DOREL INDUSTRIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Dorel Industries Inc.

Opinion

We have audited the consolidated financial statements of Dorel Industries Inc. (the "Company"), which comprise:

- the consolidated statements of financial position as of December 30, 2020 and 2019
- the consolidated income statements for the years then ended
- the consolidated statements of comprehensive loss for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditors' Responsibilities for the Audit of the Financial Statements*"** section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 30, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Evaluation of tax uncertainties

Description of the matter

We draw attention to Note 4 (b) (s) and Note 27 of the financial statements. The Company's income tax provision is based on complex rules and regulations that are subject to interpretation and require estimates and assumptions that may be challenged by taxation authorities from various jurisdictions. Deferred tax liability estimates and assumptions are periodically reviewed and adjusted as circumstances warrant. Adjustments can result from changes to tax laws, and administrative guidance, and the resolution of uncertainties through either the conclusion of tax audits or expiration of prescribed time limits within the relevant statutes. The final results of government tax audits and other events may vary materially compared to estimates and assumptions used by management in determining the provision for income taxes and valuing deferred income tax liabilities. The Company's estimates and assumptions surrounding the ultimate resolution of tax uncertainties are a significant management judgment.

Why the matter is a key audit matter

We identified the evaluation of tax uncertainties as a key audit matter. The breadth of the Company's operations and the global complexity of tax regulations required significant auditor judgment and specialized skills and knowledge in evaluating the Company's assessment of uncertainties and judgments in estimating the ultimate taxes the Company will pay. In addition, significant auditor judgment was required in evaluating the results of our procedures regarding the Company's significant management judgment.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter. We involved income tax professionals with specialized skills and knowledge who performed the following:

- Obtained an understanding of the Company's tax structure and evaluated the reasonableness of management's judgments and estimates in the application of tax laws, including statutes and regulations;
- Evaluated the estimates and assumptions used by management in their evaluation of tax uncertainties by developing an independent assessment based on our understanding and interpretation of tax laws;
- Inspected the final conclusion of tax audits with applicable taxation authorities and assessed the expiration of statutes of limitations.

Indefinite Life Intangible assets impairment

Description of the matter

We draw attention to Note 4 (b) (h) (i) (j) and Note 13 of the financial statements. The indefinite useful life intangible asset balance is $150.3 million, of which $23.5 million are Trademarks related to the Dorel Juvenile - Europe (the "CGU"). The Company performs Goodwill and Indefinite life intangible asset impairment testing on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of the CGU likely exceeds its recoverable amount. The recoverable amount is the higher of the CGU's fair value less cost of disposal and its value in use. In determining the recoverable amount of its CGU, the Company's significant assumptions used to derive the CGU's discounted future cash flows include revenue growth rates, operating margins, tax rates, terminal growth rates and discount rates.

Why the matter is a key audit matter

We identified the evaluation of the Trademarks Impairment analysis for the CGU as a key audit matter. This matter represented an area of significant risk of misstatement given the high degree of estimation uncertainty in determining the recoverable amount. Significant auditor judgment was required to evaluate the CGU's discounted future cash flows, including revenue growth rates, operating margins, tax rates, terminal growth rates and discount rate assumptions. Minor changes to these assumptions could have a significant effect on the recoverable amount of the CGU and result in impairment charges. As a result, significant auditor judgment requiring specialized skills and knowledge was required in evaluating the results of our procedures.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

- Evaluated the Company's revenue growth rate assumptions for the CGU, by comparing those assumptions to the expected growth rates in the Company's and its peer companies' analyst reports.
- Compared the CGU's future cash flows to historical results. We performed sensitivity analyses to assess the impact of possible changes to the future cash flows and discount rate assumptions on the CGU's recoverable amount.
- Involved a valuation professional with specialized skills and knowledge, who assisted in evaluating the reasonableness of the discount rate assumption used in the determination of the recoverable amount, by comparing it against a discount rate range that was independently developed using publicly available market data for comparable entities.

Other Information

Management is responsible for the other information. Other information comprises:

- Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- Information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Glossy Annual Report".

Our opinion on the financial statements does not cover the other information and we do not, and will not, express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Glossy Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards ("IFRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP*

The engagement partner on the audit resulting in this auditors' report is Michael Baratta.

Montréal, Canada

March 11, 2021

*CPA auditor, CA, public accountancy permit No. A120841

DOREL INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 30, 2020 and 2019
(All figures in thousands of US dollars)

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents (Note 29)	$ 38,235	$ 39,141
Trade accounts receivable (Note 7)	445,896	398,956
Inventories (Note 8)	534,508	633,614
Income taxes receivable	17,350	8,292
Other assets (Note 14)	46,403	44,573
	1,082,392	1,124,576
Assets held for sale	7,250	6,757
	1,089,642	1,131,333
Non-current assets		
Property, plant and equipment (Note 10)	146,842	163,812
Right-of-use assets (Note 11)	166,061	174,038
Intangible assets (Note 12)	225,517	238,541
Goodwill (Notes 13 and 31)	41,016	84,478
Deferred tax assets (Note 27)	44,641	60,421
Other assets (Note 14)	5,397	8,203
	629,474	729,493
	$ 1,719,116	$ 1,860,826
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 15)	$ 30,562	$ 59,698
Trade and other payables (Note 16)	466,805	502,999
Lease liabilities (Note 11)	39,620	40,580
Income taxes payable	15,947	12,510
Long-term debt (Note 17)	276,913	24,233
Provisions (Note 18)	46,923	50,841
Other liabilities (Note 14)	16,884	10,953
	893,654	701,814
Non-current liabilities		
Lease liabilities (Note 11)	140,432	147,803
Long-term debt (Note 17)	125,823	417,869
Net pension and post-retirement defined benefit liabilities (Note 21)	26,280	25,820
Deferred tax liabilities (Note 27)	21,349	12,855
Provisions (Note 18)	2,700	2,699
Other liabilities (Note 14)	12,670	17,080
	329,254	624,126
EQUITY		
Share capital (Note 22)	204,701	203,932
Contributed surplus	30,054	30,873
Accumulated other comprehensive loss	(117,244)	(113,449)
Other equity	27,759	19,189
Retained earnings	350,938	394,341
	496,208	534,886
	$ 1,719,116	$ 1,860,826
COMMITMENTS, GUARANTEES AND CONTINGENCIES (Note 25)		
EVENT AFTER THE REPORTING DATE (Note 32)		

See accompanying notes.

ON BEHALF OF THE BOARD

Martin Schwartz, Director

Jeffrey Schwartz, Director

DOREL INDUSTRIES INC.
CONSOLIDATED INCOME STATEMENTS
For the years ended December 30, 2020 and 2019
(All figures in thousands of US dollars, except per share amounts)

	2020	2019
REVENUE (Note 31)	$ 2,762,485	$ 2,634,646
Cost of sales (Notes 6 and 8)	2,193,861	2,099,108
GROSS PROFIT	568,624	535,538
Selling expenses	195,329	219,679
General and administrative expenses	215,069	188,166
Research and development expenses	40,221	39,695
Impairment loss on trade accounts receivable (Note 7)	9,508	5,759
Restructuring costs (Note 6)	12,006	29,526
Impairment loss on goodwill (Note 13)	43,125	–
OPERATING PROFIT	53,366	52,713
Finance expenses (Note 30)	47,838	50,380
INCOME BEFORE INCOME TAXES	5,528	2,333
Income taxes expense (Note 27)		
Current	23,209	10,123
Deferred	25,722	2,663
	48,931	12,786
NET LOSS	$ (43,403)	$ (10,453)
LOSS PER SHARE (Note 28)		
Basic	$ (1.34)	$ (0.32)
Diluted	$ (1.34)	$ (0.32)

See accompanying notes.

DOREL INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the years ended December 30, 2020 and 2019
(All figures in thousands of US dollars)

	2020	2019
NET LOSS	$ (43,403)	$ (10,453)
OTHER COMPREHENSIVE LOSS:		
Items that are or may be reclassified subsequently to net income:		
Cumulative translation account:		
Net change in unrealized foreign currency losses on translation of net investments in foreign operations, net of tax of nil	(7,781)	(3,448)
Net gains (losses) on hedge of net investments in foreign operations, net of tax of nil	8,079	(2,002)
	298	(5,450)
Net changes in cash flow hedges:		
Net change in unrealized losses on derivatives designated as cash flow hedges	(4,070)	(1,814)
Reclassification to net income	544	(78)
Reclassification to the related non-financial asset	99	327
Deferred income taxes (Note 27)	680	397
	(2,747)	(1,168)
Items that will not be reclassified to net income:		
Defined benefit plans:		
Remeasurements of the net pension and post-retirement defined benefit liabilities (Note 21)	(1,364)	(1,707)
Deferred income taxes (Note 27)	18	695
	(1,346)	(1,012)
TOTAL OTHER COMPREHENSIVE LOSS	(3,795)	(7,630)
TOTAL COMPREHENSIVE LOSS	$ (47,198)	$ (18,083)

See accompanying notes.

DOREL INDUSTRIES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 30, 2020 and 2019

(All figures in thousands of US dollars)

	Attributable to equity holders of the Company							
			Accumulated other comprehensive income (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, 2018 (1)	$ 203,313	$ 28,555	$ (92,893)	$ (31)	$ (12,895)	$ 17,350	$ 437,704	$ 581,103
Adjustment on initial application of IFRS 16 (net of tax) (Note 11)	–	–	–	–	–	–	(18,147)	(18,147)
Adjusted balance as at December 31, 2018	$ 203,313	$ 28,555	$ (92,893)	$ (31)	$ (12,895)	$ 17,350	$ 419,557	$ 562,956
Total comprehensive loss:								
Net loss	–	–	–	–	–	–	(10,453)	(10,453)
Other comprehensive loss	–	–	(5,450)	(1,168)	(1,012)	–	–	(7,630)
	–	–	(5,450)	(1,168)	(1,012)	–	(10,453)	(18,083)
Reclassification from contributed surplus due to settlement of deferred share units (Notes 22 and 23)	619	(693)	–	–	–	–	–	(74)
Share-based payments (Note 23)	–	810	–	–	–	–	–	810
Reclassification of the equity component of convertible debentures, net of tax of $727 (Note 17)	–	2,037	–	–	–	(2,037)	–	–
Remeasurement of written put option liabilities (Note 14)	–	–	–	–	–	3,876	–	3,876
Dividends on common shares (Note 22)	–	–	–	–	–	–	(14,599)	(14,599)
Dividends on deferred share units (Note 23)	–	164	–	–	–	–	(164)	–
Balance as at December 30, 2019	$ 203,932	$ 30,873	$ (98,343)	$ (1,199)	$ (13,907)	$ 19,189	$ 394,341	$ 534,886
Total comprehensive loss:								
Net loss	–	–	–	–	–	–	(43,403)	(43,403)
Other comprehensive loss	–	–	298	(2,747)	(1,346)	–	–	(3,795)
	–	–	298	(2,747)	(1,346)	–	(43,403)	(47,198)
Reclassification from contributed surplus due to settlement of deferred share units (Notes 22 and 23)	769	(954)	–	–	–	–	–	(185)
Share-based payments (Note 23)	–	135	–	–	–	–	–	135
Remeasurement of written put option liabilities (Note 14)	–	–	–	–	–	8,570	–	8,570
Balance as at December 30, 2020	$ 204,701	$ 30,054	$ (98,045)	$ (3,946)	$ (15,253)	$ 27,759	$ 350,938	$ 496,208

(1) The Company has initially applied IFRS 16 as at December 31, 2018. Under the transition method chosen, comparative information is not restated. See Note 11.

See accompanying notes.

DOREL INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 30, 2020 and 2019
(All figures in thousands of US dollars)

	2020	2019
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss	$ (43,403)	$ (10,453)
Items not involving cash:		
Depreciation and amortization (Note 30)	98,088	95,785
Impairment loss on goodwill (Note 13)	43,125	–
Unrealized losses arising on financial assets and financial liabilities classified at fair value through profit or loss	93	35
Share-based payments (Note 23)	135	333
Defined benefit pension and post-retirement costs (Note 21)	3,798	816
Net (gain) loss on disposal of property, plant and equipment and intangible assets and on lease modifications	(2,195)	26
Restructuring costs (Note 6)	4,037	2,243
Finance expenses (Note 30)	47,838	50,380
Income taxes expense (Note 27)	48,931	12,786
Net changes in balances related to operations (Note 29)	5,754	(21,154)
Income taxes paid	(31,451)	(9,108)
Income taxes received	1,906	6,528
Interest paid	(43,763)	(43,095)
Interest received	1,641	664
CASH PROVIDED BY OPERATING ACTIVITIES	134,534	85,786
FINANCING ACTIVITIES		
Net (decrease) increase of bank indebtedness (Note 29)	(17,653)	11,302
Proceeds from issuance of long-term debt (Notes 17 and 29)	27,944	157,762
Repayments of long-term debt (Notes 17 and 29)	(74,153)	(162,361)
Financing costs (Note 29)	(3,053)	(3,671)
Net (payment) proceeds from settlement of interest rate swaps (Note 29)	(834)	56
Increase of written put option liabilities (Note 29)	–	442
Payments of lease liabilities, net of lease incentive received (Note 11)	(42,054)	(43,648)
Dividends on common shares (Note 22)	–	(14,599)
CASH USED IN FINANCING ACTIVITIES	(109,803)	(54,717)
INVESTING ACTIVITIES		
Acquisition of businesses	–	(162)
Additions to property, plant and equipment, net of subsidy received related to land use rights (Notes 10 and 29)	(21,021)	(21,280)
Disposals of property, plant and equipment	2,311	977
Additions to intangible assets (Notes 12 and 29)	(12,689)	(16,735)
Net proceeds from disposals of assets held for sale	4,138	4,821
CASH USED IN INVESTING ACTIVITIES	(27,261)	(32,379)
Effect of foreign currency exchange rate changes on cash and cash equivalents	1,624	1,179
NET DECREASE IN CASH AND CASH EQUIVALENTS	(906)	(131)
Cash and cash equivalents, beginning of year	39,141	39,272
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 29)	$ 38,235	$ 39,141

See accompanying notes.

NOTE 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, Dorel Juvenile and Dorel Sports segments. The principal geographic markets for the Company's products are the United States, Europe, Latin America, Canada and Asia. The principal activities of the Company are described in Note 31. 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 three 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.
Dorel Sports	From the sale of recreational and leisure products and accessories which include bicycles, jogging strollers, scooters and other recreational products.

NOTE 2 – STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION AND MEASUREMENT

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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.

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

	Measurement basis
Derivative financial instruments	Fair value
Written put option liabilities	Expected present value of the exercise price
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
Product liability	Discounted present value

These consolidated financial statements were authorized by the Company's Board of Directors for issue on March 11, 2021.

NOTE 3 – CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The following are amendments to standards applied by the Company in the preparation of these consolidated financial statements.

a) *Amendment to IFRS 16 – COVID-19-Related Rent Concessions*

In May 2020, the IASB amended IFRS 16, Leases, to include a practical expedient which permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. In addition, the amendment to IFRS 16 provides specific disclosure requirements regarding COVID-19 related rent concessions. The amendments are effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted. The Company elected to apply the practical expedient to all eligible rent concessions. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements but may impact future periods if the Company receives additional rent concessions.

b) *Amendment to IAS 1 – Classification of Liabilities as Current or Non-current*

In January 2020, the IASB amended IAS 1, *Presentation of Financial Statements*, to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. The adoption of these amendments did not have an impact on the Company's consolidated financial statements.

c) *Interest Rate Benchmark Reform – Phase 1 (Amendments to IFRS 9, IAS 39 and IFRS 7)*

In September 2019, the IASB published *Interest Rate Benchmark Reform – Phase 1 (*amendments to IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement*, and IFRS 7, *Financial Instruments: Disclosures)* to provide temporary exceptions from applying specific hedge accounting requirements during the period of uncertainty arising from the interest rate benchmark reform. The amendments from Phase 1 modified specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. In addition, the amendments to IFRS 7 provide specific disclosure requirements regarding uncertainty arising from interest rate benchmark reform. These amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted. A portion of the Company's revolving bank loans, for which amounts drawn are subject to Interbank Offered Rates ("IBORs") as interest reference rates, is being hedged with a $50,000 interest rate swap with a floating USD LIBOR rate and maturing on April 9, 2024. The Company has designated this interest rate swap as a cash flow hedge and applies hedge accounting. The Company's interest rate swap agreement is governed by the International Swaps and Derivatives Association ("ISDA")'s Master Agreement. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

NOTE 3 – CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

d) *Amendments to IAS 1 and IAS 8 – Definition of Material*

In October 2018, the IASB amended IAS 1, *Presentation of Financial Statements*, and IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify the definition of material and how it should be applied. In addition, the explanations accompanying the definition have been improved. The amendments are effective for annual periods beginning on or after January 1, 2020, with earlier application permitted. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

e) *Amendment to IFRS 3 – Definition of a Business*

In October 2018, the IASB amended IFRS 3, *Business Combinations*, to clarify the definition of a business, with the objective of assisting entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are applicable to transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, with earlier application permitted. The adoption of these amendments did not have an impact on the Company's consolidated financial statements but may impact future periods if the Company enters into any future business combinations.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES

Except for the changes in significant accounting policies described above in Note 3, the accounting policies set out below have been applied consistently in the preparation of the consolidated financial statements of all years presented and have been applied consistently by the Company's entities. Certain comparative amounts in the consolidated financial statements have been reclassified in order to conform to the 2020 consolidated financial statements presentation.

a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 30, 2020 and 2019. The Company consolidates a 100% interest in all its subsidiaries from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved when the Company is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has power over the investee, exposure, or rights to, variable returns from its involvement with the investee and the ability to use its power over the investee to affect its returns. The financial statements of subsidiaries are prepared with the same reporting period of the Company.

The accounting policies of subsidiaries are aligned with the policies of the Company. All significant inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, have been eliminated in preparing the consolidated financial statements.

b) Use of Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenue and expenses, and disclosure of contingent assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effects of revisions are reflected in the consolidated financial statements in the period they are determined to be necessary and in any future periods affected. Actual results could differ from those estimates and such differences could be material.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

While preparing these consolidated financial statements, management exercised significant judgment in connection with the potential impact of the COVID-19 pandemic 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 COVID-19 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. These future developments include the duration, severity and scope of the COVID-19 outbreak, the measures taken by various government authorities to contain it and the reaction of the general public to, and compliance with, such containment measures. Accordingly, actual results could differ materially from the pandemic-related estimates and assumptions made by management in the preparation of these consolidated financial statements.

The most critical judgments and significant estimates and assumptions in applying the accounting policies are described below:

- *Basis of preparation of the consolidated financial statements:*

  At each reporting period, management assesses the basis of preparation of the consolidated financial statements. These consolidated 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.

- *Impairment testing of goodwill and intangible assets with indefinite useful lives:*

  Significant management estimates are required to determine both fair value and value in use of a cash generated unit (CGU) to which goodwill and intangible assets with indefinite useful lives are allocated. Estimates of fair value, selling costs or the discounted future cash flows related to the CGUs are required. Differences in estimates could affect whether goodwill or intangible assets with indefinite useful lives are in fact impaired and the dollar amount of that impairment.

- *Provisions and contingent liabilities:*

  A provision is recognized if the Company has a present legal or constructive obligation, as a result of past events, that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation for product liability, accrual of product warranties, liabilities for potential litigation claims and settlements. Management must use judgment in determining whether all of the above three conditions have been met to recognize a provision or instead whether a contingent liability is in existence at the reporting date.

  Management formulates a reliable estimate for the obligation once the applicable criteria have been satisfied to recognize the liability. Management's estimate is based on the likelihood and timing of economic outflows, discount rates, historical experience, nature of provision, opinions of legal counsel and other advisors and if there is a claim amount.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

- *Income taxes:*

  The Company's income tax provision is based on tax rules and regulations that are subject to interpretation and require estimates and assumptions that may be challenged by taxation authorities from various jurisdictions. Management's estimates of income tax assets and liabilities are periodically reviewed and adjusted as circumstances warrant, such as for changes to tax laws and administrative guidance, and the resolution of uncertainties through either the conclusion of tax audits or expiration of prescribed time limits within the relevant statutes. The final results of government tax audits and other events may vary materially compared to estimates and assumptions used by management in determining the provision for income taxes and in valuing income tax assets and liabilities. A deferred tax asset is recorded when it is probable that it will be realized in the future. The ultimate realization of deferred tax assets is based on management's estimates of the generation of future income and estimates of the impact of tax planning strategies.

- *Revenue recognition: sales returns and other customer programs:*

  At contract inception, the Company estimates customer programs and incentive offerings that give rise to variable consideration. Estimated amounts of variable consideration are based on various assumptions including agreements with comparable customers, past experience with customers and/or products, and other relevant factors. The amount of revenue recognized is adjusted for expected returns, which are estimated by management based on the historical data for the related types of goods sold.

- *Impairment loss allowance for trade accounts receivable:*

  The Company recognizes an impairment loss allowance for expected credit losses on trade accounts receivable, using a probability-weighted estimate of credit losses. In its assessment, management estimates the expected credit losses based on actual credit loss experience and informed credit assessment, taking into consideration forward-looking information. If actual credit losses differ from estimates, future earnings would be affected.

- *Inventory valuation:*

  The Company regularly reviews inventory quantities on hand and records a provision for those inventories no longer deemed to be fully recoverable. The cost of inventories may no longer be recoverable if those inventories are slow moving, damaged, if they have become obsolete, or if their selling prices or estimated forecast of product demand declines. If actual market conditions are less favourable than previously projected, or if liquidation of the inventory no longer deemed to be fully recoverable is more difficult than anticipated, additional provisions may be required.

- *Determining the lease term of contracts with extension options and termination options:*

  The Company determines the lease term as the non-cancellable period of the lease, together with any periods covered by an option to extend the lease, if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgment in assessing whether it is reasonably certain to exercise its options to extend its leases or to not exercise its options to terminate its leases, by considering all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Company.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Revenue Recognition

The Company generally recognizes revenue at a point in time for all its reporting segments, when control over a product is transferred to a customer. This usually occurs either on shipment or delivery of the goods. The majority of the Company's contracts across all reporting segments are contracts with customers in which the sale of goods is the only performance obligation.

Customer Programs and Incentive Offerings

Some contracts with customers provide customer programs and incentive offerings, including special pricing agreements, promotions, advertising allowances and other volume-based incentives. Such customer programs and incentive offerings give rise to variable consideration and are required to be estimated at contract inception by using either the expected value or the most likely amount, depending on which method the Company expects to better predict the amount of consideration to which it will be entitled. The estimates are based on various assumptions including agreements with comparable customers, past experience with customers and/or products, and other relevant factors. Revenue is recognized to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

d) Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid instruments with original maturities of three months or less.

e) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis and includes:

- the purchase price and other costs directly related to the acquisition of materials;
- the costs directly related to the conversion of materials to finished goods, such as direct labour and an allocation of fixed and variable production overheads, including manufacturing depreciation expense. The allocation of fixed production overheads to the cost of inventories is based on a normal range of capacity of the production facilities. Normal capacity is the average production expected to be achieved over a number of periods under normal circumstances; and
- transfers from other comprehensive income (loss) of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventories are written down to net realizable value when the cost of inventories is determined not to be recoverable. When the circumstances that previously caused the inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed, limited to the amount of the original write-down.

f) Property, Plant and Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, such as the purchase price or manufacturing cost, capitalized borrowing costs, as well as other costs incurred in bringing the asset to its present location and condition. Subsequent expenditures are capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are recognized as an expense as incurred.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment are depreciated as follows:

	Method	Rates/useful lives
Buildings and improvements	Straight-line	20 to 40 years
Machinery and equipment	Declining balance	15%
Moulds	Straight-line	3 to 5 years
Furniture and fixtures	Declining balance	20%
Computer equipment	Declining balance	30%
Vehicles	Declining balance	30%
Leasehold improvements	Straight-line	Over the lesser of the useful life and the term of the lease

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of assets not yet in service, from the date they are ready for their intended use.

The property, plant and equipment's residual values, useful lives and methods of depreciation are reviewed at least at each financial year-end, and adjusted prospectively, if appropriate.

g) Leases

At inception, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease, i.e. the date the underlying asset is available for use.

Right-of-Use Assets

Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. Cost of right-of-use assets is comprised of:

- the initial measurement amount of the lease liabilities recognized;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease contract.

Right-of-use assets are depreciated on a straight-line basis over the lesser of i) the estimated useful life of the underlying assets; and ii) the lease term. They are assessed for impairment whenever there is an indication that the right-of-use assets may be impaired.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date over the lease term. The present value of the lease payments is determined using the lessee's incremental borrowing rate at the commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is a function of the lessee's incremental borrowing rate, the nature of the underlying asset, the geographic location of the asset, the length of the lease and the currency of the lease contract. At the commencement date, lease payments generally include fixed payments, less any lease incentives receivable, variable lease payments that depend on an index (e.g. based on inflation index) or a specified rate, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising the option to terminate the lease. Lease payments also include amounts expected to be paid under residual value guarantees and the exercise price of a purchase option if the Company is reasonably certain to exercise that option.

Variable lease payments that do not depend on an index or a specified rate are not included in the measurement of lease liabilities but instead are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

After the commencement date, the carrying amount of lease liabilities is increased to reflect the accretion of interest and reduced to reflect lease payments made. In addition, the carrying amount of lease liabilities is remeasured when there is a change in future lease payments arising from a change in an index or specified rate, if there is a modification to the lease terms and conditions, a change in the estimate of the amount expected to be payable under residual value guarantee, or if the Company changes its assessment of whether it will exercise a termination, extension or purchase option. The remeasurement amount of the lease liabilities is recognized as an adjustment to the right-of-use asset, or in the consolidated income statement when the carrying amount of the right-of-use asset is reduced to zero.

h) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Internally generated intangible assets, excluding capitalized development and patent costs, are not capitalized and the expenditure is recognized as an expense when incurred. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which the expenditure relates. All other expenditures are recognized as an expense as incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The residual value, amortization period and amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end and adjusted prospectively, if applicable.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets with finite useful lives are amortized as follows:

	Method	Useful lives
Customer relationships	Straight-line	9 to 25 years
Supplier relationship	Straight-line	10 years
Patents	Straight-line	4 to 18 years
Software licenses	Straight-line	3 to 10 years
Research and development costs	Straight-line	2 to 5 years

Trademarks

Trademarks acquired as part of business acquisitions and registered trademarks are considered to have an indefinite useful life. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, on October 31, or more frequently if an impairment indicator is identified, either individually or at the CGU level.

Research and Development Costs

The Company incurs costs on activities which relate to research and development of new products. Research costs are expensed as they are incurred. Development costs are also expensed as incurred unless all of the following can be demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Initial capitalization of costs is based on management's judgment that technological and economic feasibility is confirmed. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project.

Following initial recognition of the deferred development costs as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Deferred development costs are expensed immediately if capitalized projects are not completed.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Business Combinations and Related Goodwill

Business Combinations and Related Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, when control is transferred. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, and any liability and equity interests issued by the Company on the date control of the acquired company is obtained. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are generally measured initially at their fair values at the acquisition date. The Company measures goodwill as the fair value for the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. If this consideration is lower than the fair value of the net assets of the business acquired, the difference is recognized immediately in the consolidated income statement as a gain from a bargain purchase. The Company elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Restructuring, transaction costs other than those associated with the issue of debt or equity securities, and other direct costs of a business combination are not considered part of the business acquisition transaction and are expensed as incurred.

Subsequent Recognition of Goodwill

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's CGUs or group of CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill is not amortized but tested for impairment at least annually, on October 31, and upon occurrence of an indication of impairment.

Where goodwill forms part of a CGU and part of the operations within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operations when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

j) Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication of impairment exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. The Company defines its CGUs based on the way it internally monitors and derives economic benefits from the acquired goodwill.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount immediately. Impairment losses are recognized in the consolidated income statements. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis but no lower than the individual assets' fair value.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The cash flows are derived from long-term plans generally for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The Company assesses the uncertainty of these estimates by making sensitivity analysis.

In determining fair value less costs of disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly-traded companies or other available fair value indicators. The Company assesses the uncertainty of these estimates by making sensitivity analyses.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years. An impairment loss in respect of goodwill is not reversed in future periods.

k) Assets Held for Sale

Assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell and are not depreciated while classified as held for sale. Assets held for sale are classified within this category if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets.

l) Foreign Currency

Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company's subsidiaries at the average exchange rates for the period. The monetary items denominated in currencies other than the functional currency of a subsidiary are translated at the exchange rates prevailing at the statement of financial position date, and translation gains and losses are included in the consolidated income statement. Non-monetary items denominated in foreign currencies other than the functional currency are translated at historical rates.

Foreign Currency Translation

The assets and liabilities of foreign operations, whose functional currency is not the US dollar, are translated into US dollars at the exchange rates in effect at the statement of financial position date. Revenue and expenses are translated at average exchange rates for the period. Differences arising from the exchange rate changes are included in other comprehensive income (loss) in the cumulative translation account.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and monetary items for which the settlement of which is planned but that have been designated as a hedge of the net investment in a foreign operation and to the extent the hedge is effective, are recognized in other comprehensive income (loss) in the cumulative translation account and reclassified from equity to the consolidated income statement on the disposal of the net investment.

m) Financial Instruments

All financial instruments, including derivatives, are recognized in the consolidated statement of financial position initially at fair value when the Company becomes a party to the contractual obligations of the instrument. Except for those incurred on the revolving bank loans, transaction costs that are directly attributable to the acquisition or issuance of financial instruments that are not subsequently recognized at fair value are added/deducted from the financial asset/liability and are amortized using the effective interest rate method over the expected life of the related asset/liability. Transaction costs incurred on the revolving bank loans are recorded at cost less accumulated amortization and amortized as interest expense on a straight-line basis over the term or life of the related debt. These deferred charges are included in other assets in the consolidated statement of financial position.

Financial Assets

On initial recognition, the Company classifies its financial assets as subsequently measured at either amortized cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A financial asset is subsequently measured at amortized cost using the effective interest method and net of any impairment loss.

The financial assets of the Company that are measured at amortized cost consist of cash and cash equivalents, trade accounts receivable, other receivables, costs relating to revolving bank loans and other financial assets (excluding its derivative financial assets). Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated income statement.

Impairment of Financial Assets

The Company has elected to measure loss allowances for trade accounts receivable at an amount equal to lifetime ‘expected credit losses’ (“ECLs”).

The Company measures loss allowances for other receivables in accordance with the following model:

- When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment, including forward-looking information. The Company assumes that the credit risk on a financial asset has increased if it is more than 30 days past due.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company considers a financial asset to be in default when either:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as recovering inventory or the Company's credit insurance (if any); or
- the financial asset is more than 90 days past due;

as the Company's historical experience indicates that financial assets that meet either of the above criteria generally have a higher risk of not being recoverable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

i. Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Company establishes an impairment loss allowance on a collective and individual assessment basis, by considering past events, current conditions and forecasts of future economic conditions. Collective assessment is carried out by grouping together trade accounts receivable with similar characteristics, mainly by geographic area, customer credit rating and number of days past due. ECLs are discounted at the effective interest rate of the financial asset.

ii. Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Examples of events that could occur are:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or past due event;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

It may not be possible to identify a single discrete event; instead, the combined effect of several events may have caused financial assets to become credit-impaired.

iii. Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to trade accounts receivable are presented separately in the consolidated income statements.

iv. Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of Financial Assets

Financial assets are derecognized when the Company's contractual rights to the cash flows from the respective assets have expired or the Company has transferred its rights to the cash flows from the respective assets and either (i) the Company has transferred substantially all of the risks and rewards of the assets or (ii) the Company has neither exposure to the risks inherent in those assets nor entitlement to rewards from them. Any gain or loss on derecognition is recognized in the consolidated income statement.

Financial Liabilities and Equity Instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the Company classifies its financial liabilities as subsequently measured at either amortized cost or fair value. A financial liability is subsequently measured at amortized cost, using the effective interest method. The Company currently classifies bank indebtedness, trade and other payables, long-term debt and other financial liabilities (excluding its derivative financial liabilities and written put option liabilities) as financial liabilities measured at amortized cost. Interest expense and foreign exchange gains and losses are recognized in the consolidated income statement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs and applicable income taxes.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the consolidated income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Derecognition of Financial Liabilities

Financial liabilities are derecognized when the obligations under the liabilities are discharged, cancelled, expired or are replaced by a new liability with substantially modified terms. Any gain or loss on derecognition is recognized in the consolidated income statement.

n) Derivative Financial Instruments and Hedge Accounting

Derivative Financial Instruments

The Company uses forward exchange contracts and interest rate swap agreements to hedge its foreign currency and interest rate risk exposures. The Company classifies interest rate swap agreements and foreign exchange contracts used for hedging as fair value-hedging instruments, and other foreign exchange contracts as fair value through profit or loss. The Company designates certain foreign exchange contracts and interest rate swap agreements as hedging instruments to hedge the variability in cash flows associated with highly probable forecasted transactions arising from changes in foreign exchange rates and interest rates. The Company also uses non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation. Any derivative instrument that does not qualify for hedge accounting is measured at fair value at each reporting date and the changes in fair value are included in net income.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income (loss) and accumulated in the cash flow hedges reserve in equity. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income (loss) is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in net income in the same consolidated income statement caption as the hedged item when realized.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for a cash flow hedge is discontinued, the amount that has been accumulated in the cash flow hedges reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to net income in the same period or periods as the hedged expected future cash flows affect net income.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the cash flow hedges reserve are immediately reclassified to net income.

Net investment hedges

When a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of foreign exchange gains and losses is recognized in other comprehensive income (loss) and presented in the cumulative translation account within equity. Any ineffective portion of the foreign exchange gains and losses is recognized immediately in the consolidated income statement. The amount recognized in other comprehensive income (loss) is reclassified to net income as a reclassification adjustment on disposal of the foreign operation.

o) Written Put Options

As part of certain incorporation or business acquisition agreements, the Company has written put options to acquire the non-controlling interest holders' stake. Under the terms of these agreements, the holders of the non-controlling interest have an option to sell their stake in the respective companies at a formulaic variable price based mainly on the earnings levels in future periods (the "exit price"). The agreements do not include a minimum exit price.

When the put option granted to the non-controlling shareholders provides for settlement in cash or in another financial asset by the Company, the Company is required to recognize a liability for the present value of the exercise price of the put option.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

In accounting for this transaction, the Company applies the anticipated acquisition method of accounting. Under this method of accounting, the written put option is accounted for as if the put option had already been exercised and satisfied by the non-controlling shareholders. As a result, the underlying interests are presented as already owned by the Company in the consolidated statements of financial position, the consolidated income statements and the consolidated statements of comprehensive income (loss), even though legally they are still considered non-controlling interest. In other words, profits and losses attributable to the holders of the non-controlling interest that are subject to the put option are presented as attributable to the Company and not as attributable to those non-controlling shareholders.

The written put options are measured at the expected present value of the exercise price. The Company has chosen to account for the remeasurement of the written put option liability at each reporting period within the other equity account.

p) Employee Benefits

Short-Term Employee Benefits

Short-term employee benefits include wages, salaries, compensated absences, profit-sharing and bonuses. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in operating income as the related service is provided or capitalized if the service rendered is in connection with the creation of an asset. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Pension Plans

The Company provides defined benefit and defined contribution plans to certain employees. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Defined Contribution Plans

Certain benefits are given to employees through defined contribution plans administered by governments. The Company's contributions to these plans are recognized on an accrual basis and expensed as the related service is provided.

Defined Benefit Plans

The Company has a number of contributory defined benefit pension plans providing pension benefits to eligible employees. These plans provide a pension based on length of service and eligible pay. The Company's net liability in respect of defined benefits is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Defined benefit obligations are calculated annually by qualified actuaries as at the statement of financial position year-end date. The actuarial valuations are determined based on management's best estimate of the discount rate, the rate of compensation increase, retirement rates, termination rates, mortality rates and expected growth rate of health care costs. The discount rate used to value the net defined benefit obligation for accounting purposes is based on the yield on a portfolio of corporate bonds denominated in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the defined benefit plan obligations.

The fair value of plan assets are deducted from the defined benefit obligation to arrive at the net liability. Plan assets are measured at fair value as at the statement of financial position date. Past service costs arising from plan amendments are recognized in operating income in the year that they arise. Remeasurements of the net defined benefit liability, which comprise actuarial gains or losses, the return on plan assets, excluding interest, and any changes in the effect of the asset ceiling, if any, are recognized in other comprehensive income (loss) in the period in which they arise.

Pension expense consists of the following:

- the cost of pension benefits provided in exchange for employees' services rendered in the period;
- net interest expense (income) on the net defined benefit liability (asset) for the period determined by applying the discount rate used to measure the net defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments;
- past service costs; and
- gains or losses on settlements.

*Post-Retirement Benefits Other Than Pension*s

The Company sponsors post-retirement benefits other than pensions that are classified as a long-term defined benefit arrangement and they include health care and life insurance benefits for retired employees. When the amount of the long-term post-retirement benefits does not depend on length of service, the obligation is recognized when an event occurs that gives rise to an obligation to make payments. When the amount depends on length of service, the cost of providing these benefits are accrued over the working lives of employees in a manner similar to defined benefit pension cost.

The expected costs of these post-retirement benefits other than pensions are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains or losses on post-employment defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income (loss) in the period in which they arise.

Significant elements requiring the use of judgment in determining the assets or liabilities and related income or expense for these plans are the discount rate used to value future payment streams, expected trends in health care costs and other actuarial assumptions. Annually, the Company evaluates the significant assumptions to be used to value its pension and post-retirement plan assets and liabilities based on current market conditions and expectations of future costs.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Share-Based Payments

Directors' Deferred Share Units (equity-settled)

For the Directors' Deferred Share Unit Plan ("DDSU Plan") offered to its external directors, the Company records an expense within general and administrative expenses with a corresponding increase to contributed surplus when the units are granted which is the date the remuneration is to be paid. The amount corresponds to its directors' fees and fees for attending meetings of the Board of Directors or committees.

Executive Deferred Share Units (equity-settled)

For the Executive Deferred Share Unit Plan ("EDSU Plan") offered to its executive officers, the Company records an expense within general and administrative expenses with a corresponding increase to contributed surplus when the units are granted which is on the last business day of each month of the Company's fiscal year in the case of salary and on the date on which the bonus is, or would otherwise be, paid to the participant in the case of bonus. The amount corresponds to the portion of salary or bonus elected to be paid in the form of deferred share units.

The discretionary deferred share units ("DSUs") issued under the EDSU Plan are accounted for as equity-settled share-based payment transactions and are measured at fair value at the grant date based on the share price of the Company's Class "B" Subordinate Voting Shares. An expense is recognized over the vesting period as employee benefits expense within general and administrative expenses, with a corresponding amount recognized in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of units for which the related service and performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the units of awards that do meet the related service and non-market performance conditions at the vesting date.

As the Company has the option and intent to settle all the DSUs issued under the DDSU and EDSU Plans in Class "B" Subordinate Voting Shares upon termination of a director or an executive officer, the contributed surplus account is affected on the recognition of the expenses.

Restricted Share Unit Plan (cash-settled)

The restricted share unit ("RSUs") plan entitles senior executives and certain key employees to a cash payment equal to the number of the Company's Class "B" Subordinate Voting Shares underlying the vested RSUs multiplied by the weighted average trading price during the five trading days immediately preceding the vesting date. A liability is recognized for the services acquired and is recorded at the fair value of the RSUs in other long-term liabilities, except for the current portion recorded in trade and other payables, with a corresponding expense recognized in employee benefits expense within general and administrative expenses, over the period that the employees become unconditionally entitled to the payment. At the end of each reporting period until the liability is settled, the fair value of the liability is remeasured based on the market price of the Company's Class "B" Subordinate Voting Shares, with any changes in fair value recognized in the consolidated income statement for the period.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Share Appreciation Rights (cash-settled)

The Share Appreciation Rights ("SARs") plan entitles senior executives and certain key employees to a cash payment based on the increase in the share price of the Company's Class "B" Subordinate Voting Shares from the grant date to the settlement date. A liability is recognized for the services acquired and is recorded at the fair value of the SARs in other long-term liabilities, except for the current portion recorded in trade and other payables, with a corresponding expense recognized in employee benefits expense within general and administrative expenses, over the period that the employees become unconditionally entitled to the payment. The fair value of the employee benefits expense of the SARs is measured using the Black-Scholes pricing model. Estimating fair value requires making assumptions in determining the most appropriate inputs to the valuation model including the expected life of the SARs, volatility, risk-free interest rate and dividend yield and making assumptions about them. At the end of each reporting period until the liability is settled, the fair value of the liability is remeasured, with any changes in fair value recognized in the consolidated income statement for the period.

Performance Share Units (cash-settled)

The Performance Share Units ("PSUs") plan entitles senior executives and certain key employees to a cash payment. A liability is recognized for the services acquired and is recorded at fair value based on the share price of the Company's Class "B" Subordinate Voting Shares in other long-term liabilities, except for the current portion recorded in trade and other payables, with a corresponding expense recognized in employee benefits expense within general and administrative expenses. The amount recognized as an expense is adjusted to reflect the number of units for which the related service and performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the units of awards that do meet the related service and non-market performance conditions at the vesting date. At the end of each reporting period until the liability is settled, the fair value of the liability is remeasured, with any changes in fair value recognized in the consolidated income statement for the period.

r) Government Assistance

Government assistance is recognized when there is reasonable assurance that it will be received and the Company will comply with all of the conditions associated with the assistance. Government grants related to an expense or a waiver of expenses are recognized as a reduction of related expense for which the grant is intended to compensate. Government grants related to the construction or acquisition of an asset are recognized as a deduction of the carrying amount of the related asset.

s) Income Taxes

Income taxes expense comprises current and deferred income taxes. Current and deferred income taxes are recognized in the consolidated income statements except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income (loss).

Current Income Taxes

Current income taxes is the expected tax payable or receivable on the taxable income or loss for the year using enacted or substantively enacted income tax rates at the reporting date and any adjustment to tax payable or receivable of previous years.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred income taxes relate to the expected future tax consequences of differences between the carrying amount of assets and liabilities for financial reporting purposes in the consolidated statement of financial position and their corresponding tax values using the enacted or substantively enacted income tax rate, which are expected to be in effect for the year in which the differences are expected to reverse.

A deferred tax asset is recorded when it is probable that it will be realized in the future. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and tax planning strategies. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment or substantive enactment.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing on the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority. Deferred tax assets and deferred tax liabilities are recognized on the consolidated statement of financial position under non-current assets or liabilities, irrespective of the expected date of realization or settlement.

t) Provisions

Provisions are recognized when:

- the Company has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, current market assessments of the time value of money and the risks specific to the liability. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement.

Product Liability

The Company insures itself to mitigate its product liability exposure. The estimated product liability exposure requires the use of judgment and is discounted and calculated by an independent actuary based on historical sales volumes, past claims history and management and actuarial assumptions. The estimated exposure includes incidents that have occurred, as well as incidents anticipated to occur on products sold prior to the reporting date.

Significant assumptions used in the actuarial model include management's estimates for pending claims, product life cycle, discount rates, and the frequency and severity of product incidents.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

The recorded liability represents the Company's total estimated exposure related to current and future product liability incidents. The Company reviews periodically its recorded product liability provisions and any adjustment is recorded in general and administrative expenses.

Warranty Provisions

A provision for warranty cost is recorded in cost of sales when the revenue for the related product is recognized. The cost is estimated based on a number of factors, including the historical warranty claims and cost experience, the type and duration of the warranty coverage, the nature of the product sold and in service, counter-warranty coverage available from the Company's suppliers and product recalls.

The Company reviews periodically its recorded product warranty provisions and any adjustment is recorded in cost of sales.

Employee Compensation

Employee compensation consists of bonuses based on length of service and profit sharing offered by certain of the Company's subsidiaries.

Restructuring Provision

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Other Provisions

Other provisions are mainly composed of litigation provisions and various damage claims having occurred during the period but not covered by insurance companies.

Litigation provisions have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. These provisions concern numerous cases not material individually. Reversal of such provisions refers to cases resolved in favour of the Company. The timing of cash outflows of litigation provisions is uncertain as it depends upon the outcome of the proceedings. These provisions are therefore not discounted because their present value would not represent meaningful information.

u) Earnings Per Share ("EPS")

Basic EPS is computed based on net income attributable to equity holders of the Company divided by the weighted daily average number of Class "A" Multiple and Class "B" Subordinate Voting Shares outstanding during the year. Diluted EPS is determined by adjusting the net income attributable to equity holders of the Company and the weighted daily average number of Class "A" Multiple and Class "B" Subordinate Voting Shares outstanding during the year for the effects of the exercise of all dilutive elements of stock options, deferred share units and conversion features of the convertible debentures.

NOTE 4 – SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Fair Value Determination

Certain of the Company's accounting policies and disclosures require the determination of fair value for financial and non-financial assets and liabilities for both measurement and disclosure purposes. In establishing fair value, the Company uses a fair value hierarchy depending on the observability of the inputs used in the measurement.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: This level includes valuations determined using directly (i.e. as prices) or indirectly (i.e. derived from prices) observable inputs other than quoted prices included within Level 1. Derivative instruments in this category are valued using models or other standard valuation techniques derived from observable market inputs.

Level 3: This level includes valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

NOTE 5 – 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 year ended December 30, 2020. Management does not expect that any of the new standards and amendments to existing standards issued but not yet effective would have a material impact on the Company's consolidated financial statements.

Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
In August 2020, the IASB published *Interest Rate Benchmark Reform – Phase 2* to address issues relating to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements when an existing interest rate benchmark is actually replaced. The Company is in the process of refinancing its current credit facility and term loan, as the maturity date of the revolving bank loans and term loan is July 1, 2021. The IBOR reform will be taken into consideration during the refinancing process. The amendments are effective for annual reporting periods beginning on or after January 1, 2021, with earlier application permitted. There is no expected material impact on the Company's consolidated financial statements upon application of these amendments.

NOTE 6 – RESTRUCTURING COSTS

In 2020, the Company recorded total expenses of $15,026 (2019 – $31,069) with respect to restructuring costs, of which $3,020 (2019 – $1,543) were recorded within gross profit and $12,006 (2019 – $29,526) were recorded as restructuring costs as a separate line within the consolidated income statements.

Dorel Home segment

During the year, Dorel Home segment initiated a restructuring plan as part of its strategy to reorganize its North American ready-to-assemble ("RTA") manufacturing plants with the transformation of its Dowagiac, Michigan manufacturing facility into a distribution and warehouse facility which will result in the reduction of its workforce. Total costs related to these restructuring initiatives of $2,648 were recognized during 2020 and are mostly related to employee severance and termination benefits, write-down of long-lived assets and inventory markdowns.

NOTE 6 – RESTRUCTURING COSTS (continued)

Dorel Sports segment

During 2019, Dorel Sports segment initiated restructuring activities as part of its focus into a more fully integrated operation in various markets. Dorel Sports segment is strengthening its European CSG operations which will be centralized in the Netherlands and is also consolidating its Brazilian operations into a new facility located in Sao Paulo. The costs related to these restructuring initiatives of $4,229 were recognized during 2020 and are mostly related to employee severance and termination benefits. In addition, Dorel Sports segment recognized $1,230 of restructuring costs in 2020 related to the wind down of the Chile and Peru businesses.

Dorel Juvenile segment

During 2019, Dorel Juvenile segment initiated a new restructuring program across several regions, whose main objective was to simplify the organization and optimize its global footprint in order to improve its competitive position in the marketplace. These restructuring initiatives were expected to be completed in 2020, however, in light of the COVID-19 pandemic, some initiatives were delayed and will only be completed in 2021. In order to improve the Company's competitive position in the marketplace, the following areas of opportunity were identified:

- In Europe, the objective is to streamline the organization and better leverage its scale of operations by adopting technologies and processes that allow for the centralization of certain operating activities.
- In Latin America, distribution operations based in Colombia and Panama were closed, with supply continuing through a local distributor.
- In Asia, further efficiencies and savings initiatives are anticipated, enabled partly by investments in technology already in place. In addition, the China domestic sales organization is being re-oriented to sell directly to the consumer and is exiting unprofitable product lines and customer arrangements.

Total restructuring costs of $6,919 was recorded during 2020 (2019 – $27,386) under this plan. The remaining expected costs associated with these restructuring initiatives will be mostly related to employee severance and termination benefits.

NOTE 6 – RESTRUCTURING COSTS (continued)

The expenses recorded in the consolidated income statements related to the restructuring costs consist of the following:

	TOTAL		Dorel Home		Dorel Juvenile		Dorel Sports	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Inventory markdowns (reversal)*	$ 2,010	$ 693	$ 1,185	$ –	$ 480	$ 819	$ 345	$ (126)
Write-down of long-lived assets (Note 10)*	918	297	918	–	–	–	–	297
Other associated costs	92	553	–	–	92	569	–	(16)
Recorded within gross profit	$ 3,020	$ 1,543	$ 2,103	$ –	$ 572	$ 1,388	$ 345	$ 155
Employee severance and termination benefits	$ 7,833	$ 24,770	$ 282	$ –	$ 3,972	$ 22,694	$ 3,579	$ 2,076
Write-down of long-lived assets (Note 10)*	1,865	3,635	–	–	1,707	3,379	158	256
Net (gains) losses from the remeasurement and disposals of assets held for sale*	(487)	248	–	–	(487)	248	–	–
Curtailment gain on net pension defined benefit liabilities (Note 21)*	(270)	(2,285)	–	–	(270)	(2,285)	–	–
Other associated costs	3,065	3,158**	263	–	1,425	2,210**	1,377	948
Recorded within a separate line in the consolidated income statements	$ 12,006	$ 29,526	$ 545	$ –	$ 6,347	$ 26,246	$ 5,114	$ 3,280
Total restructuring costs	**$ 15,026**	**$ 31,069**	**$ 2,648**	**$ –**	**$ 6,919**	**$ 27,634**	**$ 5,459**	**$ 3,435**

* non-cash
** includes a non-cash gain of $345.

NOTE 7 – TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable consist of the following:

	2020	2019
Trade accounts receivable – gross	$ 465,523	$ 414,491
Impairment loss allowance (Note 19)	(19,627)	(15,535)
	$ 445,896	$ 398,956

The movement in the impairment loss allowance with respect to trade accounts receivable was as follows:

	2020	2019
Balance, beginning of year	$ 15,535	$ 27,002
Net remeasurement of impairment loss allowance	9,508	5,759
Uncollectible accounts written-off	(5,153)	(17,236)
Effect of foreign currency exchange rate changes	(263)	10
Balance, end of year	$ 19,627	$ 15,535

NOTE 8 – INVENTORIES

Inventories consist of the following:

	2020	2019
Raw materials	$ 100,281	$ 103,348
Work in process	6,247	6,402
Finished goods	426,195	522,590
Right to recover returned goods	1,785	1,274
	$ 534,508	$ 633,614

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

	2020	2019
Write-downs of inventories as a result of net realizable value being lower than cost (including amounts presented in Note 6)	$ 13,541	$ 9,941
Reversal of inventory write-downs recognized in previous years	$ (4,665)	$ (4,927)

NOTE 9 – BUSINESS ACQUISITIONS

2019 acquisition: Canbest

On July 1, 2019, the Company acquired certain assets and operations of Canbest Marketing Inc. ("Canbest"), a Montréal-based company engaged in the development, design and marketing of home furnishings products, for a purchase price of $9,200, which would be paid in three instalments, non-interest bearing (i) $3,200 paid on October 1, 2019; (ii) $3,000 paid on October 1, 2020; and (iii) $3,000 payable on October 1, 2021. Canbest is a sales, marketing and design company which provided these services to the Dorel Home segment. For almost 20 years, Canbest supported Dorel Living in the furniture product categories of wooden bedroom, upholstery, nursery and dining.

The fair value of the consideration transferred of $8,578 was allocated all to goodwill as the fair value of the identifiable assets acquired was not material. The goodwill is attributed to the workforce, know-how and expected supply chain cost synergies and was allocated to the Dorel Home segment. The goodwill is deductible for tax purposes.

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT

Cost

	Land	Buildings and improve-ments	Machinery and equip-ment	Moulds	Furniture and fixtures	Computer equipment	Leasehold improve-ments	Assets not yet in service (1)	Assets under finance leases	Vehicles	Total
Balance as at December 30, 2018	$ 11,962	$ 102,609	$ 125,658	$ 159,213	$ 16,862	$ 62,811	$ 29,501	$ 16,671	$ 5,377	$ 3,721	$ 534,385
Adjustment on initial application of IFRS 16	–	–	–	–	–	–	(1,168)	–	(5,377)	–	(6,545)
Adjusted balance as at December 31, 2018	$ 11,962	$ 102,609	$ 125,658	$ 159,213	$ 16,862	$ 62,811	$ 28,333	$ 16,671	$ –	$ 3,721	$ 527,840
Additions	–	923	1,054	1,348	685	1,447	627	16,360	–	202	22,646
Disposals	–	(660)	(2,142)	(3,292)	(1,128)	(1,886)	(3,035)	(1,063)	–	(629)	(13,835)
Transfer from assets not yet in service	–	1,060	3,246	14,488	415	1,619	674	(21,553)	–	51	–
Transfer to assets held for sale	(4,812)	(7,954)	–	–	–	–	–	–	–	–	(12,766)
Effect of foreign currency exchange rate changes	(342)	(971)	(798)	(1,090)	(178)	(207)	(132)	(92)	–	(9)	(3,819)
Balance as at December 30, 2019	$ 6,808	$ 95,007	$ 127,018	$ 170,667	$ 16,656	$ 63,784	$ 26,467	$ 10,323	$ –	$ 3,336	$ 520,066
Additions	–	2,091	1,169	900	1,173	2,019	378	11,689	–	129	19,548
Disposals	–	(279)	(7,378)	(1,674)	(2,009)	(1,049)	(286)	–	–	(954)	(13,629)
Transfer from assets not yet in service	–	804	2,961	7,789	324	1,093	688	(13,659)	–	–	–
Transfer to assets held for sale	(1,447)	(5,255)	–	–	–	–	–	–	–	–	(6,702)
Effect of foreign currency exchange rate changes	(177)	484	879	4,928	177	791	605	(528)	–	42	7,201
Balance as at December 30, 2020	$ 5,184	$ 92,852	$ 124,649	$ 182,610	$ 16,321	$ 66,638	$ 27,852	$ 7,825	$ –	$ 2,553	$ 526,484

(1) Assets not yet in service relate mainly to moulds.

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (continued)

Accumulated depreciation and impairment losses

	Land	Buildings and improve-ments	Machinery and equip-ment	Moulds	Furniture and fixtures	Computer equipment	Leasehold improve-ments	Assets not yet in service	Assets under finance leases	Vehicles	Total
Balance as at December 30, 2018	$ –	$ 38,303	$ 83,267	$ 132,940	$ 11,393	$ 52,862	$ 23,897	$ 1,063	$ 2,340	$ 2,526	$ 348,591
Adjustment on initial application of IFRS 16	–	–	–	–	–	–	(363)	–	(2,340)	–	(2,703)
Adjusted balance as at December 31, 2018	$ –	$ 38,303	$ 83,267	$ 132,940	$ 11,393	$ 52,862	$ 23,534	$ 1,063	$ –	$ 2,526	$ 345,888
Depreciation for the year	–	3,444	7,206	12,631	1,298	3,550	1,883	–	–	334	30,346
Disposals	–	(665)	(2,031)	(3,260)	(815)	(1,797)	(2,955)	(1,063)	–	(381)	(12,967)
Write-down*	1,542	2,227	564	–	83	29	97	–	–	–	4,542
Transfer to assets held for sale	(1,542)	(7,954)	–	–	–	–	–	–	–	–	(9,496)
Effect of foreign currency exchange rate changes	–	(325)	(481)	(883)	(106)	(145)	(110)	–	–	(9)	(2,059)
Balance as at December 30, 2019	$ –	$ 35,030	$ 88,525	$ 141,428	$ 11,853	$ 54,499	$ 22,449	$ –	$ –	$ 2,470	$ 356,254
Depreciation for the year	–	3,043	6,603	12,736	1,320	3,454	1,439	–	–	234	28,829
Disposals	–	(331)	(6,270)	(1,513)	(1,239)	(912)	(110)	–	–	(787)	(11,162)
Write-down*	–	1,241	1,378	–	7	–	157	–	–	–	2,783
Transfer to assets held for sale	–	(2,853)	–	–	–	–	–	–	–	–	(2,853)
Effect of foreign currency exchange rate changes	–	(220)	621	3,984	131	696	547	–	–	32	5,791
Balance as at December 30, 2020	$ –	$ 35,910	$ 90,857	$ 156,635	$ 12,072	$ 57,737	$ 24,482	$ –	$ –	$ 1,949	$ 379,642

* includes amounts presented in Note 6.

Net book value

	Land	Buildings and improve-ments	Machinery and equip-ment	Moulds	Furniture and fixtures	Computer equipment	Leasehold improve-ments	Assets not yet in service	Assets under finance leases	Vehicles	Total
Balance as at December 30, 2019	$ 6,808	$ 59,977	$ 38,493	$ 29,239	$ 4,803	$ 9,285	$ 4,018	$ 10,323	$ –	$ 866	$ 163,812
Balance as at December 30, 2020	$ 5,184	$ 56,942	$ 33,792	$ 25,975	$ 4,249	$ 8,901	$ 3,370	$ 7,825	$ –	$ 604	$ 146,842

NOTE 11 – LEASES

On December 31, 2018, the Company adopted IFRS 16 using the modified retrospective method of adoption with the cumulative effect of the adjustments recognized to retained earnings and the comparative information presented for 2018 has not been restated. As at December 31, 2018, the cumulative effect of the adjustments decreased retained earnings by $18,147, net of tax of $5,204, and related primarily to the difference between the right-of-use assets and lease liabilities recognized. In addition, land use rights in the amount of $16,713 were reclassified from intangible assets to right-of-use assets.

The Company has entered into lease contracts mainly for buildings and machinery and equipment, which expire at various dates through to the year 2034. Some leases have extension options and/or termination options included in the contracts for various terms. Some lease payments are based on changes in local price indices, sales or actual space used. The lease contracts do not impose any financial covenants.

a) Right-of-use assets

	Land use rights	Land and buildings	Machinery and equipment	Other	Total
Balance as at December 31, 2018	$ 16,713	$ 153,200	$ 7,178	$ 6,434	$ 183,525
Additions	–	18,082	1,028	3,222	22,332
Subsidy received	(1,795)*	–	–	–	(1,795)
Depreciation for the year (Note 30)	(452)	(38,281)	(2,379)	(3,783)	(44,895)
Reassessment of lease liabilities and lease modifications	–	15,700	(23)	(58)	15,619
Effect of foreign currency exchange rate changes	–	(657)	(39)	(52)	(748)
Balance as at December 30, 2019	$ 14,466	$ 148,044	$ 5,765	$ 5,763	$ 174,038
Additions	125	34,556	737	2,236	37,654
Depreciation for the year (Note 30)	(385)	(38,100)	(2,364)	(3,315)	(44,164)
Reassessment of lease liabilities and lease modifications	–	(2,928)	(250)	234	(2,944)
Effect of foreign currency exchange rate changes	–	1,441	(151)	187	1,477
Balance as at December 30, 2020	$ 14,206	$ 143,013	$ 3,737	$ 5,105	$ 166,061

* Includes $369 received during the third quarter of 2019 and $1,426 reclassified from other liabilities as a result of the negotiation with the Chinese government to finalize a previous subsidy program related to the Company's land use rights.

NOTE 11 – LEASES (continued)

b) Lease liabilities

The following table summarizes the lease liabilities amounts recognized in the consolidated statement of financial position:

	2020	2019
Current	$ 39,620	$ 40,580
Non-current	140,432	147,803
Total	$ 180,052	$ 188,383

The reconciliation of movements of lease liabilities to cash flows arising from financing activities is as follows:

		Cash used in financing activities	Cash used in operating activities			Non-cash changes		
	Balance as at December 31, 2018	Payments, net of lease incentive received	Interest paid	Additions	Reassessment of lease liabilities and lease modifications	Interest expense	Effect of foreign currency exchange rate changes	Balance as at December 30, 2019
Lease liabilities	$ 195,170	$ (43,648)*	$ (7,904)	$ 22,332	$ 15,144	$ 7,907	$ (618)	$ 188,383

* includes lease incentive received of $1,798.

		Cash used in financing activities	Cash used in operating activities			Non-cash changes		
	Balance as at December 31, 2019	Payments, net of lease incentive received	Interest paid	Additions	Reassessment of lease liabilities and lease modifications	Interest expense	Effect of foreign currency exchange rate changes	Balance as at December 30, 2020
Lease liabilities	$ 188,383	$ (42,054)	$ (7,083)	$ 37,654	$ (3,081)	$ 7,308	$ (1,075)	$ 180,052

c) Amounts recognized in the consolidated income statement

	2020	2019
Depreciation of right-of-use assets (Note 30)	$ 44,164	$ 44,895
Interest expense on lease liabilities (Note 30)	$ 7,308	$ 7,907
Expense related to variable lease payments not included in the measurement of lease liabilities	$ 8,474	$ 10,692
Gain related to lease modifications	$ (138)	$ (475)
Foreign exchange loss on lease liabilities – lease contracts denominated in a currency different from the functional currency of the lessee	$ 251	$ 542

NOTE 11 – LEASES (continued)

d) Cash outflow for leases recognized in the consolidated statement of cash flows

	2020	2019
Operating activities:		
Cash outflow for variable lease payments not included in the measurement of lease liabilities – included within net loss	$ 8,474	$ 10,692
Cash outflow for interest portion of lease liabilities – included within interest paid	7,083	7,904
	$ 15,557	$ 18,596
Financing activities:		
Cash outflow for principal portion of lease liabilities	$ 42,054	$ 45,446
Total cash outflow for leases	$ 57,611	$ 64,042

e) Maturity analysis – contractual undiscounted cash flows of lease liabilities

	2020	2019
Less than 1 year	$ 46,326	$ 47,217
Between 1 and 5 years	109,314	116,703
More than 5 years	50,093	51,776
Total contractual undiscounted cash flows of lease liabilities	$ 205,733	$ 215,696

As at December 30, 2020, the Company had undiscounted future lease payments of $1,316 (2019 – $3,914) related to leases not yet commenced to which it was committed, which are not reflected in the measurement of lease liabilities.

f) Extension options and termination options

The following table summarizes the potential undiscounted future lease payments that have not been reflected in the measurement of lease liabilities as at December 30, 2020 and 2019 as it was not reasonably certain that the leases would be extended or not be terminated.

	2020	2019
Extension options	$ 112,755	$ 105,235
Termination options (net of payments for penalties for terminating the leases)	$ 7,511	$ 8,726

NOTE 12 – INTANGIBLE ASSETS

Cost

	Trademarks	Customer relationships	Supplier relation-ship	Patents	Land use rights	Software licenses	Deferred development costs	Total
Balance as at December 30, 2018	$ 334,089	$ 140,349	$ 1,500	$ 26,533	$ 18,507	$ 23,934	$ 130,815	$ 675,727
Adjustment on initial application of IFRS 16 (Note 11)	–	–	–	–	(18,507)	–	–	(18,507)
Adjusted balance as at December 31, 2018	$ 334,089	$ 140,349	$ 1,500	$ 26,533	$ –	$ 23,934	$ 130,815	$ 657,220
Additions – internally developed	–	–	–	536	–	536	11,125	12,197
Additions – externally acquired	–	–	–	146	–	5,059	–	5,205
Disposals	–	–	–	(2,288)	–	(84)	(8,413)	(10,785)
Effect of foreign currency exchange rate changes	(3,425)	(1,383)	–	(141)	–	8	(2,059)	(7,000)
Balance as at December 30, 2019	$ 330,664	$ 138,966	$ 1,500	$ 24,786	$ –	$ 29,453	$ 131,468	$ 656,837
Additions – internally developed	–	–	–	312	–	1,352	7,676	9,340
Additions – externally acquired	–	–	–	30	–	2,318	–	2,348
Disposals	–	(195)	–	(1,315)	–	(1,022)	(18,624)	(21,156)
Effect of foreign currency exchange rate changes	(1,960)	977	–	574	–	1,120	8,772	9,483
Balance as at December 30, 2020	$ 328,704	$ 139,748	$ 1,500	$ 24,387	$ –	$ 33,221	$ 129,292	$ 656,852

Accumulated amortization and impairment losses

	Trademarks	Customer relationships	Supplier relation-ship	Patents	Land use rights	Software licenses	Deferred development costs	Total
Balance as at December 30, 2018	$ 182,222	$ 114,700	$ 1,500	$ 19,197	$ 1,794	$ 10,990	$ 85,744	$ 416,147
Adjustment on initial application of IFRS 16 (Note 11)	–	–	–	–	(1,794)	–	–	(1,794)
Adjusted balance as at December 31, 2018	$ 182,222	$ 114,700	$ 1,500	$ 19,197	$ –	$ 10,990	$ 85,744	$ 414,353
Amortization for the year	–	3,573	–	2,128	–	2,790	12,053	20,544
Disposals	–	–	–	(2,288)	–	(84)	(8,413)	(10,785)
Effect of foreign currency exchange rate changes	(3,327)	(1,266)	–	(103)	–	236	(1,356)	(5,816)
Balance as at December 30, 2019	$ 178,895	$ 117,007	$ 1,500	$ 18,934	$ –	$ 13,932	$ 88,028	$ 418,296
Amortization for the year	–	3,396	–	1,473	–	4,239	15,987	25,095
Disposals	–	(195)	–	(1,315)	–	(975)	(17,261)	(19,746)
Effect of foreign currency exchange rate changes	(473)	950	–	490	–	511	6,212	7,690
Balance as at December 30, 2020	$ 178,422	$ 121,158	$ 1,500	$ 19,582	$ –	$ 17,707	$ 92,966	$ 431,335

Net book value

	Trademarks	Customer relationships	Supplier relation-ship	Patents	Land use rights	Software licenses	Deferred development costs	Total
Balance as at December 30, 2019	$ 151,769	$ 21,959	$ –	$ 5,852	$ –	$ 15,521	$ 43,440	$ 238,541
Balance as at December 30, 2020	$ 150,282	$ 18,590	$ –	$ 4,805	$ –	$ 15,514	$ 36,326	$ 225,517

NOTE 13 – IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill and intangible assets with indefinite useful lives (trademarks) acquired through business combinations are allocated to CGUs or to groups of CGUs. For the purpose of impairment testing, this represents the lowest level within the Company at which the goodwill and trademarks are monitored for internal management purposes, which is not higher than the Company's operating segments.

The aggregate carrying amount of goodwill and intangible assets with indefinite useful lives allocated to each CGU is as follows:

	Goodwill		Trademarks	
	2020	**2019**	**2020**	**2019**
Dorel Juvenile – Europe	$ –	$ 43,437	$ 23,450	$ 23,450
Dorel Juvenile – Brazil	–	–	886	1,145
Dorel Sports – Mass markets	–	–	121,741	121,741
Dorel Sports – Caloi	–	–	4,205	5,433
Dorel Home	41,016	41,041	–	–
Total	$ 41,016	$ 84,478	$ 150,282	$ 151,769

The continuity of goodwill by segment is presented in Note 31.

The Company performs goodwill and indefinite life intangible asset impairment testing on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of the CGU likely exceeds its recoverable amount. Impairment is determined by assessing the recoverable amount of the CGU or group of CGUs to which goodwill or trademarks are allocated and comparing it to the CGUs' carrying amount.

During the first quarter of 2020, global economies and financial markets were impacted by the COVID-19 outbreak as it quickly spread around the world and on March 11, 2020, the World Health Organization declared it a global pandemic. Government authorities around the world have taken actions in an effort to slowdown the spread of COVID-19, including measures such as the closure of non-essential businesses and social distancing. The Company's three segments were adversely impacted during the first quarter of 2020 due to the closure of certain of their manufacturing facilities and the prolonged closure of stores by many of the Company's customers around the world, as well as disruptions in their supply chains and reduced workforce productivity. Given the uncertainties surrounding the impact of the COVID-19 pandemic, management expected that the Company's three segments would be further impacted during the second quarter of 2020 as prolonged social distancing measures continued to take place globally. Accordingly, management concluded that these factors, including the further decline in the Company's stock price, were indicators of impairment.

NOTE 13 – IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (continued)

As such, on March 31, 2020, management performed impairment tests for its Dorel Juvenile – Europe, Dorel Sports – Mass markets and Dorel Home cash-generating units ("CGU"), for which it revised its assumptions on projected earnings and cash flows growth, as well as its assumptions on discount rates used to apply to the forecasted cash flows, using its best estimate of the conditions existing as at the measurement date. As there were significant uncertainties surrounding the extent of the impact of COVID-19 on the Company's business, management incorporated weighted-probability scenarios in its assessment of forecasted cash flows. Although management used its best estimate to assess the potential impact of the COVID-19 outbreak on the Company's business, including its duration and severity, management exercised significant judgment to estimate forecasted cash flows and discount rates, using assumptions which are subject to significant uncertainties. Accordingly, differences in estimates could affect whether a CGU is impaired and the dollar amount of that impairment, which could be material.

As a result of the impairment tests performed, management concluded that the recoverable amount of the Dorel Juvenile – Europe CGU was less than its carrying amount, resulting in an impairment loss on goodwill of $43,125 recorded during the first quarter of 2020. The impairment loss reflects reduced earnings and cash flows projections, and a higher risk adjusted discount rate, in light of the economic uncertainties caused by the COVID-19 pandemic. As for Dorel Sports – Mass markets and Dorel Home CGUs, management concluded that their recoverable amounts were higher than their carrying amounts, resulting in no impairment loss recorded.

Key assumptions used in the March 31, 2020 value in use calculations:

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model and the long-term growth rate used for extrapolation purposes. The following table presents the basis used as the recoverable amount and the key assumptions used in calculating the recoverable amount:

			March 31, 2020
	Basis used as recoverable amount	**Pre-tax discount rate**	**Terminal growth rate**
Dorel Juvenile – Europe	Value in use	14.48%	2.00%
Dorel Sports – Mass markets	Value in use	14.09%	2.00%
Dorel Home	Value in use	17.41%	2.00%

On October 31, 2020, the Company performed its annual impairment testing of goodwill and trademarks. As the recoverable amounts of the CGUs were at or higher than their carrying amount, no impairment loss or reversal of impairment was recorded.

NOTE 13 – IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (continued)

The valuation techniques, significant assumptions and sensitivity analysis applied in the annual goodwill and trademarks impairment tests are described below:

Valuation Techniques and key assumptions used:

The Company did not make any changes since the prior year to the valuation methodology used to assess the recoverable amounts of its CGUs. The recoverable amount has been defined as the higher of the value in use and the fair value less costs of disposal.

Value in use:

The income approach was used and this is based upon the value of the future cash flows that the CGU will generate going forward. The discounted cash flow method was used which involves projecting cash flows and converting them into a present value equivalent through the use of discounting. The discounting process uses a rate of return that represents the risk associated with the business or asset and the time value of money. This approach requires assumptions about revenue growth rates, operating margins, tax rates, terminal growth rates and discount rates.

The value in use was determined by using discounted cash flow projections from financial budgets approved by senior management. The Company projected revenue growth rates, operating margins, capital expenditures and working capital for a period of five years and applied a terminal long-term growth rate thereafter. In arriving at its forecasts, the Company considered past experience, economic trends such as GDP growth and inflation, as well as industry and market trends. The projections also took into account the expected impact from new product initiatives, customer retention and the maturity of the market in which each CGU operates.

The Company assumed a discount rate in order to calculate the present value of its projected cash flows. The discount rate represented a weighted average cost of capital (WACC) for comparable companies operating in similar industries as the applicable CGU, based on publicly available information. The WACC is an estimate of the overall required rate of return on an investment for both debt and equity owners and serves as the basis for developing an appropriate discount rate. Determination of the WACC requires separate analysis of the cost of equity and debt, and considers a risk premium based on an assessment of risks related to the projected cash flows of each CGU.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, cash flow projections and the long-term growth rate used for extrapolation purposes.

Fair value less costs of disposal:

The market approach was used which assumes that companies operating in the same industry will share similar characteristics and that company fair values will correlate to those characteristics. Therefore, a comparison of a CGU to similar companies whose financial information is publicly available may provide a reasonable basis to estimate fair value. Under the market approach, fair value is calculated based on earnings before finance expenses, income taxes, depreciation and amortization (“EBITDA”) multiples, earnings before finance expenses and income taxes (“EBIT”) multiples and sales multiples of benchmark companies comparable to the businesses in each CGU. Data for the benchmark companies was obtained from publicly available information. If there is no binding sales agreement or active market for the asset or CGU, the fair value is assessed by using appropriate valuation models dependent on the nature of the asset or CGU, such as the discounted cash flow models. The market approach is most sensitive to the selection of multiples of benchmark companies used and applied premiums or discounts to derive the multiple used in the determination of the fair value.

NOTE 13 – IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (continued)

Key assumptions used in value in use calculations:

The following table presents the basis used as the recoverable amount and the key assumptions used in calculating the recoverable amount:

			2020
	Basis used as recoverable amount	**Pre-tax Discount Rate/Multiple**	**Terminal Growth Rate/Control Premium**
Dorel Juvenile – Europe	Value in use	12.61%	2.00%
Dorel Sports – Mass markets	Fair value	9.0x	30.00%
Dorel Home	Fair value	8.7x	30.00%

			2019
	Basis used as recoverable amount	**Pre-tax Discount Rate**	**Terminal Growth Rate**
Dorel Juvenile – Europe	Value in use	12.79%	2.00%
Dorel Sports – Mass markets	Value in use	12.61%	2.00%
Dorel Home	Value in use	17.89%	2.00%

The assumptions used by the Company in the future cash flow discounting model and market approach provided are classified as Level 3 in the fair value hierarchy, signifying that they are not based on observable market data. The Company performed the below sensitivity analysis to changes in assumptions for the basis used in the calculations of the recoverable amount of each CGU.

Sensitivity to changes in assumptions for the basis of the calculation of recoverable amounts:

Two key assumptions were identified that if changed, could cause the carrying amount to exceed its recoverable amount. Varying the assumptions in the values of the recoverable amount calculation would have the following effects for the year ended December 30, 2020, assuming that all other variables remained constant:

	Increase in basis points of pre-tax discount rate (or minimum multiple) that would result in carrying value equal to recoverable amount	**Decrease in basis points of terminal long-term growth rate (or minimum multiple) that would result in carrying value equal to recoverable amount**
Dorel Juvenile – Europe	163	160
Dorel Sports – Mass markets	(1)	(1)
Dorel Home	(2)	(2)

(1) It would take a multiple of 7.6x for the carrying amount to be equal to its recoverable amount.
(2) It would take a multiple of 2.0x for the carrying amount to be equal to its recoverable amount.

NOTE 13 – IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (continued)

Two key assumptions were identified that if changed, could cause the carrying amount to exceed its recoverable amount. Varying the assumptions in the values of the recoverable amount calculation would have had the following effects for the year ended December 30, 2019, assuming that all other variables remained constant:

	Increase in basis points of pre-tax discount rate that would result in carrying value equal to recoverable amount	Decrease in basis points of terminal long-term growth rate that would result in carrying value equal to recoverable amount
Dorel Juvenile – Europe	150	250
Dorel Sports – Mass markets	197	170
Dorel Home (1)	1,963	–

(1) The recoverable amount of Dorel Home is not sensitive to its long-term growth rate assumption.

NOTE 14 – OTHER ASSETS AND OTHER LIABILITIES

Other assets consist of the following:

	2020	2019
Prepaid expenses	$ 29,096	$ 22,994
Sales tax receivable	13,762	20,292
Other receivables	6,896	5,932
Costs relating to revolving bank loans (Notes 17 and 29)	779	1,850
Other financial assets	918	1,344
Other	349	364
	$ 51,800	$ 52,776
Current	$ 46,403	$ 44,573
Non-current	$ 5,397	$ 8,203

Other liabilities consist of the following:

	2020	2019
Written put option liabilities	$ –	$ 8,570
Sales tax payable	5,767	5,530
Contract liabilities	5,494	4,802
Other financial liabilities	10,623	4,562
Other	7,670	4,569
	$ 29,554	$ 28,033
Current	$ 16,884	$ 10,953
Non-current	$ 12,670	$ 17,080

NOTE 14 – OTHER ASSETS AND OTHER LIABILITIES (continued)

Written put option liabilities

During the year ended December 30, 2020, the Company has reduced its written put option liabilities to nil, which reflects the expected present value of the exercise price. The remeasurement of the written put option liabilities is recognized in other equity. The reconciliation of movements in these liabilities is presented in Note 29.

NOTE 15 – BANK INDEBTEDNESS

	2020			2019		
	Available	Used (1)	Average Interest Rates	Available	Used (2)	Average Interest Rates
Bank lines of credit	$ 67,483	$ 30,562	6.54%	$ 101,073	$ 59,698	6.20%

(1) $12,212 are secured by trade accounts receivable representing a carrying value of $4,455.
(2) $12,535 are secured by trade accounts receivable representing a carrying value of $5,015.

The availability of these funds is dependent on the Company continuing to meet the financial covenants of its credit agreements.

NOTE 16 – TRADE AND OTHER PAYABLES

	2020	2019
Trade creditors and accruals (1)	$ 400,980	$ 454,409
Salaries payable	57,177	39,866
Other accrued liabilities	8,648	8,724
	$ 466,805	$ 502,999

(1) The Company entered into trade payables finance program agreements with certain financial institutions to manage payments to some suppliers. As at December 30, 2020, trade payables under this program amount to nil (2019 – $6,739).

NOTE 17 – LONG-TERM DEBT

The terms and conditions of outstanding loans are as follows:

				2020		2019	
	Currency	Nominal interest rate	Maturity date	Face value	Carrying amount	Face value	Carrying amount
Senior unsecured notes, interest payable on the last business day of each quarter	USD	7.50%	July 19, 2024	$127,500	$122,134	$125,000	$119,941
Revolving bank loans bearing interest at various rates per annum, averaging 5.02% (2019 – 5.77%), total availability of $350,000. This agreement also includes an accordion feature allowing the Company to have access to an additional amount of $100,000 on a revolving basis.	USD/ EUR/CAD	LIBOR, Euribor, Canadian or U.S. bank rates plus a margin	July 1, 2021	220,112	220,112	192,761	192,761
Term loan bearing interest at various rates per annum, averaging 4.75% (2019 – 5.73%).	USD	LIBOR plus a margin	July 1, 2021	53,382	53,133	122,300	121,714
Other				7,485	7,357	8,103	7,686
Total outstanding loans				$408,479	$402,736	$448,164	$442,102
Current portion					(276,913)		(24,233)
					$125,823		$417,869

Senior unsecured notes

On March 30, 2020, the Company amended its senior unsecured notes agreement ("senior unsecured notes") to facilitate compliance with its financial covenants for the first and second quarters of 2020, in light of increased debt levels needed to increase the Company's liquidity on hand to face the global economic and market uncertainties surrounding the COVID-19 pandemic. The nominal interest rate was amended to include an applicable margin of up to 3.5% per annum, for a maximum period of one year, dependent on the Company achieving certain financial covenant thresholds. As a result, a loss on debt modification and on revision of estimated payments of $3,142 was recorded as finance expenses during the year 2020 (Note 30).

On June 17, 2019, the Company entered into a five-year $175,000 senior unsecured notes agreement with several institutional lenders. These senior unsecured notes are divided into two tranches: (i) a $125,000 tranche that was fully drawn and used to redeem at par the Company's $120,000 convertible debentures that matured on November 30, 2019; and (ii) a $50,000 tranche that is available for general corporate purposes with the consent of the lenders.

These senior unsecured notes mature five years from the date of the initial advance, bear interest at a rate of 7.50% per annum payable quarterly in cash, rank *pari passu* with all of the Company's other senior unsecured indebtedness and are guaranteed by certain of the Company's subsidiaries. The first tranche of $125,000 was fully drawn by the Company on July 19, 2019 (date of the initial advance).

The financing costs related to the senior unsecured notes amounted to approximately $2,077, of which $1,845 was allocated to the $125,000 tranche and $232 to the $50,000 tranche. The financing costs allocated to the $125,000 tranche were recorded as a reduction of the carrying amount of the senior unsecured notes and are being amortized over the remaining term of the loan using the effective interest rate method.

NOTE 17 – LONG-TERM DEBT (continued)

The senior unsecured notes also contain options to prepay the notes prior to their maturity date, which were accounted for as embedded derivatives, separate from the host contract.

On December 30, 2019, the Company amended its senior unsecured notes agreement to modify the covenants in order to be in line with the amended revolving bank loans and term loan financial covenants. A loss on debt modification of $628 was recorded as finance expenses during the fourth quarter of 2019 (Note 30) as a result of the modification of the senior unsecured notes agreement.

Convertible debentures

In June 2019, the Company provided the holders of the convertible debentures with a redemption notice. During the second quarter of 2019, the Company revised its estimated cash flows related to its convertible debentures considering the expected early redemption of the convertible debentures on July 22, 2019. Accordingly, the Company recorded a loss on revision of estimated payments related to its convertible debentures in the amount of $670 during the second quarter of 2019, within finance expenses (Note 30). On July 22, 2019, the Company redeemed its convertible debentures, in whole, at the par value of $120,000, plus accrued and unpaid interest amounting to $935, using the net proceeds from the senior unsecured notes. The equity component of the convertible debentures totaling $2,037, net of tax, was reclassified to contributed surplus.

Revolving bank loans and term loan

On March 9, 2020, the Company amended and restated its Credit Agreement with respect to its revolving bank loans and term loan to amend the quarterly financial covenants to facilitate their compliance based on the quarterly forecasted projections for 2020 at that time. On March 31, 2020, the Company further amended and restated its Credit Agreement with respect to its revolving bank loans and term loan to facilitate compliance with its financial covenants for the first quarter of 2020, allowing the Company to increase its liquidity on hand to face the current economic downturn caused by the COVID-19 pandemic.

The carrying amounts of the revolving bank loans and term loan have been presented in the current portion of long-term debt in the statement of financial position as at December 30, 2020 because the maturity of the underlying Credit Agreement is in less than 12 months from the reporting date. The Company will be refinancing its current credit facility and term loan with a syndicated asset based lending facility at market terms. The process is well advanced with BMO as Lead Arranger and the Company expects to close early in the second quarter of 2021.

On March 8, 2019, the Company amended and restated its Credit Agreement with respect to its revolving bank loans and term loan to modify the covenants to permit additional indebtedness with other lenders to refinance and repay the convertible debentures. In addition, the covenants were adjusted in light of the previous twelve months results of operations in order to facilitate their compliance. The amendment also extended the maturity date to July 1, 2021 if the convertible debentures were repaid or refinanced by May 30, 2019. On May 8, 2019, the Company amended its Credit Agreement with respect to its revolving bank loans and term loan to extend their maturity date to the earlier of (i) July 1, 2021 and (ii) July 31, 2019 if the convertible debentures had not been repaid or refinanced, in cash or in shares of the Company, by that date.

As the convertible debentures were repaid on July 22, 2019, the maturity date of the revolving bank loans and term loan was extended to July 1, 2021. On September 30, 2019, the Company amended and restated its Credit Agreement with respect to its revolving bank loans and term loan to modify the covenants in order to facilitate their compliance.

NOTE 17 – LONG-TERM DEBT (continued)

Following the March 8, 2019 amendment, the principal repayments of the term loan are as follows:

(i) – four quarterly instalments of $3,750 starting in April 2019 to the extent the maturity date has not yet occurred;
– quarterly instalments of $5,000 starting in April 2020 to the extent the maturity date has not yet occurred; and
– any remaining outstanding amount on the maturity date;

(ii) 50% of the quarterly Excess Cash Flow (1) to be applied as principal repayment for any quarter where the indebtedness to adjusted EBITDA ratio is more than 3.0x at the end of any quarter or 25% of the quarterly Excess Cash Flow (1) to be applied as principal repayment for any quarter where the indebtedness to adjusted EBITDA ratio is equal to or greater than 2.5x and less than or equal to 3.0x at the end of any quarter; and

(iii) an amount equal to the aggregate amount of the indebtedness to refinance and repay the convertible debentures which would be in excess of $150,000 payable no later than the business day following that on which such financing occurs. On July 22, 2019, the Company redeemed its convertible debentures.

(1) Excess Cash Flow is defined as the quarterly adjusted EBITDA less income taxes paid, net paid additions to property, plant and equipment and intangible assets, interest paid, scheduled repayments of long-term debt and acquisition-related costs paid plus or minus the net changes in balances related to operations.

Under the term loan, the Company is required to make quarterly instalments corresponding to the quarterly Excess Cash Flow, in addition to its quarterly fixed instalments, as principal repayments. As at December 30, 2020, the required instalment as a result of the Excess Cash Flow calculation amounted to nil (2019 - $1,840).

The total financing costs related to the Credit Agreement amendments of 2019 amounted to approximately $1,564, of which $1,112 was allocated to the revolving bank loans and $452 to the term loan. As the amendments and restatements of the Credit Agreement were accounted for as non-substantial modifications, the total financing costs allocated to the revolving bank loans were recorded as an addition to other assets and are being amortized as interest expense on a straight-line basis over the term of the related debt.

The total financing costs allocated to the term loan were recorded as a reduction of its carrying amount and are being amortized over the remaining term of the loan using the effective interest rate method. There was no material impact on the carrying amount of the revolving bank loans and term loan as a result of the modifications of the Credit Agreement.

Assets secured under revolving bank loans and term loan

As at December 30, 2020, the revolving bank loans and the term loan are secured by certain of the Company's trade accounts receivable, inventories, property, plant and equipment and intangible assets, with a carrying value of $318,363, $400,018, $65,853 and $145,513, respectively.

NOTE 17 – LONG-TERM DEBT (continued)

Financial covenants

The availability of the funds under the revolving bank loans, including the accordion feature, and the $50,000 tranche under the senior unsecured notes are dependent on the Company continuing to meet the financial covenants under its credit agreements. Under the senior unsecured notes, revolving bank loans and term loan, the Company is subject to certain covenants, including maintaining certain financial ratios. In the event the Company is not able to meet its quarterly debt covenant requirements, the senior unsecured notes, revolving bank loans and term loan will become due in full at the date of non-compliance. As at December 30, 2020, the Company was compliant with all its borrowing covenant requirements.

NOTE 18 – PROVISIONS

	Product liability (1)	Warranty provision (2)	Employee compensation	Restructuring provision (Note 6)	Other provisions	Total
Balance as at December 30, 2019	$ 25,220	$ 9,102	$ 1,321	$ 14,844	$ 3,053	$ 53,540
Arising during the year	7,777	11,667	231	11,008	3,477	34,160
Utilized	(3,786)	(9,803)	(328)	(20,373)	(1,704)	(35,994)
Unused amounts reversed	(1,737)	(236)	(31)	(110)	(244)	(2,358)
Effect of foreign currency exchange rate changes	(5)	70	114	297	(201)	275
Balance as at December 30, 2020	$ 27,469	$ 10,800	$ 1,307	$ 5,666	$ 4,381	$ 49,623
Current as at December 30, 2020	$ 27,469	$ 10,800	$ –	$ 5,666	$ 2,988	$ 46,923
Non-current as at December 30, 2020	–	–	1,307	–	1,393	2,700
	$ 27,469	$ 10,800	$ 1,307	$ 5,666	$ 4,381	$ 49,623
Current as at December 30, 2019	$ 25,220	$ 9,102	$ –	$ 14,844	$ 1,675	$ 50,841
Non-current as at December 30, 2019	–	–	1,321	–	1,378	2,699
	$ 25,220	$ 9,102	$ 1,321	$ 14,844	$ 3,053	$ 53,540

(1) Given the nature of the risks, it is not possible to estimate when any eventual liabilities may have to be settled, thus product liability provisions have been presented as current.
(2) It is expected that most of these costs will be incurred in the next financial year, thus warranty provision has been presented as current.

NOTE 19 – FINANCIAL INSTRUMENTS

Financial instruments – carrying values and fair values

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 consolidated statement of financial position dates because of the short-term nature of those financial instruments. 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 the long-term debt bearing interest at fixed rates is as follows:

	2020		2019	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Long-term debt – bearing interest at fixed rates	$ 129,491	$ 138,130	$ 127,627	$ 130,281

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 and written put option liabilities. The balance of the Company's derivative financial assets and liabilities are not significant as at December 30, 2020 and 2019.

Management of risks arising from financial instruments

In the normal course of business, the Company is subject to various risks relating to foreign exchange, interest rate, credit and liquidity. The Company manages these risk exposures on an ongoing basis. In order to limit the effects of changes in foreign exchange rates on its revenues, expenses and cash flows, the Company can avail itself of various derivative financial instruments. The Company's management is responsible for determining the acceptable level of risk and only uses derivative financial instruments to manage existing or anticipated risks, commitments or obligations based on its past experience. The following analysis provides a measurement of risks arising from financial instruments.

NOTE 19 – FINANCIAL INSTRUMENTS (continued)

Foreign Exchange Rate Risk

The Company's main source of foreign exchange rate risk resides in sales and purchases of goods denominated in currencies other than the functional currency of each of the Company's entities. Fluctuations in the respective foreign exchange rates relative to the functional currency of each of the Company's entities will create volatility in the Company's cash flows and in the reported amounts in its consolidated income statements. The Company's financial debt mainly consists of long-term debt issued in US dollars for which no foreign currency hedging is required.

Most short-term lines of credit, overdrafts and long-term debt commonly used by the Company's entities are in the currency of the borrowing entity and therefore carry no foreign exchange rate risk. Inter-company loans/borrowings are economically hedged as appropriate, whenever they present a net exposure to foreign exchange rate risk and some are used to hedge net investments in their foreign subsidiaries. Additional earnings variability arises from the translation of monetary assets and liabilities denominated in currencies other than the functional currency of each of the Company's entities at the rates of exchange at each financial position date, the impact of which is reported as a foreign exchange gain or loss in the consolidated income statements. In order to mitigate the foreign exchange rate risk, from time to time, the Company uses various derivative financial instruments such as swaps, options, futures and forward contracts to hedge against adverse fluctuations in foreign currency rates.

Derivative financial instruments are used as a method for meeting the risk reduction objectives of the Company by generating offsetting cash flows related to the underlying position with respect to the amount and timing of forecasted transactions. The terms of the derivatives range, in general, from one to twelve months. The Company does not hold or use derivative financial instruments for trading or speculative purposes.

The following tables provide an indication of the Company's significant foreign currency exposures of financial assets and liabilities denominated in currencies other than the functional currency of each of the Company's entities, as well as the amount of revenue and expenses that were denominated in foreign currencies other than the functional currency of each of the Company's entities. The tables below do not consider the effect of foreign exchange contracts. Amounts are presented in the equivalent US $.

	2020				2019			
	USD	**CAD**	**EUR**	**RMB**	**USD**	**CAD**	**EUR**	**RMB**
Cash and cash equivalents	$ 4,272	$ 250	$ 664	$ 573	$ 3,383	$ 368	$ 46	$ 1,979
Trade accounts receivable	10,736	7,338	1,524	5	5,328	12,420	882	363
Trade and other payables	(38,701)	(8,406)	(354)	(19,506)	(43,594)	(7,862)	(242)	(20,171)
Long-term debt	–	(5,577)	–	–	–	(27,635)	–	–
Inter-company loans	(28,920)	(3)	(1,990)	9,420	(35,649)	578	13,349	11,343
Consolidated statement of financial position exposure excluding derivatives	$ (52,613)	$ (6,398)	$ (156)	$ (9,508)	$ (70,532)	$ (22,131)	$ 14,035	$ (6,486)

NOTE 19 – FINANCIAL INSTRUMENTS (continued)

	2020				2019			
	USD	**CAD**	**EUR**	**RMB**	**USD**	**CAD**	**EUR**	**RMB**
Revenue	$ 37,694	$ 52,784	$ 6,063	$ 2,350	$ 29,140	$ 69,670	$ 5,024	$ 4,876
Expenses	(315,801)	(94,192)	(50,198)	(77,760)	(353,321)	(87,468)	(46,713)	(100,853)
Net exposure	$ (278,107)	$ (41,408)	$ (44,135)	$ (75,410)	$ (324,181)	$ (17,798)	$ (41,689)	$ (95,977)

Net foreign exchange gain amounting to $2,114 (2019 – a loss of $2,818) was recognized in the consolidated income statement during 2020.

The following outlines the main foreign exchange rates applied in the preparation of the consolidated financial statements:

	2020		2019	
	Year-to-date average rate	**Reporting date rate**	**Year-to-date average rate**	**Reporting date rate**
CAD to USD	0.7458	0.7864	0.7539	0.7702
EUR to USD	1.1397	1.2219	1.1197	1.1220
BRL to USD	0.1939	0.1925	0.2535	0.2488
RMB to USD	0.1449	0.1533	0.1448	0.1436

Based on the Company's foreign currency exposures noted above and the foreign exchange contracts in effect in 2020 and 2019, varying the above foreign exchange rates to reflect a 5 percent weakening of the currencies, other than the functional currency of each of the Company's entities, would have the following effects, assuming that all other variables remained constant:

	2020				2019			
Source of variability from changes in foreign exchange rates	**USD**	**CAD**	**EUR**	**RMB**	**USD**	**CAD**	**EUR**	**RMB**
Financial instruments, including foreign exchange contracts for which the Company does not apply hedge accounting	$ 2,006	$ 530	$ 7	$ 475	$ 3,498	$ 1,473	$ (702)	$ 324
Revenue and expenses	13,905	2,070	2,207	3,771	16,209	890	2,084	4,799
Increase on pre-tax income	$ 15,911	$ 2,600	$ 2,214	$ 4,246	$ 19,707	$ 2,363	$ 1,382	$ 5,123
Decrease on other comprehensive loss	$ (2,289)	$ –	$ –	$ –	$ (1,279)	$ –	$ (99)	$ –

An assumed 5 percent strengthening of the currencies, other than the functional currency of each of the Company's entities, would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

NOTE 19 – FINANCIAL INSTRUMENTS (continued)

Cash flow hedges – Foreign exchange contracts

The Company enters into foreign exchange contracts to manage its foreign currency exposure associated with forecasted inventory purchases or other type of expenses. Most of the Company's foreign exchange contracts are designated as hedging instruments in cash flow hedges of forecast inventory purchases or other types of expenses.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange contracts match the terms of the expected highly probable forecast transactions, i.e. notional amount and expected payment date. The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts is identical to the hedged risk components. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The main source of ineffectiveness in the hedge relationships are:

- effect of the counterparty's and the Company's own credit risk on the fair value of the foreign exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates;
- difference in the timing of cash flows of the hedged items and hedging instruments; and
- changes to the forecasted amount of cash flows of hedged items and hedging instruments.

The total notional amount of the Company's outstanding foreign exchange contracts was $79,287 (2019 – $45,065). The fair value of the Company's derivative financial instruments relating to commitments to buy and sell foreign currencies through foreign exchange contracts is not material as at December 30, 2020 and 2019.

Net investment hedges

A foreign currency exposure also arises from the net investment in foreign subsidiaries, as a result of the translation of the net investment into the functional currency of their parent entity. Two of the Company's subsidiaries (having a EUR functional currency) have designated a USD inter-company loan and a portion of their revolving bank loans as the hedging instruments in the hedge of their respective foreign net investments (having a US dollar functional currency), in order to mitigate their exposure to the US dollar foreign exchange rate risk on these net investments. Gains or losses on the retranslation of these hedging instruments are transferred to other comprehensive income (loss) to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged items and the hedging instruments as the net investments create a translation risk that will match the foreign exchange rate risk on the USD inter-company loan and the portion of the revolving bank loans (the "hedging instruments"). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the hedging instruments is identical to the hedged risk components. The hedge ineffectiveness will arise when the amount of the net investments in the foreign subsidiaries becomes lower than the amount of the related hedging instruments.

As at December 30, 2020, the carrying amounts of the inter-company loan and the revolving bank loans designated as hedging instruments were $81,214 (2019 – $76,594) and $30,000 (2019 – $20,000), respectively. The impact of these hedging instruments and the hedged items on the consolidated statements of financial position was not material as at December 30, 2020 and 2019.

NOTE 19 – FINANCIAL INSTRUMENTS (continued)

Interest Rate Risk

The Company is exposed to interest rate fluctuations, related primarily to its revolving bank loans and its term loan, for which amounts drawn are subject to LIBOR, Euribor, Canadian or U.S. bank rates in effect at the time of borrowing, plus a margin. The Company manages its interest rate exposure by entering into swap agreements consisting of exchanging variable rates for fixed rates for an extended period of time. All other long-term debts have fixed interest rates and are therefore not exposed to interest rate risk.

The Company uses interest rate swap agreements to lock-in a portion of its debt cost and reduce its exposure to the variability of interest rates by exchanging variable rate payments for fixed rate payments. During the first quarter of 2019, the Company entered into a new interest rate swap agreement to replace interest rate swap agreements that had matured on March 26, 2019. The Company has designated its interest rate swaps as cash flow hedges for which it uses hedge accounting. A summary of the interest rate swap agreements designated as hedging instruments is as follows:

		2020			2019
Fixed rate	**Notional amount**	**Maturity**	**Fixed rate**	**Notional amount**	**Maturity**
2.32%	$ 50,000	April 9, 2024	2.32%	$ 50,000	April 9, 2024

The impact of the hedging instruments on the consolidated statements of financial position is not material as at December 30, 2020 and 2019.

Credit Risk

Credit risk stems primarily from the potential inability of clients or counterparties to discharge their obligations and arises primarily from the Company's trade accounts receivable. The Company may also have credit risk relating to cash and cash equivalents, foreign exchange contracts and interest rate swap agreements resulting from defaults by counterparties, which it managed by entering into financial instruments with a variety of creditworthy parties. When entering into foreign exchange contracts and interest rate swap agreements, the counterparties are large Canadian and International banks.

The credit risk to which the Company is exposed arises principally from the Company's trade accounts receivables. Substantially all trade accounts receivable arise from the sale to the retail industry. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary. In addition, a portion of the total trade accounts receivable is insured against possible losses. The carrying amount of the Company's financial assets represents the maximum exposure to credit risk.

In 2020, sales to two major customers accounted for respectively 26.5% and 10.7%, for an aggregate of 37.2% of the Company's total revenue (2019 – one customer accounted for 28.6%). As at December 30, 2020, three customers accounted for respectively 20.4%, 12.7% and 12.0%, for an aggregate of 45.1% of the Company's total trade accounts receivable balance (2019 – one customer accounted for 14.2%).

NOTE 19 – FINANCIAL INSTRUMENTS (continued)

The Company's exposure to credit risk for trade accounts receivable by geographic area, based on the location of the selling entity, was as follows:

	2020	2019
Canada	$ 21,292	$ 24,179
United States	273,222	188,036
Europe	83,687	93,700
Latin America	54,240	64,579
Asia	7,494	20,508
Other countries	5,961	7,954
	$ 445,896	$ 398,956

The Company's exposure to credit risk for trade accounts receivable by type of customer was as follows:

	2020	2019
Mass-market retailers	$ 291,027	$ 220,654
Specialty/independent stores	154,869	178,302
	$ 445,896	$ 398,956

The Company recognizes an impairment loss allowance for expected credit losses ("ECLs") on trade accounts receivable, using a probability-weighted estimate of credit losses. The Company establishes an impairment loss allowance on a collective and individual assessment basis, by considering past events, current conditions and forecasts of future economic conditions. Collective assessment is carried out by grouping together trade accounts receivable with similar characteristics, mainly by geographic area, customer credit rating and number of days past due. In its assessment, management estimates the expected credit losses based on actual credit loss experience and informed credit assessment, taking into consideration forward-looking information. If actual credit losses differ from estimates, future earnings would be affected. In its assessment of the impairment loss allowance as at December 30, 2020, the Company considered the economic impact of the COVID-19 pandemic on its ECL assessment, including the risk of default of its customers given the economic downturn caused by the COVID-19 pandemic.

NOTE 19 – FINANCIAL INSTRUMENTS (continued)

The following table provides information about the exposure to credit risk and ECLs for trade accounts receivable. The ECLs were calculated based on actual credit loss experience and informed credit assessment, including forward-looking information.

				2020
	Weighted-average loss rate	**Trade accounts receivable - gross**	**Impairment loss allowance**	**Trade accounts receivable - net**
Current (not past due)	0.9%	$ 355,678	$ (3,195)	$ 352,483
Past due 0-30 days	3.0%	56,698	(1,690)	55,008
Past due 31-60 days	4.4%	18,495	(823)	17,672
Past due 61-90 days	6.1%	6,554	(396)	6,158
Past due over 90 days	48.1%	28,098	(13,523)	14,575
		$ 465,523	$ (19,627)	$ 445,896

				2019
	Weighted-average loss rate	**Trade accounts receivable - gross**	**Impairment loss allowance**	**Trade accounts receivable - net**
Current (not past due)	0.9%	$ 327,135	$ (3,018)	$ 324,117
Past due 0-30 days	2.6%	37,684	(980)	36,704
Past due 31-60 days	6.3%	15,468	(978)	14,490
Past due 61-90 days	5.2%	6,099	(315)	5,784
Past due over 90 days	36.4%	28,105	(10,244)	17,861
		$ 414,491	$ (15,535)	$ 398,956

Liquidity Risk

Liquidity risk is the risk of being unable to honor financial commitments by the deadlines set out under the terms of such commitments. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in “Capital Management” (Note 20). It also manages liquidity risk by continuously monitoring actual and projected cash flows matching the maturity profile of financial assets and liabilities. During 2019, the Company entered into trade payables finance program agreements with certain financial institutions to manage payments to some suppliers, which is an integral part of the Company’s liquidity risk management process. The Board of Directors reviews and approves the Company’s operating and capital budgets, as well as any material transactions not in the ordinary course of business, including acquisitions or other major investments or divestitures.

The carrying amounts of the revolving bank loans and term loan have been presented in the current portion of long-term debt in the statement of financial position as at December 30, 2020 because the maturity of the underlying Credit Agreement is in less than 12 months from the reporting date. The Company will be refinancing its current credit facility and term loan with a syndicated asset-based lending facility at market terms. The process is well advanced with BMO as Lead Arranger and the Company expects to close early in the second quarter of 2021.

NOTE 19 – FINANCIAL INSTRUMENTS (continued)

As the Company is subject to certain covenants, including maintaining certain financial ratios, in the event the Company is not able to meet its quarterly debt covenant requirements, the senior unsecured notes, revolving bank loans and term loan will become due in full at the date of non-compliance. While management believes that future cash flows from operations and availability under existing/renegotiated banking arrangements will be adequate to support the Company's financial liabilities, assessing the Company's liquidity including expected future compliance with covenants requires significant judgment. The Company does not expect a liquidity problem in the foreseeable future, however no assurance can be provided. On March 9, 2020, the Company amended and restated its Credit Agreement with respect to its revolving bank loans and term loan to facilitate their compliance based on the quarterly forecasted projections for 2020.

The following table summarizes the contractual maturities of financial liabilities of the Company as at December 30, 2020, excluding future interest payments but including accrued interest:

	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Bank indebtedness	$ 30,562	$ 30,562	$ –	$ –	$ –
Trade and other payables	466,805	466,805	–	–	–
Long-term debt:					
Senior unsecured notes	127,500	–	–	127,500	–
Revolving bank loans and term loan	273,494	273,494	–	–	–
Other	7,485	3,796	2,399	1,032	258
Other liabilities:					
Other financial liabilities	10,623	5,707	3,543	1,020	353
Total	$ 916,469	$ 780,364	$ 5,942	$ 129,552	$ 611

For the contractual undiscounted cash flows of lease liabilities, refer to note 11 e).

NOTE 20 – CAPITAL MANAGEMENT

The Company's objectives in managing capital are to provide sufficient liquidity to support its operations while generating a reasonable return to shareholders, give the flexibility to take advantage of growth and development opportunities of the business and undertake selective acquisitions, while at the same time taking a conservative approach towards financial leverage and management of financial risk. The Company's capital structure is composed of net debt and equity. Net debt consists of interest-bearing debt less cash and cash equivalents.

The Company manages its capital structure in light of changes in economic conditions and the requirements of the ratio required to be adhered to for covenant purposes. In order to maintain or adjust the capital structure, the Company may elect to adjust the amount of dividends paid to shareholders, return capital to its shareholders, issue new shares or increase/decrease net debt.

The Company monitors its capital structure using the ratio of indebtedness to adjusted EBITDA (as defined below). This ratio is calculated as follows: indebtedness / adjusted EBITDA and it represents the ratio required for financial covenants and it must be kept below a certain threshold so as not to be in breach of its debt agreements. During the year, the Company revised its definition of indebtedness and adjusted EBITDA in the calculation of its indebtedness to adjusted EBITDA ratio in order to align management monitoring of its capital structure with the financial ratios calculation under the covenants of its long-term debt. The revision consists mainly of removing the effect of adopting IFRS 16 from indebtedness and adjusted EBITDA and to include the convertible debentures in indebtedness. On July 22, 2019, the Company redeemed its convertible debentures.

NOTE 20 – CAPITAL MANAGEMENT (continued)

Indebtedness

Indebtedness is equal to the aggregate of bank indebtedness, face value of long-term debt (excluding leases), guarantees (including all letters of credit and standby letters of credit) and written put option liabilities based on current earnings level less cash and cash equivalents up to a maximum amount of $25,000 subject to certain conditions. For the purpose of the calculation of the indebtedness to adjusted EBITDA ratio, the written put option liabilities are based on current earnings level as opposed to the expected present value of the exercise price, which is a function of earnings levels in future periods, and is reflected in the consolidated financial statements.

Adjusted EBITDA

Adjusted EBITDA is defined as net income (loss) before finance expenses, income taxes, depreciation and amortization, impairment losses on goodwill, intangible assets and property, plant and equipment, restructuring and other costs, unpaid (paid) product liability costs related to judgments, stock option plan expense, excluding the net impact of adopting IFRS 16. Adjusted EBITDA is based on the last four quarters ending on the same date as the consolidated statement of financial position date used to compute the indebtedness but including retroactively the results of operations of acquired businesses.

Indebtedness to adjusted EBITDA ratio calculation

	2020	2019
Bank indebtedness	$ 30,562	$ 59,698
Face value of long-term debt (Note 17)	408,479	448,164
Guarantees (Note 25)	22,364	15,601
Written put option liabilities (based on current earnings level)	–	3,832
Less: cash and cash equivalents	(17,005)	(24,707)
Removing the effect of adopting IFRS 16	1,161	1,699
Indebtedness	$ 445,561	$ 504,287

	For the trailing four quarters	
	2020	2019
Net loss	$ (43,403)	$ (10,453)
Finance expenses (Note 30)	47,838	50,380
Income taxes expense (Note 27)	48,931	12,786
Depreciation and amortization (Note 30)	98,088	95,785
Impairment loss on goodwill (Note 13)	43,125	–
Restructuring costs (Note 6)	15,026	31,069
Removing the effect of adopting IFRS 16	(51,361)	(52,735)
Adjusted EBITDA	$ 158,244	$ 126,832

	2020	2019
Indebtedness to adjusted EBITDA ratio	2.82:1	3.98:1

NOTE 21 – PENSION & POST-RETIREMENT BENEFIT PLANS

Certain of the Company's subsidiaries maintain defined benefit plans and defined contribution plans for their employees.

The plans provide benefits based on a defined benefit amount and length of service. Pension benefit obligations under the defined benefit plans are determined annually by independent actuaries using management's assumptions and the accumulated benefit method for the plans where future salary levels do not affect the amount of employee future benefits and the projected benefit method for the plans where future salaries or cost escalation affect the amount of employee future benefits.

The changes in net liability arising from defined benefit obligations are as follows:

	2020		2019	
	Pension benefits	**Post-retirement benefits**	**Pension benefits**	**Post-retirement benefits**
Present value of the defined benefit obligations under wholly or partially funded plans:				
Balance, beginning of year	$ 72,963	$ 6,091	$ 65,753	$ 9,033
Current service cost	2,872	1	1,922	44
Interest cost	1,595	165	2,041	297
Participants contributions	656	–	720	–
Benefits paid	(2,047)	(540)	(2,010)	(499)
Past service costs	–	–	–	(2,351)
Effect of foreign currency exchange rate changes	2,746	–	(528)	–
Remeasurement losses (gains) recognized in other comprehensive loss	3,204	(300)	7,350	(433)
Restructuring giving rise to curtailments (Note 6)	(270)	–	(2,285)	–
Balance, end of year	$ 81,719	$ 5,417	$ 72,963	$ 6,091
Plan assets:				
Fair value, beginning of year	$ 53,344	$ –	$ 45,337	$ –
Interest income on plan assets	1,232	–	1,532	–
Remeasurement gains recognized in other comprehensive loss	1,453	–	5,321	–
Employer contributions	4,842	540	3,174	499
Participants contributions	656	–	720	–
Benefits paid	(2,047)	(540)	(2,010)	(499)
Effect of foreign currency exchange rate changes	1,982	–	(335)	–
Additional charges	(397)	–	(395)	–
Fair value, end of year	$ 61,065	$ –	$ 53,344	$ –
Effect of asset ceiling*	$ (209)	$ –	$ (110)	$ –
Net liability arising from defined benefit obligations	$ (20,863)	$ (5,417)	$ (19,729)	$ (6,091)

* includes effect of foreign currency exchange rate changes.

NOTE 21 – PENSION & POST-RETIREMENT BENEFIT PLANS (continued)

Remeasurements of the net defined benefit liabilities recorded during the years ended:

	2020		2019	
	Pension benefits	**Post-retirement benefits**	**Pension benefits**	**Post-retirement benefits**
Remeasurement gains (losses) recognized in other comprehensive loss:				
Return on plan assets (excluding amounts included in net interest expense)	$ 1,453	$ –	$ 5,321	$ –
Actuarial gains arising from changes in demographic assumptions	1,059	66	536	43
Actuarial losses arising from changes in financial assumptions	(8,705)	(410)	(12,288)	(674)
Actuarial gains arising from experience adjustments	4,442	644	4,402	1,064
Change in the effect of asset ceiling	(83)	–	(45)	–
	$ (1,834)	$ 300	$ (2,074)	$ 433

	2020		2019	
	Pension benefits	**Post-retirement benefits**	**Pension benefits**	**Post-retirement benefits**
Remeasurement gains (losses) accumulated in other comprehensive loss:				
Balance, beginning of year	$ (10,134)	$ (8,199)	$ (7,994)	$ (8,632)
Recognized during the year in other comprehensive loss	(1,834)	300	(2,074)	433
Effect of foreign currency exchange rate changes	170	–	(66)	–
Balance, end of year	$ (11,798)	$ (7,899)	$ (10,134)	$ (8,199)

	2020		2019	
	Pension benefits	**Post-retirement benefits**	**Pension benefits**	**Post-retirement benefits**
Changes in the asset ceiling:				
Balance, beginning of year	$ (110)	$ –	$ (66)	$ –
Change in the effect of asset ceiling	(83)	–	(45)	–
Effect of foreign currency exchange rate changes	(16)	–	1	–
Balance, end of year	$ (209)	$ –	$ (110)	$ –

The Company's asset ceiling represents the present value of future economic benefits available in the form of reductions in future contributions.

NOTE 21 – PENSION & POST-RETIREMENT BENEFIT PLANS (continued)

Net retirement costs for the defined benefit plans included in the consolidated income statements comprise the following:

	2020		2019	
	Pension benefits	**Post-retirement benefits**	**Pension benefits**	**Post-retirement benefits**
Current service cost	$ 2,872	$ 1	$ 1,922	$ 44
Net interest expense	363	165	509	297
Past service costs	–	–	–	(2,351)
Additional charges	397	–	395	–
Effect of curtailments (Note 6)	(270)	–	(2,285)	–
Net retirement expense for the year	$ 3,362	$ 166	$ 541	$ (2,010)
Actual return on plan assets	$ 2,685	$ –	$ 6,853	$ –

Other than the curtailment gain presented within the restructuring and other costs (Note 6), the pension and post-retirement expense is recognized within general and administrative expenses and cost of sales.

Under the Company's defined contribution plans, total expense was $5,124 (2019 – $4,506) and is recorded within the appropriate headings of expenses by function. Total cash payments for employee future benefits for 2020, consisting of cash contributed by the Company to its funded plans, cash contributed to its defined contribution plans and benefits paid directly to beneficiaries for unfunded plans, was $10,506 (2019 – $8,179).

Actuarial assumptions and sensitivity analysis

Weighted-average assumptions used to determine benefit obligations:

	Pension benefits		Post-retirement benefits	
	2020	**2019**	**2020**	**2019**
Discount rate	1.53%	2.21%	1.92%	2.83%
Rate of compensation increase	2.11%	2.13%	n/a	n/a

NOTE 21 – PENSION & POST-RETIREMENT BENEFIT PLANS (continued)

Weighted-average assumptions used to determine net periodic cost:

	Pension benefits		Post-retirement benefits	
	2020	**2019**	**2020**	**2019**
Discount rate	2.21%	3.18%	2.83%	(1)
Rate of compensation increase	2.13%	2.22%	n/a	n/a
Post-retirement mortality at age 65 for current pensioners (male)	19.2 years	19.2 years	18.9 years	19.1 years
Post-retirement mortality at age 65 for current pensioners (female)	22.0 years	22.1 years	21.4 years	21.6 years
Post-retirement mortality at age 65 for current pensioners aged 45 (male)	20.7 years	20.2 years	20.5 years	20.7 years
Post-retirement mortality at age 65 for current pensioners aged 45 (female)	23.4 years	23.3 years	22.9 years	23.2 years

(1) 4.00% for the eight months ended August 31, 2019 (measurement date) and 2.62% for the four months ended December 30, 2019.

At December 30, 2020, the weighted-average duration of the defined benefit obligations was 19.0 years for the pension benefits (2019 – 19.0 years) and 9.4 years for the post-retirement benefits (2019 – 9.1 years).

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below:

	Pension benefits 2020		Post-retirement benefits 2020		Pension benefits 2019		Post-retirement benefits 2019	
	Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate (0.25% movement)	$ (3,877)	$ 4,183	$ (124)	$ 129	$ (3,342)	$ 3,598	$ (135)	$ 141
Rate of compensation increase (0.5% movement)	$ 717	$ (696)	n/a	n/a	$ 654	$ (632)	n/a	n/a

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the net periodic cost by the amounts shown below.

	Pension benefits 2020		Post-retirement benefits 2020		Pension benefits 2019		Post-retirement benefits 2019	
	Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate (0.25% movement)	$ (340)	$ 372	$ 10	$ 18	$ (283)	$ 312	$ 8	$ (9)
Rate of compensation increase (0.5% movement)	$ 96	$ (98)	n/a	n/a	$ 87	$ (84)	n/a	n/a

NOTE 21 – PENSION & POST-RETIREMENT BENEFIT PLANS (continued)

The assumed health care cost trend used for measurement of the accumulated post-retirement benefit obligation is 7.5% in 2020, decreasing gradually to 4.5% in 2027 and remaining at that level thereafter.

Assumed health care cost trends have a significant effect on the amounts reported for health care plans. A one percentage point change in assumed health care cost trend rates would have the following effects:

	2020		2019	
	Increase	**Decrease**	**Increase**	**Decrease**
Effect on total of service and interest cost	$ 15	$ (14)	$ 25	$ (21)
Effect on post-retirement benefit obligation	$ 398	$ (347)	$ 535	$ (465)

Although the analysis does not take account of the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown.

The measurement date used for plan assets, pension benefits and post-retirement benefits was December 30. The most recent actuarial valuations for the pension plans and post-retirement benefit plans are dated January 1, 2020. The most recent actuarial valuation of the pension plans for funding purposes was as of January 1, 2020, and the next required valuation will be as of January 1, 2021.

Plan assets are held in trust and their weighted average allocations were as follows as at the measurement date:

	2020		2019	
Debt securities				
Mutual funds - fixed income securities				
United States	$ 10,872	18%	$ 8,909	17%
Europe	–	–	100	–
International	–	–	2,091	4
Total debt securities	$ 10,872	18%	$ 11,100	21%
Other				
Insurance contracts	$ 24,615	40%	$ 20,644	39%
Mutual funds - specialty	1,173	2	1,943	3
Total other	$ 25,788	42%	$ 22,587	42%
Equity securities				
Canada	$ 207	1%	$ 159	1%
United States	13,233	22	10,915	20
Europe	2,071	3	1,709	3
International	4,481	7	3,869	7
Total equity securities	$ 19,992	33%	$ 16,652	31%
Cash and cash equivalents	$ 4,413	7%	$ 3,005	6%
Total	$ 61,065	100%	$ 53,344	100%

NOTE 21 – PENSION & POST-RETIREMENT BENEFIT PLANS (continued)

All debt securities, equity securities and other mutual funds - specialty are valued based on quoted prices (unadjusted) for identical assets and liabilities in active markets. All insurance contracts do not have a quoted market price.

The Company expects $4,458 in contributions to be paid to the funded defined benefit plans and $520 in benefits to be paid for the unfunded plans in 2021.

Other

Certain of the Company's subsidiaries have elected to act as a self-insurer for certain costs related to all active employee health and accident programs. The expense for the year ended December 30, 2020 was $7,967 (2019 – $7,573) under this self-insured benefit program.

NOTE 22 – SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

The share capital of the Company is as follows:

Authorized

- 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.
- 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:

	2020		2019	
	Number	**Amount**	**Number**	**Amount**
Class "A" Multiple Voting Shares				
Balance, beginning of year	4,188,475	$ 1,767	4,188,775	$ 1,767
Converted from Class "A" to Class "B" (1)	(300)	–	(300)	–
Balance, end of year	4,188,175	$ 1,767	4,188,475	$ 1,767
Class "B" Subordinate Voting Shares				
Balance, beginning of year	28,291,760	$ 202,165	28,250,414	$ 201,546
Converted from Class "A" to Class "B" (1)	300	–	300	–
Reclassification from contributed surplus due to settlement of deferred share units (Note 23)	24,886	769	41,046	619
Balance, end of year	28,316,946	$ 202,934	28,291,760	$ 202,165
TOTAL SHARE CAPITAL		$ 204,701		$ 203,932

(1) During the year ended December 30, 2020, the Company converted 300 Class "A" Multiple Voting Shares into Class "B" Subordinate Voting Shares (2019 – 300) at an average rate of $0.63 per share (2019 – $0.63 per share).

NOTE 22 – SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY (continued)

Nature and purpose of other components of equity

Contributed Surplus

The contributed surplus account is used to recognize the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration.

Other Comprehensive Income (Loss)

Cumulative Translation Account

The cumulative translation account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of monetary assets or liabilities that hedge the Company's net investment in foreign operations.

Cash Flow Hedges

The cash flow hedges account comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Defined Benefit Plans

The defined benefit plans account comprises the remeasurement of the net pension and post-retirement defined benefit liabilities.

Other Equity

The other equity account comprises the remeasurement of the present value of the written put option liabilities.

Dividends on common shares

The following dividends were declared and paid by the Company:

	2020	2019
Nil per share on the outstanding Class "A" Multiple Voting Shares, Class "B" Subordinate Voting Shares (2019 – $0.45 per share)	$ –	$ 14,599

On March 14, 2019, the Company announced that it had adjusted its quarterly dividend from the prior $0.30 per share to $0.15 per share. During the first three quarters of 2019, a quarterly dividend of $0.15 per share was declared by the Board of Directors. On September 30, 2019, the Board of Directors suspended the declaration of the Company's dividends.

NOTE 23 – SHARE-BASED PAYMENTS

The following table summarizes the share-based payments expense (recovery) recognized within general and administration expenses:

	2020	2019
DSU – Directors	$ –	$ 291
DSU – Executive	135	519
RSU	929	(164)
SAR	–	(4)
PSU	1,392	(626)
	$ 2,456	$ 16

The following table summarizes the carrying amount of the Company's RSU, SAR and PSU plans (cash-settled) recognized in the consolidated statements of financial position:

	2020	2019
Trade and other payables	$ 1,877	$ 392
Other long-term liabilities	1,195	555
	$ 3,072	$ 947

Directors' Deferred Share Unit Plan

The Company has a Directors' Deferred Share Unit Plan (the "DDSU Plan") under which an external director of the Company may elect annually to have their director's fees paid in the form of DSUs. A plan participant may also receive dividend equivalents paid in the form of DSUs.

The number of DSUs received by a director is determined by dividing the amount of the remuneration to be paid in the form of DSUs on that date or dividends to be paid on payment date (the "Award Dates") by the fair market value of the Company's Class "B" Subordinate Voting Shares on the Award Date. The Award Date is the last day of each quarter of the Company's fiscal year in the case of fees forfeited and the date on which the dividends are payable in the case of dividends. The fair market value of the Company's Class "B" Subordinate Voting Shares is equal to their average closing trading price during the five trading days preceding the Award Date. Upon termination of a director's service, a director may receive, at the discretion of the Board of Directors, either:

(a) cash equal to the number of DSUs credited to the director's account multiplied by the fair market value of the Class "B" Subordinate Voting Shares on the date a notice of redemption is filed by the director; or
(b) the number of Class "B" Subordinate Voting Shares equal to the number of DSUs in the director's account; or
(c) a combination of cash and Class "B" Subordinate Voting Shares.

Of the 350,000 DSUs authorized for issuance under the plan, 188,696 were available for issuance under the DSU plan as at December 30, 2020.

NOTE 23 – SHARE-BASED PAYMENTS (continued)

The changes in outstanding number of DSUs are as follows:

	2020	2019
DSUs outstanding, beginning of year	211,111	155,701
Issued for fees forfeited	–	47,126
Issued for dividend equivalents (1)	–	8,284
Settlement of deferred share units (2)	(49,807)	–
DSUs outstanding, end of year	161,304	211,111
Total vested, end of year	161,304	211,111

(1) DSUs issued for dividend equivalents for the year ended December 30, 2020 amount to nil (2019 – $67) which were charged to retained earnings and credited to contributed surplus.

(2) During the year ended December 30, 2020, 49,807 DSUs were settled for which $865 was debited to contributed surplus and $680 credited to share capital; the difference representing the withholding taxes the Company was required by law to withhold upon settlement.

Executive Deferred Share Unit Plan

The Company has an Executive Deferred Share Unit Plan (the "EDSU Plan") under which executive officers of the Company may elect annually to have a portion of their annual salary and bonus paid in the form of DSUs. The EDSU Plan assists the executive officers in attaining prescribed levels of ownership of the Company's shares. A plan participant may also receive dividend equivalents paid in the form of DSUs. The number of DSUs received by an executive officer is determined by dividing the amount of the salary and bonus to be paid in the form of DSUs on that date or dividends to be paid on payment date (the "Award Dates") by the fair market value of the Company's Class "B" Subordinate Voting Shares on the Award Date. The Award Date is the last business day of each month of the Company's fiscal year in the case of salary, the date on which the bonus is, or would otherwise be, paid to the participant in the case of bonus and the date on which the dividends are payable in the case of dividends. The fair market value of the Company's Class "B" Subordinate Voting Shares is equal to their weighted average trading price during the five trading days preceding the Award Date.

The Board of Directors may also grant discretionary DSUs with vesting conditions, such as service and non-market performance conditions. The holders of the discretionary DSUs are entitled to dividends declared by the Company which are recognized in the form of additional DSUs awards equivalent in value to the dividends paid on the Company's Class "B" Subordinate Voting Shares. The vesting conditions of these additional DSUs awards are subject to the same performance vesting conditions as the underlying discretionary DSUs.

Upon termination of an executive officer's service, an executive officer may receive, at the discretion of the Board of Directors, either:

(a) cash equal to the number of DSUs credited to the executive officer's account multiplied by the fair market value of the Class "B" Subordinate Voting Shares on the date a notice of redemption is filed by the executive officer; or
(b) the number of Class "B" Subordinate Voting Shares equal to the number of DSUs in the executive officer's account; or
(c) a combination of cash and Class "B" Subordinate Voting Shares.

Of the 750,000 DSUs authorized for issuance under the plan, 533,590 were available for issuance under the EDSU Plan as at December 30, 2020.

NOTE 23 – SHARE-BASED PAYMENTS (continued)

The changes in outstanding number of DSUs are as follows:

	2020	2019
DSUs outstanding, beginning of year	222,230	178,743
Issued for salaries and bonus paid	–	59,071
Discretionary DSUs granted (1)	–	18,864
Issued for dividend equivalents (2)	–	12,365
Performance adjustment	5,043	(2,971)
Forfeited	(6,532)	(9,604)
Settlement of deferred share units (3)	(4,331)	(34,238)
DSUs outstanding, end of year	216,410	222,230
Total vested, end of year	192,077	194,323

(1) On December 5, 2019, the Company granted 18,864 discretionary DSUs. The discretionary DSUs granted vest in whole after a 3-year performance cycle and have performance vesting conditions. The number of discretionary DSUs that can vest can be up to 1.5 times the actual number of discretionary DSUs awarded if exceptional financial performance is achieved.
(2) DSUs issued for dividend equivalents for the year ended December 30, 2020 amount to nil (2019 – $97) which were charged to retained earnings and credited to contributed surplus.
(3) During the year ended December 30, 2020, 4,331 DSUs were settled for which $89 was debited to contributed surplus and $89 credited to share capital.

Long-term incentive plans (cash-settled)

The Company has the following long-term incentive plans for senior executives and certain key employees:

- A **restricted share unit (RSUs)** plan that entitles them to a cash payment equal to the number of the Company's Class "B" Subordinate Voting Shares underlying the vested RSUs multiplied by the weighted average trading price during the five trading days immediately preceding the vesting date. The RSUs granted vest in whole after three years from the date of the issuance of the grant. The RSUs vest based on service conditions and are not subject to performance conditions. A plan participant may also receive dividend equivalents paid in the form of RSUs.
- A **share appreciation rights (SARs)** plan that entitles them to a cash payment based on the increase in the share price of the Company's Class "B" Subordinate Voting Shares from the grant date to the settlement date. The SARs vest based on service conditions and are not subject to performance conditions.
- A **performance share unit (PSUs)** plan that entitles them to a cash payment. The PSUs vest based on non-market performance conditions. The number of PSUs that can vest can be up to 1.5 times the actual number of PSUs awarded if exceptional financial performance is achieved. A plan participant may also receive dividend equivalents paid in the form of PSUs.

NOTE 23 – SHARE-BASED PAYMENTS (continued)

The changes in outstanding number of RSUs, SARs and PSUs are as follows:

			2020			2019
	RSU	**SAR**	**PSU**	**RSU**	**SAR**	**PSU**
Outstanding, beginning of year	246,891	338,084	227,587	172,151	799,191	225,386
Granted (1)	–	–	–	85,628	–	175,092
Issued for dividend equivalents	–	–	–	9,208	–	17,819
Performance adjustment	–	–	24,016	–	–	(120,727)
Settled	(64,473)	–	(25,933)	–	–	(31,965)
Expired	–	(336,596)	–	–	(420,287)	–
Forfeited	(12,024)	(1,488)	(9,012)	(20,096)	(40,820)	(38,018)
Outstanding, end of year	170,394	–	216,658	246,891	338,084	227,587

(1) The weighted average share price at the date the RSUs and PSUs were granted, on December 5, 2019, was $4.20.

NOTE 24 – COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel includes the Company's senior management and members of its Board of Directors. The following table summarizes the amounts recognized as an expense related to the Company's key management personnel:

	2020	2019
Wages and salaries	$ 9,826	$ 4,209
Social security costs	126	250
Contributions to defined contribution plans	7	7
Share-based payments	1,646	71
	$ 11,605	$ 4,537

NOTE 25 – COMMITMENTS, GUARANTEES AND CONTINGENCIES

a) Capital expenditure commitments

As at December 30, 2020, the Company has capital expenditure commitments of approximately $3,650 and commitments for expenditures related to marketing of approximately $12,000 due in 2021.

b) Guarantees

In the normal course of business, the Company granted irrevocable standby letters of credit issued by highly rated financial institutions and other guarantees to various third parties to indemnify them in the event the Company does not perform its contractual obligations, such as payment of product liability claims, lease and licensing agreements, duties and workers compensation claims. As at December 30, 2020, standby letters of credit and other guarantees outstanding totalled $22,364. As many of these guarantees will not be drawn upon, these amounts are not indicative of future cash requirements. No material loss is anticipated by reason of such agreements and guarantees and no amounts have been accrued in the Company's consolidated financial statements with respect to these guarantees.

c) Contingencies

The Company is currently a party to various claims and legal proceedings. If management believes that a loss arising from these matters is probable and can reasonably be estimated, that amount of the loss is recorded, or the middle of the range estimated liability when the loss is estimated using a range and no point within the range is more probable than another. When a loss arising from such matters is probable, legal proceedings against third parties or counterclaims are recorded only if management, after consultation with outside legal counsels, believes such recoveries are virtually certain to be realized. As additional information becomes available, any potential liability related to these matters is assessed and the estimates are revised, if necessary. Based on currently available information, management believes that the ultimate outcome of these matters, individually and in aggregate, will not have a material adverse effect on the Company's financial position or overall trends in results of operations.

NOTE 26 – GOVERNMENT ASSISTANCE

Governments around the world introduced financial assistance programs in order to support companies experiencing financial challenges resulting from the COVID-19 pandemic outbreak and to stimulate the economy. The Company assessed its eligibility related to these government assistance programs available in each country and took advantage of deferral of certain payroll taxes, value-added taxes and income taxes payment obligations. In addition, the Company concluded it was also eligible to receive grants mainly related to compensation for certain employee related costs. During the year ended December 30, 2020, the Company recognized an amount of $3,953 as a reduction of employee benefits expense and of other expenses related to government grants received or expected to be received, mainly within the Dorel Juvenile segment, most of which were received during the second and third quarters of 2020.

NOTE 27 – INCOME TAXES

Variations of income taxes expense from the basic Canadian federal and provincial combined tax rates applicable to income before income taxes are as follows:

	2020		2019	
	$	%	$	%
Income before income taxes	5,528	–	2,333	–
PROVISION FOR INCOME TAXES (1)	1,443	26.1	611	26.2
ADD (DEDUCT) EFFECT OF:				
Difference in statutory tax rates of foreign subsidiaries	162	2.9	(1,898)	(81.4)
Non-recognition of tax benefits related to tax losses and temporary differences	40,486	732.4	31,180	1,336.5
Tax incentives	(846)	(15.3)	(1,236)	(53.0)
Non-deductible impairment of goodwill	10,443	188.9	–	–
Permanent differences	(3,075)	(55.6)	(17,061)	(731.3)
Tax rates changes	(658)	(11.9)	157	6.7
Foreign exchange and other – net	976	17.6	1,033	44.3
	48,931	885.1	12,786	548.0

(1) The applicable statutory tax rates are 26.1% and 26.2%, respectively for the years ended December 30, 2020 and 2019. The Company's applicable tax rate is the Canadian combined rate applicable in the jurisdictions in which the Company operates.

The components of deferred income tax expense are:

	2020	2019
Deferred income tax expense		
Origination and reversal of temporary differences	$ 26,380	$ 2,506
Effect of tax rates changes	(658)	157
	$ 25,722	$ 2,663

NOTE 27 – INCOME TAXES (continued)

The deferred tax assets and liabilities in the consolidated statements of financial position are as follows:

	2020	2019
Deferred tax assets	$ 44,641	$ 60,421
Deferred tax liabilities	(21,349)	(12,855)
	$ 23,292	$ 47,566

The details of changes of deferred income taxes are as follows:

	Balance as at December 30, 2019	Recognized in net loss	Recognized in other comprehensive loss	Others (1)	Balance as at December 30, 2020
Capital and operating tax losses carried forward	$ 41,624	$ (35,331)	$ –	$ 1,186	$ 7,479
Net pension and post-retirement benefit obligations	6,418	(246)	18	240	6,430
Other liabilities	(658)	369	680	(24)	367
Long-term debt	2,154	131	–	(3)	2,282
Trade accounts receivable	7,502	(677)	–	(189)	6,636
Inventories	10,720	(465)	–	93	10,348
Trade and other payables	9,424	2,543	–	16	11,983
Provisions	7,999	858	–	1	8,858
Assets held for sale	(1,652)	926	–	(97)	(823)
Property, plant and equipment	(11,737)	2,090	–	(143)	(9,790)
Lease liabilities and right-of-use assets, net	4,681	(902)	–	141	3,920
Intangible assets	(32,729)	3,722	–	(856)	(29,863)
Goodwill	294	(67)	–	–	227
Contributed surplus	(758)	1	–	1	(756)
Foreign exchange and other	4,284	1,326	–	384	5,994
	$ 47,566	$ (25,722)	$ 698	$ 750	$ 23,292

(1) Others mainly comprise foreign currency exchange rate changes.

NOTE 27 – INCOME TAXES (continued)

	Balance as at December 30, 2018	Adjustment on initial application of IFRS 16	Adjusted balance as at December 31, 2018	Recognized in net loss	Recognized in other comprehen-sive loss	Others (1)	Balance as at December 30, 2019
Capital and operating tax losses carried forward	$ 26,353	$ (788)	$ 25,565	$ 16,270	$ –	$ (211)	$ 41,624
Net pension and post-retirement benefit obligations	6,909	–	6,909	(1,119)	695	(67)	6,418
Other liabilities	804	–	804	(1,845)	397	(14)	(658)
Long-term debt	184	–	184	1,967	–	3	2,154
Trade accounts receivable	10,608	–	10,608	(3,034)	–	(72)	7,502
Inventories	12,174	–	12,174	(1,479)	–	25	10,720
Trade and other payables	8,355	(189)	8,166	1,258	–	–	9,424
Provisions	8,062	–	8,062	(62)	–	(1)	7,999
Assets held for sale	(806)	–	(806)	(830)	–	(16)	(1,652)
Property, plant and equipment	(11,859)	357	(11,502)	(1,012)	–	777	(11,737)
Lease liabilities and right-of-use assets, net	–	4,444	4,444	459	–	(222)	4,681
Intangible assets	(20,066)	1,968	(18,098)	(14,191)	–	(440)	(32,729)
Goodwill	721	–	721	(418)	–	(9)	294
Contributed surplus and other equity	(759)	–	(759)	1	–	–	(758)
Foreign exchange and other	3,134	5	3,139	1,372	–	(227)	4,284
	$ 43,814	$ 5,797	$ 49,611	$ (2,663)	$ 1,092	$ (474)	$ 47,566

(1) Others mainly comprise foreign currency exchange rate changes.

Net deferred tax assets of $3,164 were recognized as at December 30, 2020 (2019 – $66,732) in jurisdictions that incurred losses this fiscal year or the preceding fiscal year. Based upon the level of historical income or projections for future income, management believes it is probable that the Company will realize the benefits of these deductible differences and operating tax losses carry forward.

As at December 30, 2020, the net operating losses carried forward and deductible temporary differences for which deferred tax assets have not been recognized amounted to $454,050 (2019 – $305,652). These net operating losses carried forward will expire starting in 2021 onwards. In addition, as at December 30, 2020, the Company has $4,548 of net capital losses carried forward for which deferred tax assets have not been recognized (2019 – $4,546). Net capital losses can be carried forward indefinitely and can only be used against future taxable capital gains. The unrecognized deferred tax assets related to capital and operating tax losses carried forward amounted to $104,210 as at December 30, 2020 (2019 – $70,110).

The Company has not recognized deferred tax liabilities for the undistributed earnings of its subsidiaries in the current or prior years since the Company does not expect to sell or repatriate funds from those investments, in which case the undistributed earnings may become taxable. Upon distribution of these earnings in the form of dividends or otherwise, the Company may be subject to income and/or withholding taxes. Taxable temporary differences for which deferred tax liabilities were not recognized amount to approximately $223,863 (2019 – $181,285).

NOTE 27 – INCOME TAXES (continued)

The breadth of the Company's operations and the global complexity of tax regulations require assessments of uncertainties and judgments in estimating the ultimate taxes the Company will pay. The final taxes paid are dependent upon many factors, including negotiations with taxation authorities in various jurisdictions, outcomes of tax litigation and resolution of disputes arising from federal, provincial, state and local tax audits. The resolution of these uncertainties and the associated final taxes may result in adjustments to the Company's tax assets and tax liabilities.

On January 26, 2021, the Company announced that it intends to appeal a decision of the Luxembourg Administrative Tribunal received on January 22, 2021 with respect to taxation on the transfer of certain assets in connection with an internal corporate reorganization that took place in 2015. The decision of the Luxembourg Administrative Tribunal concluded that one of the Company's wholly owned subsidiaries owes $56,900 (EUR $46,800) in tax plus applicable interest. The Company considers that the transfer of assets was not taxable and intends to appeal the decision to the Luxembourg Administrative Court. The Company accrued $2,500 in its annual financial statements as its best estimate for this potential tax liability.

NOTE 28 – LOSS PER SHARE

The following table provides a reconciliation between the number of basic and fully diluted shares outstanding:

	2020	2019
Weighted daily average number of Class "A" Multiple and Class "B" Subordinate Voting Shares	32,491,656	32,448,448
Dilutive effect of deferred share units	–	–
Weighted average number of diluted shares	32,491,656	32,448,448
Number of anti-dilutive deferred share units excluded from fully diluted loss per share calculation	377,714	405,434

NOTE 29 – SUPPLEMENTAL CASH FLOW INFORMATION

Net changes in balances related to operations are as follows:

	2020	2019
Trade accounts receivable	$ (48,139)	$ 324
Inventories	94,254	(4,971)
Other assets	(3,020)	(1,786)
Trade and other payables	(34,225)	(22,604)
Net pension and post-retirement defined benefit liabilities	(4,909)	(4,393)
Provisions	(4,264)	11,544
Other liabilities	6,057	732
	$ 5,754	$ (21,154)

NOTE 29 – SUPPLEMENTAL CASH FLOW INFORMATION (continued)

The components of cash and cash equivalents are:

	2020	2019
Cash	$ 34,800	$ 36,246
Short-term investments	3,435	2,895
Cash and cash equivalents	$ 38,235	$ 39,141

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

	2020	2019
Acquisition of property, plant and equipment financed by trade and other payables	$ 1,340	$ 2,809
Acquisition of property, plant and equipment financed by lease liabilities	$ 37,654	$ 22,332
Acquisition of intangible assets financed by trade and other payables	$ 223	$ 1,126

The reconciliation of movements of liabilities, except of lease liabilities (for which the information is presented in Note 11), to cash flows arising from financing activities is as follows:

		Cash (used in) provided by financing activities				Non-cash changes			
	Balance as at December 30, 2019	Proceeds	Repayments	Financing costs	Effect of foreign currency exchange rate changes	Accretion of interest	Changes in fair value	Other	Balance as at December 30, 2020
Bank indebtedness	$ 59,698	$ –	$ (17,653)	$ –	$ (11,483)	$ –	$ –	$ –	$ 30,562
Senior unsecured notes	$ 119,941	$ –	$ –	$ (2,523)	$ –	$ 3,995	$ –	$ 721	$ 122,134
Revolving bank loans	192,761	23,568	–	–	3,783	–	–	–	220,112
Term loan	121,714	–	(68,918)	(134)	–	471	–	–	53,133
Other	7,686	4,376	(5,235)	–	241	289	–	–	7,357
Total long-term debt	$ 442,102	$ 27,944	$ (74,153)	$ (2,657)	$ 4,024	$ 4,755	$ –	$ 721	$ 402,736
Deferred financing costs (asset)	$ (1,850)	$ –	$ –	$ (396)	$ (17)	$ 1,484	$ –	$ –	$ (779)
Embedded derivatives related to prepayment options (asset)	$ (742)	$ –	$ –	$ –	$ –	$ –	$ 378	$ –	$ (364)
Interest rate swaps liability (asset) used for hedging	$ 1,538	$	$ (834)	$ –	$ –	$ –	$ 2,787	$ –	$ 3,491
Written put option liabilities	$ 8,570	$	$ –	$ –	$ –	$ –	$ (8,570)	$ –	$ –

NOTE 29 – SUPPLEMENTAL CASH FLOW INFORMATION (continued)

				Cash (used in) provided by financing activities				Non-cash changes			
	Balance as at December 30, 2018	Adjustment on initial application of IFRS 16	Adjusted balance as at December 31, 2018	Proceeds	Repay-ments	Financing costs	Effect of foreign currency exchange rate changes	Accretion of interest	Changes in fair value	Other	Balance as at December 30, 2019
Bank indebtedness	$ 50,098	$ –	$ 50,098	$ 11,302	$ –	$ –	$ (1,702)	$ –	$ –	$ –	$ 59,698
Senior unsecured notes	$ –	$ –	$ –	$ 116,875	$ –	$ (1,875)	$ –	$ 4,168	$ –	$ 773	$ 119,941
Revolving bank loans	152,728	–	152,728	40,887	–	–	(854)	–	–	–	192,761
Term loan	160,261	–	160,261	–	(38,500)	(452)	–	405	–	–	121,714
Convertible debentures	118,344	–	118,344	–	(120,000)	–	–	986	–	670	–
Other	5,736	(2,776)	2,960	–	(3,861)	–	(196)	205	–	8,578	7,686
Total long-term debt	$ 437,069	$ (2,776)	$ 434,293	$ 157,762	$ (162,361)	$ (2,327)	$ (1,050)	$ 5,764	$ –	$ 10,021	$ 442,102
Deferred financing costs (asset)	$ (1,624)	$ –	$ (1,624)	$ –	$ –	$ (1,344)	$ 5	$ 1,113	$ –	$ –	$ (1,850)
Embedded derivatives related to prepayment options (asset)	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ (597)	$ (145)	$ (742)
Interest rate swaps liability (asset) used for hedging	$ (115)	$ –	$ (115)	$ 56	$ –	$ –	$ –	$ –	$ 1,597	$ –	$ 1,538
Written put option liabilities	$ 12,004	$ –	$ 12,004	$ 442	$ –	$ –	$ –	$ –	$ (3,876)	$ –	$ 8,570

NOTE 30 – FINANCE EXPENSES, DEPRECIATION AND AMORTIZATION, AND OTHER INFORMATION

a) Finance expenses

	2020	2019
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	$ 30,392	$ 33,979
Interest on lease liabilities (Note 11)	7,308	7,907
Amortization of deferred financing costs (Note 14)	1,484	1,113
Loss on debt modification and loss on revision of estimated payments related to long-term debt (Note 17)	3,142	1,298
Other interest	5,512	6,083
	$ 47,838	$ 50,380

NOTE 30 – 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 consolidated income statements captions:

	2020				2019			
	Property, plant and equipment (Note 10)	Right-of-use assets (Note 11)	Intangible assets (Note 12)	Total	Property, plant and equipment (Note 10)	Right-of-use assets (Note 11)	Intangible assets (Note 12)	Total
Included in cost of sales	$ 22,810	$ 28,548	$ –	$ 51,358	$ 23,144	$ 28,245	$ –	$ 51,389
Included in selling expenses	525	8,402	4,869	13,796	920	9,560	5,701	16,181
Included in general and administrative expenses	5,494	7,002	4,239	16,735	6,282	6,881	2,790	15,953
Included in research and development expenses	–	212	15,987	16,199	–	209	12,053	12,262
	$ 28,829	$ 44,164	$ 25,095	$ 98,088	$ 30,346	$ 44,895	$ 20,544	$ 95,785

c) Employee benefits expense

	2020	2019
Wages and salaries	$ 304,604	$ 308,713
Social security costs	66,231	74,853
Employee severance and termination benefits (Note 6)	7,833	24,770
Contributions to defined contribution plans (Note 21)	5,124	4,506
Expenses related to defined benefit plans (Note 21)	3,362	541
(Income) expenses related to post-retirement benefits plan (Note 21)	166	(2,010)
Share-based payments (Note 23)	2,456	16
	$ 389,776	$ 411,389

NOTE 31 – SEGMENTED INFORMATION

The Company's significant business segments are based on three distinctive lines of activities which include:

- **Dorel Home segment**: Engaged in the design, sourcing, manufacturing and distribution 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 segment**: Engaged in the design, sourcing, manufacturing, distribution and retail of children's accessories which include infant car seats, strollers, high chairs and infant health and safety aids.

NOTE 31 – SEGMENTED INFORMATION (continued)

- **Dorel Sports segment**: Engaged in the design, sourcing, manufacturing and distribution of recreational and leisure products and accessories which include bicycles, jogging strollers, scooters and other recreational products.

The accounting policies used to prepare the information by business segment are the same as those used to prepare the consolidated financial statements of the Company as described in Note 4.

The above reportable segments are the Company's strategic business units which are based on their products and are managed separately. The Company evaluates financial performance based on measures of income from segmented operations before finance expenses and income taxes.

Reporting Segments

	Total		Dorel Home		Dorel Juvenile		Dorel Sports	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenue	$ 2,762,485	$ 2,634,646	$ 934,362	$ 842,085	$ 783,340	$ 883,532	$ 1,044,783	$ 909,029
Cost of sales (Note 6)	2,193,861	2,099,108	800,907	724,060	578,339	657,818	814,615	717,230
Gross profit	568,624	535,538	133,455	118,025	205,001	225,714	230,168	191,799
Selling expenses	195,187	219,388	23,562	25,731	85,439	106,923	86,186	86,734
General and administrative expenses	186,594	168,222	37,021	30,054	74,166	74,262	75,407	63,906
Research and development expenses	40,221	39,695	4,347	4,970	29,839	29,377	6,035	5,348
Impairment loss on trade accounts receivable	9,508	5,759	394	1,189	3,951	2,372	5,163	2,198
Restructuring and other costs (Note 6)	12,006	29,526	545	–	6,347	26,246	5,114	3,280
Impairment loss on goodwill (Note 13)	43,125	–	–	–	43,125	–	–	–
Operating profit (loss)	81,983	72,948	$ 67,586	$ 56,081	$ (37,866)	$ (13,466)	$ 52,263	$ 30,333
Finance expenses	47,838	50,380						
Corporate expenses	28,617	20,235						
Income taxes expense	48,931	12,786						
Net loss	$ (43,403)	$ (10,453)						
Total Assets	$ 1,670,062	$ 1,809,547	$ 405,958	$ 395,879	$ 639,256	$ 718,418	$ 624,848	$ 695,250
Total Liabilities	$ 762,396	$ 803,666	$ 195,361	$ 233,823	$ 313,423	$ 311,705	$ 253,612	$ 258,138
Additions to property, plant and equipment	$ 19,548	$ 22,607	$ 2,274	$ 2,092	$ 9,542	$ 12,945	$ 7,732	$ 7,570
Additions to intangible assets	$ 11,688	$ 17,402	$ –	$ –	$ 9,564	$ 12,658	$ 2,124	$ 4,744
Depreciation and amortization included in operating profit (loss)	$ 97,194	$ 94,915	$ 16,786	$ 16,028	$ 61,893	$ 61,573	$ 18,515	$ 17,314
Write-down of long-lived assets included in operating profit (loss) (Notes 6 and 10)	$ 2,783	$ 4,542	$ 918	$ 610	$ 1,708	$ 3,379	$ 157	$ 553

NOTE 31 – 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 total revenue:

	Total		Dorel Home		Dorel Juvenile		Dorel Sports	
	2020	2019	2020	2019	2020	2019	2020	2019
Geographic area								
Canada	$ 197,579	$ 186,361	$ 146,911	$ 127,855	$ 21,165	$ 26,467	$ 29,503	$ 32,039
United States	1,771,004	1,586,709	775,473	697,070	319,697	335,603	675,834	554,036
Europe	528,092	494,578	11,837	5,954	271,423	285,729	244,832	202,895
Latin America	183,235	246,065	–	–	100,987	142,112	82,248	103,953
Asia	48,365	72,704	137	61	35,862	56,537	12,366	16,106
Other countries	34,210	48,229	4	11,145	34,206	37,084	–	–
Total	$ 2,762,485	$ 2,634,646	$ 934,362	$ 842,085	$ 783,340	$ 883,532	$ 1,044,783	$ 909,029
Channels of distribution								
Brick and mortar retailers	$ 1,809,775	$ 1,774,265	$ 377,067	$ 337,381	$ 532,426	$ 626,053	$ 900,282	$ 810,831
Internet retailers	918,568	820,537	557,282	504,560	217,536	221,186	143,750	94,791
Other	34,142	39,844	13	144	33,378	36,293	751	3,407
Total	$ 2,762,485	$ 2,634,646	$ 934,362	$ 842,085	$ 783,340	$ 883,532	$ 1,044,783	$ 909,029

Total Assets and Total Liabilities

	2020	2019
Total Assets		
Total assets for reportable segments	$ 1,670,062	$ 1,809,547
Corporate assets	49,054	50,559
Total	$ 1,719,116	$ 1,860,106
Total Liabilities		
Total liabilities for reportable segments	$ 762,396	$ 803,666
Corporate liabilities	460,512	522,274
Total	$ 1,222,908	$ 1,325,940

NOTE 31 – SEGMENTED INFORMATION (continued)

Non-Current Assets Geographic Information

In presenting the geographic information for the Company's non-current assets, segment assets were based on the geographic location of the assets.

Property, plant and equipment, right-of-use assets, intangible assets and goodwill		
	2020	**2019**
Canada	$ 173,496	$ 57,094
United States	172,950	186,620
Europe	105,798	261,324
Latin America	29,005	38,271
Asia	91,959	111,850
Other countries	6,228	5,710
	$ 579,436	$ 660,869

Goodwill

The continuity of goodwill by reporting segment is as follows:

(a) Gross amount

	Total	Dorel Home	Dorel Juvenile	Dorel Sports
Balance as at December 30, 2018	$ 578,376	$ 32,415	$ 363,788	$ 182,173
Addition (Note 9)	8,578	8,578	–	–
Effect of foreign currency exchange rate changes	(5,044)	48	(4,437)	(655)
Balance as at December 30, 2019	$ 581,910	$ 41,041	$ 359,351	$ 181,518
Effect of foreign currency exchange rate changes	11,839	(25)	16,047	(4,183)
Balance as at December 30, 2020	$ 593,749	$ 41,016	$ 375,398	$ 177,335

NOTE 31 – SEGMENTED INFORMATION (continued)

(b) Accumulated impairment losses

	Total	Dorel Home	Dorel Juvenile	Dorel Sports
Balance as at December 30, 2018	$ 501,960	$ –	$ 319,787	$ 182,173
Effect of foreign currency exchange rate changes	(4,528)	–	(3,873)	(655)
Balance as at December 30, 2019	$ 497,432	$ –	$ 315,914	$ 181,518
Impairment loss (Note 13)	43,125	–	43,125	–
Effect of foreign currency exchange rate changes	12,176	–	16,359	(4,183)
Balance as at December 30, 2020	$ 552,733	$ –	$ 375,398	$ 177,335

(c) Net book value

	Total	Dorel Home	Dorel Juvenile	Dorel Sports
Balance as at December 30, 2019	$ 84,478	$ 41,041	$ 43,437	$ –
Balance as at December 30, 2020	$ 41,016	$ 41,016	$ –	$ –

Concentration of Credit Risk

Sales to the Company's major customer as described in Note 19 were concentrated as follows:

	Total		Canada		United States		Foreign	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Dorel Home	17.5%	12.4%	1.7%	1.9%	15.8%	10.1%	–%	0.4%
Dorel Juvenile	9.7%	7.2%	0.4%	0.3%	7.2%	5.9%	2.1%	1.0%
Dorel Sports	10.0%	9.0%	0.1%	–%	9.8%	9.0%	0.1%	–%
Total	37.2%	28.6%	2.2%	2.2%	32.8%	25.0%	2.2%	1.4%

NOTE 32 – SUBSEQUENT EVENT

Termination of Going-Private Transaction

On February 15, 2021, Dorel announced that the arrangement agreement dated November 12, 2020 whereby the Company would be taken private, had been terminated by mutual agreement of Dorel and the buyer group. Transaction costs related to the going-private transaction amounted to $7,910 in 2020 and were recorded in general and administrative expenses.