Canada Goose Holdings Inc.

Condensed Consolidated Interim Financial Statements

As at and for the first quarter ended

June 29, 2025 and June 30, 2024

(Unaudited)

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

		First quarter ended	
	Notes	June 29, 2025	June 30, 2024
		$	$
Revenue	3	107.8	88.1
Cost of sales	6	41.6	35.5
Gross profit		66.2	52.6
Selling, general & administrative expenses		224.9	149.5
Operating loss		(158.7)	(96.9)
Net interest, finance and other costs	10	5.4	3.2
Loss before income taxes		(164.1)	(100.1)
Income tax recovery		(38.6)	(26.1)
Net loss		(125.5)	(74.0)
Attributable to:			
Shareholders of the Company		(125.2)	(77.4)
Non-controlling interest		(0.3)	3.4
Net loss		(125.5)	(74.0)
Loss per share attributable to shareholders of the Company			
Basic and diluted	4	$ (1.29)	$ (0.80)

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

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

	Notes	First quarter ended June 29, 2025	First quarter ended June 30, 2024
		$	$
Net loss		(125.5)	(74.0)
Other comprehensive loss			
Items that may be reclassified to earnings, net of tax:			
Cumulative translation adjustment gain		13.1	5.4
Net loss on derivatives designated as cash flow hedges	15	(1.7)	(1.1)
Reclassification of net loss (gain) on cash flow hedges to income	15	0.1	(0.1)
Other comprehensive income		11.5	4.2
Comprehensive loss		(114.0)	(69.8)
Attributable to:			
Shareholders of the Company		(113.5)	(73.2)
Non-controlling interest		(0.5)	3.4
Comprehensive loss		(114.0)	(69.8)

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

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(in millions of Canadian dollars)

	Notes	June 29, 2025	June 30, 2024	March 30, 2025
		$	$	$
Assets			*Reclassified*	*Reclassified*
Current assets				
Cash		180.5	61.9	334.4
Trade receivables	2, 5	73.1	60.2	98.0
Inventories	6	439.5	484.3	384.0
Income taxes receivable		31.6	31.0	10.2
Other current assets	14	59.0	57.4	63.8
Total current assets		783.7	694.8	890.4
Deferred income taxes		114.6	96.8	95.7
Property, plant and equipment		159.2	165.7	161.6
Intangible assets		130.9	133.6	131.9
Right-of-use assets	7	268.9	293.8	280.2
Goodwill		72.0	70.4	72.0
Other long-term assets	14	1.2	5.4	0.1
Total assets		1,530.5	1,460.5	1,631.9
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	2, 8, 14	236.9	154.1	186.7
Provisions	9	35.7	40.8	40.1
Income taxes payable		19.2	15.2	28.6
Short-term borrowings	10	12.6	36.8	4.3
Current portion of lease liabilities	7	84.2	82.5	83.9
Total current liabilities		388.6	329.4	343.6
Provisions	9	16.3	14.6	16.0
Deferred income taxes		11.8	10.7	20.8
Revolving Facility	10	—	53.3	—
Term Loan	10	388.6	391.5	407.7
Lease liabilities	7	236.5	262.2	246.9
Other long-term liabilities	14	42.1	43.4	40.3
Total liabilities		1,083.9	1,105.1	1,075.3
Equity	11			
Equity attributable to shareholders of the Company		431.7	345.5	541.2
Non-controlling interests		14.9	9.9	15.4
Total equity		446.6	355.4	556.6
Total liabilities and equity		1,530.5	1,460.5	1,631.9

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

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

(in millions of Canadian dollars)

		Share capital			Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total attributable to shareholders	Non-controlling interest	Total
	Notes	Multiple voting shares	Subordinate voting shares	Total						
		$	$	$	$	$	$	$	$	$
Balance at March 30, 2025		1.4	108.2	109.6	65.4	346.7	19.5	541.2	15.4	556.6
Issuance of shares	11	—	3.7	3.7	(3.7)	—	—	—	—	—
Net loss		—	—	—	—	(125.2)	—	(125.2)	(0.3)	(125.5)
Other comprehensive income		—	—	—	—	—	11.7	11.7	(0.2)	11.5
Share-based payment	12	—	—	—	4.0	—	—	4.0	—	4.0
Balance at June 29, 2025		1.4	111.9	113.3	65.7	221.5	31.2	431.7	14.9	446.6
Balance at March 31, 2024		1.4	103.5	104.9	54.4	252.5	5.2	417.0	6.5	423.5
Tax on normal course issuer bid purchase of subordinate voting shares in fiscal 2024	11	—	—	—	—	(0.6)	—	(0.6)	—	(0.6)
Issuance of shares	11	—	3.9	3.9	(3.9)	—	—	—	—	—
Net (loss) income		—	—	—	—	(77.4)	—	(77.4)	3.4	(74.0)
Other comprehensive income		—	—	—	—	—	4.2	4.2	—	4.2
Share-based payment	12	—	—	—	2.3	—	—	2.3	—	2.3
Balance at June 30, 2024		1.4	107.4	108.8	52.8	174.5	9.4	345.5	9.9	355.4

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

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(in millions of Canadian dollars)

	Notes	First quarter ended June 29, 2025	First quarter ended June 30, 2024
		$	$
Operating activities			
Net loss		(125.5)	(74.0)
Items not affecting cash:			
Depreciation and amortization		31.2	32.7
Income tax recovery		(38.6)	(26.1)
Interest expense	10	4.4	11.8
Foreign exchange gain		(3.4)	(1.9)
Loss on disposal of assets		0.2	—
Share-based payment	12	4.1	2.2
Arbitration award	8	43.8	—
Remeasurement of put option	14	1.1	2.1
Remeasurement of contingent consideration	14	(0.1)	(10.7)
		(82.8)	(63.9)
Changes in non-cash operating items	16	(29.2)	(63.1)
Income taxes paid		(22.3)	(5.4)
Interest paid		(8.5)	(10.5)
Net cash used in operating activities		(142.8)	(142.9)
Investing activities			
Purchase of property, plant and equipment		(1.3)	(2.2)
Initial direct costs of right-of-use assets	7	—	(0.1)
Net cash used in investing activities		(1.3)	(2.3)
Financing activities			
Mainland China Facilities borrowings	10	—	16.6
Japan Facility borrowings	10	8.5	10.8
Term Loan repayments	10	(1.1)	(1.0)
Revolving Facility borrowings	10	—	54.3
Transaction costs on financing activities	10	—	(0.2)
Principal payments on lease liabilities	7	(19.4)	(20.8)
Net cash (used in) from financing activities		(12.0)	59.7
Effects of foreign currency exchange rate changes on cash		2.2	2.5
Decrease in cash		(153.9)	(83.0)
Cash, beginning of period		334.4	144.9
Cash, end of period		180.5	61.9

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

Note 1. The Company

Organization

Canada Goose Holdings Inc. and its subsidiaries (the “Company”) design, manufacture, and sell performance luxury apparel for men, women, youth, children, and babies. The Company’s product offerings include various styles of down-filled outerwear, rain and everyday jackets, fleece, vests, apparel, footwear, and accessories for the fall, winter, and spring seasons. The Company’s head office is located at 100 Queens Quay East, Toronto, Canada, M5E 1V3. The use of the terms “Canada Goose”, “we”, and “our” throughout these notes to the condensed consolidated interim financial statements ("Interim Financial Statements") refer to the Company.

Canada Goose is a public company listed on the Toronto Stock Exchange and the New York Stock Exchange under the trading symbol “GOOS”. The principal shareholders of the Company are investment funds advised by Bain Capital LP and its affiliates (“Bain Capital”), and DTR LLC ("DTR"), an entity indirectly controlled by the Chairman and Chief Executive Officer of the Company. The principal shareholders hold multiple voting shares representing 52.5% of the total shares outstanding as at June 29, 2025, or 91.7% of the combined voting power of the total voting shares outstanding. Subordinate voting shares that trade on public markets represent 47.5% of the total shares outstanding as at June 29, 2025, or 8.3% of the combined voting power of the total voting shares outstanding.

Statement of compliance

The Interim Financial Statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”), specifically IAS 34, *Interim Financial Reporting*. Certain information, which is considered material to the understanding of the Interim Financial Statements and is normally included in the audited annual consolidated financial statements prepared in accordance with IFRS Accounting Standards, is not provided in these notes. These Interim Financial Statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended March 30, 2025.

The Interim Financial Statements were authorized for issuance in accordance with a resolution of the Company’s Board of Directors on July 30, 2025.

Fiscal year

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. Fiscal 2026 is a 52-week fiscal year.

Operating segments

The Company classifies its business in three operating and reportable segments: Direct-to-Consumer ("DTC"), Wholesale, and Other. The DTC segment comprises sales through country-specific e-Commerce platforms available across numerous markets, which includes the recommerce platform Canada Goose Generations, currently available in the United States and Canada, and our Company-owned retail stores.

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

The Other segment comprises revenue and costs that are not related to the Company’s DTC or Wholesale segments, such as sales to employees and friends and family sales.

Seasonality

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

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

Note 2. Material accounting policy information

Basis of presentation

The accounting policies and critical accounting estimates and judgments as disclosed in the Company's audited annual financial statements for the year ended March 30, 2025 have been applied consistently in the preparation of these Interim Financial Statements except as noted below. The Interim Financial Statements are presented in Canadian dollars, the Company’s functional and presentation currency.

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

Management identified an immaterial reclassification to the interim statement of financial position as at June 30, 2024, the annual statement of financial position as at March 30, 2025, and related note disclosures for comparative figures pertaining to sales taxes receivables presented in trade receivables, and sales taxes payables presented in accounts payable and accrued liabilities. Management reclassified $9.8m and $15.2m from accounts payable and accrued liabilities to trade receivables as at June 30, 2024 and March 30, 2025, respectively. These reclassifications did not impact the interim statement of loss, the annual statement of income, and (loss) earnings per share for either reporting period. Comparative figures have been appropriately reclassified in the interim statement of financial position as at June 30, 2024, annual statement of financial position as at March 30, 2025, and related note disclosures.

Principles of consolidation

The Interim Financial Statements include the accounts of the Company and its subsidiaries and those investments over which the Company has control. All intercompany transactions and balances have been eliminated.

Standards issued and not yet adopted

Certain new standards, amendments, and interpretations to existing IFRS Accounting 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 May 2024, the International Accounting Standards Board ("IASB") issued amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosure* to clarify the timing of recognition and derecognition of financial assets and liabilities, the settlement of financial liabilities using an electronic payment system, and the assessment of contractual cash flow characteristics, classification and disclosure of financial assets with environmental, social, and governance linked or other contingent features. The IASB also amended the disclosure requirements for investments in equity instruments designated as fair value through other comprehensive income and added disclosure requirements for financial instruments with contingent features. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. The Company is currently evaluating the impact of these amendments on the consolidated financial statements.

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. IFRS 18 replaces IAS 1, *Presentation of Financial Statements*. Many requirements from IAS 1 remain unchanged into IFRS 18. The standard sets out requirements on presentation and disclosures in financial statements. It introduces a defined structure for the statement of income composed of required categories and subtotals. The standard also introduces specific disclosure requirements for management-defined performance measures and a reconciliation between these measures and the most similar subtotal specified in IFRS Accounting Standards, which must be disclosed in a single note. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The Company is currently evaluating the impact of the adoption of IFRS 18 on the consolidated financial statements.

Note 3. Segment information

The Company has three reportable operating segments: DTC, Wholesale, and Other. The Company measures each reportable operating segment’s performance based on revenue and segment operating loss, which is the profit metric utilized by the Company's chief operating decision maker, the Chairman and Chief Executive Officer, for assessing the performance of operating segments. No single customer contributed 10 per cent or more to the Company’s revenue for the first quarters ended June 29, 2025 and June 30, 2024.

Corporate expenses comprises costs that do not occur through the DTC, Wholesale, or Other segments, including the cost of marketing expenditures to build brand awareness across all segments, management overhead costs in support of manufacturing operations, other corporate costs, and foreign exchange gains and losses not specifically associated with segment operations.

The following table presents key performance information of the Company's reportable operating segments:

	First quarter ended	
	June 29, 2025	June 30, 2024
	$	$
Revenue		
DTC	78.1	63.1
Wholesale	17.9	16.0
Other	11.8	9.0
Total segment revenue	107.8	88.1
Operating loss		
DTC	(23.4)	(23.1)
Wholesale	(3.5)	(4.1)
Other	(4.6)	(0.7)
Total segment operating loss	(31.5)	(27.9)

The following table reconciles the Company's reportable total segment operating loss to loss before income taxes:

	First quarter ended	
	June 29, 2025	June 30, 2024
	$	$
Total segment operating loss	(31.5)	(27.9)
Corporate expenses	(127.2)	(69.0)
Total operating loss	(158.7)	(96.9)
Net interest, finance and other costs	5.4	3.2
Loss before income taxes	(164.1)	(100.1)

The following table summarizes depreciation and amortization in SG&A expenses of each reportable operating segment and depreciation and amortization included in corporate expenses:

	First quarter ended	
	June 29, 2025	June 30, 2024
	$	$
Depreciation and amortization expense		
DTC	23.1	24.7
Wholesale	0.8	1.0
Other	0.3	0.3
Total segment depreciation and amortization expense	24.2	26.0
Corporate expenses	4.0	4.0
Total depreciation and amortization expense	28.2	30.0

Geographic information

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

	First quarter ended	
(in millions of Canadian dollars)	June 29, 2025	June 30, 2024
	$	$
Canada	24.4	21.9
United States	26.9	18.5
North America	51.3	40.4
Greater China[1]	26.0	21.9
Asia Pacific (excluding Greater China[1])	13.0	8.9
Asia Pacific	39.0	30.8
EMEA[2]	17.5	16.9
Total revenue	107.8	88.1

1 *Greater China comprises Mainland China, Hong Kong, Macau, and Taiwan.*
2 *EMEA comprises Europe, the Middle East, Africa, and Latin America.*

The Company's non-current, non-financial assets (comprising property, plant and equipment, intangible assets and right-of-use assets) are geographically located as follows:

	June 29, 2025	June 30, 2024	March 30, 2025
	$	$	$
Canada	201.4	216.1	202.2
United States	107.0	134.3	118.7
North America	308.4	350.4	320.9
Greater China[1]	49.5	72.9	60.0
Asia Pacific (excluding Greater China[1])	47.4	43.2	47.5
Asia Pacific	96.9	116.1	107.5
EMEA[2]	153.7	126.6	145.3
Non-current, non-financial assets	559.0	593.1	573.7

1 *Greater China comprises Mainland China, Hong Kong, Macau, and Taiwan.*
2 *EMEA comprises Europe, the Middle East, Africa, and Latin America.*

Note 4. Earnings per share

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

	First quarter ended	
(in millions of Canadian dollars, except share and per share amounts)	**June 29, 2025**	**June 30, 2024**
Net loss attributable to shareholders of the Company	$ (125.2)	$ (77.4)
Weighted average number of multiple and subordinate voting shares outstanding[1]	96,913,707	96,611,725
Loss per share attributable to shareholders of the Company		
Basic and diluted	$ (1.29)	$ (0.80)

1 *Subordinate voting shares issuable on exercise of stock options are not treated as dilutive if including them would decrease the loss per share. For the first quarter ended June 29, 2025, 1,544,848 potentially dilutive shares have been excluded from the calculation of diluted loss per share because their effect was anti-dilutive (first quarter ended June 30, 2024 - 1,138,989 shares).*

Note 5. Trade receivables

(in millions of Canadian dollars)	June 29, 2025	June 30, 2024	March 30, 2025
	$	$	$
		Reclassified	*Reclassified*
Trade accounts receivable	45.3	37.6	68.6
Sales tax receivables	24.4	21.2	22.9
Credit card receivables	3.5	2.3	4.5
Other receivables	2.3	1.4	4.5
	75.5	62.5	100.5
Less: expected credit loss and sales allowances	(2.4)	(2.3)	(2.5)
Trade receivables	73.1	60.2	98.0

Note 6. Inventories

(in millions of Canadian dollars)	June 29, 2025	June 30, 2024	March 30, 2025
	$	$	$
Raw materials	33.2	44.6	35.7
Work in progress	17.8	19.6	17.1
Finished goods	388.5	420.1	331.2
Total inventories at the lower of cost and net realizable value	439.5	484.3	384.0

Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage, or declining rate of sale.

The breakdown of the provision for inventory obsolescence is presented as follows:

(in millions of Canadian dollars)	June 29, 2025	June 30, 2024	March 30, 2025
	$	$	$
Raw material reserves	17.6	22.9	18.6
Finished goods reserves	31.5	39.5	32.2
Provision for inventory obsolescence	49.1	62.4	50.8

Amounts charged to cost of sales comprise the following:

	First quarter ended	
(in millions of Canadian dollars)	June 29, 2025	June 30, 2024
	$	$
Cost of goods manufactured	38.6	32.8
Depreciation and amortization included in costs of sales	3.0	2.7
Cost of sales	41.6	35.5

Note 7. Leases

Right-of-use assets

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

(in millions of Canadian dollars)	Retail stores	Manufacturing facilities	Other	Total
Cost	**$**	**$**	**$**	**$**
March 30, 2025	520.4	49.6	65.9	635.9
Additions	5.1	—	1.3	6.4
Lease modifications	0.1	7.2	0.2	7.5
Derecognition on termination	(1.1)	(3.1)	—	(4.2)
Impact of foreign currency translation	(9.3)	—	(0.3)	(9.6)
June 29, 2025	515.2	53.7	67.1	636.0
March 31, 2024	450.3	44.2	60.9	555.4
Additions	30.1	—	0.9	31.0
Lease modifications	2.9	—	(0.1)	2.8
Impact of foreign currency translation	2.2	—	0.1	2.3
June 30, 2024	485.5	44.2	61.8	591.5

(in millions of Canadian dollars)	Retail stores	Manufacturing facilities	Other	Total
Accumulated depreciation	**$**	**$**	**$**	**$**
March 30, 2025	295.7	29.6	30.4	355.7
Depreciation	16.8	1.8	1.7	20.3
Derecognition on termination	(1.1)	(1.8)	—	(2.9)
Impact of foreign currency translation	(5.6)	—	(0.4)	(6.0)
June 29, 2025	305.8	29.6	31.7	367.1
March 31, 2024	229.7	24.0	21.9	275.6
Depreciation	17.2	1.3	2.2	20.7
Impact of foreign currency translation	1.3	—	0.1	1.4
June 30, 2024	248.2	25.3	24.2	297.7
Net book value				
June 29, 2025	209.4	24.1	35.4	268.9
June 30, 2024	237.3	18.9	37.6	293.8
March 30, 2025	224.7	20.0	35.5	280.2

Lease liabilities

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

(in millions of Canadian dollars)	Retail stores	Manufacturing facilities	Other	Total
	$	$	$	$
March 30, 2025	260.0	23.3	47.5	330.8
Additions	5.1	—	1.3	6.4
Lease modifications	0.1	7.2	0.1	7.4
Principal payments	(15.8)	(1.5)	(2.1)	(19.4)
Impact of foreign currency translation	(4.6)	—	0.1	(4.5)
June 29, 2025	244.8	29.0	46.9	320.7
March 31, 2024	255.7	23.8	51.0	330.5
Additions	29.9	—	1.0	30.9
Lease modifications	2.9	—	(0.1)	2.8
Principal payments	(17.3)	(1.4)	(2.1)	(20.8)
Impact of foreign currency translation	1.2	—	0.1	1.3
June 30, 2024	272.4	22.4	49.9	344.7

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

(in millions of Canadian dollars)	Retail stores	Manufacturing facilities	Other	Total
	$	$	$	$
Current lease liabilities	69.1	7.3	7.8	84.2
Non-current lease liabilities	175.7	21.7	39.1	236.5
June 29, 2025	244.8	29.0	46.9	320.7
Current lease liabilities	68.2	6.3	8.0	82.5
Non-current lease liabilities	204.2	16.1	41.9	262.2
June 30, 2024	272.4	22.4	49.9	344.7
Current lease liabilities	70.3	6.1	7.5	83.9
Non-current lease liabilities	189.7	17.2	40.0	246.9
March 30, 2025	260.0	23.3	47.5	330.8

For the first quarter ended June 29, 2025, $4.6m of lease payments were not included in the measurement of lease liabilities (first quarter ended June 30, 2024 - $3.1m). The majority of these balances related to short-term leases and variable rent payments, which are expensed as incurred.

Note 8. Accounts payable and accrued liabilities

During the first quarter ended June 29, 2025, an arbitration that took place in fiscal 2024 concluded between the Company and a former supplier of the Company in connection with a previously announced commercial dispute relating to the termination of a contract in 2021. The arbitration resulted in an unfavourable judgment against the Company with financial compensation to be awarded to the former supplier.

Refer to *"Note 23. Litigation and other contingencies*" in our fiscal 2025 Annual Financial Statements for previously disclosed information on the matter.

As a result of the arbitration, the Company is required to make a one-time financial award to the former supplier of USD32.0m ($43.8m), inclusive of legal costs. The Company recorded an accrued liability of USD32.0m ($43.8m) for the financial award in the Interim Financial Statements for the first quarter ended June 29, 2025, which was recognized in SG&A expenses in the interim statements of loss. Subsequent to the first quarter ended June 29, 2025, the award and legal costs were paid to the former supplier.

Accounts payable and accrued liabilities consist of the following:

(in millions of Canadian dollars)	**June 29, 2025**	**June 30, 2024**	**March 30, 2025**
	$	**$**	**$**
		Reclassified	*Reclassified*
Trade payables	64.7	39.9	51.4
Accrued liabilities	130.4	68.2	86.8
Employee benefits	27.0	30.5	31.6
Derivative financial instruments	4.3	1.6	2.6
Other payables	10.5	13.9	14.3
Accounts payable and accrued liabilities	236.9	154.1	186.7

Note 9. Provisions

Provisions are classified as current and non-current liabilities based on legal rights which exist as at the reporting date as follows:

(in millions of Canadian dollars)	Warranty	Sales returns	Asset retirement obligations	Total
	$	$	$	$
Current provisions	27.9	7.8	—	35.7
Non-current provisions	—	—	16.3	16.3
June 29, 2025	27.9	7.8	16.3	52.0
Current provisions	28.6	12.2	—	40.8
Non-current provisions	—	—	14.6	14.6
June 30, 2024	28.6	12.2	14.6	55.4
Current provisions	29.0	11.1	—	40.1
Non-current provisions	—	—	16.0	16.0
March 30, 2025	29.0	11.1	16.0	56.1

Note 10. Borrowings

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 May 15, 2028. Amounts owing under the Revolving Facility may be borrowed, repaid and re-borrowed for general corporate purposes. The Company has pledged substantially all of its assets as collateral for the Revolving Facility. The Revolving Facility contains financial and non-financial covenants which could impact the Company's ability to draw funds.

The Revolving Facility has multiple interest rate charge options that are based on the Canadian prime rate, Canadian Overnight Repo Rate Average, 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).

As at June 29, 2025, the Company had no borrowings outstanding on the Revolving Facility (June 30, 2024 - $54.3m, March 30, 2025 - $nil). As at June 29, 2025, less than $0.1m of interest and administrative fees remain outstanding (June 30, 2024 - $0.3m, March 30, 2025 - $nil). There were deferred financing charges of $0.7m as at June 29, 2025 that were included in other long-term liabilities (March 30, 2025 - $0.7m). As at June 30, 2024, there were deferred financing charges of $1.0m included in the Revolving Facility balance. As at and during the first quarter ended June 29, 2025, the Company was in compliance with all covenants.

The Company had unused borrowing capacity available under the Revolving Facility of $271.2m as at June 29, 2025 (June 30, 2024 - $335.2m, March 30, 2025 - $134.0m).

The revolving credit commitment also includes a letter of credit commitment in the amount of $25.0m, with a $5.0m sub-commitment for letters of credit issued in a currency other than Canadian dollars, U.S. dollars, euros or British pounds sterling, and a swingline commitment for $25.0m. As at June 29, 2025, the Company had letters of credit outstanding under the Revolving Facility of $4.6m (June 30, 2024 - $1.6m, March 30, 2025 - $4.4m).

Term Loan

The Company has a senior secured loan agreement with a syndicate of lenders that is secured on a split collateral basis ("Term Loan") alongside the Revolving Facility. The Term Loan 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 has an interest rate of SOFR plus a term SOFR adjustment of 0.11448% with an applicable margin of 3.50% payable monthly in arrears. SOFR plus the term SOFR adjustment may not be less than 0.75%.

Voluntary prepayments of amounts owing under the Term Loan may be made at any time without premium or penalty, once repaid may not be reborrowed. As at June 29, 2025, the Company had USD287.3m (June 30, 2024 - USD289.5m, March 30, 2025 - USD288.0m) aggregate principal amount outstanding under the Term Loan. The Company has pledged substantially all of its assets as collateral for the Term Loan. The Term Loan contains financial and non-financial covenants which could impact the Company's ability to draw funds. As at and during the first quarter ended June 29, 2025, the Company was in compliance with all covenants.

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

The amount outstanding with respect to the Term Loan is as follows:

(in millions of Canadian dollars)	**June 29, 2025**	**June 30, 2024**	**March 30, 2025**
	$	**$**	**$**
Term Loan	393.0	396.0	412.4
Unamortized portion of deferred transaction costs	(0.3)	(0.5)	(0.4)
Term Loan, net of unamortized deferred transaction costs	392.7	395.5	412.0

Mainland China Facilities

A subsidiary of the Company in Mainland China has uncommitted loan facilities in the aggregate amount of RMB560.0m ($106.8m) ("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 12 months (including any extension or rollover). The interest rate on each facility is equal to 3.1% or the loan prime rate of 1 year, minus a marginal rate between 0.2% to 0.6%, and payable quarterly. Proceeds drawn on the Mainland China Facilities are being used to support working capital requirements and build up of inventory for peak season sales. As at June 29, 2025, the Company had no amounts owing on the Mainland China Facilities (June 30, 2024 - $16.6m (RMB88.3m), March 30, 2025 - no amounts owing).

Japan Facility

A subsidiary of the Company in Japan has a loan facility in the aggregate amount of JPY4,000.0m ($37.8m) ("Japan Facility") with a floating interest rate of Japanese Bankers Association Tokyo Interbank Offered Rate plus an applicable margin of 0.30%. The term of the facility is 12 months and each draw on the facility is payable within the term. Proceeds drawn on the Japan Facility are being used to support build up of inventory for peak season sales. As at June 29, 2025, the Company had $8.5m (JPY900.0m) owing on the Japan Facility (June 30, 2024 - $16.2m (JPY1,900.0m), March 30, 2025 - no amounts owing).

Short-term Borrowings

Short-term borrowings consist of the following:

(in millions of Canadian dollars)	June 29, 2025	June 30, 2024	March 30, 2025
	$	$	$
Mainland China Facilities	—	16.6	—
Japan Facility	8.5	16.2	—
Term Loan	4.1	4.0	4.3
Total short-term borrowings	12.6	36.8	4.3

Short-term borrowings are all due within the next 12 months. The Term Loan amount above reflects the quarterly principal repayments.

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

	First quarter ended	
(in millions of Canadian dollars)	June 29, 2025	June 30, 2024
	$	$
Interest expense		
Mainland China Facilities[1]	—	—
Japan Facility[1]	—	—
Revolving Facility	0.1	0.5
Term Loan	4.8	5.1
Lease liabilities	4.1	4.3
Standby fees	0.3	0.3
Foreign exchange (gains) losses on Term Loan net of hedges	(3.5)	1.7
Fair value remeasurement on the put option liability (note 14)	1.1	2.1
Fair value remeasurement on the contingent consideration (note 14)	(0.1)	(10.7)
Interest income	(1.6)	(0.3)
Other costs	0.2	0.2
Net interest, finance and other costs	5.4	3.2

1 *The net interest expense for the Mainland China Facilities and Japan Facility is $nil and less than $0.1m, respectively, for the first quarter ended June 29, 2025 (first quarter ended June 30, 2024 - less than $0.1m and less than $0.1m, respectively).*

Note 11. Shareholders' equity

Share capital transactions for the first quarter ended June 29, 2025

Normal course issuer bid for Fiscal 2025

The Board of Directors authorized the Company to initiate a normal course issuer bid, in accordance with the requirements of the Toronto Stock Exchange, to purchase up to 4,556,841 subordinate voting shares over the 12-month period from November 22, 2024 and ending no later than November 21, 2025 (the "Fiscal 2025 NCIB"). Purchased subordinate voting shares will be cancelled.

In connection with the Fiscal 2025 NCIB, the Company also entered into an automatic share purchase plan (the “Fiscal 2025 ASPP”) under which a designated broker may purchase subordinate voting shares under the Fiscal 2025 NCIB during the regularly scheduled quarterly trading blackout periods of the Company. The repurchases made under the Fiscal 2025 ASPP will be made in accordance with certain purchasing parameters and will continue until the earlier of the date in which the Company has acquired the maximum limit of subordinate voting shares pursuant to the Fiscal 2025 ASPP or upon the date of expiry of the Fiscal 2025 NCIB.

During the first quarter ended June 29, 2025, the Company made no repurchases under the Fiscal 2025 NCIB.

Since the commencement of the bid on November 22, 2024, the Company made no repurchases under the Fiscal 2025 NCIB.

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

(in millions of Canadian dollars, except share amounts)	Multiple voting shares		Subordinate voting shares		Total	
	Number	**$**	**Number**	**$**	**Number**	**$**
March 30, 2025	51,004,076	1.4	45,830,391	108.2	96,834,467	109.6
Exercise of stock options	—	—	—	—	—	—
Settlement of RSUs	—	—	233,585	3.7	233,585	3.7
Total share issuances	—	—	233,585	3.7	233,585	3.7
June 29, 2025	51,004,076	1.4	46,063,976	111.9	97,068,052	113.3

Share capital transactions for the first quarter ended June 30, 2024

Normal course issuer bid for Fiscal 2024

The Board of Directors authorized the Company to initiate a normal course issuer bid, in accordance with the requirements of the Toronto Stock Exchange, to purchase up to 4,980,505 subordinate voting shares over the 12-month period which started on November 22, 2023 and concluded on November 21, 2024 (the "Fiscal 2024 NCIB"). Purchased subordinate voting shares were cancelled.

In connection with the Fiscal 2024 NCIB, the Company also entered an automatic share purchase plan (the “Fiscal 2024 ASPP”) under which a designated broker may purchase subordinate voting shares under the Fiscal 2024 NCIB during the regularly scheduled quarterly trading blackout periods of the Company. The repurchases made under the Fiscal 2024 ASPP were made in accordance with certain purchasing parameters and continued until the earlier of the date in which the Company acquired the maximum limit of subordinate voting shares pursuant to the Fiscal 2024 ASPP or upon the date of expiry of the Fiscal 2024 NCIB.

During the first quarter ended June 30, 2024, the Company had made no repurchases under the Fiscal 2024 NCIB.

Since the commencement of the Fiscal 2024 NCIB, the Company purchased 3,586,124 subordinate voting shares for total cash consideration of $56.9m. Of the 3,586,124 subordinate voting shares purchased, 3,088,648 were purchased under the Fiscal 2024 ASPP for total cash consideration of $49.6m.

On June 20, 2024, the tax on share repurchases was enacted in Canada. The rules pertain to transactions that occur on or after January 1, 2024. During the first quarter ended June 30, 2024, there were no repurchases made. However, due to repurchases made during fiscal 2024, $0.6m in taxes on the repurchase of subordinate voting shares was recorded in the first quarter ended June 30, 2024 and charged to retained earnings.

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

(in millions of Canadian dollars, except share amounts)	Multiple voting shares		Subordinate voting shares		Total	
	Number	**$**	**Number**	**$**	**Number**	**$**
March 31, 2024	51,004,076	1.4	45,528,438	103.5	96,532,514	104.9
Exercise of stock options	—	—	26,484	—	26,484	—
Settlement of RSUs	—	—	171,875	3.9	171,875	3.9
Total share issuances	—	—	198,359	3.9	198,359	3.9
June 30, 2024	51,004,076	1.4	45,726,797	107.4	96,730,873	108.8

Note 12. Share-based payments

Stock options

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

Stock option transactions are as follows:

(in millions of Canadian dollars, except share and per share amounts)	First quarter ended June 29, 2025 Weighted average exercise price	June 29, 2025 Number of shares	June 30, 2024 Weighted average exercise price	June 30, 2024 Number of shares
Options outstanding, beginning of period	$ 30.78	4,757,953	$ 33.51	4,608,777
Granted	$ 16.82	1,151,845	$ 18.98	770,434
Exercised	$ —	—	$ 0.76	(26,484)
Cancelled	$ 22.28	(36,589)	$ 37.70	(398,184)
Options outstanding, end of period	$ 28.09	5,873,209	$ 31.09	4,954,543

Restricted share units

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

RSU transactions are as follows:

	First quarter ended June 29, 2025 Number of shares	June 30, 2024 Number of shares
RSUs outstanding, beginning of period	615,158	480,518
Granted	462,184	402,440
Settled	(233,585)	(171,875)
Cancelled	(13,951)	(36,278)
RSUs outstanding, end of period	829,806	674,805

Performance share units

The Company has granted shares as part of the Performance Share Unit (“PSU”) program under the Omnibus Plan. A PSU represents the right to receive a subordinate voting share settled by the issuance of shares at the vesting date. PSUs vest on the third anniversary of the award date and are earned only if certain performance targets are achieved. Shares issued per PSU at the vesting date can decrease or increase if minimum or maximum performance targets are achieved ranging from 0% to 200% of the PSU award granted. If performance targets are achieved, the Company expects that those vested PSUs will be paid at settlement through the issuance of one subordinate voting share per PSU. PSUs are treated as equity instruments for accounting purposes.

PSU transactions are as follows:

	First quarter ended	
	June 29, 2025	June 30, 2024
	Number of shares	Number of shares
PSUs outstanding, beginning of period	676,031	342,925
Granted	488,260	415,892
Cancelled	(4,069)	(41,540)
PSUs outstanding, end of period	1,160,222	717,277

Shares reserved for issuance

As at June 29, 2025, subordinate voting shares, to a maximum of 2,228,536 shares, have been reserved for issuance under equity incentive plans to select employees of the Company, with vesting contingent upon meeting the service, performance goals and other conditions of the Omnibus Plan.

Accounting for share-based awards

For the first quarter ended June 29, 2025, the Company recorded $4.1m as compensation expense for the vesting of stock options, RSUs and PSUs (first quarter ended June 30, 2024 - $2.2m). Share-based compensation expense is included in SG&A expenses.

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

	First quarter ended	
(in millions of Canadian dollars, except share and per share amounts)	**June 29, 2025**	**June 30, 2024**
Weighted average stock price valuation	$ 16.82	$ 18.98
Weighted average exercise price	$ 16.82	$ 18.98
Risk-free interest rate	2.69 %	4.17 %
Expected life in years	5	5
Expected dividend yield	— %	— %
Volatility	40 %	40 %
Weighted average fair value of options issued	$ 5.40	$ 6.43

RSU and PSU fair values are determined based on the market value of the subordinate voting shares at the time of grant. As at June 29, 2025, the weighted average fair value of RSUs was $16.82 (June 30, 2024 - $18.98). As at June 29, 2025, the weighted average fair value of PSUs was $16.82 (June 30, 2024 - $18.98).

Note 13. Related party transactions

The Company enters into transactions from time to time with its principal shareholders, as well as organizations affiliated with members of the Board of Directors and key management personnel by incurring expenses for business services. During the first quarter ended June 29, 2025, the Company had transactions with related parties of $0.8m (first quarter ended June 30, 2024 - $0.5m) from companies related to certain shareholders. Balances owing to related parties as at June 29, 2025 were $0.5m (June 30, 2024 - $0.4m, March 30, 2025 - $0.4m).

A lease liability due to the former controlling shareholder of the acquired Baffin Inc. business (the "Baffin Vendor") for leased premises was $1.4m as at June 29, 2025 (June 30, 2024 - $2.3m, March 30, 2025 - $1.7m). During the first quarter ended June 29, 2025, the Company paid principal and interest on the lease liability and other operating costs to entities affiliated with the Baffin Vendor totalling $0.4m (first quarter ended June 30, 2024 - $0.4m). No amounts were owing to Baffin entities as at June 29, 2025, June 30, 2024, and March 30, 2025.

The joint venture between the Company and Sazaby League ("Japan Joint Venture"), has lease liabilities due to the non-controlling shareholder, Sazaby League for leased premises. Lease liabilities were $1.4m as at June 29, 2025 (June 30, 2024 - $1.6m, March 30, 2025 - $1.4m). During the first quarter ended June 29, 2025, the Company incurred principal and interest on lease liabilities, royalty fees, and other operating costs to Sazaby League totalling $1.5m (first quarter ended June 30, 2024 - $1.3m). Balances owing to Sazaby League as at June 29, 2025 were $0.3m (June 30, 2024 - $0.3m, March 30, 2025 - $0.4m).

During the first quarter ended June 29, 2025, the Japan Joint Venture sold inventory of less than $0.1m to companies wholly owned by Sazaby League (first quarter ended June 30, 2024 - less than $0.1m). As at June 29, 2025, the Japan Joint Venture recognized a trade receivable of less than $0.1m from these companies (June 30, 2024 - less than $0.1m, March 30, 2025 - $0.1m).

In connection with the Paola Confectii business combination that occurred on November 1, 2023, subject to the controlling shareholders of Paola Confectii SRL ("PCML Vendors") remaining employees through November 1, 2025, a further amount is payable to the PCML Vendors if certain performance conditions are met based on financial results (“Earn-Out”). During the first quarter ended June 29, 2025, the Company recognized $8.5m of remuneration costs (first quarter ended June 30, 2024 - $0.9m) related to the Earn-Out based on the estimated value of $23.0m for the payout. These costs have been included in accounts payable and accrued liabilities on the statement of financial position, and reflects the amount owing to the PCML Vendors as at June 29, 2025.

A lease liability due to one of the PCML Vendors for leased premises was $1.2m as at June 29, 2025 (June 30, 2024 - $1.2m, March 30, 2025 - $1.2m). During the first quarter ended June 29, 2025, the Company paid principal and interest on the lease liability, to one of the PCML Vendors totalling less than $0.1m (first quarter ended June 30, 2024 - less than $0.1m). No amounts were owing to one of the PCML Vendors as at June 29, 2025, June 30, 2024, and March 30, 2025.

Note 14. Financial instruments and fair value

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

					June 29, 2025
(in millions of Canadian dollars)	**Level 1**	**Level 2**	**Level 3**	**Carrying value**	**Fair value**
	$	**$**	**$**	**$**	**$**
Financial assets					
Derivatives included in other current assets	—	10.8	—	10.8	10.8
Financial liabilities					
Derivatives included in accounts payable and accrued liabilities	—	4.3	—	4.3	4.3
Earn-Out included in accounts payable and accrued liabilities (note 13)	—	—	17.6	17.6	17.6
Japan Facility	—	8.5	—	8.5	8.5
Term Loan	—	392.7	—	392.7	393.8
Put option liability included in other long-term liabilities	—	—	39.7	39.7	39.7
Contingent consideration included in other long-term liabilities	—	—	1.4	1.4	1.4

					June 30, 2024
(in millions of Canadian dollars)	**Level 1**	**Level 2**	**Level 3**	**Carrying value**	**Fair value**
	$	**$**	**$**	**$**	**$**
Financial assets					
Derivatives included in other current assets	—	14.7	—	14.7	14.7
Derivatives included in other long-term assets	—	5.1	—	5.1	5.1
Financial liabilities					
Derivatives included in accounts payable and accrued liabilities	—	1.6	—	1.6	1.6
Mainland China Facilities	—	16.6	—	16.6	16.6
Japan Facility	—	16.2	—	16.2	16.2
Revolving Facility	—	54.3	—	54.3	54.3
Term Loan	—	395.5	—	395.5	394.0
Derivatives included in other long-term liabilities	—	2.9	—	2.9	2.9
Put option liability included in other long-term liabilities	—	—	30.0	30.0	30.0
Contingent consideration included in other long-term liabilities	—	—	6.2	6.2	6.2
Earn-Out included in other long-term liabilities (note 13)	—	—	2.3	2.3	2.3

					March 30, 2025
(in millions of Canadian dollars)	**Level 1**	**Level 2**	**Level 3**	**Carrying value**	**Fair value**
	$	**$**	**$**	**$**	**$**
Financial assets					
Derivatives included in other current assets	—	24.2	—	24.2	24.2
Financial liabilities					
Derivatives included in accounts payable and accrued liabilities	—	2.6	—	2.6	2.6
Earn-Out included in accounts payable and accrued liabilities (note 13)	—	—	9.0	9.0	9.0
Term Loan	—	412.0	—	412.0	413.1
Put option liability included in other long-term liabilities	—	—	39.0	39.0	39.0
Contingent consideration included in other long-term liabilities	—	—	1.5	1.5	1.5

In connection with the Japan Joint Venture, for the first quarter ended June 29, 2025, the Company recorded a decrease of JPY8.0m ($0.1m, excluding translation losses of less than $0.1m) on the remeasurement of the contingent consideration. The Company recorded an increase of JPY115.8m ($0.7m, excluding translation losses of $0.4m) on the remeasurement of the put option liability during the first quarter ended June 29, 2025. The change in fair value of the contingent consideration and the put option liability was driven by progression through the 10-year term.

For the first quarter ended June 30, 2024, the Company recorded a decrease of JPY1,259.1m ($11.6m, excluding translation losses of $0.9m) on the remeasurement of the contingent consideration. The Company recorded an increase of JPY242.5m ($0.6m, excluding translation losses of $1.5m) on the remeasurement of the put option liability during the first quarter ended June 30, 2024.

Note 15. Financial risk management objectives and policies

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

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

Capital management

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

Liquidity risk

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

The following table summarizes the amount of contractual undiscounted future cash flow requirements as at June 29, 2025:

Contractual obligations by fiscal year	**Q2 to Q4 2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**Thereafter**	**Total**
(in millions of Canadian dollars)	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Accounts payable and accrued liabilities	236.9	—	—	—	—	—	—	236.9
Japan Facility	8.5	—	—	—	—	—	—	8.5
Term Loan	3.0	4.1	385.9	—	—	—	—	393.0
Interest commitments relating to borrowings[1]	23.5	31.2	15.6	—	—	—	—	70.3
Lease obligations	83.4	89.5	61.6	51.7	40.7	32.1	47.3	406.3
Pension obligation	—	—	—	—	—	—	0.9	0.9
Total contractual obligations	**355.3**	**124.8**	**463.1**	**51.7**	**40.7**	**32.1**	**48.2**	**1,115.9**

1 *Interest commitments are calculated based on the loan balance and the interest rate payable on the Japan Facility and the Term Loan of 0.93% and 7.94% respectively, as at June 29, 2025.*

As at June 29, 2025, we had additional liabilities which included provisions for warranty, sales returns, asset retirement obligations, deferred income tax liabilities, the put option liability and the contingent consideration on the Japan Joint Venture. These liabilities have not been included in the table above as the timing and amount of future payments are uncertain.

Letter of guarantee facility

On April 14, 2020, Canada Goose Inc. entered into a letter of guarantee facility in the amount of $10.0m. Within the facility, letters of guarantee are available for terms of up to 12 months from the date of issuance and will be charged a fee equal to 1.0% per annum calculated against the face amount and over the term of the guarantee. Amounts issued on the facility will be used to finance working capital requirements through letters of guarantee, standby letters of credit, performance bonds, counter guarantees, counter standby letters of credit, or similar credits. The Company immediately reimburses the issuing bank for amounts drawn on issued letters of guarantees. At June 29, 2025, the Company had $8.3m outstanding.

In addition, a subsidiary of the Company in Mainland China entered into letters of guarantee and as at June 29, 2025 the amount outstanding was $9.3m. 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.

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 June 29, 2025, trade accounts receivable totalling approximately $9.0m (June 30, 2024 - $12.0m, March 30, 2025 - $10.7m) were insured subject to the policy cap. Complementary to the third party insurance, the Company establishes payment terms with customers to mitigate credit risk and continues to closely monitor its trade accounts receivable credit risk exposure.

Within Japan, the Company has an agreement with a third party who has insured the risk of trade accounts receivable for certain designated customers for a maximum of JPY540.0m per annum subject to a deductible of 10% and applicable only to accounts with receivables over JPY100k. As at June 29, 2025, trade accounts receivable totalling $0.1m (JPY8.6m) were insured subject to the policy cap (June 30, 2024 - less than $0.1m (JPY2.9m), March 30, 2025 - $0.9m (JPY90.7m)).

Trade accounts receivable factoring program

A subsidiary of the Company in Europe had 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. On April 12, 2024, this agreement was terminated with an immaterial impact to the Company’s trade accounts receivables.

Refer to *"Note 22. Financial risk management objectives and policies"* in the Annual Financial Statements for details on the termination of this program.

Market risk

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

Foreign exchange risk

Foreign exchange risk in operating cash flows

The Company’s Interim Financial Statements are expressed in Canadian dollars, but a substantial portion of the Company’s revenues, purchases, and expenses are denominated in other currencies, principally U.S. dollars, euros, British pounds sterling, Swiss francs, Chinese yuan, Hong Kong dollars, Japanese yen, Taiwanese dollars, and Australian dollars. The Company has entered into forward foreign exchange contracts to reduce the foreign exchange risk associated with revenues, purchases, and expenses denominated in these currencies. Certain forward foreign exchange contracts were designated at inception and accounted for as cash flow hedges.

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

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

	First quarter ended			
	June 29, 2025		June 30, 2024	
(in millions of Canadian dollars)	**Net loss**	**Tax expense**	**Net gain**	**Tax expense**
	$	**$**	**$**	**$**
Forward foreign exchange contracts designated as cash flow hedges	(0.1)	(0.1)	0.1	(0.3)

The Company reclassified the following gains and losses from other comprehensive loss on derivatives designated as cash flow hedges to locations in the Interim Financial Statements described below:

	First quarter ended	
(in millions of Canadian dollars)	**June 29, 2025**	**June 30, 2024**
(Gain) loss from other comprehensive loss		
Forward foreign exchange contracts designated as cash flow hedges	**$**	**$**
Revenue	(0.5)	0.1
SG&A expenses	(0.2)	(0.2)
Inventory	(0.1)	—

For the first quarter ended June 29, 2025, unrealized gains of $1.9m (first quarter ended June 30, 2024 - unrealized gains of $0.3m) on forward exchange contracts that were not treated as hedges were recognized in SG&A expenses in the interim statements of loss.

Foreign currency forward exchange contracts outstanding as at June 29, 2025 related to operating cash flows were:

(in millions)	**Aggregate Amounts**		**Currency**
Forward contract to purchase Canadian dollars	USD	48.5	U.S. dollars
	€	57.5	euros
	¥	2,936.7	Japanese yen
Forward contract to sell Canadian dollars	USD	60.0	U.S. dollars
	€	42.8	euros
Forward contract to purchase euros	CNY	742.9	Chinese yuan
	£	3.0	British pounds sterling
Forward contract to sell euros	CNY	9.3	Chinese yuan
	£	0.8	British pounds sterling
	AUD	3.5	Australian Dollar

Foreign exchange risk on borrowings

The Company enters into derivative transactions to hedge a portion of its exposure to interest rate risk and foreign currency exchange risk related to principal and interest payments on the Term Loan denominated in U.S. dollars (see *"Note 10. Borrowings"*). 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 borrowings.

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

	First quarter ended			
	June 29, 2025		**June 30, 2024**	
(in millions of Canadian dollars)	**Net loss**	**Tax recovery**	**Net loss**	**Tax recovery**
	$	**$**	**$**	**$**
Swaps designated as cash flow hedges	(1.6)	0.6	(1.2)	0.4

The Company reclassified the following losses and gains from other comprehensive loss on derivatives designated as hedging instruments to net interest, finance and other costs:

	First quarter ended	
(in millions of Canadian dollars)	**June 29, 2025**	**June 30, 2024**
Loss (gain) from other comprehensive loss	**$**	**$**
Swaps designated as cash flow hedges	0.8	(0.3)

For the first quarter ended June 29, 2025, unrealized losses of $14.7m (first quarter ended June 30, 2024 - unrealized gains of $2.2m) in the fair value of the long-dated forward exchange contract related to a portion of the Term Loan balance were recognized in net interest, finance and other costs in the interim statements of loss.

Interest rate risk

The Company is exposed to interest rate risk related to the effect of interest rate changes on the borrowings outstanding under the Japan Facility and the Term Loan, which currently bear interest rates at 0.93% and 7.94%, respectively.

Interest rate risk on the Term Loan is partially mitigated by interest rate swap hedges. The Company has entered into five-year interest rate swap agreements terminating December 31, 2025 to pay fixing interest rates and receive floating interest rates on notional debt of USD270.0m. The floating interest benchmark reference rate contained within the swap agreements is SOFR with the average fixed rates of 1.76%. These swap agreements fix the interest rate on the USD300.0m Term Loan. The interest rate swaps continue to be designated and accounted for as cash flow hedges.

Based on the closing balance of outstanding borrowings, a 1.00% increase in the closing interest rate during the first quarter ended June 29, 2025 would have increased interest expense on the Japan Facility and the Term Loan before hedging by less than $0.1m and $1.0m, respectively (first quarter ended June 30, 2024 - less than $0.1m and $1.0m, respectively). In the comparative period, as at June 30, 2024, along with the Japan Facility and Term Loan, the Company also had outstanding borrowings on the Mainland China Facilities and Revolving Facility, for which a 1.00% increase in the closing interest rate would have increased interest expense by less than $0.1m and $0.1m.

Note 16. Selected cash flow information

Changes in non-cash operating items

	First quarter ended	
(in millions of Canadian dollars)	**June 29, 2025**	**June 30, 2024**
		Reclassified
	$	**$**
Trade receivables	24.3	10.7
Inventories	(57.6)	(39.2)
Other current assets	(8.6)	(5.5)
Accounts payable and accrued liabilities	(4.4)	(25.3)
Provisions	(4.4)	(7.8)
Other	21.5	4.0
Change in non-cash operating items	(29.2)	(63.1)

Changes in liabilities and equity arising from financing activities

	Mainland China Facilities	Japan Facility	Revolving Facility	Term Loan	Lease liabilities	Share capital
	$	$	$	$	$	$
March 30, 2025	—	—	(0.7)	412.0	330.8	109.6
Cash flows:						
Japan Facility borrowings	—	8.5	—	—	—	—
Term Loan repayments	—	—	—	(1.1)	—	—
Principal payments on lease liabilities	—	—	—	—	(19.4)	—
Non-cash items:						
Amortization of deferred transaction costs	—	—	—	0.1	—	—
Unrealized foreign exchange gain	—	—	—	(18.3)	(4.5)	—
Additions and amendments to lease liabilities (note 7)	—	—	—	—	13.8	—
Contributed surplus on share issuances (note 11)	—	—	—	—	—	3.7
June 29, 2025	—	8.5	(0.7)	392.7	320.7	113.3

	Mainland China Facilities	Japan Facility	Revolving Facility	Term Loan	Lease liabilities	Share capital
	$	$	$	$	$	$
March 31, 2024	—	5.4	(1.0)	392.5	330.5	104.9
Cash flows:						
Mainland China Facilities borrowings	16.6	—	—	—	—	—
Japan Facility borrowings	—	10.8	—	—	—	—
Revolving Facility borrowings	—	—	54.3	—	—	—
Term Loan repayments	—	—	—	(1.0)	—	—
Transaction costs on financing activities	—	—	(0.2)	—	—	—
Principal payments on lease liabilities	—	—	—	—	(20.8)	—
Non-cash items:						
Amortization of deferred transaction costs	—	—	0.2	—	—	—
Unrealized foreign exchange loss	—	—	—	4.0	1.3	—
Additions and amendments to lease liabilities (note 7)	—	—	—	—	33.7	—
Contributed surplus on share issuances (note 11)	—	—	—	—	—	3.9
June 30, 2024	16.6	16.2	53.3	395.5	344.7	108.8