FIRST QUARTERLY REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2023

Management's Discussion and Analysis

of Financial Conditions and Results of Operations

For the three months ended March 31, 2023
All figures in US dollars

This Interim Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements for Dorel Industries Inc. ("Dorel" or "the Company") as at and for the three months ended March 31, 2023 and the Company's audited consolidated financial statements and MD&A as at and for the year ended December 30, 2022. This MD&A is based on reported earnings prepared in accordance with International Financial Reporting Standards ("IFRS"), using the US dollar as the reporting currency.

The Company's condensed consolidated interim financial statements have been prepared using the same accounting policies as described in Note 3 of the Company's audited consolidated financial statements for the year ended December 30, 2022. The condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements. Certain information and footnote disclosures normally included in consolidated annual financial statements prepared in accordance with IFRS were omitted or condensed where such information is not considered material to the understanding of the Company's condensed consolidated interim financial statements.

Quarterly reports, the annual report and supplementary information filed with the Canadian securities regulatory authorities can be found online at ***www.sedar.com****, as well as on the Company's corporate website at* ***www.dorel.com****.*

Note that there have been no significant changes with regards to the "Corporate Overview", "Operating Segments", "Contractual Obligations", "Off-Balance Sheet Arrangements", or "Financial Instruments", to those outlined in the Company's 2022 annual MD&A as filed with the Canadian securities regulatory authorities on March 13, 2023. As such, they are not repeated herein. The information in this MD&A is current as of May 12, 2023.

Certain totals, subtotals and percentages may not agree due to rounding.

1. OPERATING RESULTS

All tabular figures are in thousands of US dollars, except per share amounts.

a) Macro-economic conditions

There continues to be uncertainty in the macro-economic environment, including the duration and magnitude of the COVID-19 pandemic, the ability to control resurgences and new variants worldwide and other recent macro-economic events and conditions, including inflationary pressures, changes in consumer spending, exchange rate fluctuations and increases in interest rates. These events and conditions are making it difficult to assess the future impact on Dorel's customer base, the end markets we serve as well as the impact on our business, both in the short-term and long-term. Despite these ongoing risks and uncertainties, Dorel's focus remains to closely monitor its cash position and control its spending, while managing its inventory levels in line with the unprecedented change in demand behavior since the COVID-19 pandemic started.

In addition, the war in Ukraine, which has now entered its second year, with no end in sight, has created and is expected to continue to create further global economic uncertainty. We will continue to monitor the situation closely, but to date we have not experienced any disruptions in our business operations as we do not have significant operations, customers or supplier relationships in Russia, Belarus or Ukraine. However, it is difficult to predict the broader impact of the conflict on global economies going forward and its impact on our business.

Refer to the "Consolidated operating review – Continuing operations" and "Segmented operating review" sections for further details of the impact on Dorel's business during the three months ended March 31, 2023.

b) Non-GAAP financial ratios and measures

Dorel uses non-GAAP financial ratios and measures to assess its operating performance and liquidity. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. In this MD&A, we and certain investors and analysts use non-GAAP financial ratios and measures including adjusted gross profit, adjusted gross margin, adjusted operating profit (loss), adjusted net income (loss) from continuing operations, adjusted diluted earnings (loss) per share from continuing operations, and organic revenue growth (decline) and adjusted organic revenue growth (decline) to measure our performance and financial condition from one period to the next, which excludes the variation caused by certain adjustments that could potentially distort the analysis of trends in our operating performance, and because we believe such measures provide meaningful information to investors and analysts on the Company's financial condition and financial performance. Dorel also uses non-GAAP financial ratios and measures including total debt, debt-to-equity ratio and free cash flow.

We refer the reader to section entitled "Definition and reconciliation of non-GAAP financial ratios and measures" in this MD&A for the definition and complete reconciliation of all non-GAAP financial ratios and measures used and presented by Dorel to the most directly comparable IFRS measures.

c) First quarter operating results

	First Quarters Ended			
	March 31, 2023	March 31, 2022	Variation $	%
CONTINUING OPERATIONS				
Revenue	**333,197**	428,035	(94,838)	(22.2)%
Cost of sales	**286,484**	355,850	(69,366)	(19.5)%
Gross profit	**46,713**	72,185	(25,472)	(35.3)%
Selling expenses	**31,439**	32,761	(1,322)	(4.0)%
General and administrative expenses	**36,694**	46,049	(9,355)	(20.3)%
Research and development expenses	**6,208**	6,309	(101)	(1.6)%
Impairment loss on trade accounts receivable	**414**	111	303	273.0%
Restructuring costs	**-**	2,418	(2,418)	(100.0)%
Operating loss	**(28,042)**	(15,463)	12,579	81.3%
Adjusted operating loss (1)	**(28,042)**	(13,045)	14,997	115.0%
Finance expenses	**6,240**	12,633	(6,393)	(50.6)%
Loss before income taxes	**(34,282)**	(28,096)	6,186	22.0%
Income taxes recovery	**(2,773)**	(878)	1,895	215.8%
Net loss from continuing operations	**(31,509)**	(27,218)	4,291	15.8%
Adjusted net loss from continuing operations (1)	**(31,509)**	(24,837)	6,672	26.9%
Basic loss per share from continuing operations	**(0.97)**	(0.84)	0.13	15.5%
Diluted loss per share from continuing operations	**(0.97)**	(0.84)	0.13	15.5%
Adjusted diluted loss per share from continuing operations (1)	**(0.97)**	(0.76)	0.21	27.6%
DISCONTINUED OPERATION				
Income from discontinued operation, net of tax	**-**	261,713	(261,713)	(100.0)%
Net (loss) income	**(31,509)**	234,495	(266,004)	(113.4)%
Basic (loss) earnings per share	**(0.97)**	7.20	(8.17)	(113.5)%
Diluted (loss) earnings per share	**(0.97)**	7.03	(8.00)	(113.8)%
Weighted average number of shares - Basic	**32,537,617**	32,557,326	n/a	n/a
Weighted average number of shares - Diluted	**32,537,617**	33,370,495	n/a	n/a
Gross margin (2)	**14.0%**	16.9%	n/a	(290) bp
Selling expenses as a percentage of revenue (3)	**9.4%**	7.7%	n/a	170 bp
General and administrative expenses as a percentage of revenue (4)	**11.0%**	10.8%	n/a	20 bp

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 MD&A.

(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.

d) Restructuring costs – Continuing operations

The details of restructuring costs of continuing operations are presented below:

	First Quarters Ended
	March 31, 2022
Employee severance and termination benefits	1,354
Curtailment gain on net pension defined benefit liabilities (1)	(28)
Other associated costs	1,092
Total restructuring costs - recorded within a separate line in the condensed consolidated interim income statements	2,418
(1) Non-cash expenses for a total amount of:	(28)

Restructuring costs

For the three months ended March 31, 2022, the Company recorded total restructuring costs from continuing operations of $2.4 million, all of which were recorded as restructuring costs as a separate line within the condensed consolidated interim income statements. All of the restructuring costs pertained to the Dorel Juvenile segment.

Dorel Juvenile segment

2021 Restructuring Plan

In the fourth quarter of 2021, a new restructuring program was approved for the Dorel Juvenile United States and European markets. In the United States, several operating divisions were combined into one organization. The expected principal benefits of this change were in the sales and marketing area where process harmonization and the creation of a more nimble organization was expected to reduce costs and bring efficiencies. In Europe, with the successful conclusion of the first phase of restructuring that was initiated in 2019, further cost savings opportunities were identified enabled by the supplier new product co-development program and the consolidation of manufacturing into one European factory. This restructuring program was pursued in 2022, for which additional restructuring costs were recorded, and was completed in 2022.

e) Selected financial information

The table below shows selected financial information for the eight most recently completed quarters ended:

	2023	2022				2021		
	Mar 31	Dec 30	Sep 30	Jun 30	Mar 31	Dec 30	Sep 30	Jun 30 restated (1)
Revenue from continuing operations	333,197	340,261	374,143	427,835	428,035	435,269	437,236	447,647
Net loss from continuing operations	(31,509)	(41,352)	(36,747)	(13,596)	(27,218)	(29,589)	(68,022)	(1,377)
Per share - Basic	(0.97)	(1.27)	(1.13)	(0.42)	(0.84)	(0.91)	(2.09)	(0.04)
Per share - Diluted	(0.97)	(1.27)	(1.13)	(0.42)	(0.84)	(0.91)	(2.09)	(0.04)
Net (loss) income	(31,509)	(40,954)	(36,747)	(20,831)	234,495	(19,638)	(36,951)	22,238
Per share - Basic	(0.97)	(1.26)	(1.13)	(0.64)	7.20	(0.60)	(1.14)	0.68
Per share - Diluted	(0.97)	(1.26)	(1.13)	(0.64)	7.03	(0.60)	(1.14)	0.67

(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.

For the second quarter of 2022, the decrease in net income from continuing operations compared to the second quarter of 2021 was mainly due to a decrease in the gross profit in both Dorel Home and Dorel Juvenile.

For the third quarter of 2022, the decrease in revenue compared to the third quarter of 2021 is due to a decrease in revenue in both Dorel Home and Dorel Juvenile. The decrease in the net loss from continuing operations compared to the third quarter of 2021 is mainly due to the income taxes expense of $55.7 million recorded in 2021 (compared to an income tax recovery of $2.0 million in the third quarter of 2022), partly offset by a decrease in the gross profit in both Dorel Home and Dorel Juvenile.

For the fourth quarter of 2022, the decrease in revenue compared to the fourth quarter of 2021 is due to a decrease in revenue in both Dorel Home and Dorel Juvenile. The increase in the net loss from continuing operations compared to the fourth quarter of 2021 is mainly due to a decrease in the gross profit in both Dorel Home and Dorel Juvenile.

For the first quarter of 2023, the decrease in revenue compared to the first quarter of 2022 is due to a decrease in revenue in both Dorel Home and Dorel Juvenile. The decrease in the net income compared to the first quarter of 2022 is mainly due to the income from discontinued operation, net of tax recorded in the first quarter of 2022.

f) Consolidated operating review – Continuing operations

Revenue, organic revenue and adjusted organic revenue (decline) growth:

	First Quarters Ended March 31,											
	Consolidated				**Dorel Home**				**Dorel Juvenile**			
	2023		2022		**2023**		2022		**2023**		2022	
	$	**%**	$	%	**$**	**%**	$	%	**$**	**%**	$	%
Revenue of the period	**333,197**		428,035		**133,172**		211,466		**200,025**		216,569	
Revenue of the comparative period	**(428,035)**		(438,553)		**(211,466)**		(228,698)		**(216,569)**		(209,855)	
Revenue (decline) growth	**(94,838)**	**(22.2)**	(10,518)	(2.4)	**(78,294)**	**(37.0)**	(17,232)	(7.5)	**(16,544)**	**(7.6)**	6,714	3.2
Impact of varying foreign exchange rates	**4,957**	**1.2**	6,232	1.4	**641**	**0.3**	86	-	**4,316**	**2.0**	6,146	2.9
Organic revenue (decline) growth (1)	**(89,881)**	**(21.0)**	(4,286)	(1.0)	**(77,653)**	**(36.7)**	(17,146)	(7.5)	**(12,228)**	**(5.6)**	12,860	6.1
Impact of acquired businesses	**-**	**-**	(6,883)	(1.6)	**-**	**-**	(6,883)	(3.0)	**-**	**-**	-	-
Impact of the sale of divisions	**-**	-	5,311	1.2	**-**	**-**	-	-	**-**	**-**	5,311	2.8
Adjusted organic revenue (decline) growth (1)	**(89,881)**	**(21.0)**	(5,858)	(1.4)	**(77,653)**	**(36.7)**	(24,029)	(10.5)	**(12,228)**	**(5.6)**	18,171	8.9

(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 MD&A.

Revenue

For the first quarter of 2023, Dorel's revenue decreased by $94.8 million, or 22.2%, to $333.2 million compared to $428.0 million a year ago. Organic revenue declined by approximately 21.0%, after removing the variation of foreign exchange rates year-over-year. The revenue and organic revenue declines were in both Dorel Home and Dorel Juvenile. In Dorel Home, the revenue and organic revenue decline was in all divisions and is mainly explained by reduced online sales from overall lower online consumer demand and reduced sales in the brick-and-mortar channel from the overall high in-store inventory at many retailers. In Dorel Juvenile, the revenue and organic revenue decline was mainly in the U.S., Chilean and Australian markets offset in part by improvements in the European and Canadian markets. In addition, first quarter revenue was negatively impacted by the network security incident in the amount of $13.0 million that occurred towards the end of the quarter.

Gross profit and gross margin

Gross profit for the first quarter decreased by $25.5 million, or 35.3%, compared to last year. Gross margin for the first quarter declined by 290 basis points as a percentage of revenue to 14.0% compared to 16.9% last year. The decline in the quarter was in both Dorel Home and Dorel Juvenile. In Dorel Home, the gross profit and gross margin declines were mainly due to the reduced sales volume, higher cost inventories, promotional pricing, as well as less factory overhead absorption from the lower domestic manufacturing activity due to reduced sales. In Dorel Juvenile, the decline in gross profit in the first quarter was mainly due to the reduced sales volume offset in part by favorable foreign exchange and higher factory overhead absorption in the U.S.

Selling expenses

Selling expenses for the first quarter decreased by $1.3 million, or 4.0%, to $31.4 million compared to the prior year. The decrease in the quarter was mainly due to decreased commissions from lower sales in Dorel Home and lower marketing and promotional expenses in Dorel Juvenile.

General and administrative expenses

General and administrative expenses, at $36.7 million, decreased in the first quarter by $9.4 million, or 20.3% compared to the prior year. The decrease in the quarter was mainly driven by lower product liability insurance costs in both Dorel Home and Dorel Juvenile.

Research and development expenses

Research and development expenses remained comparable to last year's first quarter.

Impairment loss on trade accounts receivable

Impairment loss on trade accounts receivable increased in the first quarter by $0.3 million due to the impairment loss allowance for a customer that entered bankruptcy protection in Dorel Juvenile. Dorel Home's impairment loss (reversal) on trade accounts receivable remained comparable to last year's first quarter.

Operating loss

For the first quarter, Dorel reported an operating loss of $28.0 million compared to $15.5 million in 2022. Excluding restructuring costs, adjusted operating loss increased by $15.0 million to $28.0 million from $13.0 million last year. The increase in the operating loss was mainly due to the decrease in gross profit dollars from the lower sales as well as the lower gross margin in percentage of revenue, partly offset by the overall lower expenses as detailed above. In addition, the operating loss was negatively impacted by the network security incident in the amount of $4.0 million.

Finance expenses

Details of finance expenses are summarized below:

	First Quarters Ended			
	March 31, 2023	March 31, 2022	Variation $	%
Interest on long-term debt - including effect of cash flow hedge related to the interest rate swaps and the accreted interest related to long-term debt bearing interest at fixed rates	**3,419**	4,966	(1,547)	(31.2)%
Interest on lease liabilities	**1,646**	912	734	80.5%
Prepayment fee on reimbursement of the senior unsecured notes	**-**	6,375	(6,375)	(100.0)%
Other interest	**1,175**	380	795	209.2%
Finance expenses	**6,240**	12,633	(6,393)	(50.6)%

n/a = not applicable

Finance expenses decreased by $6.4 million to $6.2 million during the first quarter compared to last year. The decrease is mainly explained by the prepayment fee on the reimbursement of the senior unsecured notes in the amount of $6.4 million following the sale of Dorel Sports during the first quarter of 2022.

Income taxes recovery

For the three months ended March 31, 2023, the Company's effective tax rate was 8.1% compared to 3.1% for the same period in the prior year. As a multi-national company, Dorel is resident in numerous countries and therefore subject to different tax rates in those various tax jurisdictions and by the interpretation and application of tax laws, as well as the application of income tax treaties between various countries. As such, significant variations can occur from year-to-year and between quarters within a given year.

The effective tax rates for the three months ended March 31, 2023 and 2022 were primarily impacted by the non-recognition of tax benefits related to tax losses and temporary differences.

The variation year-over-year for the three months ended March 31, 2023 and 2022 also results from changes in the jurisdictions in which the Company generates its income.

Net loss from continuing operations

During the first quarter of 2023, the net loss from continuing operations was $31.5 million, or $0.97 per diluted share compared with $27.2 million, or $0.84 per diluted share in 2022. Excluding restructuring costs, adjusted net loss from continuing operations for the quarter was $31.5 million, or $0.97 per diluted share compared with $24.8 million, or $0.76 per diluted share a year ago.

g) Segmented operating review

Segmented figures are presented in Note 14 of the Company's condensed consolidated interim financial statements. Further reporting segment detail is presented below.

Dorel Home

	First Quarters Ended			
	March 31, 2023	March 31, 2022	Variation $	**%**
Revenue	**133,172**	211,466	(78,294)	(37.0)%
Cost of sales	**131,252**	188,268	(57,016)	(30.3)%
Gross profit	**1,920**	23,198	(21,278)	(91.7)%
Selling expenses	**6,308**	6,962	(654)	(9.4)%
General and administrative expenses	**8,150**	9,443	(1,293)	(13.7)%
Research and development expenses	**1,325**	1,266	59	4.7%
Impairment loss (reversal) on trade accounts receivable	**18**	(8)	26	325.0%
Operating (loss) profit	**(13,881)**	5,535	(19,416)	(350.8)%
Gross margin (1)	**1.4%**	11.0%	n/a	(960) bp
Selling expenses as a percentage of revenue (2)	**4.7%**	3.3%	n/a	140 bp
General and administrative expenses as a percentage of revenue (3)	**6.1%**	4.5%	n/a	160 bp

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 Home's first quarter revenue declined by $78.3 million, or 37.0%, to $133.2 million from $211.5 million last year. Organic revenue declined by approximately 36.7%, after removing the impact of varying foreign exchange rates year-over-year. The decline in revenue in the first quarter, which represents the second sequential quarter of marked declines, is explained by reduced online sales from the overall lower online consumer demand and reduced sales in the brick-and-mortar channel due in part to overall high in-store inventory at retailers. The overall high in-store inventory at retailers is due to poor POS sales in most product categories. Although inflation is continuing its downward trend, prices for everyday consumer goods remain high, and this has led consumers to delay or reduce spending on furniture items.

Gross profit for the first quarter decreased by $21.3 million, or 91.7%, compared to last year's first quarter. Gross margin at 1.4% in the first quarter declined by 960 basis points from last year's first quarter. The first quarter decline was due to continued promotional incentive offerings in most product categories to increase sales and reduce inventory levels. In addition, the decline was due to increased board and overseas finished goods costs, reduced sales volume, and reduced online business that generates higher margins. Also, margins were negatively impacted by lower domestic manufacturing activity from lower sales that led to less factory overhead absorption.

Selling expenses for the first quarter were lower by $0.7 million, or 9.4%, compared to last year's first quarter. The decrease in the quarter is mainly explained by decreased commissions from lower sales.

General and administrative expenses for the first quarter were lower by $1.3 million, or 13.7%, compared to last year's first quarter. The decrease in the quarter is mainly explained by decreased product liability insurance costs.

Research and development expenses remained comparable to last year's first quarter.

Similarly, the impairment loss (reversal) on trade accounts receivable also remained comparable to last year's first quarter.

Dorel Home's operating profit declined by $19.4 million for the quarter to an operating loss of $13.9 million from an operating profit of $5.5 million last year. The decline was mainly due to the decline in revenue and lower gross margin in percentage of revenue offset in part by the decreases in operating expenses, as detailed above.

Dorel Juvenile

	First Quarters Ended			
	March 31, 2023	March 31, 2022	Variation $	**%**
Revenue	**200,025**	216,569	(16,544)	(7.6)%
Cost of sales	**155,232**	167,582	(12,350)	(7.4)%
Gross profit	**44,793**	48,987	(4,194)	(8.6)%
Selling expenses	**25,131**	25,615	(484)	(1.9)%
General and administrative expenses	**23,306**	28,257	(4,951)	(17.5)%
Research and development expenses	**4,883**	5,043	(160)	(3.2)%
Impairment loss on trade accounts receivable	**396**	119	277	232.8%
Restructuring costs	**-**	2,418	(2,418)	(100.0)%
Operating loss	**(8,923)**	(12,465)	(3,542)	(28.4)%
Adjusted operating loss (1)	**(8,923)**	(10,047)	(1,124)	(11.2)%
Gross margin (2)	**22.4%**	22.6%	n/a	(20) bp
Selling expenses as a percentage of revenue (3)	**12.6%**	11.8%	n/a	80 bp
General and administrative expenses as a percentage of revenue (4)	**11.7%**	13.0%	n/a	(130) bp

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 MD&A.

(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.

Dorel Juvenile's first quarter revenue declined by $16.5 million, or 7.6%, to $200.0 million. Organic revenue declined by approximately 5.6%, after removing the impact of varying foreign exchange rates year-over-year. The decline in revenue and organic revenue in the first quarter was most significant in the U.S. market, one-half of which was due to the reduction in revenue from the network security incident. The balance of the U.S. decline was due to lower brick and mortar sales, partially offset by e-commerce increases. Revenues also declined slightly in Chile where consumer demand is down. Finally, Australian revenue declined due to the phasing of sales varying year-over-year. These declines were partially offset by improvements in the European and Canadian markets. In Europe, despite the reduction in revenue from the network security incident, the revenue improvement was in most markets led by the e-commerce channel. In Canada, revenue improved as last year's first quarter revenue was impacted by severe product shortages due to supply chain issues.

Gross profit for the first quarter decreased by $4.2 million, or 8.6%, compared to last year's first quarter. First quarter gross margin was 22.4%, representing a decline of 20 basis points from 22.6% last year. The decline in gross profit in the first quarter was mainly due to the reduced sales volume offset in part by favorable foreign exchange and higher factory overhead absorption in the U.S.

Selling expenses in the first quarter decreased by $0.5 million, or 1.9%, to $25.1 million, however, increased by 80 basis points as a percentage of revenue due to the reduced sales volume. The decline in selling expenses is mainly explained by overall lower marketing and promotional expenses.

General and administrative expenses for the first quarter decreased by $5.0 million, or 17.5%, to $23.3 million, representing a decrease of 130 basis points as a percentage of revenue. The decrease is mainly due to lower product liability insurance costs.

Research and development expenses remained comparable to last year's first quarter.

Impairment loss on trade accounts receivable was $0.4 million during the first quarter of 2023 compared to $0.1 million in 2022. The increase was due to the impairment loss allowance for a customer that entered bankruptcy protection.

Restructuring costs decreased by $2.4 million compared to last year's first quarter. The decrease is mainly attributable to the restructuring plan that was initiated in a prior year and completed in 2022. Refer to "Restructuring costs" within the operating results section for further details.

Operating loss was $8.9 million during the first quarter compared to $12.5 million in 2022. Excluding restructuring costs, adjusted operating loss declined by $1.1 million to $8.9 million from $10.0 million in 2022. The decrease in operating loss in the quarter is mainly explained by the overall decrease in operating expenses offset in part by the decline in gross profit as detailed above.

2. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

a) ***Selected information from the consolidated statements of financial position***

	March 31, 2023	December 30, 2022
Assets		
Current assets	**611,691**	679,161
Assets held for sale	**2,711**	2,676
	614,402	681,837
Non-current assets	**380,166**	378,611
Total assets	**994,568**	1,060,448
Liabilities		
Current liabilities	**365,304**	375,084
Non-current liabilities	**377,929**	404,220
Equity	**251,335**	281,144

Compared to December 30, 2022, Dorel's total current assets decreased mainly as a result of:

- a decrease in trade accounts receivable of $18.1 million of which $1.5 million was in Dorel Juvenile and $16.6 million was in Dorel Home, and is mainly due to the overall reduced sales and the timing of collection of accounts receivable from customers; and
- a decrease in inventories of $47.9 million of which $27.2 million was in Dorel Juvenile and $20.7 million was in Dorel Home mainly from the continuing efforts to further reduce inventories and move out existing high-cost items.

Compared to December 30, 2022, Dorel's total current liabilities decreased mainly as a result of:
- a decrease in trade and other payables in the amount of $9.5 million due to the timing of payments to suppliers.

Compared to December 30, 2022, Dorel's total non-current liabilities decreased mainly as a result of:
- a decrease in long-term debt in the amount of $20.0 million.

b) Debt-to-equity ratio

	March 31, 2023	December 30, 2022
Long-term debt	**237,141**	256,730
Bank indebtedness	**9,727**	11,946
Total debt	**246,868**	268,676
Equity	**251,335**	281,144
Debt-to-equity ratio (1)	**0.98**	0.96

(1) This is a non-GAAP financial ratio 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 MD&A.

The debt-to-equity ratio compared to December 30, 2022 is comparable.

c) Cash flow

	First Quarters Ended		
	March 31, 2023	March 31, 2022	Variation $
Cash flow provided by (used in):			
Operating activities	**36,995**	(100,808)	137,803
Financing activities	**(32,199)**	(638,119)	605,920
Investing activities	**(6,419)**	726,256	(732,675)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**(1,711)**	(7,074)	5,363
Net decrease in cash and cash equivalents	**(3,334)**	(19,745)	16,411

Cash flow provided by (used in) operating activities

For the first quarter of 2023, cash flow provided by operating activities was $37.0 million compared to cash flow used in operating activities of $100.8 million last year. This represented a year-over-year increase in cash flow provided by operating activities of $137.8 million.

The increase in the cash flow provided by operating activities compared to 2022 is mainly explained by a net positive change in balances related to operations due to the net positive change in trade accounts receivable, inventories and trade and other payables. The net positive change in trade accounts receivable is mainly due to the timing of the collection of accounts receivable from customers, the net positive change in inventories is due to the lower inventory levels overall and the net positive change in trade and other payables is due to the lower inventory levels overall and the timing of payments to suppliers. In addition, last year's first quarter cash flow used in operations included the payment of the income taxes, following the tax judgment in 2021.

Free cash flow

	First Quarters Ended		
	March 31, 2023	March 31, 2022	Variation
Cash provided by (used in) operating activities	**36,995**	(100,808)	137,803
Less:			
Dividends paid	**-**	(390,642)	390,642
Shares repurchased	**-**	(499)	499
Additions to property, plant and equipment	**(4,686)**	(4,857)	171
Disposals of property, plant and equipment	**8**	37	(29)
Additions to intangible assets	**(1,741)**	(1,741)	-
Net proceeds on sale of the Sports segment	**-**	758,962	(758,962)
Free cash flow (1)	**30,576**	260,452	(229,876)

(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 MD&A.

Cash flow used in financing activities

When compared to 2022, cash flow used in financing activities decreased by $605.9 million to $32.2 million. Last year’s cash flow used in financing activities included the repayment of long-term debt in the amount of $231.0 million and the payment of the special dividend in the amount of $390.6 million from the proceeds of the sale of Dorel Sports that was completed in the first quarter last year.

Cash flow (used in) provided by investing activities

Cash flow provided by investing activities decreased by $732.7 million and is mainly explained by the net proceeds from the sale of Dorel Sports in the amount of $759.0 million that was completed in the first quarter last year.

3. CRITICAL ACCOUNTING ESTIMATES

While preparing the condensed consolidated interim financial statements for the three months ended March 31, 2023, management exercised judgment in connection with the uncertainty in the macro-economic environment, including the duration and magnitude of the COVID-19 pandemic, the ability to control resurgences and new variants worldwide and other recent macro-economic events and conditions, including inflationary pressures, changes in consumer spending, exchange rate fluctuations and increases in interest rates on the Company’s reported assets, liabilities, revenue and expenses, and on the related disclosures, using estimates and assumptions which are subject to significant uncertainties. The extent to which the uncertainty in the macro-economic environment will impact the Company’s business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted at this time. Accordingly, actual results could differ materially from the uncertainty in the macro-economic environment-related estimates and assumptions made by management in the preparation of the condensed consolidated interim financial statements.

4. FUTURE ACCOUNTING CHANGES

New standards and amendments to existing standards have been issued by the IASB, which are mandatory but not yet effective for the three months ended March 31, 2023. The new standards and amendments have not been applied in preparing the condensed consolidated interim financial statements. The Company is currently evaluating the impact of adopting the new standards and amendments on the Company’s consolidated financial statements. Refer to Note 3 – Future Accounting Changes in our condensed consolidated interim financial statements for more details.

5. OTHER INFORMATION

The designation, number and amount of each class and series of Dorel's shares outstanding as of May 11, 2023 are as follows:

- An unlimited number of preferred shares without nominal or par value, issuable in series and fully paid;
- An unlimited number of Class "A" Multiple Voting Shares without nominal or par value, convertible at any time at the option of the holder into Class "B" Subordinate Voting Shares on a one-for-one basis; and
- An unlimited number of Class "B" Subordinate Voting Shares without nominal or par value, convertible into Class "A" Multiple Voting Shares, under certain circumstances, if an offer is made to purchase the Class "A" shares.

Details of the issued and outstanding shares are as follows:

Class "A"		Class "B"		Total
Number	$('000)	Number	$('000)	$('000)
4,149,085	1,748	28,388,532	203,865	205,613

Outstanding Deferred Share Units and cash-settled Restricted Share Units are disclosed in Note 10 of Dorel's condensed consolidated interim financial statements. There were no significant changes to these values in the period between the quarter-end and the date of the preparation of this MD&A.

6. DISCLOSURE CONTROLS AND PROCEDURES, AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the first quarter ended March 31, 2023, Dorel has made no change that has materially affected or is likely to materially affect Dorel's internal controls over financial reporting.

7. CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements included in this MD&A 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 macro-economic environment, including the duration and magnitude of the COVID-19 pandemic, the ability to control resurgences and new variants worldwide and other recent macro-economic events and conditions, including inflationary pressures, changes in consumer spending, exchange rate fluctuations and increases in interest rates 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 MD&A 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 MD&A 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 macro-economic environment;
- foreign currency fluctuations, including high levels of volatility in foreign currencies with respect to the US dollar reflecting uncertainties related to the macro-economic environment;

- 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 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 macro-economic environment;
- failures related to information technology systems;
- changes in assumptions in the valuation of goodwill and other intangible assets and any future decline in market capitalization;
- there being no certainty that the Company will declare any dividend in the future;
- increased exposure to cybersecurity risks as a result of remote work by the Company's employees;
- the Company's ability to protect its current and future technologies and products and to defend its intellectual property rights;
- potential damage to the Company's reputation; and
- the effect of climate change on the Company.

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.

8. DEFINITION AND RECONCILIATION OF NON-GAAP FINANCIAL RATIOS AND MEASURES

Dorel is presenting in this MD&A 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 MD&A 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 MD&A 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 $2.4 million for the three months ended March 31, 2022 (none in 2023). Refer to the section "Restructuring costs – Continuing operations" in this 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 was $6.9 million for the three months ended March 31, 2022 and was 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 $5.3 million for the three months ended March 31, 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 are no adjusted gross profit and adjusted gross margin for the three months ended March 31, 2023 and 2022.

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.

	First Quarters Ended	
From continuing operations	**March 31, 2023**	March 31, 2022
Operating loss from continuing operations	**(28,042)**	(15,463)
Adjustment for:		
Total restructuring costs	**-**	2,418
Adjusted operating loss from continuing operations	**(28,042)**	(13,045)

Dorel Juvenile	First Quarters Ended March 31, 2023	March 31, 2022
Operating loss	**(8,923)**	(12,465)
Adjustment for:		
Restructuring costs	**-**	2,418
Adjusted operating loss	**(8,923)**	(10,047)

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 from continuing operations 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.

	First Quarters Ended March 31, 2023	March 31, 2022
Net loss from continuing operations	**(31,509)**	(27,218)
Adjustment for:		
Total restructuring costs	**-**	2,418
Income taxes recovery relating to the above-noted adjustments	**-**	(37)
Adjusted net loss from continuing operations	**(31,509)**	(24,837)
Basic loss per share from continuing operations	**(0.97)**	(0.84)
Diluted loss per share from continuing operations	**(0.97)**	(0.84)
Adjusted diluted loss per share from continuing operations (1)	**(0.97)**	(0.76)

(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.

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.

Refer to the reconciliation of organic revenue growth (decline) and adjusted organic revenue growth (decline) in the section 1.f) Consolidated operating review – Continuing operations of this MD&A.

Total debt and debt-to-equity ratio

Total debt is defined as long-term debt (including any current portion) and bank indebtedness. Dorel uses total debt to calculate the debt-to-equity ratio. Management and certain investors and analysts use total debt and the debt-to-equity ratio to measure the financial leverage of Dorel. 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.

Refer to the reconciliation of total debt and debt to equity ratio in the section 2.b) Debt-to-equity ratio of this MD&A.

Free cash flow

Free cash flow is defined as cash provided by (used in) operating activities less dividends paid, shares repurchased, acquisition of businesses, additions to property, plant and equipment, additions to intangible assets, including disposals of property, plant and equipment, net proceeds on sale of assets held for sale and gross proceeds on sale of subsidiaries. Dorel considers free cash flow to be an important indicator of the financial strength and performance of its business because it shows how much cash is available after capital expenditures to repay debt and to reinvest in its business, to pursue business acquisitions, and/or to redistribute to its shareholders. Certain investors and analysts use the free cash flow measure to value a business and its underlying assets. 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.

Refer to the reconciliation of free cash flow in the section 2.c) Cash flow of this MD&A.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

ALL FIGURES IN THOUSANDS OF US $ (UNAUDITED)

	As at March 31, 2023	As at December 30, 2022
ASSETS		
Current assets		
Cash and cash equivalents (Note 13)	$ 29,075	$ 32,409
Trade accounts receivable	174,934	193,030
Inventories (Note 6)	373,560	421,478
Income taxes receivable	3,702	4,638
Other assets	30,420	27,606
	611,691	679,161
Assets held for sale (Note 4 d))	2,711	2,676
	614,402	681,837
Non-current assets		
Property, plant and equipment	86,385	87,350
Right-of-use assets	136,788	142,427
Intangible assets	65,319	67,087
Goodwill	45,294	45,205
Deferred tax assets (Note 12 c))	31,972	28,536
Other assets	14,408	8,006
	380,166	378,611
	$ 994,568	$ 1,060,448
LIABILITIES		
Current liabilities		
Bank indebtedness	$ 9,727	$ 11,946
Trade and other payables	270,152	279,620
Lease liabilities	34,169	33,293
Income taxes payable (Note 12 c))	1,571	1,849
Long-term debt (Note 7)	7,005	6,591
Provisions	37,220	36,613
Other liabilities	5,460	5,172
	365,304	375,084
Non-current liabilities		
Lease liabilities	123,445	129,601
Long-term debt (Note 7)	230,136	250,139
Net pension and post-retirement defined benefit liabilities	10,378	10,866
Deferred tax liabilities (Note 12 c))	7,726	7,773
Provisions	2,263	2,234
Other liabilities	3,981	3,607
	377,929	404,220
EQUITY		
Share capital (Note 9)	205,613	205,613
Contributed surplus	36,395	36,395
Accumulated other comprehensive loss	(45,557)	(47,257)
Other equity	27,759	27,759
Retained earnings	27,125	58,634
	251,335	281,144
	$ 994,568	$ 1,060,448

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENTS

ALL FIGURES IN THOUSANDS OF US $, EXCEPT PER SHARE AMOUNTS (UNAUDITED)

	Three Months Ended	
	March 31, 2023	March 31, 2022
CONTINUING OPERATIONS		
REVENUE (Note 14)	$ 333,197	$ 428,035
Cost of sales (Note 6)	286,484	355,850
GROSS PROFIT	46,713	72,185
Selling expenses	31,439	32,761
General and administrative expenses	36,694	46,049
Research and development expenses	6,208	6,309
Impairment loss on trade accounts receivable	414	111
Restructuring costs (Note 5)	–	2,418
OPERATING LOSS	(28,042)	(15,463)
Finance expenses (Note 12 a))	6,240	12,633
LOSS BEFORE INCOME TAXES	(34,282)	(28,096)
Income taxes expense (recovery) (Note 12 c))		
Current	661	66
Deferred	(3,434)	(944)
	(2,773)	(878)
NET LOSS FROM CONTINUING OPERATIONS	$ (31,509)	$ (27,218)
DISCONTINUED OPERATION		
Income from discontinued operation, net of tax (Note 4 b))	–	261,713
NET (LOSS) INCOME	$ (31,509)	$ 234,495
(LOSS) EARNINGS PER SHARE (Note 11)		
Basic	$ (0.97)	$ 7.20
Diluted	$ (0.97)	$ 7.03
LOSS PER SHARE – CONTINUING OPERATIONS (Note 11)		
Basic	$ (0.97)	$ (0.84)
Diluted	$ (0.97)	$ (0.84)

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

ALL FIGURES IN THOUSANDS OF US $ (UNAUDITED)

	Three Months Ended	
	March 31, 2023	March 31, 2022
NET (LOSS) INCOME	$ (31,509)	$ 234,495
OTHER COMPREHENSIVE INCOME:		
Items that are or may be reclassified subsequently to net income:		
Cumulative translation account:		
Net change in unrealized foreign currency gains on translation of net investments in foreign operations, net of tax of nil	1,752	13,514
Net (losses) gains on hedge of net investments in foreign operations, net of tax of nil	(950)	1,138
Reclassification of CTA upon the sale of the Sports segment (Note 4 a))	–	51,657
	802	66,309
Net changes in cash flow hedges:		
Net change in unrealized (losses) gains on derivatives designated as cash flow hedges	(242)	1,875
Reclassification to net (loss) income	(269)	55
Reclassification to the related non-financial asset	427	(100)
Deferred income taxes	72	(533)
	(12)	1,297
Items that will not be reclassified to net income:		
Defined benefit plans:		
Remeasurements of the net pension and post-retirement defined benefit liabilities	941	(78)
Deferred income taxes	(31)	(300)
	910	(378)
TOTAL OTHER COMPREHENSIVE INCOME	1,700	67,228
TOTAL COMPREHENSIVE (LOSS) INCOME	$ (29,809)	$ 301,723

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

ALL FIGURES IN THOUSANDS OF US $ (UNAUDITED)

	Attributable to equity holders of the Company							
			Accumulated other comprehensive loss					
	Share Capital	Contributed Surplus	Cumulative Translation Account	Cash Flow Hedges	Defined Benefit Plans	Other Equity	Retained Earnings	Total Equity
Balance as at December 30, 2021	$ 204,737	$ 32,287	$ (103,166)	$ (1,131)	$ (10,800)	$ 27,759	$ 319,314	$ 469,000
Total comprehensive income:								
Net income	–	–	–	–	–	–	234,495	234,495
Other comprehensive income	–	–	66,309	1,297	(378)	–	–	67,228
	–	–	66,309	1,297	(378)	–	234,495	301,723
Reclassification from contributed surplus due to settlement of deferred share units (Notes 9 and 10)	1,222	(2,141)	–	–	–	–	–	(919)
Share-based payments (Note 10)	–	33	–	–	–	–	–	33
Repurchase and cancellation of shares (Note 9)	(499)	–	–	–	–	–	–	(499)
Dividends on common shares (Note 9)	–	–	–	–	–	–	(390,642)	(390,642)
Dividends on deferred share units (Note 9)	–	6,001	–	–	–	–	(6,001)	–
Balance as at March 31, 2022	$ 205,460	$ 36,180	$ (36,857)	$ 166	$ (11,178)	$ 27,759	$ 157,166	$ 378,696
Balance as at December 30, 2022	$ 205,613	$ 36,395	$ (43,882)	$ 665	$ (4,040)	$ 27,759	$ 58,634	$ 281,144
Total comprehensive loss:								
Net loss	–	–	–	–	–	–	(31,509)	(31,509)
Other comprehensive income	–	–	802	(12)	910	–	–	1,700
	–	–	802	(12)	910	–	(31,509)	(29,809)
Balance as at March 31, 2023	$ 205,613	$ 36,395	$ (43,080)	$ 653	$ (3,130)	$ 27,759	$ 27,125	$ 251,335

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

ALL FIGURES IN THOUSANDS OF US $ (UNAUDITED)

	Three Months Ended	
	March 31, 2023	March 31, 2022
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net (loss) income	$ (31,509)	$ 234,495
Items not involving cash:		
Depreciation and amortization (Note 12 b))	17,811	15,743
Unrealized losses arising on financial assets and financial liabilities classified at fair value through profit or loss	52	486
Share-based payments (Note 10)	–	33
Defined benefit pension and post-retirement costs	569	1,149
Net gain on disposal of property, plant and equipment and on lease modifications	(6)	(33)
Gain on sale of the Sports segment (Note 4 a))	–	(267,569)
Restructuring costs (Note 5)	–	(28)
Finance expenses (Note 12 a))	6,240	12,910
Income taxes (recovery) expense	(2,773)	2,812
Net changes in balances related to operations (Note 13)	52,636	(53,528)
Income taxes paid	(742)	(43,047)
Income taxes received	776	90
Interest paid	(6,297)	(4,685)
Interest received	238	364
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	36,995	(100,808)
FINANCING ACTIVITIES		
Net decrease of bank indebtedness	(2,055)	(700)
Repayments of long-term debt (Note 7)	(20,499)	(230,971)
Financing costs	(87)	(43)
Prepayment fee (Note 12 a))	–	(6,375)
Net proceeds (payment) from settlement of interest rate swaps	272	(276)
Payments of lease liabilities	(9,830)	(8,613)
Shares repurchased (Note 9)	–	(499)
Dividends on common shares (Note 9)	–	(390,642)
CASH USED IN FINANCING ACTIVITIES	(32,199)	(638,119)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(4,686)	(4,857)
Disposals of property, plant and equipment	8	37
Additions to intangible assets	(1,741)	(1,741)
Net proceeds on sale of the Sports segment (Note 4 a))	–	758,962
Deconsolidation of cash and cash equivalents related to the Sports segment (Note 4 a))	–	(26,145)
CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(6,419)	726,256
Effect of foreign currency exchange rate changes on cash and cash equivalents	(1,711)	(7,074)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,334)	(19,745)
Cash and cash equivalents, beginning of period	32,409	52,166
CASH AND CASH EQUIVALENTS, END OF PERIOD (Note 13)	$ 29,075	$ 32,421

See accompanying notes to the condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

Dorel Industries Inc. (the "Company") is a global consumer products company which designs, manufactures or sources, markets and distributes a diverse portfolio of powerful product brands through its Dorel Home and Dorel Juvenile segments. The principal geographic markets for the Company's products are the United States, Europe, Latin America, Canada and Asia. The Company, whose shares are traded on the Toronto Stock Exchange ("TSX"), is incorporated and domiciled in Canada. The registered office is in Westmount, Québec.

The Company's reporting segments are based on two distinctive lines of activities which include:

Reporting segment	Principal revenue generating activities
Dorel Home	From the sale of ready-to-assemble furniture and home furnishings which include metal folding furniture, futons, children's furniture, step stools, hand trucks, ladders, outdoor furniture and other imported furniture items.
Dorel Juvenile	From the sale of children's accessories which include infant car seats, strollers, high-chairs and infant health and safety aids.

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND MEASUREMENT

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* as adopted by the International Accounting Standards Board ("IASB"), using the US dollar as the reporting currency. The US dollar is the functional currency of the Canadian parent company. All financial information is presented in US dollars and has been rounded to the nearest thousand, unless otherwise indicated. These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and with the same accounting policies and methods of computation followed in the most recent audited consolidated annual financial statements as at and for the year ended December 30, 2022. The condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements. Certain information and footnote disclosures normally included in consolidated annual financial statements prepared in accordance with IFRS were omitted or condensed where such information is not considered material to the understanding of the Company's condensed consolidated interim financial statements.

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2022 audited consolidated annual financial statements.

While preparing these condensed consolidated interim financial statements, management exercised judgment in connection with the uncertainty in the macro-economic environment, including the duration and magnitude of the COVID-19 pandemic, the ability to control resurgences and new variants worldwide and other recent macro-economic events and conditions, including inflationary pressures, changes in consumer spending, exchange rate fluctuations and increases in interest rates on the Company's reported assets, liabilities, revenue and expenses, and on the related disclosures, using estimates and assumptions which are subject to significant uncertainties. The extent to which the uncertainty in the macro-economic environment will impact the Company's business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted at this time. Accordingly, actual results could differ materially from the uncertainty in the macro-economic environment-related estimates and assumptions made by management in the preparation of these condensed consolidated interim financial statements.

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND MEASUREMENT (continued)

The condensed consolidated interim financial statements have been prepared on a historical basis except for:

	Measurement basis
Derivative financial instruments	Fair value
Share-based payment arrangements	In accordance with IFRS 2, *Share-Based Payment*
Assets held for sale	At the lower of the carrying amount and fair value less costs to sell
Business combinations: identifiable assets acquired and liabilities assumed	At fair value at acquisition date
Net pension and post-retirement defined benefit liabilities	Net total of plan assets measured at fair value less the discounted present value of the defined benefit obligations
Lease liabilities	Present value of future lease payments
Debt	Present value of future debt payments
Product Liability	Present value of the outflow of resources required to settle the obligation

These condensed consolidated interim financial statements were authorized by the Company's Board of Directors for issue on May 12, 2023.

The results of operations for the interim period are not necessarily indicative of the results of operations for the full year.

3. FUTURE ACCOUNTING CHANGES

New standards and amendments to existing standards have been issued by the IASB, which are mandatory but not yet effective for the three months ended March 31, 2023. The new standards and amendments have not been applied in preparing these condensed consolidated interim financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented. The Company is currently evaluating the impact of adopting the amendment on the Company's consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)
The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the impact of adopting the amendment on the Company's consolidated financial statements.

Accounting Policy Disclosures (Amendments to IAS 1)
The amendments change the requirements with regards to disclosure of accounting policies. The amendments require companies to disclose the material accounting policies rather than the significant accounting policies and also clarify that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed. The amendments apply for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted. The adoption of the amendments is not expected to have a material impact on the Company's consolidated financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments apply for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted. The adoption of the amendments is not expected to have a material impact on the Company's consolidated financial statements.

4. ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

On October 11, 2021, the Company entered into a definitive agreement to sell its Sports segment to Pon Holdings B.V. for total consideration of $810,000 in cash, payable to Dorel at closing. The sale was subject to customary closing conditions, including receipt of applicable regulatory approvals and the absence of any material adverse changes with respect to Dorel Sports until closing. The sale was not subject to any financing conditions. The transaction consists of the sale by Dorel of 100% of the shares of its indirect wholly owned subsidiary companies comprising its Sports segment as well as certain related assets.

On January 4, 2022, the Company completed the sale of the Sports segment for $810,000 (subject to post-closing adjustments). Dorel used part of the proceeds for payment of a special dividend of $12.00 per share (refer to Note 9) and to repay long-term debt (refer to Note 7).

The transaction resulted in a gain of $267,569 reflected in income from discontinued operation, net of tax for the three months ended March 31, 2022.

a) Details of the impact of the transaction

	January 4, 2022
Proceeds	$ 810,000
Post-closing adjustments	(21,038)
Net proceeds (1)	$ 788,962
Derecognition of assets, liabilities and CTA:	
Deconsolidation of cash and cash equivalents related to the Sports segment	$ (26,145)
Trade accounts receivable	(173,493)
Inventories	(303,823)
Property, plant and equipment	(29,961)
Right-of-use assets	(65,578)
Intangible assets	(204,505)
Other	(40,498)
Total assets previously classified as assets held for sale	(817,858)
Trade and other payables	236,406
Lease liabilities	71,544
Non-convertible debenture	19,307
Other	47,010
Total liabilities previously classified as liabilities directly associated with the assets held for sale	374,267
Reclassification of CTA upon the sale of the Sports segment	(51,657)
Gain on sale of the Sports segment (2)	$ 267,569

(1) From the net proceeds of $788,962, $758,962 was received before March 31, 2022.

(2) During the year ended December 30, 2022, post-closing adjustments were recorded, which resulted in a gain of $260,732 in income from discontinued operation, net of tax for the year ended December 30, 2022.

4. ASSETS HELD FOR SALE AND DISCONTINUED OPERATION (continued)

b) Results of discontinued operation

The Sports segment was classified as held for sale and as a discontinued operation in the comparative three months period. Income from discontinued operation, net of tax reported in the condensed consolidated interim income statements for the three months ended March 31, 2022 is as follows:

	Three Months Ended March 31, 2022
Revenue	$ 602
Cost of sales	(648)
Gross profit	(46)
Selling expenses	369
General and administrative expenses	1,472
Research and development expenses	10
Impairment reversal on trade accounts receivable	(8)
Operating loss from operating activities	(1,889)
Finance expenses	277
Loss from operating activities before income taxes	(2,166)
Income taxes expense	3,690
Loss from operating activities, net of tax	(5,856)
Gain on sale of the Sports segment	267,569
Income from discontinued operation, net of tax	$ 261,713
Earnings per share (Note 11)	
Basic	$ 8.04
Diluted	$ 7.84

c) Cash flows provided by discontinued operation

Cash flows from discontinued operation reported in the condensed consolidated interim statements of cash flows for the three months ended March 31, 2022 is as follows:

	Three Months Ended March 31, 2022
Net cash provided by operating activities	$ 7,404
Net cash provided by investing activities (1)	732,746
Net cash flows for the period	$ 740,150

(1) Includes the net proceeds on sale of the Sports segment of $758,962 and the deconsolidation of cash and cash equivalents related to the Sports segment of $(26,145).

4. ASSETS HELD FOR SALE AND DISCONTINUED OPERATION (continued)

d) Assets held for sale

Assets held for sale		
		Total
Balance, December 30, 2022 (1)	$	2,676
Effect of foreign currency exchange rate changes		35
Balance, March 31, 2023	$	2,711

(1) During the fourth quarter of 2022, one property was made available for sale within the Dorel Juvenile segment.

5. RESTRUCTURING COSTS

For the three months ended March 31, 2022, the Company recorded total restructuring costs from continuing operations of $2,418, all of which were recorded as restructuring costs as a separate line within the condensed consolidated interim income statements and all pertained to the Dorel Juvenile segment. The restructuring costs from continuing operations recorded in the condensed consolidated interim income statements consisted of the following:

		Three Months Ended
		March 31, 2022
Employee severance and termination benefits	$	1,354
Curtailment gain on net pension defined benefit liabilities (1)		(28)
Other associated costs		1,092
Total restructuring costs – recorded within a separate line in the condensed consolidated interim income statements	$	2,418

(1) Non-cash expenses for a total amount of $(28).

Dorel Juvenile segment

2021 Restructuring Plan

In the fourth quarter of 2021, a new restructuring program was approved for the Dorel Juvenile United States and European markets. In the United States, several operating divisions were combined into one organization. The expected principal benefits of this change was in the sales and marketing area where process harmonization and the creation of a more nimble organization was expected to reduce costs and bring efficiencies. In Europe, with the successful conclusion of the first phase of restructuring that was initiated in 2019, further cost savings opportunities were identified enabled by the supplier new product co-development program and the consolidation of manufacturing into one European factory. This restructuring program was pursued in 2022, for which additional restructuring costs were recorded, and was completed in 2022.

6. INVENTORIES

		March 31, 2023		December 30, 2022
Raw materials	$	66,956	$	79,383
Work in process		3,409		3,167
Finished goods		303,195		338,928
	$	373,560	$	421,478

Amounts recognized as cost of sales in the condensed consolidated interim income statements include mainly the Company's cost of inventories recognized as an expense. Cost of sales also includes the following inventory related expenses:

	Three Months Ended			
		March 31, 2023		March 31, 2022
Write-downs of inventories as a result of net realizable value being lower than cost	$	1,996	$	2,461
Reversal of inventory write-downs recognized in previous periods	$	(1,772)	$	(1,860)

7. LONG-TERM DEBT

The terms and conditions of outstanding loans are as follows:

				March 31, 2023		December 30, 2022	
	Currency	Nominal interest rate	Maturity date	Face value	Carrying amount	Face value	Carrying amount
Senior secured asset based revolving credit facility bearing interest at various rates, averaging 6.68% (2022 – 4.16%), total availability of $300,000 ($325,909 from October 11, 2022 until April 11, 2024)	USD/EUR/ CAD	Variable rates plus a variable margin	June 11, 2026	$ 189,285	$ 187,233	$ 210,542	$ 208,420
Debt financing repayable on a monthly basis	CAD	2.75%	October 31, 2037	33,384	33,384	33,703	33,703
Balance of sale on acquisition of Notio Living, bearing no interest	USD	n/a	February 2024	2,870	2,870	5,666	5,666
Other				13,654	13,654	8,941	8,941
Total outstanding loans				$ 239,193	$ 237,141	$ 258,852	$ 256,730
Current portion					(7,005)		(6,591)
					$ 230,136		$ 250,139

7. LONG-TERM DEBT (continued)

Senior secured asset based revolving credit facility ("ABL facility")

On June 11, 2021, the Company entered into an ABL facility with institutional lenders led by Bank of Montreal as lead arranger, administrative agent and sole bookrunner. The total availability of the ABL facility is $300,000 with a maturity date of June 11, 2026, and is guaranteed by certain of Dorel's subsidiaries. On October 11, 2022, the Company further amended its ABL facility agreement to increase the total availability to $325,909. The increased availability began on October 11, 2022 and ends on April 11, 2024.

The total amount accessible to the company is dependent upon the calculation of the borrowing base, which is based on accounts receivable and inventories. The amounts borrowed bear interest at variable rates based on the Eurodollar rate, the bankers' acceptance rate, the prime rate, the Federal funds effective rate, the US base rate, the Canadian prime rate, the Dutch tranche Euro offered rate and the Dutch tranche USD offered rate, plus a variable margin.

As at March 31, 2023, the Company was compliant with all of the terms and conditions of the ABL facility.

Debt financing

In October 2022, Dorel concluded the sale of its building in Cornwall, Ontario, the location of a Dorel Home ready-to-assemble manufacturing facility for $33,872 (CAD $46,137) and subsequently entered into a 15-year lease with the new owner, starting November 1, 2022. The Company concluded that the transaction did not qualify as a sale under *IFRS 15, Revenue from contracts with customers*, and as a result, the Company initially recognized a debt financing of $33,872 for the proceeds received. The monthly lease payments are allocated between interest expense and principal repayment of the debt financing during the contractual period of 15 years. Based on the expected future cash flows, the calculated effective interest rate was established at 2.75% and will be used to recognize interest expense during the lease agreement. The Company didn't derecognize the underlying asset and continued depreciating the asset as if it was the legal owner.

Balance of sale on acquisition of Notio Living

On November 30, 2021, the Company acquired Notio Living, an ecommerce home furnishings firm based in Holstebro, Denmark, for an amount of $16,964 (net of assumed debt of $1,488), of which $10,893 was paid at closing, $405 in March 2022 and $2,833 in February 2023. The remaining balance, which is non-interest bearing, is payable in February 2024.

8. FINANCIAL INSTRUMENTS

Fair value disclosure

The Company has determined that the fair value of its current financial assets and liabilities approximates their respective carrying amounts as at the reporting dates because of their short-term nature. For long-term debt bearing interest at variable rates, the fair value is considered to approximate the carrying amount. For long-term debt bearing interest at fixed rates, the fair value is estimated using level 2 inputs in the fair value hierarchy based on discounting expected future cash flows at the discount rates which represent borrowing rates presently available to the Company for loans with similar terms and maturity. The fair value of long-term debt bearing interest at fixed rates approximates its carrying value as at March 31, 2023 and December 30, 2022.

Fair value measurement

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing the fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Should any of the inputs to these models or changes in assumptions about these factors occur, this could affect the reported fair value of financial instruments. The Company's financial assets and liabilities measured at fair value consist of derivative financial instruments. The balance of the Company's derivative financial assets and liabilities are not significant as at March 31, 2023 and December 30, 2022.

8. FINANCIAL INSTRUMENTS (continued)

Concentration of credit risk

During the three months ended March 31, 2023, two customers accounted for respectively 25.3% and 17.2%, for an aggregate of 42.5% of the Company's total revenue from continuing operations (2022 – two customers accounted for respectively 33.0% and 14.0%, for an aggregate of 47.0%). As at March 31, 2023, two customers accounted for respectively 23.9% and 21.4%, for an aggregate of 45.3%, of the Company's total trade accounts receivable balance (December 30, 2022 – two customers accounted for respectively 24.0% and 28.4%, for an aggregate of 52.4% of the Company's total trade accounts receivable balance).

9. SHARE CAPITAL

Details of the issued and outstanding shares are as follows:

	March 31, 2023		December 30, 2022	
	Number	**Amount**	**Number**	**Amount**
Class "A" Multiple Voting Shares				
Balance, beginning of period	4,149,085	$ 1,748	4,149,440	$ 1,748
Converted from Class "A" to Class "B"	–	–	(355)	–
Balance, end of period	4,149,085	$ 1,748	4,149,085	$ 1,748
Class "B" Subordinate Voting Shares				
Balance, beginning of period	28,388,532	$ 203,865	28,359,191	$ 202,989
Converted from Class "A" to Class "B"	–	–	355	–
Reclassification from contributed surplus due to settlement of deferred share units (Note 10)	–	–	98,586	1,375
Repurchase and cancellation of shares	–	–	(69,600)	(499)
Balance, end of period	28,388,532	$ 203,865	28,388,532	$ 203,865
TOTAL SHARE CAPITAL		$ 205,613		$ 205,613

Special Dividend

On January 4, 2022, following the closing of the sale of its Sports segment, Dorel's Board of Directors declared a special dividend of $12.00 per share on Dorel's outstanding Class "B" Subordinate Voting Shares, Class "A" Multiple Voting Shares, DSUs, cash-settled RSUs and cash-settled PSUs representing an aggregate amount of $396,643. The special dividend declared on the outstanding Class "B" Subordinate Voting Shares and Class "A" Multiple Voting Shares in the amount of $390,642 was paid on February 1, 2022 to shareholders of record as at the close of business on January 18, 2022. A total of 193,259 DDSUs and 405,920 EDSUs were issued for dividend equivalents related to the special dividend declared on deferred share units, representing an aggregate amount of $6,001 (Note 10).

Normal Course Issuer Bid ("NCIB")

On January 4, 2022, the Toronto Stock Exchange ("TSX") approved the Company's NCIB. Under the NCIB, the Company may purchase for cancellation a maximum of 1,891,222 Class "B" Subordinate Voting Shares, representing 10% of the 18,912,225 Class "B" Subordinate Voting Shares forming the public float. The shares may be purchased through the facilities of the TSX and on alternative trading systems in Canada over the twelve-month period from January 6, 2022 to January 5, 2023, or until such earlier time as the bid is completed or terminated at the option of the Company.

Any shares purchased by the Company under the NCIB will be at the market price of the shares at the time of such purchases. The actual number of Class "B" Subordinate Voting Shares that may be purchased and the timing of any such purchases will be determined by the Company. Any purchases made by the Company pursuant to the NCIB will be made in accordance with the rules and policies of the TSX. During the year ended December 30, 2022, the Company purchased a total of 69,600 Class "B" Subordinate Voting Shares for a cash consideration of $499.

10. SHARE-BASED PAYMENTS

Directors' Deferred Share Unit Plan ("DDSU Plan") and Executives' Deferred Share Unit Plan ("EDSU Plan")

The changes in outstanding number of DSUs are as follows:

	Three Months Ended March 31, 2023		Year Ended December 30, 2022	
	DSU – Directors	**DSU – Executives**	**DSU – Directors**	**DSU – Executives**
DSUs outstanding, beginning of period	340,235	773,840	161,304	430,164
Issued as payment for fees	–	–	55,905	–
Issued for salaries and bonus paid	–	–	–	29,118
Issued for dividend equivalents (Note 9)	–	–	193,259	405,920
Settlement of deferred share units (1)	–	–	(70,233)	(91,362)
DSUs outstanding, end of period	340,235	773,840	340,235	773,840
Total vested, end of period	340,235	773,840	340,235	773,840

(1) During the year ended December 30, 2022, 70,233 DSUs and 91,362 DSUs were settled under the DDSU Plan and EDSU Plan, respectively, for which $1,163 and $1,176 was debited to contributed surplus and $777 and $598 credited to share capital, respectively; the difference representing the withholding taxes the Company was required by law to withhold upon settlement.

Long-term incentive plans (cash-settled)

The changes in outstanding number of Restricted Share Units ("RSU") and Performance Share Units ("PSU") are as follows:

	Three Months Ended March 31, 2023		Year Ended December 30, 2022	
	RSU	**PSU**	**RSU**	**PSU**
Outstanding, beginning of period	96,605	–	79,440	147,547
Granted for dividend equivalent	–	–	51,182	112,161
Performance adjustment	–	–	–	(33,379)
Settled	–	–	(33,126)	(226,258)
Forfeited	(321)	–	(891)	(71)
Outstanding, end of period	96,284	–	96,605	–

11. EARNINGS (LOSS) PER SHARE

The following table provides a reconciliation between the number of basic and fully diluted shares outstanding that were used in the computation of the basic and diluted earnings (loss) per share:

	Three Months Ended	
	March 31, 2023	**March 31, 2022**
Net loss from continuing operations	$ (31,509)	$ (27,218)
Income from discontinued operation, net of tax	–	261,713
Net (loss) income	$ (31,509)	$ 234,495
Weighted daily average number of Class “A” multiple and Class “B” Subordinate Voting Shares	32,537,617	32,557,326
Dilutive effect of deferred share units	–	813,169
Weighted average number of diluted shares	32,537,617	33,370,495
Earnings (loss) per share (in dollars)		
Continuing operations basic and diluted	$ (0.97)	$ (0.84)
Discontinued operation basic	$ –	$ 8.04
Discontinued operation diluted	$ –	$ 7.84
Total basic	$ (0.97)	$ 7.20
Total diluted	$ (0.97)	$ 7.03

Excluded from the above calculation of the loss per share from continuing operations for the three months ended March 31, 2023 are 1,114,075 DSUs (2022 – 1,047,587 DSUs were excluded from the above calculation of the loss per share from continuing operations) which were deemed to be anti-dilutive.

12. FINANCE EXPENSES, DEPRECIATION AND AMORTIZATION, AND OTHER INFORMATION

a) Finance expenses

	Three Months Ended	
	March 31, 2023	**March 31, 2022**
Interest on long-term debt – including effect of cash flow hedge related to the interest rate swaps and the accreted interest related to long-term debt bearing interest at fixed rates	$ 3,419	$ 4,966
Interest on lease liabilities	1,646	912
Prepayment fee on reimbursement of the senior unsecured notes (1)	–	6,375
Other interest	1,175	380
	$ 6,240	$ 12,633

(1) On January 4, 2022, following the sale of its Sports segment, the Company used a portion of the proceeds received to completely reimburse the balance of the senior unsecured notes (refer to Note 4) including a prepayment fee of $6,375.

12. FINANCE EXPENSES, DEPRECIATION AND AMORTIZATION, AND OTHER INFORMATION (continued)

b) Depreciation and amortization

Depreciation of property, plant and equipment and right-of-use assets, and amortization of intangible assets are included in the following condensed consolidated interim income statements captions:

								Three Months Ended
				March 31, 2023				March 31, 2022
	Property, plant and equipment	Right-of-use assets	Intangible assets	Total	Property, plant and equipment	Right-of-use assets	Intangible assets	Total
Included in cost of sales	$ 3,454	$ 7,528	$ –	$ 10,982	$ 3,400	$ 5,367	$ –	$ 8,767
Included in selling expenses	50	1,820	900	2,770	41	1,625	840	2,506
Included in general and administrative expenses	847	574	586	2,007	816	784	539	2,139
Included in research and development expenses	–	5	2,047	2,052	–	5	2,326	2,331
	$ 4,351	$ 9,927	$ 3,533	$ 17,811	$ 4,257	$ 7,781	$ 3,705	$ 15,743

c) Income taxes

The effective tax rate from continuing operations for the three months ended March 31, 2023 was 8.1% (2022 – 3.1%).

The effective tax rates for the three months ended March 31, 2023 and 2022 were primarily impacted by the non-recognition of tax benefits related to tax losses and temporary differences.

The variation year-over-year for the three months ended March 31, 2023 and 2022 also results from changes in the jurisdictions in which the Company generated its income.

13. SUPPLEMENTAL CASH FLOW INFORMATION

a) Net changes in balances related to operations

		Three Months Ended
	March 31, 2023	March 31, 2022
Trade accounts receivable	$ 19,942	$ (2,921)
Inventories	51,002	(36,476)
Other assets	(8,927)	5,349
Trade and other payables	(10,174)	(20,543)
Net pension and post-retirement defined benefit liabilities	(284)	(1,036)
Provisions	418	6,839
Other liabilities	659	(4,740)
	$ 52,636	$ (53,528)

13. SUPPLEMENTAL CASH FLOW INFORMATION (continued)

b) Cash and cash equivalents

	March 31, 2023	December 30, 2022
Cash	$ 27,053	$ 32,051
Short-term investments	2,022	358
Cash and cash equivalents	$ 29,075	$ 32,409

c) Non-cash transactions

The condensed consolidated interim statements of cash flows exclude the following non-cash transactions:

	March 31, 2023	March 31, 2022
Acquisition of property, plant and equipment financed by trade and other payables	$ 1,831	$ 2,394
Additions, reassessments and lease modifications of right-of-use assets financed by lease liabilities	$ 3,564	$ 34,083
Acquisition of intangible assets financed by trade and other payables	$ 603	$ 353

14. SEGMENTED INFORMATION

Reporting Segments

	Three Months Ended March 31,					
	Total		Dorel Home		Dorel Juvenile	
	2023	2022	2023	2022	2023	2022
Revenue	$ 333,197	$ 428,035	$ 133,172	$ 211,466	$ 200,025	$ 216,569
Cost of sales	286,484	355,850	131,252	188,268	155,232	167,582
Gross profit	46,713	72,185	1,920	23,198	44,793	48,987
Selling expenses	31,439	32,577	6,308	6,962	25,131	25,615
General and administrative expenses	31,456	37,700	8,150	9,443	23,306	28,257
Research and development expenses	6,208	6,309	1,325	1,266	4,883	5,043
Impairment loss (reversal) on trade accounts receivable	414	111	18	(8)	396	119
Restructuring costs (Note 5)	–	2,418	–	–	–	2,418
Operating (loss) profit	$ (22,804)	$ (6,930)	$ (13,881)	$ 5,535	$ (8,923)	$ (12,465)
Finance expenses	6,240	12,633				
Corporate expenses	5,238	8,533				
Income taxes recovery	(2,773)	(878)				
Net loss from continuing operations	$ (31,509)	$ (27,218)				
Depreciation and amortization included in operating (loss) profit	$ 17,646	$ 15,540	$ 5,002	$ 4,287	$ 12,644	$ 11,253

14. SEGMENTED INFORMATION (continued)

Disaggregation of Revenue

Revenue is composed mainly from revenue generated from sales of goods. Within each reporting segment, the Company disaggregates its revenue from customers based on the geographic area where the selling entity is located and based on channels of distribution as it believes it best depicts how the nature, timing and uncertainty of the Company's revenue and cash flows are affected by economics factors. The following table provides the disaggregation of the Company's revenue:

						Three Months Ended March 31,
	Total		Dorel Home		Dorel Juvenile	
	2023	2022	2023	2022	2023	2022
Geographic area						
Canada	$ 23,077	$ 33,424	$ 17,115	$ 29,868	$ 5,962	$ 3,556
United States	197,305	274,836	108,289	171,190	89,016	103,646
Europe	72,461	75,112	7,768	10,408	64,693	64,704
Latin America	30,530	32,214	–	–	30,530	32,214
Asia	1,403	2,908	–	–	1,403	2,908
Other countries	8,421	9,541	–	–	8,421	9,541
Total	$ 333,197	$ 428,035	$ 133,172	$ 211,466	$ 200,025	$ 216,569
Channels of distribution						
Brick and mortar retailers	$ 186,062	$ 244,256	$ 56,322	$ 89,614	$ 129,740	$ 154,642
Internet retailers	144,160	181,594	76,850	121,852	67,310	59,742
Other	2,975	2,185	–	–	2,975	2,185
Total	$ 333,197	$ 428,035	$ 133,172	$ 211,466	$ 200,025	$ 216,569