CANADA GOOSE HOLDINGS INC.

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

For the fourth quarter and year ended April 2, 2023

The following Management's Discussion and Analysis ("MD&A") for Canada Goose Holdings Inc. ("us," "we," "our," "Canada Goose" or the "Company") is dated May 17, 2023 and provides information concerning our results of operations and financial condition for the fiscal year ended April 2, 2023 ("fiscal 2023"). You should read this MD&A together with our audited consolidated financial statements and the related notes for the year ended April 2, 2023 ("Annual Financial Statements"). Additional information about Canada Goose is available on our website at www.canadagoose.com, on the SEDAR website at www.sedar.com, and on the EDGAR section of the U.S. Securities and Exchange Commission (the "SEC") website at www.sec.gov, including this Annual Report on Form 20-F.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- our ability to continue operating our business amid the societal, political and economic disruption caused by recent and ongoing geopolitical events, and the ongoing coronavirus pandemic ("COVID-19");
- our ability to implement our growth strategies;
- our ability to maintain strong business relationships with our customers, suppliers, wholesalers, and distributors;
- our ability to keep pace with changing consumer preferences;
- our ability to protect our intellectual property;
- our ability to adapt to changes to our business as a whole due to environmental, social and governance ("ESG") considerations;
- the continued absence of material global supply chain disruptions to our business, ability to fulfill demand and maintain sufficient inventory levels, which we continue to monitor; and

- the absence of material adverse changes in our industry or the global economy.

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

- we may not open retail stores or expand e-Commerce access on our planned timelines;
- we may be unable to maintain the strength of our brand or to expand our brand to new products and geographies;
- unanticipated changes in the effective tax rate or adverse outcomes from audit examinations of corporate income or other tax returns;
- our indebtedness may adversely affect our financial condition, and we may not be able to refinance or renegotiate such indebtedness on favourable or satisfactory terms;
- an economic downturn and general economic conditions (for example, inflation and rising interest rates) may further affect discretionary consumer spending;
- we may not be able to satisfy changing consumer preferences;
- global political events, including the impact of political disruptions and protests, which may cause business interruptions;
- our ability to procure high quality raw materials and certain finished goods globally;
- our ability to manage inventory and forecast our inventory need and to manage our production distribution networks. In anticipation of our expected growth and as an important hedge against inflation, we have built up our inventory to elevated levels. If our supply exceeds demand, we may be required to take certain actions to reduce inventory which could damage our brand;
- our ability to forecast our inventory needs and to manage our product distribution networks;
- we may not be able to protect or preserve our brand image and proprietary rights;
- the success of our business strategy;
- our ability to manage our exposure to data security and cyber security events;
- disruptions to manufacturing and distribution activities due factors such as operational issues, disruptions in transportation logistic functions or labour shortages or disruptions;
- risks and global disruptions associated with geopolitical events and the COVID-19 pandemic, which may further affect general economic and operating conditions;
- potential disruptions in the U.S. banking ecosystem;
- fluctuations in raw material costs, interest rates and currency exchange rates; and
- we may be unable to maintain effective internal controls over financial reporting.

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

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

BASIS OF PRESENTATION

The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and are presented in millions of Canadian dollars, except where otherwise indicated. Certain financial measures contained in this MD&A are non-IFRS financial measures and are discussed further under "Non-IFRS Financial Measures and Other Specified Financial Measures" below.

The Annual Financial Statements and the accompanying notes have been prepared using the accounting policies described in note 2 to the Annual Financial Statements.

All references to "$", "CAD" and "dollars" refer to Canadian dollars, "USD" refer to U.S. dollars, "GBP" refer to British pounds sterling, "EUR" refer to euros, "CHF" refer to Swiss francs, "CNY" refer to Chinese yuan, "RMB" refer to Chinese renminbi, "HKD" refer to Hong Kong dollars and "JPY" refers to Japanese yen unless otherwise indicated. Certain totals, subtotals and percentages throughout this MD&A may not reconcile due to rounding. This MD&A and the accompanying Annual Financial Statements are presented in millions of Canadian dollars except where otherwise indicated.

All references to "fiscal 2020" are to the Company's fiscal year ended March 29, 2020; to "fiscal 2021" are to the Company's fiscal year ended March 28, 2021; to "fiscal 2022" are to the Company's fiscal year ended April 3, 2022; and to "fiscal 2023" are to the Company's fiscal year ending April 2, 2023. Certain comparative figures have been reclassified to conform with the current year presentation.

The Company's fiscal year is a 52 or 53-week reporting cycle with the fiscal year ending on the Sunday closest to March 31. Each fiscal quarter is 13 weeks for a 52-week fiscal year. The additional week in a 53-week fiscal year is added to the third quarter. Fiscal 2022 was the first 53-week fiscal year, ending on April 3, 2022, and the additional week was added to the third quarter ended January 2, 2022.

FACTORS AFFECTING OUR PERFORMANCE

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

- *Growth in our DTC Channel*. We plan to continue executing our global strategy through retail and e-Commerce expansion, though the scale of such expansion may be delayed due to current global conditions.
- *COVID-19 pandemic.* COVID-19 may continue to impact the global economy and public health officials which may result in restrictions and recommended precautions to mitigate the spread of the virus. While restrictions have been lifted across all geographies, past restrictions may be reinstated, and additional restrictions may arise that we are not aware of currently. The potential of such reinstated or additional restrictions intensifies the business and operating risks that we face and will continue to be monitored.
- *New Products*. We intend to continue investing in innovation and the development and introduction of new products across styles, uses, and climates. This includes Canada Goose footwear and Baffin branded footwear through Baffin's own distinct sales channels.
- *Global political events and other disruptions.* We are conscious of risks related to social, economic, and political instability, including geopolitical tensions, regulatory matters, market volatility, and social unrest that are affecting consumer spending, international travel, credit markets, and foreign exchange in certain countries and travel corridors.

  We remain concerned about the conflict in Ukraine and impact on human life for those affected. We continue to suspend all wholesale and e-Commerce sales to Russia, which represented less than 1% of total annual revenue in fiscal 2022.

  We have been, and may in the future be, impacted by widespread protests and other disruptions. To the extent that such disruptions persist, we expect that operations and traffic at our retail stores may be impacted.
- *Inflationary environment.* Inflationary pressures may persist in future fiscal periods and may fluctuate materially between markets. Such pressures may, among other impacts globally, have an adverse effect on our ability to maintain current gross margin and SG&A expenses as a percentage of revenue. In addition, elevated interest rates may impact our business, including borrowing and other costs, and the markets in which we operate. We continue to monitor the current macroeconomic conditions; however to date these pressures have not materially impacted our operations.
- *Seasonality.* We experience seasonal fluctuations in our revenue and operating results and have historically realized a significant portion of our annual wholesale revenue during our second and third fiscal quarters, and our annual DTC revenue in our third and fourth fiscal quarters. We generated 78.9%, 82.5% and 86.8% of our annual wholesale revenue in the combined second and third fiscal quarters of fiscal 2023, fiscal 2022, and fiscal 2021, respectively. Additionally, we generated 83.9%, 85.0% and 89.3% of our annual DTC revenue in the combined third and fourth fiscal quarters of fiscal 2023, fiscal 2022, and fiscal 2021, respectively. Because of seasonal fluctuations in revenue and fixed costs associated with our business, particularly the headcount growth and premises costs associated with our expanding DTC channel, we typically experience negative and substantially reduced net income and adjusted EBIT[1] in the first and fourth quarters, respectively. As a result of our seasonality, changes that impact gross margin and adjusted EBIT[1] among others can have a disproportionate impact on the quarterly results when they are recorded in our off-peak revenue periods.

[1] *Adjusted EBIT is a non-IFRS measure. See "Non-IFRS Financial Measures and Other Specified Financial Measures" for a description of these measures.*

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

- *Foreign Exchange.* We sell a significant portion of our products to customers outside of Canada, which exposes us to fluctuations in foreign currency exchange rates. In fiscal years 2023, 2022, and 2021, we generated 70.1%, 72.5% and 67.9%, respectively, of our revenue in currencies other than Canadian dollars. Accordingly, we are exposed to the effect of translating the results of our foreign operations into Canadian dollars. Most of our raw materials are sourced outside of Canada, primarily in U.S. dollars, and SG&A expenses are typically denominated in the currency of the country in which they are incurred. As a result, we are exposed to foreign currency exchange fluctuations on multiple currencies. As part of our risk management program, we have entered into foreign exchange derivative contracts to manage certain of our exposures to exchange rate fluctuations for future foreign currency transactions, which is intended to reduce the variability of our operating costs and future cash flows denominated in local currencies.

  We are further exposed to translation and transaction risks associated with foreign currency exchange fluctuations on foreign currencies denominated principal and interest amounts payable on the Mainland China Facilities, the Japan Facility, the Revolving Facility, and the Term Loan Facility (as defined below). The Company has entered into foreign exchange forward contracts to hedge a portion of the exposure to foreign currency exchange on the principal amount of the Term Loan Facility.

  See "Quantitative and Qualitative Disclosures about Market Risk - Foreign Exchange Risk" below.

The main foreign currency exchange rates that impact our business and operations as at and for the year ended April 2, 2023 and for the year ended April 3, 2022 are summarized below:

	Foreign currency exchange rate to $1.00 CAD					
	Fiscal 2023					
	Average Rate					Closing Rate
Currency	**Q1**	**Q2**	**Q3**	**Q4**	**2023**	**April 2, 2023**
USD/CAD	1.2765	1.3061	1.3580	1.3518	1.3231	1.3533
EUR/CAD	1.3590	1.3140	1.3864	1.4507	1.3775	1.4708
GBP/CAD	1.6031	1.5350	1.5953	1.6429	1.5941	1.6726
CHF/CAD	1.3232	1.3507	1.4095	1.4527	1.3840	1.4804
CNY/CAD	0.1932	0.1906	0.1909	0.1976	0.1931	0.1970
HKD/CAD	0.1627	0.1664	0.1736	0.1724	0.1688	0.1724
JPY/CAD	0.0098	0.0094	0.0096	0.0102	0.0098	0.0102

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

Source: Bank of Canada

BUSINESS DEVELOPMENTS

Business Combination

On April 4, 2022, the Company and a former distributor of the Company's products in Japan, Sazaby League, Ltd. (“Sazaby League”), entered into an agreement (the “Joint Venture Agreement”) to form a joint venture (the “Japan Joint Venture”) pursuant to which the Company acquired 50% of the issued and outstanding voting shares of the legal entity comprising the joint venture, Canada Goose Japan, K.K. (“CG Japan”). CG Japan was established to market, distribute and sell Canada Goose products, and to operate retail stores and e-Commerce in Japan. The Japan Joint Venture includes a permanent Canada Goose retail store in Tokyo, a national e-Commerce site, as well as wholesale points of distribution across the country. Total purchase consideration for the transaction was $22.6m which comprises cash consideration of $2.6m plus deferred contingent consideration with an estimated fair value of $20.0m. As at April 2, 2023, the Company remeasured the contingent consideration resulting in an estimated fair value of $16.8m.

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

In connection with the business combination, the Joint Venture Agreement includes a put option that allows the non-controlling shareholder to sell its 50% interest to the Company within six months after certain circumstances constituting a "put option trigger" event occurs. If the put option is not exercised during such six-month period the put option will expire. As at April 4, 2022, the fair value of the put option held in Japanese yen by the non-controlling shareholder was recorded in other long-term liabilities in the amount of JPY2,076.4m ($21.2m). The Company recorded an increase of JPY1,079.9m ($10.9m, excluding translation losses of less than $0.1m) on the remeasurement of the put option liability during the year ended April 2, 2023 resulting in a balance of JPY3,156.3m ($32.1m). For the year ended April 2, 2023, the loss on the fair value remeasurement was recorded within net interest, finance and other costs in the consolidated statements of income.

Transformation Program

During the fourth quarter ended April 2, 2023, the Company announced its Transformation Program. This multi-phase program will work to increase operational efficiencies by optimizing production and procurement, developing people and resources, and focusing on our consumers to allow sustainable growth, profitability and long term value.

SEGMENTS

Our reporting segments align with our sales channels: DTC, Wholesale, and Other. We measure each reportable operating segment's performance based on revenue and operating income. As at April 2, 2023, our DTC segment includes sales to customers through our 57 national e-Commerce markets and 51 directly operated permanent retail stores across North America, Europe, and Asia Pacific. Through our Wholesale segment, we sell to a mix of retailers and international distributors, who are partners that have partial or full exclusive territory rights to sell our products to a particular market through their own DTC channels or local wholesalers. The Other segment comprises sales and costs not directly allocated to the DTC or Wholesale segments, such as sales to employees, friends and family sales, and SG&A expenses.

SUMMARY OF FINANCIAL PERFORMANCE

The following table summarizes results of operations for the years ended April 2, 2023, April 3, 2022 and March 28, 2021 and the fourth quarters ended April 2, 2023 and April 3, 2022, and expresses the percentage relationship to revenues of certain financial statement captions. Basis points ("bps") expresses the changes between percentages. See "Results of Operations" for additional details and for the comparison discussions between the years ended April 2, 2023 and April 3, 2022.

For the comparison discussions between the years ended April 3, 2022 and March 28, 2021, please see Item 5. "Operating and Financial Review and Prospects" of our Annual Report on Form 20-F for the year ended April 3, 2022, filed with Canadian securities commissions on SEDAR and with the SEC on May 19, 2022, which is hereby incorporated by reference.

	For the year ended			Fourth quarter ended	
CAD $ millions (except per share data)	**April 2, 2023**	**April 3, 2022**	**March 28, 2021**	**April 2, 2023**	**April 3, 2022**
Statement of Operations data:					
Revenue	1,217.0	1,098.4	903.7	293.2	223.1
Gross profit	815.2	733.6	554.0	190.3	154.1
Gross margin	67.0 %	66.8 %	61.3 %	64.9 %	69.1 %
Operating income	135.5	156.7	117.0	17.2	0.9
Net income (loss)	68.9	94.6	70.3	(10.0)	(9.1)
Net income (loss) attributable to shareholders of the Company	72.7	94.6	70.3	(3.1)	(9.1)
Earnings (loss) per share attributable to shareholders of the Company					
Basic	$ 0.69	$ 0.87	$ 0.64	$ (0.03)	$ (0.09)
Diluted	$ 0.69	$ 0.87	$ 0.63	$ (0.03)	$ (0.09)

CAD $ millions	**April 2, 2023**	**April 3, 2022**	**March 28, 2021**
Financial Position:			
Cash	286.5	287.7	477.9
Net working capital[1]	328.0	255.4	202.1
Total assets	1,590.0	1,340.6	1,478.5
Total non-current liabilities	760.1	631.2	638.8
Equity	477.5	427.9	577.6

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

COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

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

Wholesale revenue comprises sales to third party resellers, which includes retailers and distributors of our products. Wholesale revenue from the sale of goods, net of an estimated provision for sales returns, discounts, and allowances, is recognized when control of the goods has been transferred to the reseller, which, depending on the terms of the agreement with the reseller, occurs when the products have been shipped to the reseller, are picked up from our third party warehouse, or arrive at the reseller's facilities.

Other revenue comprises of sales that do not occur through DTC or Wholesale segments, including sales to employees, friends and family sales, and in fiscal 2021, sales of personal protective equipment ("PPE") to federal, provincial, and local health authorities.

Gross Profit

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

SG&A Expenses

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

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

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

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

Operating Income

Operating income is our gross profit less SG&A expenses. Operating margin measures our operating income as a percentage of revenue.

Net Interest, Finance and Other Costs

Net interest, finance and other costs represents interest expense on our borrowings including the Revolving Facility, the Term Loan Facility, the Mainland China Facilities, the Japan Facility, and lease liabilities, as well as standby fees and other financing costs, net of interest income. Net interest, finance and other costs also includes the fair value remeasurements of the contingent consideration and put option liability related to the Joint Venture Agreement.

Income Taxes

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

On December 20, 2021, the Organization for Economic Co-operation and Development ("OECD") published model rules outlining a structure for a new 15% global minimum tax regime (the "Pillar Two Rules"). The OECD recommends that the Pillar Two Rules become effective for periods beginning on or after December 31, 2023, except for the "under-taxed profit rule" ("UTPR"), which is recommended to take effect for periods beginning on or after December 31, 2024. In March 2023, the Canadian federal budget reaffirmed Canada's plans to introduce legislation that implements the Pillar Two Rules, including a minimum global tax rate for periods beginning on or after December 31, 2023, and UTPR for periods beginning on or after December 31, 2024. The Council of the European Union formally adopted the Minimum Tax Directive (the "Directive") on December 15, 2022, and requires European Union Member States to transpose the Directive into their domestic law by December 31, 2023. In March 2023, the Government of the United Kingdom published updated draft legislation in respect of its domestic implementation of the Pillar Two Rules. The proposed legislation will apply for accounting periods beginning on or after December 31, 2023, except for the UTPR, which will apply for accounting periods beginning on or after December 31, 2024. Several other countries have also initiated draft legislation to implement the Pillar Two Rules. As a result of these developments, the tax laws of certain countries in which we and our subsidiaries do business could change on a prospective or retroactive basis, and any such changes, including the adoption of the Pillar Two Rules, could affect our aggregate tax liability and effective tax rate in the future.

RESULTS OF OPERATIONS

For the year ended April 2, 2023 compared to the year ended April 3, 2022

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

CAD $ millions (except share and per share data)	For the year ended April 2, 2023	April 3, 2022	$ Change	% Change
Statement of Income data:				
Revenue	1,217.0	1,098.4	118.6	10.8 %
Cost of sales	401.8	364.8	(37.0)	(10.1) %
Gross profit	815.2	733.6	81.6	11.1 %
Gross margin	*67.0 %*	*66.8 %*		*20 bps*
SG&A expenses	679.7	576.9	(102.8)	(17.8) %
SG&A expenses as % of revenue	*55.9 %*	*52.5 %*		*(340) bps*
Operating income	135.5	156.7	(21.2)	(13.5) %
Operating margin	*11.1 %*	*14.3 %*		*(320) bps*
Net interest, finance and other costs	42.0	39.0	(3.0)	(7.7) %
Income before income taxes	93.5	117.7	(24.2)	(20.6) %
Income tax expense	24.6	23.1	(1.5)	(6.5) %
Effective tax rate	*26.3 %*	*19.6 %*		*(670) bps*
Net income	68.9	94.6	(25.7)	(27.2) %
Net loss attributable to non-controlling interest	(3.8)	—	(3.8)	100.0 %
Net income attributable to shareholders of the Company	72.7	94.6	(21.9)	(23.2) %
Weighted average number of shares outstanding				
Basic	105,058,643	108,296,802		
Diluted	105,622,312	109,154,721		
Earnings per share attributable to shareholders of the Company				
Basic	$ 0.69	$ 0.87	(0.18)	(20.7) %
Diluted	$ 0.69	$ 0.87	(0.18)	(20.7) %

Revenue

Revenue for the year ended April 2, 2023 increased by $118.6m, or 10.8%, to $1,217.0m from $1,098.4m for the year ended April 3, 2022. Revenue generated from our DTC channel represented 66.3% of total revenue for the year ended April 2, 2023 compared to 67.4% for the year ended April 3, 2022. On a constant currency[1] basis, revenue increased by 10.9% year ended April 2, 2023 compared to the year ended April 3, 2022. The strength of the US dollar compared to the Canadian dollar in the period was outweighed by depreciation of the pound sterling and euro relative to the Canadian dollar.

	For the year ended		$ Change			% Change	
CAD $ millions	**April 2, 2023**	**April 3, 2022**	**As reported**	**Foreign exchange impact**	**In constant currency[1]**	**As reported**	**In constant currency[1]**
DTC	807.3	740.4	66.9	(3.3)	63.6	9.0 %	8.6 %
Wholesale	373.8	348.5	25.3	4.3	29.6	7.3 %	8.5 %
Other	35.9	9.5	26.4	—	26.4	277.9 %	277.9 %
Total revenue	1,217.0	1,098.4	118.6	1.0	119.6	10.8 %	10.9 %

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

Impact of Additional Week on Fiscal 2022 Revenue

The year ended April 3, 2022 was our first 53-week fiscal year and as such included an additional week. To explain the impact of the additional week in fiscal 2022, and to facilitate comparison of the results for the year ended April 2, 2023, the below presents revenue excluding the first week of fiscal 2022 ("Additional Week"), to more closely align calendar periods and the number of trading days therein.

	For the year ended				$ Change			% Change	
	April 2, 2023	**April 3, 2022**	**Additional Week**	**April 3, 2022 (Excluding Additional Week)**	**Excluding Additional Week**	**Foreign exchange impact**	**In constant currency[1]**	**Excluding Additional Week**	**In constant currency[1]**
DTC	807.3	740.4	(2.7)	737.7	69.6	(3.3)	66.3	*9.4 %*	*9.0 %*
Wholesale	373.8	348.5	(0.6)	347.9	25.9	4.3	30.2	*7.4 %*	*8.7 %*
Other	35.9	9.5	—	9.5	26.4	—	26.4	*277.9 %*	*277.9 %*
Total revenue	1,217.0	1,098.4	(3.3)	1,095.1	121.9	1.0	122.9	*11.1 %*	*11.2 %*

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

DTC

Revenue from our DTC segment for the year ended April 2, 2023 was $807.3m compared to $740.4m for the year ended April 3, 2022. The increase of $66.9m or 9.0% was attributable largely to continued retail expansion and comparative period new store openings operating for the full duration of the year ended April 2, 2023. During the year ended April 2, 2023, we opened 10 permanent stores compared to 13 permanent stores during the year ended April 3, 2022 and ended the period with 51 permanent stores compared to 41 permanent stores at the end of the comparative period. We saw a shift back to retail stores with consumers returning to in-person shopping and shifting away from e-Commerce. DTC comparable sales growth[2] experienced a decline of (2.6)%, although this was positive when excluding Mainland China. During the year ended April 2, 2023, we were negatively impacted by COVID-19 related restrictions in the Asia

Pacific region particularly in Mainland China, which resulted in store closures, reduced hours, and significantly lower retail traffic, which were not prevalent in the comparative period.

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

Wholesale

Revenue from our Wholesale segment for the year ended April 2, 2023 was $373.8m compared to $348.5m for the year ended April 3, 2022. The increase of $25.3m or 7.3% was attributable to an increase in order value globally relative to the comparative period.

Other

Revenue from our Other segment for the year ended April 2, 2023 was $35.9m compared to $9.5m for the year ended April 3, 2022. The increase of $26.4m or 277.9% was attributable to higher product availability to employees, friends and family.

Revenue by geography

	For the year ended		$ Change			% Change	
CAD $ millions	**April 2, 2023**	**April 3, 2022**	**As reported**	**Foreign exchange impact**	**In constant currency[2]**	**As reported**	**In constant currency[2]**
Canada	241.0	213.1	27.9	—	27.9	13.1 %	13.1 %
United States	340.2	305.9	34.3	(12.0)	22.3	11.2 %	7.3 %
Asia Pacific	354.2	327.1	27.1	4.5	31.6	8.3 %	9.7 %
EMEA[1]	281.6	252.3	29.3	8.5	37.8	11.6 %	15.0 %
Total revenue	1,217.0	1,098.4	118.6	1.0	119.6	10.8 %	10.9 %

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

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

Impact of Additional Week on Fiscal 2022 Revenue

As described above, to explain the impact of the additional week in fiscal 2022 and to facilitate comparison of the results for the year ended April 2, 2023, the below presents revenue excluding the Additional Week, to more closely align calendar periods and the number of trading days therein.

	For the year ended				$ Change			% Change	
	April 2, 2023	**April 3, 2022**	**Additional Week**	**April 3, 2022 (Excluding Additional Week)**	**Excluding Additional Week**	**Foreign exchange impact**	**In constant currency[2]**	**Excluding Additional Week**	**In constant currency[2]**
Canada	241.0	213.1	(1.1)	212.0	29.0	—	29.0	13.7 %	13.7 %
United States	340.2	305.9	(0.7)	305.2	35.0	(12.0)	23.0	11.5 %	7.5 %
Asia Pacific	354.2	327.1	(0.9)	326.2	28.0	4.5	32.5	8.6 %	10.0 %
EMEA[1]	281.6	252.3	(0.6)	251.7	29.9	8.5	38.4	11.9 %	15.3 %
Total revenue	1,217.0	1,098.4	(3.3)	1,095.1	121.9	1.0	122.9	11.1 %	11.2 %

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

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

Revenue increased across all regions during the year ended April 2, 2023 compared to the comparative period. Increases in Canada can largely be attributed to growth within the existing store network replacing e-Commerce business as consumers return to experiential shopping. Revenue increases in EMEA were attributable to regained momentum within existing stores, and an increase in order book value within the Wholesale segment. Asia Pacific results were positively impacted by revenue growth in the Japanese market due to the impact of incorporating the Japan Joint Venture and the retail expansion and e-Commerce growth in the market as well as retail expansion in Greater China. This was partially offset by decreased revenue in the existing store network in Mainland China due to COVID-19 related restrictions. Revenue growth in the United States was attributable to retail expansion and comparative period new store openings operating for the full duration of the year ended April 2, 2023.

Gross Profit

Gross profit and gross margin for the year ended April 2, 2023 were $815.2m and 67.0%, respectively, compared to $733.6m and 66.8%, respectively, for the year ended April 3, 2022. The increase in gross profit of $81.6m was attributable to higher revenue as noted above and gross margin expansion. Gross margin in the current period has been favourably impacted by pricing, partially offset by an increase in obsolete raw material inventory provisioning and the unfavourable impact of the fair value adjustments for inventory acquisition related to the Japan Joint Venture.

	For the year ended					
	April 2, 2023		April 3, 2022			
CAD $ millions	**Gross profit**	**Gross margin**	**Gross profit**	**Gross margin**	**$ Change**	**Change in bps**
DTC	616.2	*76.3 %*	563.0	*76.0 %*	53.2	*30 bps*
Wholesale	185.7	*49.7 %*	166.5	*47.8 %*	19.2	*190 bps*
Other	13.3	*37.0 %*	4.1	*43.2 %*	9.2	*(620) bps*
Total gross profit	815.2	*67.0 %*	733.6	*66.8 %*	81.6	*20 bps*

DTC

Gross profit in our DTC segment was $616.2m for the year ended April 2, 2023 compared to $563.0m for the year ended April 3, 2022. The increase of $53.2m in gross profit was attributable to higher revenues as noted above and gross margin expansion. The gross margin was 76.3% for the year ended April 2, 2023, an increase of 30 bps compared to 76.0% in the comparative period. During the year ended April 2, 2023, gross margin was favourably impacted by pricing (+180 bps) and lower product costs (+30 bps) largely driven by normalized efficiencies in our manufacturing facilities. This was partially offset by increases in obsolete raw material inventory provisioning (-100 bps), the unfavourable impact of the fair value adjustment for inventory acquired through the Japan Joint Venture (-50 bps) and higher freight and duty costs (-20 bps).

Wholesale

Gross profit in our Wholesale segment was $185.7m for the year ended April 2, 2023 compared to $166.5m for the year ended April 3, 2022. The increase in gross profit of $19.2m was attributable to higher revenues as noted above. The gross margin was 49.7% for the year ended April 2, 2023, an increase of 190 bps compared to 47.8% in the comparative period. During the year ended April 2, 2023, gross margin benefited from pricing (+280 bps), channel mix (+110 bps) from the conversion of Japan distributor sales to regular wholesale arrangements due to the Japan Joint Venture, favourable product mix due to the sale of higher margin parkas (+90 bps) within the product category and lower product costs (+50 bps) largely driven by normalized efficiencies in our manufacturing facilities. This was partially offset by increases in raw materials inventory provisions (-180 bps), the unfavourable impact of the fair value adjustment for inventory acquired through the Japan Joint Venture (-100 bps) and higher freight and duty costs (-60 bps).

Other

Gross profit in our Other segment was $13.3m for the year ended April 2, 2023 compared to gross profit of $4.1m for the year ended April 3, 2022, an increase of $9.2m. The increase in gross profit is driven by the increase in employee sales and friends and family sales as noted above.

SG&A Expenses

SG&A expenses were $679.7m for the year ended April 2, 2023 compared to $576.9m for the year ended April 3, 2022. The increase in SG&A expenses of $102.8m or 17.8% was attributable to $27.3m in higher costs related to opening new stores and running stores at full capacity except in Mainland China, $19.4m of unfavourable foreign exchange fluctuations related to the Term Loan Facility and working capital, net of hedge impacts, $15.1m of incremental personnel costs, $8.5m of investment in technology for business growth, $7.9m of higher costs in strategic initiatives, and $4.5m of incremental marketing investment to drive brand awareness and support our growth. The increase was partially offset by $6.7m of lower impairment charges recognized from the comparative period.

	For the year ended					
	April 2, 2023		April 3, 2022			
CAD $ millions	Reported	% of segment revenue	Reported	% of segment revenue	$ Change	% Change
DTC	256.8	*31.8 %*	229.9	*31.1 %*	(26.9)	(11.7)%
Wholesale	67.1	*18.0 %*	55.3	*15.9 %*	(11.8)	(21.3)%
Other	355.8	—	291.7	—	(64.1)	(22.0)%
Total SG&A expenses	679.7	*55.9 %*	576.9	*52.5 %*	(102.8)	(17.8)%

Depreciation and amortization, included above, was $99.4m for the year ended April 2, 2023 compared to $81.1m for the year ended April 3, 2022, an increase of $18.3m which is attributable to continued retail expansion and head office transition.

DTC

SG&A expenses in our DTC segment for the year ended April 2, 2023 were $256.8m, or 31.8% of segment revenue, compared to $229.9m, or 31.1% of segment revenue, for the year ended April 3, 2022. The increase of $26.9m or 11.7% was due to $27.3m of costs associated with the expansion of the retail network as well as running stores at full capacity except for Mainland China. The increase was partially offset by $6.7m of lower impairment charges recognized from the comparative period. Additionally, there were $2.2m of lower e-Commerce costs. COVID-19 related temporary store closure costs of $3.2m were recognized in the year ended April 2, 2023 compared to $0.2m in the comparative period.

Wholesale

SG&A expenses in our Wholesale segment for the year ended April 2, 2023 were $67.1m compared to $55.3m for the year ended April 3, 2022. The increase of $11.8m or 21.3% was attributable to $8.0m of incremental freight and warehouse costs driven by higher volumes and $4.9m of higher operating costs.

Other

SG&A expenses in our Other segment, which include unallocated corporate expenses, were $355.8m for the year ended April 2, 2023 compared to $291.7m for the year ended April 3, 2022. The increase of $64.1m or 22.0% was attributable to $19.4m of unfavourable foreign exchange fluctuations related to the Term Loan Facility and working capital, net of hedge impacts. The increase was also attributable to $15.1m of incremental personnel costs driven by headcount, $8.5m of investment in information technology to support business growth, $7.9m of higher fees in support of strategic activities including the Transformation Program and costs associated with the Japan Joint Venture, $4.5m of incremental investment in marketing, and $2.8m of donations to the United Nations for Ukrainian refugees.

Operating Income and Margin

Operating income and operating margin were $135.5m and 11.1%, respectively, for the year ended April 2, 2023 compared to $156.7m and 14.3%, respectively, for the year ended April 3, 2022. The decrease in operating income of $21.2m and operating margin of (320) bps was attributable to higher operating costs, partially offset by higher gross profit as discussed above.

	For the year ended					
	April 2, 2023		April 3, 2022			
CAD $ millions	**Operating income (loss)**	**Operating margin**	**Operating income (loss)**	**Operating margin**	**$ Change**	**Change in bps**
DTC	359.4	*44.5 %*	333.1	*45.0 %*	26.3	*(50) bps*
Wholesale	118.6	*31.7 %*	111.2	*31.9 %*	7.4	*(20) bps*
Other	(342.5)	—	(287.6)	—	(54.9)	—
Total operating income	135.5	*11.1 %*	156.7	*14.3 %*	(21.2)	*(320) bps*

DTC

DTC segment operating income and operating margin were $359.4m and 44.5% for the year ended April 2, 2023 compared to $333.1m and 45.0% for the year ended April 3, 2022. The increase in operating income of $26.3m was attributable to increased revenue through network expansion and lower impairment. The decrease in operating margin of (50) bps was attributable to cost deleverage due to a decline in DTC comparable sales growth, as described above, and new store opening costs including stores expected to open early in fiscal 2024. COVID-19 related temporary store closure costs of $3.2m were recognized in the year ended April 2, 2023 compared to $0.2m in the comparative period.

Wholesale

Wholesale segment operating income and operating margin were $118.6m and 31.7% for the year ended April 2, 2023 compared to $111.2m and 31.9% for the year ended April 3, 2022. The increase in operating income of $7.4m was attributable to a higher segment revenue and gross profit, partially offset by higher SG&A expenses, particularly freight, as discussed above.

Other

Other segment operating loss was $342.5m for the year ended April 2, 2023 compared to $287.6m for the year ended April 3, 2022. The increase in operating loss of $54.9m was attributable to higher SG&A expenses as described above.

Net Interest, Finance and Other Costs

Net interest, finance and other costs were $42.0m for the year ended April 2, 2023 compared to $39.0m for the year ended April 3, 2022. The increase of $3.0m or 7.7% was attributable to the net loss of $8.0m on the fair value remeasurement of the put option liability (liability increase of $10.9m, including translation losses of less than $0.1m) and the contingent consideration (liability reduction of $3.2m, including translation gains of $0.3m) related to the Joint Venture Agreement. The increase was also impacted by $2.5m of higher interest related to principal payments on lease liabilities, and $1.6m of higher interest charges and financing fees due to higher gross borrowings during the period on our facilities from the comparative period. In the comparative period, we incurred accelerated amortization costs of $9.5m related to the refinancing of our Term Loan Facility.

Income Taxes

Income tax expense was $24.6m for the year ended April 2, 2023 compared to $23.1m for the year ended April 3, 2022. For the year ended April 2, 2023, the effective and statutory tax rates were 26.3% and 25.3%, respectively, compared to 19.6% and 25.4% for the year ended April 3, 2022, respectively. Given our global operations, the effective tax rate is largely impacted by our profit or loss in taxable jurisdictions relative to the applicable tax rates. The rate was also impacted year over year by the non-deductible remeasurement of the contingent consideration and put option liability associated with the Japan Joint Venture.

Net Income

Net income for the year ended April 2, 2023 was $68.9m compared to $94.6m for the year ended April 3, 2022, driven by the factors described above.

For the fourth quarter ended April 2, 2023 compared to the fourth quarter ended April 3, 2022

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

CAD $ millions (except share and per share data)	Fourth quarter ended April 2, 2023	Fourth quarter ended April 3, 2022	$ Change	% Change
Statement of loss data:				
Revenue	293.2	223.1	70.1	31.4 %
Cost of sales	102.9	69.0	(33.9)	(49.1) %
Gross profit	190.3	154.1	36.2	23.5 %
Gross margin	*64.9 %*	*69.1 %*		*(420) bps*
SG&A expenses	173.1	153.2	(19.9)	(13.0) %
SG&A expenses as % of revenue	*59.0 %*	*68.7 %*		*970 bps*
Operating income	17.2	0.9	16.3	1,811.1 %
Operating margin	*5.9 %*	*0.4 %*		*550 bps*
Net interest, finance and other costs	21.8	7.0	(14.8)	(211.4) %
Loss before income taxes	(4.6)	(6.1)	1.5	24.6 %
Income tax expense	5.4	3.0	(2.4)	(80.0) %
Effective tax rate	*(117.4)%*	*(49.2)%*		*(6,820) bps*
Net loss	(10.0)	(9.1)	(0.9)	(9.9) %
Net loss attributable to non-controlling interest	(6.9)	—	(6.9)	(100.0) %
Net loss attributable to shareholders of the Company	(3.1)	(9.1)	6.0	65.9 %
Weighted average number of shares outstanding				
Basic	104,519,045	106,133,970		
Diluted[1]	104,519,045	106,133,970		
Loss per share attributable to shareholders of the Company				
Basic	$ (0.03)	$ (0.09)	$ 0.06	66.7 %
Diluted	$ (0.03)	$ (0.09)	$ 0.06	66.7 %

[1] *Subordinate voting shares issuable on exercise of stock options are not treated as dilutive if including them would decrease the loss per share. Accordingly, 643,505 potentially dilutive shares have been excluded from the calculation of diluted loss per share for the fourth quarter ended April 2, 2023, compared to 564,433 for the fourth quarter ended April 3, 2022.*

Revenue

Revenue for the fourth quarter ended April 2, 2023 was $293.2m, an increase of $70.1m, or 31.4%, from $223.1m for the fourth quarter ended April 3, 2022. Revenue generated from our DTC channel represented 77.6% of total revenue for the fourth quarter ended April 2, 2023 compared to 83.2% for the fourth quarter ended April 3, 2022. On a constant currency[1] basis, revenue increased by 30.1% for the fourth quarter ended April 2, 2023 compared to the fourth quarter ended April 3, 2022.

	Fourth quarter ended		$ Change			% Change	
CAD $ millions	April 2, 2023	April 3, 2022	As reported	Foreign exchange impact	In constant currency[1]	As reported	In constant currency[1]
DTC	227.5	185.6	41.9	(1.9)	40.0	22.6 %	21.6 %
Wholesale	45.5	34.9	10.6	(1.1)	9.5	30.4 %	27.2 %
Other	20.2	2.6	17.6	—	17.6	676.9 %	676.9 %
Total revenue	293.2	223.1	70.1	(3.0)	67.1	31.4 %	30.1 %

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

DTC

Revenue from our DTC segment was $227.5m for the fourth quarter ended April 2, 2023 compared to $185.6m for the fourth quarter ended April 3, 2022. The increase of $41.9m or 22.6% was attributable largely to continued retail store expansion, and improved growth and performance within our existing stores network. We ended the fourth quarter ended April 2, 2023, with 51 permanent stores compared to 41 permanent stores in the fourth quarter ended April 3, 2022. DTC comparable sales growth[1] was 6.9%, driven by growth within the existing store network more than offsetting lower e-Commerce business as consumers return to experiential shopping.

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

Wholesale

Revenue from our Wholesale segment was $45.5m for the fourth quarter ended April 2, 2023 compared to $34.9m for the fourth quarter ended April 3, 2022. The increase of $10.6m or 30.4% was attributable to an increase in order value globally and an increased volume of shipments from prior quarters being realized in this quarter relative to the comparative quarter.

Other

Revenue from our Other segment was $20.2m for the fourth quarter ended April 2, 2023 compared to $2.6m for the fourth quarter ended April 3, 2022. The increase was attributable to higher product availability to employees, friends and family.

Revenue by geography

CAD $ millions	Fourth quarter ended April 2, 2023	Fourth quarter ended April 3, 2022	$ Change As reported	$ Change Foreign exchange impact	$ Change In constant currency[2]	% Change As reported	% Change In constant currency[2]
Canada	55.2	39.1	16.1	—	16.1	41.2 %	41.2 %
United States	67.5	70.7	(3.2)	(2.4)	(5.6)	(4.5)%	(7.9)%
Asia Pacific	114.1	69.0	45.1	0.8	45.9	65.4 %	66.5 %
EMEA[1]	56.4	44.3	12.1	(1.4)	10.7	27.3 %	24.2 %
Total revenue	293.2	223.1	70.1	(3.0)	67.1	31.4 %	30.1 %

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

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

Revenue increased in Canada, EMEA and Asia Pacific for the fourth quarter ended April 2, 2023 compared to the comparative quarter resulting from an increase in DTC revenue. Re-opening in Asia Pacific after lifting of COVID-19 restrictions and strong growth in both channels in EMEA positively impacted results. Revenue decline in the United States amid a challenging macro-economic backdrop was partially offset by retail expansion and consumers returning to experiential shopping.

Gross Profit

Gross profit and gross margin for the fourth quarter ended April 2, 2023 were $190.3m and 64.9%, respectively, compared to $154.1m and 69.1%, respectively, for the fourth quarter ended April 3, 2022. The increase in gross profit of $36.2m was attributable to higher revenue, partially offset by margin decline. Gross margin in the current quarter was unfavourably impacted by increased obsolete raw material inventory provisioning, higher product costs and the unfavourable impact of the fair value adjustment for inventory acquired through the Japan Joint Venture, partially offset by pricing.

CAD $ millions	Fourth quarter ended April 2, 2023 Gross profit	Fourth quarter ended April 2, 2023 Gross margin	Fourth quarter ended April 3, 2022 Gross profit	Fourth quarter ended April 3, 2022 Gross margin	$ Change	Change in bps
DTC	166.8	*73.3 %*	141.2	*76.1 %*	25.6	*(280)bps*
Wholesale	16.2	*35.6 %*	11.9	*34.1 %*	4.3	*150 bps*
Other	7.3	*36.1 %*	1.0	*38.5 %*	6.3	*(240)bps*
Total gross profit	190.3	*64.9 %*	154.1	*69.1 %*	36.2	*(420)bps*

DTC

Gross profit in our DTC segment was $166.8m for the fourth quarter ended April 2, 2023 compared to $141.2m for the fourth quarter ended April 3, 2022. The gross margin was 73.3% for the fourth quarter ended April 2, 2023, a decrease of 280 bps compared to 76.1% in the comparative quarter. During the fourth quarter ended April 2, 2023, gross margin was primarily impacted by increases in raw materials inventory provisioning (-330 bps), higher product costs (-90 bps) and the unfavourable impact of the fair value adjustment for inventory acquired through the Japan Joint Venture (-30 bps), partially offset by pricing (+170 bps).

Wholesale

Gross profit in our Wholesale segment was $16.2m for the fourth quarter ended April 2, 2023 compared to $11.9m for the fourth quarter ended April 3, 2022. The increase of $4.3m in gross profit was attributable to higher revenues and margin rate expansion as noted above. The gross margin was 35.6% for the fourth quarter ended April 2, 2023, an increase of +150 bps compared to 34.1% in the comparative quarter. During the fourth quarter ended April 2, 2023, gross margin was favourably impacted by product mix (+960 bps) from the increased sale of higher margin parkas within the parka product category and pricing (+330 bps), partially offset by increased inventory provisioning (-810 bps), the unfavourable impact of the fair value adjustment for inventory acquired through the Japan Joint Venture (-150 bps), higher product costs (-120 bps), and channel mix due to a higher proportion of distributor sales (-40 bps).

Other

Gross profit in our Other segment was $7.3m respectively, for the fourth quarter ended April 2, 2023 compared to gross profit of $1.0m for the fourth quarter ended April 3, 2022, an increase of $6.3m driven by the increase in employee sales and friends and family sales.

SG&A Expenses

SG&A expenses were $173.1m for the fourth quarter ended April 2, 2023 compared to $153.2m for the fourth quarter ended April 3, 2022. The increase of $19.9m or 13.0% was attributable to $11.4m in higher costs related to opening new stores, $6.8m of incremental personnel costs driven by headcount, and $4.5m of higher fees in support of strategic activities including the Transformation Program and costs associated with the Japan Joint Venture. The increase was partially offset by $6.7m of lower impairment charges recognized from the comparative quarter.

	Fourth quarter ended					
	April 2, 2023		April 3, 2022			
CAD $ millions	**Reported**	**% of segment revenue**	**Reported**	**% of segment revenue**	**$ Change**	**% Change**
DTC	72.8	*32.0 %*	68.3	*36.8 %*	(4.5)	(6.6)%
Wholesale	16.1	*35.4 %*	13.7	*39.3 %*	(2.4)	(17.5)%
Other	84.2	—	71.2	—	(13.0)	(18.3)%
Total SG&A expenses	173.1	*59.0 %*	153.2	*68.7 %*	(19.9)	(13.0)%

Depreciation and amortization, included above, was $27.3m for the fourth quarter ended April 2, 2023 compared to $21.6m for the fourth quarter ended April 3, 2022, an increase of $5.7m of which was attributable to continued retail expansion.

DTC

SG&A expenses in our DTC segment for the fourth quarter ended April 2, 2023 were $72.8m, or 32.0% of segment revenue, compared to $68.3m, or 36.8% of segment revenue, for the fourth quarter ended April 3, 2022. The increase of $4.5m or 6.6% was primarily due to $11.4m of higher costs associated with the expansion of the retail network. The increase was partially offset by $6.7m of lower impairment charges recognized than in the comparative quarter. Additionally, there were $2.6m of lower e-Commerce costs. There were no COVID-19 related temporary store closure costs in the fourth quarter ended April 2, 2023 or the comparative quarter.

Wholesale

SG&A expenses in our Wholesale segment for the fourth quarter ended April 2, 2023 were $16.1m, or 35.4% of segment revenue, compared to $13.7m, or 39.3% of segment revenue, for the fourth quarter ended April 3, 2022. The increase of $2.4m or 17.5% was attributable to $1.2m of incremental freight and warehouse costs driven by higher volumes and $1.3m of higher other operating costs.

Other

SG&A expenses in our Other segment, which include unallocated corporate expenses, were $84.2m for the fourth quarter ended April 2, 2023 compared to $71.2m for the fourth quarter ended April 3, 2022. The increase of $13.0m or 18.3% was attributable to $6.8m of incremental personnel costs driven by headcount, $4.5m of higher fees in support of strategic activities including the Transformation Program and costs associated with the Japan Joint Venture, and $1.2m of unfavourable foreign exchange fluctuations related to the Term Loan Facility and working capital, net of hedge impacts. The increase was partially offset by $0.9m of lower marketing activities from the comparative quarter.

Operating Income and Margin

Operating income and operating margin were $17.2m and 5.9% for the fourth quarter ended April 2, 2023 compared to operating income and operating margin of $0.9m and 0.4% the fourth quarter ended April 3, 2022. The increase in operating income of $16.3m and operating margin of 550 bps were attributable to higher gross profit, partially offset by higher operating costs noted above.

	Fourth quarter ended					
		April 2, 2023		April 3, 2022		
CAD $ millions	**Operating income (loss)**	**Operating margin**	**Operating income (loss)**	**Operating margin**	**$ Change**	**Change in bps**
DTC	94.0	*41.3 %*	72.9	*39.3 %*	21.1	*200 bps*
Wholesale	0.1	*0.2 %*	(1.8)	*(5.2)%*	1.9	*540 bps*
Other	(76.9)	—	(70.2)	—	(6.7)	—
Total operating income	17.2	*5.9 %*	0.9	*0.4 %*	16.3	*550 bps*

DTC

DTC segment operating income and operating margin were $94.0m and 41.3% for the fourth quarter ended April 2, 2023 compared to $72.9m and 39.3% for the fourth quarter ended April 3, 2022. The increase in operating income of $21.1m and increase in operating margin of 200 bps were attributable to higher sales, partially offset by costs associated with the expansion of the retail network. There were no COVID-19 related temporary store closure costs in the fourth quarter ended April 2, 2023 or in the comparative quarter.

Wholesale

Wholesale segment operating income and operating margin were $0.1m and 0.2%, respectively, for the fourth quarter ended April 2, 2023 compared to operating loss of $1.8m and (5.2)% for the fourth quarter ended April 3, 2022. The increase in operating income of $1.9m and increase in operating margin of 540 bps were attributable to improved segment revenue and gross profit, partially offset by higher SG&A expenses as discussed above.

Other

Other segment operating loss was $76.9m for the fourth quarter ended April 2, 2023 compared to $70.2m for the fourth quarter ended April 3, 2022. The increase in operating loss of $6.7m was attributable to higher SG&A expenses as discussed above.

Net Interest, Finance and Other Costs

Net interest, finance and other costs were $21.8m for the fourth quarter ended April 2, 2023 compared to $7.0m for the fourth quarter ended April 3, 2022. The increase of $14.8m or 211.4% was driven by the net loss of $12.7m on the fair value remeasurement of the put option liability (liability increase of $9.3m, including translation gains of $0.4m) and the contingent consideration (liability increase of $2.8m, including translation gains of $0.2m) related to the Joint Venture Agreement. The increase was also impacted by $1.3m of higher interest related to principal payments on lease liabilities, and $0.7m of higher interest charges and financing fees due to higher gross borrowings during the period on our facilities from the comparative quarter.

Income Taxes

Income tax expense was $5.4m for the fourth quarter ended April 2, 2023 compared to $3.0m for the fourth quarter ended April 3, 2022. For the fourth quarter ended April 2, 2023, the effective and statutory tax rates were (117.4)% and 25.4%, respectively, compared to (49.2)% and 25.4% for the fourth quarter ended April 3, 2022. Given our global operations, the effective tax rate is largely impacted by our profit or loss in taxable jurisdictions relative to the applicable tax rates. The non-deductible remeasurement of the contingent consideration and put option liability associated with the Japan Joint Venture contributed to an increase in net tax expense during a quarter of overall loss compared to prior year.

Net Loss

Net loss for the fourth quarter ended April 2, 2023 was $10.0m compared to $9.1m for the fourth quarter ended April 3, 2022, driven by the factors described above.

QUARTERLY FINANCIAL INFORMATION

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

CAD $ millions (except per share data)	Revenue				% of fiscal year revenue	Net (loss) income attributable to shareholders of the Company	(Loss) earnings per share attributable to shareholders of the Company		Operating income (loss)	Adjusted EBIT[1]	Adjusted net income (loss) per diluted share attributable to shareholders of the Company[1]
	DTC	Wholesale	Other	Total			Basic	Diluted			
Fiscal 2023											
Fourth Quarter	227.5	45.5	20.2	293.2	*24.1 %*	(3.1)	$ (0.03)	$ (0.03)	17.2	27.6	$ 0.14
Third Quarter	450.2	114.4	12.1	576.7	*47.4 %*	134.9	$ 1.28	$ 1.28	194.3	197.1	$ 1.27
Second Quarter	94.8	180.7	1.7	277.2	*22.8 %*	3.3	$ 0.03	$ 0.03	4.7	26.3	$ 0.19
First Quarter	34.8	33.2	1.9	69.9	*5.7 %*	(62.4)	$ (0.59)	$ (0.59)	(80.7)	(75.9)	$ (0.56)
Fiscal 2022											
Fourth Quarter	185.6	34.9	2.6	223.1	*20.3 %*	(9.1)	$ (0.09)	$ (0.09)	0.9	12.4	$ 0.04
Third Quarter	443.7	138.4	4.0	586.1	*53.4 %*	151.3	$ 1.42	$ 1.40	205.0	205.0	$ 1.40
Second Quarter	82.0	149.1	1.8	232.9	*21.2 %*	9.9	$ 0.09	$ 0.09	12.6	16.2	$ 0.12
First Quarter	29.1	26.1	1.1	56.3	*5.1 %*	(57.5)	$ (0.52)	$ (0.52)	(61.8)	(62.3)	$ (0.47)

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

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

Revenue

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

- COVID-19 beginning in the fourth quarter of fiscal 2020;
- the formation of the Japan Joint Venture on April 4, 2022;
- timing of store openings;
- launch and expansion of international e-Commerce sites;
- timing and extent of SG&A, including demand generation activities;
- increased manufacturing flexibility with higher in-house production, which has an impact on the timing of wholesale order shipments and customer demand;
- timing of end-consumer purchasing in the DTC segment and the availability of new products;
- successful execution of global pricing strategy;
- shift in mix of revenue from wholesale to DTC, which has impacted the seasonality of our financial performance;
- shift in geographic mix of sales to increase sales outside of Canada, where average unit retail pricing is generally higher;
- fluctuation of foreign currencies relative to the Canadian dollar; and

- the extra week in fiscal 2022.

Net (Loss) Income

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

- impact of the items affecting revenue, as discussed above;
- increase and timing of our investment in brand, marketing, and administrative support as well as increased investment in property, plant, and equipment and intangible assets to support growth initiatives;
- increase in fixed SG&A costs associated with our business, particularly the headcount growth and premises costs associated with our expanding DTC channel, resulting in negative and reduced net income in our seasonally low-revenue first and fourth quarters, respectively;
- impact of foreign exchange;
- fluctuations in average cost of borrowings to address growing net working capital requirements and higher seasonal borrowings in the first and second quarters of each fiscal year to address the seasonal nature of revenue;
- pre-store opening costs incurred, timing of leases signed, and opening of stores;
- the nature and timing of transaction costs in connection with the Japan Joint Venture and amendments to long-term debt agreements;
- the proportion of taxable income in non-Canadian jurisdictions and changes to rates and tax legislation in those jurisdictions;
- increased freight costs, limitations on shipping and other disruptions in the transportation and shipping infrastructure; and
- the introduction of the Transformation Program in the fourth quarter of fiscal 2023.

NON-IFRS FINANCIAL MEASURES AND OTHER SPECIFIED FINANCIAL MEASURES

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

	For the year ended		Fourth quarter ended	
CAD $ millions (except per share data)	**April 2, 2023**	**April 3, 2022**	**April 2, 2023**	**April 3, 2022**
Adjusted EBIT	175.1	171.3	27.6	12.4
Adjusted EBIT margin	*14.4 %*	*15.6 %*	*9.4 %*	*5.6 %*
Adjusted EBITDA	276.7	266.9	56.0	38.2
Adjusted net income attributable to shareholders of the Company	110.7	116.7	14.7	4.0
Adjusted net income per basic share attributable to shareholders of the Company	$ 1.05	$ 1.08	$ 0.14	$ 0.04
Adjusted net income per diluted share attributable to shareholders of the Company	$ 1.05	$ 1.07	$ 0.14	$ 0.04
Free operating cash flow	8.8	67.5	(34.6)	(49.0)

CAD $ millions	**April 2, 2023**	**April 3, 2022**
Net debt	(468.1)	(333.8)
Net working capital	328.0	255.4

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

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

For the years ended April 2, 2023 and April 3, 2022, we believe that identifying certain costs directly resulting from the impact of COVID-19 and excluding these amounts from our calculation of the non-IFRS financial measures described above helps management and investors assess the impact of COVID-19 on our business as well as our general economic performance during the period. For the year ended April 2, 2023, these primarily comprised of temporary store closure costs including depreciation and interest expenses. These were partially offset by rent concessions recognized during the period.

Constant currency revenue

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

Net debt and net debt leverage

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

Net working capital

We define net working capital as current assets, net of cash, minus current liabilities, excluding the short-term borrowings and current portion of lease liabilities. We use, and believe that certain investors and analysts use, this information to assess the Company's liquidity and management of net working capital resources. See "Financial Condition, Liquidity and Capital Resources" below for a table providing the calculation of net working capital.

Free operating cash flow

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

DTC comparable sales growth

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

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

Beginning with the third quarter of fiscal 2023, we no longer include pre-store opening costs in the reconciliation of net income to adjusted EBIT, adjusted EBITDA and adjusted net income attributable to shareholders of the Company, as we believe these costs are a part of our operating base as we accelerate store openings. Comparable periods have been restated to reflect this change.

	For the year ended		Fourth quarter ended	
CAD $ millions	**April 2, 2023**	**April 3, 2022**	**April 2, 2023**	**April 3, 2022**
Net income (loss)	68.9	94.6	(10.0)	(9.1)
Add (deduct) the impact of:				
Income tax expense	24.6	23.1	5.4	3.0
Net interest, finance and other costs	42.0	39.0	21.8	7.0
Operating income	135.5	156.7	17.2	0.9
Unrealized foreign exchange loss on Term Loan Facility (a)	12.1	2.7	0.4	1.1
Net temporary store closure costs (b)	3.2	0.2	—	—
Head office transition costs (d)	6.7	—	2.0	—
Japan Joint Venture costs (f)	10.2	0.7	1.9	0.7
Impairment losses (g)	1.0	7.7	1.0	7.7
Strategic initiatives (h)	4.1	—	4.1	—
Legal proceeding costs (i)	2.2	2.9	—	1.9
Other (m)	0.1	0.4	1.0	0.1
Total adjustments	39.6	14.6	10.4	11.5
Adjusted EBIT	175.1	171.3	27.6	12.4
Adjusted EBIT margin	*14.4 %*	*15.6 %*	*9.4 %*	*5.6 %*

CAD $ millions	For the year ended		Fourth quarter ended	
	April 2, 2023	**April 3, 2022**	**April 2, 2023**	**April 3, 2022**
Net income (loss)	68.9	94.6	(10.0)	(9.1)
Add (deduct) the impact of:				
Income tax expense	24.6	23.1	5.4	3.0
Net interest, finance and other costs	42.0	39.0	21.8	7.0
Operating income	135.5	156.7	17.2	0.9
Unrealized foreign exchange loss on Term Loan Facility (a)	12.1	2.7	0.4	1.1
Net temporary store closure costs (b)	3.2	0.2	—	—
Head office transition costs (d)	6.7	—	2.0	—
Japan Joint Venture costs (f)	10.2	0.7	1.9	0.7
Impairment losses (g)	1.0	7.7	1.0	7.7
Strategic initiatives (h)	4.1	—	4.1	—
Legal proceeding costs (i)	2.2	2.9	—	1.9
Net depreciation and amortization (o)	101.6	95.6	28.4	25.8
Other (m)	0.1	0.4	1.0	0.1
Total adjustments	141.2	110.2	38.8	37.3
Adjusted EBITDA	276.7	266.9	56.0	38.2

CAD $ millions	For the year ended April 2, 2023	For the year ended April 3, 2022	Fourth quarter ended April 2, 2023	Fourth quarter ended April 3, 2022
Net income (loss)	68.9	94.6	(10.0)	(9.1)
Add (deduct) the impact of:				
Unrealized foreign exchange loss on Term Loan Facility (a)	12.1	2.7	0.4	1.1
Net temporary store closure costs (b) (c)	3.3	0.2	—	—
Head office transition costs (d) (e)	8.3	—	2.4	—
Japan Joint Venture costs (f)	10.2	0.7	1.9	0.7
Japan Joint Venture remeasurement loss on contingent consideration and put option (l)	8.0	—	12.7	—
Impairment losses (g)	1.0	7.7	1.0	7.7
Strategic initiatives (h)	4.1	—	4.1	—
Legal proceeding costs (i)	2.2	2.9	—	1.9
Deferred tax adjustment (j)	3.7	4.5	3.7	4.5
Acceleration of unamortized costs on Term Loan Facility Repricing (k)	—	9.5	—	—
Other (m)	0.1	0.4	1.0	0.1
Total adjustments	53.0	28.6	27.2	16.0
Tax effect of adjustments	(6.5)	(6.5)	(2.2)	(2.9)
Adjusted net income	115.4	116.7	15.0	4.0
Adjusted net income attributable to non-controlling interest (n)	(4.7)	—	(0.3)	—
Adjusted net income attributable to shareholders of the Company	110.7	116.7	14.7	4.0
Weighted average number of diluted shares outstanding	105,622,312	109,154,721	104,519,045	106,133,970
Adjusted net income per diluted share attributable to shareholders of the Company	1.05	1.07	0.14	0.04

(a) Unrealized gains and losses on the translation of the Term Loan Facility from USD to CAD, net of the effect of derivative transactions entered into to hedge a portion of the exposure to foreign currency exchange risk all of which are included in SG&A expenses.

(b) Net temporary store closure costs of $nil and $3.2m were incurred in the fourth quarter and year ended April 2, 2023, respectively (fourth quarter and year ended April 3, 2022 - $nil and $0.2m, respectively).

(c) Net temporary store closure costs incurred in (b) as well as $nil and $0.1m of interest expense on lease liabilities for temporary store closures for the fourth quarter and year ended April 2, 2023, respectively (fourth quarter and year ended April 3, 2022 - $nil and less than $0.1m, respectively).

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

(e) Corporate head office transition costs incurred in (d) as well as $0.4m and $1.6m of interest expense on lease liabilities for the fourth quarter and year ended April 2, 2023, respectively (fourth quarter and year ended April 3, 2022 - $nil and $nil, respectively).

(f) Costs incurred in connection with the establishment of the Japan Joint Venture. This is driven by the impact of gross margin that would otherwise have been recognized on the sale of inventory recorded at net realizable value less costs to sell, as well as other costs of establishing the Japan Joint Venture.

(g) Impairment losses for non-financial retail assets recorded as the result of the annual impairment assessment.

(h) Relates to engagement fees incurred in connection with our Transformation Program.

(i) Costs for legal proceeding fees including for the defence of class action lawsuits.

(j) Deferred tax adjustment recorded as the result of Swiss tax reform in Canada Goose International AG.

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

(l) Changes to the fair value remeasurement of the contingent consideration and put option liability related to the Japan Joint Venture. The Company recorded a loss of $3.0m and a gain of $(2.9)m during the fourth quarter and year ended April 2, 2023, respectively, on the fair value remeasurement of the contingent consideration. A fair value loss on remeasurement of $9.7m and $10.9m has been recorded during the fourth quarter and year ended April 2, 2023, respectively, on the fair value remeasurement of the put option liability. These gains and losses are included in net interest, finance and other costs within the statements of income.

(m) Costs related to the transition of logistics agencies, restructuring costs related to the company's manufacturing facilities, rent abatements received as well as individually immaterial items.

(n) Calculated as net loss attributable to non-controlling interest within the statements of income of $6.9m and $3.8m less $(7.2)m and $(8.5)m for the gross margin adjustment and the put option liability and contingent consideration revaluation related to the non-controlling interest within the Japan Joint Venture for the fourth quarter and year ended April 2, 2023, respectively.

(o) Adjusted EBITDA is calculated as adjusted EBIT plus depreciation and amortization as determined in accordance with IFRS, less the depreciation impact for temporary store closures (b), and corporate head office transition costs (d). Depreciation and amortization includes depreciation on right-of-use assets under IFRS 16, *Leases*.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

The following table represents our net working capital[1] position as at April 2, 2023 and April 3, 2022:

CAD $ millions	April 2, 2023	April 3, 2022	$ Change	% Change
Current assets	863.2	762.3	100.9	13.2 %
Deduct: Cash	(286.5)	(287.7)	1.2	(0.4)%
Current assets, net of cash	576.7	474.6	102.1	21.5 %
Current liabilities	352.4	281.5	70.9	25.2 %
Deduct the impact of:				
Short-term borrowings	(27.6)	(3.8)	(23.8)	626.3 %
Current portion of lease liabilities	(76.1)	(58.5)	(17.6)	30.1 %
Current liabilities, net of short-term borrowings and current portion of lease liabilities	248.7	219.2	29.5	13.5 %
Net working capital[1]	328.0	255.4	72.6	28.4 %

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

As at April 2, 2023, we had $328.0m of net working capital compared to $255.4m of net working capital as at April 3, 2022. The $72.6m increase, or 28.4%, was attributable to a $79.3m increase in inventory. During the year, domestic production levels gradually returned to pre-pandemic manufacturing levels and earlier acquisition of offshore production further mitigated supply chain risks. Higher inventory levels are attributable to lower than expected sales in the Asia Pacific region due to ongoing COVID-19 disruptions for most of fiscal 2023 and production planning. Inventory of $27.3m was acquired through the Japan Joint Venture, and the inventory level is $19.2m as at April 2, 2023. We monitor the levels of inventory in each of our sales channels and across geographic regions and aim to align with demand that we forecast in each region. Net working capital as a percentage of revenue was 31.9% in the year ended April 2, 2023 and 25.3% in the comparative year.

Cash Flows

The following table summarizes the Company's consolidated statement of cash flows for the year ended April 2, 2023 compared to the year ended April 3, 2022, and for the fourth quarter ended April 2, 2023 compared to the fourth quarter ended April 3, 2022.

	For the year ended			Fourth quarter ended		
CAD $ millions	**April 2, 2023**	**April 3, 2022**	**$ Change**	**April 2, 2023**	**April 3, 2022**	**$ Change**
Total cash from (used in):						
Operating activities	116.3	151.6	(35.3)	7.0	(22.6)	29.6
Investing activities	(45.3)	(37.2)	(8.1)	(23.9)	(12.3)	(11.6)
Financing activities	(80.7)	(298.2)	217.5	(45.4)	(80.5)	35.1
Effects of foreign currency exchange rate changes on cash	8.5	(6.4)	14.9	4.6	(4.5)	9.1
(Decrease) increase in cash	(1.2)	(190.2)	189.0	(57.7)	(119.9)	62.2
Cash, beginning of period	287.7	477.9	(190.2)	344.2	407.6	(63.4)
Cash, end of period	286.5	287.7	(1.2)	286.5	287.7	(1.2)
Free operating cash flow[1]	8.8	67.5	(58.7)	(34.6)	(49.0)	14.4

[1] *See "Non-IFRS Financial Measures and Other Specified Financial Measures" for a description of this measure and "Free operating cash flow" for a reconciliation to the nearest IFRS measure.*

Cash Requirements

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

Cash flows from operating activities

Cash flows from operating activities were $116.3m for the year ended April 2, 2023 compared to $151.6m for the year ended April 3, 2022. The decrease in cash from operating activities of $35.3m was largely driven by lower net income and higher income taxes paid of $11.8m.

Cash flows from operating activities was $7.0m for the fourth quarter ended April 2, 2023 compared to cash flows used in operating activities of $22.6m for the fourth quarter ended April 3, 2022. The increase in cash from operating activities of $29.6m was driven by higher sales and increased accounts payable of $19.6m driven by the $20.0m liability to our designated broker under the automatic share purchase plan ("ASPP") in connection with the Normal Course Issuer Bid ("NCIB").

Cash flows used in investing activities

Cash flows used in investing activities were $45.3m for the year ended April 2, 2023 compared to $37.2m for the year ended April 3, 2022. The increase in cash flows used in investing activities of $8.1m was due to higher spend on capital investments for our continued retail expansion due to an increase in the number of stores in the year, offset by cash consolidated with the Japan Joint Venture.

Cash flows used in investing activities were $23.9m for the fourth quarter ended April 2, 2023 compared to cash flows used in investing activities of $12.3m for the fourth quarter ended April 3, 2022. The increase in cash flows used in investing activities of $11.6m was primarily due to higher spend on capital investments driven by an increased store network and costs associated with the later stages of completion of the new head office.

Cash flows used in financing activities

Cash flows used in financing activities were $80.7m for the year ended April 2, 2023 compared to $298.2m for the year ended April 3, 2022. The decrease in cash flows used in financing activities of $217.5m was driven by $226.5m of higher payments for purchase of subordinate voting shares that were cancelled related to the NCIB in the comparative year and increased borrowing on the Mainland China Facilities of $9.8m. The decrease was partially offset by increased principal payments of $15.3m on lease liabilities arising from the store network expansion.

Cash flows used in financing activities were $45.4m for the fourth quarter ended April 2, 2023 compared to $80.5m for the fourth quarter ended April 3, 2022. The decrease in cash flows used in financing activities of $35.1m was largely driven by $55.3m of higher payments for purchase of subordinate voting shares that were cancelled related to the NCIB in the comparative quarter and the settlement of the term loan derivative contracts of $8.6m in the current quarter. The decrease was partially offset by repayments on the Japan Facility of $18.8m and Mainland China Facilities of $5.9m.

Free operating cash flow[1]

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

	For the year ended			Fourth quarter ended		
CAD $ millions	**April 2, 2023**	**April 3, 2022**	**$ Change**	**April 2, 2023**	**April 3, 2022**	**$ Change**
Total cash from (used in):						
Operating activities	116.3	151.6	(35.3)	7.0	(22.6)	29.6
Investing activities	(45.3)	(37.2)	(8.1)	(23.9)	(12.3)	(11.6)
Deduct the impact of:						
Principal payments on lease liabilities	(62.2)	(46.9)	(15.3)	(17.7)	(14.1)	(3.6)
Free operating cash flow[1]	8.8	67.5	(58.7)	(34.6)	(49.0)	14.4

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

Free operating cash flow decreased to $8.8m for the year ended April 2, 2023 from $67.5m for the year ended April 3, 2022 due to lower net income, higher investment in retail expansion, and higher principal payments on lease liabilities.

Free operating cash flow increased to $(34.6)m for the fourth quarter ended April 2, 2023 from $(49.0)m for the fourth quarter ended April 3, 2022 due to higher sales and recognition of the liability under the ASPP, as described above. This was partially offset by higher investment in retail expansion and higher principal paid on lease liabilities.

Indebtedness

The following table presents our net debt[1] as of April 2, 2023 and April 3, 2022.

CAD $ millions	April 2, 2023	April 3, 2022	$ Change
Cash	286.5	287.7	(1.2)
Mainland China Facilities	(9.8)	—	(9.8)
Japan Facility	(13.7)	—	(13.7)
Term Loan Facility	(396.3)	(370.8)	(25.5)
Lease liabilities	(334.8)	(250.7)	(84.1)
Net debt[1]	(468.1)	(333.8)	(134.3)

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

As at April 2, 2023, net debt was $468.1m compared to $333.8m as at April 3, 2022. The increase of $134.3m was driven by an increase in the borrowings on the Company's debt facilities and an increase of $84.1m in lease liabilities. Net debt leverage[1] as at April 2, 2023 was 1.7 times adjusted EBITDA.

Amendments to borrowings

As of June 30, 2023, LIBOR rates will cease to be published for U.S Dollars. As a result, the Company must transition U.S dollar contracts currently applying LIBOR to the Secured Overnight Financing Rate published by the Federal Reserve Bank of New York ("SOFR"). This includes the Revolving Facility, the Term Loan Facility and the interest rate swaps. *See "Changes in Accounting Policies" for a description of the IBOR Reform.*

Subsequent to the year ended April 2, 2023, on May 15, 2023, the Company entered into a further amendment to the Revolving Facility and the Term Loan Facility. Following the amendment, 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, SOFR rate, or EURIBOR rate plus an applicable margin, with interest payable the earlier of quarterly or at the end of the then current interest period (whichever is earlier). The Revolving Facility now matures on May 15, 2028. Following the amendment, the Term Loan Facility has an interest rate of SOFR plus a an applicable margin of 3.50% payable quarterly in arrears and SOFR may not be less than 0.75%.

Revolving Facility

The Company has an agreement with a syndicate of lenders for a senior secured asset-based revolving credit facility ("Revolving Facility") in the amount of $467.5m, with an increase in commitments to $517.5m during the peak season (June 1 - November 30). The Revolving Facility matures on June 3, 2024. Amounts owing under the Revolving Facility may be borrowed, repaid and re-borrowed for general corporate purposes. The Company has pledged substantially all of its assets as collateral for the Revolving Facility. The Revolving Facility contains financial and non-financial covenants which could impact the Company's ability to draw funds.

As at April 2, 2023, the Company had repaid all principal amounts owing on the Revolving Facility (April 3, 2022 - $nil). As at April 2, 2023, no interest and administrative fees remain outstanding (April 3, 2022 - $0.5m). Deferred financing charges in the amounts of $0.5m

(April 3, 2022 - $0.9m), were included in other long-term liabilities. As at and during the year ended April 2, 2023, the Company was in compliance with all covenants.

The Company had unused borrowing capacity available under the Revolving Facility of $238.4m as at April 2, 2023 (April 3, 2022 - $191.8m).

As at April 2, 2023, the Company had letters of credit outstanding under the Revolving Facility of $1.8m (April 3, 2022 - $4.6m).

Term Loan Facility

The Company has a senior secured loan agreement (“Term Loan Facility”) with a syndicate of lenders that is secured on a split collateral basis alongside the Revolving Facility. The Term Loan Facility has an aggregate principal amount of USD300.0m, with quarterly repayments of USD0.75m on the principal amount and a maturity date of October 7, 2027. Moreover, the Term Loan Facility has an interest rate of LIBOR plus an applicable margin of 3.50%, payable quarterly in arrears and LIBOR may not be less than 0.75%. The Company incurred transaction costs of $0.9m related to the Term Loan Facility which are being amortized using the effective interest rate method over the term to maturity.

Voluntary prepayments of amounts owing under the Term Loan Facility may be made at any time without premium or penalty but once repaid may not be reborrowed. The Company has pledged substantially all of its assets as collateral for the Term Loan Facility. The Term Loan Facility contains financial and non-financial covenants which could impact the Company’s ability to draw funds. As at and during the year ended April 2, 2023, the Company was in compliance with all covenants.

As the Term Loan Facility is denominated in U.S. dollars, the Company remeasures the outstanding balance in Canadian dollars at each balance sheet date. As at April 2, 2023, we had $396.3m (USD293.3m) aggregate principal amount outstanding under the Term Loan Facility (April 3, 2022 - $370.8m (USD296.3m)). The difference in amounts in these periods is the result of the change in the CAD:USD exchange rate.

Mainland China Facilities

A subsidiary of the Company in Mainland China has two uncommitted loan facilities in the aggregate amount of RMB 310.0m ($61.0m) ("Mainland China Facilities"). The term of each draw on the loans is one, three or six months or such other period as agreed upon and shall not exceed twelve months (including any extension or rollover). The interest rate on each facility is equal to loan prime rate of 1 year, plus 0.15% per annum, and payable at one, three or six months, depending on the term of each draw. Proceeds drawn on the Mainland China Facilities are being used to support working capital requirements and buildup of inventory for peak season sales. As at April 2, 2023, the Company had $9.8m (RMB50.0m) owing on the Mainland China Facilities (April 3, 2022 - $nil (RMBnil)).

Japan Facility

A subsidiary of the Company in Japan has a loan facility in the aggregate amount of JPY4,000.0m ($40.7m) ("Japan Facility") with a floating interest rate of JBA TIBOR plus an applicable margin of 0.3%. The term of the facility is twelve months and each draw on the facility is payable within the term. Proceeds drawn on the Japan Facility are being used to support buildup of inventory for peak season sales. As at April 2, 2023, the Company had $13.7m (JPY1,350.0m) owing on the Japan Facility.

Short-term Borrowings

As at April 2, 2023, the Company has short-term borrowings in the amount of $27.6m. Short-term borrowings include $9.8m (April 3, 2022 - $nil) owing on the Mainland China Facilities, $13.7m (April 3, 2022 - $nil) owing on the Japan Facility, and $4.1m (April 3, 2022 - $3.8m) for the current portion of the quarterly principal repayments on the term loan. Short-term borrowings are all due within the next 12 months.

Lease Liabilities

The Company had $334.8m (April 3, 2022 - $250.7m) of lease liabilities as at April 2, 2023, of which $76.1m (April 3, 2022 - $58.5m) are due within one year. Lease liabilities represent the discounted amount of future payments under leases for right-of-use assets.

Normal Course Issuer Bid

<u>Share capital transactions for the year ended April 2, 2023</u>

During the year ended April 2, 2023, the Company has renewed its NCIB in relation to its subordinate voting shares. The Company is authorized to make purchases under the NCIB from November 22, 2022 to November 21, 2023, in accordance with the requirements of the Toronto Stock Exchange (the “TSX”). The Board of Directors of the Company has authorized the Company to repurchase up to 5,421,685 subordinate voting shares, representing approximately 10.0% of the issued and outstanding subordinate voting shares as at November 10, 2022. Purchases will be made by means of open market transactions on both the TSX and the New York Stock Exchange (the “NYSE”), or alternative trading systems, if eligible, and will conform to their regulations. Under the NCIB, the Company is allowed to repurchase daily, through the facilities of the TSX, a maximum of 86,637 subordinate voting shares, representing 25% of the average daily trading volume, as calculated per the TSX rules for the six-month period starting on May 1, 2022 and ending on October 31, 2022. A copy of the Company's notice of intention to commence a NCIB through the facilities of the TSX may be obtained, without charge, by contacting the Company. The Company believes that the purchase of its subordinate voting shares under the NCIB is an appropriate and desirable use of available excess cash.

In connection with the NCIB, the Company also entered an ASPP under which a designated broker may purchase subordinate voting shares under the NCIB during the regularly scheduled quarterly trading blackout periods of the Company. The repurchases made under the ASPP will be made in accordance with certain purchasing parameters and will continue until the earlier of the date in which the Company has purchased the maximum value of subordinate voting shares pursuant to the ASPP or upon the date of expiry of the NCIB.

For the year ended April 2, 2023, the Company purchased 1,152,802 subordinate voting shares for cancellation for total cash consideration of $27.9m, of which $1.2m was payable to the designated broker as at the period end. The amount to purchase the subordinate voting shares has been charged to share capital, with the remaining $25.4m charged to retained earnings. Of the 1,152,802 subordinate voting shares purchased, 821,622 were purchased under the ASPP for total cash consideration of $20.0m.

For the fourth quarter ended April 2, 2023, the Company purchased 407,421 subordinate voting shares for cancellation for total cash consideration of $10.0m. The amount to purchase the subordinate voting shares has been charged to share capital, with the remaining $9.2m charged to retained earnings.

A liability representing the maximum amount that the Company could be required to pay the designated broker under the ASPP was $20.0m as at April 2, 2023. The amount was charged to contributed surplus. Subsequent to the year ended April 2, 2023, the Company purchased an additional 250,100 subordinate voting shares for cancellation for total cash consideration of $6.2m under the ASPP and the remaining liability to the designated broker is $nil.

Share capital transactions for the year ended April 3, 2022

The Company previously maintained another NCIB in relation to its subordinate voting shares. The Company was authorized to make purchases from August 20, 2021 to August 19, 2022, in accordance with the requirements of the TSX. The Board of Directors of the Company had authorized the Company to repurchase up to 5,943,239 subordinate voting shares, representing approximately 10.0% of the issued and outstanding subordinate voting shares as at August 6, 2021. Purchases were made during the validity of such NCIB by means of open market transactions on the TSX, the NYSE and one Canadian alternative trading system.

For the year ended April 3, 2022, the Company purchased 5,636,763 subordinate voting shares for cancellation for total cash consideration of $253.2m. The amount to purchase the subordinate voting shares has been charged to share capital, with the remaining $241.3m charged to retained earnings.

For the fourth quarter ended April 3, 2022, the Company purchased 1,771,627 subordinate voting shares for cancellation for total cash consideration of $65.9m. The amount to purchase the subordinate voting shares has been charged to share capital, with the remaining $62.0m charged to retained earnings.

Capital Management

The Company manages its capital and capital structure, which the objectives of safeguarding sufficient net working capital[1] over the annual operating cycle and providing sufficient financial resources to grow operations to meet long-term consumer demand. The Board of Directors of the Company monitors the Company's capital management on a regular basis. We will continually assess the adequacy of the Company's capital structure and capacity and make adjustments within the context of the Company's strategy, economic conditions, and risk characteristics of the business.

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

Contractual Obligations

The following table summarizes certain significant contractual obligations and other obligations of the Company, as at April 2, 2023:

CAD $ millions	**2024**	**2025**	**2026**	**2027**	**2028**	**Thereafter**	**Total**
Accounts payable and accrued liabilities	195.6	—	—	—	—	—	195.6
Mainland China Facilities	9.8	—	—	—	—	—	9.8
Japan Facility	13.7	—	—	—	—	—	13.7
Term Loan Facility	4.1	4.1	4.1	4.1	379.9	—	396.3
Interest commitments relating to borrowings[1]	34.7	34.3	34.3	34.3	17.2	—	154.8
Lease obligations	85.3	78.2	60.6	51.7	37.5	102.0	415.3
Pension obligation	—	—	—	—	—	1.6	1.6
Total contractual obligations	343.2	116.6	99.0	90.1	434.6	103.6	1,187.1

[1] *Interest commitments are calculated based on the loan balance and the interest rate payable on the Mainland China Facilities, the Japan Facility, and the term loan of 3.30%, 0.33%, and 8.66% respectively, as at April 2, 2023.*

As at April 2, 2023, we had additional liabilities which included provisions for warranty, sales returns, asset retirement obligations, deferred income tax liabilities, as well as the put option liability and the contingent consideration on the Japan Joint Venture. These liabilities have not been included in the table above as the timing and amount of future payments under such arrangements are uncertain.

OFF-BALANCE SHEET ARRANGEMENTS

The Company uses off-balance sheet arrangements including letters of credit and guarantees in connection with certain obligations, including leases. In Europe, a subsidiary of the Company also entered into an agreement to factor, on a limited recourse basis, certain of its trade accounts receivable up to a limit of EUR20.0m in exchange for advanced funding equal to 100% of the principal value of the invoice. See the “Credit risk” section of this MD&A for additional details on the Trade accounts receivable factoring program. Other than those items disclosed here and elsewhere in this MD&A and our financial statements, we did not have any material off-balance sheet arrangements or commitments as at April 2, 2023.

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 of Canada Goose Inc. through letters of guarantee, standby letters of credit, performance bonds, counter guarantees, counter standby letters of credit, or similar credits. The Company immediately reimburses the issuing bank for amounts drawn on issued letters of guarantees. As at April 2, 2023, the Company had $6.4m outstanding.

In addition, a subsidiary of the Company in Mainland China entered into letters of guarantee and as at April 2, 2023 the amount outstanding was $9.5m. Amounts will be used to support retail operations of such subsidiaries through letters of guarantee, standby letters of credit, performance bonds, counter guarantees, counter standby letters of credit, or similar credits.

OUTSTANDING SHARE CAPITAL

Canada Goose is a publicly traded company and the subordinate voting shares are listed on the New York Stock Exchange (NYSE: GOOS) and on the Toronto Stock Exchange (TSX: GOOS). As at May 11, 2023, there were 52,934,812 subordinate voting shares issued and outstanding, and 51,004,076 multiple voting shares issued and outstanding.

As at May 11, 2023, there were 3,946,682 options and 311,262 restricted share units outstanding under the Company’s equity incentive plans, of which 1,476,107 options were vested as of such date. Each option is exercisable for one subordinate voting share. We expect that vested restricted share units will be paid at settlement through the issuance of one subordinate voting share per restricted share unit.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Credit risk

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

Credit risk arises from the possibility that certain parties will be unable to discharge their obligations. The Company manages its credit risk through a combination of third party credit insurance and internal house risk. Credit insurance is provided by a third party for customers and is subject to continuous monitoring of the credit worthiness of the Company's customers. Insurance covers a specific amount of revenue, which may be less than the Company's total revenue with a specific customer. The Company has an agreement with a third party who has insured the risk of loss for up to 90% of trade accounts receivable from certain designated customers subject to a total deductible of $0.1m, to a maximum of $30.0m per year. As at April 2, 2023, trade accounts receivable totaling approximately $10.3m (April 3, 2022 - $8.1m) were insured subject to the policy cap. Complementary to third party insurance, the Company establishes payment terms with customers to mitigate credit risk and continues to closely monitor its accounts receivable credit risk exposure.

Within CG Japan, the Company has an agreement with a third party who has insured the risk of loss for up to 45% of trade accounts receivable for certain designated customers for a maximum of JPY450.0m per annum subject to a deductible of 10% and applicable to accounts with receivables over JPY100k. As at April 3, 2022, trade accounts receivable totalling approximately $0.7m (JPY72.8m) were insured subject to the policy cap.

Customer deposits are received in advance from certain customers for seasonal orders to further mitigate credit risk, and applied to reduce accounts receivable when goods are shipped. As at April 2, 2023, customer deposits of $0.2m (April 3, 2022 - $0.2m) were included in accounts payable and accrued liabilities.

The aging of trade receivables was as follows:

			Past due		
CAD $ millions	**Total**	**Current**	**≤ 30 days**	**31-60 days**	**≥ 61 days**
	$	**$**	**$**	**$**	**$**
Trade accounts receivable	30.4	22.2	4.4	1.1	2.7
Credit card receivables	2.5	2.5	—	—	—
Other receivables	19.5	18.9	0.5	—	0.1
April 2, 2023	52.4	43.6	4.9	1.1	2.8
Trade accounts receivable	22.0	14.4	2.8	2.1	2.7
Credit card receivables	2.5	2.5	—	—	—
Other receivables	19.3	9.5	—	—	9.8
April 3, 2022	43.8	26.4	2.8	2.1	12.5

Trade accounts receivable factoring program

A subsidiary of the Company in Europe has an agreement to factor, on a limited recourse basis, certain of its trade accounts receivable up to a limit of EUR20.0m in exchange for advanced funding equal to 100% of the principal value of the invoice.

For the year ended April 2, 2023, the Company received total cash proceeds from the sale of trade accounts receivable with carrying values of $45.7m which were derecognized from the Company’s statement of financial position (April 3, 2022 - $26.6m). Fees of $0.3m were incurred during the year ended April 2, 2023 (April 3, 2022 - less than $0.1m) and included in net interest, finance and other costs in the statements of income. As at April 2, 2023, the outstanding amount of trade accounts receivable derecognized from the Company’s statement of financial position, but which the Company continued to service, was $1.1m (April 3, 2022 - $2.0m).

Foreign exchange risk

Foreign exchange risk in operating cash flows

Our Annual Financial Statements are expressed in Canadian dollars, but a substantial portion of the Company's revenues, purchases, and expenses are denominated in foreign currencies, primarily U.S. dollars, euros, British pounds sterling, Swiss francs, Chinese yuan, Hong Kong dollars, and since the establishment of the Japan Joint Venture on April 4, 2022, Japanese yen. Furthermore, as our business in Greater China grows, transactions in Chinese yuan and Hong Kong dollar are expected to increase. Net monetary assets denominated in currencies other than Canadian dollars that are held in entities with Canadian dollar functional currency are translated into Canadian dollars at the foreign currency exchange rate in effect at the balance sheet date. Revenues and expenses of all foreign operations are translated into Canadian dollars at the foreign currency exchange rates that approximate the rates in effect at the dates when such items are recognized. As a result, we are exposed to foreign currency translation gains and losses. Appreciating foreign currencies relative to the Canadian dollar, to the extent they are not hedged, will positively impact operating income and net income by increasing our revenue, while depreciating foreign currencies relative to the Canadian dollar will have the opposite impact.

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

The Company has entered into forward foreign exchange contracts to reduce the foreign exchange risk to fluctuations in the U.S. dollar, euro, British pound sterling, Swiss franc, Chinese yuan, Hong Kong dollar, Swedish krona and Japanese yen exchange rates for revenues and purchases. Certain forward foreign exchange contracts were designated at inception and accounted for as cash flow hedges. During the fourth quarter of fiscal 2023, the Company completed executing the operating hedge program for the fiscal year ending March 31, 2024.

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

	For the year ended				Fourth quarter ended			
	April 2, 2023		April 3, 2022		April 2, 2023		April 3, 2022	
CAD $ millions	**Net loss**	**Tax recovery**	**Net loss**	**Tax expense**	**Net loss**	**Tax recovery**	**Net loss**	**Tax expense**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Forward foreign exchange contracts designated as cash flow hedges	(3.7)	0.9	(4.5)	(0.1)	(0.7)	0.1	(0.2)	(0.4)

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:

	For the year ended		Fourth quarter ended	
CAD $ millions	**April 2, 2023**	**April 3, 2022**	**April 2, 2023**	**April 3, 2022**
Loss (gain) from other comprehensive income	**$**	**$**	**$**	**$**
Forward foreign exchange contracts designated as cash flow hedges				
Revenue	5.5	3.9	1.5	1.9
SG&A expenses	0.1	(0.4)	(0.2)	(0.2)
Inventory	0.8	(0.9)	0.8	(0.1)

For the fourth quarter and year ended April 2, 2023, unrealized gains of $0.2m and $4.5m, respectively (fourth quarter and year ended April 3, 2022 - unrealized gains of $4.3m and $4.7m, respectively) on forward exchange contracts that were not treated as hedges were recognized in SG&A expenses in the statements of income.

Foreign currency forward exchange contracts outstanding as at April 2, 2023 related to operating cash flows were:

(in millions)	**Aggregate Amounts**		**Currency**
Forward contract to purchase Canadian dollars	USD	146.7	U.S. dollars
	€	187.5	euros
	¥	2,055.6	Japanese yen
Forward contract to sell Canadian dollars	USD	77.9	U.S. dollars
	€	94.7	euros
Forward contract to purchase euros	CNY	878.9	Chinese yuan
	£	41.6	British pounds sterling
	HKD	106.1	Hong Kong dollars
	CHF	1.2	Swiss francs
Forward contract to sell euros	CHF	10.9	Swiss francs
	£	9.2	British pounds sterling
	CNY	193.2	Chinese yuan
	HKD	118.7	Hong Kong dollars

Foreign exchange risk on borrowings

Amounts available for borrowing under part of our Revolving Facility are denominated in U.S. dollars. As at April 2, 2023, there were no principal amounts owing under the Revolving Facility.

Amounts available for borrowing under the Term Loan Facility are denominated in U.S. dollars. Based on our outstanding balances of $396.3m (USD293.3m) under the Term Loan Facility as at April 2, 2023, 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 $2.9m solely as a result of that exchange rate fluctuation's effect on the debt.

The Company enters into derivative transactions to hedge a portion of its exposure to interest rate risk and foreign currency exchange risk related to principal and interest payments on the Term Loan Facility denominated in U.S. dollars. The Company also entered into a five-year forward exchange contract by selling $368.5m and receiving USD270.0m as measured on the trade date, to fix the foreign exchange risk on a portion of the Term Loan Facility.

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

	For the year ended				Fourth quarter ended			
	April 2, 2023		April 3, 2022		April 2, 2023		April 3, 2022	
CAD $ millions	**Net gain**	**Tax expense**	**Net gain**	**Tax expense**	**Net loss**	**Tax recovery**	**Net gain**	**Tax expense**
	$	$	$	$	$	$	$	$
Swaps designated as cash flow hedges	4.1	(0.8)	13.2	(4.5)	(3.4)	1.8	11.5	(3.9)

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

	For the year ended		Fourth quarter ended	
CAD $ millions	**April 2, 2023**	**April 3, 2022**	**April 2, 2023**	**April 3, 2022**
Loss (gain) from other comprehensive income	$	$	$	$
Swaps designated as cash flow hedges	0.5	0.9	(0.1)	0.2

For the fourth quarter and year ended April 2, 2023, an unrealized loss of $1.3m and an unrealized gain of $17.5m, respectively (fourth quarter and year ended April 3, 2022 - unrealized losses of $4.9m and $4.6m, respectively) in the fair value of the long-dated forward exchange contract related to a portion of the term loan facility were recognized in SG&A expenses in the statements of income.

Interest rate risk

The Company is exposed to interest rate risk related to the effect of interest rate changes on the borrowings outstanding under the Mainland China Facilities, Japan Facility, and the Term Loan Facility, which currently bear interest rates at 3.30%, 0.33%, and 8.66%.

The Company entered into five-year interest rate swaps by fixing the LIBOR component of its interest rate at 0.95% on notional debt of USD270.0m. The swaps terminate on December 31, 2025. Subsequent to the Repricing Amendment, the applicable interest rate on the interest rate swaps is 4.45%. The interest rate swaps were designated at inception and accounted for as cash flow hedges.

On March 17, 2023 the Company chose to de-designate and unwind a interest rate swap with a notional amount of USD90.0m and recognized a new interest rate swap effective on March 31, 2023 for the same notional amount. The remaining swaps will continue to have an applicable interest rate of 4.45%. The new swap contract hedges interest rate risk associated with the Company's 3-month USD-LIBOR interest payments using a pay fixed/receive float interest rate swap to eliminate variability in the USD-LIBOR swap rate. As a result of the termination, the Company received cash settlement of USD6.3m ($8.6m) for this contract.

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

Based on the weighted average amount of outstanding borrowings, a 1.00% increase in the average interest rate during the year ended April 2, 2023 would have increased interest expense as follows:

		Year ended
	April 2, 2023	**April 3, 2022**
	$	**$**
Mainland China Facilities	0.1	0.1
Japan Facility	0.3	—
Term Loan Facility	3.9	3.7

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 April 2, 2023, the Company had transactions with related parties of $1.3m (April 3, 2022 - $1.7m, March 28, 2021 - $1.2m) from companies related to certain shareholders. Net balances owing to related parties as at April 2, 2023 were $0.4m (April 3, 2022 - $0.3m).

A lease liability due to the previous controlling shareholder of the acquired Baffin Inc. business (the "Baffin Vendor") for leased premises was $3.1m as at April 2, 2023 (April 3, 2022 - $3.8m). During the year ended April 2, 2023, 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 $1.4m (April 3, 2022 - $1.4m, March 28, 2021 - $1.2m). No amounts were owing to Baffin entities as at April 2, 2023 and April 3, 2022.

Lease liabilities due to the non-controlling shareholder of the Japan Joint Venture, Sazaby League, for leased premises, was $2.7m as at April 2, 2023. During the year ended April 2, 2023, the Company incurred principal and interest on lease liabilities, royalty fees, and other operating costs to Sazaby League totalling $5.9m. Balances owing to Sazaby League as at April 2, 2023 were $0.2m.

Pursuant to the Joint Venture Agreement, during the year ended April 2, 2023 the Company sold inventory of $11.9m to Sazaby League for repurchase by the Japan Joint Venture for inventory fulfillment. There was no outstanding receivable from Sazaby League as at April 2, 2023. During the year ended April 2, 2023, the Japan Joint Venture repurchased $11.9m of inventory from Sazaby League. The Japan Joint Venture had no amounts owing to Sazaby League as at April 2, 2023. These transactions were measured based on pricing established through the Joint Venture Agreement at market terms and were not recognized as sales transactions.

During the year ended April 2, 2023, the Japan Joint Venture sold inventory of $1.7m to companies wholly owned by Sazaby League. As at April 2, 2023, the Japan Joint Venture recognized a trade receivable of $0.1m from these companies.

For a discussion of additional related party transactions, *see "Item 7B. Major Shareholders and Related Party Transactions — "Related Party Transactions".*

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 of the Company.

Key management compensation

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

CAD $ millions	**April 2, 2023**	**April 3, 2022**
Short term employee benefits	10.1	12.5
Long term employee benefits	0.1	0.1
Share-based compensation	11.2	11.5
Compensation expense	21.4	24.1

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

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

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

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

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

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

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

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

In determining the recoverable amount of a CGU or a group of CGUs, various estimates are employed. We determine value-in-use by using estimates including projected future revenues, earnings, working capital, and capital investment consistent with strategic plans presented to the Board of Directors of the Company. Discount rates are consistent with external industry information reflecting the risk associated with the specific cash flows.

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

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

CHANGES IN ACCOUNTING POLICIES

Summary of accounting policies adopted

Non-controlling interest

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

Financial instruments

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

Standards issued and not yet adopted

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

In January 2020, the IASB issued an amendment to IAS 1, *Presentation of Financial Statements* to clarify its requirements for the presentation of liabilities in the statement of financial position. The limited scope amendment affected only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. The amendment clarified that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specified that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduced a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. On October 31, 2022, the IASB issued Non-Current Liabilities with Covenants (Amendments to IAS 1). These amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendment is effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The Company is assessing the potential impact of the amendment.

Standards issued and adopted

Interest Rate Benchmark Reform

In August 2020, the IASB issued "Interest Rate Benchmark Reform – Phase II (amendments to IFRS 9, *Financial Instruments*; IFRS 7, *Financial Instruments: Disclosures*; IAS 39, *Financial Instruments: Recognition and Measurement*; IFRS 4, *Insurance Contracts* and IFRS 16, *Leases*)", which addresses issues that affect financial reporting once an existing benchmark rate is replaced with an alternative rate and provides specific disclosure requirements. The amendments introduce a practical expedient for modifications required by the Interbank Offer Rate ("IBOR") reform. The amendments relate to the modification of financial instruments where the basis for determining the contractual cash flows changes as a result of the IBOR reform, allowing for prospective application of the alternative rate. A similar practical expedient exists for lessee accounting under IFRS 16. It also relates to the application of hedge accounting, which is not discontinued solely because of the IBOR reform. Hedging relationships, including formal designation and documentation, must be amended to reflect modifications to the hedged item, however, the practical expedient allows the hedge relationship to continue, although additional ineffectiveness may be required. The amendments were effective for annual reporting periods beginning on or after January 1, 2021. A broader market-wide initiative is underway to transition the various IBOR based on rates in use to alternative reference rates. The Company’s term loan facility at a net book value of $395.7m, is impacted by the IBOR reform. As such, the reformed IFRS guidance has been adopted, however, accounting under the adopted standard will take place once IBOR related arrangements are modified, which constitutes as an accounting event. As no accounting events have occurred to date, the Company has determined there is no financial reporting impact as of April 2, 2023. The Company is in discussions with its lenders and is currently determining if any modifications will meet the requirements for the application of the practical expedient.

SUBSEQUENT EVENTS

Subsequent to the year ended April 2, 2023, on May 15, 2023, the Company entered into a further amendment to the Revolving Facility and the Term Loan Facility. Following the amendment, 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, SOFR rate, or EURIBOR rate plus an applicable margin, with interest payable the earlier of quarterly or at the end of the then current interest period (whichever is earlier). The Revolving Facility now matures on May 15, 2028. Following the amendment, the Term Loan Facility has an interest rate of SOFR plus a an applicable margin of 3.50% payable quarterly in arrears and SOFR may not be less than 0.75%.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Management, including the CEO and CFO, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based on that evaluation, the CEO and CFO concluded that such disclosure controls and procedures were effective as at April 2, 2023 to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported, within the appropriate time periods and is accumulated and communicated to management, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting

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

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

Management of the Company, under the supervision and with the participation of the CEO and CFO, conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of April 2, 2023, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013) ("COSO 2013"). Based on evaluation performed, management concluded that, as of April 2, 2023, the Company's internal control over financial reporting was effective.

Deloitte LLP, our independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of April 2, 2023.

Limitations of Controls and Procedures

There has been no change in the Company's internal control over financial reporting during the year ended April 2, 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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