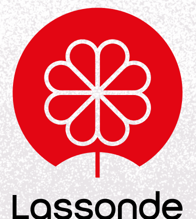
LASSONDE INDUSTRIES INC.

CONSOLIDATED FINANCIAL STATEMENT REPORT

YEARS ENDED
— DECEMBER 31, 2020 AND 2019



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Independent Auditor's Report

To the Shareholders of Lassonde Industries Inc.

Opinion

We have audited the consolidated financial statements of Lassonde Industries Inc (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Business combination – Sun-Rype Product Ltd –Property, plant and equipment – Refer to Notes 2 and 6 to the financial statements

Key Audit Matter Description

The Company acquired Sun-Rype Product Ltd. ("Sun-Rype") on January 3, 2020 and recognized the assets acquired and the liabilities assumed based on their fair value as at the date of acquisition, including property, plant and equipment ("PP&E") of $35,725,000. Management estimated the fair value of PP&E using either reproduction cost, replacement cost or a market approach.

We have identified the determination of the fair value of the PP&E acquired as a key audit matter given the various procedures required to audit the reproduction cost, the replacement cost and the market approach. Auditing the fair value required an increased extent of audit effort and the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

With the assistance of fair value specialists, our audit procedures to determine the fair value of a selection of PP&E aquired in the Sun-Rype acquisition included the following, among others:

- Evaluated the valuation methods and assumptions used by management to determine the fair value of each asset, including;
  - Evaluating the reasonableness of the Company's reproduction cost or replacement cost assumptions, including the estimated useful life, considering source information, historical data for similar assets, external market and industry data and the physical condition of the assets at the time of acquisition;
  - Evaluating the reasonableness of the Company's market approach estimates by comparing to an independent range of fair values based on external market data sources.

Independent Auditor's Report (continued)

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Independent Auditor's Report (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Brigitte Chartier.

/ s / Deloitte LLP [(1)]

March 26, 2021

Montréal, Québec

[(1)] CPA auditor, CA, public accountancy permit No. A116933

Consolidated Statements of Income

(in thousands of Canadian dollars unless otherwise indicated)
(audited)

	Notes	Years ended Dec. 31, 2020	Dec. 31, 2019
		$	$
Sales	8	**1,980,925**	1,678,301
Cost of sales		**1,421,144**	1,226,669
Selling and administrative expenses		**407,848**	350,901
(Gains) losses on capital assets		**32**	(95)
		1,828,994	1,577,475
Operating profit		**151,931**	100,826
Share in the profit or (loss) of an associate		**(808)**	(88)
Financial expenses	10	**17,340**	19,498
Other (gains) losses	11	**(809)**	(19,248)
Profit before income taxes		**134,592**	100,488
Income tax expense	12	**32,718**	25,544
Profit		**101,874**	74,944
Attributable to:			
Company's shareholders		**97,816**	71,977
Non-controlling interest	23	**4,058**	2,967
		101,874	74,944
Basic and diluted earnings per share (in $)	23	**14.11**	10.37
Weighted average number of shares outstanding (in thousands)	23	**6,934**	6,942

Additional information on income is presented in Notes 9 and 26.

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)
(audited)

	Notes	Years ended Dec. 31, 2020	Dec. 31, 2019
		$	$
Profit		**101,874**	74,944
Other comprehensive income:			
To be reclassified subsequently to profit or loss:			
Net change in the cash flow hedge of financial assets and liabilities:			
Gains (losses) on financial instruments designated as hedges		**(1,995)**	(2,295)
Reclassification of (gains) losses on financial instruments designated as hedges		**1,493**	(67)
Income tax expense	12	**129**	599
		(373)	(1,763)
Translation difference:			
Exchange difference on translating foreign operations		**(13,166)**	(26,393)
		(13,539)	(28,156)
Not to be reclassified subsequently to profit or loss:			
Net change in the cash flow hedge of non-financial assets:			
Gains (losses) on financial instruments designated as hedges		**451**	(7,343)
Income tax expense	12	**(103)**	1,908
		348	(5,435)
Benefit cost of the defined benefit plans:			
Remeasurements of the net defined benefit asset or liability	26	**(10,414)**	(3,812)
Income tax expense	12	**2,743**	990
		(7,671)	(2,822)
		(7,323)	(8,257)
Total other comprehensive income (loss)		**(20,862)**	(36,413)
Comprehensive income		**81,012**	38,531
Attributable to:			
Company's shareholders		**78,201**	38,439
Non-controlling interest	23	**2,811**	92
		81,012	38,531

Lassonde Industries Inc.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)
(audited)

	Notes	As at Dec. 31, 2020	As at Dec. 31, 2019
		$	$
Assets			
Current			
Cash and cash equivalents		**6,803**	1,767
Accounts receivable	14	**147,886**	126,963
Income tax recoverable		**7,730**	11,656
Inventories	15	**260,611**	258,829
Derivative instruments		**1,122**	9
Other current assets	16	**16,497**	15,532
		440,649	414,756
Derivative instruments		**-**	34
Investment in an associate		**7,260**	8,068
Property, plant and equipment	17	**390,451**	334,523
Intangible assets	18	**223,030**	239,362
Net defined benefit asset	26	**9,402**	7,910
Other long-term assets		**1,237**	871
Goodwill	19	**309,605**	304,702
		1,381,634	1,310,226
Liabilities			
Current			
Bank overdraft		**-**	12,357
Accounts payable and accrued liabilities	20	**260,219**	220,373
Income tax payable		**8,376**	518
Derivative instruments		**7,176**	2,590
Other current liabilities		**3,782**	1,393
Current portion of long-term debt	21	**10,676**	16,158
		290,229	253,389
Derivative instruments		**3,014**	2,654
Pension plan liabilities and other long-term incentives	26	**2,322**	1,385
Long-term debt	21	**204,810**	248,961
Deferred tax liabilities	12	**84,292**	68,953
Other long-term liabilities	22	**1,234**	65
		585,901	575,407
Shareholders' equity			
Share capital	23	**48,143**	48,143
Contributed surplus		**1,375**	1,375
Accumulated other reserves	24	**51,322**	64,962
Retained earnings		**638,797**	566,284
Non-controlling interest	23	**56,096**	54,055
		795,733	734,819
		1,381,634	1,310,226

Approved by the Board of Directors

Pierre-Paul Lassonde
Director

Chantal Bélanger
Director

Consolidated Statements of Shareholders' Equity

(in thousands of Canadian dollars)
(audited)

	Attributable to the Company's shareholders					
	Share capital	Contributed surplus	Accumulated other reserves i)	Retained earnings	Non-controlling interest	Total shareholders' equity
	$	$	$	$	$	$
Balance as at December 31, 2019	**48,143**	**1,375**	**64,962**	**566,284**	**54,055**	**734,819**
Profit	**-**	**-**	**-**	**97,816**	**4,058**	**101,874**
Other comprehensive income (loss)	**-**	**-**	**(11,958)**	**(7,657)**	**(1,247)**	**(20,862)**
Transfer of cash flow hedge (gains) losses to non-financial assets	**-**	**-**	**(1,682)**	**-**	**1**	**(1,681)**
Dividends	**-**	**-**	**-**	**(17,646)**	**(771)**	**(18,417)**
Balance as at December 31, 2020	**48,143**	**1,375**	**51,322**	**638,797**	**56,096**	**795,733**
Balance as at December 31, 2018	48,678	1,380	96,466	521,769	53,958	722,251
Profit	-	-	-	71,977	2,967	74,944
Other comprehensive income (loss)	-	-	(30,736)	(2,802)	(2,875)	(36,413)
Transfer of cash flow hedge (gains) losses to non-financial assets	-	-	(768)	-	5	(763)
Dividends	-	-	-	(18,021)	-	(18,021)
Repurchase of Class A shares ii)	(535)	(5)	-	(6,639)	-	(7,179)
Balance as at December 31, 2019	48,143	1,375	64,962	566,284	54,055	734,819

i) Includes the hedging reserve and the foreign currency translation reserve, as presented in Note 24.

ii) Additional information about the repurchase of Class A shares is presented in Note 23.5.

Additional information on shareholders' equity is presented in Note 23.

Lassonde Industries Inc.

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)
(audited)

	Notes	Years ended Dec. 31, 2020	Dec. 31, 2019
		$	$
Operating activities			
Profit		**101,874**	74,944
Adjustments for:			
Income tax expense	12	**32,718**	25,544
Interest expense	10	**16,512**	18,809
Depreciation of property, plant and equipment and amortization of intangible assets	9	**65,163**	56,957
Amortization of unearned discounts and unused tax credits		**(67)**	(66)
Change in fair value of financial instruments		**(588)**	1,410
Cost of other long-term incentive plan		**97**	-
Cost of the defined benefit plans recognized in profit or loss, net of contributions		**(11,011)**	(4,604)
Share in the (profit) or loss of an associate		**808**	88
(Gains) losses on capital assets		**32**	(95)
Unrealized foreign exchange (gains) losses		**(4,709)**	(1,287)
		200,829	171,700
Change in non-cash operating working capital items	25	**51,197**	4,386
Income tax received		**11,495**	1,147
Income tax paid		**(19,298)**	(16,246)
Interest received		**405**	96
Interest paid		**(14,474)**	(16,895)
Settlements of derivative instruments		**1,033**	(3,656)
Unearned discounts		**-**	199
		231,187	140,731
Financing activities			
Change in revolving operating credit, net of transaction costs		**(2,178)**	28,838
Increase in long-term debt, net of transaction costs		**(195)**	(1,483)
Repayment of long-term debt		**(71,814)**	(102,808)
Dividends paid on Class A shares	23	**(8,095)**	(8,283)
Dividends paid on Class B shares	23	**(9,551)**	(9,738)
Dividend paid to the non-controlling interest	23	**(771)**	-
Repurchase of Class A shares	23	**-**	(7,179)
		(92,604)	(100,653)
Investing activities			
Consideration paid on a business combination, net of acquired cash on hand	6	**(80,647)**	(7,500)
Consideration received from a business combination	25	**-**	51
Acquisition of an investment in an associate	7	**-**	(8,156)
Acquisition of property, plant and equipment		**(36,460)**	(37,766)
Acquisition of intangible assets		**(4,060)**	(2,148)
Net proceeds from the disposal of property, plant and equipment		**143**	232
		(121,024)	(55,287)
Increase (decrease) in cash and cash equivalents		**17,559**	(15,209)
Cash and cash equivalents at beginning		**(10,590)**	4,575
Impact of exchange rate changes on cash and cash equivalents		**(166)**	44
Cash and cash equivalents at end	25	**6,803**	(10,590)

Additional cash flow information is presented in Note 25.

Notes to the Consolidated Financial Statements

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Note 1. Description of the Business

Lassonde Industries Inc. is incorporated under the *Canada Business Corporations Act* and is listed on the Toronto Stock Exchange. The head office is located at 755 Principale Street in Rougemont, Québec, Canada.

Lassonde Industries Inc. and its subsidiaries (collectively, "the Company") develop, manufacture and market a wide range of ready-to-drink juices and drinks as well as fruit-based snacks, in the form of bars and bites, and frozen juice concentrates in North America. The Company is the largest producer of fruit juices and drinks in Canada and one of the two largest producers of store brand shelf-stable fruit juices and drinks in the United States. It is also a major producer of cranberry sauces. Furthermore, the Company develops, manufactures and markets specialty food products such as fondue broths and sauces as well as pasta sauces. In addition, it produces apple cider and cider-based beverages and imports selected wines from several countries of origin for packaging and marketing purposes.

Note 2. Accounting Policies

The Company's Board of Directors approved these consolidated financial statements on March 26, 2021. They have been prepared in accordance with the in-force or early-adopted International Financial Reporting Standards ("IFRS") and interpretations applicable as at December 31, 2020.

The below-described significant accounting policies have been applied to all of the periods presented in these consolidated financial statements.

2.1 Basis of preparation

These consolidated financial statements have been prepared using the going concern assumption and the historical cost method except for the net defined benefit asset or liability and certain financial instruments, for which the accounting treatments are described in Notes 2.16 and 2.17, respectively.

2.2 Functional and presentation currency

These consolidated financial statements are presented using the Company's functional currency, which is the Canadian dollar. Each entity of the Company determines its own functional currency, and the financial statement items of each entity are measured using that functional currency. Functional currency is the currency of the primary economic environment in which the entity operates.

2.3 Foreign currency translation

Monetary assets and liabilities that are denominated in a currency other than the Company's functional currency ("foreign currency") are translated using the exchange rate in effect on the reporting date, whereas non-monetary items denominated in foreign currency are translated using historical exchange rates. Revenues and expenses in foreign currency are translated at the exchange rate in effect on the transaction date, except for depreciation and amortization, which are translated using historical exchange rates. Exchange gains and losses arising from the translation of these items and transactions are recognized in profit or loss in the period in which they arise in other (gains) losses.

The assets and liabilities of a foreign operation with a functional currency different from that of the Company are translated using the exchange rate in effect on the reporting date. Revenues and expenses are translated using the exchange rate in effect on the transaction date. Exchange differences arising from the translation of a foreign operation are recognized in other comprehensive income. Upon complete or partial disposal of the investment in the foreign operation, the foreign currency translation reserve or a portion of it will be recognized in profit or loss in other (gains) losses.

2.4 Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets transferred by the acquirer. The Company recognizes the fair value of the contingent consideration at the acquisition date as being part of the consideration transferred for the acquired business. The Company recognizes, as an asset, a right to the return of a previously transferred consideration if specific conditions are met. For each business combination, the Company chooses to measure non-controlling interests at either fair value or according to the proportionate share in the acquiree's net identifiable assets. Costs related to business combinations are recognized in profit or loss as incurred.

On the acquisition date, the identifiable assets acquired and liabilities assumed as well as identifiable contingent liabilities are accounted for at fair value on that date. Deferred tax assets and liabilities may be generated and are accounted for in the manner described in Note 2.7.2. The acquiree's earnings are included in the Company's consolidated profit or loss as of the acquisition date.

Goodwill is measured as the amount by which the consideration transferred and the total amount of any non-controlling interest exceeds the fair value of all the identified assets and liabilities. If, on the acquisition date, the net balance of the identifiable assets acquired and liabilities assumed exceeds the consideration transferred, this excess amount is immediately recognized in profit or loss as a gain on a bargain purchase business combination. Goodwill is initially recognized at cost as an asset and is subsequently measured at cost less accumulated impairment. Goodwill is not amortized but is tested for impairment annually.

2.5 Consolidation

2.5.1 Subsidiaries

A subsidiary is an entity controlled directly by the Company or indirectly through its subsidiaries. Control is achieved when the Company:

- Holds power over the entity;
- Is exposed or has rights to variable returns from its involvement with the entity; and
- Has the ability to use its power over the entity to affect the amount of returns it obtains.

The Company reassesses whether it controls an entity if facts and circumstances indicate that one or more of the above-listed points have changed.

These consolidated financial statements include the accounts of Lassonde Industries Inc. and the accounts of its subsidiaries. Subsidiaries are consolidated from the date the Company obtains control until the date the Company ceases to have control. All intercompany balances, revenues and expenses and cash flows are fully eliminated upon consolidation. When necessary, adjustments are made to the financial statements of the subsidiaries in order to align their accounting policies with those of Lassonde Industries Inc.

2.5.2 Non-controlling interests

Non-controlling interests are recognized in equity separately from the equity attributable to the Company's shareholders and correspond to the share of the shareholders' equity of the subsidiaries concerned.

Changes in the Company's ownership interests in a subsidiary that do not result in loss of control over that subsidiary are recognized in shareholders' equity. The carrying amounts of equity attributable to the Company's shareholders and of the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

2.5.3 Investments in an associate

An associate is an entity over which the Company exercises significant influence without controlling it.

An investment in an associate is recognized in the Company's consolidated financial statements using the equity method. The investment is initially recognized at cost, including transaction costs. It is then adjusted to reflect the Company's proportionate share in the profit and other comprehensive income of the associate. If necessary, adjustments are made to the proportionate share in the profit of the associate to reflect the amortization of depreciable assets based on their acquisition-date fair value and to align the accounting policies of the associate with those of Lassonde Industries Inc. At each reporting period, the Company determines whether there are objective indicators of impairment of its investments in associates. If there is such an indication, the investment is tested for impairment.

2.6 Recognition of sales

The Company recognizes revenue from contracts with customers when the transfer of control has occurred and in an amount equal to the consideration to which the Company expects to be entitled.

2.6.1 Revenues from product sales

Revenues from product sales are recognized when the customer obtains control of the products, which may be when the manufacturing of the goods is complete, when the goods leave the Company's premises, or when the goods are delivered to the customer, according to the terms of the contact.

Revenues from product sales are recognized at the amount of consideration to which the Company expects to be entitled. This amount corresponds to the selling price, net of trade spending consisting of rebates or allowances used to promote products and slotting fees incurred to introduce products.

2.6.2 Revenues from the rendering of services

Revenues from the rendering of services consist mainly of the delivery services provided after transfer of control of the goods has occurred. They are recognized upon delivery of the goods to the customer, separately from revenues generated by product sales. Shipping and handling fees related to those revenues are classified as selling and administrative expenses in the Consolidated Statement of Income.

2.7 Income tax expense

Income tax expense consists of current tax and deferred tax. Taxes are recognized in profit or loss except when they are related to items recognized directly in shareholders' equity or in other comprehensive income, in which case they are recognized directly in shareholders' equity or in other comprehensive income, in accordance with the accounting treatment of the item to which they relate.

2.7.1 Current tax

Current tax consists of tax payable or receivable on the taxable income for the period, using the enacted or substantively enacted tax rates and laws at the reporting date, as well as adjustments to the income tax payable or receivable of prior years. With respect to income tax recoverable or payable recognized in the Consolidated Statement of Financial Position, they include the prepayments made during the period.

Taxable income for the period differs from the profit before income taxes item on the Consolidated Statement of Income because it excludes revenue and expense items that will be taxable or deductible in other fiscal years as well as items that are neither taxable nor deductible and includes revenue and expense items of previous years that are taxable or deductible during this fiscal year.

Management periodically reassesses the positions adopted in tax returns in instances where tax regulations leave room for interpretation. Liabilities are recognized, as needed, based on the amounts expected to be paid to the taxation authorities.

2.7.2 Deferred tax

Deferred tax is recognized on the temporary differences, arising from items that are treated differently for tax and accounting purposes, between the carrying amounts of the assets and liabilities presented in the Consolidated Statement of Financial Position and the corresponding tax bases used for tax purposes. The tax effects of these differences are reflected in the Consolidated Statement of Financial Position as deferred income tax assets and liabilities. Deferred tax assets also include unused tax losses and unused tax credits. No deferred tax is recognized for the following items:

- Temporary differences upon the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income; and
- Taxable temporary differences resulting from the initial recognition of goodwill.

Deferred tax is measured on an undiscounted basis and calculated using the enacted or substantively enacted tax rates and laws at the reporting date that will be in effect when the differences are expected to reverse. The deferred tax assets are recognized to the extent that they are likely to be realized. Unrecognized deferred tax assets are remeasured at each reporting date. For business combinations, the deferred tax assets prior to the acquisition date are remeasured.

A deferred tax liability is recognized for all taxable temporary differences related to interests in subsidiaries when it is probable that the temporary differences will reverse in a foreseeable future.

Deferred tax assets and liabilities for which there is a right of set-off according to a same taxation authority are presented on a net basis in the Consolidated Statement of Financial Position, and this applies to a same taxable entity or to different taxable entities that intend either to settle current tax liabilities and assets on a net basis or to realize the assets and settle liabilities simultaneously.

2.8 Earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the Company's shareholders by the weighted average number of shares outstanding for the period. Diluted earnings per share is determined using the same method as basic earnings per share, except that the weighted average number of shares outstanding includes the potential dilutive effect of stock options granted by the Company.

2.9 Cash and cash equivalents

The cash and cash equivalents item includes cash on hand and short-term investments, if any, with maturities upon acquisition of generally three months or less or that are redeemable at any time at full value and for which the risk of a change in value is not significant. Bank overdrafts are presented as current liabilities.

2.10 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost of inventories is determined on a first-in, first-out basis. It includes acquisition costs net of discounts, processing costs, and other costs incurred to bring inventories to their present location and condition. The cost of finished goods includes a pro rata share of production overhead based on normal production capacity. It may also include, coming from the hedging reserve item of shareholders' equity, foreign exchange gains and losses on foreign exchange forward contracts used to hedge exchange rate fluctuations affecting inventories purchased in foreign currencies and gains and losses on all other derivative instruments used to hedge price fluctuations affecting raw materials purchases.

2.11 Property, plant and equipment

2.11.1 Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the costs directly attributable to the acquisition of property, plant and equipment incurred up until the time it is in the condition necessary to be operated in the manner intended by management. Government grants received or receivable to acquire property, plant and equipment are recognized as a reduction to the cost. It may also include foreign exchange gains and losses on foreign exchange forward contracts used to hedge exchange rate fluctuations affecting property, plant and equipment purchases denominated in foreign currencies. These gains and losses come from the hedging reserve item of shareholders' equity. When an item of property, plant and equipment is made up of components that have differing useful lives, cost is allocated among the different components that are depreciated separately.

Parts of certain property, plant and equipment items may need to be replaced at regular intervals. The cost of replacing a part of property, plant and equipment that is already in the condition necessary to be operated in the manner intended by management is added to the carrying amount of the property, plant and equipment or recognized as a separate component, where applicable, only if it is probable that the economic benefits associated with the cost will flow to the Company and the cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other day-to-day maintenance costs are recognized in profit or loss in the period in which they are incurred.

A gain or loss on the disposal or retirement of an item of property, plant and equipment, which is the difference between the proceeds from the disposal and the carrying amount of the asset, is recognized in profit or loss in (gains) losses on capital assets.

Depreciation is calculated using the following depreciation methods over the estimated useful life of each component or at the following rates:

Categories	Depreciation methods	Estimated useful lives or rates
Land and buildings		
Land	-	-
Parking	Declining balance	10 to 20%
Buildings	Declining balance and straight-line	3% 15 to 40 years
Leasehold improvements	Straight-line	Lease term
Machinery and equipment		
Machinery and equipment	Straight-line	3 to 40 years
Laboratory equipment	Straight-line	5 to 10 years
Other		
Office furniture	Straight-line	5 to 15 years
Automotive equipment	Straight-line	5 to 15 years
Computer equipment	Straight-line	3 to 5 years

Depreciation methods, estimated useful lives, rates and residual values are reviewed at the end of each year, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment in progress is not depreciated until it can be operated in the manner intended by management and includes deposits paid on a purchase of property, plant and equipment.

2.11.2 Right-of-use assets

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset.

All leases are recognized in the Consolidated Statement of Financial Position through the recognition of a right-of-use asset and a lease liability, except for leases with a term of 12 months or less and leases for which the underlying asset is of low value, which are recognized in profit or loss on a straight-line basis over the lease term that may vary from more than one year up to 25 years.

The lease liability is initially measured at the present value of future lease payments using the implicit rate of the lease, if it can be readily determined, or the Company's incremental borrowing rate. Future lease payments include fixed payments, variable payments that depend on an index or rate, and extension, termination or purchase options that are reasonably certain to be exercised by the Company. When lease payments include amounts relating to non-rental components, they are included in the calculation of the lease liability. The lease liability is reported in the long-term debt item of the Consolidated Statement of Financial Position. The lease liability is then measured at amortized cost using the effective interest rate method.

The initial measurement of the right-of-use asset corresponds to the lease liability. The right-of-use asset is reported in the property, plant and equipment item of the Consolidated Statement of Financial Position. It is then measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated over either the lease term or the estimated useful life of the underlying asset, whichever is shorter.

Lease payments that have not been included in the lease liability are recognized in the profit or loss of the period to which they relate.

If a lease is modified, the lease liability is remeasured and a corresponding adjustment is made to the right-of-use asset. If the modification represents a decrease in the scope of a lease, the difference between the adjustment to the lease liability and the right-of-use asset, if any, is accounted for as a gain or loss upon lease modification. The gain or loss on lease modification is reported in the (gains) losses on capital assets item of the Consolidated Statement of Income. If the modification represents a separate lease component, it is accounted for as a separate lease.

2.12 Government grants

Government grants are recognized only when the Company has reasonable assurance that it meets the conditions and will receive the grants. Government grants related to assets, including tax credits for investment and innovation, are recognized in the Consolidated Statement of Financial Position as a deduction from the carrying amount of the related asset. They are then recognized in profit or loss over the estimated useful life of the depreciable asset that the grants were used to acquire, as a deduction from the depreciation expense.

Other government grants are recognized in profit or loss as a deduction from the related expenses.

2.13 Intangible assets

Intangible assets consist of identifiable intangible assets acquired in a business combination and of intangible assets acquired separately.

2.13.1 Identifiable intangible assets acquired in a business combination

Identifiable intangible assets acquired in a business combination are recognized separately from goodwill if they meet the definition of intangible asset and if their fair value can be measured reliably. The cost of these intangible assets equals their acquisition-date fair value. After initial recognition, these intangible assets are recognized at cost less accumulated amortization, if they are amortizable, and less accumulated impairment losses.

2.13.2 Intangible assets acquired separately

Intangible assets acquired separately are recognized at cost less accumulated amortization, if they are amortizable, and less accumulated impairment losses.

Intangible assets are amortized on a straight-line basis over the following estimated useful lives:

Categories	Estimated useful lives
Technologies and software	3 to 15 years
Trademarks and trade name	20 years
Client relationships	5 to 15 years
Certifications	10 years
Non-compete agreements	1 to 5 years

The amortization method and estimated useful lives are reviewed at the end of each year, with the effect of any changes in estimates accounted for on a prospective basis.

2.14 Impairment of non-financial assets

2.14.1 Property, plant and equipment and intangible assets

On each reporting date, the Company reviews the carrying amounts of property, plant and equipment and of intangible assets for indications that these assets have lost value. If there is such an indication, the recoverable amount of the asset is estimated in order to determine the amount of any impairment loss. If the recoverable amount of the individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs; otherwise, they are allocated to the smallest CGU group for which a reasonable and consistent basis of allocation can be identified.

Recoverable amount is the higher of fair value less disposal costs and value in use. To measure value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the estimated recoverable amount of an asset or of a CGU is less than its carrying amount, the carrying amount of the asset or of the CGU is reduced to its recoverable amount and an impairment loss is recognized in profit or loss in (gains) losses on capital assets.

When an impairment loss subsequently reverses, the carrying amount of the asset or of the CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or the CGU in prior years. Reversals of impairment losses are then recognized in profit or loss in (gains) losses on capital assets.

2.14.2 Goodwill

Goodwill is tested for impairment annually or more frequently whenever events or circumstances indicate that it may have lost value.

Goodwill is allocated to the Company's subsidiaries, that is, the CGUs that benefit from the synergies of the business combination. The Company looks for impairment by determining whether the carrying amount of the CGU to which the goodwill is related exceeds its recoverable amount. If impairment is identified, the impairment loss is initially attributed to goodwill and any excess amount is attributed proportionally to the carrying amount of the CGU's assets.

Any impairment of goodwill is recognized in profit or loss in the period in which it is identified in (gains) losses on capital assets. Goodwill impairment losses are not reversed in subsequent periods.

2.15 Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of a past event, if it is more likely than not that the Company will be required to settle the obligation, and if a reliable estimate of the obligation amount can be made.

The amount recognized as a provision represents the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties related to the obligation. If the effect of the time value of money is material, the provisions are measured at their present value, and the increase in the provision due to the passage of time is recognized in financial expenses.

A provision for onerous contracts is measured and recognized when the Company has concluded a contract for which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.16 Post-employment benefits

2.16.1 Defined contribution plans

The Company recognizes the contributions made under defined contribution plans in profit or loss in the period in which the employees rendered services entitling them to the contributions. The Company has no legal or constructive obligation to pay additional amounts other than those set out in the plans.

2.16.2 Defined benefit plans

On each annual reporting date, independent actuaries extrapolate the data of the most recent full actuarial valuation to measure, for accounting purposes, the present value of the defined benefit obligation and the fair value of the pension plan assets.

The present values of the defined benefit obligation, the current service cost and, if applicable, the past service cost are actuarially determined using the projected unit credit method based on management's best-estimate assumptions on the discount rate, the expected rate of compensation increase, the indexation rate of pensions paid and the mortality table.

Management chooses the discount rate based on a review of the current market interest rates on investment-grade fixed-rate corporate bonds, which are rates adjusted to reflect the duration of the expected future cash outflows of retirement benefit payments.

The net defined benefit asset or liability recognized in the Consolidated Statement of Financial Position corresponds to the fair value of the defined benefit plan assets net of the present value of the defined benefit obligation. Any asset resulting from this calculation is limited to the present value of the economic benefits available in the form of refunds from the plans or in the form of reductions in future contributions to the plans.

The cost components of the defined benefit plans are recognized as follows:

- Service cost is recognized in profit or loss. It comprises:
  - Current service cost;
  - Past service cost recognized in profit or loss in the period in which the plan is amended; and
  - Gains or losses resulting from a plan settlement recognized in profit or loss in the period in which the plan settlement occurs.
- Net interest on the net defined benefit liability (asset) is recognized in profit or loss. It is calculated by multiplying the net defined benefit liability (asset) by the discount rate.
- Remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income. They are recognized in retained earnings in the Consolidated Statement of Shareholders' Equity and comprise:
  - Actuarial gains and losses arising from experience adjustments and from changes in financial and demographic assumptions;
  - The return on defined benefit plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
  - Any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

2.17 Financial instruments

2.17.1 Financial assets and liabilities

A financial instrument is any contract that gives rise to a financial asset for one entity and to a financial liability or equity instrument for another entity. Financial instruments in the form of financial assets and financial liabilities are generally presented separately. Financial assets and financial liabilities, including derivatives, are recognized in the Consolidated Statement of Financial Position when the Company becomes party to the contractual provisions that create and define the financial instrument.

2.17.2 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position when the Company has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis, i.e., to realize the assets and settle the liabilities simultaneously.

2.17.3 Financial instrument classification

On initial recognition, all financial instruments are measured at fair value. Financial assets are subsequently classified as measured at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. The Company classifies its financial assets according to the business model used to manage these financial assets and to the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost or at fair value through profit or loss.

The Company has made the following classifications:

- Cash and cash equivalents, accounts receivable, bank overdraft, accounts payable and accrued liabilities as well as long-term debt are classified as subsequently measured at amortized cost using the effective interest rate method;
- Derivative instruments designated in hedge accounting relationships are classified as subsequently measured at fair value through other comprehensive income. Gains and losses arising from remeasurement are accounted for as described in Note 2.17.9; and
- Derivative instruments not designated in hedge accounting relationships are classified as subsequently measured at fair value through profit or loss. Gains and losses arising from periodic remeasurement are recognized in profit or loss in other (gains) losses.

2.17.4 Impairment of financial assets

On initial recognition and at each reporting date, the Company estimates expected credit losses for financial assets classified at amortized cost. These expected credit losses are measured using a historical credit loss experience matrix and are adjusted to reflect receivable-specific factors, general economic conditions, and an assessment of both the current and projected direction of economic conditions at the reporting date, including the time value of money, if applicable. The net change in expected credit losses on financial assets classified at amortized cost is recognized in profit or loss.

2.17.5 Changes to financial liabilities

The Company derecognizes a financial liability only when the liability is extinguished and the obligation specified in the contract is either discharged, cancelled or expired. An exchange of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification to the terms of a financial liability is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of an extinguished financial liability and the fair value of a new financial liability is recognized in profit or loss and unamortized transaction costs.

2.17.6 Transaction costs directly attributable to arranging financing

Transaction costs that are directly attributable to arranging financing or to modifying such financing without it resulting in derecognition are recognized as a reduction to the carrying value of the corresponding financial liability and amortized over the term of the financing agreement using the effective interest rate method. However, transaction costs that are directly attributable to arranging a long-term revolving operating credit facility are recognized as other long-term assets in the Consolidated Statement of Financial Position and amortized on a straight-line basis over the term of the credit facility. The current portion is presented in other current assets as prepaid expenses.

2.17.7 Transaction costs directly attributable to the issuance of shares

Transaction costs directly attributable to a share issuance are recognized, net of tax, as a reduction to the proceeds of the corresponding share issuance.

2.17.8 Derivative instruments

The Company uses certain derivative instruments to:

- Eliminate or reduce the risks related to exchange rate fluctuations that have an influence on its purchases of raw materials and supplies, its acquisitions of property, plant and equipment, and if applicable, its cash consideration on investments in foreign operations denominated in foreign currencies;
- Eliminate or reduce the risks related to interest rate fluctuations that affect interest expense;
- Reduce the risk of fluctuations in certain raw material and supply prices; and
- Reduce the risk of fluctuations to the fair market value of the Company's Class A subordinate voting shares related to the long-term incentive plan.

Management is responsible for establishing levels of acceptable risk and does not use derivative instruments for speculative purposes. The Company uses these financial instruments solely for purposes of hedging highly probable future transactions and existing commitments or obligations.

Gains and losses arising from periodic remeasurements of derivative financial instruments that are economic hedges but that do not qualify for hedge accounting are recognized in profit or loss as other (gains) losses.

2.17.9 Hedge accounting

Documentation

The Company uses hedge accounting when it meets the rules for compliance with hedge accounting standards. The Company formally documents all relationships between hedging instruments and hedged items as well as its risk management objectives and its strategy for undertaking various hedge transactions. This process includes linking all hedging instruments to specific assets and liabilities in the Consolidated Statement of Financial Position or to specific future transactions. The Company also systematically determines, at the inception of the hedge and thereafter, whether the instruments designated as hedges meet the effectiveness requirements.

Cash flow hedge

The Company uses hedge accounting for its purchases of raw materials and supplies and for its acquisitions of property, plant and equipment as well as to hedge the interest rate risk on its floating-rate term loans.

When the anticipated transactions comprising hedged items lead to the recognition of financial assets or liabilities, the change in fair value related to the effective portion of the hedge is recognized in other comprehensive income, and the accumulated amount is presented as a hedging reserve in the Consolidated Statement of Shareholders' Equity. The amounts accumulated in other comprehensive income are reclassified to profit or loss in the period in which the underlying hedged item has an impact on profit or loss. Any ineffective portion is immediately recognized in profit or loss as other (gains) losses.

When anticipated transactions comprising hedged items lead to the recognition of non-financial assets (for example, inventories), the change in fair value relative to the effective portion of the cash flow hedge is recognized in comprehensive income as other comprehensive income that will not be subsequently reclassified to profit or loss, and the accumulated amount is presented as a hedging reserve in the Consolidated Statement of Shareholders' Equity. The amount included in the accumulated hedging reserve is transferred from shareholders' equity to the initial carrying amount of the hedged non-financial assets upon acquisition and is not recognized in comprehensive income as other comprehensive income.

When the hedging relationship no longer satisfies hedge accounting rules or when the hedging instrument reaches maturity or is sold, terminated, or exercised, the Company ceases to prospectively apply hedge accounting to this relationship or instrument. If the hedged item is a financial asset or liability, accumulated gains or losses remain in the hedging reserve and are reclassified in profit or loss in the same period in which the underlying hedged item is recognized in profit or loss. In the case where the hedged item is a non-financial asset, the accumulated gains or losses remain in the hedging reserve and are transferred from equity to the initial carrying amount of the hedged non-financial assets upon acquisition without being recognized in comprehensive income as other items of comprehensive income. Furthermore, when the Company considers that the future transaction will not be realized, the cumulative gains or losses recognized in the hedging reserve are immediately recognized in profit or loss as other (gains) losses.

2.18 Long-term incentive plan

The value of the Restricted Share Units and the Share Appreciation Rights is recognized as compensation expense with a corresponding increase in Pension plan liabilities and other long-term incentives as of the date the units and rights are issued to Executives of the Company. The accrued liability is remeasured at the end of each reporting date until settlement, using the closing price of the Class A subordinate voting shares registered on the Toronto Stock exchange. Any changes in fair value related to the liability is recognized in profit or loss. The restricted share units and the share appreciation rights are settled in cash.

2.19 Segment disclosures

The business segments are determined based on the Company's internal reporting and management structure. The results of the operating segments are regularly reviewed by the Company's Management Committee to make decisions on resources to be allocated to the segment and to assess its performance, and for which separate financial information is available.

The Company's operations are reported in one segment, i.e., the development, manufacturing and marketing of a wide range of ready-to-drink juices and drinks; frozen juice concentrates; and specialty food products; as well as the importation, packaging and marketing of selected wines from several countries of origin. This reporting segment also includes the rendering of services related to the sale of these products. The internal reporting system and management structure reflects how the Company manages the business and how it classifies its operations for planning and performance measurement purposes. Accordingly, the Company manages its business segment as a single strategic operating unit.

Note 3. Accounting Judgments and Sources of Estimation Uncertainty

In preparing consolidated financial statements in accordance with IFRS, management must exercise judgment when applying accounting policies and use assumptions and estimates that have an impact on the amounts of the assets, liabilities, revenues and expenses reported in these consolidated financial statements and on the contingent liability and contingent asset information provided. These assumptions and estimates are regularly reviewed and based on past experience and other factors, including future events considered reasonable in the circumstances. The actual results of items subject to assumptions and estimates may differ from these assumptions and estimates.

The main assumptions and estimates are presented below:

3.1 Measurements of revenues from product sales

Revenues from product sales are recognized at the amount of consideration to which the Company expects to be entitled. This amount includes deductions for rebates or allowances that are determined, in some cases, using assumptions based on estimates prepared using the Company's past history and experience.

3.2 Measurements of income tax expense

In preparing its consolidated financial statements, the Company must establish estimates of income tax expense and of deferred tax assets and liabilities based on the tax laws applicable in the jurisdictions where it operates.

Assumptions and estimates are made to determine the deferred tax asset amount that can be recognized based on the timing and amounts of the Company's future taxable income and on future tax strategies. A deferred tax asset amount could change if estimates of expected future taxable income and of expected benefits from tax strategies are revised downwards or if an enacted tax legislation amendment were to limit, with respect to timing or amount, the Company's ability to use future taxable benefits.

When assessing the impacts of tax interpretations, laws and regulations, judgment must also be applied to ensure a complete and reliable presentation of income taxes to be recovered, current income tax, and deferred tax assets and liabilities.

3.3 Measurements of right-of-use assets and lease liabilities

Future lease payments used to calculate the value of the right-of-use asset and lease liability include payments for extension, termination or purchase options that are reasonably certain to be exercised by the Company. Determining the economic benefit of exercising these options requires the use of assumptions and estimates such as the expected use of the leased asset and future market conditions. Whether or not payments relating to the extension, termination or purchase options are taken into account can have a significant impact on the value of the right-of-use asset and the lease liability. To measure the lease liability at the present value of future lease payments, the Company must determine its incremental borrowing rate when the implicit rate of the lease cannot be readily determined.

3.4 Measurements of defined benefit assets and liabilities

The Company's measurement of defined benefit plan assets and liabilities requires the use of statistical data and other parameters used to anticipate future changes. These parameters include the discount rate of the defined benefit obligation and the net interest on the net defined benefit liability (asset), the expected rate of compensation increase, the indexation rate of pensions paid, and the mortality table. If the actuarial assumptions are found to be significantly different from the actual data subsequently observed, it could lead to substantial changes to the amount of the benefit cost of the defined benefit plans recognized in profit or loss and in other comprehensive income and to the net defined benefit assets or liabilities presented in the Consolidated Statement of Financial Position.

Refer to Note 26 to learn more about the assumptions used.

3.5 Measurements of non-financial assets

When applying the future discounted cash flows model to determine the fair value of groups of CGUs to which goodwill is allocated, certain parameters must be used, including estimates of future cash flows, discount rates and other variables; a high degree of judgment must therefore be exercised. Impairment tests on property, plant and equipment and intangible assets are also based on assumptions. Any future deterioration of market conditions or poor operational performance could translate into an inability to recover the current carrying amounts of property, plant and equipment and intangible assets.

Refer to Note 19 to learn more about the goodwill impairment test.

3.6 Business combinations

When carrying out a business combination, the Company must make assumptions and estimates to determine the purchase price allocation of the acquired business. The Company must determine the acquisition-date fair value of the identifiable assets acquired and liabilities assumed. Goodwill is measured as the amount by which the consideration transferred and the total amount of any non-controlling interest exceeds the fair value of all the identified assets and liabilities. These assumptions and estimates have an impact on the asset and liability amounts recorded in the Consolidated Statement of Financial Position on the acquisition date. In addition, the estimated useful lives of the acquired property, plant and equipment, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Company's profit or loss.

Refer to Note 6 to learn more about the assumptions and estimates used.

Note 4. Adoption of IFRS Standards

4.1 IFRS 16 Leases

On January 1, 2019, the Company adopted IFRS 16, which applies to fiscal years beginning on or after January 1, 2019. The Company retrospectively applied IFRS 16, recognizing the cumulative effect of initial application at the date of initial application without restatement of comparative figures as at December 31, 2018.

The retrospective application of IFRS 16 had the following impact on the comparative information presented in these consolidated financial statements of the Company:

	As at Dec. 31, 2018	Restatement	As at January 1, 2019
	$	$	$
Consolidated Statements of Financial Position			
Property, plant and equipment	305,581	27,934	333,515
Accounts payable and accrued liabilities	210,203	(213)	209,990
Current portion of long-term debt	24,580	3,406	27,986
Long-term debt	297,267	24,741	322,008

Note 5. Future Accounting Changes

5.1 Presentation of Financial Statements

In January 2020, the International Accounting Standards Board ("IASB") amended IAS 1 *Presentation of Financial Statements* in order to establish a more general approach to the classification of liabilities based on an analysis of the existing contracts at the reporting date.

The amendments apply to fiscal years beginning on or after January 1, 2023.

The Company is currently assessing the estimated impact of these amendments on its consolidated financial statements.

5.2 IAS 16 Property, Plant and Equipment

In May 2020, the IASB amended IAS 16 *Property, Plant and Equipment* to modify the accounting treatment of the net proceeds from the sale of items produced up until the time the property, plant and equipment is in the condition necessary to be operated in the manner intended by management. These proceeds will be accounted for in accordance with the other applicable standards instead of reducing the cost of the property, plant and equipment.

The amendments apply to fiscal years beginning on or after January 1, 2022.

The Company is currently assessing the estimated impact of these amendments on its consolidated financial statements.

5.3 Interest rate benchmark reform

In August 2020, as part of the interest rate benchmark reform project, the IASB amended the following standards: IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* , IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases*. These amendments are intended to identify the impacts of the transition to new benchmark rates. They include practical expedients and additional disclosures.

The amendments apply to fiscal years beginning on or after January 1, 2021.

The impacts of this reform on the Company's consolidated financial statements will be dependent on the facts and circumstances of any future changes in financial instruments and any future changes in interest rate benchmarks, referenced by such financial instruments. As at December 31, 2020, no financial instruments have been amended as a direct consequence of the reform.

Note 6. Business Combination

6.1 Sun-Rype

6.1.1 Description of the business combination

On January 3, 2020, the Company acquired 100% of the shares of Sun-Rype Products Ltd. and two of its affiliates (collectively, "Sun-Rype") after a final acquisition agreement was signed on October 29, 2019.

Founded in 1946, Sun-Rype is a Canadian fruit-based snack and beverage manufacturer that operates facilities located in Kelowna, British Columbia and in the cities of Selah and Wapato, Washington State. Sun-Rype manufactures and sells a variety of ready-to-drink fruit-based juices and drinks under the Sun-Rype brand as well as fruit-based snacks under the Sun-Rype, Fruit-to-Go, FruitSource, and Good Bites brands. Its head office is located in Kelowna, British Columbia.

This business combination further establishes the Company's presence in the national brands and store brands juice and drinks sector in Canada and in the United States, helping it to offer a wider range of products and to strengthen its presence in the North American market.

6.1.2 Sources of funds and fair value of the consideration transferred

	Preliminary	**Final**
	$	**$**
Source:		
CA revolving credit	90,866	**90,866**
	90,866	**90,866**
Acquisition costs i)	(1,482)	**(1,482)**
Costs related to the CA revolving credit ii)	(121)	**(121)**
Consideration receivable iii)	(2,198)	**(2,198)**
Fair value of the consideration transferred	87,065	**87,065**

i) Recognized in selling and administrative expenses in the Consolidated Statement of Income.

ii) Recognized in other long-term assets and amortized on a straight-line basis over the term of the agreement.

iii) Corresponds to the adjustment to working capital and to the book value of the seller's property, plant and equipment. The consideration receivable was received during the second quarter of 2020.

6.1.3 Costs related to the acquisition and financing

As at December 31, 2020, the total acquisition- and financing-related costs were as follows:

	As at Dec. 31, 2020
	$
Acquisition costs i)	**1,545**
Costs related to the CA revolving credit ii)	**121**
	1,666

i) Recognized in selling and administrative expenses in the Consolidated Statement of Income. Includes $1,482,000 that was recognized in profit or loss for the year ended December 31, 2019.

ii) Recognized in other long-term assets and amortized on a straight-line basis over the term of the agreement.

6.1.4 Assets acquired and liabilities assumed at the acquisition date

The Company finalized the purchase price and retroactively adjusted the preliminary allocation of the fair value of assets acquired and liabilities assumed that had been recognized at the January 3, 2020 acquisition date to reflect new information obtained about facts and circumstances that had existed at the acquisition date and, if they had been known, would have had an impact on the amounts recognized at that date.

	Preliminary	Final
	$	**$**
Assets		
Cash and cash equivalents	6,418	**6,418**
Accounts receivable	20,094	**20,094**
Income tax recoverable	395	**395**
Inventories	30,576	**30,576**
Other current assets	874	**1,024**
Property, plant and equipment [i)]	58,762	**58,756**
Intangible assets	8,945	**8,945**
Other long-term assets	-	**514**
	126,064	**126,722**
Liabilities		
Accounts payable and accrued liabilities	18,081	**18,081**
Derivative instruments	136	**136**
Other current liabilities	1,986	**1,986**
Long-term debt [i)]	23,046	**23,031**
Deferred tax liabilities	7,000	**7,177**
	50,249	**50,411**
Net identifiable assets acquired	75,815	**76,311**

i) Includes right-of-use assets and lease liabilities totalling $23,031,000.

6.1.5 Determination of fair value

The fair value of assets acquired and liabilities assumed recognized at the acquisition date was determined based on the Company's assumptions and estimates.

Accounts receivable

Receivables were recognized at fair value, which does not differ significantly from their gross contractual value and expected receipts.

Inventories

Raw materials inventories are measured at fair value. Finished goods inventories are measured at their net realizable value.

Property, plant and equipment

The Company has appointed a third party to assist in the valuation of the acquired property, plant and equipment ("PP&E"). There are various generally accepted approaches to determine fair value. Reproduction cost, replacement cost and a market approach were considered in estimating the fair value of the PP&E.The Company assigned a fair value of $58,756,000 to property, plant and equipment based on the report from the third party appraiser.

Intangible assets

The Company has conducted an assessment of the intangible assets acquired. The relief-from-royalty method was used as the basis for valuing Sun-Rype's trade name and trademarks. The lost profits approach was used to value the non-compete agreements. After examining how other assets contributed to cash flows, a multi-period excess earnings method was used to derive the value of client relationships. The relief-from-royalty method, the lost profits approach, and the multi-period excess earnings method are all primarily based upon expected discounted cash flows according to available information, such as Sun-Rype's historical and projected revenues, customer attrition rates, and certain other relevant assumptions.

	Estimated useful lives	Preliminary fair value	Final fair value
		$	**$**
Intangible assets			
Client relationships	15 years	3,639	**3,639**
Trademarks and trade name	20 years	4,738	**4,738**
Non-compete agreements	5 years	568	**568**
		8,945	**8,945**

6.1.6 Goodwill arising from the business combination

	Preliminary	Final
	$	**$**
Consideration transferred	87,065	**87,065**
Less:		
Fair value of net identifiable assets acquired	75,815	**76,311**
Goodwill	11,250	**10,754**

The business combination helps the Company to further strengthen its presence in North America. In particular, it will help the Company to achieve significant economies of scale through the consolidated group's superior purchasing power and to benefit from a pooling of logistics and distribution capabilities.

An amount of $692,000 of the goodwill recognized as part of this business combination is tax deductible on a straight-line basis for tax purposes over 15 years.

6.1.7 Impact of the business combination on the Company's financial performance

The Company's consolidated profit for the year ended December 31, 2020 includes $175,350,000 in sales and a $5,574,000 profit generated by Sun-Rype's business operations in Canada and the United States.

Since the acquisition took place on January 3, 2020, the Company believes that if the business combination had been completed on January 1, 2020, there would have been no additional significant impact on consolidated sales and consolidated profit for the year ended December 31, 2020. The Company considers these pro forma figures to be approximate measurements of the combined business's financial performance over a 12-month period and that they provide a baseline against which to compare the financial performance of future periods.

6.2 Non-significant business combination

6.2.1 Description of the non-significant business combination

On May 21, 2019, a Canadian subsidiary of the Company entered into a non-significant business combination for a consideration at closing of $7,500,000. The agreement signed with the sellers contains a contingent consideration of $500,000, conditional on sales-based financial milestones for the year ended December 31, 2020. On that date, the Company measured the fair value of the contingent consideration payable related to the non-significant business combination at $Nil.

Note 7. Investment in an Associate

On July 29, 2019, the Company acquired 36,900,000 common shares of Diamond Estates Wines & Spirits Inc. ("Diamond") for $0.19 per common share, i.e., a cash consideration of $7,011,000. Diamond specializes in the production, marketing and distribution of wines and alcoholic beverages and is listed on the TSX Venture Exchange under the symbol DWS.V. Its head office is located in Niagara-on-the-Lake, Ontario.

This transaction provided the Company an economic interest of approximately 19.9% in Diamond. Immediately prior to the completion of this private placement, the Company did not hold any common shares. Under an investor rights agreement, the Company has the right to designate two nominees out of a total of seven on Diamond's board of directors. A brokerage agreement also appoints the Company as Diamond's exclusive representative to certain retailers, including grocery stores and convenience stores located in Canada. The Company concluded that it exercises significant influence over Diamond and uses the equity method to account for this investment.

On September 28, 2019, the Company was granted 400,000 stock options to purchase Diamond common shares at an exercise price of $0.20 per common share. These options expire on September 28, 2024.

On October 30, 2019, as part of a private placement by Diamond, the Company acquired 1,578,947 additional common shares at a price of $0.19 per common share, i.e., for a cash consideration of $300,000. This investment brings the Company's economic interest in Diamond to 19.2%.

On September 2, 2020, the Company was granted 400,000 stock options to purchase Diamond common shares at an exercise price of $0.14 per common share. These options expire on September 2, 2025.

The total transaction costs involved in acquiring this economic interest are $845,000.

The closing date for the associated company's consolidated financial statements is March 31. For the purposes of applying the equity method, the Company uses the associated company's most recent published consolidated financial statements, those for the period ended December 31, 2020, for its consolidated financial statements for the year ended December 31, 2020.

Note 8. Sales

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Revenues from product sales	**1,943,361**	1,656,094
Revenues from the rendering of services	**36,604**	21,166
Other revenues	**960**	1,041
	1,980,925	1,678,301

Note 9. Additional Information on Income

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Write-down of inventories included in cost of sales	**11,850**	12,897
Depreciation of property, plant and equipment included in cost of sales	**30,425**	23,559
Depreciation of property, plant and equipment included in selling and administrative expenses	**8,269**	7,609
Amortization of intangible assets included in selling and administrative expenses	**26,469**	25,789
Short-term lease expense	**4,814**	4,920
Expense related to leases of low-value assets	**13**	3
Expense related to variable lease payments not included in the lease liabilities [i)]	**820**	683
Employee benefits expense	**303,211**	239,155
Research and development expense	**919**	966
Research and development tax credits	**(322)**	(303)

i) The Company has supply agreements with one of its suppliers to install equipment at two of the Company's facilities for the onsite manufacturing and supply of polyethylene terephthalate bottles. The Company determined that the supply agreements each contained a lease. Payments are calculated based on costs incurred and on the number of plastic bottles manufactured by the supplier and are adjusted annually based on factors specified in the agreements. The agreements do not include fixed payments.

The cost of sales presented in the Consolidated Statement of Income equals the cost of inventories expensed for the years ended December 31, 2020 and 2019.

Note 10. Financial Expenses

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Interest on long-term debt	**12,090**	15,624
Interest on lease liabilities	**2,175**	1,327
Amortization of transaction costs directly attributable to arranging financing	**2,347**	1,918
Other interest, net of interest income	**(100)**	(60)
Interest expense	**16,512**	18,809
Bank expenses	**828**	689
	17,340	19,498

Note 11. Other (Gains) Losses

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Exchange (gains) losses	**-**	776
Change in fair value of financial instruments not designated as hedges	**(245)**	993
Other (gains) losses [i)]	**(564)**	(21,017)
	(809)	(19,248)

i) Other (gains) losses for the year ended December 31, 2019 included a gain of $20,756,000 realized following the settlement of an insurance claim directly related to the purchase price of Old Orchard Brands ("OOB"). The claim concerned representations by the seller that no longer reflected OOB's economic reality on the transaction closing date.

Note 12. Income Tax Expense

12.1 Reconciliation between the income tax expense and profit before income taxes

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Profit before income taxes	**134,592**	100,488
Income tax expense		
Income tax expense at 26.5% (26.6% in 2019)	**35,666**	26,730
Variance in the tax rate resulting from the different tax rates of subsidiaries	**(227)**	(134)
Earnings from investments in subsidiaries	**(1,202)**	(2,718)
Tax impact on non-deductible or non-taxable items	**326**	1,275
Impact of changes in tax rates and in tax legislation applicable to deferred tax	**-**	(96)
Tax adjustment related to previous years	**209**	12
Loss carry forward [i)]	**(2,243)**	-
Other	**189**	475
	32,718	25,544

i) Under the *Coronavirus Aid, Relief and Economic Security Act* ("CARES Act"), U.S. subsidiaries of the Company have benefited from loss carryforwards to previous years giving entitlement to an amount receivable of $2,106,000.

12.2 Income taxes recognized in profit or loss

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Current tax		
Current tax expense for the year	**19,952**	6,824
Tax adjustment related to previous years	**511**	(613)
	20,163	6,211
Deferred tax		
Deferred tax expense for the year	**12,857**	18,804
Deferred tax adjustment attributable to changes in tax rates and tax legislation	**-**	(96)
Tax adjustment related to previous years	**(302)**	625
	12,555	19,333
	32,718	25,544

12.3 Deferred tax

As at December 31, 2020, the Company had unused capital losses totalling $8,436,000 ($11,498,000 as at December 31, 2019) in respect of which no tax benefit had been recognized. The capital losses can be carried forward indefinitely and can be used only when the capital gains are realized by the entities that have the carried forward capital losses.

No deferred tax liability was recognized on the temporary differences related to the retained earnings of foreign subsidiaries since the Company is in a position to determine the timing of their reversal and it is probable that they will not reverse in a foreseeable future. The amount of the temporary differences was $210,259,000 as at December 31, 2020 ($180,801,000 as at December 31, 2019) for a potential deferred tax liability of $10,513,000 ($9,040,000 in 2019).

12.4 Change in deferred tax liabilities

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Balance at beginning	**68,953**	54,959
Deferred tax (recovery) expense for the year recognized in profit or loss	**12,555**	19,333
Deferred tax (recovery) expense for the year related to other comprehensive income	**(2,769)**	(3,497)
Deferred tax (recovery) expense for the year recognized in shareholders' equity [i)]	**(573)**	(271)
Deferred tax liabilities assumed in a business combination	**7,177**	-
Exchange difference	**(1,051)**	(1,571)
Balance at end	**84,292**	68,953

i) Deferred tax (recovery) expense for the year recognized in shareholders' equity through the transfer of cash flow hedge (gains) losses to non-financial assets.

12.5 Reconciliation of deferred tax (assets) liabilities

The following tables present the reconciliation of deferred tax (assets) liabilities by temporary difference category recognized in the Consolidated Statement of Financial Position:

	Year ended December 31, 2020						
	Balance as at Dec. 31, 2019	Assumed in a business combination i)	Recognized in profit or loss ii)	Related to other comprehensive income iii)	Recognized in shareholders' equity iv)	Exchange difference	Balance as at Dec. 31, 2020
	$	$	$	$	$	$	$
Derivative instruments	**(1,334)**	**(36)**	**94**	**(26)**	**(573)**	**1**	**(1,874)**
Property, plant and equipment	**50,677**	**9,592**	**4,711**	**-**	**-**	**(474)**	**64,506**
Intangible assets and goodwill	**30,686**	**2,389**	**5,520**	**-**	**-**	**(829)**	**37,766**
Accounts payable and accrued liabilities	**(5,455)**	**-**	**(1,942)**	**-**	**-**	**175**	**(7,222)**
Defined benefit pension plans	**3,976**	**-**	**2,391**	**(2,743)**	**-**	**12**	**3,636**
Long-term debt	**(5,177)**	**(4,945)**	**(724)**	**-**	**-**	**100**	**(10,746)**
Other v)	**(4,420)**	**177**	**2,505**	**-**	**-**	**(36)**	**(1,774)**
	68,953	**7,177**	**12,555**	**(2,769)**	**(573)**	**(1,051)**	**84,292**

i) Deferred tax (assets) liabilities assumed in a business combination.

ii) Deferred tax expense (recovery) for the year recognized in profit or loss.

iii) Deferred tax expense (recovery) for the year related to other comprehensive income.

iv) Deferred tax expense (recovery) for the year recognized in shareholders' equity through the transfer of cash flow hedge (gains) losses to non-financial assets.

v) Includes unused tax losses (a deferred tax asset of $262,000), research and development tax credits, and acquisition costs related to business combinations.

	Year ended December 31, 2019						
	Balance as at Dec. 31, 2018	Restatement i)	Recognized in profit or loss ii)	Related to other comprehensive income iii)	Recognized in shareholders' equity iv)	Exchange difference	Balance as at Dec. 31, 2019
	$	$	$	$	$	$	$
Derivative instruments	1,071	-	347	(2,507)	(271)	26	(1,334)
Property, plant and equipment	41,945	7,051	2,522	-	-	(841)	50,677
Intangible assets and goodwill	20,382	-	11,542	-	-	(1,238)	30,686
Accounts payable and accrued liabilities	(5,928)	53	138	-	-	282	(5,455)
Defined benefit pension plans	1,643	-	3,309	(990)	-	14	3,976
Long-term debt	196	(7,104)	1,761	-	-	(30)	(5,177)
Other v)	(4,350)	-	(286)	-	-	216	(4,420)
	54,959	-	19,333	(3,497)	(271)	(1,571)	68,953

i) Additional information about the restatement is presented in Note 4.1.

ii) Deferred tax expense (recovery) for the year recognized in profit or loss.

iii) Deferred tax expense (recovery) for the year related to other comprehensive income.

iv) Deferred tax expense (recovery) for the year recognized in shareholders' equity through the transfer of cash flow hedge (gains) losses to non-financial assets.

v) Includes unused tax losses (a deferred tax asset of $3,019,000), research and development tax credits, and acquisition costs related to business combinations.

Note 13. Financial Instruments

13.1 Fair value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is established based on market information available at the date of the Consolidated Statement of Financial Position. In the absence of an active market for a financial instrument, the Company uses the valuation methods described below to determine the fair value of the instrument.

To make the assumptions required by certain valuation models, the Company relies mainly on external, readily observable market inputs, when available. Assumptions or inputs that are not based on observable market data are used in the absence of external data. These assumptions or factors represent management's best estimates of the ones that would be used by market participants for these instruments. The credit risk of the counterparty and the Company's own credit risk have been taken into account in estimating the fair value of all financial assets and financial liabilities, including derivative instruments.

The following valuation assumptions and/or methods were used to estimate the fair value of financial instruments:

- The fair values of cash and cash equivalents, accounts receivable, bank overdraft and accounts payable and accrued liabilities are approximately equal to their carrying values due to their short-term maturities;
- The fair value of long-term debt is determined based on the discounted cash flow method and calculated using current interest rates for instruments with similar terms and remaining maturities that the Company could have obtained on the market at the measurement date;
- The fair value of derivative instruments is determined using valuation techniques and calculated as the present value of estimated future cash flows using an appropriate exchange rate and interest rate yield curve as well as quoted contract prices on futures exchanges. Assumptions are based on market conditions prevailing on the reporting date. The derivative instruments reflect the estimated amounts that the Company would receive or pay to transfer the contracts in an orderly transaction between market participants at each reporting date;
- The fair value of the Restricted Share Units is equal to the closing price of Class A subordinate voting shares registered on the Toronto Stock Exchange at each reporting date; and
- The fair value of Share Appreciation Rights is determined by using the Black-Scholes option pricing model and calculated as the present value of estimated future cash flows. Assumptions are based on market conditions prevailing on the reporting date for the risk-free interest rate and the closing price of Class A subordinate voting shares registered on the Toronto Stock Exchange. Assumptions are also based on the appreciation of the Company's management for the expected dividend yield, the expected volatility and expected attrition rate.

Financial instruments are classified using a fair value hierarchy that categorizes the inputs used in fair value measurement techniques into three levels. This hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. Adjustments to arrive at measurements based on fair value, such as disposal costs when measuring fair value less disposal costs, shall not be taken into account when determining the level of the fair value hierarchy within which a fair value measurement is categorized.

All financial instruments measured at fair value in the Consolidated Statement of Financial Position were classified according to a hierarchy comprising three levels:

- Level 1: Valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;
- Level 2: Valuation based on inputs that are quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable; and inputs that are derived mainly from or corroborated by observable market data using correlation or other forms of relationship; and
- Level 3: Valuation techniques based on a significant portion of inputs not observable in the market.

The Company's policy is to recognize transfers between the different hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the years ended December 31, 2020 and 2019, no financial instruments were transferred between levels 1, 2 and 3.

13.2 Classification

The classification of financial instruments as well as their carrying value and fair value are as follows:

		As at December 31, 2020		As at December 31, 2019	
	Level	Carrying value	Fair value	Carrying value	Fair value
		$	$	$	$
Financial assets					
Amortized cost					
Cash and cash equivalents	2	**6,803**	**6,803**	1,767	1,767
Accounts receivable	2	**147,886**	**147,886**	126,963	126,963
Fair value through profit or loss					
Derivative instruments [i]	2	**868**	**868**	42	42
Instruments designated in a hedging relationship					
Derivative instruments [i]	2	**254**	**254**	1	1
Financial liabilities					
Amortized cost					
Bank overdraft	2	**-**	**-**	12,357	12,357
Accounts payable and accrued liabilities	2	**260,219**	**260,219**	220,373	220,373
Long-term debt [ii] [iii]	2	**215,486**	**220,552**	265,119	270,548
Fair value through profit or loss					
Derivative instruments [i]	2	**847**	**847**	441	441
Instruments designated in a hedging relationship					
Derivative instruments [i]	2	**9,343**	**9,343**	4,803	4,803

i) Includes the current and long-term derivative instruments.

ii) Includes the current portion of long-term debt.

iii) Includes a restatement as at January 1, 2019 following the adoption of IFRS 16, as presented in Note 4.1.

13.3 Hedge accounting

13.3.1 Instruments designated in a hedging relationship

	As at December 31, 2020			
	Notional	**Value recognized as an asset**	**Value recognized as a liability**	**Change in value used to calculate hedge ineffectiveness**
		in C$	**in C$**	**in C$**
Cash flow hedges:				
Interest rate risk				
Interest rate swaps	**US$115,000,000**	**-**	**(3,002,000)**	**(3,002,000)**
Foreign exchange risk				
Foreign exchange contracts	**US$98,975,000** **€4,456,000**	**30,000**	**(5,195,000)**	**(5,165,000)**
Price risk				
Frozen concentrated orange juice futures	**3,300,000 lbs sol.** [i]	**224,000**	**(1,000)**	**223,000**

[i] Frozen concentrated orange juice is measured in pounds solids (“lbs sol.”).

	As at December 31, 2019			
	Notional	**Value recognized as an asset**	**Value recognized as a liability**	**Change in value used to calculate hedge ineffectiveness**
		in C$	in C$	in C$
Cash flow hedges:				
Interest rate risk				
Interest rate swaps	US$102,000,000	-	(2,654,000)	(2,654,000)
Foreign exchange risk				
Foreign exchange contracts	US$110,000,000 €2,760,000	1,000	(1,994,000)	(1,993,000)
Price risk				
Frozen concentrated orange juice futures	3,600,000 lbs sol.	-	(109,000)	(109,000)

All financial instruments designated in a hedging relationship are recognized in the current and long-term portion of derivative instruments in the Consolidated Statements of Financial Position.

13.3.2 Hedged items

	As at December 31, 2020		As at December 31, 2019	
	Change in value used to calculate hedge ineffectiveness	**Hedging reserve balance**	**Change in value used to calculate hedge ineffectiveness**	**Hedging reserve balance**
	in C$	**in C$**	in C$	in C$
Cash flow hedges:				
Interest rate risk				
Cash outflows related to interest payments on term loans	**3,053,000**	**(2,222,000)**	2,689,000	(1,867,000)
Foreign exchange risk				
Cash outflows related to purchases of raw materials in foreign currencies	**5,172,000**	**(3,795,000)**	1,935,000	(1,472,000)
Price risk				
Cash outflows related to purchases of frozen concentrated orange juice	**(195,000)**	**611,000**	103,000	(274,000)

All hedging relationships have been maintained. No balance in the hedging reserve relates to hedging relationships for which hedge accounting is no longer applied.

13.3.3 Hedging gains and losses

	Year ended December 31, 2020		
	Gains (losses) in other comprehensive income [i]	**Reclassification of (gains) losses in net income** [ii]	**Transfer of shareholders' equity** [iii]
	in C$	**in C$**	**in C$**
Cash flow hedges:			
Interest rate risk			
Interest rate swaps	**(1,995,000)**	**1,493,000**	**-**
Foreign exchange risk			
Foreign exchange contracts	**(853,000)**	**-**	**(2,279,000)**
Price risk			
Frozen concentrated orange juice futures	**1,304,000**	**-**	**25,000**

[i] Gains (losses) on financial instruments designated for hedging purposes recognized in other comprehensive income.

[ii] Reclassification of (gains) losses on financial instruments designated for hedging purposes in profit or loss.

[iii] Transfer of cash flow hedge (gains) losses to non-financial assets.

	Year ended December 31, 2019		
	Gains (losses) in other comprehensive income [i)]	Reclassification of (gains) losses in profit or loss [ii)]	Transfer of shareholders' equity [iii)]
	in C$	in C$	in C$
Cash flow hedges:			
Interest rate risk			
Interest rate swaps	(2,295,000)	(67,000)	-
Foreign exchange risk			
Foreign exchange contracts	(4,951,000)	-	(3,525,000)
Price risk			
Frozen concentrated orange juice futures	(464,000)	-	57,000)
Total return swaps on frozen concentrated orange juice	(1,928,000)	-	2,434,000)

i) Gains (losses) on financial instruments designated for hedging purposes recognized in other comprehensive income.

ii) Reclassification of (gains) losses on financial instruments designated for hedging purposes in profit or loss.

iii) Transfer of cash flow hedge (gains) losses to non-financial assets.

No hedge ineffectiveness was recorded during the years ended December 31, 2020 and 2019.

13.4 Offsetting

The Company has entered into International Swaps & Derivatives Association, Inc. ("ISDA") enforceable master netting agreements with most of the counterparties with which it carries out derivative transactions. These master netting agreements make it possible to fully offset derivative instruments when one of the parties to the agreement defaults on its obligations, for each of the transactions covered in the agreement and in effect on the default date. Since the legally enforceable right to offset depends on future events such as the default, insolvency or bankruptcy of the counterparty, these master agreements do not meet the criteria for offsetting in the Consolidated Statement of Financial Position.

As at December 31, 2020 and 2019, the derivative instruments were presented without offsetting. The fair values of derivative instrument assets and liabilities subject to enforceable master netting agreements were, respectively, $1,122,000 and $10,190,000 as at December 31, 2020 ($43,000 and $5,244,000, respectively, as at December 31, 2019).

In addition, as at December 31, 2020, a cash guarantee in an amount of $137,000 ($623,000 as at December 31, 2019) was deposited with the issuer of certain derivative instruments to cover their fair value when in a liability position. These amounts were presented without offsetting.

Note 14. Accounts Receivable

	As at Dec. 31, 2020	As at Dec. 31, 2019
	$	$
Trade accounts receivable	**139,622**	116,953
Discounts receivable	**4,123**	5,041
Other receivables	**4,141**	4,969
	147,886	126,963

Note 15. Inventories

	As at Dec. 31, 2020	As at Dec. 31, 2019
	$	$
Raw materials and supplies	**165,982**	158,951
Finished goods	**94,629**	99,878
	260,611	258,829

Note 16. Other Current Assets

	As at Dec. 31, 2020	As at Dec. 31, 2019
	$	$
Sales taxes receivable	**4,539**	5,733
Tax credits receivable	**1,424**	1,198
Prepaid expenses	**10,534**	8,601
	16,497	15,532

Note 17. Property, Plant and Equipment

Property, plant and equipment include owned assets and right-of-use assets.

	As at Dec. 31, 2020	As at Dec. 31, 2019
	$	$
Owned assets	**347,108**	310,161
Right-of-use assets	**43,343**	24,362
	390,451	334,523

17.1 Owned assets

17.1.1 Reconciliation table

	Land and buildings	Machinery and equipment	Other	Total
	$	$	$	$
Cost				
Balance as at December 31, 2019	**190,775**	**426,106**	**36,826**	**653,707**
Acquisitions	**5,476**	**29,807**	**1,796**	**37,079**
Acquisitions through a business combination	**3,121**	**32,381**	**223**	**35,725**
Disposals	**(657)**	**(3,649)**	**(245)**	**(4,551)**
Exchange difference	**(1,818)**	**(3,332)**	**(230)**	**(5,380)**
Balance as at December 31, 2020	**196,897**	**481,313**	**38,370**	**716,580**
Accumulated depreciation and impairment losses				
Balance as at December 31, 2019	**(49,664)**	**(262,513)**	**(31,369)**	**(343,546)**
Depreciation	**(5,186)**	**(24,649)**	**(2,097)**	**(31,932)**
Disposals	**76**	**3,534**	**141**	**3,751**
Exchange difference	**425**	**1,632**	**198**	**2,255**
Balance as at December 31, 2020	**(54,349)**	**(281,996)**	**(33,127)**	**(369,472)**
Net carrying value as at December 31, 2020	**142,548**	**199,317**	**5,243**	**347,108**
Cost				
Balance as at December 31, 2018	187,722	406,127	36,214	630,063
Restatement [i)]	-	(253)	(173)	(426)
Balance as at January 1, 2019	187,722	405,874	36,041	629,637
Acquisitions	7,451	28,766	2,011	38,228
Disposals	(160)	(3,078)	(721)	(3,959)
Exchange difference	(4,238)	(5,456)	(505)	(10,199)
Balance as at December 31, 2019	190,775	426,106	36,826	653,707
Accumulated depreciation and impairment losses				
Balance as at December 31, 2018	(46,149)	(247,973)	(30,360)	(324,482)
Restatement [i)]	-	253	124	377
Balance as at January 1, 2019	(46,149)	(247,720)	(30,236)	(324,105)
Depreciation	(4,413)	(20,451)	(2,212)	(27,076)
Disposals	160	2,870	697	3,727
Exchange difference	738	2,788	382	3,908
Balance as at December 31, 2019	(49,664)	(262,513)	(31,369)	(343,546)
Net carrying value as at December 31, 2019	141,111	163,593	5,457	310,161

i) Additional information about the restatement is presented in Note 4.1.

17.1.2 Government grants

During the year ended December 31, 2020, the Company recognized $811,000 in government grants ($198,000 in 2019) and $602,000 in tax credits for investment and innovation ($826,000 in 2019) as a reduction to the cost of property, plant and equipment.

17.1.3 Additional information

	Land and buildings	Machinery and equipment	Other	Total
	$	$	$	$
As at December 31, 2020				
Property, plant and equipment in progress included in the cost	**874**	**21,558**	**385**	**22,817**
As at December 31, 2019				
Property, plant and equipment in progress included in the cost	361	7,518	376	8,255

17.2 Right-of-use assets

17.2.1 Reconciliation table

	Land and buildings	Machinery and equipment	Other	Total
	$	$	$	$
Net carrying value as at December 31, 2019	**22,816**	**21**	**1,525**	**24,362**
Additions	**2,517**	**-**	**509**	**3,026**
Additions through a business combination	**23,031**	**-**	**-**	**23,031**
Reductions	**-**	**-**	**(42)**	**(42)**
Depreciation	**(6,183)**	**(7)**	**(587)**	**(6,777)**
Exchange difference	**(257)**	**-**	**-**	**(257)**
Net carrying value as at December 31, 2020	**41,924**	**14**	**1,405**	**43,343**
Net carrying value as at December 31, 2018	-	-	-	-
Restatement [i)]	27,096	-	887	27,983
Balance as at January 1, 2019	27,096	-	887	27,983
Additions	147	28	1,292	1,467
Reductions	(124)	-	(61)	(185)
Depreciation	(3,500)	(6)	(588)	(4,094)
Exchange difference	(803)	(1)	(5)	(809)
Net carrying value as at December 31, 2019	22,816	21	1,525	24,362

[i)] Additional information about the restatement is presented in Note 4.1.

Note 18. Intangible Assets

18.1 Reconciliation table

	Technologies and software	Trademarks and trade name	Client relationships	Certifications	Non-compete agreements	Total
	$	$	$	$	$	$
Cost						
Balance as at December 31, 2019	**25,600**	**143,526**	**217,319**	**15,888**	**346**	**402,679**
Acquisitions	**4,482**	**-**	**-**	**-**	**-**	**4,482**
Acquisitions through a business combination	**568**	**4,738**	**3,639**	**-**	**-**	**8,945**
Exchange difference	**(315)**	**(2,653)**	**(4,020)**	**(256)**	**(7)**	**(7,251)**
Balance as at December 31, 2020	**30,335**	**145,611**	**216,938**	**15,632**	**339**	**408,855**
Accumulated depreciation and impairment losses						
Balance as at December 31, 2019	**(15,576)**	**(46,581)**	**(87,207)**	**(13,775)**	**(178)**	**(163,317)**
Amortization	**(2,191)**	**(7,623)**	**(15,197)**	**(1,342)**	**(116)**	**(26,469)**
Exchange difference	**251**	**1,173**	**2,245**	**283**	**9**	**3,961**
Balance as at December 31, 2020	**(17,516)**	**(53,031)**	**(100,159)**	**(14,834)**	**(285)**	**(185,825)**
Net carrying value as at December 31, 2020	**12,819**	**92,580**	**116,779**	**798**	**54**	**223,030**
Cost						
Balance as at December 31, 2018	25,547	148,714	225,390	16,542	363	416,556
Acquisitions	2,150	-	-	-	-	2,150
Acquisitions through a business combination	-	1,587	2,199	-	-	3,786
Disposals	(1,271)	-	-	-	-	(1,271)
Exchange difference	(826)	(6,775)	(10,270)	(654)	(17)	(18,542)
Balance as at December 31, 2019	25,600	143,526	217,319	15,888	346	402,679
Accumulated depreciation and impairment losses						
Balance as at December 31, 2018	(14,953)	(41,183)	(75,970)	(12,958)	(69)	(145,133)
Amortization	(2,321)	(7,291)	(14,735)	(1,327)	(115)	(25,789)
Disposals	1,271	-	-	-	-	1,271
Exchange difference	427	1,893	3,498	510	6	6,334
Balance as at December 31, 2019	(15,576)	(46,581)	(87,207)	(13,775)	(178)	(163,317)
Net carrying value as at December 31, 2019	10,024	96,945	130,112	2,113	168	239,362

Note 19. Goodwill

19.1 Reconciliation table

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Balance at beginning	**304,702**	316,814
Acquisitions through a business combination	**10,754**	2,800
Exchange difference	**(5,851)**	(14,912)
Balance at end	**309,605**	304,702

19.2 Goodwill impairment test

The Company performed annual goodwill impairment tests on its CGUs as at December 31, 2020 in accordance with the policies described in Note 2.14.2. The recoverable values of all the CGUs were determined based on value-in-use calculations that used detailed one-year forecasts as well as extrapolations of expected cash flows for the residual useful lives. The recoverable values of all the CGUs exceeded their carrying amounts. Accordingly, no impairment loss was recognized on goodwill for the years ended December 31, 2020 and 2019.

The Company has not changed the valuation method used for goodwill impairment testing since the test conducted during the year ended December 31, 2019.

19.3 Goodwill allocation

Goodwill was allocated to the following CGUs:

	As at Dec. 31, 2020	As at Dec. 31, 2019
	$	$
Lassonde Pappas and Company, Inc. ("LPC")	**242,989**	247,183
A. Lassonde Inc. ("ALI")	**64,520**	55,423
Lassonde Specialties Inc. ("LSI")	**2,096**	2,096
	309,605	304,702

Management's main assumptions about projected cash flows when determining value in use are as follows:

- The Company bases its growth and profitability assumptions on the budget and the strategic plan approved by management and the Board of Directors. The strategic plan covers a three-year period. The Company evaluates the CGU's terminal value at the end of the five-year projection. Growth in the Company's operating profit takes into account such factors as the nature of the industry in which it operates, market growth projections, market maturity and the Company's strategic plan as set by management; and
- The discount rate is based on pre-tax rates that reflect the current market assessments, taking the time value of money and the risks specific to the CGU into account. The discount rate used by the Company is based on the weighted average cost of capital calculated using the build-up method and published data from such sources as the Bank of Canada, the U.S. Federal Reserve System and firms specializing in business valuation information. When combined with management's judgment, this information is used, among other purposes, to establish the equity risk premium, industry premium, size premium and specific risks premium.

For the CGUs, management's main assumptions are as follows:

	LPC	ALI	LSI
	%	%	%
Discount rate	**10.50**	**12.60**	**12.50**
Projected growth in operating profit	**2.00**	**2.00**	**2.00**

Note 20. Accounts Payable and Accrued Liabilities

	As at Dec. 31, 2020	As at Dec. 31, 2019
	$	$
Trade payables and accrued expenses	**166,213**	157,183
Trade spending	**47,882**	42,427
Salaries and accrued vacation payable	**45,799**	20,498
Other	**325**	265
	260,219	220,373

Note 21. Long-Term Debt

	Effective interest rate	Notes	As at Dec. 31, 2020	As at Dec. 31, 2019
			$	$
Revolving operating credit facilities:				
CA revolving credit, floating rate, maturing in April 2025		21.1.1	**49,562**	49,223
U.S. revolving credit, floating rate, maturing in May 2022		21.1.2	**-**	4,422
Interest-bearing financing:				
Term loan, floating rate, maturing in May 2022	5.23% [i]	21.1.2	**100,514**	154,525
Term credit facility, maturing from January 2021 to January 2027	3.96% to 6.51% [ii]	21.1.1	**20,346**	31,778
Lease liabilities:				
Leases, maturing from March 2021 to December 2035	1.94% to 13.71% [iii]	21.1.3	**45,064**	25,171
			215,486	265,119
Current portion of long-term debt			**(10,676)**	(16,158)
			204,810	248,961

i) Effective interest rate of 5.05% as at December 31, 2019.

ii) Effective interest rate of 3.46% to 6.51% as at December 31, 2019.

iii) Effective interest rate of 2.90% to 10.37% as at December 31, 2019.

21.1 Other terms and conditions

21.1.1 Canadian credit facilities

The Canadian credit facilities were obtained to support the Company's Canadian operations. The facilities comprise a committed revolving operating credit ("CA revolving credit") for a period of four years and three months for an authorized amount of $225,000,000 and a term credit facility for an authorized amount of $32,515,000.

CA revolving credit

The CA revolving credit facility was provided by a syndicate of financial institutions. It is used to finance current operations and may also be used, under certain conditions, to finance potential acquisitions. The CA revolving credit facility bears interest at Canadian or U.S. prime rate, depending on the currency of the borrowing, plus 0 to 100 basis points for open end borrowings, and/or bears interest at the bankers' acceptance rate ("CDOR") and/or at the London Interbank Offered Rate ("LIBOR"), plus 115 to 225 basis points, upon use of these types of term borrowings. Interest margins and fee rates for the credit instruments available under the CA revolving credit facility vary based on a prescribed financial ratio. A standby fee that varies according to a prescribed ratio is applied to the unused portion of the CA revolving credit facility. As at December 31, 2020 and December 31, 2019, the standby fee was 0.23%.

The CA revolving credit facility provides the Company with the option, subject to the participation of each lender, to raise borrowing capacity by an amount not exceeding $50,000,000 and to extend, on each annual anniversary date, the expiry date of this facility by one year, under the same terms and conditions.

Term credit facility

The term credit facility contains five tranches, one of which expired in October 2020 and two for which the interest rates are renegotiable in August 2021 and July 2024. The principal on the term credit facility is fully repayable according to a monthly amortization schedule ending at the maturity of the various tranches. Furthermore, the Company has the option to repay, without penalty, up to 15% of the balance of the term credit facility on each anniversary date; however, such payments have the effect of changing the maturity dates of the various tranches affected.

On December 21, 2020, the Company exercised this option and reimbursed an amount of $3,675,000. This reimbursement shortens the maturity date of three of the four remaining tranches of the term credit facility.

The credit facilities contain certain conditions and restrictive covenants, including an obligation to comply with certain prescribed financial ratios.

21.1.2 U.S. credit facilities

The U.S. credit facilities were provided by a syndicate of banks to support the Company's U.S. operations. The credit facilities comprise a four-year committed revolving operating credit ("U.S. revolving credit") for an authorized amount of US$75,000,000, a term loan of US$92,500,000 and a term loan of US$146,000,000.

During the year ended December 31, 2019, the U.S. credit facilities were amended twice in order to adapt them to new regulations and to obtain, in the context of the Sun-Rype Products Ltd. acquisition, the authorization to maintain a financial agreement binding one of its U.S. subsidiaries. In 2019, the Company also completed the total repayment of the US$92,500,000 term loan maturing in September 2020.

U.S. revolving credit

A standby fee, which varies based on a prescribed ratio, is applied to the unused portion of the U.S. revolving credit. As at December 31, 2020, the standby fee was 0.25% (0.375% as at December 31, 2019).

Term loans

The Company had to repay, in four equal quarterly instalments, 7.50% of the principal amount of the term loans. Following the total repayment of the US$92,000,000 term loan, the Company must repay, in four equal quarterly instalments, 7.50% of the principal amount of the term loan of US$146,000,000. The Company may make penalty-free prepayments at any time.

The credit facilities bear interest at base rate plus 0.50% to 1.25% and/or at LIBOR plus 1.50% to 2.25%. Interest margins vary based on a prescribed financial ratio.

The credit facilities contain certain conditions and restrictive covenants, including an obligation to maintain certain prescribed financial ratios.

21.1.3 Leases

The Company is party to lease agreements for the leasing of administrative offices, production and storage facilities, production and distribution equipment, automotive equipment, computer equipment and office equipment.

The minimum leasing periods expire at various dates between January 2021 and December 2035. Certain leases include one or more renewal options. When measuring lease liabilities, the Company has included some of these renewal options, reflecting the economic benefit of exercising them. The maximum leasing periods extend until October 2044. Some of these leases have indefinite lives; they are renewed automatically until one of the parties terminates the lease.

Some of the leases also include the additional rent payments that are tied to the operating expenses of the leased properties and that are not included in the lease liability and presented in commitments.

21.2 Security

Revolving operating credit facilities:	
CA revolving credit	Recourse to significant Canadian subsidiaries of the Company (including ALI, Sun-Rype and LSI)
U.S. revolving credit	Entirety of the assets of LPC and its subsidiaries
Interest-bearing financing:	
Term loan	Entirety of the assets of LPC and its subsidiaries
Term credit facility	Recourse to significant Canadian subsidiaries of the Company (including ALI, Sun-Rype and LSI)

21.3 Financial ratios

The Company was in compliance with all of its financial ratios as at December 31, 2020 and 2019.

21.4 Assets pledged as collateral to certain lenders

	As at Dec. 31, 2020	**As at Dec. 31, 2019**
	$	$
Financial assets	**73,708**	67,790
Inventories	**135,298**	153,148
Property, plant and equipment	**144,323**	124,940
Intangible assets and goodwill	**492,886**	525,278
Other assets	**10,682**	9,853
	856,897	881,009

21.5 Principal payments

	Revolving credit facilities, term loan and term credit facility	Lease liabilities		Total principal payments
	Principal	**Principal**	**Interest**	
	$	$	$	$
2021	5,520	5,540	1,885	11,060
2022	125,879	4,498	1,649	130,377
2023	4,128	4,320	1,446	8,448
2024	2,876	3,875	1,256	6,751
2025	51,662	3,964	1,078	55,626
2026 and thereafter	2,104	22,867	3,667	24,971
	192,169	45,064	10,981	237,233

Note 22. Other Long-Term Liabilities

	As at Dec. 31, 2020	**As at Dec. 31, 2019**
	$	$
Employee benefits [i)]	**1,234**	-
Other	**-**	65
	1,234	65

i) Under the *CARES Act*, U.S. subsidiaries of the Company have benefited from a deferral of employee benefits until December 31, 2022.

Note 23. Shareholders' Equity

23.1 Authorized share capital

An unlimited number of first and second rank preferred shares, non-voting, issuable in one or several series, the attributes of which are determined by the directors before their issuance. First preferred shares rank prior to second preferred shares with respect to the payment of dividends and reimbursement of capital, without par value.

An unlimited number of Class A subordinate voting shares, 1 vote per share, without par value

An unlimited number of Class B multiple voting shares, 10 votes per share, without par value

23.2 Share capital issued and paid

	As at Dec. 31, 2020	**As at Dec. 31, 2019**
	$	$
Class A shares	**42,157**	42,157
Class B shares	**5,986**	5,986
	48,143	48,143

23.3 Number of shares outstanding

	As at Dec. 31, 2020	**As at Dec. 31, 2019**
	(in units)	(in units)
Class A shares	**3,180,900**	3,180,900
Class B shares	**3,752,620**	3,752,620
	6,933,520	6,933,520

23.4 Dividend per share

During the year ended December 31, 2020, the Company declared and paid a cumulative dividend of $2.545 per share ($2.595 per share during the year ended December 31, 2019) to the holders of Class A and B shares.

On February 11, 2021, the Company declared a dividend of $0.65 per share to the holders of Class A and B shares registered as at February 23, 2021. The dividend totalling $4,507,000 was payable on March 15, 2021.

23.5 Share repurchase

The Company did not renew its normal course issuer bid program that ended on October 2, 2019.

During the year ended December 31, 2019, the Company repurchased for cancellation 40,400 Class A subordinate voting shares, at an average price of $177.71 per share, for a cash consideration of $7,179,000, of which $535,000 was applied against capital stock, $6,639,000 against retained earnings, and $5,000 against contributed surplus.

23.6 Stock option plan

The Company established a stock option plan pursuant to which it may grant stock options for Class A shares to its employees and to the employees of its subsidiaries. The exercise price of each stock option is equal to the closing price of the Company's shares on the day preceding the grant date.

These stock options generally vest at the annual rate of 20% and expire five to six years following the grant date. As at December 31, 2020 and 2019, 150,000 stock options for Class A shares were available under the stock option plan, but none were granted.

23.7 Earnings per share

For the years ended December 31, 2020 and 2019, there were no dilutive items.

23.8 Non-controlling interest

3346625 Canada Inc. owns 10.0% of the share capital of Pappas Lassonde Holdings, Inc. ("PLH").

The following tables present certain consolidated financial information of the subsidiary subject to a non-controlling interest:

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Sales	**1,062,601**	955,506
Profit	**40,584**	29,672
Profit attributable to the non-controlling interest	**4,058**	2,967
Comprehensive income	**28,110**	919
Comprehensive income attributable to the non-controlling interest	**2,811**	92

	As at Dec. 31, 2020	**As at Dec. 31, 2019**
	$	$
Assets		
Current	**227,133**	230,487
Long-term	**655,165**	665,383
Liabilities		
Current	**125,417**	135,193
Long-term	**194,840**	219,056
Shareholders' equity [i)]	**562,041**	541,621
Shareholders' equity attributable to the non-controlling interest	**56,096**	54,055

i) Dividends totalling $7,712,000 (US$6,000,000) were paid during the year ended December 31, 2020 by the subsidiary subject to a non-controlling interest ($Nil in 2019). Of this amount, $771,000 (US$600,000) was paid to the non-controlling interest ($Nil in 2019).

Note 24. Accumulated Other Reserves

	Hedging reserve	**Foreign currency translation reserve**	**Total**
	$	**$**	**$**
Balance as at December 31, 2019	**(3,613)**	**68,575**	**64,962**
Other comprehensive income (loss)	**(111)**	**(11,847)**	**(11,958)**
Transfer of cash flow hedge (gains) losses to non-financial assets	**(1,682)**	**-**	**(1,682)**
Balance as at December 31, 2020	**(5,406)**	**56,728**	**51,322**

	Hedging reserve	Foreign currency translation reserve	Total
	$	$	$
Balance as at December 31, 2018	4,142	92,324	96,466
Other comprehensive income (loss)	(6,987)	(23,749)	(30,736)
Transfer of cash flow hedge (gains) losses to non-financial assets	(768)	-	(768)
Balance as at December 31, 2019	(3,613)	68,575	64,962

Note 25. Additional Cash Flow Information

25.1 Change in non-cash operating working capital items

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Accounts receivable	**(3,194)**	15,502
Inventories	**26,547**	(26,497)
Other current assets	**(21)**	(2,144)
Accounts payable and accrued liabilities	**27,409**	17,287
Other current liabilities	**456**	238
	51,197	4,386

25.2 Cash and cash equivalents

In the Consolidated Statements of Cash Flows, cash and cash equivalents include the following items:

	As at Dec. 31, 2020	As at Dec. 31, 2019
	$	$
Cash	**6,666**	1,144
Cash equivalents [i)]	**137**	623
Bank overdraft	**-**	(12,357)
	6,803	(10,590)

i) Cash equivalents consist of a cash guarantee deposited with the issuer of certain derivative instruments to cover their fair value when in a liability position.

25.3 Non-cash transactions

Transactions that had no cash impact on financing and investing activities were as follows:

- Acquisition of property, plant and equipment, for which an amount of $5,341,000 was unpaid as at December 31, 2020 ($4,396,000 as at December 31, 2019);
- During the year ended December 31, 2020, the Company received the investment and innovation tax credits receivable related to investments in property, plant and equipment of $722,000 ($Nil in 2019);
- As at December 31, 2020, the balance of the investment and innovation tax credits receivable related to investments in property, plant and equipment was $747,000 ($826,000 as at December 31, 2019);
- Net increase in right-of-use assets of $2,984,000 and in lease liabilities of $2,835,000 during the year ended December 31, 2020 ($1,282,000 and $1,187,000, respectively, as at December 31, 2019); and
- Acquisitions of intangible assets during the year ended December 31, 2020 for which an amount of $15,000 corresponds to the amortization of a right-of-use asset incorporated into the cost of an intangible asset ($2,000 as at December 31, 2019).

25.4 Consideration received from a business combination

The consideration receivable as at December 31, 2018 related to the business combination with OOB was received in 2019.

25.5 Changes in liabilities and assets arising from financing activities

	Long-term debt [i]	Transaction costs [ii]
	$	$
Balance as at December 31, 2019	**265,119**	**1,098**
Changes arising from financing activities:		
Change in revolving operating credit, net of transaction costs	**(1,976)**	**202**
Increase in long-term debt, net of transaction costs	**(195)**	**-**
Repayment of long-term debt	**(71,814)**	**-**
Changes from non-cash transactions:		
Amortization of transaction costs directly attributable to arranging financing	**2,004**	**(343)**
Net increase in lease liabilities	**2,835**	**-**
Net increase in lease liabilities through a business combination	**23,031**	**-**
Exchange difference	**(3,518)**	**1**
Balance as at December 31, 2020	**215,486**	**958**

i) Includes the current portion of long-term debt.

ii) Transaction costs directly attributable to arranging a revolving operating credit facility.

	Long-term debt [i]	Transaction costs [ii]
	$	$
Balance as at December 31, 2018	321,847	1,210
Restatement [iii]	28,147	-
Balance as at January 1, 2019	349,994	1,210
Changes arising from financing activities:		
Change in revolving operating credit, net of transaction costs	29,047	209
Increase in long-term debt, net of transaction costs	(1,483)	-
Repayment of long-term debt	(102,808)	-
Changes from non-cash transactions:		
Amortization of transaction costs directly attributable to arranging financing	1,619	(299)
Net increase in lease liabilities	1,187	-
Exchange difference	(12,437)	(22)
Balance as at December 31, 2019	265,119	1,098

[i] Includes the current portion of long-term debt.

[ii] Transaction costs directly attributable to arranging a revolving operating credit facility.

[iii] Additional information about the restatement is presented in Note 4.1.

25.6 Disbursements related to leases

During the year ended December 31, 2020, the Company disbursed an amount of $12,996,000 in relation to leases, including an amount of $5,139,000 that was not included in the repayment of the long-term debt and interest paid ($10,130,000 and $5,145,000, respectively, as at December 31, 2019).

Note 26. Post-Employment Benefits and Other Long-Term Incentives

The post-employment benefits and other long-term incentives include the following items:

	As at Dec. 31, 2020	As at Dec. 31, 2019
	$	$
Net defined benefit liability	**(2,225)**	(1,385)
Long-term incentive plan	**(72)**	-
Defined contribution plans	**(25)**	-
Pension plan liabilities and other long-term incentives	**(2,322)**	(1,385)
Net defined benefit asset	**9,402**	7,910

26.1 Defined contribution plans

Defined contribution plans include the pension plans offered by the Company and state plans, namely, pension plans established by governments. The Company's defined contribution pension plans are contributory plans whereby the Company makes a contribution that varies with the rules specific to each plan.

A U.S. subsidiary of the Company has a defined contribution pension plan for certain union employees, and U.S. subsidiaries have a profit-sharing 401(k) plan for certain non-union employees. The Company makes contributions to the plans in accordance with the provisions of each plan.

The assets of the defined contribution plans offered by the Company are held by trustees on behalf of the employees. The contributions paid by the Company to the pension fund become the immediate property of the employees. The assets of the state plans are under the responsibility of the government.

No liability is recorded in the Consolidated Statement of Financial Position for defined contribution plans.

The pension cost of these defined contribution plans is as follows:

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Plans offered by the Company	**7,762**	5,906
State plans [i]	**10,655**	9,205
	18,417	15,111

i) Includes the Quebec Pension Plan ("QPP"), the Canada Pension Plan ("CPP"), and U.S. Social Security.

26.2 Defined benefit plans and supplemental executive retirement plan

26.2.1 Description of the plans

The Company maintains three defined benefit pension plans, including the supplemental executive retirement plan ("SERP").

The SERP is a defined benefit plan that provides for an annual annuity payment of 1.25% or 2.50%, as the case may be, of the final salary of the executive multiplied by the vested credited years of service with the Company less the deemed annuity of the basic defined contribution plan. For years of service prior to May 1, 2010 (for enrolments before January 1, 2010), the final salary is equal to the annual pre-retirement base salary excluding bonuses. For years of service since May 1, 2010, or since January 1, 2010 for new enrolments, the final salary is equal to the average annual salary of the last three years preceding retirement and includes the average of the three highest bonuses paid in the last five years preceding retirement. During retirement, the annuity payable under the plan will be indexed annually based on 50% of the increase in the consumer price index for the credited years vested since May 1, 2010 or January 1, 2010 for new enrolments. This annual indexing is subject to a maximum of 3.00%. Upon a plan member's retirement, the plan guarantees the payment of an annuity to the retired member or to their estate for a minimum of 120 months. The benefits offered to the LPC subsidiary's plan members are similar except the annual annuity is not reduced by the deemed annuity of the basic defined contribution plan and there is no indexing of the annuity during retirement.

The two other defined benefit pension plans provide retirement benefits that are calculated based on years of service and a pay rate that varies according to the terms of each of the plans. For one of the two plans, retirement benefits are partially indexed. These two plans are closed to new members.

26.2.2 Governance of the SERP

The SERP is administered by the Company under the supervision of the compensation committee. Management establishes the actuarial assumptions to be used in calculating the present value of the plan obligation, defines the investment strategy for plan assets and ensures that the investment manager's activities are in line with its mandate.

The plan assets are held by the trustee and invested by the investment manager in accordance with the investment policy approved by the Company's management. Management's responsibility is to oversee asset management to ensure the payment of benefits and minimize the Company's required pension fund contributions.

The SERP must also comply with the *Income Tax Act,* which requires that 50% of the plan contributions and 50% of the income generated by the plan assets be remitted to the Canada Revenue Agency ("CRA"), which holds the amounts received in a refundable tax account on which the plan cannot earn a return. Amounts held in this account are refunded to the plan when pension benefits are paid to the plan members.

Each year, the Company receives an actuarial valuation of the SERP as at September 30 to determine its funding. If necessary, the Company must fund the SERP's total net defined benefit liability. The funding thus established is payable in two equal instalments, in December of the year of the actuarial valuation and in January of the following year. It must be noted that the benefits offered to the LPC subsidiary's plan members are not funded.

26.2.3 Exposure to actuarial risk

The Company is exposed to the following actuarial risks:

Investment risk

The investment strategy of the plans is to diversify the nature of the returns on assets. Given the long-term nature of the defined benefit obligation, a portion of the assets are invested in equity securities in order to maximize return. Since equity securities are inherently volatile and risky, the Company sets investment goals, both in terms of asset mix percentage and target return, which it monitors monthly and adjusts as needed. In addition, a portion of the SERP assets is held by the CRA; these investments with the CRA are fully guaranteed, but carry no interest.

Interest rate risk

A decrease in the interest rate on fixed-rate bonds, which would reduce the discount rate used, would increase the present value of the defined benefit obligation. However, this increase would be partly offset by an increase in the value of plan investments in debt securities.

Inflation, salary and longevity risk

The present value of the defined benefit obligation is calculated using management's best estimate of the following actuarial assumptions for each identified risk:

Risk	Assumption	Change in assumption	Potential impact [i]
Salary	Expected rate of compensation increase of plan members	Increase in the expected rate of compensation increase of plan members	Increase
Inflation	Indexation rate of pensions paid to retired plan members	Increase in the indexation rate of pensions paid, up to the annual ceiling of 3.0%	Increase
Longevity	Member mortality rates	Increase in life expectancy of plan members	Increase

i) Potential impact on the defined benefit obligation.

26.2.4 Change in the present value of the defined benefit obligation

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Balance at beginning	**73,458**	63,600
Total current service cost	**5,070**	4,796
Past service cost	**1**	(122)
Interest cost	**2,580**	2,679
Benefits paid	**(2,961)**	(2,874)
Actuarial gains and losses arising from:		
Experience adjustments	**(1,087)**	(763)
Changes in financial assumptions	**8,912**	6,178
Exchange difference	**(55)**	(36)
Balance at end	**85,918**	73,458

As at December 31, 2020, the weighted average duration of the defined benefit obligation was 14.6 years (13.9 years as at December 31, 2019).

26.2.5 Change in the fair value of plan assets

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Balance at beginning	**79,983**	69,297
Employer contributions [i)]	**15,742**	9,246
Contributions from plan participants	**1**	13
Benefits paid	**(2,961)**	(2,874)
Administrative expenses	**(17)**	(20)
Interest income	**2,936**	2,718
Return on defined benefit plan assets, except amounts included in interest income	**(2,589)**	1,603
Balance at end	**93,095**	79,983

i) Includes the regular employer contribution and, if applicable, the contribution to cover the plan deficit.

26.2.6 Net defined benefit asset (liability)

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Net defined benefit asset at beginning	**6,525**	5,697
Employer contributions [i)]	**15,742**	9,246
Benefit cost recognized in profit or loss	**(4,731)**	(4,642)
Benefit cost recognized in other comprehensive income (loss)	**(10,414)**	(3,812)
Exchange difference	**55**	36
Net defined benefit asset at end	**7,177**	6,525

i) Includes the regular employer contribution and, if applicable, the contribution to cover the plan deficit.

The net defined benefit asset (liability) is recognized in the following items in the Consolidated Statement of Financial Position:

	As at Dec. 31, 2020	**As at Dec. 31, 2019**
	$	$
Net defined benefit asset	**9,402**	7,910
Net defined benefit liability	**(2,225)**	(1,385)
Net defined benefit asset	**7,177**	6,525

26.2.7 Cost of benefits

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Benefit cost recognized in profit or loss [i]		
Current service cost, net of contributions from plan participants	**5,070**	4,661
Net interest	**(356)**	(39)
Administrative expenses	**17**	20
	4,731	4,642
Benefit cost recognized in other comprehensive income		
Actuarial gains and losses	**7,825**	5,415
Return on defined benefit plan assets, except amounts included in interest income	**2,589**	(1,603)
	10,414	3,812
Total cost of benefits	**15,145**	8,454

i) Recognized in selling and administrative expenses.

26.2.8 Composition of pension plan assets

The following table presents the components of the pension plan assets at fair value:

	As at Dec. 31, 2020	**As at Dec. 31, 2019**
	$	$
Assets quoted on an active market		
Fixed income	**10,277**	6,295
Shares [i]	**37,228**	28,242
Cash and treasury bills	**916**	9,613
	48,421	44,150
Assets not quoted on an active market		
Alternative investments	**4,949**	4,685
Deposits in trust [ii]	**39,725**	31,148
	44,674	35,833
Total pension plan assets	**93,095**	79,983

i) There were no Lassonde Industries Inc. securities held as assets in the Company's pension plans.

ii) Deposits in trust prescribed by the CRA for funded supplemental employee retirement plans are non-interest-bearing.

26.2.9 Expected contributions

During 2021, the Company expects to contribute approximately $9,890,000 to its defined benefit pension plans, including an amount of $6,580,000 paid in January 2021.

26.2.10 Actuarial assumptions

The key actuarial assumptions used by the Company to measure its defined benefit obligations are as follows:

	As at Dec. 31, 2020	As at Dec. 31, 2019
Defined benefit obligations		
Discount rate	**2.5%**	3.3%
Expected rate of compensation increase	**5.0%**	5.0%
Indexation rate of pensions paid	**1.0%**	1.0%
Mortality table	**CPM 2014 [i] and RP 2014 Top [ii]**	CPM 2014 [i] and RP 2014 Top [ii]
Costs of benefits for the current period		
Discount rate	**3.3%**	4.0%
Expected rate of compensation increase	**5.0%**	4.9%
Indexation rate of pensions paid	**1.0%**	1.0%
Mortality table	**CPM 2014 [i] and RP 2014 Top [ii]**	CPM 2014 [i] and RP 2014 Top [ii]

i) Private sector table with improved mortality according to the CPM B scale.

ii) Table with improved mortality according to the MP 2014 scale.

26.2.11 Sensitivity analysis

The sensitivity analyses of the defined benefit obligation were calculated based on reasonably possible changes to each key actuarial assumption without considering simultaneous changes to several key actuarial assumptions. A change in one actuarial assumption could trigger a change in another actuarial assumption, which could amplify or mitigate the impact of the change in these assumptions on the present value of the defined benefit obligation. The sensitivity analyses were prepared in accordance with the Company's accounting policies described in Note 2.16. The actual results of items subject to assumptions may differ.

Assumption	Change in assumption	Impact [i] of increase in assumption	Impact [i] of decrease in assumption
		$	$
Discount rate	0.50%	**(5,645)**	**6,288**
Expected rate of compensation increase	0.50%	**661**	**(649)**
Indexation rate of pensions paid	0.25%	**1,090**	**(1,043)**
Mortality table:			
Life expectancy of members	1 year	**2,888**	**(2,735)**

i) Impact on the defined benefit obligation.

26.2.12 Measurement date

The dates of the most recent full actuarial valuations for pension plan funding purposes as well as the anticipated dates for the next actuarial valuations are as follows:

Date of the most recent actuarial valuations	Anticipated date for the next actuarial valuations
December 31, 2020	December 31, 2023
January 1, 2018	January 1, 2021
September 30, 2020	September 30, 2021

26.3 Long-term incentive plan

During the year ended December 31, 2020, the Company established a long-term incentive plan for Executives ("Participants"). This plan, which entered into force on July 1, 2020, provides awards of Restricted Share Units ("RSU") and Share Appreciation Rights ("SAR")

26.3.1 Restricted Share Units

Under the long-term incentive plan, the RSUs are vested on the third anniversary of the grant date, subject to continuous service.

Each RSU, upon vesting, entitles the Participant the right to receive a cash amount (net of applicable withholding tax) equal to the fair market value of a Class A subordinate voting shares of the Company at the grant date. Dividend equivalents credited to the Participant are deemed reinvested in the additional RSUs on an annual basis.

During the year ended December 31, 2020, the Company granted 848.3 units with a weighted average value of $176.82. As at December 31, 2020, these units were not vested by the Participants.

A compensation expense of $25,000 was recognized during the year ended December 31, 2020 related to this plan.

26.3.2 Share Appreciation Rights

Under the long-term incentive plan, SARs are vested progressively in three equal instalments on each of the first, second and third anniversaries of the grant date, subject to continuous service. SARs can be exercised from the fifth anniversary of the date of grant and, unless they are terminated according to the stipulated terms, they expire eight years after the grant date.

Each SAR, upon vesting, entitles the Participant the right to receive a cash amount (net of applicable withholding tax) equal to the fair market value of a Class A subordinate voting share of the Company that exceeds the exercise price of the SAR, which is equal to the fair market value of a Class A subordinate voting share at the grant date of the SAR.

During the year ended December 31, 2020, the Company granted 4,251.2 SARs with a weighted average value of $36.55. As at December 31, 2020, these rights were not vested by the Participants.

The weighted average value of rights granted was estimated at the grant date, for the purpose of determining share-based compensation related to SARs, by using the Black-Scholes valuation model with the following weighted average assumptions:

Expected dividend yield	1.50%
Expected volatility [i]	21%
Risk-free interest rate	1.00%
Expected attrition rate [ii]	2.82%

i) Expected volatility is based on historical volatility of Class A subordinate voting shares of the Company for a period equivalent to the expected term of the SARs.

ii) Expected attrition rate over the three-year acquisition period.

A compensation expense of $47,000 was recognized during the year ended December 31, 2020 related to this plan.

Note 27. Managing Financial Risk Arising From Financial Instruments

In the normal course of business, the Company is exposed to a range of financial risks arising from financial instruments: credit risk, liquidity risk and market risk (including interest rate risk, foreign exchange risk and price risk). The Company's overall financial risk management program aims to minimize the negative effects of these risks on its profit or loss. The Company uses derivative instruments to hedge certain risks.

Risk management is conducted by the corporate treasury department and Management Committee, acting in compliance with policies approved by the Board of Directors. They identify, assess and hedge the financial risks in close cooperation with the business units. The Board of Directors provides the guidelines for the overall risk management of specific risks, namely, credit risk, interest rate risk, foreign exchange risk, price risk, the use of derivative instruments and investments of excess cash.

The following analysis provides a measure of the Company's financial risks arising from financial instruments as at the reporting date, i.e., December 31, 2020 and 2019.

27.1 Credit risk

Credit risk is the risk of a counterparty failing to meet its commitments. The Company's credit risk comes mainly from cash and cash equivalents, accounts receivable and derivative instrument assets. As at December 31, 2020, cash and cash equivalents and derivative instrument assets were held in reputable financial institutions, and management deemed the risk of loss to be negligible. The credit risk of accounts receivable is the potential inability of clients to meet their obligations. Accounts receivable amounts are presented on the Consolidated Statement of Financial Position net of the allowance for doubtful accounts, which is estimated by the Company's management based on past experience and its assessment of current economic conditions. The Company may also be exposed to credit risk when it has significant discounts receivable from certain suppliers.

The three largest clients accounted for 39.5% of the trade accounts receivable balance as at December 31, 2020 (32.7% as at December 31, 2019) and 31.7% of the Company's sales for the year ended December 31, 2020 (29.1% of sales for the year ended December 31, 2019).

During the year ended December 31, 2020, two clients accounted respectively for 11.8% and 10.2% of the Company's sales (one client accounted for 11.6% of sales for the year ended December 31, 2019).

The Company regularly examines and reviews the financial positions of existing clients and applies rigorous procedures to assess the creditworthiness of new clients. It sets specific credit limits per client and regularly reviews those limits. The Company manages credit risk as follows:

- Credit limits are established and examined by internal credit specialists based on information collected from relevant sources and on the Company's experience with its clients;
- The Company's Canadian subsidiaries take out credit insurance on the majority of their sales made outside Canada;
- The Company's U.S. subsidiaries take out credit insurance on the majority of their sales; and
- The terms of credit may vary depending on the client's credit risk.

As at December 31, 2020, 94.3% of trade accounts receivable were aged less than 61 days (95.6% as at December 31, 2019). The tables below show the Company's trade accounts receivable aging net of the allowance for doubtful accounts:

	As at December 31, 2020				
	0 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
	$	$	$	$	$
Trade accounts receivable					
Within the term	**124,753**	**5,541**	**-**	**-**	**130,294**
Past due	**-**	**1,344**	**2,705**	**5,279**	**9,328**
	124,753	**6,885**	**2,705**	**5,279**	**139,622**

	As at December 31, 2019				
	0 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
	$	$	$	$	$
Trade accounts receivable					
Within the term	106,360	4,944	-	-	111,304
Past due	-	478	1,223	3,948	5,649
	106,360	5,422	1,223	3,948	116,953

The Company recognizes an allowance for doubtful accounts when management believes that the expected recoverable amount is lower than the actual amount of the trade account receivable. The Company generally considers trade accounts receivable to be past due when they exceed 45 to 60 days depending on the credit conditions applicable to the client. As at December 31, 2020 and 2019, the allowance for doubtful accounts was not significant.

As at December 31, 2020 and 2019, the Company's maximum exposure to credit risk corresponds to the carrying amount of the cash and cash equivalents, the accounts receivable and, if applicable, the positive fair value of the derivative instruments presented on the Consolidated Statement of Financial Position.

27.2 Liquidity risk

Liquidity risk refers to the possibility of the Company not being able to meet its financial obligations when they become due. The Company has contractual obligations, fiscal obligations as well as financial liabilities and derivative instrument liabilities and is therefore exposed to liquidity risk. Such risk can result, for example, from a market disruption or a lack of liquidity.

The Company manages this risk by maintaining detailed financial forecasts as well as long-term operating and strategic plans. Managing consolidated liquidity requires constant monitoring of projected cash inflows and outflows using forecasts of the Company's consolidated financial position to ensure an adequate and effective use of cash resources. Liquidity adequacy is established by geographic segment based on historical volatility and seasonal requirements as well as on planned investments and the long-term debt maturity profile. Implementations of new credit facilities and borrowing agreements and issuances or repurchases of shares are handled by the corporate treasury department. Day-to-day management is conducted within geographic segments.

As at December 31, 2020, the Company had authorized revolving credit facilities for which the available amount may not exceed, respectively, $225,000,000 and US$75,000,000 to ensure that sufficient funds are available to meet its financial requirements. The terms and conditions related to these revolving credit facilities are described in Note 21.

The following tables present a maturity analysis, up to the contractual due dates, of the Company's financial liabilities according to projected contractual cash flows. The cash flows from derivative instruments, presented as derivative instrument assets or liabilities, are included because the Company manages its derivative contracts based on gross amounts. The amounts correspond to the undiscounted contractual cash flows. All contractual amounts denominated in foreign currencies are converted into Canadian dollars using the exchange rate in effect on the reporting date, unless otherwise indicated.

	As at December 31, 2020					
		Contractual cash flows				
	Carrying value	0 to 12 months	13 to 36 months	37 to 60 months	Thereafter	Total
	$	$	$	$	$	$
Non-derivative financial liabilities						
Accounts payable and accrued liabilities	**260,219**	**260,219**	**-**	**-**	**-**	**260,219**
Long-term debt [i]	**215,486**	**11,060**	**138,825**	**62,377**	**24,971**	**237,233**
Interest payments [ii]	**-**	**6,483**	**5,254**	**1,895**	**56**	**13,688**
	475,705	**277,762**	**144,079**	**64,272**	**25,027**	**511,140**
Derivative instrument (assets) liabilities						
Interest rate swaps	**3,002**	**-**	**3,002**	**-**	**-**	**3,002**
Foreign exchange forward contracts [iii]	**6,303**					
Cash outflows		**196,974**	**-**	**-**	**-**	**196,974**
Cash inflows		**(190,519)**	**-**	**-**	**-**	**(190,519)**
Frozen concentrated orange juice futures	**(249)**	**(249)**	**-**	**-**	**-**	**(249)**
Total return swaps	**12**	**-**	**12**	**-**	**-**	**12**
	9,068	**6,206**	**3,014**	**-**	**-**	**9,220**
	484,773	**283,968**	**147,093**	**64,272**	**25,027**	**520,360**

i) Contractual cash flows do not include transaction costs recognized as a reduction to the long-term debt and the impact of discounting non-interest-bearing financings.

ii) Payments of contractual interest. When future interest cash flows are not fixed, they are calculated using interest rates prevailing at the end of the reporting period.

iii) The contractual cash inflows are converted into Canadian dollars using the exchange rates in effect on the reporting date, whereas the cash outflows are those set by contract.

	As at December 31, 2019					
		Contractual cash flows				
	Carrying value	0 to 12 months	13 to 36 months	37 to 60 months	Thereafter	Total
	$	$	$	$	$	$
Non-derivative financial liabilities						
Bank overdraft	12,357	12,357	-	-	-	12,357
Accounts payable and accrued liabilities	220,373	220,373	-	-	-	220,373
Long-term debt [i)]	265,119	17,478	171,963	63,356	15,491	268,288
Interest payments [ii)]	-	11,360	16,412	4,760	1,344	33,876
	497,849	261,568	188,375	68,116	16,835	534,894
Derivative instrument (assets) liabilities						
Interest rate swaps	2,654	-	2,654	-	-	2,654
Foreign exchange forward contracts [iii)]	2,456					
Cash outflows		178,879	-	-	-	178,879
Cash inflows		(176,376)	-	-	-	(176,376)
Frozen concentrated orange juice futures	132	132	-	-	-	132
	5,242	2,635	2,654	-	-	5,289
	503,091	264,203	191,029	68,116	16,835	540,183

i) Contractual cash flows do not include transaction costs recognized as a reduction to the long-term debt and the impact of discounting non-interest-bearing financings.

ii) Payments of contractual interest. When future interest cash flows are not fixed, they are calculated using interest rates prevailing at the end of the reporting period.

iii) The contractual cash inflows are converted into Canadian dollars using the exchange rates in effect on the reporting date, whereas the cash outflows are those set by contract.

27.3 Market risk

Market risk is the Company's exposure to increases or decreases in financial instrument values caused by fluctuations in market prices, whether due to factors specific to the financial instruments or their issuer, or by factors affecting all financial instruments of that category that are traded on the market. The Company is primarily exposed to interest rate risk, to foreign exchange risk and to the price risk of certain raw materials.

27.3.1 Interest rate risk

Interest rate risk is the Company's exposure to increases or decreases in financial instrument values caused by fluctuations in interest rates. The Company is exposed to cash flow risk due to the interest rate fluctuations in its floating-rate interest-bearing financial obligations and to fair value risk from its fixed-rate financial obligations.

In addition, upon the refinancing of a debt instrument, depending on the availability of funds in the market and lender perception of the Company's risk, the margin that is added to the reference rate, such as CDOR, LIBOR, or prime rates, could vary and thereby directly influence the interest rate payable by the Company.

The Company strives to maintain an appropriate combination of fixed- and floating-rate financial obligations in order to reduce the impact of interest rate fluctuations. To do so, and to synthetically adjust the exposure to interest rates, it uses derivative instruments in the form of interest rate swaps.

With respect to its floating-rate financial obligations, a negative impact on cash flows would occur if there were an increase in the reference rates; the impact would be positive in relation to its interest rate swaps. A decrease in these same rates would have an opposite impact of similar magnitude.

Term financing is used mainly in relation to the Company's long-term obligations stemming from acquisitions of long-term assets and business combinations. The revolving credit facilities are mainly used to finance the Company's working capital and essentially fluctuate according to seasonal factors specific to the Company. The Company may also use revolving credit facilities in addition to term financing for business combinations when it deems that it will be able to repay the revolving credit in the medium term.

As at December 31, 2020 and 2019, the Company had interest rate swap agreements to cover the impact of future fluctuations in LIBOR interest rates, applicable to LPC's term loans and to CA revolving credit, on the Company's cash flows. These swaps are designated in a hedging relationship.

The following tables present a summary of the Company's interest rate swaps:

					As at December 31, 2020	
Start date	**End date**	**Type**	**Fixed rate**	**Floating rate**	**Notional amount**	**Fair value**
			%		**in US$**	**in C$**
June 2018	March 2022	Fixed-rate payer	2.8675	3-month LIBOR	**40,000,000** [i]	**(1,326,000)**
June 2018	March 2022	Fixed-rate payer	2.8695	3-month LIBOR	**40,000,000** [i]	**(1,327,000)**
April 2020	March 2023	Fixed rate payer	0.5760	3-month LIBOR	**35,000,000**	**(349,000)**

i) The notional amount of the interest rate swap includes a decrease of US$20,000,000 compared to the initial notional amount, as planned in the agreement, and will gradually decrease to reach US$15,000,000 at maturity.

					As at December 31, 2019	
Start date	**End date**	**Type**	**Fixed rate**	**Floating rate**	**Notional amount**	**Fair value**
			%		in US$	in C$
June 2018	March 2022	Fixed-rate payer	2.8675	3-month LIBOR	51,000,000 [i]	(1,326,000)
June 2018	March 2022	Fixed-rate payer	2.8695	3-month LIBOR	51,000,000 [i]	(1,328,000)

i) The notional amount of the interest rate swap includes a decrease of US$9,000,000 compared to the initial notional amount, as planned in the agreement, and will gradually decrease to reach US$15,000,000 at maturity.

Sensitivity analysis for interest rate risk

According to the balances of the Company's floating-rate loans and interest rate swaps as at December 31, 2020, all other factors being equal, a 1% increase in the interest rate would have had an unfavourable impact of $346,000 on profit or loss and a favourable impact of $1,195,000 on other comprehensive income for the year ended December 31, 2020. A 1% decrease in the interest rate would have had an impact of a similar magnitude but in opposite directions on the Company's profit or loss and other and an unfavourable impact of $263,000 on comprehensive income.

27.3.2 Foreign exchange risk

Foreign exchange risk is the Company's exposure, caused by exchange rate fluctuations, to decreases or increases in:

- The value of its financial instruments, mainly cash and cash equivalents, other working capital items and intercompany balances denominated in foreign currencies;
- Its net investments in its foreign operations, as they use the U.S. dollar as functional currency; and
- The value of transactions denominated in foreign currencies by entities that have the Canadian dollar as their functional currency:
  - The raw material, supplies and equipment purchases denominated in foreign currencies made by Canadian entities; and
  - Sales made by Canadian entities concluded in foreign currencies.

Foreign exchange risk is managed in accordance with the Company's foreign exchange risk management policy. The objective of this policy is to mitigate the impact of foreign exchange rate fluctuations on the Company's results and financial position. Under this foreign exchange policy, the Company must identify, by geographic segment, any actual or potential foreign exchange risk arising from its operations. The policy also prohibits speculative foreign exchange transactions.

The Company employs various strategies to mitigate foreign exchange risk, including the use of derivative instruments and natural hedge management techniques. A corporate treasury department provides the strategy to hedge these risks. As at December 31, 2020, the Canadian-dollar amounts of accounts receivable, of accounts payable and accrued liabilities and of long-term debt denominated in currencies other than the functional currencies of the entities totalled, respectively, $18,055,000, $37,349,000 and $44,562,000 ($14,058,000, $29,466,000 and $29,223,000, respectively, as at December 31, 2019).

The following tables present a summary of the Company's foreign exchange contracts:

	As at December 31, 2020			
Type	**Maturity**	**Rate**	**Total contractual amount**	**Total net fair value**
		in C$		**in C$**
US$ purchase	**1 to 12 months**	**1.2714 to 1.3952**	**US$165,350,000**	**(7,148,000)**
US$ sale	**1 to 7 months**	**1.3126 to 1.3146**	**US$21,175,000**	**820,000**
€ purchase	**1 to 12 months**	**1.5620**	**€4,456,000**	**25,000**

	As at December 31, 2019			
Type	**Maturity**	**Rate**	**Total contractual amount**	**Total net fair value**
		in C$		in C$
US$ purchase	1 to 11 months	1.2997 to 1.3322	US$132,700,000	(2,421,000)
€ purchase	1 to 12 months	1.4880	€2,760,000	(35,000)

Foreign exchange forward contracts are contracts whereby the Company is committed to purchasing or selling foreign currencies at predetermined rates. Foreign exchange contracts, when designated for this purpose, are hedged.

Sensitivity analysis for foreign exchange risk

According to the balances as at December 31, 2020 of the Company's financial instruments denominated in foreign currencies, excluding the balances of foreign operations, and all other factors being equal, a reasonably possible $0.05 per unit increase in foreign currency exchange rates would have had an unfavourable impact of $201,000 on profit or loss and a favourable impact of $4,551,000 on other comprehensive income. A reasonably possible $0.05 per unit decrease in foreign currency exchange rates would have had an impact of a similar magnitude but in the opposite direction on profit or loss and on other comprehensive income for the year ended December 31, 2020.

27.3.3 Price risk

To mitigate the effects of certain raw material price fluctuations, the Company occasionally contracts derivatives.

As at December 31, 2020 and 2019, the Company owned derivative instruments on frozen concentrated orange juice. These derivative instruments, when designated for this purpose, are subject to hedge accounting.

The following tables present a summary of the Company's frozen concentrated orange juice derivative instruments:

	As at December 31, 2020			
Type	**Maturity**	**Fixed price**	**Total quantity**	**Total net fair value**
		in US$/lbs sol.	**in lbs sol.**	**in C$**
Futures	**3 and 5 months**	**1.1490 to 1.2680**	**3,600,000**	**249,000**

	As at December 31, 2019			
Type	**Maturity**	**Fixed price**	**Total quantity**	**Total net fair value**
		in US$/lbs sol.	in lbs sol.	in C$
Futures	3 and 5 months	0.9965 to 1.0660	4,500,000	(132,000)

Sensitivity analysis for raw material price risk

All other factors being equal, a 10% increase in the price of frozen concentrated orange juice would have had a favourable impact of $576,000 on the fair value of the Company's frozen concentrated orange juice derivative instruments as at December 31, 2020, whereas a 10% decrease in the price of frozen concentrated orange juice would have had an impact of similar magnitude but in opposite directions.

To mitigate the effects of Class A subordinate voting share fluctuations on the fair value of the long-term incentive plan established during the year ended December 31, 2020, the Company entered into a total return swap agreement of these shares. The total return swap is not subjected to hedge accounting.

The following table presents a summary of the Company's total return swap:

	As at December 31, 2020			
Type	**Maturity**	**Fixed price**	**Total quantity**	**Total net fair value**
		in US$/share	**in share**	**in C$**
Total return swap	**December, 2023**	**173.03**	**1,632**	**(12,000)**

Note 28. Capital Management

The Company's capital is defined as shareholders' equity as presented in the Company's Consolidated Statement of Financial Position plus total debt. The total debt is defined as long-term debt and the current portion of long-term debt.

The Company's main objectives for managing capital are as follows:

- Manage capital in order not to exceed, all other factors being equal, a percentage of the Company's total debt to capital (debt-to-capital ratio) of 55% while keeping the business's capital cost competitive with its peers;
- Maintain financial flexibility so that business opportunities may be seized when they arise; and
- Support business growth while maintaining a dividend payment level of approximately 25% of the previous year's profit or loss attributable to the Company's shareholders, subject to the approval of the Company's Board of Directors.

The Company manages its capital structure and can adjust it in light of changes in economic conditions. Repurchases and issuances of shares and usage of long-term debt are the main tools that the Company may use to adjust its capital level and the relationship between shareholders' equity and debt levels.

The Company monitors its capital using the debt-to-capital ratio. As at December 31, 2020, the debt-to-capital ratio was 21.3% (26.5% as at December 31, 2019).

The objectives, policies and procedures for managing capital have not changed since the previous year.

Dividends paid over the last three quarters of 2020 and during the first quarter of 2021 represent, on an annualized basis, approximately 25.0% of the 2019 profit or loss attributable to the Company's shareholders.

Note 29. Commitments and Contingencies

29.1 Commitments

The following table presents the Company's commitments by period:

	2021	2022	2023	2024	2025	2026 and thereafter
	$	$	$	$	$	$
Service and marketing agreements	6,715	3,517	2,948	1,292	644	5,139
Commitments to purchase property, plant and equipment	6,358	-	-	-	-	-
Commitments to purchase raw materials [i)]	178,622	-	-	-	-	-
	191,695	3,517	2,948	1,292	644	5,139

i) Certain raw materials purchase commitments were established based on market prices as at December 31, 2020. They are therefore subject to future fluctuations.

29.2 Letters of credit

As at December 31, 2020, the Company had letters of credit outstanding totalling $1,261,000 ($586,000 as at December 31, 2019).

29.3 Proceedings and claims

In the normal course of business, the Company is exposed to various proceedings and claims. The Company assesses the validity of these proceedings and claims. Provisions are made whenever a penalty seems probable and a reliable estimate can be made of the amount. Management believes that any settlement arising from these claims will not have a significant effect on the Company's current consolidated financial position or on profit or loss. Therefore, no provision has been recognized in these consolidated financial statements.

Note 30. Segment Information

The Company has determined that it has only one reportable operating segment, i.e., the development, manufacturing and marketing of a wide range of ready-to-drink juices and drinks; frozen juice concentrates; and specialty food products; and the importation, packaging and marketing of selected wines from several countries of origin. This single operating segment generates revenues from the sale of these products and from rendering services related to the sale of these products.

Sales are attributed to the geographic segment based on the location where the Company has transferred control of the goods to the customer. The geographic segment of long-term assets and goodwill is based on the locations of the assets.

30.1 Sales by geographic segment

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Canada	**825,090**	648,733
United States	**1,149,568**	1,025,749
Other	**6,267**	3,819
	1,980,925	1,678,301

30.2 Certain long-term assets and goodwill by geographic segment

	As at December 31, 2020		
	Canada	**United States**	**Total**
	$	**$**	**$**
Property, plant and equipment	**228,318**	**162,133**	**390,451**
Intangible assets	**21,112**	**201,918**	**223,030**
Goodwill	**18,637**	**290,968**	**309,605**
	268,067	**655,019**	**923,086**

	As at December 31, 2019		
	Canada	**United States**	**Total**
	$	$	$
Property, plant and equipment [i)]	194,722	139,801	334,523
Intangible assets	10,210	229,152	239,362
Goodwill [ii)]	8,576	296,126	304,702
	213,508	665,079	878,587

i) Includes a restatement of $10,099,000 in Canada and of $17,835,000 in the United States as at January 1, 2019 following the adoption of IFRS 16. Additional information about the restatement is presented in Note 4.1.

ii) Includes a $2,800,000 increase in goodwill in Canada arising from the non-significant business combination.

Note 31. Related Party Transactions

As at December 31, 2020 and 2019, the Company was controlled by 3346625 Canada Inc., an entity controlled by Mr. Pierre-Paul Lassonde, Chairman of the board of the Company. As at December 31, 2020 and 2019, this entity held 0.42% of the Class A shares, 100% of the Class B shares, and 92.22% of the Company's voting rights.

The minority interest is also owned by 3346625 Canada Inc. The transactions and balances related to the minority interest are described in Note 23.8.

The dividends paid are approved by the Company's Board of Directors. A dividend amount is set for each class of share.

All of the transactions between related parties are carried out under market terms and conditions.

31.1 Transactions and balances between related parties

The Company carried out the following transactions with related parties:

	Year ended December 31, 2020				
	3346625 Canada Inc.	Key management personnel [i]	Associate	Other related parties [ii]	Total
	$	$	$	$	$
Transactions					
Dividends paid	**7,137**	**53**	**-**	**-**	**7,190**
Employee benefits expense	**-**	**14,494**	**-**	**278**	**14,772**
Professional fees expense	**-**	**12**	**-**	**8**	**20**
Short-term lease expense	**-**	**-**	**-**	**23**	**23**
Purchase of inventories	**-**	**-**	**-**	**111**	**111**
Commission income	**-**	**-**	**207**	**-**	**207**
Account balances					
Accounts receivable	**26**	**-**	**125**	**7**	**158**

i) Key management personnel include the members of the Board of Directors as well as the President and Chief Operating Officer and the executive vice-presidents who are members of the Management Committee.

ii) Other related parties include close family members of the key management personnel and entities controlled by the key management personnel.

	Year ended December 31, 2019				
	3346625 Canada Inc.	**Key management personnel [i)]**	**Associate**	**Other related parties [ii)]**	**Total**
	$	$	$	$	$
Transactions					
Dividends paid	9,773	73	-	-	9,846
Employee benefits expense	-	8,116	-	206	8,322
Professional fees expense	-	8	-	12	20
Short-term lease expense	-	-	-	23	23
Purchase of inventories	-	-	-	112	112
Commission income	-	-	28	-	28
Account balances					
Accounts receivable	18	-	28	7	53

i) Key management personnel include the members of the Board of Directors as well as the President and Chief Operating Officer and the executive vice-presidents who are members of the Management Committee.

ii) Other related parties include close family members of the key management personnel and entities controlled by the key management personnel.

31.2 Key management personnel compensation

The following table presents the compensation of the key management personnel recognized in profit or loss:

	Years ended	
	Dec. 31, 2020	**Dec. 31, 2019**
	$	$
Short-term employee benefits [i)]	**11,630**	5,671
Long-term employee benefits	**72**	-
Post-employment benefits	**2,792**	2,445
	14,494	8,116

i) Includes directors' fees.

Note 32. Interests in Other Entities

32.1 List of subsidiaries and associates

The following table presents the Company's subsidiaries and associates as at December 31, 2020 and 2019:

		% of ownership		
Entities	**Consolidation method**	**2020**	**2019**	**Country**
Subsidiaries				
A. Lassonde Inc. [i)]	Fully consolidated	**100%**	100%	Canada
Sun-Rype Products Ltd. [i)]	Fully consolidated	**100%**	-	Canada
Lassonde Specialties Inc.	Fully consolidated	**100%**	100%	Canada
Arista Wines Inc.	Fully consolidated	**100%**	100%	Canada
Arista Wines (USA) Inc.	Fully consolidated	**100%**	100%	Canada
Zurban Beverages Inc.	Fully consolidated	**100%**	100%	Canada
7925271 Canada Inc.	Fully consolidated	**100%**	100%	Canada
Lasfin Canada Inc.	Fully consolidated	**100%**	100%	Canada
2733-1719 Québec Inc.	Fully consolidated	**100%**	100%	Canada
Luxlas Fund Limited Partnership	Fully consolidated	**100%**	100%	Canada
Lassonde (U.S.A.) Inc.	Fully consolidated	**100%**	100%	Canada
Pappas Lassonde Holdings, Inc.	Fully consolidated	**90%**	90%	United States
Apple & Eve, LLC	Fully consolidated	**90%**	90%	United States
Lassonde Pappas and Company, Inc.	Fully consolidated	**90%**	90%	United States
Old Orchard Brands, LLC	Fully consolidated	**90%**	90%	United States
Sun-Rype Concentrates, Inc	Fully consolidated	**90%**	-	United States
Sun-Rype Products (USA), Inc.	Fully consolidated	**90%**	-	United States
A&E Acquisition, LLC	Fully consolidated	**90%**	90%	United States
Clement Pappas NC, LLC	Fully consolidated	**90%**	90%	United States
CP Maryland, LLC	Fully consolidated	**90%**	90%	United States
Delsea Farms, LLC	Fully consolidated	**90%**	90%	United States
Northland Products, LLC	Fully consolidated	**90%**	90%	United States
Old Orchard Brands Real Estate Holdings, LLC	Fully consolidated	**90%**	90%	United States
Pomona Holdings, Inc.	Fully consolidated	**90%**	90%	United States
Pappas Foods, L.L.C.	Fully consolidated	**90%**	90%	United States
Pappas Properties CA, LLC	Fully consolidated	**90%**	90%	United States
Pappas Properties, LLC	Fully consolidated	**90%**	90%	United States
Lassonde Luxembourg SARL	Fully consolidated	**100%**	100%	Luxembourg
Lassonde Hungary, Kft	Fully consolidated	**100%**	100%	Hungary
Associate				
Diamond Estates Wines & Spirits Inc.	Equity method	**19.2%**	19.2%	Canada

i) On January 1, 2021, the Company merged its subsidiaries Sun-Rype Products Ltd. and A. Lassonde Inc. The entity resulting from this merger is A. Lassonde Inc.

32.2 Nature and scope of other significant restrictions

The shareholders' agreement of a U.S. subsidiary of the Company contains restrictive clauses regarding:

- Transactions with related parties of the Company's U.S. subsidiaries;
- Non-compete obligations relative to certain products and sales regions of the Company's subsidiaries;
- Transfers and sales of the shares of certain U.S. subsidiaries and of a Canadian subsidiary of the Company related to the financing of a U.S. subsidiary;
- Changes to the policy for declaring dividends to the shareholders of certain U.S. subsidiaries of the Company;
- Capital contributions to certain U.S. subsidiaries of the Company; and
- Significant changes to the nature of the operations and to the location of the head office of a U.S. subsidiary of the Company.