Management's Discussion and Analysis

of Financial Conditions and Results of Operations

For the three months ended March 31, 2025
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, 2025 and the Company's audited consolidated financial statements and MD&A as at and for the year ended December 30, 2024. This MD&A is based on reported earnings prepared in accordance with IFRS Accounting 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, 2024, except for new accounting standards and amendments adopted and disclosed in this MD&A. 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.sedarplus.ca****, 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 2024 annual MD&A as filed with the Canadian securities regulatory authorities on March 11, 2025. As such, they are not repeated herein. The information in this MD&A is current as of May 9, 2025.

All tabular figures are in thousands of US dollars, except per share amounts. Certain totals, subtotals and percentages may not agree due to rounding.

1. OPERATING RESULTS

a) ***Macro-economic conditions***

There continues to be uncertainty in the macro-economic environment, including inflationary pressures, changes in consumer spending, exchange rate fluctuations, the possible imposition of tariffs 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.

On February 1, 2025, the President of the United States issued three executive orders directing the United States to impose new tariffs on imports originating from Canada, Mexico and China. In addition, on April 2, 2025, the President of the United States declared a national emergency enabling him to invoke the International Emergency Economic Powers Act to impose select tariffs on all imports to the US that was to take effect on April 5, 2025, and for which certain were subsequently postponed for 90 days. The continued changes to, deferral of, and announcement of the imposition of new tariffs by the U.S. administration, and retaliatory actions by governments, continue to create economic uncertainty, and could negatively impact the economy, potentially increasing costs, disrupting supply chains, and other potential negative impacts. The Company is assessing the direct and indirect impacts to its business of such tariffs, retaliatory tariffs or other trade protectionist measures implemented as this situation develops, and such impacts could be material.

In addition, the Russia-Ukraine war and possible resumption of the Israeli-Hamas war have created and are 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, Ukraine, or Israel. However, it is difficult to predict the broader impact of the conflicts on global economies going forward and their impact on our business.

Refer to the "Consolidated operating review" and "Segmented operating review" sections for further details of the impact on Dorel's business during the three months ended March 31, 2025.

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), adjusted diluted earnings (loss) per share, 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, 2025	March 31, 2024	Variation $	%
Revenue	**320,456**	351,072	(30,616)	(8.7)%
Cost of sales	**260,321**	282,835	(22,514)	(8.0)%
Gross profit	**60,135**	68,237	(8,102)	(11.9)%
Adjusted gross profit (1)	**60,493**	68,237	(7,744)	(11.3)%
Selling expenses	**32,379**	31,162	1,217	3.9%
General and administrative expenses	**35,060**	37,750	(2,690)	(7.1)%
Research and development expenses	**5,639**	6,091	(452)	(7.4)%
Impairment (reversal) loss on trade accounts receivable	**(86)**	121	(207)	n.m.
Restructuring costs	**1,266**	765	501	65.5%
Operating loss	**(14,123)**	(7,652)	6,471	84.6%
Adjusted operating loss (1)	**(12,499)**	(6,887)	5,612	81.5%
Finance expenses	**9,368**	9,082	286	3.1%
Loss before income taxes	**(23,491)**	(16,734)	6,757	40.4%
Income taxes expense	**1,759**	835	924	110.7%
Net loss	**(25,250)**	(17,569)	7,681	43.7%
Adjusted net loss (1)	**(23,626)**	(16,870)	6,756	40.0%
Basic loss per share	**(0.77)**	(0.54)	0.23	42.6%
Diluted loss per share	**(0.77)**	(0.54)	0.23	42.6%
Adjusted diluted loss per share (1)	**(0.72)**	(0.52)	0.20	38.5%
Weighted average number of shares - Basic	**32,637,429**	32,555,897	n/a	n/a
Weighted average number of shares - Diluted	**32,637,429**	32,555,897	n/a	n/a
Gross margin (2)	**18.8%**	19.4%	n/a	(60) bp
Adjusted gross margin (1)	**18.9%**	19.4%	n/a	(50) bp
Selling expenses as a percentage of revenue (3)	**10.1%**	8.9%	n/a	120 bp
General and administrative expenses as a percentage of revenue (4)	**10.9%**	10.8%	n/a	10 bp

n.m. = not meaningful

n/a = not applicable

bp = basis point

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

The details of restructuring costs are presented below:

	First Quarters Ended	
	March 31, 2025	March 31, 2024
Inventory markdowns (1)	**358**	-
Recorded within gross profit	**358**	-
Employee severance and termination benefits	**1,265**	708
Curtailment gain on net pension defined benefit liabilities (1)	**(10)**	(8)
Other associated costs	**11**	65
Recorded within a separate line in the condensed consolidated interim income statements	**1,266**	765
Total restructuring costs	**1,624**	765

(1) Non-cash expenses

2023 Restructuring Plan

In light of the uncertainty in the macro-economic environment, including the high inflation and high interest rate environment, the Company initiated a new restructuring plan in the fourth quarter of 2023. The environment has limited consumers' purchasing power and forced them to balance household needs and prioritize daily purchases over larger consumer goods items. This is particularly the case in Dorel Home where the furniture industry overall is lower in terms of overall sales.

These restructuring initiatives that were initiated in the fourth quarter of 2023 have continued in 2024 and will carry on in 2025 as the Company continues to make additional operational improvements and evaluate its cost structure.

Dorel Juvenile

Dorel Juvenile identified opportunities to reduce redundancy and improve efficiencies and also initiated headcount reductions in several divisions. In the first quarter of 2025, Dorel Juvenile incurred $1.2 million of restructuring costs consisting mainly of employee severance and termination benefits.

Dorel Home

Dorel Home's restructuring plan is to simplify its management reporting structure by combining several key management positions leading to the elimination of certain redundant roles. This resulted in the reduction of Dorel Home's overall North American headcount during the fourth quarter of 2023. In the first quarter of 2025, Dorel Home incurred $0.4 million of restructuring costs consisting mainly of inventory markdowns.

On January 30, 2025, as part of an expanded restructuring plan, Dorel Home announced the following initiatives: downsizing of non-manufacturing workforce, closure of manufacturing operations based in Montreal, Quebec, acceleration of a SKU reduction initiative and distribution footprint reduction. Production at the Montreal manufacturing facility ceased before the end of the first quarter of 2025.

e) Selected financial information

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

	2025	2024				2023		
	Mar 31	**Dec 30**	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 30**	**Sep 30**	**Jun 30**
Revenue	320,456	326,846	354,220	348,077	351,072	350,679	359,661	345,211
Net loss	(25,250)	(73,008)	(21,900)	(59,481)	(17,569)	(3,757)	(10,360)	(16,724)
Per share - Basic	(0.77)	(2.24)	(0.67)	(1.83)	(0.54)	(0.12)	(0.32)	(0.51)
Per share - Diluted	(0.77)	(2.24)	(0.67)	(1.83)	(0.54)	(0.12)	(0.32)	(0.51)

For the second quarter of 2024, the increase in net loss compared to the second quarter of 2023 is mainly due to the impairment loss on goodwill recorded in Dorel Home during the second quarter of 2024.

For the third quarter of 2024, the increase in net loss compared to the third quarter of 2023 is mainly due to the increase in general and administrative expenses, impairment loss on trade accounts receivable and finance expenses.

For the fourth quarter of 2024, the decrease in revenue compared to the fourth quarter of 2023 was in Dorel Home, partially offset by the improvement in Dorel Juvenile. The increase in net loss compared to the fourth quarter of 2023 is mainly due to a reversal of deferred tax assets and a decrease in the gross profit in both Dorel Juvenile and Dorel Home.

For the first quarter of 2025, the decrease in revenue compared to the first quarter of 2024 was in Dorel Home, partially offset by the improvement in Dorel Juvenile. The increase in net loss compared to the first quarter of 2024 is mainly due to the decrease in the gross profit in Dorel Home, partially offset by the increase in the gross profit in Dorel Juvenile.

f) Consolidated operating review

Revenue and organic revenue (decline) growth:

	First Quarters Ended March 31,											
	Consolidated				Dorel Juvenile				Dorel Home			
	2025		2024		**2025**		2024		**2025**		2024	
	$	**%**	$	%	**$**	**%**	$	%	**$**	**%**	$	%
Revenue of the period	**320,456**		351,072		**215,858**		212,690		**104,598**		138,382	
Revenue of the comparative period	**(351,072)**		(333,197)		**(212,690)**		(200,025)		**(138,382)**		(133,172)	
Revenue (decline) growth	**(30,616)**	**(8.7)**	17,875	5.4	**3,168**	**1.5**	12,665	6.3	**(33,784)**	**(24.4)**	5,210	3.9
Impact of varying foreign exchange rates	**6,243**	**1.8**	(266)	(0.1)	**5,404**	**2.5**	(293)	(0.1)	**839**	**0.6**	27	-
Organic revenue (decline) growth (1)	**(24,373)**	**(6.9)**	17,609	5.3	**8,572**	**4.0**	12,372	6.2	**(32,945)**	**(23.8)**	5,237	3.9

(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 2025, Dorel's revenue decreased by $30.6 million, or 8.7%, to $320.5 million compared to $351.1 million a year ago and was predominantly in Dorel Home. Organic revenue declined by approximately 6.9%, after removing the variation of foreign exchange rates year-over-year. The revenue and organic revenue decline was in Dorel Home, partially offset by the improvement in Dorel Juvenile. In Dorel Home, the revenue decline is mainly explained by the reduced e-commerce sales with lower online consumer demand that has persisted over the last several quarters. In Dorel Juvenile, the revenue and organic revenue improvement was mainly in Europe, Australia and Export markets, with the most significant contributor being Europe. In local currency, Brazil experienced revenue growth. Also, the organic revenue in the US declined by approximately 1%, essentially flat with the prior year.

Gross profit and gross margin

Gross profit for the first quarter decreased by $8.1 million, or 11.9%, compared to last year's first quarter. The gross margin for the first quarter decreased by 60 basis points as a percentage of revenue to 18.8% from 19.4% last year. Excluding restructuring costs, the adjusted gross profit decreased by $7.7 million, or 11.3%, and by 50 basis points as a percentage of revenue to 18.9% from 19.4% last year. The gross profit and gross margin decreased in Dorel Home, partially offset by an increase in Dorel Juvenile. In Dorel Home, the decline in gross profit and gross margin was mainly due to increased promotional incentive offerings, reduced online business that generates higher margins, and lower volume efficiency in domestic manufacturing activity resulting in lower factory overhead absorption. In Dorel Juvenile, the increase in gross profit and gross margin was mainly driven by a year-over-year positive foreign exchange impact and better product mix.

Selling expenses

Selling expenses for the first quarter increased by $1.2 million, or 3.9%, to $32.4 million and increased by 120 basis points as a percentage of revenue. The increase in selling expenses in Dorel Juvenile due to higher marketing and promotional expenses to support the business were partially offset by the decreased commissions from lower sales and reductions in headcount as a result of restructuring activities in Dorel Home.

General and administrative expenses

General and administrative expenses in the first quarter decreased by $2.7 million, or 7.1%, to $35.1 million, representing an increase of 10 basis points as a percentage of revenue. The decrease in general and administrative expenses in the quarter was mainly due to lower product liability insurance costs in both Dorel Juvenile and Dorel Home. In addition, the decrease in general and administrative expenses was from the reductions in headcount in Dorel Home.

Research and development expenses

Research and development expenses remained comparable to last year's first quarter in both Dorel Juvenile and Dorel Home.

Impairment (reversal) loss on trade accounts receivable

Similarly, impairment (reversal) loss on trade accounts receivable also remained comparable to last year's first quarter in both Dorel Juvenile and Dorel Home.

Restructuring costs

Restructuring costs were $1.3 million for the first quarter and are attributed to the restructuring plan that was initiated in the fourth quarter of 2023. Refer to "Restructuring costs" within the operating results section for further details.

Operating loss

For the first quarter, Dorel reported an operating loss of $14.1 million compared to $7.7 million in 2024. Excluding restructuring costs, adjusted operating loss increased by $5.6 million to $12.5 million from $6.9 million last year. The increase in operating loss was mainly due to the decrease in gross profit dollars from the lower sales and decrease in gross margin, offset in part by the overall lower operating expenses as detailed above.

Finance expenses

Details of finance expenses are summarized below:

	First Quarters Ended			
	March 31, 2025	March 31, 2024	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	**7,123**	6,665	458	6.9%
Interest on lease liabilities	**1,242**	1,569	(327)	(20.8)%
Other interest	**1,003**	848	155	18.3%
Finance expenses	**9,368**	9,082	286	3.1%

Finance expenses of $9.4 million were comparable to last year's first quarter.

Income taxes expense

For the first quarter ended March 31, 2025, the Company's effective tax rate was (7.5)%, compared to (5.0)% 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, 2025 and 2024 were primarily impacted by the non-recognition of tax benefits related to tax losses, tax credits and temporary differences, net of the benefit arising from previously unrecognized tax losses, tax credits and temporary differences of a prior period.

The Company is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in Canada and was also enacted or substantively enacted in certain jurisdictions in which subsidiaries of the Company operate. The legislation came into effect for the Company's fiscal year commencing on December 31, 2023.

The Company has performed an assessment of the exposure to Pillar Two income taxes. The assessment is based on the projected figures for the year. Based on this assessment, there are a limited number of jurisdictions where the transitional safe harbours do not apply. However, as the Pillar Two effective tax rate is close to 15% for these jurisdictions, the Company and its subsidiaries did not recognize current income tax expense with respect to the implementation of the Pillar Two legislation for the three months ended March 31, 2025 and 2024. The Company applies the temporary mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two incomes taxes, as provided in the amendments to IAS 12 issued in May 2023.

Net loss

During the first quarter of 2025, the net loss was $25.3 million, or $0.77 per diluted share compared with $17.6 million, or $0.54 per diluted share in 2024. Excluding restructuring costs, the adjusted net loss for the quarter was $23.6 million, or $0.72 per diluted share compared with $16.9 million, or $0.52 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 Juvenile

	First Quarters Ended			
	March 31, 2025	March 31, 2024	Variation $	%
Revenue	**215,858**	212,690	3,168	1.5%
Cost of sales	**157,010**	156,233	777	0.5%
Gross profit	**58,848**	56,457	2,391	4.2%
Selling expenses	**27,592**	25,371	2,221	8.8%
General and administrative expenses	**22,537**	25,151	(2,614)	(10.4)%
Research and development expenses	**4,615**	4,729	(114)	(2.4)%
Impairment (reversal) loss on trade accounts receivable	**(97)**	77	(174)	n.m.
Restructuring costs	**1,177**	580	597	102.9%
Operating profit	**3,024**	549	2,475	450.8%
Adjusted operating profit (1)	**4,201**	1,129	3,072	272.1%
Gross margin (2)	**27.3%**	26.5%	n/a	80 bp
Selling expenses as a percentage of revenue (3)	**12.8%**	11.9%	n/a	90 bp
General and administrative expenses as a percentage of revenue (4)	**10.4%**	11.8%	n/a	(140) bp

n.m. = not meaningful

n/a = not applicable

bp = basis point

(1) This is a non-GAAP financial ratio or measure with no standardized meaning prescribed by IFRS and therefore is unlikely to be comparable to similar measures presented by other issuers. Refer to the section "Definition and reconciliation of non-GAAP financial ratios and measures" in this 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 increased by $3.2 million, or 1.5%, to $215.9 million from $212.7 million last year. Organic revenue improved by approximately 4.0%, after removing the impact of varying foreign exchange rates year-over-year. The improvement in revenue and organic revenue in the first quarter was mainly in Europe, Australia and Export markets, and was across most brands and product categories in those markets. Europe experienced single-digit organic revenue growth across its major brands in both the e-commerce and specialty channels, partially offset by lower sales in the mass market channel. In Australia and Export markets, growth continues to be driven by the premium Maxi-Cosi brand. In local currency, Brazil experienced revenue growth driven by the strong performance in the e-commerce channel partially offset by the specialist channel.

Gross profit for the first quarter increased by $2.4 million, or 4.2%, compared to last year's first quarter. The gross margin in the first quarter was 27.3%, representing an improvement of 80 basis points from 26.5% last year. The increase in gross profit and gross margin in the first quarter was mainly driven by a year-over-year positive foreign exchange impact, principally due to the US dollar weakening against the Euro, and better product mix. This was partially offset by lower sales volumes and lower factory overhead absorption in the US.

Selling expenses in the first quarter increased by $2.2 million, or 8.8%, to $27.6 million, representing an increase of 90 basis points as a percentage of revenue to 12.8% from 11.9% last year. The increase in selling expenses in the first quarter is mainly due to higher marketing and promotional expenses to support the business.

General and administrative expenses for the first quarter decreased by $2.6 million, or 10.4%, to $22.5 million, and decreased by 140 basis points as a percentage of revenue to 10.4% from 11.8% last year. The decrease was mainly due to controlled spending and lower product liability insurance costs.

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

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

Restructuring costs were $1.2 million for the first quarter and are attributed to the restructuring plan that was initiated in the fourth quarter of 2023. Refer to "Restructuring costs" within the operating results section for further details.

Operating profit was $3.0 million during the first quarter compared to $0.5 million in 2024. Excluding restructuring costs, adjusted operating profit increased by $3.1 million to an adjusted operating profit of $4.2 million. The increase in operating profit in the first quarter is mainly explained by the increase in gross profit dollars from the higher gross margin and the increased sales volume as detailed above.

Dorel Home

	First Quarters Ended			
	March 31, 2025	March 31, 2024	Variation $	%
Revenue	**104,598**	138,382	(33,784)	(24.4)%
Cost of sales	**103,311**	126,602	(23,291)	(18.4)%
Gross profit	**1,287**	11,780	(10,493)	(89.1)%
Adjusted gross profit (1)	**1,645**	11,780	(10,135)	(86.0)%
Selling expenses	**4,787**	5,791	(1,004)	(17.3)%
General and administrative expenses	**6,958**	7,954	(996)	(12.5)%
Research and development expenses	**1,024**	1,362	(338)	(24.8)%
Impairment loss on trade accounts receivable	**11**	44	(33)	(75.0)%
Restructuring costs	**1**	185	(184)	(99.5)%
Operating loss	**(11,494)**	(3,556)	7,938	223.2%
Adjusted operating loss (1)	**(11,135)**	(3,371)	7,764	230.3%
Gross margin (2)	**1.2%**	8.5%	n/a	(730) bp
Adjusted gross margin (1)	**1.6%**	8.5%	n/a	(690) bp
Selling expenses as a percentage of revenue (3)	**4.6%**	4.2%	n/a	40 bp
General and administrative expenses as a percentage of revenue (4)	**6.7%**	5.7%	n/a	100 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 Home's first quarter revenue declined by $33.8 million, or 24.4%, to $104.6 million from $138.4 million last year. The decline in revenue in the first quarter is mainly explained by reduced e-commerce sales with lower online consumer demand that has persisted over the last several quarters. The reduction in e-commerce sales means this channel now represents less than half of total gross sales. Sales in the brick-and-mortar channel were flat compared to last year.

Gross profit for the first quarter decreased by $10.5 million compared to last year's first quarter. The gross margin in the first quarter was 1.2%, representing a decline of 730 basis points from 8.5% last year. Excluding restructuring costs, adjusted gross profit decreased by $10.1 million, or 86.0% and by 690 basis points to 1.6% from 8.5% last year. The decrease in gross profit and gross margin in the quarter was mainly due to increased promotional incentive offerings, reduced online business that generates higher margins, and lower volume efficiency in domestic manufacturing activity resulting in lower factory overhead absorption.

Selling expenses in the first quarter were lower by $1.0 million, or 17.3%, to $4.8 million from $5.8 million last year, due mainly to the decreased commissions from lower sales, as well as from the reductions in headcount as a result of restructuring activities.

General and administrative expenses in the first quarter declined by $1.0 million, or 12.5%, to $7.0 million from $8.0 million last year. The decline in general and administrative expenses is explained by reduced people costs from the reductions in headcount, as well as a decrease in product liability insurance costs.

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

The impairment loss on trade accounts receivable also remained comparable to last year's first quarter.

Dorel Home's operating loss increased by $7.9 million for the quarter to an operating loss of $11.5 million. Excluding restructuring costs, the adjusted operating loss increased by $7.8 million to an adjusted operating loss of $11.1 million. The increase in the operating loss for the quarter is mainly explained by the decrease in gross profit dollars from the overall lower sales and lower gross margin, offset in part by the overall lower operating expenses.

2. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

a) Selected information from the consolidated statements of financial position

	March 31, 2025	December 30, 2024
Assets		
Current assets	**489,404**	500,141
Assets held for sale	**61,315**	63,365
	550,719	563,506
Non-current assets	**240,310**	239,289
	791,029	802,795
Liabilities		
Current liabilities	**576,381**	579,756
Liabilities directly associated with assets held for sale	**46,262**	56,980
	622,643	636,736
Non-current liabilities	**144,329**	123,916
Equity	**24,057**	42,143
	791,029	802,795

Compared to December 30, 2024, Dorel's total current assets decreased mainly as a result of:
- a decrease in inventories of $10.1 million, which is mainly coming from Dorel Home with their continuing efforts, throughout the year, to further reduce inventories;
- a decrease in cash and cash equivalents of $10.6 million;
- a decrease in assets held for sale of $2.1 million;
- partly offset by an increase in trade accounts receivable of $14.4 million, which is mainly coming from Dorel Juvenile, due to the timing of collection of accounts receivable from customers.

Compared to December 30, 2024, Dorel's total non-current assets increased mainly as a result of:
- an increase in property, plant and equipment of $1.3 million;
- offset by a decrease in right-of-use assets of $4.1 million from the depreciation and amortization recorded during the three months ended March 31, 2025, net of the additions, reassessment of lease liabilities and lease modifications of the same period.

Compared to December 30, 2024, Dorel's total current liabilities decreased mainly as a result of:
- a decrease in current portion of lease liabilities of $2.2 million; and
- a decrease in liabilities directly associated with assets held for sale of $10.7 million.

Compared to December 30, 2024, Dorel's total non-current liabilities increased mainly as a result of:
- an increase in long-term debt of $25.4 million following the sale of the Columbus building and the recording of the debt financing for the proceeds received;
- partly offset by a decrease in lease liabilities of $3.5 million from the payment of lease liabilities, net of the additions, reassessment of lease liabilities and lease modifications.

b) Debt-to-equity ratio

	March 31, 2025	December 30, 2024
Long-term debt	**272,142**	246,369
Bank indebtedness	**6,678**	6,425
Total debt (1)	**278,820**	252,794
Equity	**24,057**	42,143
Debt-to-equity ratio (1)	**11.59**	6.00

(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.

The debt-to-equity ratio as at March 31, 2025 increased when compared to the ratio as at December 30, 2024, due to the increase in long-term debt following the sale of the Columbus building (refer to 2.d) Long-term debt, financial covenants and liquidity risk section) and the decrease in equity, from the net loss in the three months ended March 31, 2025.

c) Cash flow

	First Quarters Ended		
	March 31, 2025	March 31, 2024	Variation $
Cash flow provided by (used in):			
Operating activities	**(19,424)**	61	(19,485)
Financing activities	**14,952**	4,744	10,208
Investing activities	**(7,755)**	(3,270)	(4,485)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**1,619**	(116)	1,735
Net (decrease) increase in cash and cash equivalents	**(10,608)**	1,419	(12,027)

Cash flow (used in) provided by operating activities

The decrease in cash flow provided by operating activities compared to 2024 is mainly explained by a net negative change in balances related to operations and by the overall higher loss in 2025. The net negative change in balances related to operations is due to the net negative change in inventories and trade and other receivables offset in part by the net positive change in trade accounts payables. The net negative change in inventories is from the continuing efforts to reduce inventories overall while the net negative change in trade accounts receivable is mainly due to the timing of the collection of accounts receivable from customers. The net positive change in trade and other payables is due to the timing of payments to suppliers.

Free cash flow

	First Quarters Ended		
	March 31, 2025	March 31, 2024	Variation $
Cash (used in) provided by operating activities	**(19,424)**	61	(19,485)
Less:			
Additions to property, plant and equipment	**(5,187)**	(3,998)	(1,189)
Disposals of property, plant and equipment	**-**	3,235	(3,235)
Additions to intangible assets	**(2,568)**	(2,507)	(61)
Free cash flow [(1)]	**(27,179)**	(3,209)	(23,970)

(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 provided by financing activities

Cash flow provided by financing activities increased by $10.2 million to $15.0 million mainly as a result of the sale of the Columbus building and the recording of a debt financing for the proceeds received (refer to 2.d) Long-term debt, financial covenants and liquidity risk section).

Cash flow used in investing activities

Cash flow used in investing activities increased by $4.5 million as last year's cash flow used in investing activities included the proceeds from the disposals of property, plant and equipment.

d) Long-term debt, financial covenants and liquidity risk

Term loan facility and senior secured asset based revolving credit facility ("ABL facility")

On May 9, 2025, the Company further amended its ABL facility and term loan facility whereby the lenders agreed to forebear from enforcing their rights and exercising their remedies under both the ABL facility and term loan facility further to a default by the Company relating to certain financial covenants. The forbearance period commenced on May 9, 2025 and will end on the earlier of (i) August 8, 2025; and (ii) the occurrence of any event of default, other than the current event of default, under the ABL facility or term loan facility. The Company must provide the lenders with additional reporting during the forbearance period otherwise this will constitute an event of default. In addition, the total availability under the ABL facility was decreased to $200.0 million as part of the May 9, 2025 amendment.

Financial covenants

Under both the ABL facility and term loan facility, the Company is subject to certain covenants, including maintaining minimum revolving excess availability. If this minimum excess availability is not met, then the Company must meet a minimum quarterly projected Earnings before interest, taxes, depreciation and amortization (**"**EBITDA**"**) target. The Company did not meet its covenants as at March 31, 2025 and classified its bank loans under the ABL facility and term loan as current.

Debt Financing

On February 21, 2025, Dorel concluded the sale of its building in Columbus, Indiana, the location of a Dorel Juvenile manufacturing and warehousing facility for $30.0 million and subsequently entered into a 10-year lease with the new owner, starting on the same day. This transaction was concluded with a related party (of which each of Martin Schwartz, Jeffrey Schwartz and Jeff Segel, directors and executive officers of the Company and Alan Schwartz, an executive officer of Dorel, has an ownership interest).

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 didn't derecognize the underlying asset and continued depreciating the asset as if it was the legal owner and recognized the transaction as a financing transaction. Upon initial recognition, the debt financing was recognized at fair value of $26.0 million. The difference between the proceeds received of $30.0 million and the fair value of the debt in the amount of $4.0 million was recognized as a contribution from a shareholder in contributed surplus. The monthly lease payments are allocated between interest expense and principal repayment of the debt financing during the contractual period of 10 years. The calculated effective interest rate was established at 4.86% and will be used to recognize interest expense during the lease agreement.

Liquidity Risk

Assessing the Company's estimated future cash flows and liquidity, including its future compliance with covenants under its ABL facility and term loan facility, requires significant judgment. As there is significant uncertainty surrounding the Company's cash flows projections, its minimum revolving excess availability and its projected EBITDA, management concluded that the Company may not be able to meet its quarterly financial covenants during the next twelve months. Management is closely monitoring its cash flows, its minimum revolving excess availability and its minimum quarterly projected EBITDA targets. However, there can be no assurance that the Company will be successful in obtaining a waiver if it is in default of its financial covenants in the future, that alternative financing will be available to the Company, or that the Company will generate sufficient cash flows to meet its obligations.

The Company's ability to fund its operations and meet its cash flow requirements is dependent upon the Company's ability to maintain minimum excess availability. Management plans to adhere to the minimum excess availability requirements by actively managing liquidity through the management of both its working capital and discretional spending, prioritizing capital expenditures and exploring strategic initiatives including the monetization of certain assets and additional sources of financing.

Accordingly, these circumstances indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern (refer to Note 1 of the condensed consolidated interim financial statements).

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

While preparing the condensed consolidated interim financial statements for the first quarter ended March 31, 2025, management exercised judgment in connection with the uncertainty in the macro-economic environment, including inflationary pressures, changes in consumer spending, exchange rate fluctuations, the possible imposition of tariffs 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.

Dorel believes the following is one of the most critical accounting estimates that would have the most material effect on the condensed consolidated interim financial statements should this accounting estimate changes materially or should this accounting policy changes or be applied in a different manner:

Basis of preparation of the condensed consolidated interim financial statements

At each reporting period, management assesses the basis of preparation of the consolidated financial statements. Dorel's condensed consolidated interim financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In assessing whether the going concern assumption is appropriate and whether there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, management must take into account all available information about the future, including estimated future cash flows, for a period of at least twelve months following the end of the reporting period.

For the three months ended March 31, 2025, the Company continued to be unprofitable and incurred a significant net loss of $25.3 million, has negative cash flows from operations, negative working capital (current liabilities in excess of current assets) and an accumulated deficit as at March 31, 2025. In addition, the Company incurred net losses for the years ended December 30, 2024 and 2023.

In addition, under both the ABL facility and term loan facility, the Company is subject to certain covenants, including maintaining minimum revolving excess availability. If this minimum excess availability is not met, then the Company must meet a minimum quarterly projected Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") target. The Company shall be in breach of this covenant if both its minimum revolving excess availability and its minimum quarterly projected EBITDA target are not met. This would be considered an event of default under the ABL facility and term loan, that would result in the outstanding balances borrowed under the Company's ABL facility and term loan coming due immediately. The Company did not meet its covenants as at March 31, 2025 and classified its bank loans under the ABL facility and term loan as current.

The Company's ability to fund its operations and meet its cash flow requirements is dependent upon the continued support of the lenders and the Company's ability to maintain minimum excess availability or a minimum quarterly projected EBITDA target if the minimum excess availability is not met. Management plans to adhere to the minimum excess availability requirements by actively managing liquidity through the management of both its working capital and discretional spending, prioritizing capital expenditures and exploring strategic initiatives including the monetization of certain assets and additional sources of financing. Management intends on adhering to the forbearance amendment entered into on May 9, 2025 which requires the Company to provide its lenders with additional reporting during the forbearance period (refer to Note 7 to the condensed consolidated interim financial statements).

On January 30, 2025, the Company announced a major Home segment restructuring plan as part of its efforts to realign its business model to current and anticipated future industry dynamics and the reality that revenue expectations for the Home segment require a much smaller footprint than in the past. The Company has been and will continue to focus on the following initiatives as part of this expanded restructuring plan: (i) downsizing of the Company's non-manufacturing workforce; (ii) closure of the Company's manufacturing operations based in Montreal, Quebec; (iii) acceleration of a SKU reduction initiative; and (iv) reduction of the Company's distribution footprint across the segment. The Company believes that some of the benefits of the actions will be realized in the current fiscal year while the full benefits of these actions will be realized in 2026.

On February 21, 2025, the Company further announced that it had entered into a sale-leaseback transaction for its factory and warehousing facility in Columbus, Indiana. The gross proceeds to Dorel from the sale were $30.0 million, of which approximately $8.0 million was allocated to reduce existing debt, with the balance designated for funding the Company's ongoing operations.

In addition to the sale-leaseback transaction, the Company is actively working on additional opportunities to further enhance its financial position.

In 2024, as part of the monetization of assets plan, management committed to a plan to sell certain facilities within the Dorel Home segment. These assets and related liabilities are presented as held for sale in the condensed consolidated interim statements of financial position and are measured at the lower of carrying amount and fair value less costs to sell. Efforts to sell the assets held for sale have started and a sale is expected within the next twelve months.

Assessing the Company's estimated future cash flows and liquidity, including its future compliance with covenants under its ABL facility and term loan facility, requires significant judgment. As there is significant uncertainty surrounding the Company's cash flows projections, its minimum revolving excess availability and its projected EBITDA, management concluded that the Company may not be able to meet its quarterly financial covenants during the next twelve months. Management is closely monitoring its cash flows, its minimum revolving excess availability and its minimum quarterly projected EBITDA targets. However, there can be no assurance that the Company will be successful in obtaining a waiver if it is in default of its financial covenants in the future, that alternative financing will be available to the Company, or that the Company will generate sufficient cash flows to meet its obligations. Accordingly, these circumstances indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The condensed consolidated interim financial statements have been prepared on a going concern basis and do not include any adjustments to the amounts and classifications of the assets and liabilities that might be necessary should the Company be unable to achieve its plan and continue in business. If the going concern assumption was not appropriate for the condensed consolidated interim financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the classification of items in the condensed consolidated interim statements of financial position classifications used. Such adjustments could be material.

4. ACCOUNTING CHANGES

New standards and amendments adopted during the period

No standards and amendments were adopted during the quarter ended March 31, 2025.

New standards and amendments not yet adopted

The following new accounting standards and amendments are not effective for the three months ended March 31, 2025 and have not been applied in preparing the condensed consolidated interim financial statements.

Presentation and Disclosure in Financial Statements (IFRS 18)
On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Early adoption is permitted. The Company is currently evaluating the impact from the adoption of IFRS 18 on its consolidated financial statements.

5. OTHER INFORMATION

The designation, number and amount of each class and series of Dorel's shares outstanding as of May 8, 2025 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)
4,136,553	1,742	28,524,113	206,807	208,549

Outstanding Deferred 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, 2025, the Company has made no change that has materially affected or is likely to materially affect the Company'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 inflationary pressures, changes in consumer spending, exchange rate fluctuations, the imposition of tariffs, 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;
- the effect of tariffs on imported goods;
- 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 and a possible resumption of the Israeli-Hamas war;
- continued access to capital resources, including compliance by the Company with all of the covenants under its ABL facility and term loan 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 presents 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), adjusted net income (loss) and adjusted diluted earnings (loss) per share. Restructuring costs were $1.6 million for the three months ended March 31, 2025 (2024 – $0.8 million). Refer to the section "Restructuring costs" in this MD&A for more details.

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.

	First Quarters Ended	
	March 31, 2025	March 31, 2024
Gross profit	**60,135**	68,237
Adjustment for:		
Restructuring costs recorded within gross profit	**358**	-
Adjusted gross profit	**60,493**	68,237
Adjusted gross margin (1)	**18.9%**	19.4%

(1) This is a non-GAAP financial ratio and it is calculated as adjusted gross profit divided by revenue.

	First Quarters Ended	
Dorel Home	**March 31, 2025**	March 31, 2024
Gross profit	**1,287**	11,780
Adjustment for:		
Restructuring costs recorded within gross profit	**358**	-
Adjusted gross profit	**1,645**	11,780
Adjusted gross margin (1)	**1.6%**	8.5%

(1) This is a non-GAAP financial ratio and it is calculated as adjusted gross profit divided by revenue.

Adjusted operating profit (loss)

Adjusted operating profit (loss) is calculated as operating profit (loss) excluding the impact of restructuring costs. Adjusted operating profit (loss) also excludes impairment loss on goodwill. Management uses adjusted operating profit (loss) to measure its performance from one period to the next, without the variation caused by the impact 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) 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	
	March 31, 2025	March 31, 2024
Operating loss	**(14,123)**	(7,652)
Adjustment for:		
Total restructuring costs	**1,624**	765
Adjusted operating loss	**(12,499)**	(6,887)

	First Quarters Ended	
Dorel Juvenile	**March 31, 2025**	March 31, 2024
Operating profit	**3,024**	549
Adjustment for:		
Restructuring costs	**1,177**	580
Adjusted operating profit	**4,201**	1,129

Dorel Home	First Quarters Ended March 31, 2025	 March 31, 2024
Operating loss	**(11,494)**	(3,556)
Adjustment for:		
Restructuring costs	**359**	185
Adjusted operating loss	**(11,135)**	(3,371)

Adjusted net income (loss) and adjusted diluted earnings (loss) per share

Adjusted net income (loss) is calculated as net income (loss) 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 is a non-GAAP ratio and is calculated as adjusted net income (loss) divided by the weighted average number of diluted shares. Management uses adjusted net income (loss) and adjusted diluted earnings (loss) per share 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) and adjusted diluted earnings (loss) per share to measure the business performance of the Company from one period to the next. Excluding these items does not imply they are necessarily non-recurring. These measures do not have any standardized meanings prescribed by IFRS and are therefore unlikely to be comparable to a similar measure presented by other companies.

	First Quarters Ended March 31, 2025	 March 31, 2024
Net loss	**(25,250)**	(17,569)
Adjustment for:		
Total restructuring costs	**1,624**	765
Income taxes recovery relating to the above-noted adjustments	**-**	(66)
Adjusted net loss	**(23,626)**	(16,870)
Basic loss per share	**(0.77)**	(0.54)
Diluted loss per share	**(0.77)**	(0.54)
Adjusted diluted loss per share (1)	**(0.72)**	(0.52)

(1) This is a non-GAAP financial ratio and it is calculated as adjusted net income (loss) 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 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) in section 1.f) Consolidated operating review 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 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, net proceeds on 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 section 2.c) Cash flow of this MD&A.