



**DOREL JUVENILE**

Maxi-Cosi

Tiny Love

Safety 1st

BebeConfort

Cosco

Infanti

**DOREL HOME**

Dorel Home Products

Cosco Home & Office

Ameriwood

Dorel Living

Signature Sleep

Little Seeds

**EXCHANGES**

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## DOREL REPORTS SECOND QUARTER 2022 RESULTS

- **Dorel Juvenile organic revenue<sup>1</sup> increases 7.9%**
- **Strength of U.S. dollar dramatically reduces earnings**
- **Shift in consumer spending away from furniture reduces Dorel Home revenue**

**Montréal, August 8, 2022** — Dorel Industries Inc. (TSX: DII.B, DII.A) today announced results for the second quarter and six months ended June 30, 2022.

Second quarter revenue was US\$427.8 million, compared to US\$447.6 million, down 4.4% from the same period a year ago. Reported net loss from continuing operations was US\$13.6 million or US\$0.42 per diluted share, compared to US\$1.4 million or US\$0.04 per diluted share last year. Adjusted net loss<sup>1</sup> from continuing operations was US\$11.6 million or US\$0.36 per diluted share, compared to US\$0.6 million or US\$0.02 per diluted share last year.

Revenue for the six months was US\$855.9 million, compared to US\$886.2 million, down 3.4% from prior year. Reported net loss from continuing operations was US\$40.8 million or US\$1.25 per diluted share, compared to US\$14.2 million or US\$0.44 per diluted share a year ago. First half adjusted net loss<sup>1</sup> from continuing operations was US\$36.5 million or US\$1.12 per diluted share, compared to US\$4.0 million or US\$0.12 per diluted share last year.

“Both of our segments had challenges, but for reasons unique to each. Dorel Juvenile second quarter revenue was the strongest since 2019 with gains in market share in its major markets. Excellent performance in the Americas more than offset declines in Europe where consumer spending is being impacted by high inflation and concerns related to the war in Ukraine. We are pleased that we are either holding or growing market share and are receiving positive reaction to newly launched juvenile products. The most significant issue in Juvenile was the surging U.S. dollar which significantly reduced earnings. At Dorel Home the supply chain backlog cleared, thus we received a significant amount of inventory in the quarter. At the same time there was a drop in consumer demand and orders as our retail partners also dealt with higher in-stock levels. This impacted earnings not only because of lower sales, but also higher operating costs. Both segments are carrying excess inventory due to the easing of the supply chain backlog and now we are focused on right-sizing our inventory levels across the balance of the year,” stated Dorel President & CEO, Martin Schwartz.

<sup>1</sup> This is a non-GAAP financial ratio or measure with no standardized meaning prescribed by IFRS and therefore is unlikely to be comparable to similar measures presented by other issuers. Refer to the section “Definition and reconciliation of non-GAAP financial ratios and measures” in this press release.

<b>Summary of Financial Information (unaudited)</b>			
Second Quarters Ended June 30,			
All figures in thousands of US \$, except per share amounts			
	<b>2022</b>	<b>2021</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	<b>%</b>
<b><u>CONTINUING OPERATIONS</u></b>			
Revenue	427,835	447,647	(4.4%)
Net loss	(13,596)	(1,377)	n.m.
Per share - Basic	(0.42)	(0.04)	n.m.
Per share - Diluted	(0.42)	(0.04)	n.m.
Adjusted net loss <sup>(1)</sup>	(11,638)	(590)	n.m.
Per share - Diluted <sup>(1)</sup>	(0.36)	(0.02)	n.m.
Number of shares outstanding –			
Basic weighted average	32,516,553	32,505,121	
Diluted weighted average	33,585,129	32,978,746	

n.m. = not meaningful

(1) This is a non-GAAP financial ratio or measure with no standardized meaning prescribed by IFRS and therefore is unlikely to be comparable to similar measures presented by other issuers. Refer to the section “Definition and reconciliation of non-GAAP financial ratios and measures” in this press release.

<b>Summary of Financial Information (unaudited)</b>			
Six Months Ended June 30,			
All figures in thousands of US \$, except per share amounts			
	<b>2022</b>	<b>2021</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	<b>%</b>
<b><u>CONTINUING OPERATIONS</u></b>			
Revenue	855,870	886,200	(3.4%)
Net loss	(40,814)	(14,224)	(186.9%)
Per share - Basic	(1.25)	(0.44)	(184.1%)
Per share - Diluted	(1.25)	(0.44)	(184.1%)
Adjusted net loss <sup>(1)</sup>	(36,475)	(3,950)	n.m.
Per share - Diluted <sup>(1)</sup>	(1.12)	(0.12)	n.m.
Number of shares outstanding –			
Basic weighted average	32,536,939	32,505,121	
Diluted weighted average	33,371,096	32,972,567	

n.m. = not meaningful

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## Dorel Home

All figures in thousands of US \$

Second Quarters Ended June 30 (unaudited)					
	2022		2021		Change
	\$	% of rev.	\$	% of rev.	%
Revenue	209,831		236,779		(11.4%)
Gross profit	18,915	9.0%	31,245	13.2%	(39.5%)
Operating profit	2,225		14,301		(84.4%)

All figures in thousands of US \$

Six Months Ended June 30 (unaudited)					
	2022		2021		Change
	\$	% of rev.	\$	% of rev.	%
Revenue	421,297		465,477		(9.5%)
Gross profit	42,113	10.0%	62,633	13.5%	(32.8%)
Operating profit	7,760		29,138		(73.4%)

Second quarter revenue was US\$209.8 million, a decrease of US\$26.9 million, or 11.4%, from last year. Sales were down both on-line and in-store as demand for Dorel Home's various products did not keep pace with the record levels achieved during the height of the COVID-19 pandemic. This is due to a combination of a change in consumer purchasing habits away from items for the home, plus consumers are being cautious with their spending given inflationary concerns. While sales decreased at certain major accounts both in-store and online, there were significant increases in historically smaller accounts. In addition, branded sales continue to grow and are becoming an increasingly important part of the segment's sales and growth strategy. Six-month revenue was US\$421.3 million, down US\$44.2 million, or 9.5%, from US\$465.5 million last year.

Second quarter operating profit was reduced by the lower sales, higher operating costs due to elevated inventories, increased warehousing plus higher input costs, the most significant being greater ocean freight costs. Despite raising prices to offset these costs, they were insufficient to materially compensate for the increases as promotional activity was introduced to drive sales and reduce inventory levels going forward. As a result, operating profit was US\$2.2 million compared to US\$14.3 million a year ago, a decrease of US\$12.1 million, or 84.4%. For the six months, operating profit decreased to US\$7.8 million from US\$29.1 million a year ago.

## Dorel Juvenile

All figures in thousands of US \$

Second Quarters Ended June 30 (unaudited)					
	2022		2021		Change
	\$	% of rev.	\$	% of rev.	%
Revenue	218,004		210,868		3.4%
Gross profit	46,416	21.3%	54,720	25.9%	(15.2%)
Operating (loss) profit	(4,698)		2,096		n.m.
Adjusted operating (loss) profit <sup>(1)</sup>	(2,558)		2,993		n.m.

n.m. = not meaningful

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All figures in thousands of US \$

Six Months Ended June 30 (unaudited)					
	2022		2021		Change
	\$	% of rev.	\$	% of rev.	%
Revenue	434,573		420,723		3.3%
Gross profit	95,403	22.0%	108,883	25.9%	(12.4%)
Operating loss	(17,163)		(5,479)		(213.3%)
Adjusted operating (loss) profit <sup>(1)</sup>	(12,605)		5,086		n.m.

n.m. = not meaningful

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Second quarter revenue was US\$218.0 million, the highest sales level since the second quarter of 2019. When adjusting for varying foreign exchange rates and excluding divested businesses, revenues were higher by 3.7% when compared to that quarter. Compared to the second quarter of 2021, the revenue increase was 3.4% with the organic revenue<sup>1</sup> increase being 7.9% after removing the impact of varying foreign exchange rates year-over-year.

The biggest contributor to the revenue growth was Dorel Juvenile USA, with a high double-digit sales increase bolstered by strong gains in mobility categories. Component supply to the U.S. car seat factory stabilized, augmenting production levels of car seats after a difficult first quarter. All Latin American markets also recorded significant organic revenue increases. Partially offsetting these gains was a decrease at Dorel Juvenile Europe which is facing a slowdown in consumer demand, particularly in Germany, Poland and Scandinavian markets as they grapple with high inflation and the indirect impact of the ongoing war in the Ukraine. Importantly, based on available market share data, DJ Europe is gaining market share in several key categories. Year-to-date revenue was US\$434.6 million, an increase of US\$13.9 million, or 3.3%, from US\$420.7 million in 2021, with adjusted organic revenue<sup>1</sup> increasing 8.4%.

The operating loss for the quarter was US\$4.7 million compared to an operating profit last year of US\$2.1 million. Adjusted operating loss<sup>1</sup> was US\$2.6 million compared to an adjusted operating profit<sup>1</sup> last year of \$3.0 million. While higher supply chain and other input costs were mostly offset, the largest contributor to the loss in the quarter was the impact of the sudden strength of the U.S. dollar against all major currencies which created a negative US\$6.5 million foreign exchange impact. In addition, the renewal of a warehouse lease in California, effective December 2022, resulted in an added expense of US\$1.5 million due to the higher lease renewal rate. Excluding the combined impact of these two items results in an adjusted operating profit of US\$5.4 million, an improvement of US\$2.4 million from last year's second quarter. Reported six-month operating loss was US\$17.2 million compared to US\$5.5 million last year. Adjusted operating loss<sup>1</sup> was US\$12.6 million compared to an adjusted operating profit<sup>1</sup> of US\$5.1 million a year ago.

## Outlook

"The Dorel Home challenges outlined in our first quarter outlook remain and sales are likely to continue to be lower than prior year levels. The recent easing of supply chain disruptions has opened the floodgates of goods arriving. Unfortunately, this has coincided with a general slowdown in consumer demand, creating high inventory levels. The focus for the back half of the year will be to bring down these levels and to drive sales with our retail partners who are also working to lower their inventory levels. We have already reduced our inventories since quarter end and expect them to be closer to normal levels by end of year. We remain committed to our near-sourcing initiatives with our recent investments in domestic manufacturing and look forward to getting past this difficult period and returning the Segment to its traditional growth profile," commented Dorel President & CEO, Martin Schwartz.

"At Dorel Juvenile, we expect a slight slowing of sales in the Americas as our retail customers are also carrying high levels of inventory and are looking to reduce them. This should be a short-term issue and in fact we have already increased listings for 2023 at key retailers. Europe remains our primary concern as consumers seem to be delaying purchases due to the difficult environment there, though we know this cannot continue long-term given the essential nature of our product categories. Dorel Juvenile Europe is increasing market share even though the general market is down. We expect sales to begin to increase by the fourth quarter unless conditions worsen even more. The U.S. dollar continues to be strong and this will pressure earnings, though not to the extent as in the second quarter."

"As economies begin to slow in our markets, we are seeing a decrease in the cost of key commodities, especially in China. This might allow for an easing of the very high cost environment in which we have been operating. However, should current currency levels continue long-term, market prices will need to be adjusted upwards," concluded Mr. Schwartz.

## Conference Call

Dorel Industries Inc. will hold a conference call to discuss these results on Tuesday, August 9, 2022 at 11:00 A.M. Eastern Time. Interested parties can join the call by dialing 1-888-396-8049. The conference call can also be accessed via live webcast at <http://www.dorel.com>. If you are unable to call in at this time, you may access a recording of the meeting by calling 1-877-674-7070 and entering the passcode 221341 on your phone. This recording will be available on Tuesday, August 9, 2022 as of 2:00 P.M. until 11:59 P.M. on Tuesday, August 16, 2022.

**Condensed consolidated interim financial statements as at June 30, 2022 will be available on the Company's website, [www.dorel.com](http://www.dorel.com), and will be available through the SEDAR website.**

## Profile

**Dorel Industries Inc.** (TSX: DII.B, DII.A) is a global organization, operating two distinct businesses in juvenile products and home products. Dorel's strength lies in the diversity, innovation and quality of its products as well as the superiority of its brands. Dorel Juvenile's powerfully branded products include global brands Maxi-Cosi and Tiny Love, complemented by regional brands such as Safety 1st, BebeConfort, Cosco and Infanti. Dorel Home, with its comprehensive e-commerce platform, markets a wide assortment of domestically produced and imported furniture. Dorel has annual sales of US\$1.7 billion and employs approximately 4,200 people in facilities located in twenty-two countries worldwide.

## Caution Regarding Forward-Looking Statements

Certain statements included in this press release may constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. Except as may be required by Canadian securities laws, the Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Forward-looking statements, by their very nature, are subject to numerous risks and uncertainties, including statements regarding the impact of the COVID-19 pandemic on the Company's business, financial position and operations, and are based on several assumptions which give rise to the possibility that actual results could differ materially from the Company's expectations expressed in or implied by such forward-looking statements and that the objectives, plans, strategic priorities and business outlook may not be achieved. As a result, the Company cannot guarantee that any forward-looking statement will materialize, or if any of them do, what benefits the Company will derive from them. Forward-looking statements are provided in this press release for the purpose of giving information about management's current expectations and plans and allowing investors and others to get a better understanding of the Company's operating environment. However, readers are cautioned that it may not be appropriate to use such forward-looking statements for any other purpose.

Forward-looking statements made in this press release are based on a number of assumptions that the Company believed were reasonable on the day it made the forward-looking statements. Factors that could cause actual results to differ materially from the Company's expectations expressed in or implied by the forward-looking statements include:

- general economic and financial conditions, including those resulting from the current high inflationary environment;
- changes in applicable laws or regulations;
- changes in product costs and supply channels, including disruption of the Company's supply chain resulting from the COVID-19 pandemic;
- foreign currency fluctuations, including high levels of volatility in foreign currencies with respect to the US dollar reflecting uncertainties related to the COVID-19 pandemic;
- customer and credit risk, including the concentration of revenues with a small number of customers;
- costs associated with product liability;
- changes in income tax legislation or the interpretation or application of those rules;
- the continued ability to develop products and support brand names;
- changes in the regulatory environment;
- outbreak of public health crises, such as the current COVID-19 pandemic, that could adversely affect global economies and financial markets, resulting in an economic downturn which could be for a prolonged period of time and have a material adverse effect on the demand for the Company's products and on its business, financial condition and results of operations;
- the effect of international conflicts on the Company's sales, including the ongoing Russia-Ukraine war;
- continued access to capital resources, including compliance by the Company with all of the terms and conditions under its ABL facility, and the related costs of borrowing, all of which may be adversely impacted by the COVID-19 pandemic;
- failures related to information technology systems;
- changes in assumptions in the valuation of goodwill and other intangible assets and future decline in market capitalization; and
- there being no certainty that the Company will declare any dividend in the future.

These and other risk factors that could cause actual results to differ materially from expectations expressed in or implied by the forward-looking statements are discussed in the Company's Annual MD&A and Annual Information Form filed with the applicable Canadian securities regulatory authorities. The risk factors set out in the previously mentioned documents are expressly incorporated by reference herein in their entirety.

The Company cautions readers that the risks described above are not the only ones that could impact it. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also have a material adverse effect on the Company's business, financial condition, or results of operations. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.

All figures in the tables below are in thousands of US \$, except per share amounts.

## Consolidated Results

	Second Quarters Ended				Six Months Ended			
	June 30,	June 30,	Variation		June 30,	June 30,	Variation	
	2022	2021 <sup>(5)</sup>	\$	%	2022	2021 <sup>(5)</sup>	\$	%
<b>CONTINUING OPERATIONS</b>								
Revenue	427,835	447,647	(19,812)	(4.4)%	855,870	886,200	(30,330)	(3.4)%
Cost of sales	362,504	361,682	822	0.2%	718,354	714,684	3,670	0.5%
Gross profit	65,331	85,965	(20,634)	(24.0)%	137,516	171,516	(34,000)	(19.8)%
Selling expenses	31,830	32,264	(434)	(1.3)%	64,591	62,290	2,301	3.7%
General and administrative expenses	33,259	36,668	(3,409)	(9.3)%	79,308	75,615	3,693	4.9%
Research and development expenses	6,551	7,401	(850)	(11.5)%	12,860	15,417	(2,557)	(16.6)%
Impairment loss on trade accounts receivable	620	607	13	2.1%	731	412	319	77.4%
Restructuring costs	2,140	897	1,243	138.6%	4,558	10,565	(6,007)	(56.9)%
Operating (loss) profit	(9,069)	8,128	(17,197)	n.m.	(24,532)	7,217	(31,749)	n.m.
Adjusted operating (loss) profit <sup>(1)</sup>	(6,929)	9,025	(15,954)	n.m.	(19,974)	17,782	(37,756)	n.m.
Finance expenses	4,516	7,254	(2,738)	(37.7)%	17,149	14,227	2,922	20.5%
(Loss) income before income taxes	(13,585)	874	(14,459)	n.m.	(41,681)	(7,010)	(34,671)	(494.6)%
Income taxes expense (recovery)	11	2,251	(2,240)	(99.5)%	(867)	7,214	(8,081)	n.m.
Net loss from continuing operations	(13,596)	(1,377)	(12,219)	n.m.	(40,814)	(14,224)	(26,590)	(186.9)%
Adjusted net loss from continuing operations <sup>(1)</sup>	(11,638)	(590)	(11,048)	n.m.	(36,475)	(3,950)	(32,525)	n.m.
Basic loss per share from continuing operations	(0.42)	(0.04)	(0.38)	n.m.	(1.25)	(0.44)	(0.81)	(184.1)%
Diluted loss per share from continuing operations	(0.42)	(0.04)	(0.38)	n.m.	(1.25)	(0.44)	(0.81)	(184.1)%
Adjusted diluted loss per share from continuing operations <sup>(1)</sup>	(0.36)	(0.02)	(0.34)	n.m.	(1.12)	(0.12)	(1.00)	n.m.
<b>DISCONTINUED OPERATION</b>								
(Loss) income from discontinued operation, net of tax	(7,235)	23,615	(30,850)	n.m.	254,478	39,189	215,289	n.m.
Net (loss) income	(20,831)	22,238	(43,069)	n.m.	213,664	24,965	188,699	n.m.
Basic (loss) earnings per share	(0.64)	0.68	(1.32)	n.m.	6.57	0.77	5.80	n.m.
Diluted (loss) earnings per share	(0.64)	0.67	(1.31)	n.m.	6.40	0.76	5.64	n.m.
Weighted average number of shares - Basic	32,516,553	32,505,121	n/a	n/a	32,536,939	32,505,121	n/a	n/a
Weighted average number of shares - Diluted	33,585,129	32,978,746	n/a	n/a	33,371,096	32,972,567	n/a	n/a
Gross margin <sup>(2)</sup>	15.3%	19.2%	n/a	(390) bp	16.1%	19.4%	n/a	(330) bp
Selling expenses as a percentage of revenue <sup>(3)</sup>	7.4%	7.2%	n/a	20 bp	7.5%	7.0%	n/a	50 bp
General and administrative expenses as a percentage of revenue <sup>(4)</sup>	7.8%	8.2%	n/a	(40) bp	9.3%	8.5%	n/a	80 bp

n.m. = not meaningful

n/a = not applicable

bp = basis point

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(2) Gross margin is defined as gross profit divided by revenue.

(3) Selling expenses as a percentage of revenue is defined as selling expenses divided by revenue.

(4) General and administrative expenses as a percentage of revenue is defined as general and administrative expenses divided by revenue.

(5) Dorel Sports was classified as a discontinued operation as of September 30, 2021. As a result, the results of operations have been restated for comparative periods. Refer to Note 4 - Assets Held for Sale and Discontinued Operation in the condensed consolidated interim financial statements for more details.



## Dorel Home

	Second Quarters Ended				Six Months Ended			
	June 30, 2022	June 30, 2021	Variation		June 30, 2022	June 30, 2021	Variation	
			\$	%			\$	%
Revenue	<b>209,831</b>	236,779	(26,948)	(11.4)%	<b>421,297</b>	465,477	(44,180)	(9.5)%
Cost of sales	<b>190,916</b>	205,534	(14,618)	(7.1)%	<b>379,184</b>	402,844	(23,660)	(5.9)%
Gross profit	<b>18,915</b>	31,245	(12,330)	(39.5)%	<b>42,113</b>	62,633	(20,520)	(32.8)%
Selling expenses	<b>7,016</b>	6,521	495	7.6%	<b>13,978</b>	12,850	1,128	8.8%
General and administrative expenses	<b>8,321</b>	9,221	(900)	(9.8)%	<b>17,764</b>	18,262	(498)	(2.7)%
Research and development expenses	<b>1,336</b>	1,233	103	8.4%	<b>2,602</b>	2,334	268	11.5%
Impairment loss (reversal) on trade accounts receivable	<b>17</b>	(31)	48	n.m.	<b>9</b>	49	(40)	(81.6)%
Operating profit	<b>2,225</b>	14,301	(12,076)	(84.4)%	<b>7,760</b>	29,138	(21,378)	(73.4)%
Gross margin <sup>(1)</sup>	<b>9.0%</b>	13.2%	n/a	(420) bp	<b>10.0%</b>	13.5%	n/a	(350) bp
Selling expenses as a percentage of revenue <sup>(2)</sup>	<b>3.3%</b>	2.8%	n/a	50 bp	<b>3.3%</b>	2.8%	n/a	50 bp
General and administrative expenses as a percentage of revenue <sup>(3)</sup>	<b>4.0%</b>	3.9%	n/a	10 bp	<b>4.2%</b>	3.9%	n/a	30 bp

n.m. = not meaningful

n/a = not applicable

bp = basis point

(1) Gross margin is defined as gross profit divided by revenue.

(2) Selling expenses as a percentage of revenue is defined as selling expenses divided by revenue.

(3) General and administrative expenses as a percentage of revenue is defined as general and administrative expenses divided by revenue.

## Dorel Juvenile

	Second Quarters Ended				Six Months Ended			
	June 30, 2022	June 30, 2021	Variation		June 30, 2022	June 30, 2021	Variation	
			\$	%			\$	%
Revenue	<b>218,004</b>	210,868	7,136	3.4%	<b>434,573</b>	420,723	13,850	3.3%
Cost of sales	<b>171,588</b>	156,148	15,440	9.9%	<b>339,170</b>	311,840	27,330	8.8%
Gross profit	<b>46,416</b>	54,720	(8,304)	(15.2)%	<b>95,403</b>	108,883	(13,480)	(12.4)%
Selling expenses	<b>24,639</b>	25,523	(884)	(3.5)%	<b>50,254</b>	49,113	1,141	2.3%
General and administrative expenses	<b>18,517</b>	19,398	(881)	(4.5)%	<b>46,774</b>	41,238	5,536	13.4%
Research and development expenses	<b>5,215</b>	6,168	(953)	(15.5)%	<b>10,258</b>	13,083	(2,825)	(21.6)%
Impairment loss on trade accounts receivable	<b>603</b>	638	(35)	(5.5)%	<b>722</b>	363	359	98.9%
Restructuring costs	<b>2,140</b>	897	1,243	138.6%	<b>4,558</b>	10,565	(6,007)	(56.9)%
Operating (loss) profit	<b>(4,698)</b>	2,096	(6,794)	n.m.	<b>(17,163)</b>	(5,479)	(11,684)	(213.3)%
Adjusted operating (loss) profit <sup>(1)</sup>	<b>(2,558)</b>	2,993	(5,551)	n.m.	<b>(12,605)</b>	5,086	(17,691)	n.m.
Gross margin <sup>(2)</sup>	<b>21.3%</b>	25.9%	n/a	(460) bp	<b>22.0%</b>	25.9%	n/a	(390) bp
Selling expenses as a percentage of revenue <sup>(3)</sup>	<b>11.3%</b>	12.1%	n/a	(80) bp	<b>11.6%</b>	11.7%	n/a	(10) bp
General and administrative expenses as a percentage of revenue <sup>(4)</sup>	<b>8.5%</b>	9.2%	n/a	(70) bp	<b>10.8%</b>	9.8%	n/a	100 bp

n.m. = not meaningful

n/a = not applicable

bp = basis point

(1) This is a non-GAAP financial ratio or measure with no standardized meaning prescribed by IFRS and therefore is unlikely to be comparable to similar measures presented by other issuers. Refer to the section "Definition and reconciliation of non-GAAP financial ratios and measures" in this press release.

(2) Gross margin is defined as gross profit divided by revenue.

(3) Selling expenses as a percentage of revenue is defined as selling expenses divided by revenue.

(4) General and administrative expenses as a percentage of revenue is defined as general and administrative expenses divided by revenue.

## Definition and Reconciliation of Non-GAAP Financial Ratios and Measures

Dorel is presenting in this press release certain non-GAAP financial ratios and measures, as described below. These non-GAAP financial ratios and measures do not have a standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers. These non-GAAP financial ratios and measures should not be considered in isolation or as a substitute for a measure prepared in accordance with IFRS. Contained within this press release are reconciliations of the non-GAAP financial ratios and measures to the most directly comparable financial measures calculated in accordance with IFRS.

Dorel believes that the non-GAAP financial ratios and measures used in this press release provide investors with additional information to analyze its results and to measure its financial performance by excluding the variation caused by certain items that Dorel believes do not reflect its core business performance and provides better comparability between the periods presented. Excluding these items does not imply they are necessarily non-recurring. The non-GAAP financial measures are also used by management to assess Dorel's financial performance and to make operating and strategic decisions.

### Adjustments to non-GAAP financial ratios and measures

As noted above, certain of our non-GAAP financial measures and ratios exclude the variation caused by certain adjustments that affect the comparability of Dorel's financial results and could potentially distort the analysis of trends in its business performance. Adjustments which impact more than one non-GAAP financial ratio and measure are explained below.

#### *Restructuring costs*

Restructuring costs are comprised of costs directly related to significant exit activities, including the sale of manufacturing facilities, closure of businesses, reorganization, optimization, transformation, and consolidation to improve the competitive position of the Company in the marketplace and to reduce costs and bring efficiencies, and acquisition-related costs in connection with business acquisitions. Restructuring costs are included as an adjustment of adjusted gross profit, adjusted gross margin, adjusted operating profit (loss) from continuing operations, adjusted net income (loss) from continuing operations and adjusted diluted earnings (loss) per share from continuing operations. Restructuring costs were respectively \$2.1 million and \$4.6 million for the second quarter and six months ended June 30, 2022 (2021 - \$0.9 million and \$10.6 million). Refer to the section "Restructuring costs – Continuing operations" in the MD&A for more details.

#### *Impact of acquired businesses*

The impact of acquired businesses is included as an adjustment of adjusted organic revenue growth (decline). Revenue from acquired businesses is adjusted during the first year of operation in order to get a better comparison of revenue from year-to-year. Revenue from acquired businesses were respectively \$6.2 million and \$13.1 million for the second quarter and six months ended June 30, 2022 and were all related to the acquisition of Notio Living by Dorel Home.

#### *Impact of the sale of divisions*

The impact of the sale of divisions is included as an adjustment of adjusted organic revenue growth (decline). Revenue from the sale of divisions is adjusted during the year after the disposal in order to get a better comparison of revenue from year-to-year. Revenue from the sale of divisions was \$5.4 million for the six months ended June 30, 2021 (none for the second quarter ended June 30, 2021) and was all related to the disposal of the manufacturing facility in Zhongshan, China by Dorel Juvenile.

## Adjusted gross profit and adjusted gross margin

Adjusted gross profit is calculated as gross profit excluding the impact of restructuring costs. Adjusted gross margin is a non-GAAP ratio and is calculated as adjusted gross profit divided by revenue. Dorel uses adjusted gross profit and adjusted gross margin to measure its performance from one period to the next, without the variation caused by the impacts of the items described above. Dorel also uses adjusted gross profit and adjusted gross margin on a segment basis to measure its performance at the segment level. Dorel excludes this item because it affects the comparability of its financial results and could potentially distort the analysis of trends in its business performance. Certain investors and analysts use the adjusted gross profit and adjusted gross margin to measure the business performance of the Company as a whole and at the segment level from one period to the next, without the variation caused by the impact of the restructuring costs. Excluding this item does not imply it is necessarily non-recurring. These ratios and measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to a similar measure presented by other companies.

There is no adjusted gross profit and adjusted gross margin for the second quarter and six months ended June 30, 2022 and 2021.

## Adjusted operating profit (loss) from continuing operations

Adjusted operating profit (loss) from continuing operations is calculated as operating profit (loss) from continuing operations excluding the impact of restructuring costs. Adjusted operating profit (loss) from continuing operations also excludes impairment loss on goodwill. Management uses adjusted operating profit (loss) from continuing operations to measure its performance from one period to the next, without the variation caused by the impacts of the items described above. Dorel also uses adjusted operating profit (loss) on a segment basis to measure its performance at the segment level. Dorel excludes these items because they affect the comparability of its financial results and could potentially distort the analysis of trends in its business performance. Certain investors and analysts use the adjusted operating profit (loss) from continuing operations to measure the business performance of the Company as a whole and at the segment level from one period to the next, without the variation caused by the impact of the restructuring costs and impairment loss on goodwill. Excluding these items does not imply they are necessarily non-recurring. This measure does not have any standardized meaning prescribed by IFRS and is therefore unlikely to be comparable to a similar measure presented by other companies.

	Second Quarters Ended		Six Months Ended	
	June 30, 2022	June 30, 2021 <sup>(1)</sup>	June 30, 2022	June 30, 2021 <sup>(1)</sup>
<b>From continuing operations</b>				
Operating (loss) profit from continuing operations	(9,069)	8,128	(24,532)	7,217
Adjustment for:				
Total restructuring costs	2,140	897	4,558	10,565
Adjusted operating (loss) profit from continuing operations	(6,929)	9,025	(19,974)	17,782

(1) Dorel Sports was classified as a discontinued operation as of September 30, 2021. As a result, the results of operations have been restated for comparative periods. Refer to Note 4 - Assets Held for Sale and Discontinued Operation in the condensed consolidated interim financial statements for more details.

	Second Quarters Ended		Six Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Dorel Juvenile</b>				
Operating (loss) profit	(4,698)	2,096	(17,163)	(5,479)
Adjustment for:				
Restructuring costs	2,140	897	4,558	10,565
Adjusted operating (loss) profit	(2,558)	2,993	(12,605)	5,086

## Adjusted net income (loss) from continuing operations and adjusted diluted earnings (loss) per share from continuing operations

Adjusted net income (loss) from continuing operations is calculated as net income (loss) from continuing operations excluding the impact of restructuring costs and impairment loss on goodwill, as well as income taxes expense (recovery) relating to the adjustments above. Adjusted diluted earnings (loss) per share from continuing operations is a non-GAAP ratio and is calculated as adjusted net income (loss) from continuing operations divided by the weighted average number of diluted shares. Management uses adjusted net income (loss) from continuing operations and adjusted diluted earnings (loss) per share from continuing operations to measure its performance from one period to the next, without the variation caused by the impacts of the items described above. Dorel excludes these items because they affect the comparability of its financial results and could potentially distort the analysis of trends in its business performance. Certain investors and analysts use the adjusted net income (loss) from continuing operations and adjusted diluted earnings (loss) per share to measure the business performance of the Company from one period to the next. Excluding these items does not imply they are necessarily non-recurring. These measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to a similar measure presented by other companies.

	Second Quarters Ended		Six Months Ended	
	June 30, 2022	June 30, 2021 <sup>(2)</sup>	June 30, 2022	June 30, 2021 <sup>(2)</sup>
Net loss from continuing operations	(13,596)	(1,377)	(40,814)	(14,224)
Adjustment for:				
Total restructuring costs	2,140	897	4,558	10,565
Income taxes recovery relating to the above-noted adjustments	(182)	(110)	(219)	(291)
Adjusted net loss from continuing operations	(11,638)	(590)	(36,475)	(3,950)
Basic loss per share from continuing operations	(0.42)	(0.04)	(1.25)	(0.44)
Diluted loss per share from continuing operations	(0.42)	(0.04)	(1.25)	(0.44)
Adjusted diluted loss per share from continuing operations <sup>(1)</sup>	(0.36)	(0.02)	(1.12)	(0.12)

(1) This is a non-GAAP financial ratio and it is calculated as adjusted net income (loss) from continuing operations divided by weighted average number of diluted shares.

(2) Dorel Sports was classified as a discontinued operation as of September 30, 2021. As a result, the results of operations have been restated for comparative periods. Refer to Note 4 - Assets Held for Sale and Discontinued Operation in the condensed consolidated interim financial statements for more details.

## Organic revenue growth (decline) and adjusted organic revenue growth (decline)

Organic revenue growth (decline) is calculated as revenue growth (decline) compared to the previous period, excluding the impact of varying foreign exchange rates. Adjusted organic revenue growth (decline) is calculated as revenue growth (decline) compared to the previous period, excluding the impact of varying foreign exchange rates and the impact of the acquired businesses for the first year of operation and the sale of divisions. Management modified the calculation of the adjusted organic revenue growth (decline) to remove revenue from acquired businesses for the first year of operation in order to get a better comparison of revenue from year-to-year. Management uses organic revenue growth (decline) and adjusted organic revenue growth (decline) to measure its performance from one period to the next, without the variation caused by the impacts of the items described above. Dorel excludes these items because they affect the comparability of its financial results and could potentially distort the analysis of trends in its business performance. Certain investors and analysts use organic revenue growth (decline) and adjusted organic revenue growth (decline) to measure the business performance of the Company as a whole and at the segment level from one period to the next. Excluding these items does not imply they are necessarily non-recurring. These measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to a similar measure presented by other companies.

	Second Quarters Ended June 30,											
	Consolidated				Dorel Home				Dorel Juvenile			
	2022		2021 <sup>(1)</sup>		2022		2021		2022		2021	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Revenue of the period	427,835		447,647		209,831		236,779		218,004		210,868	
Revenue of the comparative period	(447,647)		(438,317)		(236,779)		(260,674)		(210,868)		(177,643)	
Revenue (decline) growth	(19,812)	(4.4)	9,330	2.1	(26,948)	(11.4)	(23,895)	(9.2)	7,136	3.4	33,225	18.7
Impact of varying foreign exchange rates	9,922	2.2	(16,829)	(3.8)	420	0.2	(787)	(0.3)	9,502	4.5	(16,042)	(9.0)
Organic revenue (decline) growth <sup>(2)</sup>	(9,890)	(2.2)	(7,499)	(1.7)	(26,528)	(11.2)	(24,682)	(9.5)	16,638	7.9	17,183	9.7
Impact of acquired businesses	(6,235)	(1.4)	-	-	(6,235)	(2.6)	-	-	-	-	-	-
Adjusted organic revenue (decline) growth <sup>(2)</sup>	(16,125)	(3.6)	(7,499)	(1.7)	(32,763)	(13.8)	(24,682)	(9.5)	16,638	7.9	17,183	9.7

(1) Dorel Sports was classified as a discontinued operation as of September 30, 2021. As a result, the results of operations have been restated for comparative periods.

(2) This is a non-GAAP financial ratio or measure with no standardized meaning prescribed by IFRS and therefore is unlikely to be comparable to similar measures presented by other issuers. Refer to the section "Definition and reconciliation of non-GAAP financial ratios and measures" in this press release.

	Six Months Ended June 30,											
	Consolidated				Dorel Home				Dorel Juvenile			
	2022		2021 <sup>(1)</sup>		2022		2021		2022		2021	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Revenue of the period	855,870		886,200		421,297		465,477		434,573		420,723	
Revenue of the comparative period	(886,200)		(830,884)		(465,477)		(458,086)		(420,723)		(372,798)	
Revenue (decline) growth	(30,330)	(3.4)	55,316	6.7	(44,180)	(9.5)	7,391	1.6	13,850	3.3	47,925	12.9
Impact of varying foreign exchange rates	16,066	1.8	(26,759)	(3.3)	514	0.1	(1,201)	(0.2)	15,552	3.7	(25,558)	(6.9)
Organic revenue (decline) growth <sup>(2)</sup>	(14,264)	(1.6)	28,557	3.4	(43,666)	(9.4)	6,190	1.4	29,402	7.0	22,367	6.0
Impact of acquired businesses	(13,118)	(1.5)	-	-	(13,118)	(2.8)	-	-	-	-	-	-
Impact of the sale of divisions	5,404	0.6	-	-	-	-	-	-	5,404	1.4	-	-
Adjusted organic revenue (decline) growth <sup>(2)</sup>	(21,978)	(2.5)	28,557	3.4	(56,784)	(12.2)	6,190	1.4	34,806	8.4	22,367	6.0

(1) Dorel Sports was classified as a discontinued operation as of September 30, 2021. As a result, the results of operations have been restated for comparative periods.

(2) This is a non-GAAP financial ratio or measure with no standardized meaning prescribed by IFRS and therefore is unlikely to be comparable to similar measures presented by other issuers. Refer to the section "Definition and reconciliation of non-GAAP financial ratios and measures" in this press release.