Q2

Quarterly
REPORT

SAVARIA CORPORATION

Quarterly Report

For the Three-Month and Six-Month Periods Ended June 30, 2022

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SAVARIA CORPORATION

Management's Discussion & Analysis Report

For the three-month and six-month periods ended June 30, 2022

Contents

1. Basis of Presentation

The following management's discussion and analysis ("MD&A"), dated August 10, 2022, is intended to assist readers to better understand Savaria Corporation, its business context, strategies, risk factors and key financial results. It notably discusses the Corporation's financial position and operating results for the three-month and six-month periods ended June 30, 2022 in comparison to the corresponding periods of fiscal 2021. Unless otherwise indicated, the terms "Corporation," "Savaria," "we" and "our," refer to Savaria Corporation and its subsidiaries.

Prepared in accordance with *National Instrument 51-102 Respecting Continuous Disclosure Obligations,* this report should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2021 and the MD&A for the same period. Unless otherwise indicated, all amounts are expressed in Canadian dollars. Amounts in certain passages of this MD&A may be expressed in millions of Canadian dollars ("M"); however, all percentage references related to such amounts are calculated based on the thousands of Canadian dollars amount figures contained in the corresponding tables.

The Corporation's financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and MD&A, have been reviewed by Savaria's Audit Committee and approved by its Board of Directors.

Additional information, including the Annual Information Form, is available on SEDAR's website at www.sedar.com.

2. Forward-Looking Statements

This MD&A includes certain statements which are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A which is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe," "could," "should," "intend," "expect," "estimate," "assume" and other similar expressions are generally intended to identify forward-looking statements. It is important to know the forward-looking statements in this MD&A describe our expectations as at August 10, 2022, which are not guarantees of the future performance of Savaria or its industry, and involve known and unknown risks and uncertainties which may cause Savaria's or the industry's outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetizations, mergers, acquisitions, other business acquisitions or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

Unless otherwise required by applicable securities laws, we disclaim any intention or obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

The foregoing risks and uncertainties include the risks set forth under "Risks and Uncertainties" in this report, as well as other risks detailed from time to time in reports filed by Savaria with securities regulators in Canada.

3. Compliance with International Financial Reporting Standards

The Corporation's financial statements are prepared in accordance with IFRS. However, in this MD&A the following non-IFRS measures and non-IFRS ratios are used by the Corporation: EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDA before head office costs, adjusted EBITDA margin before head office costs, adjusted net earnings, adjusted net earnings per share, adjusted net earnings excluding amortization of intangible assets related to acquisitions per share, available credit facilities, available short-term capital resources, total debt, net debt and ratio of net debt to adjusted EBITDA, and working capital. Reconciliations to IFRS measures and ratios can be found in sections 3 and 6 of this MD&A.

The Corporation believes these non-IFRS measures and ratios are useful for investors and analysts to properly assess its financial and operating performance. Although management, investors and analysts use these measures and ratios to evaluate the Corporation's financial and operating performance, they have no standardized definition in accordance with IFRS and should not be regarded as an alternative to financial information prepared in accordance with IFRS. These measures and ratios may therefore not be comparable to similar measures and ratios reported by other entities.

EBITDA

EBITDA is defined as earnings before net finance costs, income tax expense and depreciation & amortization. Investors are cautioned that EBITDA should not be considered an alternative to operating income or net earnings for the period (as determined in accordance with IFRS) as an indicator of the Corporation's performance, or an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flow. The Corporation's method of calculating EBITDA may differ from the methods used by other issuers and, accordingly, the Corporation's EBITDA may not be comparable to similar measures used by other issuers. We use EBITDA as a measure of the Corporation's underlying operational efficiency and performance. It allows us to assess the Corporation's baseline profitability without interest, taxes, depreciation and amortization which shouldn't be considered when assessing the Corporation's operational performance.

ADJUSTED EBITDA

Adjusted EBITDA is defined as EBITDA before other expenses and stock-based compensation expense. Investors are cautioned that adjusted EBITDA should not be considered an alternative to operating income or net earnings for the period (as determined in accordance with IFRS) as an indicator of the Corporation's performance, or an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flow. The Corporation's method of calculating adjusted EBITDA may differ from the methods used by other issuers and, accordingly, the Corporation's adjusted EBITDA may not be comparable to similar measures used by other issuers. We believe adjusted EBITDA provides valuable insight into the Corporation's day-to-day operations as they exclude from earnings factors that are more reflective of long-term financing or investing decisions than of current performance. Adjusted EBITDA, in addition, provides an alternative assessment of future operating results as it excludes the impact of other expenses and stock-based compensation expense, which are not in the expected course of future operations, or which are not a result of operations, allowing better comparability from period to period.

	Total	2022		2021				2020	
in thousands of dollars	Trailing 12 months	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
					(Recast[1])	(Recast[1])	(Recast[1])		
Operating Income	$47,156	**$17,738**	$8,829	$10,207	$10,382	$8,915	$6,380	$11,225	$12,284
Amortization and depreciation expense	52,594	**12,237**	13,334	12,347	14,676	14,532	7,768	4,547	4,251
Stock-based compensation	2,016	**469**	420	564	563	356	264	102	239
Other expenses	9,688	**1,025**	1,839	6,132	692	3,591	2,881	175	140
Adjusted EBITDA*	$111,454	**$31,469**	$24,422	$29,250	$26,313	$27,394	$17,293	$16,049	$16,914

* Non-IFRS measures are described in this section

[1] Refer to Note 2B) - Adjustments to comparative figures in the interim condensed consolidated financial statements of Q2 2022.

ADJUSTED EBITDA MARGIN

Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of revenue. The Corporation uses this ratio in relation with the Adjusted EBITDA measure.

ADJUSTED EBITDA BEFORE HEAD OFFICE COSTS

Adjusted EBITDA before head office costs is defined as adjusted EBITDA excluding head office costs. Head office costs are expenses and salaries related to centralized functions, such as finance and legal, which are not allocated to reportable segments. Adjusted EBITDA before head office costs excludes head office costs, which the Corporation believes should not be considered when assessing the underlying performance of the operational reportable segments.

ADJUSTED EBITDA MARGIN BEFORE HEAD OFFICE COSTS

Adjusted EBITDA margin before head office costs is defined as adjusted EBITDA before head office costs expressed as a percentage of revenue. The Corporation uses this ratio in relation with the Adjusted EBITDA before head office costs measure.

in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	Head Office	Total
			Q2 2022		
Operating Income	$17,326	$4,317	$(24)	$(3,881)	**$17,738**
Amortization and depreciation expense	8,039	2,125	634	1,439	**$12,237**
Stock-based compensation	-	-	-	469	**$469**
Other expenses	559	256	-	210	**$1,025**
Adjusted EBITDA*	$25,924	$6,698	$610	$(1,763)	**$31,469**
Adjusted EBITDA before head office costs*					**$33,232**
Adjusted EBITDA Margin before head office costs*	19.1%	15.3%	5.0%	n/a	**17.3%**
			Q2 2021		
					(Recast[1])
Operating Income	$10,225	$2,805	$1,066	$(5,181)	**$8,915**
Amortization and depreciation expense	11,522	1,848	247	915	**$14,532**
Stock-based compensation	-	-	-	356	**$356**
Other expenses	1,622	13	-	1,956	**$3,591**
Adjusted EBITDA*	$23,369	$4,666	$1,313	$(1,954)	**$27,394**
Adjusted EBITDA before head office costs*					**$29,348**
Adjusted EBITDA Margin before head office costs*	17.9%	12.9%	11.2%	n/a	**16.4%**
			YTD 2022		
Operating Income	$29,509	$6,279	$(116)	$(9,105)	**$26,567**
Amortization and depreciation expense	15,917	4,903	1,289	3,462	**$25,571**
Stock-based compensation	-	-	-	889	**$889**
Other expenses	995	862	-	1,007	**$2,864**
Adjusted EBITDA*	$46,421	$12,044	$1,173	$(3,747)	**$55,891**
Adjusted EBITDA before head office costs*					**$59,638**
Adjusted EBITDA Margin before head office costs*	17.4%	14.1%	4.9%	n/a	**15.9%**
			YTD 2021		
					(Recast[1])
Operating Income	$17,167	$4,935	$1,491	$(8,298)	**$15,295**
Amortization and depreciation expense	17,125	3,405	443	1,327	**$22,300**
Stock-based compensation	-	-	-	620	**$620**
Other expenses	2,973	24	-	3,475	**$6,472**
Adjusted EBITDA*	$37,265	$8,364	$1,934	$(2,876)	**$44,687**
Adjusted EBITDA before head office costs*					**$47,563**
Adjusted EBITDA Margin before head office costs*	17.6%	13.6%	10.9%	n/a	**16.4%**

* Non-IFRS measures are described in this section

[1] Refer to Note 2B) - Adjustments to comparative figures in the interim condensed consolidated financial statements of Q2 2022.

ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS PER SHARE

Adjusted net earnings is defined as net earnings excluding other expenses and the income tax effects related to these costs. We believe adjusted net earnings provides valuable insight into the Corporation's normal operations as they exclude from earnings the impact of other expenses, which are not in the normal course of future operations, or which are not a result of operations, allowing better comparability from period to period.

Adjusted net earnings per share is calculated using the diluted weighted average number of shares.

ADJUSTED NET EARNINGS EXCLUDING AMORTIZATION OF INTANGIBLE ASSETS RELATED TO ACQUISITIONS AND ADJUSTED NET EARNINGS EXCLUDING AMORTIZATION OF INTANGIBLE ASSETS RELATED TO ACQUISITIONS PER SHARE

Adjusted net earnings excluding amortization of intangible assets related to acquisitions is defined as adjusted net earnings excluding the amortization of backlogs, client lists, maintenance contracts, patents and trademarks accounted for in business acquisitions and the income tax effects related to this amortization. We believe adjusted net earnings excluding amortization of intangible assets related to acquisitions provides valuable insight into the Corporation's normal operations as they exclude from earnings the impact of other expenses and specific amortization expenses, providing a comparative measure of the Corporation's performance when realizing significant business acquisitions.

Adjusted net earnings excluding amortization of intangible assets related to acquisitions per share is calculated using the diluted weighted average number of shares.

AVAILABLE CREDIT FACILITIES

Available credit facilities is defined as the total amount available under the existing revolving credit facility minus the amount drawn or outstanding letters of credit. The Corporation uses this measure to assess its financial leverage.

AVAILABLE SHORT-TERM CAPITAL RESOURCES

Available short-term capital resources is defined as the available credit facilities plus cash and cash equivalents. The Corporation uses this measure to assess its financial leverage.

TOTAL DEBT, NET DEBT AND RATIO OF NET DEBT TO ADJUSTED EBITDA

Total debt is defined as the amount drawn under the revolving credit facility and term loan facility, notes payable related to business acquisitions, outstanding letters of credit and lease liabilities, including current portions. Net debt is defined as total debt, net of cash and cash equivalents. The ratio of net debt to adjusted EBITDA is calculated by using the net debt divided by the trailing twelve months adjusted EBITDA. The Corporation uses these measures to assess its financial leverage.

WORKING CAPITAL

Working capital is defined as current assets minus current liabilities. The Corporation uses this ratio to measure its liquidity, operational efficiency and short-term financial health.

4. Business Overview

Savaria is a global leader in the accessibility industry, which provides solutions for the elderly and physically challenged to improve their comfort, mobility and independence. The Corporation has one of the most comprehensive product lines in the industry, split into three business segments, *Accessibility, Patient Care* and *Adapted Vehicles*.

Savaria designs, manufactures, distributes and installs accessibility equipment, such as stairlifts for straight and curved stairs, vertical and inclined wheelchair lifts and elevators for home and commercial use. It also manufactures and markets a comprehensive selection of pressure management products, medical beds, as well as an extensive line of medical equipment and solutions for the safe movement of patients, such as transfer, lifting and repositioning aids. In addition, Savaria converts and adapts a wide variety of motor vehicles to be wheelchair accessible, while also providing vehicle products for people with special needs along with other vehicles adaptations.

Savaria operates a global manufacturing network with seven plants in Canada, two in the United States, five in Europe, and two in China. The Corporation has direct sales offices in Canada, the United States, seven European countries, Australia and China. It also operates an extensive worldwide dealer network.

As at August 10, 2022, Savaria's workforce totaled approximately 2,250 employees worldwide.

4.1 REPORTABLE SEGMENTS OF THE CORPORATION

The Corporation manages its operations under three reportable segments, *Accessibility, Patient Care* and *Adapted Vehicles*. These segments are structured according to their respective addressable markets.

Accessibility

Through the *Accessibility* segment, Savaria designs, manufactures, distributes and installs a wide portfolio of products including straight and curved stairlifts, wheelchair platform lifts for both commercial and residential applications, commercial accessibility elevators and home elevators. Savaria operates manufacturing facilities in Canada (Brampton, Ontario, and Surrey, British Columbia) and Italy (Milan), and following the acquisition of Handicare in 2021, two additional facilities in the United Kingdom (Kingswinford) and the Netherlands (Heerhugowaard). In addition, Savaria and Handicare each operate assembly locations in China, which provide full and partial assembly services for Savaria and Handicare products across the globe. Working closely with key Asian suppliers has yielded continuous product improvements and competitive pricing. Savaria and Handicare products are distributed worldwide through a network of over 1500 dealers as well as 30 direct sales offices, through which the Corporation also provides maintenance services.

Patient Care

From its facility in Magog, Québec, Savaria designs and builds an innovative ceiling lift product line designed to safely move patients from wheelchair to bed or bath areas using an overhead hoist. Span-America Medical Systems Inc. ("Span") makes medical beds, therapeutic support surfaces and pressure management products used in healthcare facilities such as long-term care and nursing homes. Span operates manufacturing facilities in Greenville, South Carolina (surfaces), and Beamsville, Ontario (beds) and also sells the Savaria *Patient Care* product line to home care and institutional sales channels in North America. Silvalea Ltd ("Silvalea"), based in Newton Abbot, UK, manufactures patient transfer slings and accessories. They specialize in the design and development of challenging and complex patient transfer solutions, with an extensive catalog of over 800 sling designs. The acquisition of Handicare added a production facility in the United States (St. Louis, Missouri) and a distribution network across North America for patient transfer, lifting and repositioning aid products. This acquisition largely complements the Savaria product offering and provides additional sales force and distribution channels for the *Patient Care* segment.

Adapted Vehicles

The Savaria *Adapted Vehicles* segment serves the Canadian marketplace with both personal use and commercial use designs for wheelchair passengers and drivers. Savaria designs and builds lowered-floor wheelchair accessible conversions for popular brands of minivans. Side-entry access vans are built at its Van-Action (2005) Inc. division in Laval, Québec, while rear-entry access vans are completed at Freedom Motors Inc., in Toronto, Ontario. Silver Cross Automotive serves as a retailer of these products, along with other adaptation products in Ontario, Alberta and British Columbia. The Handicare vehicle division serves the Norwegian marketplace and its operations mainly relate to the conversion of vehicles for people with mobility challenges, as well as specially adapted vehicles for emergency services including police, fire and rescue, and paramedics.

The following tables provide the revenue of the reportable segments by region for the six-month period ended June 30:

	YTD			
in thousands of dollars, except percentages	**2022**		2021	
Canada	**$65,392**	**17.4%**	$55,072	18.9%
United States	**142,194**	**37.9%**	117,138	40.4%
Europe (other than United Kingdom)	**101,456**	**27.0%**	76,287	26.2%
United Kingdom and others	**66,555**	**17.7%**	42,199	14.5%
Total	**$375,597**	**100.0%**	$290,696	100.0%

	YTD 2022					
in thousands of dollars, except percentages	Accessibility		Patient Care		Adapted Vehicles	
Canada	**$24,156**	**9.1%**	**$32,582**	**38.1%**	**$8,654**	**36.5%**
United States	**94,143**	**35.4%**	**47,412**	**55.4%**	**639**	**2.7%**
Europe (other than United Kingdom)	**85,853**	**32.2%**	**1,161**	**1.4%**	**14,442**	**60.8%**
United Kingdom and others	**62,185**	**23.3%**	**4,370**	**5.1%**	**-**	**-**
Total	**$266,337**	**100.0%**	**$85,525**	**100.0%**	**$23,735**	**100.0%**
	YTD 2021					
Canada	$27,236	12.9%	$19,595	31.8%	$8,241	46.5%
United States	78,980	37.4%	37,795	61.4%	363	2.0%
Europe (other than United Kingdom)	66,175	31.3%	1,039	1.7%	9,073	51.2%
United Kingdom and others	38,966	18.4%	3,172	5.1%	61	0.3%
Total	**$211,357**	**100.0%**	**$61,601**	**100.0%**	**$17,738**	**100.0%**

5. Financial Highlights

in thousands of dollars, except per-share amounts	Q2 2022	Q2 2021 (Recast[1])	YTD 2022	YTD 2021 (Recast[1])
Revenue	**$192,061**	$178,621	**$375,597**	$290,696
Gross Profit	**65,582**	59,893	**124,103**	97,291
Operating income	**$17,738**	$8,915	**$26,567**	$15,295
Adjusted EBITDA*	**$31,469**	$27,394	**$55,891**	$44,687
Adjusted EBITDA margin*	**16.4%**	15.3%	**14.9%**	15.4%
Net earnings	**8,125**	2,025	**13,472**	5,833
Adjusted net earnings*	**8,890**	5,225	**15,656**	11,622
Diluted net earnings per share	**0.13**	0.03	**0.21**	0.10
Adjusted net earnings per share*	**0.14**	0.08	**0.24**	0.20

* Non-IFRS measures are described in section 3

[1] Refer to Note 2B) - Adjustments to comparative figures in the interim condensed consolidated financial statements of Q2 2022.

Q2 2022 HIGHLIGHTS

- Revenue for the quarter was $192.1M, up $13.4M or 7.5%, compared to Q2 2021, due mainly to organic growth in the *Accessibility* and *Patient Care* segments.
- Gross profit was $65.6M, up $5.7M or 9.5%, compared to Q2 2021, representing 34.1% of revenue compared to 33.5% in Q2 2021.
- Operating income was $17.7M, up $8.8M or 99.0%, compared to Q2 2021, representing 9.2% of revenue compared to 5.0% in Q2 2021.
- Adjusted EBITDA was $31.5M, up $4.1M or 14.9%, compared to Q2 2021.
- Adjusted EBITDA margin stood at 16.4% up 1.1%, compared to 15.3% in Q2 2021.
- Net earnings for the quarter were $8.1M, or $0.13 per share on a diluted basis, compared to $2.0M or $0.03 per share on a diluted basis in Q2 2021.
- *Accessibility* adjusted EBITDA before head office costs was $25.9M, an increase of $2.6M or 10.9% compared to Q2 2021.
- *Patient Care* adjusted EBITDA before head office costs was $6.7M, an increase of $2.0M or 43.5% compared to Q2 2021.
- Adjusted net earnings excluding amortization of intangible assets related to acquisitions were $13.0M, or $0.20 per share on a diluted basis, up 25.3% and $0.04, respectively, compared to Q2 2021.
- Funds available of $118.4M to support working capital, investments and growth opportunities as of June 30, 2022.

6. Financial Review

6.1 REVENUE

During Q2 2022, the Corporation generated revenue of $192.1M, up $13.4M or 7.5%, compared to the same period in 2021. The increase was due to organic growth of 9.7% partially offset by a negative foreign exchange impact of 2.2%.

For the six-month period ended June 30, 2022, the Corporation generated revenue of $375.6M, up $84.9M or 29.2%, compared to the same period in 2021. The increase is mainly due to the acquisition of Handicare in 2021 and organic growth of 10.6%. The growth was partially offset by a negative foreign exchange impact.

The following tables provide a summary of quarter and year-to-date variances in revenue both by reportable segment and in total.

	Q2			
in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	**Total**
Revenue 2022	$135,988	$43,870	$12,203	**$192,061**
Revenue 2021	$130,763	$36,119	$11,739	**$178,621**
Net change %	4.0%	21.5%	4.0%	**7.5%**
Organic Growth[1]	6.8%	20.2%	10.1%	**9.7%**
Acquisition Growth[2]	0.0%	0.0%	0.0%	**0.0%**
Foreign Currency Impact[3]	(2.8)%	1.3%	(6.1)%	**(2.2)%**
Net change %	4.0%	21.5%	4.0%	**7.5%**

[1] Organic growth represents the revenue growth coming from the existing entities as of previous year and is calculated based on local functional currency.
[2] Acquisition growth represents the revenue growth coming from the newly acquired entities during the year and is calculated based on local functional currency.
[3] Foreign currency impact represents the foreign exchange impact not related to organic and acquisition growth.

	YTD			
in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	**Total**
Revenue 2022	$266,337	$85,525	$23,735	**$375,597**
Revenue 2021	$211,357	$61,601	$17,738	**$290,696**
Net change %	26.0%	38.8%	33.8%	**29.2%**
Organic Growth[1]	7.5%	20.9%	11.0%	**10.6%**
Acquisition Growth[2]	20.4%	17.2%	28.3%	**20.2%**
Foreign Currency Impact[3]	(1.9)%	0.7%	(5.5)%	**(1.6)%**
Net change %	26.0%	38.8%	33.8%	**29.2%**

[1] Organic growth represents the revenue growth coming from the existing entities as of previous year and is calculated based on local functional currency.
[2] Acquisition growth represents the revenue growth coming from the newly acquired entities during the year and is calculated based on local functional currency.
[3] Foreign currency impact represents the foreign exchange impact not related to organic and acquisition growth.

6.1.1 Accessibility

Revenue from our *Accessibility* segment was $136.0M for the quarter, an increase of $5.2M or 4.0%, compared to the same period in 2021. The increase in revenue was related to organic growth of 6.8% driven by strong demand in the residential and commercial sectors, price increases and synergies with Handicare. The growth was partially offset by a negative foreign exchange impact of 2.8%.

For the six-month period ended June 30, 2022, revenue from our *Accessibility* segment was $266.3M, an increase of $55.0M, or 26.0%, compared to the same period in 2021. The increase in revenue was related to the acquisition of Handicare and organic growth of 7.5%, driven by the same factors listed above for the quarter and was partially offset by a negative foreign exchange impact of 1.9%.

6.1.2 Patient Care

Revenue from our *Patient Care* segment was $43.9M for the quarter, an increase of $7.8M or 21.5%, compared to the same period in 2021. The increase in revenue was related to organic growth of 20.2% explained by pent-up demand from the two last years of pandemic, increased access to long-term care facilities and price increases.

For the six-month period ended June 30, 2022, revenue from our *Patient Care* segment was $85.5M, an increase of $23.9M, or 38.8%, compared to the same period in 2021. The increase in revenue was related to the acquisition of Handicare and organic growth of 20.9%, driven by the same factors listed above for the quarter.

6.1.3 Adapted Vehicles

Revenue from our *Adapted Vehicles* segment was $12.2M for the quarter, an increase of $0.5M or 4.0%, compared to the same period in 2021. The increase in revenue was related to organic growth of 10.1%, attributable to increased ambulance and police vehicles adaptations and pent-up demand from last year which was delayed due to vehicle supply shortages. The growth was partially offset by a negative foreign exchange impact of 6.1%.

For the six-month period ended June 30, 2022, revenue from our *Adapted Vehicles* segment was $23.7M, an increase of $6.0M, or 33.8%, compared to the same period in 2021. The increase in revenue was related to the acquisition of Handicare and organic growth of 11.0%, driven by the same factors listed above for the quarter and was partially offset by a negative foreign exchange impact of 5.5%.

6.2 GROSS PROFIT AND EXPENSES

in thousands of dollars, except per-share amounts and % revenue	Q2				YTD			
	2022		2021 (Recast[1])		**2022**		2021 (Recast[1])	
Revenue	**$192,061**		$178,621		**$375,597**		$290,696	
Cost of sales	**126,479**	**65.9%**	118,728	66.5%	**251,494**	**67.0%**	193,405	66.5%
Gross Profit	**$65,582**	**34.1%**	$59,893	33.5%	**$124,103**	**33.0%**	$97,291	33.5%
Selling and administrative expenses	**46,819**	**24.4%**	47,387	26.5%	**94,672**	**25.2%**	75,524	26.0%
Other expenses	**1,025**	**0.5%**	3,591	2.0%	**2,864**	**0.7%**	6,472	2.2%
Operating income	**$17,738**	**9.2%**	$8,915	5.0%	**$26,567**	**7.1%**	$15,295	5.3%
Net finance costs	**6,436**	**3.3%**	5,433	3.1%	**7,811**	**2.1%**	6,910	2.4%
Earnings before income tax	**$11,302**	**5.9%**	$3,482	1.9%	**$18,756**	**5.0%**	$8,385	2.9%
Income tax expense	**3,177**	**1.7%**	1,457	0.8%	**5,284**	**1.4%**	2,552	0.9%
Net Earnings	**$8,125**	**4.2%**	$2,025	1.1%	**$13,472**	**3.6%**	$5,833	2.0%
Adjusted EBITDA*	**$31,469**	**16.4%**	$27,394	15.3%	**$55,891**	**14.9%**	$44,687	15.4%
Basic net earnings per share	**$0.13**		$0.03		**$0.21**		$0.10	
Diluted net earnings per share	**$0.13**		$0.03		**$0.21**		$0.10	

* Non-IFRS measures are described in section 3

[1] Refer to Note 2B) - Adjustments to comparative figures in the interim condensed consolidated financial statements of Q2 2022.

For the quarter, the increase in gross profit of $5.7M when compared to the same period in 2021, was mainly attributable to the initiatives taken to increase product prices, reduced shipping costs and better costs absorption, partially offset by continued inflationary pressures on the supply chain. While we are proactively managing sourcing and logistics to limit these pressures, we may continue to experience impacts in future periods. For the six-month period ended June 30, 2022, gross margins were slightly lower when compared to the same period in 2021.

For the quarter, selling and administrative expenses as a percentage of revenue were lower by 2.1%, mainly explained by lower amortization of intangible assets related to acquisition when compared to Q2 2021. For the six-month period ended June 30, 2022, selling and administrative expenses as a percentage of revenue were lower by 0.8% when compared to the same period in 2021.

For the quarter, the Corporation incurred other expenses of $1.0M compared to $3.6M in the same period in 2021 with the year-to-date amount totalling $2.9M compared to $6.5M in 2021. In 2022, these expenses consisted mainly of integration costs in connection with Handicare. In 2021, the other expenses consisted mainly of business acquisition and integration costs related to the acquisition of Handicare.

6.3 ADJUSTED EBITDA

Adjusted EBITDA and adjusted EBITDA margin for the quarter stood at $31.5M and 16.4%, respectively, compared to $27.4M and 15.3% for the same period in 2021. The Corporation's *Accessibility* and *Patient Care* segments adjusted EBITDA margins increased versus prior year due to improvements in gross margins partially offset by a reduction in the government of Canada's COVID-19 employment retention subsidy.

For the six-month period ended June 30, 2022, adjusted EBITDA and adjusted EBITDA margin stood at $55.9M and 14.9%, respectively, compared to $44.7M and 15.4% for the same period in 2021. While the profitability has been impacted by inflationary pressures on the supply chain, including increased shipping costs in the first quarter, increases in absolute dollars for the *Accessibility* and *Patient Care* segments, mainly reflect the increased revenue from consolidating Handicare's results for a period of six months in fiscal 2022 compared to four months in fiscal 2021.

Head office costs for the three-month and six-month periods ended June 30, 2022 stood at $1.8M and $3.7M respectively, in line with Management's new run-rate expectations for 2022 considering the addition of Handicare and higher non capitalizable information technology ("IT") system costs. The overall head office cost before IT costs is projected to decrease as synergies related to the integration of Handicare continue to be realized.

The following tables provide a summary of quarter and year-to-date variances in adjusted EBITDA, by reportable segment and in total.

in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	Total
		Q2 2022		
Revenue	$135,988	$43,870	$12,203	**$192,061**
Adjusted EBITDA*				**$31,469**
Head office costs				**$1,763**
Adjusted EBITDA before head office costs*	$25,924	$6,698	$610	**$33,232**
Adjusted EBITDA Margin before head office costs*	19.1%	15.3%	5.0%	**17.3%**
		Q2 2021		
Revenue	$130,763	$36,119	$11,739	**$178,621**
Adjusted EBITDA*				**$27,394**
Head office costs				**$1,954**
Adjusted EBITDA before head office costs*	$23,369	$4,666	$1,313	**$29,348**
Adjusted EBITDA Margin before head office costs*	17.9%	12.9%	11.2%	**16.4%**
		YTD 2022		
Revenue	$266,337	$85,525	$23,735	**$375,597**
Adjusted EBITDA*				**$55,891**
Head office costs				**$3,747**
Adjusted EBITDA before head office costs*	$46,421	$12,044	$1,173	**$59,638**
Adjusted EBITDA Margin before head office costs*	17.4%	14.1%	4.9%	**15.9%**
		YTD 2021		
Revenue	$211,357	$61,601	$17,738	**$290,696**
Adjusted EBITDA*				**$44,687**
Head office costs				**$2,876**
Adjusted EBITDA before head office costs*	$37,265	$8,364	$1,934	**$47,563**
Adjusted EBITDA Margin before head office costs*	17.6%	13.6%	10.9%	**16.4%**

* Non-IFRS measures are described in section 3

6.3.1 Accessibility

For the quarter, *Accessibility* adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $25.9M and 19.1%, respectively, compared to $23.4M and 17.9% for the same period in 2021. The increase in adjusted EBITDA was mainly due to improvements in gross margins.

For the six-month period ended June 30, 2022 adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $46.4M and 17.4%, respectively, compared to $37.3M and 17.6% for the same period in 2021.

6.3.2 Patient Care

For the quarter, *Patient Care* adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $6.7M and 15.3%, respectively, compared to $4.7M and 12.9% for the same period in 2021. The increase in adjusted EBITDA was mainly due to improvements in gross margins.

For the six-month period ended June 30, 2022, adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $12.0M and 14.1%, respectively, compared to $8.4M and 13.6% for the same period in 2021.

6.3.3 Adapted Vehicles

For the quarter, *Adapted Vehicles* adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $0.6M and 5.0%, respectively, compared to $1.3M and 11.2% for the same period in 2021. The decrease in adjusted EBITDA and adjusted EBITDA margin was due to a reduction in the government of Canada's COVID-19 employment retention subsidies and the aforementioned inflationary pressures on the supply chain, as well as delays in sourcing certain key materials.

For the six-month period ended June 30, 2022, adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $1.2M and 4.9%, respectively, compared to $1.9M and 10.9% for the same period ended June 30, 2021.

6.4 NET FINANCE COSTS

The Corporation's finance costs relate mainly to interest expenses incurred on credit facilities and leases, amortization of deferred financing fees, general bank charges and realized and unrealized foreign exchange gains or losses pertaining to financial instruments. The Corporation uses its credit facilities to manage working capital, capital expenditures and to finance business acquisitions.

For the quarter, net finance costs were $6.4M, compared to $5.4M for the same period in 2021. The increase in net finance costs was mainly due to a net foreign currency loss of $2.5M compared to $0.6M in 2021, most of which was unrealized in nature, partially offset by lower interest on long-term debt compared to 2021 following the favourable impact of cross-currency swaps and lower amortization of deferred financing costs.

For the six-month period ended June 30, 2022, net finance costs were $7.8M compared to $6.9M for the same period in 2021. The increase in net finance costs was mainly due to a net foreign currency loss of $1.8M compared to a gain of $1.7M in 2021, most of which was unrealized in nature, higher interest on long-term debt related to the financing of the acquisition of Handicare partially offset by a gain on the ineffective portion of changes in fair value of net investment hedges of $0.8M. Also, the Corporation incurred a loss of $1.8M on a foreign exchange contract in 2021.

6.5 INCOME TAXES

For the quarter, an income tax expense of $3.2M was recorded on earnings before income taxes of $11.3M, representing an effective tax rate of 28.1% compared to an income tax expense of $1.5M and an effective tax rate of 41.8% for the same period in 2021. For the six-month period ended June 30, 2022, an income tax expense of $5.3M was recorded on earnings before taxes of $18.8M, representing an effective tax rate of 28.2%, whereas the effective tax rate was 30.4% for the same period in 2021. The variance in income tax and in effective tax rates is the result of different profit allocation coming from countries in which the Corporation operates which are taxable at varying rates, non-deductible expenses and to unrecognized losses.

6.6 NET EARNINGS AND NET EARNINGS PER SHARE

For the quarter, the Corporation's net earnings were $8.1M or $0.13 per share on a diluted basis, compared to $2.0M or $0.03 per diluted share for the same period in 2021. The increase in net earnings and net earnings per share was mainly due to the increase in the adjusted EBITDA as well as lower other expenses.

For the six-month period ended June 30, 2022 the Corporation's net earnings stood at $13.5M, or $0.21 per share on a diluted basis, compared to $5.8M, or $0.10 per diluted share for the same period in 2021. The increase in net earnings and net earnings per share on a diluted basis was attributable to the same factors as for the quarter.

6.7 RECONCILIATION OF NET EARNINGS, ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS EXCLUDING AMORTIZATION OF INTANGIBLE ASSETS RELATED TO ACQUISITIONS

	Q2		YTD	
in thousands of dollars, except number of shares and per-share amounts	**2022**	2021	**2022**	2021
		(Recast[1])		(Recast[1])
Net earnings	**$8,125**	$2,025	**$13,472**	$5,833
Other expenses	**1,025**	3,591	**2,864**	6,472
Income tax related to other expenses [2]	**(260)**	(391)	**(680)**	(683)
Adjusted net earnings*	**$8,890**	$5,225	**$15,656**	$11,622
Amortization of intangible assets related to acquisitions	**5,412**	6,665	**11,038**	9,741
Income tax related to amortization of intangible assets related to acquisitions [2]	**(1,310)**	(1,519)	**(2,681)**	(2,221)
Adjusted net earnings excluding amortization of intangible assets related to acquisitions*	**$12,992**	$10,371	**$24,013**	$19,142
In $ per share				
Diluted net earnings	**$0.13**	$0.03	**$0.21**	$0.10
Other expenses net of income tax [2]	**0.01**	0.05	**0.03**	0.10
Adjusted net earnings *	**$0.14**	$0.08	**$0.24**	$0.20
Amortization of intangible assets related to acquisitions net of income tax [2]	**0.06**	0.08	**0.13**	0.12
Adjusted net earnings excluding amortization of intangible assets related to acquisitions *	**$0.20**	$0.16	**$0.37**	$0.32
Diluted weighted average number of shares	**64,489,238**	64,374,782	**64,510,442**	59,814,505

* Non-IFRS measures are described in section 3

[1] Refer to Note 2B) - Adjustments to comparative figures in the interim condensed consolidated financial statements of Q2 2022.

[2] Income tax is calculated at the statutory rate in the country where each expense has been incurred.

For the quarter, adjusted net earnings stood at $8.9M, or $0.14 per share, compared to $5.2M or $0.08 per share in the same period in 2021. For the six-month period ended June 30, 2022, adjusted net earnings stood at $15.7M, or $0.24 per share, compared to $11.6M or $0.20 per share for the same period in 2021.

For the quarter, adjusted net earnings excluding amortization of intangible assets related to acquisitions stood at $13.0M or $0.20 per share, an increase of $2.6M and $0.04 per share, respectively, compared to the same period in 2021. For the six-month period ended June 30, 2022, adjusted net earnings excluding amortization of intangible assets related to acquisitions stood at $24.0M, or $0.37 per share, compared to $19.1M or $0.32 per share for the same period in 2021.

7. Summary of Quarterly Results

Selected financial information for the last eight quarters is presented in the following table.

in thousands of dollars, except per-share amounts	Total Trailing 12 months	2022 Q2	2022 Q1	2021 Q4	2021 Q3 (Recast[1])	2021 Q2 (Recast[1])	2021 Q1 (Recast[1])	2020 Q4	2020 Q3
Revenue	$745,884	**$192,061**	$183,536	$189,529	$180,758	$178,621	$112,075	$90,601	$90,808
Gross Margin as a % of revenue	32.5%	**34.1%**	31.9%	31.5%	32.4%	33.5%	33.4%	33.3%	35.9%
Operating Income	$47,156	**$17,738**	$8,829	$10,207	$10,382	$8,915	$6,380	$11,225	$12,284
Adjusted EBITDA*	$111,454	**$31,469**	$24,422	$29,250	$26,313	$27,394	$17,293	$16,049	$16,914
Net earnings	$19,174	**$8,125**	$5,347	$945	$4,757	$2,025	$3,808	$6,714	$8,127
Net earnings per share - diluted	$0.30	**$0.13**	$0.08	$0.02	$0.07	$0.03	$0.07	$0.13	$0.16
Dividend declared per share	$0.497	**$0.125**	$0.125	$0.125	$0.122	$0.120	$0.120	$0.119	$0.117

* Non-IFRS measures are described in section 3

[1] Refer to Note 2B) - Adjustments to comparative figures in the interim condensed consolidated financial statements of Q2 2022.

The Corporation experiences seasonal variations in its business. In terms of revenues, excluding the impact of acquisitions, the first quarter of the fiscal year is typically the Corporation's weakest period while the fourth quarter is usually its strongest period. However, the global pandemic has impacted the Corporation's seasonal trend.

8. Financial Position

8.1 CAPITAL RESOURCES

The Corporation believes its cash flows from operating activities, combined with its available short-term capital resources, will enable it to support its growth strategy, working capital requirements and planned capital expenditures as well as provide its shareholders with a return on their investment. In 2021, the Corporation was able to secure a new credit facility of which $74.1M was available as of June 30, 2022.

The credit facilities are available for general corporate purposes and for financing business acquisitions. Under these credit facilities, the Corporation is required, among other conditions, to respect certain covenants on a consolidated basis. Management reviews compliance with these covenants in conjunction with quarterly filing requirements under its credit facilities. All covenants were met as at June 30, 2022.

in thousands of dollars	**June 30, 2022**	December 31, 2021 (Recast[1])
Total amount available under the credit facility	**$400,000**	$400,000
Amount drawn under the revolving credit facility	**(324,427)**	(332,592)
Outstanding letter of credits	**(1,487)**	(1,306)
Available credit facilities*	**$74,086**	$66,102
Cash and cash equivalents	**$44,318**	$63,494
Available short-term capital resources*	**$118,404**	$129,596
Current assets	**$313,047**	$320,726
Current liabilities	**166,813**	168,361
Working capital*	**$146,234**	$152,365
Ratio of current assets to current liabilities	**1.88**	1.90

* Non-IFRS measures are described in section 3

[1] Refer to Note 2B) - Adjustments to comparative figures in the interim condensed consolidated financial statements of Q2 2022.

8.2 NET DEBT

As at June 30, 2022, the Corporation had a net debt position of $380.1M, compared to $373.8M as of December 31, 2021.

in thousands of dollars	**June 30, 2022**	December 31, 2021
Amount drawn under the revolving credit facility and term loan facility	**$374,427**	$382,592
Notes payable related to business acquisitions	**1,981**	1,058
Outstanding letters of credit	**1,487**	1,306
Lease liabilities	**46,487**	52,350
Total debt*	**$424,382**	$437,306
Less: Cash and cash equivalents	**(44,318)**	(63,494)
Net debt*	**$380,064**	$373,812
Trailing twelve months adjusted EBITDA[1]*	**111,454**	100,250
Ratio of net debt to adjusted EBITDA*	**3.41**	3.73

*Non-IFRS measures are described in section 3.
[1] December 31, 2021 Trailing twelve months Adjusted EBITDA* does not include a complete year of Handicare results

9. Liquidity

	Q2		YTD	
in thousands of dollars	**2022**	2021	**2022**	2021
Cash flows related to operating activities before net changes in non-cash operating items	**$29,324**	$18,704	**$45,058**	$31,200
Net changes in non-cash operating items	**(14,673)**	(4,279)	**(17,405)**	11,126
Cash flows related to operating activities	**14,651**	14,425	**27,653**	42,326
Cash flows related to investing activities	**(4,922)**	(4,867)	**(9,730)**	(369,315)
Cash flows related to financing activities	**(9,279)**	(19,939)	**(36,431)**	363,416
Unrealized foreign exchange gain (loss) on cash held in foreign currencies	**(35)**	159	**(668)**	(2,820)
Net change in cash	**$415**	$(10,222)	**$(19,176)**	$33,607

9.1 OPERATING ACTIVITIES

For the quarter, cash flows related to operating activities before net changes in non-cash operating items reached $29.3M, versus $18.7M in the same period in 2021. The increase mainly reflects the higher EBITDA of the Corporation. Net changes in non-cash operating items reduced liquidity by $14.7M, compared to $4.3M a year earlier. This variation was mainly due to an increase in inventory on hand to mitigate supply chain challenges. As a result, cash generated from operating activities in Q2 2022 stood at $14.7M, compared to $14.4M in the same period in 2021.

For the six-month period ended June 30, 2022, cash flows related to operating activities before net changes in non-cash operating items reached $45.1M, versus $31.2M in the same period in 2021. Net changes in non-cash operating items reduced liquidity by $17.4M, compared to an increase of $11.1M a year earlier due to the same reason explained for the quarter. As a result, cash generated from operating activities stood at $27.7M, compared to $42.3M in the same period in 2021.

9.2 INVESTING ACTIVITIES

For the quarter, cash used in investing activities was $4.9M for both years. In Q2 2022, the Corporation disbursed $4.9M for fixed and intangible assets, compared to $0.3M for the acquisition of Handicare and $4.6M for fixed and intangible assets in 2021.

For the six-month period ended June 30, 2022, the Corporation disbursed $1.4M for the acquisition of Ultron and $8.3M for fixed and intangible assets, compared to $362.2M for the acquisition of Handicare and $7.1M for fixed and intangible assets in 2021.

9.3 FINANCING ACTIVITIES

For the quarter, cash used in financing activities was $9.3M compared to $19.9M in 2021. The main outflow of 2022 is related dividends paid of $8.0M. In 2021, outflows came from a draw on the facility of $107.4M to finance the acquisition of Handicare completely offset by the related net repayment of existing Handicare debt of $115.5M and dividends paid of $7.7M.

For the six-month period ended June 30, 2022, cash used in financing activities was $36.4M compared to a cash infusion of $363.4M in 2021. Large cash outflows in 2022 includes a reimbursement of the credit facility for $11.7M, higher interest paid of $1.1M and higher dividends paid of $2.3M. In 2021, inflows came from a draw on the facility of $320.9M and the issuance of common shares of $181.9M to finance the acquisition of Handicare, partially offset by the related net repayment of debt of $115.5M.

9.4 DIVIDENDS

The aggregate monthly dividends declared in the second quarter and first half of 2022 totaled $8.1M and $16.1M, respectively, compared to $7.7M and $14.3M for the same period in 2021. As at June 30, 2022, 64,378,153 shares were issued and outstanding, compared to 64,037,822 as at June 30, 2021. Dividends paid in the second quarter and first half of 2022 amounted to $8.0M and $16.1M, respectively, compared to $7.7M and $13.8M for the same periods in 2021.

9.5 STOCK OPTIONS

As at August 10, 2022, 2,650,564 stock options were outstanding at exercise prices ranging from $10.73 to $22.05.

10. Governance

In compliance with the Canadian Securities Administrators' Regulation 52-109, the Corporation has filed certifications signed by the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") that, among other things, report on disclosure controls and procedures ("DC&P") and the design of internal controls over financial reporting ("ICFR").

Disclosure controls and procedures (DC&P) are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the President and Chief Executive Officer and the Chief Financial Officer, on a timely basis to ensure appropriate decisions can be made regarding public disclosure.

Internal controls over financial reporting (ICFR) are processes designed to provide reasonable assurance regarding the reliability of financial reporting and compliance with GAAP of the Corporation's consolidated financial statements.

There have been no significant changes in our internal control over financial reporting (ICFR) during the period covered by this MD&A that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

11. Significant Accounting Policies and Estimates

A. Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Assumptions and estimate uncertainties that have a significant risk of resulting in a material adjustment are the estimation of the fair value of assets and liabilities acquired during business acquisitions, the impairment of non-financial assets, the warranty and other provisions, the inventory obsolescence provisions, the capitalization of intangible assets, the measurement of lease obligations, the valuation of defined benefit pension plan obligations, the method of revenue recognition and the evaluation of the worldwide deferred income tax balances and income tax expense. Judgements such as interpretations of laws, treaties and regulations in each jurisdiction are also required by management in determining the deferred income tax balances and income tax expense.

Important judgements made by management when applying accounting policies which have the most significant impact on amounts recognized in the consolidated financial statements are the determination of cash-generating units, the identification of reportable segments and the determination of foreign operations' functional currency.

The uncertainties related to the global COVID-19 pandemic required the use of judgements and estimates which resulted in no material impacts for the period ended June 30, 2022. The Corporation will continue to monitor the potential impact of the COVID-19 pandemic over the future reporting periods.

These estimates are based on management's knowledge of current events and on the measures the Corporation could take in the future. Actual results may differ from these estimates.

B. New Accounting Standards Adopted

The following new amendment to standards and interpretations has been applied in preparing the interim condensed consolidated financial statements as at June 30, 2022.

Interest Rate Benchmark Reform – Phase 2

In August 2020, the IASB issued Interest Rate Benchmark Reform-Phase 2, which amends IFRS 9 *Financial Instruments,* IAS 39 *Financial Instruments: Recognition and Measurement,* IFRS 7 *Financial Instruments: Disclosures* and IFRS 16 *Leases*. This fundamental reform of major interest rate benchmark is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as ''IBOR reform'').

The Corporation has exposure to IBORs on its credit facility and on a cross-currency swap that will be replaced or reformed as part of these market-wide initiatives. The Corporation's main exposure as at June 30, 2022 is indexed to the US dollar LIBOR, those instruments having a maturity date in April 2025. Amendments to financial instruments with contractual terms indexed to US dollar LIBOR were not completed yet.

The Corporation is managing the process to transition the existing impacted agreements to an alternative rate. The adoption of this new amendment to standards has not had a material impact on the interim condensed consolidated financial statements.

12. Risks and Uncertainties

Savaria is engaged in an industry exposed to various risks and uncertainties. The Corporation's operating results and financial position could be adversely affected by each of the risks and uncertainties described in its 2021 annual Management Discussion and Analysis Report, which are incorporated herein by reference:

- Economic Conditions
- Operating Results
- Financing
- Acquisitions
- Currency Fluctuations
- Market and Competition
- Catastrophic events, natural disasters, severe weather and disease
- Health care Reimbursement
- Property Rights
- Credit Risk
- Interest Rates Fluctuations
- Price Variation
- Dependence on Key Personnel
- Dependence on Key Distributors
- Dependence on Key Suppliers
- Laws and Regulations
- Product Liability
- Litigation
- Information Systems & Cybersecurity

13. Environmental, Social and Governance ("ESG") Values

As a global leader within the accessibility industry, Savaria is committed to minimizing its environmental footprint and upholding the highest social and governance standards. We believe that promoting environmentally and socially responsible behaviour across our organization is key to achieving sustainable growth and long-term value creation.

As we advance an ESG strategy that will positively impact our company and the communities in which we operate, our first step is to identify the ESG risks and opportunities that are critical to our business. To that end, and with the support of external consultants, we are preparing our first materiality assessment to survey and validate the most important ESG issues prioritized by our stakeholders. The results of this assessment will help narrow our focus and our guide decision-making.

14. Outlook

The current changing macro environment and movements in economic and political fields create uncertainties, however, considering its financial performance, coupled with current backlog levels, and the Corporation's confidence in the strategic integration plan with Handicare which is underway, Savaria is optimistic it will achieve its previously stated goal of generating revenue in excess of $775 million with adjusted EBITDA in the range of $120 million to $130 million in fiscal 2022.

This outlook is based on the following assumptions:

- Considering Handicare acquisition date of March 4, 2021, Handicare will be consolidated for a period of 12 months in fiscal 2022 compared to 10 months in fiscal 2021.
- Organic growth coming from the *Accessibility* and *Patient Care* segments is expected to continue due to strong demand.
- The integration and anticipated synergies of Handicare are progressing in-line with management's plan.
- Management's ability to continue to effectively manage supply chain challenges, including higher freight costs and availability, as well as overall inflation costs.
- This outlook excludes the financial contribution from any new acquisition.

Savaria is confident it will achieve its previously stated goal of generating revenue in excess of $1 billion in fiscal 2025.

This outlook is based on the following assumptions:

- Continued strong demand in the *Accessibility* and *Patient Care* segments.
  - For *Accessibility:* Long-term trend of people wanting to age in place, further reinforced during the Covid pandemic.
  - For *Patient Care:* Continued rebound in demand following emergence from Covid lockdowns, and on a longer-term, greater government investment in healthcare infrastructure.
- Realization of revenue synergies between Savaria and Handicare.
- Pricing initiatives.

The above-mentioned outlook is a "forward-looking statement" within the meaning of the securities laws of Canada and subject to the Corporation's disclosure statement.

2022

SAVARIA CORPORATION

Interim Condensed Consolidated Financial Statements

As at June 30, 2022

(Unaudited and not reviewed by the Corporation's independent auditors)

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars - Unaudited)

	Note	June 30, 2022	December 31, 2021 (recast - note 2B)
Assets			
Current assets			
Cash and cash equivalents		**$ 44,318**	$ 63,494
Trade and other receivables		**98,157**	102,497
Income taxes receivable		**4,998**	5,705
Derivative financial instruments	*11*	**2,291**	2,435
Inventories		**147,912**	128,496
Prepaid expenses and other current assets		**15,371**	18,099
Total current assets		**313,047**	320,726
Non-current assets			
Derivative financial instruments	*11*	**11,655**	1,843
Fixed assets		**54,929**	54,831
Right-of-use assets		**45,195**	51,248
Intangible assets	*5*	**234,495**	258,310
Goodwill	*5*	**390,535**	403,555
Other long-term assets		**689**	1,382
Deferred tax assets		**18,679**	18,473
Total non-current assets		**756,177**	789,642
Total assets		**$ 1,069,224**	$ 1,110,368
Liabilities			
Current liabilities			
Trade and other payables		**$ 102,126**	$ 107,251
Dividend payable		**2,680**	2,675
Income taxes payable		**7,694**	7,053
Deferred revenues		**40,038**	37,314
Current portion of long-term debt	*6*	**1,239**	1,058
Current portion of lease liabilities		**9,073**	9,920
Provisions		**3,963**	3,090
Total current liabilities		**166,813**	168,361
Non-current liabilities			
Long-term debt	*6*	**372,067**	378,933
Lease liabilities		**37,414**	42,430
Long-term provisions		**6,376**	7,701
Other long-term liabilities		**13,569**	14,443
Income taxes payable		**332**	326
Derivative financial instruments	*11*	**266**	1,562
Deferred tax liabilities		**56,495**	62,012
Total non-current liabilities		**486,519**	507,407
Total liabilities		**653,332**	675,768
Equity			
Share capital	*7*	**455,644**	452,967
Contributed surplus		**7,432**	7,003
Accumulated other comprehensive income (loss)		**(38,960)**	(19,762)
Retained earnings		**(8,224)**	(5,608)
Total equity		**415,892**	434,600
Total liabilities and equity		**$ 1,069,224**	$ 1,110,368

The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.

SAVARIA CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands of Canadian dollars, except per share amounts and numbers of shares - Unaudited)

	Note	Three months ended June 30, 2022	2021 (recast - note 2B)	Six months ended June 30, 2022	2021 (recast - note 2B)
Revenue	*12*	**$ 192,061**	$ 178,621	**$ 375,597**	$ 290,696
Cost of sales		**126,479**	118,728	**251,494**	193,405
Gross profit		**65,582**	59,893	**124,103**	97,291
Operating expenses					
Selling and administrative expenses		**46,819**	47,387	**94,672**	75,524
Other expenses	*8*	**1,025**	3,591	**2,864**	6,472
Total operating expenses		**47,844**	50,978	**97,536**	81,996
Operating income		**17,738**	8,915	**26,567**	15,295
Net Finance costs	*9*	**6,436**	5,433	**7,811**	6,910
Earnings before income tax		**11,302**	3,482	**18,756**	8,385
Income tax expense		**3,177**	1,457	**5,284**	2,552
Net Earnings		**$ 8,125**	$ 2,025	**$ 13,472**	$ 5,833
Earnings per share:					
Basic		**$ 0.13**	$ 0.03	**$ 0.21**	$ 0.10
Diluted		**$ 0.13**	$ 0.03	**$ 0.21**	$ 0.10
Basic weighted average number of shares		**64,344,264**	63,916,602	**64,280,765**	59,421,668
Diluted weighted average number of shares		**64,489,238**	64,374,782	**64,510,442**	59,814,505

The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars - Unaudited)

	Three months ended June 30, **2022**	Three months ended June 30, 2021 (recast - note 2B)	Six months ended June 30, **2022**	Six months ended June 30, 2021 (recast - note 2B)
Net Earnings	**$ 8,125**	$ 2,025	**$ 13,472**	$ 5,833
Items that are or may be reclassified subsequently to net earnings:				
Net change in derivative financial instruments designated as cash flow hedges, net of tax	**24**	496	**720**	1,270
Net change on translation of financial statements of foreign operations, net of tax	**(8,700)**	(5,281)	**(25,559)**	(18,641)
Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges	**(20)**	(122)	**(236)**	(227)
Net change in net investment hedges	**1,570**	1,183	**5,877**	2,711
Other comprehensive income (loss)	**(7,126)**	(3,724)	**(19,198)**	(14,887)
Total comprehensive income (loss)	**$ 999**	$ (1,699)	**$ (5,726)**	$ (9,054)

The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Periods of six months ended June 30, 2022 and 2021

(in thousands of Canadian dollars - Unaudited)

	2022					
	Share capital		Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
	Number	Amount				
Balance at January 1, 2022	**64,212,154**	**$ 452,967**	**$ 7,003**	**$ (19,762)**	**$ (5,608)**	**$ 434,600**
Net earnings	-	**-**	**-**	**-**	**13,472**	**13,472**
Stock-based compensation	-	-	889	-	**-**	**889**
Exercise of stock options (Note 7)	165,999	2,677	(460)	-	-	**2,217**
Dividends on common shares (Note 7)	-	-	-	-	(16,088)	**(16,088)**
Total transactions with shareholders	**165,999**	**2,677**	**429**	**-**	**(16,088)**	**(12,982)**
Other comprehensive income (loss)	-	-	-	(19,198)	-	**(19,198)**
Balance at June 30, 2022	**64,378,153**	**$ 455,644**	**$ 7,432**	**$ (38,960)**	**$ (8,224)**	**$ 415,892**

	2021					
	Share capital		Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
	Number	Amount				(recast - note 2B)
Balance at January 1, 2021	**51,043,941**	**$ 255,340**	**$ 6,402**	**$ (1,842)**	**$ 19,827**	**$ 279,727**
Net earnings	-	**-**	**-**	**-**	**5,833**	**5,833**
Shares issued in relation to a private placement (Note 7)	12,736,050	191,041	-	-	-	**191,041**
Share issue costs, net of tax (Note 7)	-	-	-	-	(6,758)	**(6,758)**
Stock-based compensation	-	-	620	-	-	**620**
Exercise of stock options (Note 7)	257,831	4,284	(720)	-	-	**3,564**
Dividends on common shares (Note 7)	-	-	-	-	(14,316)	**(14,316)**
Total transactions with shareholders	**12,993,881**	**195,325**	**(100)**	**-**	**(21,074)**	**174,151**
Other comprehensive income (loss)	-	-	-	(14,887)	-	**(14,887)**
Balance at June 30, 2021	**64,037,822**	**$ 450,665**	**$ 6,302**	**$ (16,729)**	**$ 4,586**	**$ 444,824**

The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.

SAVARIA CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars - Unaudited)

	Note	Three months ended June 30, 2022	Three months ended June 30, 2021 (recast - note 2B)	Six months ended June 30, 2022	Six months ended June 30, 2021 (recast - note 2B)
Cash flows related to operating activities					
Net Earnings		**$ 8,125**	$ 2,025	**$ 13,472**	$ 5,833
Adjustments for:					
Depreciation of fixed assets		**2,182**	1,809	**3,981**	3,237
Depreciation of right-of-use assets		**2,562**	2,533	**5,194**	4,037
Amortization of intangible assets	*5*	**7,493**	10,190	**16,396**	15,026
Income tax expense		**3,177**	1,457	**5,284**	2,552
Stock-based compensation		**469**	356	**889**	620
Ineffective portion of changes in fair value of net investment hedges	*9*	**-**	-	**(768)**	-
(Gain) loss on the sale and write-off of fixed assets		**(20)**	163	**(28)**	135
Unrealized foreign exchange loss		**4,908**	(735)	**297**	677
Interest and amortization of financing costs	*9*	**3,756**	4,831	**6,640**	6,726
Income tax paid		**(3,328)**	(4,590)	**(6,299)**	(8,384)
Others		**-**	665	**-**	741
		29,324	18,704	**45,058**	31,200
Net changes in non-cash operating items	*10*	**(14,673)**	(4,279)	**(17,405)**	11,126
Net cash related to operating activities		**14,651**	14,425	**27,653**	42,326
Cash flows related to investing activities					
Business acquisitions	*4*	**-**	(295)	**(1,383)**	(362,197)
Proceeds from sale of fixed assets		**26**	-	**161**	16
Additions to fixed assets		**(2,444)**	(1,641)	**(3,917)**	(2,192)
Increase in intangible assets		**(2,504)**	(2,931)	**(4,591)**	(4,942)
Net cash related to investing activities		**(4,922)**	(4,867)	**(9,730)**	(369,315)
Cash flows related to financing activities					
Net repayment of other long-term debt	*6*	**-**	(115,539)	**(293)**	(115,539)
Repayment of lease obligations		**(2,810)**	(2,919)	**(5,655)**	(4,999)
Net change in the revolving credit facility	*6*	**3,782**	107,407	**(11,691)**	320,865
Interest paid		**(2,901)**	(3,219)	**(4,926)**	(3,790)
Transaction costs related to a long-term debt		**-**	(1,052)	**-**	(4,794)
Proceeds from the issuance of common shares in relation to a placement, net of transaction fees	*7*	**-**	(175)	**-**	181,906
Proceeds from exercise of stock options	*7*	**699**	3,228	**2,217**	3,564
Dividends paid on common shares	*7*	**(8,049)**	(7,670)	**(16,083)**	(13,797)
Net cash related to financing activities		**(9,279)**	(19,939)	**(36,431)**	363,416
Unrealized foreign exchange loss on cash held in foreign currencies		**(35)**	159	**(668)**	(2,820)
Net change in cash		**415**	(10,222)	**(19,176)**	33,607
Cash - Beginning of period		**43,903**	98,009	**63,494**	54,180
Cash - End of period		**$ 44,318**	$ 87,787	**$ 44,318**	$ 87,787

The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.

1 . Nature of activities and Corporate information

Savaria Corporation is domiciled in Canada. The interim condensed consolidated financial statements of the Corporation as at and for the periods ended June 30, 2022 and 2021 comprise the accounts of Savaria Corporation and its wholly owned subsidiaries (together referred to as the "Corporation" or as "Savaria"). Savaria is a global leader in the accessibility industry. It provides accessibility solutions for the elderly and physically challenged to increase their comfort, their mobility and their independence. The activities of the Corporation are divided into three reportable segments: *Accessibility* , *Patient Care* and *Adapted Vehicles* as described in Note 12 - Reportable segments.

The common shares of the Corporation are listed under the trading symbol “SIS” on the Toronto stock exchange.

2 . Basis of Presentation

A) Statement of Compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34.

These interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Corporation and the notes thereto for the year ended on December 31, 2021. These interim condensed financial statements have not been the subject of a review or an audit by the Corporation's auditors; they were approved by the Board of Directors on August 10, 2022.

B) Adjustments to comparative figures

Adjusted figures - correction of an error

During 2022, the Corporation noted an understatement of deferred revenues recognized during the acquisition of Handicare Group AB related to the sale of extended warranties. The following describes the impact as at December 31, 2021: the deferred revenue previously reported as $35,364,000 was increased by $1,950,000 for an adjusted amount of $37,314,000. The other long term liabilities previously reported as $12,945,000 was increased by $1,498,000 for an adjusted amount of $14,443,000.The goodwill previously reported as $400,762,000 was increased by $2,793,000 for an adjusted amount of $403,555,000. The deferred tax assets previously reported as $17,818,000 was increased by $655,000 for an adjusted amount of $18,473,000.

There are no adjustment made on the comparative information of the statements of earnings and cash flows. Refer to Note 4 - Business acquisition - for the adjustments made on the purchase price allocation of Handicare Group AB as at March 4, 2021.

(Tabular amounts are expressed in thousands of Canadian dollars, except share data - Unaudited)

2 . Basis of Presentation (continued)

B) Adjustments to comparative figures (continued)

Adjusted figures - adjustments to preliminary amounts

The purchase price allocation for the Handicare Group AB acquisition presented in Note 4 was finalized during the fourth quarter of 2021, in the 12 months permitted after the acquisition date, resulting in adjustments to preliminary amounts. As per IFRS 3, these adjustments to preliminary amounts, mainly including intangible assets, goodwill and deferred tax liabilities, have been retrospectively recognized as at the acquisition date to reflect information obtained about facts and circumstances that existed and, if known, would have affected the measurement of the amounts recognized as at the acquisition date, with the following impacts:

	Three months ended June 30, 2021			Six months ended June 30, 2021		
	Results presented in 2021	Impact of the recast	**Adjusted figures 2021**	Results presented in 2021	Impact of the recast	**Adjusted figures 2021**
Revenue	$ 178,621	$ -	**$ 178,621**	$ 290,696	$ -	**$ 290,696**
Cost of sales	113,394	5,334	**118,728**	186,529	6,876	**193,405**
Gross profit	65,227	(5,334)	**59,893**	104,167	(6,876)	**97,291**
Selling and administrative expenses	47,309	78	**47,387**	75,145	379	**75,524**
Other expenses	3,212	379	**3,591**	5,735	737	**6,472**
Total operating expenses	50,521	457	**50,978**	80,880	1,116	**81,996**
Operating income	14,706	(5,791)	**8,915**	23,287	(7,992)	**15,295**
Net Finance costs	5,433	-	**5,433**	6,910	-	**6,910**
Earnings before income tax	9,273	(5,791)	**3,482**	16,377	(7,992)	**8,385**
Income tax expense	2,683	(1,226)	**1,457**	4,161	(1,609)	**2,552**
Net Earnings	**$ 6,590**	**$ (4,565)**	**$ 2,025**	**$ 12,216**	**$ (6,383)**	**$ 5,833**
Earnings per share:						
Basic	$ 0.10	$ (0.07)	**$ 0.03**	$ 0.21	$ (0.11)	**$ 0.10**
Diluted	$ 0.10	$ (0.07)	**$ 0.03**	$ 0.20	$ (0.10)	**$ 0.10**
Depreciation and amortization expense	$ 9,120	$ 5,412	**$ 14,532**	$ 15,045	$ 7,255	**$ 22,300**

3 . Significant Accounting Policies

The interim condensed consolidated financial statements have been prepared following the same accounting policies used in the audited annual consolidated financial statements for the year ended December 31, 2021.

The accounting policies have been applied consistently by the Corporation's entities and to all periods presented in these interim condensed consolidated financial statements, unless otherwise indicated.

A) Use of Judgements and Estimates

The uncertainties related to the global COVID-19 pandemic, required the use of judgements and estimates which resulted in no material impacts for the period ended June 30, 2022. The Corporation will continue to monitor the potential impact of the COVID-19 pandemic over the future reporting periods.

3 . Significant Accounting Policies (continued)

B) New Accounting Standards Adopted

The following new amendment to standards and interpretations has been applied in preparing the consolidated financial statements as at June 30, 2022.

Interest Rate Benchmark Reform - Phase 2

In August 2020, the IASB issued Interest Rate Benchmark Reform-Phase 2, which amends IFRS 9 *Financial Instruments* , IAS 39 *Financial Instruments: Recognition and Measurement* , IFRS 7 *Financial Instruments: Disclosures* and IFRS 16 *Leases* . This fundamental reform of major interest rate benchmark is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as ''IBOR reform'').

The Corporation has exposure to IBORs on its credit facility and on a cross-currency swap that will be replaced or reformed as part of these market-wide initiatives. The Corporation's main exposure as at June 30, 2022 is indexed to the US dollar LIBOR, those instruments having a maturity date in April 2025. Amendments to financial instruments with contractual terms indexed to US dollar LIBOR were not completed yet. The Corporation is managing the process to transition the existing impacted agreements to an alternative rate. The adoption of this new amendment to standards has not had a material impact on the interim condensed consolidated financial statements.

4 . Business Acquisition

A) Business Acquisition realized during the current fiscal year

Ultron Technologies Ltd.

On January 26, 2022, the Corporation acquired all issued shares of Ultron Technologies Ltd. ("Ultron") for a purchase price of $2,542,000 (GBP 1,487,000). Based in Birmingham, England, Ultron is an electronics technology manufacturer with extensive experience in advanced integrated circuits design, software development, manufacturing and global procurement.

The acquisition of Ultron has been accounted for using the acquisition method. Management’s preliminary measurement of the fair values of assets acquired and liabilities assumed are based on best estimates considering all relevant information available. The accounting for the business combination is mainly completed and management is gathering all the final relevant information available and considered necessary in order to finalize this allocation, no later than 12 months after the acquisition date. The process may result in transferring amounts to or from assets acquired, liabilities assumed and goodwill. Any adjustment to preliminary amounts will be retrospectively recognized as at the acquisition date to reflect information obtained about facts and circumstances that existed and, if known, would have affected the measurement of the amounts recognized as at the acquisition date.

The purchased assets are mainly fixed assets, intangible assets and goodwill. The goodwill will be allocated to the *Accessibility* reportable segment as applicable and will be non-deductible for tax purposes.

(Tabular amounts are expressed in thousands of Canadian dollars, except share data - Unaudited)

4 . Business Acquisition (continued)

A) Business Acquisition realized during the current fiscal year (continued)

Ultron Technologies Ltd. (continued)

The following table presents the preliminary value of the assets acquired and liabilities assumed at the acquisition date:

		Ultron
Assets acquired		
Current assets	$	515
Fixed assets		887
Right-of-use assets		403
Intangible assets		1,020
Goodwill		1,755
	$	4,580
Liabilities assumed		
Current liabilities		961
Long-term debt including current portion		296
Leases liabilities including current portion		403
Other long-term liabilities		378
	$	2,038
Fair value of net assets acquired	$	2,542
Less: Cash in acquired business		148
Net assets acquired	$	2,394
Net consideration paid at the exchange rate of the acquisition date	$	1,383
Consideration payable at the exchange rate of the acquisition date	$	1,011
Consideration payable at the exchange rate of June 30, 2022	$	927

(Tabular amounts are expressed in thousands of Canadian dollars, except share data - Unaudited)

4 . Business Acquisition (continued)

B) Business Acquisitions realized during the previous fiscal year

Handicare Group AB

In fiscal year 2021, the Corporation acquired Handicare Group AB ("Handicare") for a total consideration of $447,999,000 (SEK 2,946,950,000). Handicare offers solutions to increase the independence of disabled or elderly people, and to facilitate their care by providers and family. The offering encompasses a comprehensive range of curved and straight stairlifts, transfer, lifting and repositioning aids and vehicle adaptations. Handicare is a global company with sales in some 40 countries and is one of the market leaders in this field. Its head office was in Stockholm, Sweden and manufacturing and assembly are located at four sites distributed across North America, Asia, and Europe.

The following table presents the value of the assets acquired and liabilities assumed at the acquisition date, with the impacts of the adjustments of comparative figures described in Note 2B) - Adjustments to comparative figures - presented separately:

	Allocation presented as at Dec 31, 2021	Adjustments	Adjusted allocation as at Dec 31, 2021
Assets acquired			
Cash and cash equivalents	$ 65,879		**$ 65,879**
Trade and other receivables	54,060		**54,060**
Inventories	40,364		**40,364**
Prepaid expenses and other current assets	2,843		**2,843**
Fixed assets	11,346		**11,346**
Right-of-use assets	27,362		**27,362**
Intangible assets	224,759		**224,759**
Goodwill	295,207	2,872	**298,079**
Other long-term assets	143		**143**
Deferred tax assets	6,474	674	**7,148**
	$ 728,437	$ 3,546	**$ 731,983**
Liabilities assumed			
Trade and other payables	62,235		**62,235**
Deferred revenue	4,989	2,006	**6,995**
Income taxes payable	4,406		**4,406**
Long-term debt including current portion	115,295		**115,295**
Leases liabilities including current portion	27,757		**27,757**
Provisions including current portion	6,079		**6,079**
Deferred tax liabilities	55,940		**55,940**
Other long-term liabilities	3,737	1,540	**5,277**
	$ 280,438	$ 3,546	**$ 283,984**
Fair value of net assets acquired	**$ 447,999**	**$ -**	**$ 447,999**
Less: Cash in acquired business	65,879		**65,879**
Net assets acquired	**$ 382,120**	**$ -**	**$ 382,120**

(Tabular amounts are expressed in thousands of Canadian dollars, except share data - Unaudited)

5 . Intangible assets and goodwill

	Intangible Assets	Goodwill	2022 Total
Balance at January 1 (adjusted - Note 2B)	$ 258,310	$ 403,555	**$ 661,865**
Additions through business acquisitions (Note 4)	1,020	1,755	**2,775**
Additions	4,591	-	**4,591**
Amortization expense	(16,396)	-	**(16,396)**
Effect of movements in exchange rates	(13,030)	(14,775)	**(27,805)**
Balance at June 30	**$ 234,495**	**$ 390,535**	**$ 625,030**

6 . Long-term debt

	June 30, 2022	December 31, 2021
Revolving Credit Facility [1]	**$ 321,426**	$ 329,062
Term Loan Facility [1]	**49,899**	49,871
Notes payable related to business acquisitions	**1,981**	1,058
	$ 373,306	$ 379,991
Less: Current portion	**1,239**	1,058
	$ 372,067	**$ 378,933**

[1] Net of deferred financing costs of respectively $3,001,000 and $101,000 (2021 - $3,530,000 and $129,000).

Term Loan Facility

The Corporation has a term loan in the amount of $50,000,000. Only interest is payable on a monthly basis, at a rate which varies according to certain ratios of the Corporation. As of June 30th, the rate was banker's acceptance rate, plus 2.50%, before the impact of the interest rate swap. This term Loan Facility comes to maturity on April 3, 2024.

Revolving Credit Facility

On March 4, 2021, the Corporation secured a new credit facility as follows:

- The amount available was increased from $110,000,000 to $400,000,000; in Canadian dollar, US dollar, euro or British pound equivalent;
- As at June 30, 2022, an amount of $248,821,000 in US dollars and $3,665,000 in Canadian dollars had been drawn on the credit facility;
- The Revolving Credit Facility comes to maturity on April 3, 2025;
- Interest is payable on a monthly basis. The applicable interest rate on the credit facility is based on the credit rating assigned to the Corporation. According to the current credit rating, the rate is either the banker's acceptance rate or LIBOR, plus 2.50%, or the Canadian prime rate or U.S. base rate, plus 1.50%, before the impact of the cross-currency swaps.

(Tabular amounts are expressed in thousands of Canadian dollars, except share data - Unaudited)

6 . Long-term debt (continued)

Reconciliation of movements of long-term debt to cash flows arising from financing activities:

	2022
Balance at January 1	**$ 379,991**
Net change in the revolving credit facility	**(11,691)**
Increase through business acquisitions (Note 4)	**296**
Consideration payable related to an acquisition (Note 4)	**1,011**
Repayment of other long-term debts	**(293)**
Amortization of capitalized deferred financing costs (Note 9)	**558**
Impact of the change in foreign exchange rates	**3,434**
	$ 373,306
Less: Current portion	**1,239**
Balance at June 30	**$ 372,067**

7 . Share Capital

During the first six months of 2022, the Corporation issued 165,999 common shares (2021-257,831) at an average price of $13.36 per share (2021-$13.82) following the exercise of stock options. These exercises resulted in an increase in share capital of $2,677,000 (2021-$4,284,000) and a decrease in contributed surplus of $460,000 (2021-$720,000). The average closing price of the Corporation's shares on the exercise dates of options exercised during 2022 was $16.45 (2021-$18.48).

On March 5, 2021, the Corporation issued 12,736,050 common shares at a price of $15.00 per share via two concurrent private placements with a syndicate of underwriters and with Caisse de dépôt et placement du Québec, for an aggregate gross proceeds of $191,041,000. At that moment, net proceeds after transaction costs of $9,135,000 were $181,906,000. Transaction fees after tax amounted to $6,758,000.

	2022		2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	**2,307,175**	**$ 15.99**	1,988,670	$ 13.86
Granted	**589,388**	**16.68**	250,502	19.09
Exercised	**(165,999)**	**13.36**	(257,831)	13.82
Forfeited	**(80,000)**	**17.30**	(41,667)	12.60
Outstanding at June 30	**2,650,564**	**$ 16.27**	**1,939,674**	**$ 12.43**

The following dividends were declared and paid by the Corporation:

	Six months ended June 30, 2022	2021
Dividends declared	**$ 16,088**	$ 14,316
Amount declared per share in cents	**0.25**	0.24
Dividends paid	**$ 16,083**	$ 13,797
Amount paid per share in cents	**0.25**	0.24

(Tabular amounts are expressed in thousands of Canadian dollars, except share data - Unaudited)

8 . Other Expenses

Other expenses encompass items of financial performance which the Corporation believes should be separately identified on the face of the interim consolidated statement of earnings to assist in understanding its operating financial performance. Business acquisition costs pertain to transaction costs incurred related to business purchases (successful or not). Business integration costs pertain to transaction costs incurred to integrate newly acquired businesses.

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
		(recast - note 2B)		(recast - note 2B)
Business acquisition costs	**$ -**	$ 883	**$ 26**	$ 3,393
Business integration costs	**1,025**	2,708	**2,838**	3,079
	$ 1,025	**$ 3,591**	**$ 2,864**	**$ 6,472**

9 . Net Finance Costs

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
Interest on long-term debt	**$ 3,090**	$ 3,507	**$ 5,378**	$ 4,927
Interest on lease liabilities	**387**	460	**704**	772
Loss on foreign exchange contract	**-**	-	**-**	1,815
Other interests and bank charges	**204**	60	**204**	107
Amortization of deferred financing costs	**279**	864	**558**	1,027
Interest income	**(25)**	(39)	**(53)**	(63)
Net (gain) loss on foreign currency exchange	**2,501**	581	**1,788**	(1,675)
Ineffective portion of changes in fair value of net investment hedges	**-**	-	**(768)**	-
	$ 6,436	**$ 5,433**	**$ 7,811**	**$ 6,910**

10 . Net Changes in Non-cash Operating Items

	Three months ended June 30,		Six months ended June 30,	
	2022	**2021**	**2022**	**2021**
		(recast - note 2B)		(recast - note 2B)
Trade and other receivables	**$ 2,245**	$ (86)	**$ 2,068**	$ 4,353
Inventories	**(9,740)**	(210)	**(22,434)**	(88)
Prepaid expenses and other current assets	**(7)**	(119)	**2,209**	(2,225)
Other long-term assets	**(65)**	-	**694**	-
Trade and other payables	**(8,923)**	(8,848)	**(2,813)**	2,765
Deferred revenues	**1,927**	4,229	**3,130**	5,746
Provisions	**17**	147	**(174)**	(36)
Other long-term liabilities	**(127)**	608	**(85)**	611
	$ (14,673)	**$ (4,279)**	**$ (17,405)**	**$ 11,126**

(Tabular amounts are expressed in thousands of Canadian dollars, except share data - Unaudited)

11 . Derivative Financial Instruments

The table below indicates the presentation of the derivative financial instruments in the Statement of Financial Position.

	June 30, 2022	December 31, 2021
Current assets		
Foreign exchange contracts	**$ 2,291**	$ 2,435
Non-current assets		
Foreign exchange contracts	**$ -**	$ 822
Interest rate swaps	**885**	-
Cross-currency swaps	**10,770**	1,021
	$ 11,655	**$ 1,843**
Non-current liabilities		
Cross-currency swaps	**$ 266**	$ 520
Interest rate swaps	**-**	1,042
	$ 266	**$ 1,562**

All of these derivative financial instruments are Level 2. The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rates swaps and cross-currency swaps is calculated as the present value of estimated future cash flows over the remaining term of the contracts and based on market data (primarily yield curves, interest rates, and exchange rates for cross-currency interest rates swaps). Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Corporation's subsidiary or counterparty when appropriate.

(Tabular amounts are expressed in thousands of Canadian dollars, except share data - Unaudited)

12 . Reportable Segments

Information about the reportable segments

For the purpose of financial reporting, the business is structured into three reporting segments based on the markets they serve. The *Accessibility* segment includes designing, manufacturing, distributing and installing a wide portfolio of products including stairlifts for both straight and curved stairs, vertical and inclined wheelchair platform lifts for both commercial and residential applications, commercial accessibility elevators and home elevators. The *Patient Care* segment includes the manufacturing and distribution of a comprehensive line of therapeutic support surfaces and other pressure management products for the medical market, medical beds for the long-term care market as well as an extensive line of medical equipment and solutions for the safe handling of patients. The *Adapted Vehicles* segment consists of converting, adapting and distributing vehicles for people with mobility challenges, for personal or commercial use.

The Corporation's management assesses the performance of the reportable segments based on revenue and adjusted EBITDA before head office costs. Adjusted EBITDA is defined as earnings before net finance costs, taxes, depreciation and amortization, net of other expenses and stock-based compensation expense. Adjusted EBITDA before head office costs excludes head office costs, which the Corporation believes should not be considered when assessing the underlying performance of the reportable segments. Head office costs pertain to salaries and costs related to centralized functions, such as finance and legal, which are not allocated to segments.

Sales between segments are eliminated upon consolidation.

				Three months ended June 30,
	Accessibility	**Patient Care**	**Adapted Vehicles**	**Total**
2022				
Revenue	**$ 135,988**	**$ 43,870**	**$ 12,203**	**$ 192,061**
Adjusted EBITDA before head office costs	**$ 25,924**	**$ 6,698**	**$ 610**	**$ 33,232**
Head office costs				**1,763**
Adjusted EBITDA				**$ 31,469**
Stock-based compensation				**469**
Other expenses				**1,025**
Depreciation and amortization expense				**12,237**
Operating income				**$ 17,738**
2021				(recast - note 2B)
Revenue	$ 130,763	$ 36,119	$ 11,739	**$ 178,621**
Adjusted EBITDA before head office costs [1]	$ 23,369	$ 4,666	$ 1,313	**$ 29,348**
Head office costs				**1,954**
Adjusted EBITDA [1]				**$ 27,394**
Stock-based compensation				**356**
Other expenses				**3,591**
Depreciation and amortization expense				**14,532**
Operating income [1]				**$ 8,915**

[1] Includes approximately $1,400,000 recognized against salary expense, attributable to the Canada Emergency Wage Subsidy program.

(Tabular amounts are expressed in thousands of Canadian dollars, except share data - Unaudited)

12 . Reportable Segments (continued)

Information about the reportable segments (continued)

		Accessibility		Patient Care		Adapted Vehicles		Six months ended June 30, Total
2022								
Revenue	**$**	**266,337**	**$**	**85,525**	**$**	**23,735**	**$**	**375,597**
Adjusted EBITDA before head office costs	**$**	**46,421**	**$**	**12,044**	**$**	**1,173**	**$**	**59,638**
Head office costs								**3,747**
Adjusted EBITDA							**$**	**55,891**
Stock-based compensation								**889**
Other expenses								**2,864**
Depreciation and amortization expense								**25,571**
Operating income							**$**	**26,567**
2021								(recast - note 2B)
Revenue	$	211,357	$	61,601	$	17,738	**$**	**290,696**
Adjusted EBITDA before head office costs [1]	$	37,265	$	8,364	$	1,934	**$**	**47,563**
Head office costs								**2,876**
Adjusted EBITDA [1]							**$**	**44,687**
Stock-based compensation								**620**
Other expenses								**6,472**
Depreciation and amortization expense								**22,300**
Operating income [1]							**$**	**15,295**

[1] Includes approximately $2,500,000 recognized against salary expense, attributable to the Canada Emergency Wage Subsidy program.

Desegregation of Revenue

		Accessibility		Patient Care		Adapted Vehicles		Three months ended June 30, Total
2022								
Revenue by region								
Canada	**$**	**13,277**	**$**	**14,747**	**$**	**4,217**	**$**	**32,241**
United States		**53,609**		**25,903**		**238**		**79,750**
Europe (other than United Kingdom)		**47,215**		**433**		**7,748**		**55,396**
United Kingdom and others		**21,887**		**2,787**		**-**		**24,674**
	$	**135,988**	**$**	**43,870**	**$**	**12,203**	**$**	**192,061**
Timing of revenue recognition								
Goods transferred at a point in time	**$**	**117,490**	**$**	**43,870**	**$**	**12,203**	**$**	**173,563**
Services provided over time		**18,498**		**-**		**-**		**18,498**
	$	**135,988**	**$**	**43,870**	**$**	**12,203**	**$**	**192,061**
2021								
Revenue by region								
Canada	$	14,636	$	11,924	$	4,528	**$**	**31,088**
United States		44,184		21,874		259		**66,317**
Europe (other than United Kingdom)		44,125		308		6,951		**51,384**
United Kingdom and others		27,818		2,013		1		**29,832**
	$	**130,763**	**$**	**36,119**	**$**	**11,739**	**$**	**178,621**
Timing of revenue recognition								
Goods transferred at a point in time	$	113,920	$	36,119	$	11,739	**$**	**161,778**
Services provided over time		16,843		-		-		**16,843**
	$	**130,763**	**$**	**36,119**	**$**	**11,739**	**$**	**178,621**

(Tabular amounts are expressed in thousands of Canadian dollars, except share data - Unaudited)

12 . Reportable Segments (continued)

Desegregation of Revenue (continued)

								Six months ended June 30,
		Accessibility		Patient Care		Adapted Vehicles		Total
2022								
Revenue by region								
Canada	**$**	**24,156**	**$**	**32,582**	**$**	**8,654**	**$**	**65,392**
United States		**94,143**		**47,412**		**639**		**142,194**
Europe (other than United Kingdom)		**85,853**		**1,161**		**14,442**		**101,456**
United Kingdom and other		**62,185**		**4,370**		**-**		**66,555**
	$	**266,337**	**$**	**85,525**	**$**	**23,735**	**$**	**375,597**
Timing of revenue recognition								
Goods transferred at a point in time	**$**	**230,803**	**$**	**85,525**	**$**	**23,735**	**$**	**340,063**
Services provided over time		**35,534**		**-**		**-**		**35,534**
	$	**266,337**	**$**	**85,525**	**$**	**23,735**	**$**	**375,597**
2021								
Revenue by region								
Canada	$	27,236	$	19,595	$	8,241	**$**	**55,072**
United States		78,980		37,795		363		**117,138**
Europe (other than United Kingdom)		66,175		1,039		9,073		**76,287**
United Kingdom and other		38,966		3,172		61		**42,199**
	$	**211,357**	**$**	**61,601**	**$**	**17,738**	**$**	**290,696**
Timing of revenue recognition								
Goods transferred at a point in time	$	180,514	$	61,601	$	17,738	**$**	**259,853**
Services provided over time		30,843		-		-		**30,843**
	$	**211,357**	**$**	**61,601**	**$**	**17,738**	**$**	**290,696**

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