.7	389.4	0.4	520.2
Exercise of stock options	17	—	5.8	5.8	(1.8)	—	—	4.0
Net income		—	—	—	—	70.2	—	70.2
Other comprehensive loss		—	—	—	—	—	(5.6)	(5.6)
Share-based payment	18	—	—	—	11.3	—	—	11.3
Balance at March 28, 2021		1.4	119.1	120.5	25.2	459.6	(5.2)	600.1

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

Consolidated Statements of Cash Flows

(in millions of Canadian dollars)

	Notes	March 28, 2021	March 29, 2020	March 31, 2019
		Year ended		
		$	$	$
Operating activities				
Net income		70.2	151.7	143.6
Items not affecting cash:				
Depreciation and amortization	10, 11, 12	84.6	63.1	22.7
Income tax expense	6	15.8	12.0	38.9
Interest expense	16	26.7	20.4	13.7
Foreign exchange loss (gain)		9.0	(0.7)	2.7
Acceleration of unamortized costs on debt extinguishment	16	1.1	7.0	—
Loss on disposal of assets		0.3	1.7	0.2
Share-based payment	18	11.3	8.5	3.8
		219.0	263.7	225.6
Changes in non-cash operating items	22	102.5	(130.6)	(100.7)
Income taxes paid		(6.8)	(52.1)	(41.0)
Interest paid		(21.0)	(18.5)	(10.5)
Net cash from operating activities		293.7	62.5	73.4
Investing activities				
Purchase of property, plant and equipment	10	(26.9)	(45.3)	(30.3)
Investment in intangible assets	11	(5.1)	(17.0)	(19.0)
Business combination		—	—	(33.6)
Net cash used in investing activities		(32.0)	(62.3)	(82.9)
Financing activities				
Term loan borrowings	16	247.5	—	—
Transaction costs on financing activities	16	(10.8)	(2.3)	—
Subordinate voting shares purchased for cancellation	17	—	(38.7)	—
Principal paid on lease liabilities	12	(38.8)	(24.7)	—
Settlement of term loan derivative contracts	20	(4.9)	4.6	—
Exercise of stock options	18	4.0	2.4	3.1
Net cash from (used in) financing activities		197.0	(58.7)	3.1
Effects of foreign currency exchange rate changes on cash		(12.5)	1.6	(0.3)
Increase (decrease) in cash		446.2	(56.9)	(6.7)
Cash, beginning of period		31.7	88.6	95.3
Cash, end of period		477.9	31.7	88.6

The accompanying notes to the consolidated 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 apparel collections include various styles of parkas, lightweight down jackets, rainwear, windwear, knitwear, footwear, and accessories for 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”, “us” and “our” throughout these notes to the consolidated financial statements refer to the Company.

Canada Goose is a public company listed on the Toronto Stock Exchange and the New York Stock Exchange under the trading symbol “GOOS”. The principal shareholders of the Company are investment funds advised by Bain Capital LP and its affiliates (“Bain Capital”), and DTR LLC, (“DTR”), an entity indirectly controlled by the President and Chief Executive Officer of the Company. The principal shareholders hold multiple voting shares representing 46.2% of the total shares outstanding as at March 28, 2021, or 89.6% of the combined voting power of the total voting shares outstanding. Subordinate voting shares that trade on public markets represent 53.8% of the total shares outstanding as at March 28, 2021, or 10.4% of the combined voting power of the total voting shares outstanding.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements were authorized for issuance by the Company’s Board of Directors on May 12, 2021.

Fiscal year

Under an accounting convention common in the retail industry, the Company follows a 52-week reporting cycle, which periodically necessitates a fiscal year of 53 weeks with the fiscal year ending on the Sunday closest to March 31. Each fiscal quarter is 13 weeks. The additional week in a 53 week fiscal year is added to the third quarter. The Company's first 53 week fiscal year will occur in 2022. Fiscal 2021 comprises four fiscal quarters ended on June 28, 2020, September 27, 2020, December 27, 2020 and March 28, 2021. The Company has not adjusted financial results for quarters prior to fiscal 2020. In these consolidated financial statements, the term "year ended March 28, 2021” refers to the 52-week period ended March 28, 2021 (364 days) and the term “year ended March 29, 2020” refers to the 52-week period ended March 29, 2020 (364 days).

Operating segments

The Company classifies its business in three operating and reportable segments: Direct-to-Consumer (“DTC”), Wholesale, and Other. The DTC segment comprises sales through country-specific e-Commerce platforms and its Company-owned retail stores located in luxury shopping locations.

The Wholesale segment comprises sales made to a mix of functional and fashionable retailers, including major luxury department stores, outdoor specialty stores, and individual shops, and to international distributors, who are partners that have exclusive rights to an entire market.

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 DTC revenue and operating income in the third and fourth quarters of the fiscal year. Thus, lower-than-expected revenue in these periods could have an adverse impact on our annual operating results.

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

COVID-19 pandemic

Globally, public health officials have imposed restrictions and recommended precautions to mitigate the spread of COVID-19, resulting in closures of our retail locations as well as reduced traffic and store productivity, similarly impacting our wholesale partners. We have also experienced a significant reduction in the capacity of our network, including our facilities, due to distancing measures. During the fourth quarter of fiscal 2020, we temporarily reduced operating hours for our retail locations in Mainland China and closed our retail locations in North America and Europe. We began a gradual reopening of these locations during the first quarter of fiscal 2021 in accordance with guidance from local authorities, and all of our retail locations were operating by the end of the second quarter of fiscal 2021. During the third and fourth quarters of fiscal 2021, 9 of 28 of our retail stores, representing 32% of our network globally, were closed due to government orders for average durations of three to eight weeks, respectively. As at May 12, 2021, 6 of 28 of our retail stores, representing 21% of our network, remain closed. We also temporarily closed our manufacturing facilities across Canada in March 2020. In the first quarter of fiscal 2021, our manufacturing facilities were temporarily closed and net overhead costs of \$4.3m were recognized in cost of sales. Our manufacturing facilities were partially reopened in April 2020 for the production of PPE. During the second quarter of fiscal 2021, we began a limited restart of the production of outerwear alongside PPE at all of our facilities. All of our manufacturing facilities were operating as at March 28, 2021 at lower output levels than historically realized to ensure appropriate distancing measures were in place.

In response to COVID-19, various government programs have been announced to provide financial relief for affected businesses. The most significant relief measure which the Company qualifies for is the Canada Emergency Wage Subsidy ("CEWS") under the COVID-19 Economic Response Plan in Canada. For the year ended March 28, 2021, the Company recognized government subsidies totaling \$27.5m, under this wage subsidy program and similar plans in other jurisdictions. The Company recognizes government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. These subsidies were recorded as a reduction to the associated wage costs which the Company incurred during the year ended March 28, 2021, and were recognized in cost of sales (\$13.5m), SG&A expenses (\$13.6m), and other costs (\$0.4m). No such grants were applied for or received in respect of the manufacture and sale of PPE as these were sold to health authorities at cost.

Inventories are valued at the lower of cost and net realizable value. The Company periodically reviews the value of inventories and makes provisions as necessary to estimate the amounts expected to be unrecoverable due to obsolescence, damage, or declining selling prices. For the year ended March 28, 2021, the Company did not recognize any significant additional write-offs of inventories (note 9) related to COVID-19.

As a result of the temporary store closures, net costs of $9.0m were recognized in selling, general and administrative expenses, depreciation and amortization, and interest during the year ended March 28, 2021.

Management assessed whether indicators of impairment existed as at March 28, 2021 in accordance with IAS 36, *Impairment of Assets*, and no indicators were identified.

Note 2. Significant accounting policies

(a) Basis of presentation

The consolidated financial statements are presented in Canadian dollars, the Company's functional and presentation currency.

These consolidated financial statements have been prepared on the historical cost basis except for the following items, which are recorded at fair value:

- financial instruments, including derivative financial instruments, at fair value in other comprehensive income and through profit or loss as described in note 20, and
- initial recognition of assets acquired and liabilities assumed in a business combination.

(b) Principles of consolidation

The consolidated financial statements include the accounts of Canada Goose Holdings Inc. and its subsidiaries. All intercompany transactions and balances have been eliminated.

(c) Foreign currency translation and transactions

The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which each entity operates. The assets and liabilities of subsidiaries whose functional currency is not the Canadian dollar are translated into the functional currency of the Company using the exchange rate at the reporting date. Revenues and expenses are translated at exchange rates prevailing at the transaction date. The resulting foreign exchange translation differences are recorded as a currency translation adjustment in other comprehensive income.

Foreign currency transactions are translated into the functional currency of each of the Company's subsidiaries using the exchange rates prevailing at the date of the transactions or valuation when items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the changes at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income in SG&A expenses, except when included in other comprehensive income for qualifying cash flow and net investment hedges.

Functional currency of subsidiary

Each entity within the Company determines its functional currency based on the primary economic environment in which the entity operates. Once an entity's functional currency is determined, it is not changed unless there is a change to the underlying transactions, events, and conditions that determine the entity's primary economic environment.

The functional currency of Canada Goose US, Inc., the operating subsidiary in the United States ("U.S."), was reassessed in fiscal 2019. Effective April 1, 2019, the functional currency of the U.S. subsidiary was changed from Canadian dollars to U.S. dollars on a prospective basis.

(d) Revenue recognition

Revenue comprises of 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.

(e) Business combinations

Acquisitions of businesses are accounted for using the acquisition method as of the acquisition date, which is the date when control is transferred to the Company. The consideration transferred in a business combination is measured at fair value, calculated as the sum of the acquisition date fair values of the assets transferred, liabilities incurred by the Company, and the equity interests issued by the Company in exchange for control of the acquiree. Transaction costs that the Company incurs in connection with a business combination are recognized in the statement of income as incurred.

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred in a business combination includes contingent consideration, the contingent consideration is measured at its acquisition date fair value. Contingent consideration is remeasured at subsequent reporting dates at its fair value, and the resulting gain or loss recognized in the statement of income.

(f) Earnings per share

Basic earnings per share is calculated by dividing net income attributable to ordinary equity holders by the weighted average number of multiple and subordinate voting shares outstanding during the year.

Diluted earnings per share is calculated by dividing net income attributable to ordinary equity holders of the Company by the weighted average number of multiple and subordinate voting shares outstanding during the year plus the weighted average number of subordinate shares that would be issued on the exercise of stock options and settlement of restricted share units ("RSUs").

(g) Income 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.

Current income tax

Current income tax is the expected income tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

Deferred income tax

Deferred income tax is provided using the liability method for temporary differences at the reporting date between the income tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax is measured using enacted or substantively enacted income tax rates expected to apply in the years in which those temporary differences are expected to be recovered or settled. A deferred tax asset is recognized for unused income tax losses and credits to the extent that it is probable that future taxable income will be available against which they can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred tax relates to the same taxable entity and the same taxation authority.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

(h) Cash

Cash consists of cash and cash equivalents, including cash on hand, deposits in banks, and short-term deposits with maturities of less than three months. The Company uses the indirect method of reporting cash flows from operating activities.

(i) Trade receivables

Trade receivables, including credit card receivables, consist of amounts owing on product sales where we have extended credit to customers, and are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less expected credit loss and sales allowances. The allowance for expected credit losses is recorded against trade receivables and is based on historical experience.

(j) Inventories

Raw materials, work-in-process, and finished goods are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of work-in-process and finished goods inventories include the cost of raw materials and an applicable share of the cost of labour and fixed and variable production overhead costs, including the depreciation of property, plant and equipment used in the production of finished goods and design costs, and other costs incurred to bring the inventories to their present location and condition.

The Company estimates net realizable value as the amount at which inventories are expected to be sold, taking into consideration fluctuations in selling prices due to seasonality, less estimated costs necessary to complete the sale.

Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining selling prices. Inventory is adjusted to reflect estimated loss ("shrinkage") incurred since the last inventory count. Shrinkage is based on historical experience. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in realizable value, the amount of the write-down previously recorded is reversed.

Storage costs, indirect administrative overhead and certain selling costs related to inventories are expensed in the period that these costs are incurred.

(k) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including costs incurred to prepare the asset for its intended use and capitalized borrowing costs, when the recognition criteria are met. The commencement date for capitalization of costs occurs when the Company first incurs expenditures for the qualifying assets and undertakes the required activities to prepare the assets for their intended use.

Property, plant and equipment assets are depreciated on a straight-line basis over their estimated useful lives when the assets are available for use. When significant parts of a fixed asset have different useful lives, they are accounted for as separate components and depreciated separately. Depreciation methods and useful lives are reviewed annually and are adjusted for prospectively, if appropriate. Estimated useful lives are as follows:

Asset Category	Estimated Useful Life
Plant equipment	10 years
Computer hardware	3 years
Leasehold improvements	Lesser of the lease term or useful life of the asset
Show displays	5 years
Furniture and fixtures	5 to 10 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the statement of income when the asset is derecognized.

The cost of repairs and maintenance of property, plant and equipment is expensed as incurred and recognized in the statement of income.

Property, plant and equipment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset is then tested for impairment by comparing its recoverable amount to its carrying value. Any resulting impairment loss is recorded in the statement of income.

(l) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets with finite lives are carried at cost less any accumulated amortization and any accumulated impairment losses.

An internally generated intangible asset is recorded for product development costs which are included within intellectual property. Product development costs are incurred in the design, production and testing of new products where the technical feasibility of commercial manufacturing and sale of the product has been demonstrated. With continued emphasis on DTC expansion, effective the first quarter of fiscal 2021, any new or incremental product development costs were recognized in SG&A expenses in the statement of income as they more closely support current selling and marketing activities. Those product development costs included in existing inventory and intangible assets will continue to be recognized within the cost of sales.

The useful lives of intangible assets are assessed as either finite or indefinite.

Asset Category	Estimated Useful Life
Brand name	Indefinite
Domain name	Indefinite
ERP software	5 to 7 years
Computer software	5 years
Intellectual property	1 to 8 years

Intangible assets with indefinite useful lives comprise of the Canada Goose and Baffin brand names and domain name, which were acquired as part of an acquisition and were recorded at their estimated fair value. The brand names and domain name are considered to have an indefinite life based on a history of revenue and cash flow performance, and the intent and ability of the Company to support the brand with spending to maintain its value for the foreseeable future. The brand names and domain name are tested at least annually for impairment, at the cash-generating unit ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives are amortized over the useful economic life on a straight-line basis. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income over the asset's estimated useful life.

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use. Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are included in the statement of income when the asset is derecognized.

Intangible assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset is then tested for impairment by comparing its recoverable amount to its carrying value. Any resulting impairment loss is recorded in the statement of income.

(m) Leases

The Company recognizes a right-of-use asset and a lease liability based on the present value of the future lease payments at the commencement date. The commencement date is when the lessor makes the leased asset available for use by the Company, typically the possession date. The discount rate used in the present value calculation for lease payments is the incremental borrowing rate for each leased asset or portfolio of leased assets with similar characteristics by reference to the Company's creditworthiness, the security, term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The lease term is determined as the non-cancellable periods of a lease, together with periods covered by a renewal option if the Company is reasonably certain to exercise that option and a termination option if the Company is reasonably certain not to exercise that option.

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

Lease liabilities

Lease liabilities are measured at the present value of future lease payments, discounted using the Company's incremental borrowing rates, and include the fixed payments, variable lease payments that depend on an index or a rate, less any lease incentives receivable. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest rate method. Lease liabilities are remeasured when there are changes to the lease payments, lease term, assessment of an option to purchase the underlying asset, expected residual value guarantee, or future lease payments due to a change in the index or rate tied to the payment.

Right-of-use assets

Right-of-use assets are measured at the initial amount of the lease liabilities, lease payments made at or before the commencement date less any lease incentives received, initial direct costs, if any, and decommissioning costs to restore the site to the condition required by the terms and conditions of the lease. Subsequent to initial measurement, the Company applies the cost model to the right-of-use assets and measures the asset at cost less any accumulated depreciation, accumulated impairment losses in accordance with IAS 36, and any remeasurements of the lease liabilities. Assets are depreciated from the commencement date on a straight-line basis over the earlier of the end of the assets' useful lives or the end of the lease terms.

(n) Goodwill

Goodwill represents the difference between the purchase price of an acquired business and the Company's share of the net identifiable assets acquired and liabilities assumed and any contingent liabilities assumed. It is initially recorded at cost and subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to CGUs based on the lowest level within the entity in which the goodwill is monitored for internal management purposes. The allocation is made to the CGUs that are expected to benefit from the business combination in which the goodwill arose. Any potential impairment of goodwill is identified by comparing the recoverable amount of a CGU to its carrying value. An impairment loss is recognized if the carrying amount of CGU exceeds its recoverable amount. Any loss identified is first applied to reduce the carrying amount of goodwill allocated to the CGU, and then to reduce the carrying amounts of the remaining assets in the CGU on a pro-rata basis. The Company tests goodwill for impairment annually at the reporting date.

The recoverable amount of a CGU is the higher of the estimated fair value less costs of disposal or value-in-use of the CGU. In assessing value-in-use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company has determined that the goodwill contributes to the cash flows of seven CGUs (March 29, 2020 - seven CGUs).

(o) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized in the statement of income.

The provision for warranty returns relates to the Company's obligation for defective goods sold to customers that have yet to be returned for exchange or repair. Accruals for warranty returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period the corresponding revenue is recognized.

(p) Employee future benefits

The Company sponsors a defined benefit pension plan membership, which is limited to certain employees of Canada Goose International AG and other subsidiaries who reside in Switzerland.

The measurement date for the defined benefit pension plan is March 28, 2021, the reporting date. The obligation associated with the Company's defined benefit pension plan is actuarially valued using the projected unit credit method and management's best estimate of the discount rate, future salary increases, mortality rates and retirement rates. Assets are measured at fair value. The obligation in excess of plan assets is recorded as a liability. All actuarial gains or losses, net of tax, are recognized immediately through other comprehensive income.

(q) Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Company uses valuation techniques that it believes are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

There was no change in the valuation techniques applied to financial instruments during all periods presented. The following table describes the valuation techniques used in the determination of the fair values of financial instruments:

Type	Valuation Approach
Cash, trade receivables, accounts payable and accrued liabilities	The carrying amount approximates fair value due to the short term maturity of these instruments.
Derivatives (included in other current assets, other long-term assets, accounts payable and accrued liabilities or other long-term liabilities)	Specific valuation techniques used to value derivative financial instruments include: - quoted market prices or dealer quotes for similar instruments; - observable market information as well as valuations determined by external valuators with experience in the financial markets.
Short-term borrowings, revolving facility, and term loan	The fair value is based on the present value of contractual cash flows, discounted at the Company's current incremental borrowing rate for similar types of borrowing arrangements or, where applicable, market rates.

(r) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities classified at fair value through profit or loss) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and financial liabilities are measured subsequently as described below.

i) Non-derivative financial assets

Non-derivative financial assets include cash and trade receivables which are measured at amortized cost. The Company initially recognizes receivables and deposits on the date that they are originated. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

ii) Non-derivative financial liabilities

Non-derivative financial liabilities include accounts payable, accrued liabilities, short-term borrowings, the revolving facility, and the term loan. The Company initially recognizes debt instruments on the date that they are originated. All other financial liabilities are recognized initially on the trade date on which the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

iii) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The method of recognizing the resulting gain or loss depends on whether the derivative is designated and effective as a hedging instrument. When a derivative financial instrument, including an embedded derivative, is not designated and effective in a qualifying hedge relationship, all changes in its fair value are recognized immediately in the statement of income; attributable transaction costs are recognized in the statement of income as incurred. The Company does not use derivatives for trading or speculative purposes.

Embedded derivatives are separated from a host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related.

iv) Hedge accounting

The Company is exposed to the risk of currency fluctuations and has entered into currency derivative contracts to hedge its exposure on the basis of planned transactions. Where hedge accounting is applied, the criteria are documented at the inception of the hedge and updated at each reporting date. The Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking the hedging transactions. The Company also documents its assessment, at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair value of a hedging derivative is classified as a current asset or liability when the maturity of the hedged item is less than twelve months, and as a non-current asset or liability when the maturity of the hedged item is more than twelve months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized, net of tax, in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of income. Amounts accumulated in other comprehensive income are transferred to the statement of income in the periods when the hedged item affects net income. When a forecast transaction that is hedged results in the recognition of a non-financial asset or liability, such as inventory, the amounts are included in the measurement of the cost of the related asset or liability. The deferred amounts are ultimately recognized in the statement of income.

Hedges of net investments are accounted for similarly to cash flow hedges, with unrealized gains and losses recognized, net of tax, in other comprehensive income. Amounts included in other comprehensive income are transferred to the statement of income in the period when the foreign operation is disposed of or sold.

(s) Share-based payments

Share-based payments are valued based on the grant date fair value of these awards and the Company records compensation expense over the corresponding service period. The fair value of the share-based payments is determined using acceptable valuation techniques.

The Company has issued stock options to purchase subordinate voting shares and RSUs under its equity incentive plans, prior to the public offering on March 21, 2017 (the “Legacy Plan”) and subsequently (the “Omnibus Plan”). Under the terms of the Legacy Plan, options were granted to certain employees of the Company with vesting contingent upon meeting the service, performance goals and exit event conditions of the Legacy Plan. There are two types of stock options: service-vested options are time based and generally vest over five years of service, and performance-based and exit event options vest upon attainment of performance conditions and the occurrence of an exit event. Under the terms of the Omnibus Plan, options are granted to certain executives of the Company with vesting, generally over four years, contingent upon meeting the service conditions of the Omnibus Plan. The compensation expense related to the options and RSUs is recognized ratably over the requisite service period, provided it is probable that the vesting conditions will be achieved and the occurrence of the exit event, if applicable, is probable.

Note 3. Significant accounting judgments, estimates, and assumptions

The preparation of the consolidated financial statements requires management to make estimates and judgments in applying the Company’s accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes.

Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses. These estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in making these estimates and judgments in these financial statements.

The following are the accounting policies subject to judgments and key sources of estimation uncertainty that the Company believes could have the most significant impact on the amounts recognized in the consolidated financial statements.

Functional currency

Judgments Made in Relation to Accounting Policies Applied: The Company assesses the relevant factors related to the primary economic environment in which its entities operate to determine the functional currency. Where the assessment of primary indicators is mixed, management assesses the secondary indicators, including the relationship between the foreign operations and reporting entity.

Income and other taxes

Key Sources of Estimation: In determining the recoverable amount of deferred tax assets, the Company forecasts future taxable income by legal entity and the period in which the income occurs to ensure that sufficient taxable income exists to utilize the attributes. Inputs to those projections are Board-approved financial forecasts and statutory tax rates.

Judgments Made in Relation to Accounting Policies Applied: The calculation of current and deferred income taxes requires management to make certain judgments regarding the tax rules in jurisdictions where the Company performs activities. Application of judgments 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.

Trade receivables

Key Sources of Estimation: The Company has a significant number of customers which minimizes the concentration of credit risk. The Company does not have any customers which account for more than 10% of sales or accounts receivable. We make ongoing estimates relating to the ability to collect our accounts receivable and maintain an allowance for estimated credit losses resulting from the inability of our customers to make required payments. In determining the amount of expected credit losses, we consider our historical level of credit losses and make judgments about the creditworthiness of significant customers based on ongoing credit evaluations.

Inventories

Key Sources of Estimation: Inventories are carried at the lower of cost and net realizable value. In estimating net realizable value, the Company uses estimates related to fluctuations in inventory levels, planned production, customer behaviour, obsolescence, future selling prices, seasonality and costs necessary to sell the inventory. Inventory is adjusted to reflect shrinkage incurred since the last inventory count. Shrinkage is based on historical experience.

Leases

Judgments Made in Relation to Accounting Policies Applied: The Company exercises 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. The Company considers 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 the Company is 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 and any changes in the estimate of lease terms may have a material impact on the Company's statement of financial position.

Key Sources of Estimation: The critical assumptions and estimates used in determining the present value of future lease payments require the Company to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets. Management determines the incremental borrowing rate of each leased asset or portfolio of leased assets by incorporating the Company's 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 & equipment, and right-of-use assets)

Judgments Made in Relation to Accounting Policies Applied: Management is required to use judgment in determining the grouping of assets to identify their CGUs 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. The Company has concluded that it has seven CGUs (March 29, 2020 - seven CGUs) and tests goodwill and these intangible assets for impairment on that basis.

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

Warranty

Key Sources of Estimation: 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 to repair a jacket; the cost to replace a jacket, and the risk-free rate used to discount the provision to present value.

Financial instruments

Key Sources of Estimation: The critical assumptions and estimates used in determining the fair value of financial instruments are: equity prices; future interest rates; the relative creditworthiness of the Company to its counterparties; estimated future cash flows; discount rates, and volatility utilized in option valuations.

Share-based payments

Key Sources of Estimation: Compensation expense for share-based compensation granted is measured at the fair value at the grant date using the Black Scholes option pricing model for the year ended March 28, 2021; prior to the public offering, the Company used the Monte Carlo valuation model to measure the fair value of options granted. The critical assumptions used under both of these option valuation models at the grant date are: stock price valuation; exercise price; risk-free interest rate; expected time to exercise in years; expected dividend yield, and volatility.

Note 4. Changes in accounting policies

Standards issued and adopted

Leases - COVID-19 Rent Concessions

In May 2020, the IASB issued an amendment to IFRS 16, *Leases* exempting lessees from determining whether COVID-19 related rent concessions are lease modifications. The amendment is effective for annual reporting periods beginning on or after June 1, 2020 and earlier application is permitted. In accordance with the guidance issued, the Company adopted the amendment effective March 30, 2020 and elected not to treat COVID-19 related rent concessions as lease modifications. Rent concessions of $4.1m were recognized in the statement of income for the year ended March 28, 2021 and the Company will consider seeking further rent concessions as it continues to monitor the impact of COVID-19.

Changes in policy

Inventories, Intangible Assets - Product Development Costs

Product development costs, primarily employee salaries and benefits, were previously included in inventories and intangible assets, with subsequent recognition in cost of sales accordingly. As we continue to emphasize our DTC expansion, we have determined these activities in fiscal 2021 to now be more closely supportive of our current selling and marketing activities. As a result, effective the first quarter of fiscal 2021, product development costs incurred were recognized in selling, general and administrative expenses in the statement of income. Those product development costs included in existing inventory and intangible assets will continue to be recognized within cost of sales.

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

Note 5. Segment information

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

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

	Year ended March 28, 2021			
	DTC	**Wholesale**	**Other**	**Total**
	$	**$**	**$**	**$**
Revenue	528.2	321.3	54.2	903.7
Cost of sales	121.8	170.9	57.0	349.7
Gross profit (loss)	406.4	150.4	(2.8)	554.0
Selling, general and administrative expenses	118.0	43.8	205.5	367.3
Depreciation and amortization	52.4	3.8	13.6	69.8
Operating income (loss)	236.0	102.8	(221.9)	116.9
Net interest, finance and other costs				30.9
Income before income taxes				86.0

	Year ended March 29, 2020			
	DTC	**Wholesale**	**Other**	**Total**
	$	**$**	**$**	**$**
Revenue	525.0	424.0	9.1	958.1
Cost of sales	130.0	226.2	8.6	364.8
Gross profit	395.0	197.8	0.5	593.3
Selling, general and administrative expenses	107.4	49.9	193.2	350.5
Depreciation and amortization	38.6	2.8	9.3	50.7
Operating income (loss)	249.0	145.1	(202.0)	192.1
Net interest, finance and other costs				28.4
Income before income taxes				163.7

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

	Year ended March 31, 2019			
	DTC	**Wholesale**	**Other**	**Total**
	$	**$**	**$**	**$**
Revenue	431.3	394.7	4.5	830.5
Cost of sales	106.7	202.2	4.8	313.7
Gross profit (loss)	324.6	192.5	(0.3)	516.8
Selling, general and administrative expenses	93.9	39.1	169.1	302.1
Depreciation and amortization	7.4	2.3	8.3	18.0
Operating income (loss)	223.3	151.1	(177.7)	196.7
Net interest, finance and other costs				14.2
Income before income taxes				182.5

Geographic information

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

	Year ended		
	March 28, 2021	**March 29, 2020**	**March 31, 2019**
	$	**$**	**$**
Canada	217.7	293.1	293.3
United States	226.1	279.0	251.1
Asia	262.0	199.9	112.1
Europe and Rest of World	197.9	186.1	174.0
Revenue	903.7	958.1	830.5

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

Note 6. Income taxes

The components of the provision for income tax are as follows:

	Year ended		
	March 28, 2021	**March 29, 2020**	**March 31, 2019**
	$	**$**	**$**
Current income tax expense			
Current period	18.5	39.2	45.1
Adjustment in respect of prior periods	2.4	(0.3)	—
	20.9	38.9	45.1
Deferred income tax (recovery) expense			
Origination and reversal of temporary differences	(3.3)	(29.4)	(5.7)
Effect of change in income tax rates	(0.1)	2.5	(0.4)
Adjustment in respect of prior periods	(1.7)	—	(0.1)
	(5.1)	(26.9)	(6.2)
Income tax expense	15.8	12.0	38.9

The effective income tax rates differ from the weighted average basic Canadian federal and provincial statutory income tax rates for the following reasons:

	Year ended		
	March 28, 2021	**March 29, 2020**	**March 31, 2019**
	$	**$**	**$**
Income before income taxes	86.0	163.7	182.5
	25.42 %	*25.47 %*	*25.43 %*
Income tax at expected statutory rate	21.9	41.7	46.4
Non-deductible (taxable) items	0.1	0.4	0.2
Non-deductible stock option expense	2.2	1.8	0.9
Effect of foreign tax rates	(8.9)	(11.8)	(9.4)
Non-deductible (taxable) foreign exchange loss	0.3	0.9	0.7
Change in tax law related to Swiss tax reform	—	(23.1)	—
Change in tax rates	(0.1)	2.5	—
Other items	0.3	(0.4)	0.1
Income tax expense	15.8	12.0	38.9

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

The change in the year in the components of deferred tax assets and liabilities are as follows:

		Change in the year affecting				
	March 29, 2020	**Net income**	**Foreign exchange translation**	**Retained earnings**	**Other comprehensive income**	**March 28, 2021**
	$	**$**	**$**	**$**	**$**	**$**
Losses carried forward	3.6	5.8	(0.1)	—	—	9.3
Employee future benefits	0.3	—	—	—	(0.1)	0.2
Other liabilities	3.4	0.1	—	0.2	—	3.7
Inventory capitalization	3.8	—	(0.5)	—	—	3.3
Capital lease	4.9	1.0	(0.3)	—	—	5.6
Tax relief from Swiss tax reform	23.1	(1.4)	(1.4)	—	—	20.3
Unrealized profit in inventory	17.0	(0.9)	(1.0)	—	—	15.1
Provisions and other temporary differences	5.0	1.8	—	—	—	6.8
Unrealized foreign exchange	2.4	(1.5)	—	—	(0.9)	—
Total deferred tax asset	63.5	4.9	(3.3)	0.2	(1.0)	64.3
Unrealized foreign exchange	—	1.0	—	—	(2.3)	(1.3)
Intangible assets	(6.2)	(20.7)	0.3	—	—	(26.6)
Property, plant and equipment	(31.6)	20.0	0.5	—	—	(11.1)
Total deferred tax liabilities	(37.8)	0.3	0.8	—	(2.3)	(39.0)
Net deferred tax liabilities	25.7	5.2	(2.5)	0.2	(3.3)	25.3

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

The change in deferred tax assets and liabilities as presented in the statement of financial position are as follows:

		Changes in the year affecting					
	March 29, 2020	**Adjustments**	**Net income**	**Foreign exchange translation**	**Retained earnings**	**Other comprehensive income**	**March 28, 2021**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Deferred tax assets	40.8	4.7	4.0	(2.7)	—	0.1	46.9
Deferred tax liabilities	(15.1)	(4.7)	1.2	0.2	0.2	(3.4)	(21.6)
	25.7	—	5.2	(2.5)	0.2	(3.3)	25.3

Available deferred income tax assets in the amount of $24.7m was not recognized as it is not probable that future taxable income will be available to the Company to utilize the benefits.

The corporate entities within Canada Goose have the following tax-loss carry-forwards that are expected to expire in the following years, if not utilized.

	$
2038 and prior	1.4
2039	2.8
2040	8.7
2041	8.8
2042 and thereafter	14.3
	36.0

The Company does not recognize tax on unremitted earnings from foreign subsidiaries as it is management's intent to reinvest these earnings indefinitely. Unremitted earnings from foreign subsidiaries were $213.1m as at March 28, 2021 (March 29, 2020 - $222.1m, March 31, 2019 - $119.1m).

As at March 28, 2021, in addition to the amount charged to profit or loss and other comprehensive income, no tax recovery (March 29, 2020 - less than $0.1m, March 31, 2019 - $2.8m) was recognized directly in equity related to excess tax deductions on share-based payments for stock options exercised. Tax expense of $0.2m was recognized directly in equity related to excess tax additions on issuance of RSU.

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

Note 7. Earnings per share

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

	Year ended		
	March 28, 2021	**March 29, 2020**	**March 31, 2019**
	$	**$**	**$**
Net income	70.2	151.7	143.6
Weighted average number of multiple and subordinate voting shares outstanding	110,261,600	109,892,031	109,422,574
Weighted average number of shares on exercise of stock options and RSUs	850,573	1,276,757	2,345,010
Diluted weighted average number of multiple and subordinate voting shares outstanding[1]	111,112,173	111,168,788	111,767,584
Earnings per share			
Basic	$ 0.64	$ 1.38	$ 1.31
Diluted	$ 0.63	$ 1.36	$ 1.28

[1] Applicable if dilutive and when the weighted average daily closing share price for the year was greater than the exercise price for stock options. As at March 28, 2021, there were 914,961 stock options (March 29, 2020 - 630,374) that were not taken into account in the calculation of diluted earnings per share because their effect was anti-dilutive.

Note 8. Trade receivables

	March 28, 2021	**March 29, 2020**
	$	**$**
Trade accounts receivable	21.9	26.9
Credit card receivables	2.1	2.1
Government grant receivable	4.4	—
Other receivables	14.3	5.1
	42.7	34.1
Less: expected credit loss and sales allowances	(1.8)	(1.8)
Trade receivables, net	40.9	32.3

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

The following are the continuities of the Company's expected credit loss and sales allowances deducted from trade receivables:

	March 28, 2021			March 29, 2020		
	Expected credit loss	Sales allowances	Total	Expected credit loss	Sales allowances	Total
	$	$	$	$	$	$
Balance at the beginning of the year	(0.5)	(1.3)	(1.8)	(0.4)	(0.5)	(0.9)
Losses recognized	(0.1)	(2.4)	(2.5)	(0.2)	(2.8)	(3.0)
Amounts settled or written off during the year	0.1	2.4	2.5	0.1	2.0	2.1
Balance at the end of the year	(0.5)	(1.3)	(1.8)	(0.5)	(1.3)	(1.8)

Note 9. Inventories

	March 28, 2021	March 29, 2020
	$	$
Raw materials	63.8	61.5
Work in progress	18.6	19.4
Finished goods	259.9	331.4
Total inventories at the lower of cost and net realizable value	342.3	412.3

Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining selling prices. Included in inventory as at March 28, 2021 are provisions for obsolescence and inventory shrinkage in the amount of $23.4m (March 29, 2020 - $17.1m).

Amounts charged to cost of sales comprise the following:

	Year ended		
	March 28, 2021	March 29, 2020	March 31, 2019
	$	$	$
Cost of goods manufactured	334.9	352.4	309.0
Depreciation and amortization	14.8	12.4	4.7
	349.7	364.8	313.7

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

Note 10. Property, plant and equipment

The following table presents changes in the cost and the accumulated depreciation on the Company's property, plant and equipment:

	Plant equipment	Computer equipment	Leasehold improvements	Show displays	Furniture and fixtures	In progress	Total
Cost	**$**	**$**	**$**	**$**	**$**	**$**	**$**
March 31, 2019	22.3	5.4	54.8	7.6	20.3	0.7	111.1
Additions	4.4	1.7	15.4	2.1	3.6	23.8	51.0
Disposals	(1.6)	(0.1)	(0.2)	(0.1)	(0.3)	—	(2.3)
Transfers	1.5	1.7	10.6	0.3	1.6	(15.7)	—
Impact of foreign currency translation	—	—	1.8	0.3	0.3	0.1	2.5
March 29, 2020	26.6	8.7	82.4	10.2	25.5	8.9	162.3
Additions	0.7	1.5	5.0	0.3	2.4	20.9	30.8
Disposals	(0.2)	(0.1)	(1.0)	(1.0)	(0.1)	—	(2.4)
Transfers	2.0	0.8	19.0	0.4	4.0	(26.2)	—
Impact of foreign currency translation	—	(0.2)	(3.3)	(0.5)	(1.0)	(0.3)	(5.3)
March 28, 2021	29.1	10.7	102.1	9.4	30.8	3.3	185.4

	Plant equipment	Computer equipment	Leasehold improvements	Show displays	Furniture and fixtures	In progress	Total
Accumulated depreciation	**$**	**$**	**$**	**$**	**$**	**$**	**$**
March 31, 2019	4.1	3.0	11.3	4.0	4.4	—	26.8
Depreciation	2.4	1.3	10.0	1.9	4.3	—	19.9
Disposals	(0.2)	—	(0.1)	(0.1)	(0.1)	—	(0.5)
Impact of foreign currency translation	—	—	0.6	0.2	0.2	—	1.0
March 29, 2020	6.3	4.3	21.8	6.0	8.8	—	47.2
Depreciation	2.8	2.6	13.5	1.6	5.3	—	25.8
Disposals	(0.1)	(0.1)	(0.9)	(1.0)	(0.1)	—	(2.2)
Impact of foreign currency translation	—	—	(1.2)	(0.3)	(0.4)	—	(1.9)
March 28, 2021	9.0	6.8	33.2	6.3	13.6	—	68.9
Net book value							
March 29, 2020	20.3	4.4	60.6	4.2	16.7	8.9	115.1
March 28, 2021	20.1	3.9	68.9	3.1	17.2	3.3	116.5

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

Note 11. Intangible assets

Intangible assets comprise the following:

	March 28, 2021	March 29, 2020
	$	$
Intangible assets with finite lives	39.2	45.9
Intangible assets with indefinite lives:		
Brand name	115.5	115.5
Domain name	0.3	0.3
	155.0	161.7

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

The following table presents the changes in cost and accumulated amortization of the Company's intangible assets with finite lives:

	Intangible assets with finite lives					
	ERP software	**Computer software**	**Lease rights**	**Intellectual property**	**In progress**	**Total**
Cost	**$**	**$**	**$**	**$**	**$**	**$**
March 31, 2019	12.8	13.9	6.7	9.0	15.2	57.6
Additions	—	1.4	—	0.2	19.6	21.2
Disposal	—	(0.1)	—	—	—	(0.1)
IFRS 16 initial direct costs	—	—	(6.7)	—	—	(6.7)
Transfers	11.3	6.0	—	4.9	(22.2)	—
Impact of foreign currency translation	0.3	0.2	—	—	—	0.5
March 29, 2020	24.4	21.4	—	14.1	12.6	72.5
Additions	0.2	1.9	—	0.1	5.0	7.2
Transfers	1.3	5.5	—	3.9	(10.7)	—
Impact of foreign currency translation	(0.4)	(0.5)	—	(0.1)	—	(1.0)
March 28, 2021	25.5	28.3	—	18.0	6.9	78.7

	ERP software	**Computer software**	**Lease rights**	**Intellectual property**	**In progress**	**Total**
Accumulated amortization	**$**	**$**	**$**	**$**	**$**	**$**
March 31, 2019	5.6	7.1	1.2	3.9	—	17.8
Amortization	3.4	3.3	—	3.1	—	9.8
IFRS 16 initial direct costs	—	—	(1.2)	—	—	(1.2)
Impact of foreign currency translation	0.1	0.1	—	—	—	0.2
March 29, 2020	9.1	10.5	—	7.0	—	26.6
Amortization	3.3	4.9	—	5.3	—	13.5
Impact of foreign currency translation	(0.2)	(0.4)	—	—	—	(0.6)
March 28, 2021	12.2	15.0	—	12.3	—	39.5
Net book value						
March 29, 2020	15.3	10.9	—	7.1	12.6	45.9
March 28, 2021	13.3	13.3	—	5.7	6.9	39.2

Intellectual property consists of product development costs, acquired technology, and patents and trademarks.

Indefinite life intangible assets

Indefinite life intangible assets recorded by the Company are comprised of the Canada Goose and Baffin brand names and domain name associated with the Company's website. The Company expects to renew the registration of the brand names and domain names at each expiry date indefinitely, and expects these assets to generate economic benefit in perpetuity. As such, the Company assessed these intangibles to have indefinite useful lives.

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

The Company completed its annual impairment tests for the years ended March 28, 2021 and March 29, 2020 for indefinite life intangible assets and concluded that there was no impairment.

Key Assumptions

The key assumptions used to calculate the value-in-use (VIU) are consistent with the assumptions used to calculate VIU for goodwill (note 13).

Note 12. 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:

	Retail stores	Manufacturing facilities	Other	Total
Cost	**$**	**$**	**$**	**$**
March 31, 2019	—	—	—	—
Initial application of IFRS 16	97.0	27.2	12.4	136.6
Reclassification of initial direct costs	5.5	—	—	5.5
Additions	82.8	6.7	5.2	94.7
Lease modifications	1.1	2.7	—	3.8
Impact of foreign currency translation	5.1	—	0.4	5.5
March 29, 2020	191.5	36.6	18.0	246.1
Additions	75.7	0.1	3.1	78.9
Lease modifications	0.6	—	(1.5)	(0.9)
Derecognition on termination	(2.3)	—	—	(2.3)
Impact of foreign currency translation	(12.2)	—	(1.2)	(13.4)
March 28, 2021	253.3	36.7	18.4	308.4

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

	Retail stores	Manufacturing facilities	Other	Total
Accumulated depreciation	**$**	**$**	**$**	**$**
March 31, 2019	—	—	—	—
Depreciation	25.7	4.8	2.6	33.1
Impact of foreign currency translation	1.1	—	0.1	1.2
March 29, 2020	26.8	4.8	2.7	34.3
Depreciation	36.7	5.1	3.5	45.3
Derecognition on termination	(2.3)	—	—	(2.3)
Impact of foreign currency translation	(2.4)	—	(0.2)	(2.6)
March 28, 2021	58.8	9.9	6.0	74.7
Net book value				
March 29, 2020	164.7	31.8	15.3	211.8
March 28, 2021	194.5	26.8	12.4	233.7

Lease liabilities

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

	Retail stores	Manufacturing facilities	Other	Total
	$	**$**	**$**	**$**
March 31, 2019	—	—	—	—
Initial application of IFRS 16	107.8	29.4	13.6	150.8
Additions	81.5	6.7	5.2	93.4
Lease modifications	0.9	2.7	—	3.6
Principal payments	(18.4)	(4.1)	(2.2)	(24.7)
Impact of foreign currency translation	4.5	—	0.3	4.8
March 29, 2020	176.3	34.7	16.9	227.9
Additions	74.8	—	3.0	77.8
Lease modifications	1.1	—	(1.3)	(0.2)
Principal payments	(30.6)	(4.8)	(3.4)	(38.8)
Impact of foreign currency translation	(10.6)	—	(1.3)	(11.9)
March 28, 2021	211.0	29.9	13.9	254.8

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

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

	Retail stores	Manufacturing facilities	Other	Total
	$	$	$	$
Current lease liabilities	27.5	5.0	3.4	35.9
Non-current lease liabilities	148.8	29.7	13.5	192.0
March 29, 2020	176.3	34.7	16.9	227.9
Current lease liabilities	36.2	5.1	3.9	45.2
Non-current lease liabilities	174.8	24.8	10.0	209.6
March 28, 2021	211.0	29.9	13.9	254.8

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

In the year ended March 28, 2021 $19.5m (March 29, 2020 - $17.5m) of lease payments were not included in the measurement of lease liabilities. The majority of this balance related to short-term leases and variable rent payments.

Note 13. Goodwill

In the year ended March 28, 2021, goodwill arising from business combination is $53.1m (March 29, 2020 - $53.1m). The Company completed its annual impairment tests and concluded that there was no impairment in the years ended March 28, 2021 and March 29, 2020.

Key Assumptions

The key assumptions used to calculate the VIU are those regarding discount rate, revenue and gross margin growth rates, sales channel mix, and growth in SG&A expenses. These assumptions are considered to be Level 3 in the fair value hierarchy. The goodwill impairment tests resulted in excess of recoverable value over carrying value of at least 79.5% for each CGU. Because the VIU amount exceeds the asset’s carrying amount, the asset is not impaired and the fair value less costs of disposition has not been calculated.

Cash flow projections were discounted using the Company’s weighted average cost of capital, determined to be 10.80% (March 29, 2020 - 8.50%) based on a risk-free rate, an equity risk premium adjusted for betas of comparable publicly traded companies, an unsystematic risk premium, country risk premium, country-specific risk premium, a cost of debt based on comparable corporate bond yields and the capital structure of the Company.

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

Note 14. Accounts payables and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	March 28, 2021	March 29, 2020
	$	$
Trade payables	78.9	53.3
Accrued liabilities	49.9	53.8
Employee benefits	28.3	13.6
Derivative financial instruments	8.8	19.0
Other payables	11.9	4.7
Accounts payable and accrued liabilities	177.8	144.4

Note 15. Provisions

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

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic resources that will be required to meet the Company's obligations for warranties upon the sale of goods, which may include repair or replacement of previously sold products. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes, customer behaviour and expectations, or other events affecting product quality and production.

The sales contract provision relates to management's estimated cost of the departure of certain third-party dealers and distributors.

Sales returns relate primarily to goods sold through the DTC segment which have a limited right of return (typically within 30 days), or exchange only, in certain jurisdictions.

Asset retirement obligations relate to legal obligations associated with the retirement of tangible long-lived assets, primarily for leasehold improvements that the Company is contractually obligated to remove at the end of the lease term. The Company recognizes the liability when such obligations are incurred. The fair value of the liability is estimated based on a number of assumptions requiring management's judgment, including closing costs and inflation rates, and is accreted to its projected future value over time.

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

	Warranty	Sales returns	Asset retirement obligations	Others	Total
	$	$	$	$	$
March 31, 2019	12.3	5.0	2.5	3.0	22.8
Additional provisions recognized	14.5	15.2	1.3	—	31.0
Reductions resulting from settlement	(7.4)	(9.8)	—	—	(17.2)
Other	—	0.3	0.1	—	0.4
March 29, 2020	19.4	10.7	3.9	3.0	37.0
Additional provisions recognized	13.2	8.5	1.8	1.7	25.2
Reductions resulting from settlement	(6.2)	(4.7)	—	(1.7)	(12.6)
Release of provisions	—	—	—	(3.0)	(3.0)
Other	—	(0.8)	(0.2)	—	(1.0)
March 28, 2021	26.4	13.7	5.5	—	45.6

For the year ended March 28, 2021, the Company recognized a net restructuring cost of $1.7m, associated with the May 20, 2020 reorganization to address the impact of COVID-19 pandemic. The provision primarily consisted of employee severance costs which included obligations related to ongoing payments. This was recorded in net interest, finance and other costs in the statement of income. At March 28, 2021, all amounts were paid related to these costs.

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

	March 28, 2021	March 29, 2020
	$	$
Current provisions	20.0	15.6
Non-current provisions	25.6	21.4
	45.6	37.0

Note 16. Borrowings

Short-term borrowings

On July 18, 2019, a subsidiary of the Company in Greater China entered into an uncommitted loan facility in the amount of RMB 160.0m. The facility includes a non-financial bank guarantee facility in the amount of RMB 10.0m. The term of each draw on the loan 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 is equal to 105% of the applicable People's Bank of China Benchmark Lending Rate and payable at one, three or six months, depending on the term of each draw. The facility is guaranteed by the Company and proceeds drawn on the facility will be used to support working capital requirements. As at March 28, 2021, the Company had no amounts owing on the facility (March 29, 2020 - $nil).

Revolving facility

The Company has an agreement with a syndicate of lenders for a senior secured asset-based credit facility consisting of (i) a revolving credit facility in the amount of $417.5m (the "Existing Revolving Facility"), with an increase in commitments to $467.5m during the peak season (June 1 - November 30) (February 24, 2020 to May 25, 2020 - $467.5m with an increase to $517.5m during the peak season, May 10, 2019 to February 23, 2020 - $300.0m, with an increase to $350.0m during the peak season), and (ii) a first-in, last-out ("FILO") revolving facility in the amount of $50.0m (the "FILO revolving facility"). Amounts owing can be drawn in Canadian dollars, U.S. dollars, euros, British pounds sterling or other currencies. The revolving facility matures on June 3, 2024 and the FILO revolving facility matures on May 25, 2021. Amounts owing under the revolving facility may be borrowed, repaid and re-borrowed for general corporate purposes.

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

As at March 28, 2021 and March 29, 2020, the Company had repaid all amounts owing on the revolving facility and related deferred financing charges in the amounts of $1.7m and $1.7m respectively, were included in other long-term liabilities. As at and during the year ended March 28, 2021, the Company was in compliance with all covenants.

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 March 28, 2021, the Company had letters of credit outstanding under the revolving facility of $5.0m (March 29, 2020 - $5.7m). The Company had unused borrowing capacity available under the revolving facility of $181.2m as at March 28, 2021 (March 29, 2020 - $226.6m).

Amendments to revolving facility

On May 26, 2020, the Company entered into a further amendment to the revolving facility to increase its ability to borrow against the borrowing base by up to $50.0m. Borrowings under the Existing Revolving Facility were transferred to the FILO Revolving Facility on the transaction date and future amounts are drawn in priority on the FILO Revolving Facility. Amounts drawn on the FILO Revolving Facility are subject to an interest rate charge that is 2.00% higher than the Existing Revolving Facility. The FILO Revolving Facility matures on May 25, 2021 and upon maturity, the credit commitments on the Existing Revolving Facility will be restored, resulting in no net change in aggregate commitments under the revolving facility. Transaction costs are amortized over the term of the facility.

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

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, with an aggregate principal amount owing of US$300.0m (March 29, 2020 - US$113.8m). The term loan bears the interest rate of LIBOR plus an applicable margin of 4.25%, provided that LIBOR may not be less than 0.75%, payable quarterly in arrears. The term loan matures on October 7, 2027 and US$0.8m of the principal amount is repayable quarterly beginning on March 31, 2021. Voluntary prepayments of amounts owing under the term loan may be made at any time without premium or penalty (except LIBOR breakage costs and a call premium in the case of certain repricing events prior to April 7, 2021), but once repaid may not be reborrowed. 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 year ended March 28, 2021, the Company was in compliance with all covenants.

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

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

	March 28, 2021	March 29, 2020
	$	$
Term loan	377.3	159.3
Unamortized portion of deferred transaction costs	(5.8)	(1.2)
Original issue discount	(3.7)	—
	367.8	158.1

Amendment to the term loan facility

On October 7, 2020, the Company entered into a refinancing amendment to its existing term loan facility to increase the aggregate principal amount to US$300.0m from US$113.8m. The Company accounted for the amendment to the term loan as a debt extinguishment due to the significant changes to the terms. As a result, deferred financing costs of $1.1m on the existing term loan facility were written-off. In connection with the amendment, the Company incurred transaction costs of US$4.7m and an original issue discount of US$3.0m, which are being amortized using the effective interest rate method over the new term to maturity.

Hedging transactions on term loan

The Company enters into derivative transactions to hedge a portion of its exposure to foreign currency exchange risk and interest rate risk related to the term loan denominated in U.S. dollars. Following the refinancing of the term loan on October 7, 2020, the cross-currency swap designated and accounted for as a cash flow hedge in relation to the previous term loan was deemed ineffective; however, the other designated hedge transactions remained effective.

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

On October 30, 2020, the Company terminated its existing derivative contracts associated with the previous term loan and entered into new derivative transactions to better align with the refinancing amendment to the term loan. The Company entered into a five-year interest rate swap by selling US$270.0m, floating rate debt bearing interest at LIBOR plus an applicable margin 4.25% as measured on the trade date, provided that LIBOR may not be less than 0.75%, for a fixed rate debt bearing interest at a rate of 5.20%. The interest rate swap was designated at inception and accounted for as a cash flow hedge, and to the extent that the hedge remains effective, unrealized gains and losses will be included in other comprehensive income until reclassified to the statement of income as the hedged interest payments and principal repayments (or periodic remeasurements) impact net income.

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. Unrealized gains and losses in the fair value of the forward contract are recognized in SG&A expenses in the statement of income, which offset the unrealized gains and losses recognized on the principal of the term loan that are also recognized in SG&A expenses.

Net interest, finance and other costs

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

	Year ended		
	March 28, 2021	**March 29, 2020**	**March 31, 2019**
	$	**$**	**$**
Interest expense			
Short-term borrowings	0.2	0.2	—
Revolving facility	3.1	3.7	2.4
Term loan	14.4	8.7	11.7
Lease liabilities	9.5	8.4	—
Standby fees	1.4	0.8	0.6
Acceleration of unamortized costs on debt extinguishment	1.1	7.0	—
Interest income	(0.7)	(0.4)	(0.5)
Other costs	1.9	—	—
Net interest, finance and other costs	30.9	28.4	14.2

Note 17. Shareholders' equity

The authorized and issued share capital of the Company are as follows:

Authorized

The authorized share capital of the Company consists of an unlimited number of subordinate voting shares without par value, an unlimited number of multiple voting shares without par value, and an unlimited number of preferred shares without par value, issuable in series.

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

Issued

Multiple voting shares **-** Holders of the multiple voting shares are entitled to 10 votes per multiple voting share. Multiple voting shares are convertible at any time at the option of the holder into one subordinate voting share. The multiple voting shares will automatically be converted into subordinate voting shares when they cease to be owned by one of the principal shareholders. In addition, the multiple voting shares of either of the principal shareholders will automatically be converted to subordinate voting shares at such time as the beneficial ownership of that shareholder falls below 15% of the outstanding subordinate voting shares and multiple voting shares outstanding, or additionally, in the case of DTR, when the current President and Chief Executive Officer no longer serves as a director of the Company or in a senior management position.

Subordinate voting shares - Holders of the subordinate voting shares are entitled to one vote per subordinate voting share.

The rights of the subordinate voting shares and the multiple voting shares are substantially identical, except for voting and conversion. Subject to the prior rights of any preferred shares, the holders of subordinate and multiple voting shares participate equally in any dividends declared and share equally in any distribution of assets on liquidation, dissolution, or winding up.

Share capital transactions for the year ended March 28, 2021

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

	Multiple voting shares		**Subordinate voting shares**		**Total**	
	Number	**$**	**Number**	**$**	**Number**	**$**
March 29, 2020	51,004,076	1.4	58,999,182	113.3	110,003,258	114.7
Exercise of stock options	—	—	422,511	5.8	422,511	5.8
Settlement of RSUs	—	—	13,386	—	13,386	—
March 28, 2021	51,004,076	1.4	59,435,079	119.1	110,439,155	120.5

Share capital transactions for the year ended March 29, 2020

Normal course issuer bid

The Board of Directors authorized the Company to initiate a normal course issuer bid, in accordance with the requirements of the Toronto Stock Exchange, to purchase up to 1,600,000 subordinate voting shares over the 12-month period from May 31, 2019 to May 30, 2020. Purchased subordinate voting shares will be cancelled.

During the year ended March 29, 2020, the Company purchased 853,500 shares for cancellation at an average price per share of $45.35 for total cash consideration of $38.7m. The amount paid to purchase subordinate voting shares has been charged to share capital at the average share capital amount per share outstanding of $1.6m, with the remaining $37.1m charged to retained earnings.

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

The transactions affecting the issued and outstanding share capital of the Company in the year ended March 29, 2020 are described below:

	Multiple voting shares		Subordinate voting shares		Total	
	Number	$	Number	$	Number	$
March 31, 2019	51,004,076	1.4	59,106,998	111.2	110,111,074	112.6
Purchase of subordinate voting shares	—	—	(853,500)	(38.7)	(853,500)	(38.7)
Excess of purchase price over average share capital amount	—	—	—	37.1	—	37.1
Exercise of stock options	—	—	742,134	3.7	742,134	3.7
Settlement of RSUs	—	—	3,550	—	3,550	—
March 29, 2020	51,004,076	1.4	58,999,182	113.3	110,003,258	114.7

Share capital transactions for the year ended March 31, 2019

Secondary offerings

On June 21, 2018, the Company completed a secondary offering of 10,000,000 subordinate voting shares sold by the principal shareholders and a member of management. The Company received no proceeds from the sale of shares.

In connection with the secondary offering:

a) The principal shareholders converted 9,900,000 multiple voting shares into subordinate voting shares, which were then sold to the public.

b) One member of management exercised stock options to purchase 100,000 subordinate voting shares, which were then sold to the public.

c) The Company incurred transaction costs for the secondary offering in the amount of $1.2m that are included in SG&A expenses in the year ended March 31, 2019.

On November 26, 2018, the Company completed a secondary offering of 10,000,000 subordinate voting shares sold by the principal shareholders and a member of the Board of Directors. The Company received no proceeds from the sale of shares.

In connection with the secondary offering:

a) The principal shareholders converted 9,990,000 multiple voting shares into subordinate voting shares, which were then sold to the public.

b) A member of the Board of Directors sold 10,000 subordinate voting shares.

c) The Company incurred transaction costs for the secondary offering in the amount of $0.6m that are included in selling, general and administrative expenses in the year ended March 31, 2019.

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

The transactions affecting the issued and outstanding share capital of the Company in the year ended March 31, 2019 are described below:

	Multiple voting shares		Subordinate voting shares		Total	
	Number	$	Number	$	Number	$
March 31, 2018	70,894,076	1.9	37,497,549	104.2	108,391,625	106.1
Issuance of subordinate voting shares in business combination	—	—	16,946	1.5	16,946	1.5
Convert multiple voting shares to subordinate voting shares	(19,890,000)	(0.5)	19,890,000	0.5	—	—
Exercise of stock options	—	—	1,702,503	5.0	1,702,503	5.0
March 31, 2019	51,004,076	1.4	59,106,998	111.2	110,111,074	112.6

Note 18. Share-based payments

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

Legacy Plan

Under the terms of the Legacy Plan, options were granted to certain executives of the Company which are exercisable to purchase subordinate voting shares. The options vest contingent upon meeting the service, performance goals and exit event conditions of the Legacy Plan. No new options will be issued under the Legacy Plan.

a) Service-vested options

Service-vested options are subject to the executive's continuing employment and generally are scheduled to vest 40% on the second anniversary of the date of grant, 20% on the third anniversary, 20% on the fourth anniversary and 20% on the fifth anniversary.

b) Performance-vested and exit event options

Performance-vested options that are tied to an exit event are eligible to vest pro rata on the same schedule as service-vested options, but do not vest until the exit event has occurred. All exit event conditions have been met, and no outstanding options are subject to exit event conditions.

Other performance-vested options vest based on measurable performance targets that do not involve an exit event. Performance-vested options are subject to the executive's continued employment.

Omnibus Plan

Under the terms of the Omnibus Plan, options are granted to certain employees of the Company which are exercisable to purchase subordinate voting shares. The options vest over four years contingent upon meeting the service conditions of the Omnibus Plan, 25% on each anniversary of the date of grant.

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

Stock option transactions are as follows:

	Year ended			
	March 28, 2021		March 29, 2020	
	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares
Options outstanding, beginning of period	$ 32.97	1,794,377	$ 15.75	2,037,665
Granted to purchase shares	$ 37.19	1,244,975	$ 59.19	558,489
Exercised	$ 9.42	(422,511)	$ 3.25	(742,134)
Cancelled	$ 48.44	(117,868)	$ 59.83	(59,297)
Expired	$ —	—	$ 83.53	(346)
Options outstanding, end of period	$ 38.32	2,498,973	$ 32.97	1,794,377

The following table summarizes information about stock options outstanding and exercisable at March 28, 2021:

	Options Outstanding		Options Exercisable	
Exercise price	Number	Weighted average remaining life in years	Number	Weighted average remaining life in years
$0.02	78,355	3.1	78,355	3.1
$0.25	55,248	3.4	55,248	3.4
$1.79	126,303	3.9	126,303	3.9
$4.62	71,359	4.9	49,135	4.9
$8.94	124,444	5.8	97,774	5.8
$23.64	42,576	6.4	31,932	6.4
$30.73	84,961	6.2	42,316	6.2
$31.79	35,622	6.6	25,727	6.6
$33.97	970,059	9.2	—	—
$45.34	70,803	8.2	16,073	8.2
$46.38	8,573	8.7	—	—
$50.00	250,000	9.2	—	—
$51.71	7,143	8.4	1,785	8.4
$63.03	390,265	8.0	97,559	8.0
$83.53	183,262	7.2	91,615	7.2
	2,498,973	7.8	713,822	5.6

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

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:

	Year ended	
	March 28, 2021	March 29, 2020
	Number	Number
RSUs outstanding, beginning of period	39,432	10,650
Granted	119,758	35,171
Settled	(13,386)	(3,550)
Cancelled	(8,687)	(2,839)
RSUs outstanding, end of period	137,117	39,432

Subordinate voting shares, to a maximum of 3,850,210 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 Plan.

Accounting for share-based awards

For the year ended March 28, 2021, the Company recorded $11.3m as contributed surplus and compensation expense for stock options and RSUs (March 29, 2020 - $7.8m, March 31, 2019 - $3.8m). 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:

	Year ended	
	March 28, 2021	March 29, 2020
Weighted average stock price valuation	$ 37.19	$ 59.19
Weighted average exercise price	$ 37.19	$ 59.19
Risk-free interest rate	0.32 %	1.50 %
Expected life in years	5	5
Expected dividend yield	— %	— %
Volatility	40 %	40 %
Weighted average fair value of options issued	$ 9.90	$ 18.11

Note 19. 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 year ended March 28, 2021, the Company incurred expenses with related parties of $1.2m (March 29, 2020 - $1.7m, March 31, 2019 - $1.0m) from companies related to certain shareholders. Net balances owing to related parties as at March 28, 2021 were $0.3m (March 29, 2020 - $0.4m).

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

A lease liability due to the controlling shareholder of the acquired Baffin Inc. business (the "Baffin Vendor") for leased premises was $4.6m as at March 28, 2021 (March 29, 2020 - $5.3m). During the year ended March 28, 2021, the Company paid principal and interest on the lease liability, net of rent concessions, and other operating costs to entities affiliated with the Baffin Vendor totaling $1.2m, respectively (March 29, 2020 - $1.4m, March 31, 2019 - $0.6m). No amounts were owing to Baffin entities as at March 28, 2021 and March 29, 2020. Furthermore, $3.0m was paid to the Baffin Vendor on November 1, 2020 and charged to expense over two years.

Terms and conditions of transactions with related parties

Transactions with related parties are conducted on terms pursuant to an approved agreement, or are approved by the Board of Directors.

Key management compensation

Key management consists of the Board of Directors, the President and Chief Executive Officer and the executives who report directly to the President and Chief Executive Officer.

			Year ended
	March 28, 2021	March 29, 2020	March 31, 2019
	$	$	$
Short term employee benefits	13.2	9.1	13.2
Long term employee benefits	0.1	0.1	0.1
Share-based compensation	8.6	5.9	2.9
Compensation expense	21.9	15.1	16.2

Note 20. Financial instruments and fair values

Management assessed that the fair values of cash, trade receivables, accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The Company's derivative financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation technique(s) and inputs used.

Financial assets/ financial liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Relationship of unobservable inputs to fair value
Foreign currency forward contracts	Level 2	Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	Increases (decreases) in the forward exchange rate increase (decrease) fair value. Increases (decreases) in discount rate decrease (increase) fair value.
Foreign currency and interest rate swap contracts	Level 2	Future cash flows are estimated based on forward exchange rates (from observable forward exchange and interest swap rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	Increases (decreases) in the forward exchange rate increase (decrease) fair value. Increases (decreases) in discount rate decrease (increase) fair value.

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

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:

	March 28, 2021					March 29, 2020				
	Level 1	Level 2	Level 3	Carrying value	Fair value	Level 1	Level 2	Level 3	Carrying value	Fair value
	$	$	$	$	$	$	$	$	$	$
Financial assets										
Cash	477.9	—	—	477.9	477.9	31.7	—	—	31.7	31.7
Derivatives included in other current assets	—	5.9	—	5.9	5.9	—	11.3	—	11.3	11.3
Derivatives included in other long-term assets	—	5.1	—	5.1	5.1	—	5.9	—	5.9	5.9
Financial liabilities										
Derivatives included in accounts payable and accrued liabilities	—	8.8	—	8.8	8.8	—	19.0	—	19.0	19.0
Derivatives included in other long-term liabilities	—	19.5	—	19.5	19.5	—	2.9	—	2.9	2.9
Term loan	—	367.8	—	367.8	377.3	—	—	158.1	158.1	159.3

As at March 28, 2021, there was a transfer between the levels of the fair value hierarchy for the term loan to Level 2 from Level 3 as a result of first time public corporate and bond ratings assigned to the Company in the third quarter of fiscal 2021. There were no other transfers between the levels of the fair value hierarchy.

Note 21. 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 policies for managing each of these risks which are summarized below.

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

Capital management

The Company manages its capital, which consists of equity (subordinate voting shares and multiple shares voting shares), short-term borrowings, and long-term debt (the revolving facility and the term loan), 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. Management targets a ratio of adjusted EBITDA (defined as adjusted earnings before interest, taxes, depreciation, amortization) to net debt, reflecting the seasonal change in the business as net working capital builds through the second fiscal quarter. 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. Refer to Note 23. Subsequent Events for further enhancements to our capital management program.

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 short-term borrowings and the revolving 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 March 28, 2021:

	2022	2023	2024	2025	2026	Thereafter	Total
	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	177.8	—	—	—	—	—	177.8
Term loan	3.8	3.8	3.8	3.8	3.8	358.3	377.3
Interest commitments relating to borrowings(1)	18.9	18.9	18.9	18.9	18.9	28.3	122.8
Foreign exchange forward contracts	2.9	—	—	—	14.4	—	17.3
Lease obligations	57.1	53.6	46.9	44.5	33.9	69.3	305.3
Pension obligation	—	—	—	—	—	2.1	2.1
Total contractual obligations	260.5	76.3	69.6	67.2	71.0	458.0	1,002.6

(1) Interest commitments are calculated based on the term loan balance at the interest rate of 5.00% as at March 28, 2021.

Letter of guarantee facility

On April 14, 2020, Canada Goose Inc. entered into a letter of guarantee facility in the amount of $10.0m. Letters of guarantee are available for terms of up to twelve months and will be charged a fee equal to 1.2% per annum calculated against the face amount and over the term of the guarantee. Amounts issued on the facility will be used to finance working capital requirements through letters of guarantee, standby letters of credit, performance bonds, counter guarantees, counter standby letters of credit, or similar credits. The Company shall immediately reimburse the issuing bank for amounts drawn on issued letters of guarantees. At March 28, 2021, the Company had $4.5m outstanding.

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

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. As at March 28, 2021, accounts receivable totaling approximately $5.7m (March 29, 2020 - $20.1m) were insured, under a maximum credit limit of $30.0m.

Credit insurance is subject to continuous review by the insurer and can be reduced or eliminated if, in the view of the insurer, the customer's credit worthiness has deteriorated. Upon receiving notification of credit insurance limit modifications, credit insurance remains in place for 60 days. During the year ended March 28, 2021, the Company experienced significant reductions in the market availability of credit insurance for a number of its customers.

Complementary to the third party insurance, the Company routinely assesses the financial strength of its customers through a combination of third party financial reports, credit monitoring, publicly available information, and direct communication with those customers. The Company establishes payment terms with customers to mitigate credit risk and continues to closely monitor its accounts receivable credit risk exposure.

Customer deposits are received in advance from certain customers for seasonal orders to further mitigate credit risk, and are applied to reduce accounts receivable when goods are shipped. As at March 28, 2021, customer deposits of $1.6m (March 29, 2020 - $2.1m) were included in accounts payable and accrued liabilities.

The aging of trade receivables was as follows:

			Past due		
	Total	**Current**	**≤ 30 days**	**31-60 days**	**≥ 61 days**
	$	**$**	**$**	**$**	**$**
Trade accounts receivable	21.9	9.0	5.4	1.4	6.1
Credit card receivables	2.1	2.1	—	—	—
Government grant receivable	4.4	4.4	—	—	—
Other receivables	14.3	14.3	—	—	—
March 28, 2021	42.7	29.8	5.4	1.4	6.1
Trade accounts receivable	26.9	15.9	5.0	2.5	3.5
Credit card receivables	2.1	2.1	—	—	—
Other receivables	5.1	5.1	—	—	—
March 29, 2020	34.1	23.1	5.0	2.5	3.5

Trade accounts receivable factoring program

On December 23, 2019, a subsidiary of the Company in Europe 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. Accepted currencies include euros, British pounds sterling, and Swiss francs. The Company is charged a fee of the applicable EURIBOR or LIBOR reference rate plus 1.15% per annum, based on the number of days between the purchase date and the invoice due date, which is lower than the Company's average borrowing rate under its revolving facility. The program is utilized to provide sufficient liquidity to support its international operating cash needs. Upon transfer of the receivables, the Company receives cash proceeds and continues to service the receivables on behalf of the third-party financial institution. The program meets the derecognition requirements in accordance with IFRS 9, *Financial Instruments* as the Company transfers substantially all the risks and rewards of ownership upon the sale of a receivable. These proceeds are classified as cash flows from operating activities in the statement of cash flows.

For the year ended March 28, 2021, the Company received cash proceeds from the sale of trade accounts receivable with carrying values of $16.9m which were derecognized from the Company's statement of financial position. Fees of less than $0.1m were incurred during the year ended March 28, 2021 (March 29, 2020 - less than $0.1m) and included in net interest, finance and other costs in the statement of income. As at March 28, 2021, the outstanding amount of trade accounts receivable derecognized from the Company's statement of financial position, but which the Company continued to service was $nil (March 29, 2020 - $2.4m).

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 consolidated financial statements are expressed in Canadian dollars, but a substantial portion of the Company's revenues, inventory purchases and expenses are denominated in foreign currencies, primarily U.S. dollars, euros, British pounds sterling, Swiss francs, Chinese yuan, and Hong Kong dollars. The Company has entered into forward foreign exchange contracts to reduce the foreign exchange risk associated with revenues, purchases, and expenses denominated in these currencies. Certain forward foreign exchange contracts were designated at inception and accounted for as cash flow hedges. The operating hedge program for the fiscal year ending March 28, 2021 was initiated during the fourth quarter of the fiscal 2019. On December 18, 2020, the Company initiated the operating hedge program for the fiscal year ending April 3, 2022.

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

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

						Year ended
	March 28, 2021		March 29, 2020		March 31, 2019	
	Net loss	Tax expense	Net loss	Tax recovery	Net loss	Tax recovery
	$	$	$	$	$	$
Forward foreign exchange contracts designated as cash flow hedges	(0.3)	(1.1)	(3.7)	1.1	(3.9)	0.8

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:

			Year ended
	March 28, 2021	March 29, 2020	March 31, 2019
Loss (gain) from other comprehensive income	$	$	$
Forward foreign exchange contracts designated as cash flow hedges			
Revenue	3.3	(0.2)	6.5
SG&A expenses	(0.2)	1.0	(4.5)
Inventory	(0.9)	0.1	(1.0)

During the year ended March 28, 2021, an unrealized gain of $6.4m (March 29, 2020 - unrealized loss of $3.2m, March 31, 2019 - unrealized gain of $3.7m) on forward exchange contracts that were not treated as hedges was recognized in SG&A expenses in the statement of income.

Foreign currency contracts outstanding as at March 28, 2021 related to operating cash flows were:

(in millions)	Aggregate Amounts		Currency
Forward contract to purchase Canadian dollars	US$	75.7	U.S. dollars
	€	48.2	euros
Forward contract to sell Canadian dollars	US$	40.3	U.S. dollars
	€	36.2	euros
Forward contract to purchase euros	CNY	259.6	Chinese yuan
	£	19.7	British pounds sterling
	HKD	43.3	Hong Kong dollars
	SEK	0.1	Swedish kronor
Forward contract to sell euros	CHF	0.6	Swiss francs
	CNY	2.3	Chinese yuan
	£	2.0	British pounds sterling

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. Appreciating foreign currencies relative to the Canadian dollar, to the extent they are not hedged, will positively impact operating income and net income, while depreciating foreign currencies relative to the Canadian dollar will have the opposite impact.

Foreign exchange risk on borrowings

Amounts available for borrowing under short-term borrowings and part of our revolving facility are denominated in Chinese renminbi and U.S. dollars, respectively. As at March 28, 2021, there were no amounts owing under both short-term borrowings and the revolving facility.

Amounts available for borrowing under the term loan are denominated in U.S. dollars. Based on outstanding balances of $377.3m (US$300.0m) under the term loan as at March 28, 2021, a $0.01 depreciation in the value of the Canadian dollar compared to the U.S. dollar would have resulted in a decrease in our pre-tax income of $3.0m solely as a result of that exchange rate fluctuation's effect on the debt.

The Company hedges a portion of its exposure to foreign currency exchange risk on principal and interest payments on its term loan denominated in U.S. dollars (note 16).

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

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

						Year ended
	March 28, 2021		March 29, 2020		March 31, 2019	
	Net (loss) gain	Tax recovery (expense)	Net gain (loss)	Tax expense	Net (loss) gain	Tax recovery (expense)
	$	$	$	$	$	$
Swaps designated as cash flow hedges	(0.9)	(0.5)	1.3	(0.2)	(0.7)	0.2
Euro-denominated cross-currency swap designated as a net investment hedge	0.2	0.1	(0.3)	(0.2)	3.5	(1.2)

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

			Year ended
	March 28, 2021	March 29, 2020	March 31, 2019
Loss (gain) from other comprehensive income	$	$	$
Swaps designated as cash flow hedges	5.6	(5.3)	0.4

During the year ended March 28, 2021, an unrealized loss of $21.7m (unrealized gains of March 29, 2020 - $3.3m, March 31, 2019 - $2.9m) in the fair value of the long-dated forward exchange contract related to a portion of the term loan balance has been recognized in SG&A expenses in the statement of income.

Interest rate risk

The Company is exposed to interest rate risk related to the effect of interest rate changes on borrowings outstanding under short-term borrowings, the revolving facility, and the term loan. As at March 28, 2021, the Company had $377.3m under the term loan which currently bears interest at 5.00%. As at March 28, 2021, the Company had repaid all amounts owing on our short-term borrowings and revolving facility. Based on the weighted average amount of outstanding borrowings on our short-term borrowings during the year ended March 28, 2021, a 1.00% increase in the average interest rate on our borrowings would have increased interest expense by $0.1m (March 29, 2020 - less than $0.1m). Correspondingly, a 1.00% increase in the average interest rate would have increased interest expense on the revolving facility and term loan by $1.1m and $2.6m, respectively (March 29, 2020 - $0.9m and $1.5m, respectively). Interest rate risk on the term loan is partially mitigated by cross-currency 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.

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

Note 22. Selected cash flow information

Changes in non-cash operating items

	Year ended		
	March 28, 2021	**March 29, 2020**	**March 31, 2019**
	$	**$**	**$**
Trade receivables	(10.4)	(10.6)	3.4
Inventories	67.0	(141.8)	(87.3)
Other current assets	5.8	1.2	(10.3)
Accounts payable and accrued liabilities	26.2	3.6	(14.7)
Provisions	8.2	14.5	5.6
Deferred rent	—	—	3.3
Other	5.7	2.5	(0.7)
Change in non-cash operating items	102.5	(130.6)	(100.7)

Note 23. Subsequent events

Amendment to the term loan

On April 9, 2021, the Company entered into a repricing amendment to the term loan to decrease the interest to a rate of LIBOR plus an applicable margin of 3.50% from LIBOR plus an applicable margin of 4.25%. As a result of the repricing amendment, there were no changes to the following conditions from the existing term loan: a) the aggregate principal amount of US$300.0m; b) the maturity date of October 7, 2027; c) LIBOR may not be less than 0.75%, and d) existing derivative contracts entered into on October 30, 2020.

SCHEDULE I – CONDENSED FINANCIAL INFORMATION OF CANADA GOOSE HOLDINGS INC. (PARENT COMPANY)

All operating activities of the Company are conducted by its subsidiaries. Canada Goose Holdings Inc. is a holding company and does not have any material assets or conduct business operations other than investments in its subsidiaries. The credit agreement of Canada Goose Inc, a wholly owned subsidiary of Canada Goose Holdings Inc., contains provisions whereby Canada Goose Inc. has restrictions on the ability to pay dividends, loan funds and make other upstream distributions to Canada Goose Holdings Inc.

These condensed parent company financial statements have been prepared using the same accounting principles and policies described in the notes to the consolidated financial statements. Refer to the consolidated financial statements and notes presented above for additional information and disclosures with respect to these condensed financial statements.

PARENT COMPANY INFORMATION
Canada Goose Holdings Inc.
Schedule I – Condensed Statements of Income
(in millions of Canadian dollars)

	Year ended		
	March 28, 2021	**March 29, 2020**	**March 31, 2019**
	$	**$**	**$**
Equity in comprehensive income of subsidiary	74.3	156.6	147.6
Fee (expense) income from subsidiary	(1.3)	7.2	3.4
	73.0	163.8	151.0
Selling, general and administration expenses	13.1	9.9	7.7
Income before income taxes	59.9	153.9	143.3
Income tax recovery	(4.7)	(0.6)	(1.0)
Net income	64.6	154.5	144.3

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

PARENT COMPANY INFORMATION
Canada Goose Holdings Inc.
Schedule I – Condensed Statements of Financial Position
(in millions of Canadian dollars)

	March 28, 2021	March 29, 2020
Assets	**$**	**$**
Current assets		
Cash	4.3	0.6
Other current assets	—	0.1
Total current assets	4.3	0.7
Note receivable from subsidiary	43.3	54.0
Investment in subsidiary	572.1	497.8
Deferred income taxes	7.3	2.6
Total assets	627.0	555.1
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	0.4	0.3
Due to subsidiary	26.5	34.6
Total liabilities	26.9	34.9
Shareholders' equity		
Share capital	120.5	114.7
Contributed surplus	25.2	15.7
Retained earnings	454.4	389.8
Total shareholders' equity	600.1	520.2
Total liabilities & shareholders' equity	627.0	555.1

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

PARENT COMPANY INFORMATION
Canada Goose Holdings Inc.
Schedule I – Condensed Statements of Changes in Equity
(in millions of Canadian dollars)

	Share capital	Contributed surplus	Retained earnings	Total
	$	$	$	$
Balance at March 31, 2018	106.1	4.5	133.0	243.6
Issuance of common shares in business combination	1.5	—	—	1.5
Exercise of stock options	5.0	(1.9)	—	3.1
Net income	—	—	144.3	144.3
Share-based compensation (including equity in contributed surplus of $2.8)	—	6.6	—	6.6
Balance at March 31, 2019	112.6	9.2	277.3	399.1
IFRS 16 initial application in subsidiaries	—	—	(4.9)	(4.9)
Normal course issuer bid purchase of subordinate voting shares	(1.6)	—	(37.1)	(38.7)
Exercise of stock options	3.7	(1.3)	—	2.4
Net income	—	—	154.5	154.5
Share-based compensation	—	7.8	—	7.8
Balance at March 29, 2020	114.7	15.7	389.8	520.2
Exercise of stock options	5.8	(1.8)	—	4.0
Net income	—	—	64.6	64.6
Share-based payment	—	11.3	—	11.3
Balance at March 28, 2021	120.5	25.2	454.4	600.1

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

PARENT COMPANY INFORMATION
Canada Goose Holdings Inc.
Schedule I – Condensed Statements of Cash Flows
(in millions of Canadian dollars)

			Year ended
	March 28, 2021	March 29, 2020	March 31, 2019
	$	$	$
Operating activities			
Net income	64.6	154.5	144.3
Items not affecting cash:			
Equity in undistributed earnings of subsidiary	(74.3)	(156.6)	(147.6)
Income tax recovery	(4.7)	(0.6)	(1.0)
Share-based compensation	11.3	7.8	3.8
	(3.1)	5.1	(0.5)
Changes in assets and liabilities	2.8	(9.6)	(1.3)
Net cash used in operating activities	(0.3)	(4.5)	(1.8)
Investing activities			
Dividend received	—	38.7	—
Investment in shares of subsidiary	—	—	(1.5)
Net cash from (used in) investing activities	—	38.7	(1.5)
Financing activities			
Subordinate voting shares purchased for cancellation	—	(37.1)	—
Exercise of stock options	4.0	2.4	3.1
Net cash from (used in) financing activities	4.0	(34.7)	3.1
Increase (decrease) in cash	3.7	(0.5)	(0.2)
Cash, beginning of year	0.6	1.1	1.3
Cash, end of year	4.3	0.6	1.1

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

PARENT COMPANY INFORMATION
Canada Goose Holdings Inc.
Schedule I – Notes to the Condensed Financial Statements
(in millions of Canadian dollars)

1. BASIS OF PRESENTATION

Canada Goose Holdings Inc. (the “Parent Company”) is a holding company that conducts substantially all of its business operations through its subsidiary. The Parent Company (a British Columbia corporation) was incorporated on November 21, 2013.

The Parent Company has accounted for the earnings of its subsidiary under the equity method in these unconsolidated condensed financial statements.

2. STATEMENT OF COMPLIANCE

The Parent Company prepared these unconsolidated financial statements in accordance with International Accounting Standards 27, *"Separate Financial Statements"*, as issued by the International Accounting Standards Board.

3. COMMITMENTS AND CONTINGENCIES

The Parent Company has no material commitments or contingencies during the reported periods.

4. SHAREHOLDERS’ EQUITY

See the Annual Consolidated Financial Statements Note 17 in reference to the normal course issuer bid transaction during the year ended March 29, 2020.