SECOND QUARTERLY REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2021

Management's Discussion and Analysis

of Financial Conditions and Results of Operations

For the second quarter and six months ended June 30, 2021
All figures in US dollars

This Interim Management's Discussion and Analysis of Financial Conditions and Results of Operations ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements for Dorel Industries Inc. ("Dorel" or "the Company") as at and for the second quarter and six months ended June 30, 2021 and the Company's audited consolidated financial statements and MD&A as at and for the year ended December 30, 2020. This MD&A is based on reported earnings prepared in accordance with International Financial Reporting Standards ("IFRS"), using the US dollar as the reporting currency.

The Company's condensed consolidated interim financial statements have been prepared using the same accounting policies as described in Note 4 of the Company's audited consolidated financial statements for the year ended December 30, 2020, except for new accounting standards noted within this MD&A. The condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements. Certain information and footnote disclosures normally included in consolidated annual financial statements prepared in accordance with IFRS were omitted or condensed where such information is not considered material to the understanding of the Company's condensed consolidated interim financial statements.

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

Note that there have been no significant changes with regards to the "Corporate Overview", "Operating Segments", "Contractual Obligations", "Off-Balance Sheet Arrangements", "Financial Instruments", to those outlined in the Company's 2020 annual MD&A as filed with the Canadian securities regulatory authorities on March 11, 2021. As such, they are not repeated herein. The information in this MD&A is current as of August 5, 2021.

1. SIGNIFICANT EVENTS IN 2021

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

On June 11, 2021, Dorel entered into a two-year $450 million ABL facility with institutional lenders led by Bank of Montreal as lead arranger, administrative agent and sole bookrunner. This ABL facility, which is guaranteed by certain of Dorel's subsidiaries, will mature in two years from the date of the initial advance (June 11, 2021) and may be extended for additional one-year terms with the consent of the lenders. For further information concerning the ABL facility refer to Note 6 – Long-term debt in the condensed consolidated interim financial statements for the second quarter and six months ended June 30, 2021.

Sale of a manufacturing facility

On March 19, 2021, Dorel announced that it had entered into an agreement to sell its juvenile products manufacturing facility in Zhongshan, China to Guangdong Roadmate Group Co., Ltd. for gross proceeds of approximately $51 million. Dorel will maintain its second manufacturing location in Huangshi, China as well as its product sourcing and quality control organizations in China that service all three of Dorel's business segments. The sale transaction does not include Dorel Juvenile's domestic sales operation based in Shanghai that was acquired along with the manufacturing facility in 2014. On March 31, 2021, Dorel announced that it had completed the sale of its juvenile products manufacturing facility in Zhongshan, China to Guangdong Roadmate Group Co., Ltd. As a result of the sale, Dorel incurred a loss on disposal of its subsidiary of $8.6 million. The sale of the manufacturing facility is part of the overall strategic direction of Dorel Juvenile that includes the co-development of innovative new products with a diverse supplier base, of which Roadmate is one. It is expected that Roadmate will continue to be a key supplier from the Zhongshan facility as well as from its existing facilities, also based in Zhongshan.

COVID-19 update

During the second quarter of 2021, global economies and financial markets continued to be impacted by new variants of the COVID-19. Government authorities around the world have maintained the actions taken since the start of the pandemic in an effort to slowdown the spread of these COVID-19 variants. These actions include measures such as the closure of non-essential businesses, lockdowns and social distancing as countries around the world begin the rollout of their vaccination campaigns. Dorel's focus remains to closely monitor its cash position and control its spending, while managing its inventory levels in line with the unprecedented change in demand behavior since the COVID-19 pandemic started. While some of Dorel's products remain in high demand, sales of other products suffered from the lockdown of many countries. Both Dorel Sports and Dorel Home continue to experience strong demand that began in the last two weeks of the first quarter of 2020. However, Dorel Juvenile has been negatively impacted primarily by retail store closures as some countries re-entered imposed lockdowns. In Dorel Sports, demand for bikes continues to spike, as families are looking for outdoor activities that are safe and respect the social distancing guidelines, and as a way of commuting to avoid using public transportation. In Dorel Home, online sales and sales in the brick-and-mortar channel increased in response to consumers' needs during the prolonged stay-at-home period.

Refer to the "Operating results" section for further details of the impact on Dorel's business during the second quarter ended June 30, 2021.

2. OPERATING RESULTS

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

a) Non-GAAP financial measures

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

The terms and the definitions of the non-GAAP financial measures contained in this MD&A are as follows:

Organic revenue and adjusted organic revenue

Organic revenue:	Revenue growth compared to the previous period, excluding the impact of varying foreign exchange rates
Adjusted organic revenue:	Revenue growth compared to the previous period, excluding the impact of varying foreign exchange rates and the impact of the sale of the juvenile products manufacturing facility in Zhongshan, China

Dorel believes that this measure provides investors with a better comparability of its revenue trends by providing revenue growth on a consistent basis between the periods presented.

Other financial information prepared under IFRS adjusted to exclude impairment loss on goodwill and restructuring costs

Adjusted cost of sales:	Cost of sales excluding restructuring costs
Adjusted gross profit:	Gross profit excluding restructuring costs
Adjusted operating profit (loss):	Operating profit (loss) excluding impairment loss on goodwill and restructuring costs
Adjusted income (loss) before income taxes:	Income (loss) before income taxes excluding impairment loss on goodwill and restructuring costs
Adjusted income taxes expense:	Income taxes expense excluding the tax impact relating to impairment loss on goodwill and restructuring costs
Adjusted tax rate:	Tax rate excluding the tax impact relating to impairment loss on goodwill and restructuring costs
Adjusted net income (loss) :	Net income (loss) excluding impairment loss on goodwill and restructuring costs, net of taxes
Adjusted earnings (loss) per basic and diluted share:	Earnings (loss) per basic and diluted share calculated on the basis of adjusted net income (loss)

Dorel believes that the adjusted financial information provides investors with additional information to measure its financial performance by excluding certain items that Dorel believes do not reflect its core business performance and provides better comparability between the periods presented. Accordingly, Dorel believes that the adjusted financial information will assist investors in analyzing its financial results and performance. The adjusted financial information is also used by management to assess Dorel’s financial performance and to make operating and strategic decisions.

Reconciliation of non-GAAP financial measures:

	Second Quarters Ended June 30,									
	2021					2020				
	Reported	% of revenue	Restructuring costs	**Adjusted**	% of revenue	**Reported**	% of revenue	Restructuring costs	**Adjusted**	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
REVENUE	**764,988**	100.0	-	**764,988**	100.0	**723,953**	100.0	-	**723,953**	100.0
Cost of sales	**601,335**	78.6	-	**601,335**	78.6	**579,254**	80.0	(2,316)	**576,938**	79.7
GROSS PROFIT	**163,653**	21.4	-	**163,653**	21.4	**144,699**	20.0	2,316	**147,015**	20.3
Selling expenses	**56,561**	7.4	-	**56,561**	7.4	**41,969**	5.8	-	**41,969**	5.8
General and administrative expenses	**58,224**	7.6	-	**58,224**	7.6	**50,309**	6.9	-	**50,309**	6.9
Research and development expenses	**8,704**	1.1	-	**8,704**	1.1	**7,792**	1.1	-	**7,792**	1.1
Impairment (reversal) loss on trade accounts receivable	**(601)**	-	-	**(601)**	-	**3,520**	0.5	-	**3,520**	0.5
Restructuring costs	**897**	0.1	(897)	**-**	-	**2,940**	0.4	(2,940)	**-**	-
OPERATING PROFIT	**39,868**	5.2	897	**40,765**	5.3	**38,169**	5.3	5,256	**43,425**	6.0
Finance expenses	**9,349**	1.2	-	**9,349**	1.2	**12,185**	1.7	-	**12,185**	1.7
INCOME BEFORE INCOME TAXES	**30,519**	4.0	897	**31,416**	4.1	**25,984**	3.6	5,256	**31,240**	4.3
Income taxes expense	**8,281**	1.1	110	**8,391**	1.1	**14,852**	2.1	740	**15,592**	2.1
Tax rate	***27.1%***			***26.7%***		***57.2%***			***49.9%***	
NET INCOME	**22,238**	2.9	787	**23,025**	3.0	**11,132**	1.5	4,516	**15,648**	2.2
EARNINGS PER SHARE										
Basic	**0.68**		0.03	**0.71**		**0.34**		0.14	**0.48**	
Diluted	**0.67**		0.03	**0.70**		**0.34**		0.14	**0.48**	
SHARES OUTSTANDING										
Basic - weighted average	**32,505,121**			**32,505,121**		**32,488,106**			**32,488,106**	
Diluted - weighted average	**32,978,746**			**32,978,746**		**32,878,768**			**32,878,768**	

The principal changes in net income from 2020 to 2021 are summarized as follows:

	Second Quarters Ended June 30,		
	Change		
	Reported	Restructuring costs	**Adjusted**
	$	$	**$**
Dorel Home decrease	**(4,307)**	(2,775)	**(7,082)**
Dorel Juvenile increase	**3,320**	(1,277)	**2,043**
Dorel Sports increase	**4,899**	(307)	**4,592**
OPERATING PROFIT INCREASE (DECREASE)	**3,912**	(4,359)	**(447)**
Decrease in finance expenses	**2,836**	-	**2,836**
Increase in corporate expenses	**(2,213)**	-	**(2,213)**
Decrease in income taxes expense	**6,571**	630	**7,201**
NET INCOME INCREASE	**11,106**	(3,729)	**7,377**

The causes of these variations are discussed in more detail as part of the consolidated operating review.

Reconciliation of non-GAAP financial measures:

	Six Months Ended June 30,									
	2021					2020				
	Reported	% of revenue	Restructuring costs	**Adjusted**	% of revenue	**Reported**	% of revenue	Impairment loss on goodwill and restructuring costs	**Adjusted**	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
REVENUE	**1,473,850**	100.0	-	**1,473,850**	100.0	**1,304,708**	100.0	-	**1,304,708**	100.0
Cost of sales	**1,162,747**	78.9	-	**1,162,747**	78.9	**1,053,476**	80.7	(2,316)	**1,051,160**	80.6
GROSS PROFIT	**311,103**	21.1	-	**311,103**	21.1	**251,232**	19.3	2,316	**253,548**	19.4
Selling expenses	**107,358**	7.3	-	**107,358**	7.3	**89,427**	6.9	-	**89,427**	6.9
General and administrative expenses	**115,717**	7.9	-	**115,717**	7.9	**91,137**	7.0	-	**91,137**	7.0
Research and development expenses	**17,927**	1.2	-	**17,927**	1.2	**17,534**	1.3	-	**17,534**	1.3
Impairment (reversal) loss on trade accounts receivable	**(1,224)**	(0.1)	-	**(1,224)**	(0.1)	**6,527**	0.5	-	**6,527**	0.5
Restructuring costs	**10,565**	0.7	(10,565)	**-**	-	**4,248**	0.4	(4,248)	**-**	-
Impairment loss on goodwill	**-**	-	-	**-**	-	**43,125**	3.3	(43,125)	**-**	-
OPERATING PROFIT (LOSS)	**60,760**	4.1	10,565	**71,325**	4.8	**(766)**	(0.1)	49,689	**48,923**	3.7
Finance expenses	**18,248**	1.2	-	**18,248**	1.2	**27,494**	2.1	-	**27,494**	2.1
INCOME (LOSS) BEFORE INCOME TAXES	**42,512**	2.9	10,565	**53,077**	3.6	**(28,260)**	(2.2)	49,689	**21,429**	1.6
Income taxes expense	**17,547**	1.2	291	**17,838**	1.2	**18,429**	1.4	957	**19,386**	1.4
Tax rate	***41.3%***			***33.6%***		***(65.2)%***			***90.5%***	
NET INCOME (LOSS)	**24,965**	1.7	10,274	**35,239**	2.4	**(46,689)**	(3.6)	48,732	**2,043**	0.2
EARNINGS (LOSS) PER SHARE										
Basic	**0.77**		0.31	**1.08**		**(1.44)**		1.50	**0.06**	
Diluted	**0.76**		0.31	**1.07**		**(1.44)**		1.50	**0.06**	
SHARES OUTSTANDING										
Basic - weighted average	**32,505,121**			**32,505,121**		**32,487,117**			**32,487,117**	
Diluted - weighted average	**32,972,567**			**32,972,567**		**32,487,117**			**32,885,165**	

The principal changes in net income (loss) from 2020 to 2021 are summarized as follows:

	Six Months Ended June 30,		
	Change		
	Reported	Impairment loss on goodwill and restructuring costs	**Adjusted**
	$	$	**$**
Dorel Home increase (decrease)	**240**	(2,775)	**(2,535)**
Dorel Juvenile increase	**41,954**	(35,959)	**5,995**
Dorel Sports increase	**27,313**	(390)	**26,923**
OPERATING PROFIT INCREASE	**69,507**	(39,124)	**30,383**
Decrease in finance expenses	**9,246**	-	**9,246**
Increase in corporate expenses	**(7,981)**	-	**(7,981)**
Decrease in income taxes expense	**882**	666	**1,548**
NET INCOME INCREASE	**71,654**	(38,458)	**33,196**

The causes of these variations are discussed in more detail as part of the consolidated operating review.

b) Impairment loss on goodwill and restructuring costs

The details of impairment loss on goodwill and restructuring costs are presented below:

	Second Quarters Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Inventory markdowns	-	1,251	-	1,251
Write-down of long-lived assets	-	1,065	-	1,065
Recorded within gross profit	**-**	**2,316**	**-**	**2,316**
Employee severance and termination benefits	353	2,301	952	3,462
Loss on disposal of a subsidiary	-	-	8,576	-
Loss on disposal of assets held for sale	-	-	172	-
Curtailment gain on net pension defined benefit liabilities	(141)	(152)	(173)	(219)
Other associated costs	685	791	1,038	1,005
Recorded within a separate line in the condensed consolidated interim income statements	**897**	**2,940**	**10,565**	**4,248**
Total restructuring costs	**897**	**5,256**	**10,565**	**6,564**
Impairment loss on goodwill	**-**	**-**	**-**	**43,125**
Total impairment loss on goodwill and restructuring costs before income taxes[(1)]	**897**	**5,256**	**10,565**	**49,689**
Total impairment loss on goodwill and restructuring costs after income taxes	**787**	**4,516**	**10,274**	**48,732**
Total impact on diluted earnings (loss) per share	**(0.03)**	**(0.14)**	**(0.31)**	**(1.50)**
[(1)] **Includes non-cash amounts of:**	**(141)**	**2,164**	**8,575**	**45,222**

Impairment loss on goodwill

Considering the adverse impact of the COVID-19 pandemic on global economies and financial markets and on Dorel's business, during the first quarter of 2020 management concluded that indicators of impairment existed as at March 31, 2020 requiring Dorel to perform impairment tests. As such, management performed impairment tests for its Dorel Juvenile – Europe, Dorel Sports – Mass markets and Dorel Home CGUs, 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 at March 31, 2020.

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 $43.1 million recorded during the first quarter of 2020. The impairment loss reflected reduced earnings and cash flows projections, and a higher risk adjusted discount rate, considering 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.

Restructuring costs

For the second quarter and six months ended June 30, 2021, the Company recorded total restructuring costs of $0.9 million and $10.6 million, respectively compared to $5.3 million and $6.6 million respectively in 2020. These restructuring costs are mainly related to the loss on disposal of a subsidiary, employee severance and termination benefits, write-down of long-lived assets and inventory markdowns.

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. Total costs related to these restructuring activities of $0.9 million were recognized during the second quarter of 2021 compared to $2.2 million a year ago.

On March 31, 2021, the Company completed the sale of its juvenile products manufacturing facility in Zhongshan, China, for gross proceeds of $51.0 million, which were received during the first quarter and incurred a loss of $8.6 million recorded within restructuring costs. The disposal of this manufacturing facility is in line with the main objective pursued by the restructuring program initiated in 2019 of optimizing its global footprint. For further information concerning the disposal refer to Note 5 – Restructuring costs in the condensed consolidated interim financial statements for the second quarter and six months ended June 30, 2021.

During the second quarter of 2020, Dorel Home segment initiated a restructuring plan as part of its strategy to reorganize its North American ready-to-assemble (“RTA”) manufacturing plants. Total costs related to Dorel Home segment restructuring activities of $2.8 million were recognized during the second quarter of 2020.

c) Selected financial information

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

	2021		2020				2019	
	Jun. 30	Mar. 31	Dec. 30	Sep. 30	Jun. 30	Mar. 31	Dec. 30	Sep. 30
	$	$	$	$	$	$	$	$
Revenue	764,988	708,862	704,358	753,419	723,953	580,755	653,435	685,669
Net income (loss)	22,238	2,727	(22,879)	26,165	11,132	(57,821)	(639)	(4,337)
Per share - Basic	0.68	0.08	(0.70)	0.81	0.34	(1.78)	(0.02)	(0.13)
Per share - Diluted	0.67	0.08	(0.70)	0.80	0.34	(1.78)	(0.02)	(0.13)
Adjusted net income (loss)	23,025	12,214	(17,966)	28,725	15,648	(13,605)	2,297	2,355
Per share - Basic	0.71	0.38	(0.55)	0.88	0.48	(0.42)	0.07	0.07
Per share - Diluted	0.70	0.37	(0.55)	0.87	0.48	(0.42)	0.07	0.07
After-tax impact of impairment loss on goodwill and restructuring costs on the diluted earnings (loss) per share for the quarter	(0.03)	(0.29)	(0.15)	(0.07)	(0.14)	(1.36)	(0.09)	(0.20)

In the third quarter of 2019, the Company reported a net loss of $4.3 million or $0.13 per diluted share due to restructuring costs for a net amount of $0.20 per diluted share. Adjusted net income was $2.4 million for the third quarter or $0.07 adjusted diluted EPS.

In the first quarter of 2020, the Company reported a net loss of $57.8 million or $1.78 per diluted share due to impairment loss on goodwill and restructuring costs for a net amount of $1.36 per diluted share. Adjusted net loss was $13.6 million for the first quarter or $0.42 adjusted diluted EPS. The decrease in net income and adjusted net income was mainly attributable to the adverse impact of the COVID-19 pandemic on Dorel’s business as well as higher finance expenses compared with previous quarters.

For both the second and third quarters of 2020, the increase in revenue mainly relates to higher sales in both the Dorel Home and Dorel Sports segments as consumer demand for bikes and home products increased since the COVID-19 pandemic started, partly offset by a decrease in revenue within the Dorel Juvenile segment. Demand for bikes continued to spike as families were looking for outdoor activities that are safe and respect social distancing guidelines, and a way of commuting to avoid using public transportation. Demand for home products, including outdoor furniture, also increased due to stay-at-home orders in place to reduce the spread of the COVID-19 virus. Dorel Juvenile segment’s revenue was adversely impacted during the third quarter of 2020 by the continued closure of brick-and-mortar stores in certain markets due to country-imposed lockdowns considering the COVID-19 pandemic.

For the fourth quarter of 2020, the increase in revenue compared to the fourth quarter of 2019 mainly relates to higher sales in both the Dorel Home and Dorel Sports segments as consumer demand for bikes and home products continued to increase since the COVID-19 pandemic started. In addition, the lower net income and adjusted net income for the fourth quarter was mainly due to the increase in corporate expenses and income taxes expense, offset by the increase in gross profit dollars from the higher sales and the overall lower finance expenses.

For the first quarter of 2021, the increase in revenue compared to the first quarter of 2020 was in all three segments as last year’s first quarter was adversely impacted due to the COVID-19 outbreak. The higher adjusted net income for the first quarter of 2021 was also in all three segments and was due to the increase in gross profit resulting from higher sales, overall lower finance expenses, offset in part by increased income taxes expense.

For the second quarter of 2021, the increase in revenue compared to the second quarter of 2020 was in Dorel Sports segment as consumer demand for bikes continued to increase since the COVID-19 pandemic started and in Dorel Juvenile segment as last year's second quarter was adversely impacted by the closure of brick-and-mortar stores in certain markets due to country-imposed lockdowns considering the COVID-19 pandemic. This was offset in part by a decline in revenue in Dorel Home segment as the second quarter of 2020 saw record setting revenue from the strong online sales in response to consumer needs during the prolonged stay-at-home period. The higher net income and adjusted net income for the second quarter of 2021 was due to the increase in gross profit resulting from higher sales, overall lower finance expenses and overall lower income taxes expense partly offset by the overall increase in operating expenses.

d) Consolidated operating review

Reconciliation of non-GAAP financial measures - revenue and organic revenue growth:

	Second Quarters Ended June 30,							
	Consolidated		**Dorel Home**		**Dorel Juvenile**		**Dorel Sports**	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	%	%	**%**	%	**%**	%	**%**	%
Revenue growth (decline)	**5.7**	8.1	**(9.2)**	25.7	**18.7**	(19.8)	**11.1**	18.5
Impact of varying foreign exchange rates	**(2.5)**	2.0	**(0.3)**	0.1	**(5.5)**	3.0	**(2.6)**	2.6
Organic revenue growth (decline)	**3.2**	10.1	**(9.5)**	25.8	**13.2**	(16.8)	**8.5**	21.1
Impact of the sale of the juvenile products manufacturing facility in Zhongshan, China	**1.1**	-	**-**	-	**4.9**	-	**-**	-
Adjusted organic revenue growth (decline)	**4.3**	10.1	**(9.5)**	25.8	**18.1**	(16.8)	**8.5**	21.1

	Six Months Ended June 30,							
	Consolidated		**Dorel Home**		**Dorel Juvenile**		**Dorel Sports**	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	%	%	**%**	%	**%**	%	**%**	%
Revenue growth (decline)	**13.0**	0.7	**1.6**	9.5	**12.9**	(17.5)	**24.0**	11.3
Impact of varying foreign exchange rates	**(2.2)**	1.9	**(0.2)**	0.1	**(4.0)**	3.0	**(2.4)**	2.5
Organic revenue growth (decline)	**10.8**	2.6	**1.4**	9.6	**8.9**	(14.5)	**21.6**	13.8
Impact of the sale of the juvenile products manufacturing facility in Zhongshan, China	**0.8**	-	**-**	-	**2.5**	-	**-**	-
Adjusted organic revenue growth (decline)	**11.6**	2.6	**1.4**	9.6	**11.4**	(14.5)	**21.6**	13.8

Revenue

For the second quarter of 2021, Dorel's revenue increased by $41.0 million, or 5.7%, to $765.0 million compared to $724.0 million a year ago. Organic revenue improved by approximately 3.2%, after removing the variation of foreign exchange rates year-over-year. When also removing the impact on revenue of the sale of the juvenile products manufacturing facility in Zhongshan, China, adjusted organic revenue improved by 4.3%. Revenue and adjusted organic revenue growth was in Dorel Sports and Dorel Juvenile offset in part by revenue declines in Dorel Home. In Dorel Sports, revenue improved for the ninth consecutive quarter with organic revenue growth coming from all three divisions. At Cycling Sports Group ("CSG") and Pacific Cycle revenue continued to grow with unprecedented consumer demand for bikes around the globe since the beginning of the COVID-19 pandemic. In Dorel Juvenile all markets had organic and adjusted organic revenue gains as the prior year was heavily impacted by COVID-19 related closures and stay-at-home orders in most markets. In Dorel Home, the decrease in revenue is mainly explained by reduced online sales at a major customer in the second quarter of 2021 and last year's strong online sales in response to consumer needs during the prolonged stay-at-home period which resulted in record setting revenue in all divisions.

For the six months, Dorel's revenue increased by $169.1 million, or 13.0%, to $1,473.9 million. Organic revenue improved by approximately 10.8%, after removing the variation of foreign exchange rates year-over-year. When also removing the impact on revenue of the sale of the juvenile products manufacturing facility in Zhongshan, China, adjusted organic revenue improved by approximately 11.6%. The year-to-date revenue and adjusted organic revenue growth was in all three segments explained by the same reasons as in the quarter for Dorel Sports and Dorel Juvenile. In Dorel

Home the increase in revenue year-to-date was mainly due to strong POS sales in most product categories in the brick-and-mortar channel partly offset by the reduced online sales.

Gross profit

Gross profit for the quarter increased by 140 basis points to 21.4% compared to 20.0% in the second quarter of 2020. When excluding restructuring and other costs, adjusted gross profit was 21.4%, representing an increase of 110 basis points. The improvement in the quarter was in Dorel Sports and Dorel Juvenile offset in part by a decline in Dorel Home. Dorel Sports' improvement was due to pricing, less discounting and favourable foreign exchange. In Dorel Juvenile improved gross margin was from favourable volume absorption, including $1.8 million of abnormal production costs that were incurred in the second quarter of 2020 and did not repeat in 2021, and foreign exchange. The decline in Dorel Home was due to higher warehouse costs, increased ocean freight and reduced sales volume.

The year-to-date gross profit increased by 180 basis points to 21.1% compared to 19.3% in 2020. When excluding restructuring and other costs, adjusted gross profit increased 170 basis points to 21.1% from 19.4%. The increases in gross profit were in Dorel Sports and Dorel Juvenile segments. Dorel Sports' improvement is mainly explained by the same reasons in the quarter, offset in part by increased freight costs and rising cost of raw materials including bicycle components. In Dorel Juvenile the improvement was mainly due to the same reasons as in the quarter, offset in part by higher people costs as the prior year's costs were lower due to COVID-19 furloughs. Dorel Home year-to-date gross profit was flat.

Selling, general and administrative expenses

Selling expenses for the second quarter increased by $14.6 million, or 34.8%, to $56.6 million and increased by 160 basis points as a percentage of revenue. For the six months, selling expenses increased by $17.9 million, or 20.0%, to $107.4 million representing an increase of 40 basis points as a percentage of revenue. The increases in selling expenses are mainly explained by increased commissions from higher sales, higher people costs and increased marketing spend, as last year saw reductions as a result of cost containment measures to mitigate the impact of the COVID-19 pandemic.

General and administrative expenses increased in the quarter by $7.9 million, or 15.7%, to $58.2 million and increased by 70 basis points as a percentage of revenue. For the six months, these expenses increased by $24.6 million, or 27.0%, to $115.7 million representing an increase of 90 basis points as a percentage of revenue. The overall increase in general and administrative expenses for the quarter and year-to-date was mainly explained by increased product liability costs in Dorel Home as well as higher people costs in all three segments as the prior year's people costs were lower due to cost containment measures to mitigate the impacts of the COVID-19 pandemic.

Research and development expenses

Research and development expenses increased in the quarter by $0.9 million, or 11.7%, to $8.7 million and by $0.4 million, or 2.2%, to $17.9 million for the six months, and are comparable to the previous year's periods.

Impairment (reversal) loss on trade accounts receivable

Impairment loss on trade accounts receivable was a reversal of $0.6 million for the second quarter of 2021 compared to an impairment loss of $3.5 million in 2020. For the six months, this impairment loss was a reversal of $1.2 million compared to an impairment loss of $6.5 million. The decrease in both the quarter and six months is mainly due to a customer filing for bankruptcy protection within Dorel Sports, in the second quarter of 2020 and a lower impairment loss allowance assessment as the prior year's assessment considered the economic impact of the COVID-19 pandemic.

Operating profit (loss)

For the second quarter, Dorel reported an operating profit of $39.9 million, an increase of $1.7 million, or 4.5%. Excluding restructuring costs, adjusted operating profit decreased by $2.7 million, or 6.1%, to $40.8 million. Year-to-date, Dorel reported an operating profit of $60.8 million compared to an operating loss of $0.8 million in 2020. Excluding impairment loss on goodwill and restructuring costs, the adjusted operating profit increased by $22.4 million, or 45.8%, to $71.3 million. The increases in operating profit and adjusted operating profit were mainly due to improved revenue in all three segments, higher gross profit in percentage of revenue, partly offset by overall increased expenses as detailed above.

Finance expenses

Details of finance expenses are summarized below:

	Second Quarters Ended June 30,				Six Months Ended June 30,			
	2021	**2020**	**Change**		**2021**	**2020**	**Change**	
	$	$	$	%	$	$	$	%
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	**6,142**	8,805	(2,663)	(30.2)	**11,688**	17,768	(6,080)	(34.2)
Interest on lease liabilities	**1,631**	1,881	(250)	(13.3)	**3,345**	3,738	(393)	(10.5)
Amortization of deferred financing costs	**228**	309	(81)	(26.2)	**523**	618	(95)	(15.4)
Loss on debt modification and (gain) loss on revision of estimated payments related to long-term debt	**-**	(1,514)	1,514	(100.0)	**-**	2,142	(2,142)	(100.0)
Other interest	**1,348**	2,704	(1,356)	(50.1)	**2,692**	3,228	(536)	(16.6)
TOTAL FINANCE EXPENSES	**9,349**	12,185	(2,836)	(23.3)	**18,248**	27,494	(9,246)	(33.6)

Finance expenses decreased by $2.8 million to $9.3 million during the second quarter compared to $12.2 million in 2020. The decrease is mainly explained by a decrease of $2.7 million in interest on long-term debt due to lower average debt balances year-over-year, a decrease in other interest of $1.4 million due to lower average bank indebtedness balances, partly offset by a gain of $1.5 million recorded during the second quarter of 2020 in connection with the revision of estimated payments related to the senior unsecured notes agreement. For the six months, finance expenses decreased by $9.2 million to $18.2 million. The decrease in the year-to-date finance expenses is mainly explained by a decrease of $6.1 million in interest on long-term debt due to lower average debt balances year-over-year, as well as a loss on debt modification of $3.7 million recorded during the first quarter of 2020 related to the modification of the senior unsecured notes agreement, partly offset by the $1.5 million gain recorded during the second quarter of 2020 upon revision of the estimated payments of the senior unsecured notes.

Income taxes

For the second quarter and six months ended June 30, 2021, Dorel's effective tax rates were 27.1% and 41.3%, respectively compared to 57.2% and (65.2)% for the same periods last year. Excluding income taxes on restructuring costs, the Company's second quarter adjusted tax rate was 26.7% in 2021 compared with 49.9% in 2020. Excluding income taxes on impairment loss on goodwill and restructuring costs, Dorel's adjusted tax rate for the six months was 33.6% in 2021 compared with 90.5% in 2020. As a multi-national company, Dorel is resident in numerous countries and therefore subject to different tax rates in those various tax jurisdictions and by the interpretation and application of tax laws, as well as the application of income tax treaties between various countries. As such, significant variations in Dorel's effective tax rate can occur from year-to-year and between quarters within a given year.

The effective and adjusted tax rates for the second quarter ended June 30, 2021, were primarily impacted by the non-recognition of tax benefits related to tax losses and temporary differences net of the recovery arising from the use of unrecorded tax benefits and net of the impact of the permanent differences. The effective and adjusted tax rates for the six months ended June 30, 2021, were primarily impacted by the permanent differences including various impacts related to the sale of its juvenile products manufacturing facility in Zhongshan, China and the non-recognition of tax benefits related to tax losses and temporary differences net of the recovery arising from the use of unrecorded tax benefits.

The effective and adjusted tax rates for the second quarter and six months ended June 30, 2020, were primarily impacted by the non-recognition of tax benefits related to tax losses and temporary differences in light of management's reassessment of the recoverability of deferred tax assets considering the potential impact of the COVID-19 pandemic on the Company's business net of the impact of the permanent differences. The effective tax rate for the six months was also explained by the impact of the non-deductible impairment loss recorded on goodwill in the first quarter of 2020.

The variations year-over-year also result from the changes in the jurisdictions in which the Company generated its income.

On January 26, 2021, the Company announced its intention 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 $56.9 million (EUR $46.8 million) in tax plus applicable interest. The Company considers that the transfer of assets was not taxable and initiated its appeal process on February 26, 2021, which is still ongoing as of the end of the quarter. The Company has an accrual of $2.5 million in its financial statements as its best estimate for this potential tax liability.

Net income (loss)

During the second quarter of 2021, the net income was $22.2 million or $0.67 per diluted share compared with $11.1 million or $0.34 per diluted share in 2020. Excluding restructuring costs, adjusted net income for the second quarter increased by $7.4 million to $23.0 million or $0.70 per diluted share compared to $15.6 million or $0.48 per diluted share a year ago. During the six months of 2021, the net income was $25.0 million or $0.76 per diluted share compared with a net loss of $46.7 million or $1.44 per diluted share in 2020. When excluding impairment loss on goodwill and restructuring costs, adjusted net income for the six months increased by $33.2 million to $35.2 million or $1.07 per diluted share compared to $2.0 million or $0.06 per diluted share a year ago.

e) Segmented operating review

Segmented figures are presented in Note 13 of the Company's condensed consolidated interim financial statements. Further reporting segment detail is presented below.

Dorel Home

Reconciliation of non-GAAP financial measures:

	Second Quarters Ended June 30,									
	2021					2020				
	Reported	% of revenue	Restructuring costs	**Adjusted**	% of revenue	**Reported**	% of revenue	Restructuring costs	**Adjusted**	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
REVENUE	**236,779**	100.0	-	**236,779**	100.0	**260,674**	100.0	-	**260,674**	100.0
Cost of sales	**205,534**	86.8	-	**205,534**	86.8	**225,889**	86.7	(2,230)	**223,659**	85.8
GROSS PROFIT	**31,245**	13.2	-	**31,245**	13.2	**34,785**	13.3	2,230	**37,015**	14.2
Selling expenses	**6,521**	2.8	-	**6,521**	2.8	**5,965**	2.3	-	**5,965**	2.3
General and administrative expenses	**9,221**	3.9	-	**9,221**	3.9	**8,501**	3.2	-	**8,501**	3.2
Research and development expenses	**1,233**	0.5	-	**1,233**	0.5	**973**	0.4	-	**973**	0.4
Impairment (reversal) loss on trade accounts receivable	**(31)**	-	-	**(31)**	-	**193**	0.1	-	**193**	0.1
Restructuring costs	**-**	-	-	**-**	-	**545**	0.2	(545)	**-**	-
OPERATING PROFIT	**14,301**	6.0	-	**14,301**	6.0	**18,608**	7.1	2,775	**21,383**	8.2

Reconciliation of non-GAAP financial measures:

	Six Months Ended June 30,									
	2021					2020				
	Reported	% of revenue	Restructuring costs	**Adjusted**	% of revenue	**Reported**	% of revenue	Restructuring costs	**Adjusted**	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
REVENUE	**465,477**	100.0	-	**465,477**	100.0	**458,086**	100.0	-	**458,086**	100.0
Cost of sales	**402,844**	86.5	-	**402,844**	86.5	**398,801**	87.1	(2,230)	**396,571**	86.6
GROSS PROFIT	**62,633**	13.5	-	**62,633**	13.5	**59,285**	12.9	2,230	**61,515**	13.4
Selling expenses	**12,850**	2.8	-	**12,850**	2.8	**11,672**	2.5	-	**11,672**	2.5
General and administrative expenses	**18,262**	3.9	-	**18,262**	3.9	**15,696**	3.4	-	**15,696**	3.4
Research and development expenses	**2,334**	0.5	-	**2,334**	0.5	**2,161**	0.5	-	**2,161**	0.5
Impairment loss on trade accounts receivable	**49**	-	-	**49**	-	**313**	0.1	-	**313**	0.1
Restructuring costs	**-**	-	-	**-**	-	**545**	0.1	(545)	**-**	-
OPERATING PROFIT	**29,138**	6.3	-	**29,138**	6.3	**28,898**	6.3	2,775	**31,673**	6.9

The principal changes in operating profit from 2020 to 2021 are summarized as follows:

	Second Quarters Ended June 30,					Six Months Ended June 30,				
	Change									
	Reported		Restructuring costs	**Adjusted**		**Reported**		Restructuring costs	**Adjusted**	
	$	%	$	**$**	%	**$**	%	$	**$**	%
REVENUE	**(23,895)**	(9.2)	-	**(23,895)**	(9.2)	**7,391**	1.6	-	**7,391**	1.6
Cost of sales	**(20,355)**	(9.0)	2,230	**(18,125)**	(8.1)	**4,043**	1.0	2,230	**6,273**	1.6
GROSS PROFIT	**(3,540)**	(10.2)	(2,230)	**(5,770)**	(15.6)	**3,348**	5.6	(2,230)	**1,118**	1.8
Selling expenses	**556**	9.3	-	**556**	9.3	**1,178**	10.1	-	**1,178**	10.1
General and administrative expenses	**720**	8.5	-	**720**	8.5	**2,566**	16.3	-	**2,566**	16.3
Research and development expenses	**260**	26.7	-	**260**	26.7	**173**	8.0	-	**173**	8.0
Impairment (reversal) loss on trade accounts receivable	**(224)**	(116.1)	-	**(224)**	(116.1)	**(264)**	(84.3)	-	**(264)**	(84.3)
Restructuring costs	**(545)**	(100.0)	545	**-**	-	**(545)**	(100.0)	545	**-**	-
OPERATING PROFIT	**(4,307)**	(23.1)	(2,775)	**(7,082)**	(33.1)	**240**	0.8	(2,775)	**(2,535)**	(8.0)

Dorel Home's second quarter revenue declined by $23.9 million, or 9.2%, to $236.8 million. The decrease in revenue is mainly explained by reduced online sales at a major customer in the second quarter of 2021 and last year's strong online sales in response to consumer needs during the prolonged stay-at-home period which resulted in record setting revenue in all divisions. For the six months, Dorel Home's revenue increased by $7.4 million, or 1.6%, to $465.5 million from $458.1 million in 2020. The increase in revenue year-to-date was mainly due to strong POS sales in most product categories in the brick-and-mortar channel as the prior year was heavily impacted by delayed shipments from China resulting from supply chain disruptions in that country caused by the COVID-19 outbreak and mandated stay-at-home orders across the U.S, partly offset by the reduced online sales as discussed above.

Gross profit, at 13.2% in the second quarter and 13.5% year-to-date, was flat compared to last year's second quarter and improved by 60 basis points year-to-date. During the second quarter of 2020, Dorel Home initiated a restructuring plan, for which $2.2 million was recognized within cost of sales. Excluding restructuring costs, adjusted gross profit at 13.2% in the second quarter and 13.5% year-to-date, declined by 100 basis points compared to last year's second quarter and was flat year-to-date. The decline in the second quarter was due to higher warehousing costs, increased ocean freight costs, reduced sales volume, and a higher proportion of lower margin store sales. The year-to-date improvement which was due to overall year-to-date reduced markdowns and promotional incentive offerings versus a year ago, as well as improved operating leverage due to the higher volume as the prior year was negatively impacted by COVID-19 was offset for the reasons mentioned in the quarter.

Overall selling, general and administrative and research and development expenses for the second quarter were higher by $1.5 million or 9.9% compared with last year's second quarter and higher by $3.9 million, or 13.3%, year-to-date. On a percentage of revenue basis, these expenses were 130 basis points higher and 80 basis points higher respectively for the second quarter and year-to-date periods. The increase in both the quarter and year-to-date periods were mainly due to increased product liability costs as well as increased people costs as last year saw reductions amid the economic uncertainties caused by the COVID-19 outbreak.

Overall, the impairment loss on trade accounts receivable remained comparable to last year's second quarter and year-to-date periods.

Dorel Home's operating profit declined by $4.3 million, or 23.1%, for the quarter to $14.3 million from $18.6 million in 2020. For the six months, operating profit improved by $0.2 million, or 0.8%, to $29.1 million. Excluding restructuring costs, adjusted operating profit declined by $7.1 million for the second quarter and by $2.5 million year-to-date. The decrease in the second quarter is mainly due to the lower gross profit dollars from the lower revenue and lower gross profit in percentage of revenue and increased expenses, as detailed above. The year-to-date decline was mainly due to the increased expenses partly offset by the higher gross profit dollars from the higher revenue, as discussed above.

Dorel Juvenile

Reconciliation of non-GAAP financial measures:

	Second Quarters Ended June 30,									
	2021					2020				
	Reported	% of revenue	Restructuring costs	**Adjusted**	% of revenue	**Reported**	% of revenue	Restructuring costs	**Adjusted**	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
REVENUE	**210,868**	100.0	-	**210,868**	100.0	**177,643**	100.0	-	**177,643**	100.0
Cost of sales	**156,148**	74.1	-	**156,148**	74.1	**135,152**	76.1	(86)	**135,066**	76.0
GROSS PROFIT	**54,720**	25.9	-	**54,720**	25.9	**42,491**	23.9	86	**42,577**	24.0
Selling expenses	**25,523**	12.1	-	**25,523**	12.1	**17,233**	9.7	-	**17,233**	9.7
General and administrative expenses	**19,398**	9.2	-	**19,398**	9.2	**17,612**	10.0	-	**17,612**	10.0
Research and development expenses	**6,168**	2.9	-	**6,168**	2.9	**5,529**	3.1	-	**5,529**	3.1
Impairment loss on trade accounts receivable	**638**	0.3	-	**638**	0.3	**1,253**	0.7	-	**1,253**	0.7
Restructuring costs	**897**	0.4	(897)	**-**	-	**2,088**	1.1	(2,088)	**-**	-
OPERATING PROFIT (LOSS)	**2,096**	1.0	897	**2,993**	1.4	**(1,224)**	(0.7)	2,174	**950**	0.5

Reconciliation of non-GAAP financial measures:

	Six Months Ended June 30,									
	2021					2020				
	Reported	% of revenue	Restructuring costs	**Adjusted**	% of revenue	**Reported**	% of revenue	Impairment loss on goodwill and restructuring costs	**Adjusted**	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
REVENUE	**420,723**	100.0	-	**420,723**	100.0	**372,798**	100.0	-	**372,798**	100.0
Cost of sales	**311,840**	74.1	-	**311,840**	74.1	**284,095**	76.2	(86)	**284,009**	76.2
GROSS PROFIT	**108,883**	25.9	-	**108,883**	25.9	**88,703**	23.8	86	**88,789**	23.8
Selling expenses	**49,113**	11.7	-	**49,113**	11.7	**40,287**	10.8	-	**40,287**	10.8
General and administrative expenses	**41,238**	9.8	-	**41,238**	9.8	**34,824**	9.2	-	**34,824**	9.2
Research and development expenses	**13,083**	3.1	-	**13,083**	3.1	**12,871**	3.5	-	**12,871**	3.5
Impairment loss on trade accounts receivable	**363**	0.1	-	**363**	0.1	**1,716**	0.5	-	**1,716**	0.5
Restructuring costs	**10,565**	2.5	(10,565)	**-**	-	**3,313**	0.9	(3,313)	**-**	-
Impairment loss on goodwill	**-**	-	-	**-**	-	**43,125**	11.6	(43,125)	**-**	-
OPERATING (LOSS) PROFIT	**(5,479)**	(1.3)	10,565	**5,086**	1.2	**(47,433)**	(12.7)	46,524	**(909)**	(0.2)

The principal changes in operating profit (loss) profit from 2020 to 2021 are summarized as follows:

	Second Quarters Ended June 30,					Six Months Ended June 30,				
	Change									
	Reported		Restructuring costs	**Adjusted**		**Reported**		Impairment loss on goodwill and restructuring costs	**Adjusted**	
	$	%	$	**$**	%	**$**	%	$	**$**	%
REVENUE	**33,225**	18.7	-	**33,225**	18.7	**47,925**	12.9	-	**47,925**	12.9
Cost of sales	**20,996**	15.5	86	**21,082**	15.6	**27,745**	9.8	86	**27,831**	9.8
GROSS PROFIT	**12,229**	28.8	(86)	**12,143**	28.5	**20,180**	22.8	(86)	**20,094**	22.6
Selling expenses	**8,290**	48.1	-	**8,290**	48.1	**8,826**	21.9	-	**8,826**	21.9
General and administrative expenses	**1,786**	10.1	-	**1,786**	10.1	**6,414**	18.4	-	**6,414**	18.4
Research and development expenses	**639**	11.6	-	**639**	11.6	**212**	1.6	-	**212**	1.6
Impairment loss on trade accounts receivable	**(615)**	(49.1)	-	**(615)**	(49.1)	**(1,353)**	(78.8)	-	**(1,353)**	(78.8)
Restructuring costs	**(1,191)**	(57.0)	1,191	**-**	-	**7,252**	218.9	(7,252)	**-**	-
Impairment loss on goodwill	**-**	-	-	**-**	-	**(43,125)**	(100.0)	43,125	**-**	-
OPERATING PROFIT (LOSS)	**3,320**	271.2	(1,277)	**2,043**	215.1	**41,954**	88.4	(35,959)	**5,995**	(659.5)

Dorel Juvenile's second quarter revenue increased by $33.2 million, or 18.7%, to $210.9 million. Organic revenue improved by approximately 13.2%, after removing the impact of varying foreign exchange rates year-over-year. Adjusted organic revenue improved by approximately 18.1%, after removing the third-party sales from Dorel Juvenile's Zhongshan, China manufacturing facility which was disposed of in the first quarter of 2021. All markets had organic revenue gains as the prior year was heavily impacted by COVID-19 related closures and stay-at-home orders in most markets. The segment's revenue for the six months increased by $47.9 million, or 12.9%, to $420.7 million versus the prior year's $372.8 million. Organic revenue improved by approximately 8.9%, after removing the impact of varying foreign exchange rates year-over-year. Adjusted organic revenue improved by approximately 11.4%, after adjusting for the disposition of Dorel Juvenile's Zhongshan, China manufacturing facility. Year-to-date, with the exception of Europe, which started 2020 strongly before the beginning of the pandemic restricted sales in all markets, each division posted organic revenue gains.

Second quarter and year-to-date gross profit was 25.9%, in both periods. This represented an improvement of 200 basis points in the quarter and an increase of 210 basis points year-to-date. Excluding restructuring costs, the adjusted gross profit for the quarter and year-to-date were 25.9% respectively, which represented an improvement of 190 basis points in the quarter and 210 basis points year-to-date. The improvements in gross profit and adjusted gross profit in the second quarter were mainly due to favorable foreign exchange gains, favourable volume absorption of fixed overhead costs, including $1.8 million of abnormal production costs that were incurred in the second quarter of 2020 and did not repeat in 2021. The improvement in gross profit year-to-date was mainly due to the same reasons as in the quarter, offset in part by higher people related costs as the prior year's costs were lower due to COVID-19 related furloughs and short work weeks.

Selling expenses in the second quarter increased by $8.3 million, or 48.1%, to $25.5 million, representing an increase of 2.4% as a percentage of revenue. For the six months, selling expenses increased by $8.8 million, or 21.9%, to $49.1 million and by 0.9% as a percentage of revenue. General and administrative expenses for the second quarter increased by $1.8 million to $19.4 million from $17.6 million in 2020, and for the six months, increased by $6.4 million, or 18.4%, compared to last year. The second quarter and year-to-date increases in selling expenses and in general and administrative expenses are explained mainly by higher marketing and people costs as the prior year's costs were lower due to the cost containment measures initiated to mitigate the impact of COVID-19, as well as COVID-19 government grants which were received in 2020 and did not repeat in 2021.

Research and development expenses increased in the quarter by $0.6 million to $6.2 million from $5.5 million in 2020 and by $0.2 million, or 1.6%, year-to-date. The increases in research and development costs were mainly due to higher people costs as the prior year's costs were lower due to COVID-19 cost containment measures as detailed above. This was partly offset by lower amortization expense related to new product introductions.

Impairment loss on trade accounts receivable was $0.6 million for the second quarter compared to $1.3 million in 2020. Year-to-date, the impairment loss on trade accounts receivable decreased by $1.4 million to $0.4 million in 2021 compared to last year. The decreases are principally due to a lower impairment loss allowance assessment as the prior year's assessment considered the economic impact of the COVID-19 pandemic.

Restructuring costs decreased by $1.2 million compared to last year's second quarter and increased by $7.3 million year-to-date. The year-to-date increase was mainly due to the net loss on disposal of the juvenile products manufacturing facility in Zhongshan, China. Refer to "Restructuring costs" within the operating section for further details.

Year-to-date impairment loss on goodwill decreased by $43.1 million compared to 2020 as an impairment loss was recorded in the first quarter of 2020 related to Dorel Juvenile – Europe CGU due to 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.

Operating profit was $2.1 million during the second quarter compared to an operating loss of $1.2 million in 2020. Excluding restructuring costs, adjusted operating profit improved by $2.0 million to $3.0 million from $1.0 million in 2020. The year-to-date operating loss was $5.5 million compared to $47.4 million during the prior year, while excluding impairment loss on goodwill and restructuring costs, adjusted operating profit for the six months improved by $6.0 million to an adjusted operating profit of $5.1 million from a loss of $0.9 million in the same period of 2020.The improvement in adjusted operating profit in the second quarter and for the six months is mainly explained by the increased sales volume and improved gross profit margin offset in part by increased expenses as detailed above.

Dorel Sports

Reconciliation of non-GAAP financial measures:

	Second Quarters Ended June 30,									
	2021					2020				
	Reported	% of revenue	Restructuring costs	**Adjusted**	% of revenue	**Reported**	% of revenue	Restructuring costs	**Adjusted**	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
REVENUE	**317,341**	100.0	-	**317,341**	100.0	**285,636**	100.0	-	**285,636**	100.0
Cost of sales	**239,653**	75.5	-	**239,653**	75.5	**218,213**	76.4	-	**218,213**	76.4
GROSS PROFIT	**77,688**	24.5	-	**77,688**	24.5	**67,423**	23.6	-	**67,423**	23.6
Selling expenses	**24,297**	7.7	-	**24,297**	7.7	**18,744**	6.6	-	**18,744**	6.6
General and administrative expenses	**21,556**	6.8	-	**21,556**	6.8	**18,167**	6.3	-	**18,167**	6.3
Research and development expenses	**1,303**	0.4	-	**1,303**	0.4	**1,290**	0.5	-	**1,290**	0.5
Impairment (reversal) loss on trade accounts receivable	**(1,208)**	(0.4)	-	**(1,208)**	(0.4)	**2,074**	0.7	-	**2,074**	0.7
Restructuring costs	**-**	-	-	**-**	-	**307**	0.1	(307)	**-**	-
OPERATING PROFIT	**31,740**	10.0	-	**31,740**	10.0	**26,841**	9.4	307	**27,148**	9.5

	Six Months Ended June 30,									
	2021					2020				
	Reported	% of revenue	Restructuring costs	**Adjusted**	% of revenue	**Reported**	% of revenue	Restructuring costs	**Adjusted**	% of revenue
	$	%	$	**$**	%	**$**	%	$	**$**	%
REVENUE	**587,650**	100.0	-	**587,650**	100.0	**473,824**	100.0	-	**473,824**	100.0
Cost of sales	**448,063**	76.2	-	**448,063**	76.2	**370,580**	78.2	-	**370,580**	78.2
GROSS PROFIT	**139,587**	23.8	-	**139,587**	23.8	**103,244**	21.8	-	**103,244**	21.8
Selling expenses	**45,068**	7.7	-	**45,068**	7.7	**37,369**	7.9	-	**37,369**	7.9
General and administrative expenses	**40,102**	6.9	-	**40,102**	6.9	**32,255**	6.9	-	**32,255**	6.9
Research and development expenses	**2,510**	0.4	-	**2,510**	0.4	**2,502**	0.5	-	**2,502**	0.5
Impairment (reversal) loss on trade accounts receivable	**(1,636)**	(0.3)	-	**(1,636)**	(0.3)	**4,498**	0.9	-	**4,498**	0.9
Restructuring costs	**-**	-	-	**-**	-	**390**	0.1	(390)	**-**	-
OPERATING PROFIT	**53,543**	9.1	-	**53,543**	9.1	**26,230**	5.5	390	**26,620**	5.6

The principal changes in operating profit from 2020 to 2021 are summarized as follows:

	Second Quarters Ended June 30,					Six Months Ended June 30,				
	Change									
	Reported		Restructuring costs	**Adjusted**		**Reported**		Restructuring costs	**Adjusted**	
	$	%	$	**$**	%	**$**	%	$	**$**	%
REVENUE	**31,705**	11.1	-	**31,705**	11.1	**113,826**	24.0	-	**113,826**	24.0
Cost of sales	**21,440**	9.8	-	**21,440**	9.8	**77,483**	20.9	-	**77,483**	20.9
GROSS PROFIT	**10,265**	15.2	-	**10,265**	15.2	**36,343**	35.2	-	**36,343**	35.2
Selling expenses	**5,553**	29.6	-	**5,553**	29.6	**7,699**	20.6	-	**7,699**	20.6
General and administrative expenses	**3,389**	18.7	-	**3,389**	18.7	**7,847**	24.3	-	**7,847**	24.3
Research and development expenses	**13**	1.0	-	**13**	1.0	**8**	0.3	-	**8**	0.3
Impairment (reversal) loss on trade accounts receivable	**(3,282)**	(158.2)	-	**(3,282)**	(158.2)	**(6,134)**	(136.4)	-	**(6,134)**	(136.4)
Restructuring costs	**(307)**	(100.0)	307	**-**	-	**(390)**	(100.0)	390	**-**	-
OPERATING PROFIT	**4,899**	18.3	(307)	**4,592**	16.9	**27,313**	104.1	(390)	**26,923**	101.1

For the second quarter of 2021, Dorel Sports' revenue increased by $31.7 million, or 11.1%, to $317.3 million from $285.6 million in 2020. When excluding the impact of varying foreign exchange rates year-over-year, the organic revenue improved by approximately 8.5%. Dorel Sports' revenue and organic revenue improved for the ninth consecutive quarter, driven by organic gains at all three divisions. At CSG and Pacific Cycle, revenue continued to grow with unprecedented consumer demand for bikes around the globe since the beginning of the COVID-19 pandemic as people seek outdoor activities, or transportation methods, that are safe and respect the social distancing guidelines. The revenue growth at CSG was mainly at CSG Europe, international distributors and key accounts, offset in part by a decline at CSG UK. CSG Europe saw revenue growth due to high demand in both gravel bikes and E-bikes, while international distributors and key accounts continued to benefit from strong global bike demand. The revenue decline at CSG UK was mainly due to supply constraints. At Pacific Cycle revenue continued to increase as consumer demand remained high through the quarter, despite container restraints and low in-stock levels at retailers. Caloi's growth was fueled by continued consumer demand as people turn to bikes for physical activity and leisure. In addition, Dorel Sports was able to continue to deliver sound operational execution across the supply chain in the period despite an extremely challenging global shipping environment, and shortages of bike components in the marketplace. For the six months, Dorel Sports' revenue increased by $113.8 million, or 24.0%, to $587.7 million. When excluding the impact of varying foreign exchange rates year-over-year, the organic revenue improved by approximately 21.6%. Year-to-date, the revenue and the organic revenue increased mainly for the same reasons as in the quarter.

During the second quarter, gross profit improved by 90 basis points to 24.5% from 23.6% in 2020. The increase in gross profit was mainly due to pricing, limited discounting, and a favourable foreign exchange impact. Year-to-date gross profit improved by 200 basis points to 23.8%, compared to last year mainly explained by the same reasons as in the quarter as well as favourable volume absorption of fixed overhead costs offset in part by increased freight costs, rising cost of raw materials including bicycle components and the weakening of the US dollar versus the Chinese Yuan.

Overall selling, general and administrative and research and development expenses for the second quarter increased by $9.0 million, or 23.4%, and by 1.5% as a percentage of revenue compared to last year. For the six months, these expenses increased by $15.6 million, or 21.6%, and were flat on a percentage of revenue basis. The increases in selling, general and administrative and research and development expenses are mainly due to increased commissions from higher sales, growing E-commerce spending to support the increased revenue, increased marketing spend, and increased people costs. Last year saw reduced marketing costs in light of the COVID-19 outbreak on the segment's business.

Impairment loss on trade accounts receivable was a reversal of $1.2 million for the second quarter compared to an impairment loss of $2.1 million last year. For the six months, the impairment loss on trade accounts receivable was a reversal of $1.6 million compared to an impairment loss of $4.5 million in 2020. The decrease in both the quarter and six months is mainly due to a customer filing for bankruptcy protection in the second quarter of 2020 and the consideration of the economic impact of the COVID-19 outbreak in the impairment loss allowance assessment.

Operating profit in the second quarter was $31.7 million compared to $26.8 million in 2020. Year-to-date, the segment reported an operating profit of $53.5 million compared to $26.2 million last year. Operating profit improved for both periods mainly due to the increased revenue and gross margin improvements as well as the lower impairment loss on trade accounts receivable recorded, offset in part by higher overall expenses as discussed above.

3. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Selected information from the condensed consolidated interim statements of financial position

	June 30, 2021 $	December 30, 2020 $
Total assets		
Current	1,209,553	1,089,642
Non-current	567,712	629,474
	1,777,265	1,719,116
Total liabilities		
Current	650,540	893,654
Non-current	589,067	329,254
	1,239,607	1,222,908
Equity	537,658	496,208

Compared to December 30, 2020, Dorel's total assets increased mainly as a result of:

- an increase in trade accounts receivable of $34.6 million due to the overall sales increase during the second quarter of 2021;
- an increase in inventories of $58.2 million mainly in Dorel Home and Dorel Sports offset in part by a decline in Dorel Juvenile;
- and an increase of $23.0 million in cash and cash equivalents;
- partly offset by depreciation and amortization of $46.9 million recorded during the six months ended June 30, 2021; and
- the reduction in total assets from the sale of the juvenile products manufacturing facility in Zhongshan, China.

Compared to December 30, 2020, Dorel's total liabilities increased mainly as a result of:

- an increase in trade and other payables of $37.4 million due to the increase in inventories;
- offset by the reduction in total liabilities from the sale of the juvenile products manufacturing facility in Zhongshan, China.

Working Capital

Certain of Dorel's ratios are as follows:

	As at:		
	Jun. 30, 2021	**Dec. 30, 2020**	**Jun. 30, 2020**
Debt[1] to equity	0.79	0.87	0.90
# of days in receivables	60	59	61
# of days in inventory	94	89	78
# of days in payables	71	69	69

[1] Debt is defined as bank indebtedness plus long-term debt.

Debt to equity ratio

The decrease in the debt-to-equity ratio compared to December 30, 2020, and June 30, 2020 is a function of lower debt levels and higher equity. The decrease in Dorel's debt levels reflects the lower borrowings as a result of repayments made during second quarter of 2021, while the increase in equity was mainly due to the net income in the period.

Financial covenants

Under the senior unsecured notes, 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 will become due in full at the date of non-compliance. As at June 30, 2021, the Company was compliant with all its amended borrowing covenant requirements.

As at June 30, 2021, the Company was compliant with all of the terms and conditions of the ABL facility.

Net working capital position

The net working capital position increased by 4 days to 83 days as at June 30, 2021 compared to 79 days as at December 30, 2020, and by 13 days compared to 70 days as at June 30, 2020. The increases compared to December 30, 2020, is mainly explained by an increase in inventories mainly in Dorel Home and Dorel Sports partly offset by a decrease in Dorel Juvenile.

<u>Condensed consolidated interim statements of cash flows</u>

	Second Quarters Ended June 30,			Six Months Ended June 30,		
	2021	**2020**	**Change**	**2021**	**2020**	**Change**
	$	**$**	**$**	**$**	**$**	**$**
CASH FLOW PROVIDED BY (USED IN):						
Operating activities	17,366	119,954	(102,588)	9,246	117,849	(108,603)
Financing activities	(2,889)	(208,194)	205,305	(31,127)	(92,473)	61,346
Investing activities	(9,878)	(5,261)	(4,617)	38,080	(11,941)	50,021
EFFECT OF FOREIGN CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	5,931	(814)	6,745	6,794	(550)	7,344
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**10,530**	**(94,315)**	**104,845**	**22,993**	**12,885**	**10,108**

Cash flow provided by operating activities

For the second quarter of 2021, cash flow provided by operating activities was $17.4 million compared to $120.0 million in 2020, a decrease of $102.6 million. For the six months ended June 30, 2021, cash flow provided by operating activities was $9.2 million compared to $117.8 million in 2020, a decrease of $108.6 million. The decreases are mainly explained by the negative net changes in balances related to operations, mainly as a result of higher inventory levels, offset partly by the timing of the payment of trade and other payables and the collection of trade accounts receivable.

Cash flow used in financing activities

When compared to 2020, cash flow used in financing activities decreased by $205.3 million to $2.9 million for the second quarter of 2021, and by $61.3 million to $31.1 million for the six months ended June 30, 2021. The decreases are mainly explained by the repayment in the second quarter of 2020 of the funds that were drawn down towards the end of the first quarter of 2020 in order to increase liquidity to face the global economic and financial market uncertainties caused by the COVID-19 pandemic.

Cash flow (used in) provided by investing activities

Cash flow used in investing activities increased by $4.6 million to $9.9 million for the second quarter of 2021. For the six months cash flow provided by investing activities increased by $50.0 million to $38.1 million. The increase in the second quarter is explained by increased additions to property, plant and equipment in line with prior years as last year's additions were reduced to mitigate the impact of the COVID-19 pandemic. The increase for the six months is explained by the gross proceeds from the sale of the juvenile products manufacturing facility in Zhongshan, China, in the amount of $51.0 million.

4. CRITICAL ACCOUNTING ESTIMATES

While preparing the condensed consolidated interim financial statements for the second quarter and six months ended June 30, 2021, management continued to exercise 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 the condensed consolidated interim financial statements.

5. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The following are amendments to standards applied by the Company in the preparation of the condensed consolidated interim financial statements. The Company adopted the following amendments for the annual period beginning on December 31, 2020.

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 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)* 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 amendment introduces a practical expedient for modifications required by the reform. The amendments are effective for annual reporting periods beginning on or after January 1, 2021, with earlier application permitted. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements as the new senior secured asset based revolving credit facility that replaces the revolving bank loans and term loan includes benchmark replacement rate clauses in its agreement. In addition, the Company and its counterparty under the interest rate swap agreement are expected to negotiate the substitution of reference rates in such agreement in the upcoming months.

Amendment to IFRS 16 – COVID-19-Related Rent Concessions

In March 2021, the IASB published *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS16)* to extend, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment permits a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022 (rather than only payments originally due on or before June 30, 2021). The amendment is effective for annual reporting periods beginning on or after April 1, 2021, with earlier application permitted. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

6. 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 six months ended June 30, 2021. 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 Dorel's condensed consolidated interim financial statements.

7. OTHER INFORMATION

The designation, number and amount of each class and series of Dorel's shares outstanding as of August 4, 2021 are as follows:

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

Details of the issued and outstanding shares are as follows:

Class "A"		Class "B"		Total
Number	**$('000)**	**Number**	**$('000)**	**$('000)**
4,149,625	$1,748	28,355,496	$202,953	$204,701

Outstanding Deferred Share Units, cash-settled Restricted Share Units, cash-settled Share Appreciation Rights and cash-settled Performance Share Units are disclosed in Note 9 to Dorel's condensed consolidated interim financial statements. There were no significant changes to these values in the period between the quarter-end and the date of the preparation of this MD&A.

8. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the second quarter ended June 30, 2021, Dorel has made no change that has materially affected or is likely to materially affect Dorel's internal controls over financial reporting.

9. CAUTION REGARDING FORWARD-LOOKING INFORMATION

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

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

- general economic conditions;
- changes in product costs and supply channels, including disruption of the Company's supply chain resulting from the COVID-19 pandemic;
- foreign currency fluctuations, including high levels of volatility in foreign currencies with respect to the US dollar reflecting uncertainties related to the COVID-19 pandemic;
- customer and credit risk, including the concentration of revenues with a small number of customers;
- costs associated with product liability;
- changes in income tax legislation or the interpretation or application of those rules;

- the continued ability to develop products and support brand names;
- changes in the regulatory environment;
- outbreak of public health crises, such as the current COVID-19 pandemic, that could adversely affect global economies and financial markets, resulting in an economic downturn which could be for a prolonged period of time and have a material adverse effect on the demand for the Company's products and on its business, financial condition and results of operations;
- continued access to capital resources, including compliance by the Company with financial covenants under its senior unsecured notes and with all of the terms and conditions under its ABL facility, and the related costs of borrowing, all of which may be adversely impacted by the COVID-19 pandemic;
- failures related to information technology systems;
- changes in assumptions in the valuation of goodwill and other intangible assets and future decline in market capitalization; and
- there being no certainty that the Company will declare any dividend in the future.

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

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

ALL FIGURES IN THOUSANDS OF US $ (UNAUDITED)

	As at June 30, 2021	As at December 30, 2020
ASSETS		
Current assets		
Cash and cash equivalents (Note 12)	$ 61,228	$ 38,235
Trade accounts receivable	480,492	445,896
Inventories	592,740	534,508
Income taxes receivable	20,907	17,350
Other assets	50,251	46,403
	1,205,618	1,082,392
Assets held for sale	3,935	7,250
	1,209,553	1,089,642
Non-current assets		
Property, plant and equipment	119,146	146,842
Right-of-use assets	151,022	166,061
Intangible assets	212,227	225,517
Goodwill	41,031	41,016
Deferred tax assets (Note 11)	39,566	44,641
Other assets	4,720	5,397
	567,712	629,474
	$ 1,777,265	$ 1,719,116
LIABILITIES		
Current liabilities		
Bank indebtedness	$ 28,151	$ 30,562
Trade and other payables	504,176	466,805
Lease liabilities	38,579	39,620
Income taxes payable	14,551	15,947
Long-term debt (Note 6)	3,589	276,913
Provisions	43,376	46,923
Other liabilities	18,118	16,884
	650,540	893,654
Non-current liabilities		
Lease liabilities	139,461	140,432
Long-term debt (Note 6)	393,183	125,823
Net pension and post-retirement defined benefit liabilities	25,843	26,280
Deferred tax liabilities	18,483	21,349
Provisions	2,659	2,700
Other liabilities	9,438	12,670
	589,067	329,254
EQUITY		
Share capital (Note 8)	204,701	204,701
Contributed surplus	32,296	30,054
Accumulated other comprehensive loss	(102,771)	(117,244)
Other equity	27,529	27,759
Retained earnings	375,903	350,938
	537,658	496,208
	$ 1,777,265	$ 1,719,116

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENTS

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

	Second Quarters Ended		Six Months Ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
REVENUE (Note 13)	$ 764,988	$ 723,953	$ 1,473,850	$ 1,304,708
Cost of sales (Notes 5 and 11)	601,335	579,254	1,162,747	1,053,476
GROSS PROFIT	163,653	144,699	311,103	251,232
Selling expenses	56,561	41,969	107,358	89,427
General and administrative expenses	58,224	50,309	115,717	91,137
Research and development expenses	8,704	7,792	17,927	17,534
Impairment (reversal) loss on trade accounts receivable	(601)	3,520	(1,224)	6,527
Restructuring costs (Note 5)	897	2,940	10,565	4,248
Impairment loss on goodwill	–	–	–	43,125
OPERATING PROFIT (LOSS)	39,868	38,169	60,760	(766)
Finance expenses (Note 11)	9,349	12,185	18,248	27,494
INCOME (LOSS) BEFORE INCOME TAXES	30,519	25,984	42,512	(28,260)
Income taxes expense (Note 11)				
Current	4,768	7,117	12,195	9,955
Deferred	3,513	7,735	5,352	8,474
	8,281	14,852	17,547	18,429
NET INCOME (LOSS)	$ 22,238	$ 11,132	$ 24,965	$ (46,689)
EARNINGS (LOSS) PER SHARE (Note 10)				
Basic	$ 0.68	$ 0.34	$ 0.77	$ (1.44)
Diluted	$ 0.67	$ 0.34	$ 0.76	$ (1.44)

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

ALL FIGURES IN THOUSANDS OF US $ (UNAUDITED)

	Second Quarters Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
NET INCOME (LOSS)	$ 22,238	$ 11,132	$ 24,965	$ (46,689)
OTHER COMPREHENSIVE INCOME (LOSS):				
Items that are or may be reclassified subsequently to net income:				
Cumulative translation account:				
Net change in unrealized foreign currency gains (losses) on translation of net investments in foreign operations, net of tax of nil	6,772	(759)	1,461	(19,075)
Net (losses) gains on hedge of net investments in foreign operations, net of tax of nil	(140)	1,664	(29)	368
Reclassification of CTA upon disposal of a subsidiary (Note 5)	–	–	10,681	–
	6,632	905	12,113	(18,707)
Net changes in cash flow hedges:				
Net change in unrealized gains (losses) on derivatives designated as cash flow hedges	383	(675)	2,244	(202)
Reclassification to net income	142	220	415	141
Reclassification to the related non-financial asset	360	(808)	425	(1,240)
Deferred income taxes	(237)	316	(669)	327
	648	(947)	2,415	(974)
Items that will not be reclassified to net income:				
Defined benefit plans:				
Remeasurements of the net pension and post-retirement defined benefit liabilities	18	19	(70)	(5,269)
Deferred income taxes	(6)	(4)	15	1,211
	12	15	(55)	(4,058)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	7,292	(27)	14,473	(23,739)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 29,530	$ 11,105	$ 39,438	$ (70,428)

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

ALL FIGURES IN THOUSANDS OF US $ (UNAUDITED)

	Attributable to equity holders of the Company							
			Accumulated other comprehensive loss					
	Share Capital	**Contributed Surplus**	**Cumulative Translation Account**	**Cash Flow Hedges**	**Defined Benefit Plans**	**Other Equity**	**Retained Earnings**	**Total Equity**
Balance as at December 30, 2019	$ 203,932	$ 30,873	$ (98,343)	$ (1,199)	$ (14,627)	$ 19,189	$ 394,341	$ 534,166
Total comprehensive loss:								
Net loss	–	–	–	–	–	–	(46,689)	(46,689)
Other comprehensive loss	–	–	(18,707)	(974)	(4,058)	–	–	(23,739)
	–	–	(18,707)	(974)	(4,058)	–	(46,689)	(70,428)
Reclassification from contributed surplus due to settlement of deferred share units	35	(75)	–	–	–	–	–	(40)
Share-based payments (Note 9)	–	53	–	–	–	–	–	53
Remeasurement of written put option liabilities	–	–	–	–	–	(1,208)	–	(1,208)
Balance as at June 30, 2020	$ 203,967	$ 30,851	$ (117,050)	$ (2,173)	$ (18,685)	$ 17,981	$ 347,652	$ 462,543
Balance as at December 30, 2020	$ 204,701	$ 30,054	$ (98,045)	$ (3,946)	$ (15,253)	$ 27,759	$ 350,938	$ 496,208
Total comprehensive income:								
Net income	–	–	–	–	–	–	24,965	24,965
Other comprehensive income	–	–	12,113	2,415	(55)	–	–	14,473
	–	–	12,113	2,415	(55)	–	24,965	39,438
Share-based payments (Note 9)	–	2,242	–	–	–	–	–	2,242
Remeasurement of written put option liabilities	–	–	–	–	–	(230)	–	(230)
Balance as at June 30, 2021	$ 204,701	$ 32,296	$ (85,932)	$ (1,531)	$ (15,308)	$ 27,529	$ 375,903	$ 537,658

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

ALL FIGURES IN THOUSANDS OF US $ (UNAUDITED)

	Second Quarters Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net income (loss)	$ 22,238	$ 11,132	$ 24,965	$ (46,689)
Items not involving cash:				
Depreciation and amortization (Note 11)	22,584	23,803	46,902	47,987
Impairment loss on goodwill	–	–	–	43,125
Unrealized losses (gains) arising on financial assets and financial liabilities classified at fair value through profit or loss	1,067	411	358	(99)
Share-based payments (Note 9)	19	34	55	53
Defined benefit pension and post-retirement costs	1,215	1,427	2,598	2,341
Net gain on disposal of property, plant and equipment and lease modifications	(529)	(985)	(1,128)	(1,311)
Restructuring costs (Note 5)	(177)	2,164	(2,141)	2,097
Finance expenses (Note 11)	9,349	12,185	18,248	27,494
Income taxes expense	8,281	14,852	17,547	18,429
Net changes in balances related to operations (Note 12)	(22,576)	66,689	(64,966)	53,138
Income taxes paid	(16,446)	(3,165)	(18,045)	(6,659)
Income taxes received	722	1,665	1,072	2,807
Interest paid	(8,498)	(10,986)	(16,418)	(25,712)
Interest received	117	728	199	848
CASH PROVIDED BY OPERATING ACTIVITIES	17,366	119,954	9,246	117,849
FINANCING ACTIVITIES				
Net (decrease) increase of bank indebtedness	(1,496)	(10,498)	(3,419)	6,719
Increase of long-term debt	268,552	1,126	270,337	1,126
Repayments of long-term debt	(254,903)	(189,406)	(272,788)	(79,140)
Financing costs	(4,246)	–	(4,246)	(530)
Net payment from settlement of interest rate swaps	(284)	(206)	(557)	(285)
Payments of lease liabilities	(10,512)	(9,210)	(20,454)	(20,363)
CASH USED IN FINANCING ACTIVITIES	(2,889)	(208,194)	(31,127)	(92,473)
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(8,002)	(2,718)	(10,759)	(6,849)
Disposals of property, plant and equipment	16	268	44	1,148
Additions to intangible assets	(1,892)	(2,811)	(4,455)	(6,240)
Net proceeds on sale of assets held for sale	–	–	2,250	–
Gross proceeds on sale of a subsidiary (Note 5)	–	–	51,000	–
CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(9,878)	(5,261)	38,080	(11,941)
Effect of foreign currency exchange rate changes on cash and cash equivalents	5,931	(814)	6,794	(550)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,530	(94,315)	22,993	12,885
Cash and cash equivalents, beginning of period	50,698	146,341	38,235	39,141
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 61,228	$ 52,026	$ 61,228	$ 52,026

See accompanying notes to the condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

Dorel Industries Inc. (the "Company") is a global consumer products company which designs, manufactures or sources, markets and distributes a diverse portfolio of powerful product brands through its Dorel Home, 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 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.

2. STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND MEASUREMENT

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* as adopted by the International Accounting Standards Board ("IASB"), using the US dollar as the reporting currency. The US dollar is the functional currency of the Canadian parent company. All financial information is presented in US dollars and has been rounded to the nearest thousand, unless otherwise indicated. These condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and with the same accounting policies and methods of computation followed in the most recent audited consolidated annual financial statements as at and for the year ended December 30, 2020, except as disclosed below. The condensed consolidated interim financial statements do not include all of the information required for full consolidated annual financial statements. Certain information and footnote disclosures normally included in consolidated annual financial statements prepared in accordance with IFRS were omitted or condensed where such information is not considered material to the understanding of the Company's condensed consolidated interim financial statements.

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2020 audited consolidated annual financial statements. Changes to significant accounting policies are described in Note 3.

While preparing these condensed consolidated interim financial statements, management continued to exercise 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 condensed consolidated interim financial statements.

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

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

	Measurement basis
Derivative financial instruments	Fair value
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 condensed consolidated interim financial statements were authorized by the Company's Board of Directors for issue on August 5, 2021.

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

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The following are amendments to standards applied by the Company in the preparation of these condensed consolidated interim financial statements. The Company adopted the following amendments for the annual period beginning on December 31, 2020.

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 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)* 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 amendment introduces a practical expedient for modifications required by the reform. The amendments are effective for annual reporting periods beginning on or after January 1, 2021, with earlier application permitted. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements as the new senior secured asset based revolving credit facility that replaces the revolving bank loans and term loan includes benchmark replacement rate clauses in its agreement. In addition, the Company and its counterparty under the interest rate swap agreement are expected to negotiate the substitution of reference rates in such agreement in the upcoming months.

Amendment to IFRS 16 – COVID-19-Related Rent Concessions
In March 2021, the IASB published *COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)* to extend, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment permits a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022 (rather than only payments originally due on or before June 30, 2021). The amendment is effective for annual reporting periods beginning on or after April 1, 2021, with earlier application permitted. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

4. FUTURE ACCOUNTING CHANGES

New standards and amendments to existing standards have been issued by the IASB, which are mandatory but not yet effective for the six months ended June 30, 2021. 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 condensed consolidated interim financial statements.

5. RESTRUCTURING COSTS

For the six months ended June 30, 2021, the Company recorded total expenses of $10,565 (2020 – $6,564) with respect to restructuring costs, of which nil (2020 – $2,316) were recorded within gross profit and $10,565 (2020 – $4,248) were recorded as restructuring costs as a separate line within the condensed consolidated interim income statements.

	Second Quarters Ended June 30,							
	TOTAL		Dorel Home		Dorel Juvenile		Dorel Sports	
	2021	2020	2021	2020	2021	2020	2021	2020
Recorded within gross profit[1]	$ –	$ 2,316	$ –	$ 2,230	$ –	$ 86	$ –	$ –
Employee severance and termination benefits	353	2,301	–	282	353	1,712	–	307
Curtailment gain on net pension defined benefit liabilities[1]	(141)	(152)	–	–	(141)	(152)	–	–
Other associated costs	685	791	–	263	685	528	–	–
Recorded within a separate line in the condensed consolidated interim income statements	$ 897	$ 2,940	$ –	$ 545	$ 897	$ 2,088	$ –	$ 307
Total restructuring costs	**$ 897**	**$ 5,256**	**$ –**	**$ 2,775**	**$ 897**	**$ 2,174**	**$ –**	**$ 307**

[1] Non-cash

	Six Months Ended June 30,							
	TOTAL		Dorel Home		Dorel Juvenile		Dorel Sports	
	2021	2020	2021	2020	2021	2020	2021	2020
Recorded within gross profit[1]	$ –	$ 2,316	$ –	$ 2,230	$ –	$ 86	$ –	$ –
Employee severance and termination benefits	952	3,462	–	282	952	2,790	–	390
Loss on disposal of a subsidiary[1]	8,576	–	–	–	8,576	–	–	–
Loss on disposal of assets held for sale[1]	172	–	–	–	172	–	–	–
Curtailment gain on net pension defined benefit liabilities[1]	(173)	(219)	–	–	(173)	(219)	–	–
Other associated costs	1,038	1,005	–	263	1,038	742	–	–
Recorded within a separate line in the condensed consolidated interim income statements	$ 10,565	$ 4,248	$ –	$ 545	$ 10,565	$ 3,313	$ –	$ 390
Total restructuring costs	**$ 10,565**	**$ 6,564**	**$ –**	**$ 2,775**	**$ 10,565**	**$ 3,399**	**$ –**	**$ 390**

[1] Non-cash

5. RESTRUCTURING COSTS (continued)

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.

The remaining expected costs associated with these restructuring initiatives will be mostly related to employee severance and termination benefits.

Sale of a manufacturing facility

On March 31, 2021, the Company completed the sale of its juvenile products manufacturing facility in Zhongshan, China, for gross sale proceeds of $51,000. Disposition-related costs of this transaction amounted to $1,424 and were recorded in the net loss on disposal. The net loss on disposal of $8,576 includes the effect of the reclassification of CTA for an amount of $10,681 presented in the statement of comprehensive income (loss). The assets included in this subsidiary were mainly composed of property, plant and equipment of $23,484 and right-of-use assets of $11,878.

The Company continued to consolidate revenues and expenses of this subsidiary until March 31, 2021.

The disposal of this manufacturing facility is in line with the main objective pursued by the restructuring program initiated in 2019 of optimizing its global footprint.

6. LONG-TERM DEBT

The terms and conditions of outstanding loans are as follows:

				June 30, 2021		December 30, 2020	
	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	$ 124,482	$ 127,500	$ 122,134
Senior secured asset based revolving credit facility bearing interest at various rates, averaging 3.37%, total availability of $450,000.	USD/EUR /CAD	Variable rates plus a variable margin	June 11, 2023	267,652	263,406	–	–
Revolving bank loans bearing interest at various rates per annum, averaging 3.18% (December 30, 2020 – 5.02%), total availability of $350,000. This agreement also included 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
Term loan bearing interest at various rates per annum, averaging 3.58% (December 30, 2020 – 4.75%).	USD	LIBOR plus a margin	July 1, 2021	–	–	53,382	53,133
Other				8,929	8,884	7,485	7,357
Total outstanding loans				$ 404,081	$ 396,772	$ 408,479	$ 402,736
Current portion					(3,589)		(276,913)
					$ 393,183		$ 125,823

6. LONG-TERM DEBT (continued)

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

On June 11, 2021, the Company entered into a two-year $450,000 ABL facility with institutional lenders led by Bank of Montreal as lead arranger, administrative agent and sole bookrunner. This ABL facility, which is guaranteed by certain of Dorel's subsidiaries, will mature two years from the date of the initial advance (June 11, 2021) and may be extended for additional one-year terms with the consent of the lenders.

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

The total financing costs related to the ABL facility agreement amounted to approximately $4,246. These financing costs were recorded as a reduction of the carrying amount of the ABL facility and are being amortized over the term of the credit facility on a straight-line basis.

As at June 30, 2021, the Company was compliant with all of the terms and conditions of the ABL facility.

Revolving bank loans and term loan

On June 11, 2021, the revolving bank loans and term loan were reimbursed and replaced by the ABL facility before their original maturity date of July 1, 2021.

Financial covenants – Senior unsecured notes

Under the senior unsecured notes, 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 will become due in full at the date of non-compliance. As at June 30, 2021, the Company was compliant with all its borrowing covenant requirements.

7. FINANCIAL INSTRUMENTS

Fair value disclosure

The Company has determined that the fair value of its current financial assets and liabilities approximates their respective carrying amounts as at the reporting dates because of 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:

	June 30, 2021		December 30, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt – bearing interest at fixed rates	$ 133,366	$ 141,768	$ 129,491	$ 138,130

7. FINANCIAL INSTRUMENTS (continued)

Fair value measurement

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing the fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Should any of the inputs to these models or changes in assumptions about these factors occur, this could affect the reported fair value of financial instruments. The Company's financial assets and liabilities measured at fair value consist of derivative financial instruments. The balance of the Company's derivative financial assets and liabilities are not significant as at June 30, 2021 and December 30, 2020.

Concentration of credit risk

During the six months ended June 30, 2021, two customers accounted for respectively 28.9% and 10.2%, for an aggregate of 39.1% of the Company's total revenue (2020 – two customers accounted for respectively 28.4% and 10.3%, for an aggregate of 38.7%). As at June 30, 2021, three customers accounted for respectively 25.6%, 11.3% and 11.1%, for an aggregate of 48%, of the Company's total trade accounts receivable balance (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).

8. SHARE CAPITAL

Details of the issued and outstanding shares are as follows:

	June 30, 2021		December 30, 2020	
	Number	**Amount**	**Number**	**Amount**
Class "A" Multiple Voting Shares				
Balance, beginning of period	4,188,175	$ 1,767	4,188,475	$ 1,767
Converted from Class "A" to Class "B"	(38,450)	(19)	(300)	–
Balance, end of period	4,149,725	$ 1,748	4,188,175	$ 1,767
Class "B" Subordinate Voting Shares				
Balance, beginning of period	28,316,946	$ 202,934	28,291,760	$ 202,165
Converted from Class "A" to Class "B"	38,450	19	300	–
Reclassification from contributed surplus due to settlement of deferred share units (Note 9)	–	–	24,886	769
Balance, end of period	28,355,396	$ 202,953	28,316,946	$ 202,934
TOTAL SHARE CAPITAL		$ 204,701		$ 204,701

9. SHARE-BASED PAYMENTS

Directors' Deferred Share Unit ("DSU") Plan and Executives' Deferred Share Unit Plan

The changes in outstanding number of DSUs are as follows:

	Six Months Ended June 30, 2021		Year Ended December 30, 2020	
	DSU – Directors	DSU – Executives	DSU – Directors	DSU – Executives
DSUs outstanding, beginning of period	161,304	216,410	211,111	222,230
Issued for salaries and bonus paid	–	215,771	–	–
Performance adjustment	–	4,022	–	5,043
Forfeited	–	–	–	(6,532)
Settlement of deferred share units	–	–	(49,807)	(4,331)
DSUs outstanding, end of period	161,304	436,203	161,304	216,410
Total vested, end of period	161,304	407,847	161,304	192,077

Long-term incentive plans (cash-settled)

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

	Six Months Ended June 30, 2021			Year Ended December 30, 2020		
	RSU	SAR	PSU	RSU	SAR	PSU
Outstanding, beginning of period	170,394	–	216,658	246,891	338,084	227,587
Performance adjustment	–	–	43,775	–	–	24,016
Settled	–	–	–	(64,473)	–	(25,933)
Expired	–	–	–	–	(336,596)	–
Forfeited	(369)	–	(29)	(12,024)	(1,488)	(9,012)
Outstanding, end of period	170,025	–	260,404	170,394	–	216,658

10. EARNINGS (LOSS) PER SHARE

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

	Second Quarters Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Weighted daily average number of Class "A" Multiple and Class "B" Subordinate Voting Shares	32,505,121	32,488,106	32,505,121	32,487,117
Dilutive effect of deferred share units	473,625	390,662	467,446	–
Weighted average number of diluted shares	32,978,746	32,878,768	32,972,567	32,487,117
Number of anti-dilutive deferred share units excluded from fully diluted earnings (loss) per share calculation	–	–	–	416,259

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

a) Finance expenses

	Second Quarters Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
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	$ 6,142	$ 8,805	$ 11,688	$ 17,768
Interest on lease liabilities	1,631	1,881	3,345	3,738
Amortization of deferred financing costs	228	309	523	618
Loss on debt modification and (gain) loss on revision of estimated payments related to long-term debt	–	(1,514)	–	2,142
Other interest	1,348	2,704	2,692	3,228
	$ 9,349	$ 12,185	$ 18,248	$ 27,494

b) Depreciation and amortization

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

	Second Quarters Ended							
	June 30, 2021				June 30, 2020			
	Property, plant and equipment	Right-of-use assets	Intangible assets	Total	Property, plant and equipment	Right-of-use assets	Intangible assets	Total
Included in cost of sales	$ 5,209	$ 7,267	$ –	$ 12,476	$ 5,672	$ 7,166	$ –	$ 12,838
Included in selling expenses	47	1,850	1,090	2,987	172	2,121	1,171	3,464
Included in general and administrative expenses	1,336	1,631	1,070	4,037	1,295	1,691	1,079	4,065
Included in research and development expenses	–	38	3,046	3,084	–	53	3,383	3,436
	$ 6,592	$ 10,786	$ 5,206	$ 22,584	$ 7,139	$ 11,031	$ 5,633	$ 23,803

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

								Six Months Ended
				June 30, 2021				June 30, 2020
	Property, plant and equipment	Right-of-use assets	Intangible assets	Total	Property, plant and equipment	Right-of-use assets	Intangible assets	Total
Included in cost of sales	$ 11,049	$ 14,977	$ –	$ 26,026	$ 11,486	$ 14,426	$ –	$ 25,912
Included in selling expenses	138	3,696	2,245	6,079	347	4,320	2,361	7,028
Included in general and administrative expenses	2,708	3,289	2,219	8,216	2,793	3,434	1,894	8,121
Included in research and development expenses	–	80	6,501	6,581	–	108	6,818	6,926
	$ 13,895	$ 22,042	$ 10,965	$ 46,902	$ 14,626	$ 22,288	$ 11,073	$ 47,987

c) Cost of sales

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

	Second Quarters Ended		Six Months Ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Write-downs of inventories as a result of net realizable value being lower than cost (including amounts presented in Note 5)	$ 2,758	$ 4,649	$ 5,684	$ 7,580
Reversal of inventory write-downs recognized in previous periods	$ (1,448)	$ (790)	$ (2,768)	$ (1,217)

d) Income taxes

The effective tax rates for the second quarter and six months ended June 30, 2021 were 27.1% and 41.3%, respectively (2020 – 57.2% and (65.2)%, respectively).

The effective tax rate for the second quarter ended June 30, 2021 was primarily impacted by the non-recognition of tax benefits related to tax losses and temporary differences net of the recovery arising from the use of unrecorded tax benefits and net of the impact of the permanent differences. The effective tax rate for the second quarter ended June 30, 2020 was primarily impacted by the non-recognition of tax benefits related to tax losses and temporary differences in light of management's reassessment of the recoverability of deferred tax assets considering the potential impact of the COVID-19 pandemic on the Company's business.

The effective tax rate for the six months ended June 30, 2021 was primarily impacted by the permanent differences including various impacts related to the sale of its juvenile products manufacturing facility in Zhongshan (Note 5) and the non-recognition of tax benefits related to tax losses and temporary differences, net of the recovery arising from the use of unrecorded tax benefits. The effective tax rate for the six months ended June 30, 2020 was primarily impacted by the non-deductible impairment loss recorded on goodwill, the non-recognition of tax benefits related to tax losses and temporary differences in light of management's reassessment of the recoverability of deferred tax assets considering the potential impact of the COVID-19 pandemic on the Company's business.

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

The variation year-over-year for the second quarter and for the six months ended June 30, 2021 also results from changes in the jurisdictions in which the Company generated its income.

On January 26, 2021, the Company announced its intention 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 initiated its appeal process on February 26, 2021, which is still ongoing as of the end of the quarter. The Company has an accrual of $2,500 in its financial statements as its best estimate for this potential tax liability.

12. SUPPLEMENTAL CASH FLOW INFORMATION

a) Net changes in balances related to operations

	Second Quarters Ended		Six Months Ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Trade accounts receivable	$ (18,122)	$ (53,438)	$ (40,027)	$ (54,681)
Inventories	(53,338)	116,452	(73,202)	161,912
Other assets	455	2,189	(5,910)	(6,280)
Trade and other payables	47,059	(6,146)	59,887	(43,851)
Net pension and post-retirement defined benefit liabilities	(1,339)	(528)	(2,594)	(3,786)
Provisions	(970)	(2,044)	(3,560)	(6,197)
Other liabilities	3,679	10,204	440	6,021
	$ (22,576)	$ 66,689	$ (64,966)	$ 53,138

b) Cash and cash equivalents

	June 30, 2021	**December 30, 2020**
Cash	$ 55,868	$ 34,800
Short-term investments	5,360	3,435
Cash and cash equivalents	$ 61,228	$ 38,235

c) Non-cash transactions

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

	June 30, 2021	**June 30, 2020**
Acquisition of property, plant and equipment financed by trade and other payables	$ 1,662	$ 2,281
Additions to right-of-use assets financed by lease liabilities	$ 18,537	$ 7,666
Acquisition of intangible assets financed by trade and other payables	$ 431	$ 627

13. SEGMENTED INFORMATION

Reporting Segments

	Second Quarters Ended June 30,							
	Total		Dorel Home		Dorel Juvenile		Dorel Sports	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	$ 764,988 $	723,953 $	236,779 $	260,674 $	210,868 $	177,643 $	317,341 $	285,636
Cost of sales (Note 5)	601,335	579,254	205,534	225,889	156,148	135,152	239,653	218,213
Gross profit	163,653	144,699	31,245	34,785	54,720	42,491	77,688	67,423
Selling expenses	56,341	41,942	6,521	5,965	25,523	17,233	24,297	18,744
General and administrative expenses	50,175	44,280	9,221	8,501	19,398	17,612	21,556	18,167
Research and development expenses	8,704	7,792	1,233	973	6,168	5,529	1,303	1,290
Impairment (reversal) loss on trade accounts receivable	(601)	3,520	(31)	193	638	1,253	(1,208)	2,074
Restructuring costs (Note 5)	897	2,940	–	545	897	2,088	–	307
Operating profit (loss)	48,137	44,225 $	14,301 $	18,608 $	2,096 $	(1,224) $	31,740 $	26,841
Finance expenses	9,349	12,185						
Corporate expenses	8,269	6,056						
Income taxes expense	8,281	14,852						
Net income	$ 22,238 $	11,132						
Depreciation and amortization included in operating profit (loss)	$ 22,353 $	23,578 $	4,141 $	4,239 $	13,127 $	14,614 $	5,085 $	4,725

13. SEGMENTED INFORMATION (continued)

	Six Months Ended June 30,							
	Total		Dorel Home		Dorel Juvenile		Dorel Sports	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	$ 1,473,850	$ 1,304,708	$ 465,477	$ 458,086	$ 420,723	$ 372,798	$ 587,650	$ 473,824
Cost of sales (Note 5)	1,162,747	1,053,476	402,844	398,801	311,840	284,095	448,063	370,580
Gross profit	311,103	251,232	62,633	59,285	108,883	88,703	139,587	103,244
Selling expenses	107,031	89,328	12,850	11,672	49,113	40,287	45,068	37,369
General and administrative expenses	99,602	82,775	18,262	15,696	41,238	34,824	40,102	32,255
Research and development expenses	17,927	17,534	2,334	2,161	13,083	12,871	2,510	2,502
Impairment (reversal) loss on trade accounts receivable	(1,224)	6,527	49	313	363	1,716	(1,636)	4,498
Restructuring costs (Note 5)	10,565	4,248	–	545	10,565	3,313	–	390
Impairment loss on goodwill	–	43,125	–	–	–	43,125	–	–
Operating profit (loss)	77,202	7,695	$ 29,138	$ 28,898	$ (5,479)	$ (47,433)	$ 53,543	$ 26,230
Finance expenses	18,248	27,494						
Corporate expenses	16,442	8,461						
Income taxes expense	17,547	18,429						
Net income (loss)	$ 24,965	$ (46,689)						
Depreciation and amortization included in operating profit (loss)	$ 46,439	$ 47,545	$ 8,362	$ 8,602	$ 27,825	$ 29,724	$ 10,252	$ 9,219

13. SEGMENTED INFORMATION (continued)

Disaggregation of Revenue

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

								Second Quarters Ended June 30,
		Total		Dorel Home		Dorel Juvenile		Dorel Sports
	2021	2020	2021	2020	2021	2020	2021	2020
Geographic area								
Canada	$ 44,691	$ 54,143	$ 32,518	$ 40,994	$ 5,147	$ 3,859	$ 7,026	$ 9,290
United States	504,516	489,798	201,067	216,206	92,370	79,520	211,079	194,072
Europe	152,439	127,596	3,194	3,431	69,354	58,602	79,891	65,563
Latin America	43,777	29,993	–	–	28,032	16,613	15,745	13,380
Asia	8,888	14,552	–	43	5,318	11,178	3,570	3,331
Other countries	10,677	7,871	–	–	10,647	7,871	30	–
Total	$ 764,988	$ 723,953	$ 236,779	$ 260,674	$ 210,868	$ 177,643	$ 317,341	$ 285,636
Channels of distribution								
Brick and mortar retailers	$ 519,088	$ 435,623	$ 105,507	$ 89,155	$ 134,341	$ 116,910	$ 279,240	$ 229,558
Internet retailers	243,619	279,073	131,272	171,519	74,426	51,695	37,921	55,859
Other	2,281	9,257	–	–	2,101	9,038	180	219
Total	$ 764,988	$ 723,953	$ 236,779	$ 260,674	$ 210,868	$ 177,643	$ 317,341	$ 285,636

								Six Months Ended June 30,
		Total		Dorel Home		Dorel Juvenile		Dorel Sports
	2021	2020	2021	2020	2021	2020	2021	2020
Geographic area								
Canada	$ 89,632	$ 105,503	$ 65,751	$ 73,598	$ 10,208	$ 9,474	$ 13,673	$ 22,431
United States	950,395	845,907	393,162	378,924	187,021	162,800	370,212	304,183
Europe	306,331	241,592	6,564	5,468	132,917	124,128	166,850	111,996
Latin America	84,814	71,978	–	–	56,197	42,761	28,617	29,217
Asia	23,403	24,964	–	96	15,158	18,871	8,245	5,997
Other countries	19,275	14,764	–	–	19,222	14,764	53	–
Total	$ 1,473,850	$ 1,304,708	$ 465,477	$ 458,086	$ 420,723	$ 372,798	$ 587,650	$ 473,824
Channels of distribution								
Brick and mortar retailers	$ 998,957	$ 821,446	$ 206,020	$ 165,760	$ 270,278	$ 254,573	$ 522,659	$ 401,113
Internet retailers	465,259	466,731	259,457	292,313	141,147	102,093	64,655	72,325
Other	9,634	16,531	–	13	9,298	16,132	336	386
Total	$ 1,473,850	$ 1,304,708	$ 465,477	$ 458,086	$ 420,723	$ 372,798	$ 587,650	$ 473,824