2021

SAVARIA CORPORATION

Annual Report

For the fiscal year ended December 31, 2021

savaria®

Message from the Chairman, President & CEO

It was another year of challenges in 2021 as we experienced the continued impact of the pandemic. Soaring freight costs, supply-chain interruptions and price increases as well as labour shortages all presented us with hurdles during the past twelve months. In spite of these issues, Savaria® experienced a transformative and positive year.

The acquisition of Handicare in March 2021 gave us new opportunities with expanded geographical reach and an industry-leading stairlift product line. Even more importantly, we gained new and complementary talent in all areas of our business. We achieved our first phase integration goals of streamlining distribution and production facilities in the United States and initiated production of the Freecurve stairlift in Brampton, Ontario to better serve the North American market. We began the process of consolidating our patient care segment into one team and we added a new leader in sales and marketing. These accomplishments demonstrate our resilience during challenging times. I remain confident in our abilities to reach our revenue goal of $1 billion in 2025.

Marcel Bourassa
Chairman, President & CEO

Mission

To create and market the most comprehensive high quality, reliable and customized portfolio of products that improve personal mobility. Promoting a culture of collaboration for customer-first solutions and worldwide reach.

Vision

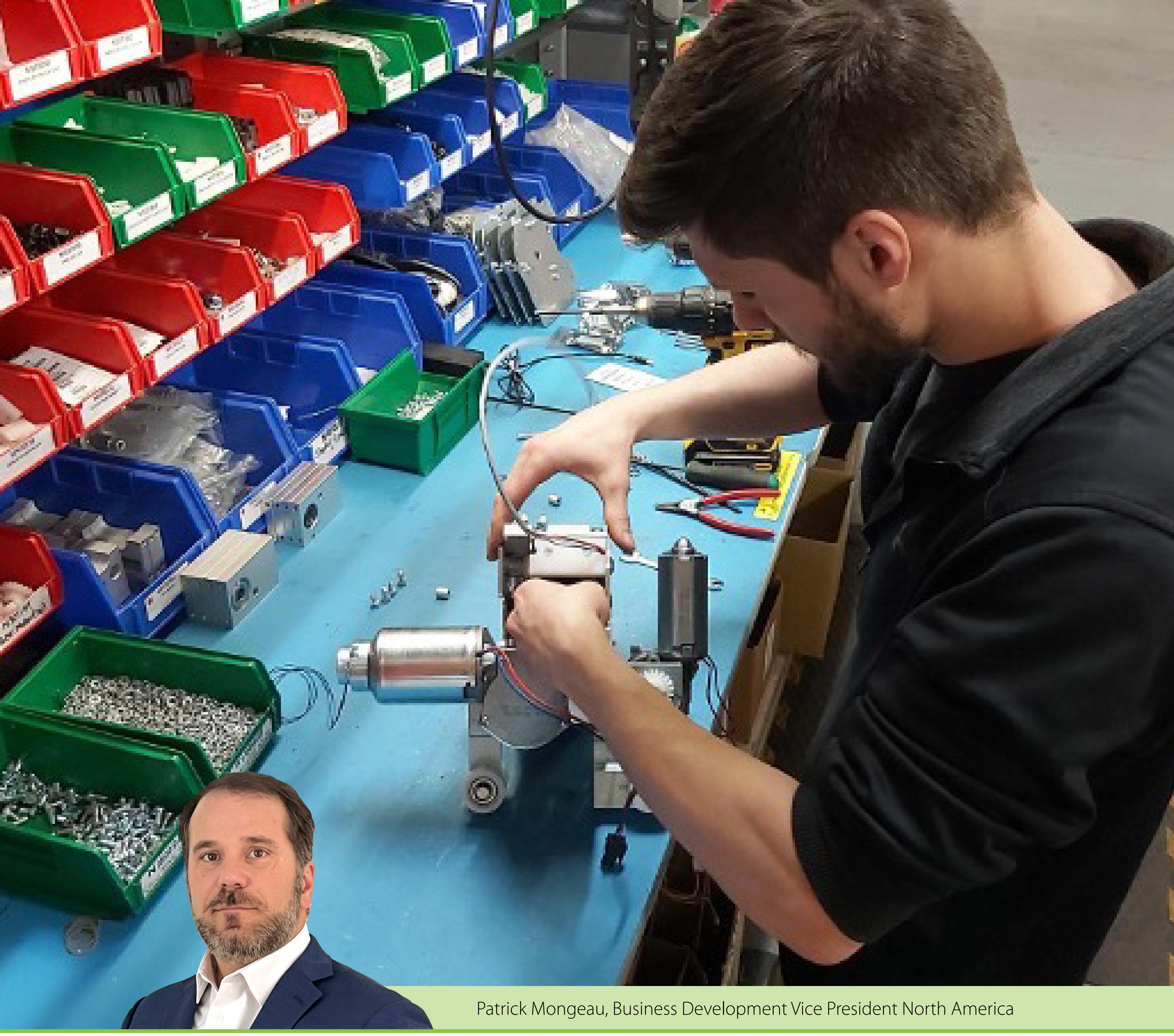
To lead a barrier-free world for mobility

Main (left to right): Alexandre Bourassa Sales Vice President, Clare Brophy Commercial Sales Vice President, Peter Slack Operations Vice President (Europe/Asia), Sebastien Bourassa Operations & Integration Vice President

Inset: New welding robot for Handicare Freecurve in Brampton, Ontario

Accessibility Integration

In 2021, the management of accessibility sales was restructured into geographical regions with the leadership responsibilities assigned to Alexandre Bourassa (primarily North America/Australia) and Clare Brophy (primarily Europe and Asia). This business segment includes stair lifts, wheelchair lifts and elevators, along with the Savaria® Vuelift® elevator. Integration of the sales teams in each region is progressing to strengthen the overall distribution of our brands in each territory. As we continue our work in 2022, we will benefit from synergies of sales process, distribution and marketing efforts.



Patrick Mongeau, Business Development Vice President North America

Patient Care Integration

The Savaria® patient care segment began a reorganization process in 2021 including the addition of a new business leader to head up sales and marketing. Patrick Mongeau joined Savaria and has 20 years of industry experience. Mr. Mongeau has begun the process of integrating the sales teams of Handicare and Span in order to more efficiently reach our customers with our portfolio of medical beds and surfaces, patient lifts, slings and complementary products focused on institutional sales. Continued efforts in 2022 will seek out further synergies including a consolidated product portfolio and brand unification, as well as ongoing research and development at the Magog, Quebec facility.

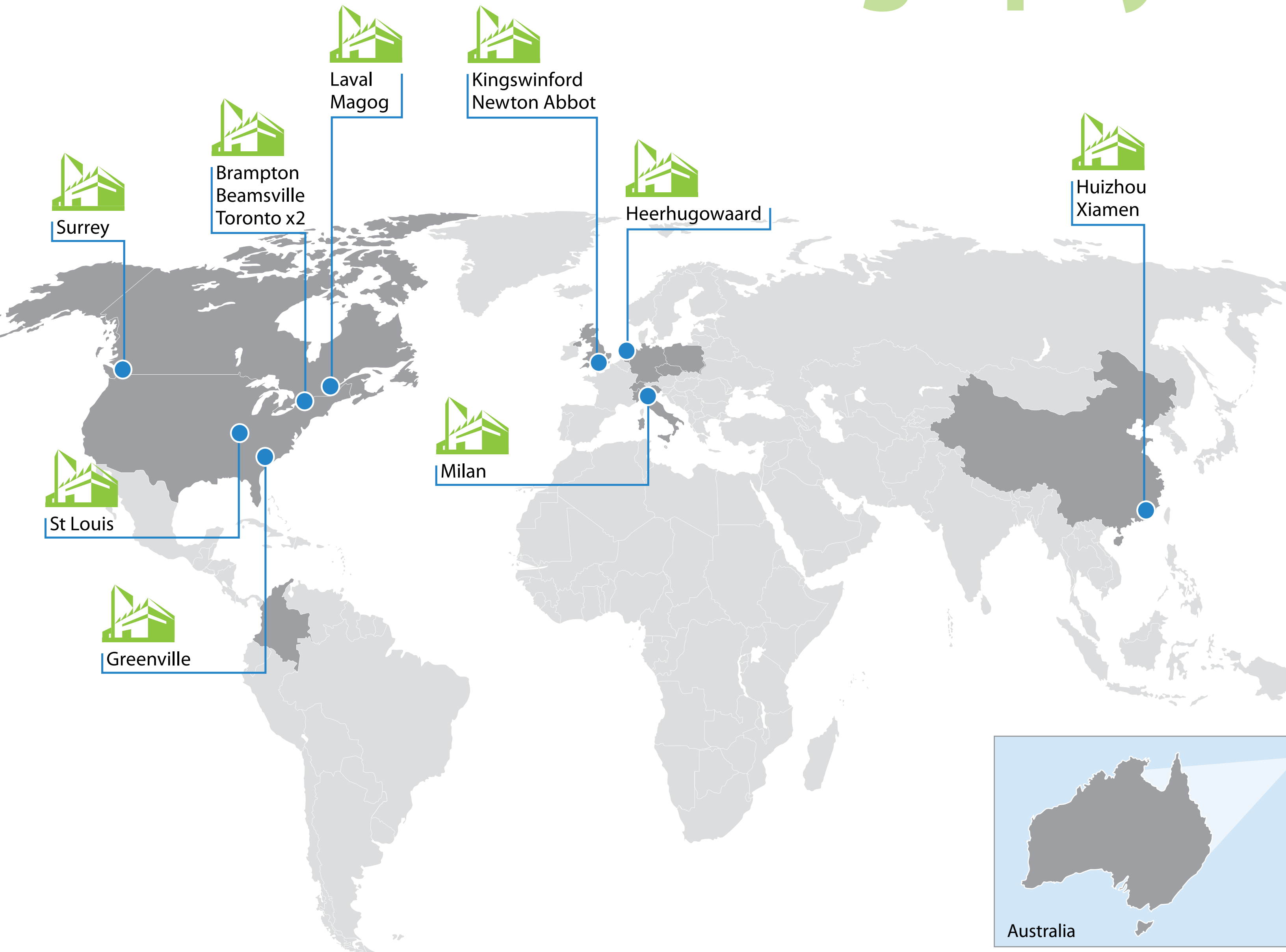
Savaria® Vuelift® Elevator

Savaria marketed the Vuelift elevator to architects and builders in North America in 2021 to build awareness for this unique product. We believe the luxury home owner will appreciate the floorplan flexibility and beauty of this elevator that is suitable for both new construction and existing homes. In Europe, we installed demonstration units in Küssnacht, Switzerland and are currently finalizing the installation in a new showroom in Kingswinford in the UK.

Stay at Home™ WITH SAVARIA

The second year of the global pandemic continued the theme of "staying home" for the majority of people. With this strong desire to age-in-place, we believe Savaria® is well-positioned to provide a variety of solutions including stairlifts, wheelchair platform lifts, home elevators and patient lifts that help people maintain freedom, independence and safety in the comfort of their homes. While world events can create volatility in the markets, the aging of the population continues to progress.

Geography



The global reach of Savaria®

30 Direct Sales Offices & 950,000 sq.ft. of production [15 production/distribution centres]

savaria®

Direct Sales Locations

Canada

Calgary
Montreal
Oakville
Ottawa
St. Catharines
Toronto x3
Vancouver

United States

Baltimore-Washington DC
Boston/New England
Boynton Beach
Chicago
Denver
Montgomery
New Orleans
Philadelphia
St Louis

Australia

Brisbane
Melbourne
Sydney

Rest of World

Cali **Colombia**
Cologne **Germany**
Heerhugowaard **The Netherlands**
Huizhou **China**
Küssnacht **Switzerland**
Leeds **United Kingdom**
Milan **Italy**
Prague **Czech Republic**
Wroclaw **Poland**

Bourassa Savaria Foundation

Bourassa Savaria FOUNDATION

The Bourassa Savaria Foundation reached a milestone in 2021, exceeding $1 million in total donations since its 2014 inception. Eighteen recipient organizations benefitted in 2021 including: Fondation Centre Philou, Darling Home for Kids, Fondation Papillon, March of Dimes Canada, Parasport Quebec, Muscular Dystrophy Canada and Spinal Cord Injury Ontario.

The Bourassa Savaria Foundation is a registered Canadian charity, CRA #84814 0570

SAVARIA CORPORATION

Management's Discussion & Analysis Report

For the Three-Month and Twelve-Month periods Ended December 31, 2021

Contents

1. Basis of Presentation

The following management's discussion and analysis ("MD&A"), dated March 23, 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 twelve-month periods ended December 31, 2021, in comparison to the corresponding periods of fiscal 2020. 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. 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 March 23, 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 cost of sales, adjusted operating expenses, adjusted net earnings, adjusted net earnings per share, adjusted net earnings excluding amortization of intangible assets related to acquisitions, adjusted net earnings excluding amortization of intangible assets related to acquisitions per share, available credit facilities, available short-term capital resources, net interest-bearing debt 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 COST OF SALES

Adjusted cost of sales is defined as cost of sales net of depreciation of fixed assets, right-of-use assets and amortization of intangible assets. We use Adjusted cost of sales as a measure of the Corporation's underlying operational efficiency and performance. It allows us to assess the Corporation's baseline profitability without certain items which shouldn't be considered when assessing the Corporation's operational performance.

	Q4		YTD	
in thousands of dollars	**2021**	2020	**2021**	2020
Cost of sales[1]	**$129,859**	$60,470	**$445,447**	$232,371
Amortization and depreciation expense recognized in cost of sales	**6,664**	3,092	**15,186**	8,244
Adjusted Cost of sales*	**$123,195**	**$57,378**	**$430,261**	**$224,127**

* Non-IFRS measures are described in this section

[1] In accordance with Savaria's accounting policies, cost of sales, selling and administrative and tax expenses of Handicare for periods prior to Q4 2021 have been restated based on the evaluation of the fair value of assets acquired and liabilities assumed finalized during the year ended December 31, 2021.

ADJUSTED OPERATING EXPENSES

Adjusted operating expenses is defined as operating expenses net of depreciation of fixed assets and right-of-use assets, amortization of intangible assets, other expenses and stock-based compensation. We use Adjusted operating expenses as a measure of the Corporation's underlying operational efficiency and performance. It allows us to assess the Corporation's baseline profitability without certain items which shouldn't be considered when assessing the Corporation's operational performance

	Q4		YTD	
in thousands of dollars	**2021**	2020	**2021**	2020
Operating expenses[1]	**$49,463**	$18,906	**$179,652**	$83,369
Amortization and depreciation expense recognized in selling and administrative expenses	**5,683**	1,455	**34,137**	9,101
Stock-based compensation	**564**	102	**1,747**	1,049
Other expenses	**6,132**	175	**13,296**	2,640
Adjusted Operating expenses*	**$37,084**	**$17,174**	**$130,472**	**$70,579**

* Non-IFRS measures are described in this section

[1] In accordance with Savaria's accounting policies, cost of sales, selling and administrative and tax expenses of Handicare for periods prior to Q4 2021 have been restated based on the evaluation of the fair value of assets acquired and liabilities assumed finalized during the year ended December 31, 2021.

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	**2021**				**2020**				**2019**
in thousands of dollars	Trailing 12 months	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1	YTD
Operating Income[1]	$35,884	**$10,207**	$10,382	$8,915	$6,380	$11,225	$12,284	$9,446	$5,801	$37,213
Amortization and depreciation expense[1]	$49,323	**12,347**	14,676	14,532	7,768	4,547	4,251	4,407	4,140	15,170
Stock-based compensation	$1,747	**564**	563	356	264	102	239	425	283	1,837
Other expenses[1]	$13,296	**6,132**	692	3,591	2,881	175	140	192	2,133	1,405
Adjusted EBITDA*	$100,250	**$29,250**	$26,313	$27,394	$17,293	$16,049	$16,914	$14,470	$12,357	$55,625

* Non-IFRS measures are described in this section

[1] In accordance with Savaria's accounting policies, cost of sales, selling and administrative and tax expenses of Handicare for periods prior to Q4 2021 have been restated based on the evaluation of the fair value of assets acquired and liabilities assumed finalized during the year ended December 31, 2021.

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.

			Q4 2021		
in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	Head Office	**Total**
Operating Income	$11,149	$4,781	$(1,992)	$(3,731)	**$10,207**
Amortization and depreciation expense	10,647	281	324	1,095	**$12,347**
Stock-based compensation	-	-	-	564	**$564**
Other expenses	2,440	217	2,288	1,187	**$6,132**
Adjusted EBITDA*	$24,236	$5,279	$620	$(885)	**$29,250**
Adjusted EBITDA Margin before head office costs*	17.7%	13.1%	5.2%	n/a	**15.4%**
			Q4 2020		
Operating Income	$10,564	$1,437	$127	$ (903)	**$11,225**
Amortization and depreciation expense	2,654	1,492	230	171	**$4,547**
Stock-based compensation	-	-	-	102	**$102**
Other expenses	2	166	-	7	**$175**
Adjusted EBITDA*	$13,220	$3,095	$357	$(623)	**$16,049**
Adjusted EBITDA Margin before head office costs*	20.1%	15.7%	7.2%	n/a	**17.7%**
			YTD 2021		
Operating Income	$40,538	$10,908	$(103)	$(15,459)	**$35,884**
Amortization and depreciation expense	39,434	5,545	995	3,349	**$49,323**
Stock-based compensation	-	-	-	1,747	**$1,747**
Other expenses	6,215	247	2,288	4,546	**$13,296**
Adjusted EBITDA*	$86,187	$16,700	$3,180	$(5,817)	**$100,250**
Adjusted EBITDA Margin before head office costs*	17.8%	12.2%	8.0%	n/a	**15.2%**
			YTD 2020		
Operating Income	$39,846	$3,944	$(581)	$(4,453)	**$38,756**
Amortization and depreciation expense	9,985	5,728	952	680	**$17,345**
Stock-based compensation	-	-	-	1,049	**$1,049**
Other expenses	1,305	718	234	383	**$2,640**
Adjusted EBITDA*	$51,136	$10,390	$605	$(2,341)	**$59,790**
Adjusted EBITDA Margin before head office costs*	19.9%	13.1%	3.4%	n/a	**16.9%**

* Non-IFRS measures are described in this section

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.

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 day-to-day operations as they exclude from earnings the impact of other expenses, 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 .

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 Adjusted net earnings excluding amortization of intangible assets related to acquisitions provides valuable insight into the Corporation's day-to-day operations as they exclude from earnings the impact of other expenses and specific amortization expenses, providing a comparative measure of the Corporation's performance in a context of 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 existing credit facilities 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.

NET INTEREST-BEARING DEBT

Net interest-bearing debt is defined as interest-bearing long-term debt, including current portions, net of cash. The Corporation uses this ratio as a measure of 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* (previously *Patient Handling*) 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, four 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 March 23, 2022, Savaria's workforce totaled approximately 2,250 employees worldwide.

4.1 ACQUISITION OF HANDICARE GROUP AB

On March 4, 2021, the Corporation acquired 56,118,445 shares of Handicare Group AB ("Handicare") representing 95.2% of all the issued and outstanding shares of Handicare for SEK 50.00 per share (CAD $7.48). As at December 31, 2021, the Corporation owned 100% of Handicare and has completed the compulsory redemption process to purchase all shares.

Handicare offers solutions to increase the independence of disabled or elderly people, and the facilitation of their care by healthcare providers and family. Its offering encompasses a comprehensive range of curved and straight stairlifts, transfer, lifting and repositioning aids, and vehicle adaptations. Handicare is a global company and one of the market leaders in accessibility and patient care, with sales in some 40 countries. Its head office was in Stockholm, Sweden and manufacturing and assembly activities at four sites located across North America, Asia, and Europe.

The total consideration to Handicare shareholders was $448.0M (SEK 2,947M). The Corporation financed the consideration paid out of a combination of:

- Cash-on-hand for an amount of $33.4M;
- An amount drawn from the revolving credit facility of $232.8M; and
- The net proceeds from private placements with a syndicate of underwriters and with Caisse de dépôt et placement du Québec of subscription receipts for common shares of the Corporation for $181.8M.

4.2 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 market.

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). It also sells the Savaria Patient Care product line to home care and institutional sales channels through approximately 35 sales representatives 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 information about the reportable segments by region for the twelve-month period ended December 31:

	YTD			
in thousands of dollars, except percentages	**2021**		2020	
Canada	**$118,803**	**18.0%**	$80,480	22.7%
United States	**255,250**	**38.6%**	200,437	56.5%
Europe (other than United Kingdom)	**180,981**	**27.4%**	58,009	16.4%
United Kingdom and other	**105,949**	**16.0%**	15,570	4.4%
Total	**$660,983**	**100.0%**	$354,496	100.0%

	YTD 2021					
in thousands of dollars, except percentages	Accessibility		Patient Care		Adapted Vehicles	
Canada	**$55,586**	**11.5%**	**$46,073**	**33.7%**	**$17,144**	**42.9%**
United States	**173,196**	**35.7%**	**81,064**	**59.3%**	**990**	**2.4%**
Europe (other than United Kingdom)	**156,923**	**32.4%**	**2,303**	**1.7%**	**21,755**	**54.5%**
United Kingdom and other	**98,592**	**20.4%**	**7,296**	**5.3%**	**61**	**0.2%**
Total	**$484,297**	**100.0%**	**$136,736**	**100.0%**	**$39,950**	**100.0%**

	YTD 2020					
in thousands of dollars, except percentages	Accessibility		Patient Care		Adapted Vehicles	
Canada	$46,990	18.3%	$16,283	20.5%	$17,207	96.2%
United States	145,485	56.5%	54,360	68.6%	592	3.3%
Europe (other than United Kingdom)	54,803	21.3%	3,124	3.9%	82	0.5%
United Kingdom and other	10,028	3.9%	5,542	7.0%	-	0.0%
Total	**$257,306**	**100.0%**	**$79,309**	**100.0%**	**$17,881**	**100.0%**

5. Financial Highlights

Q4 2021 HIGHLIGHTS

- Revenue for the quarter was $189.5M, up $98.9M or 109.2%, compared to Q4 2020, due mainly to the acquisition of Handicare.
- Gross profit was $59.7M, up $29.5M or 98.0%, compared to Q4 2020, representing 31.5% of revenue compared to 33.3% in Q4 2020.
- Adjusted EBITDA was $29.3M, up $13.2M or 82.3%, compared to Q4 2020.
- Adjusted EBITDA margin stood at 15.4%, compared to 17.7% in Q4 2020.
- Net earnings for the quarter were $0.9M, or $0.02 per share on a diluted basis, compared to $6.7M or $0.13 per share on a diluted basis in Q4 2020.

2021 HIGHLIGHTS

- Revenue for the year was $661.0M, up $306.5M or 86.5%, compared 2020, due mainly to the acquisition of Handicare in early March 2021.
- Gross profit was $215.5M, up $93.4M or 76.5%, compared to 2020, representing 32.6% of revenue compared to 34.5% in 2020.
- Adjusted EBITDA was $100.3M, up $40.5M or 67.7%, compared to 2020.
- Adjusted EBITDA margin stood at 15.2%, compared to 16.9% in 2020.
- Net earnings for the year were $11.5M, or $0.19 per share on a diluted basis, compared to $26.5M or $0.52 per share on a diluted basis in 2020. The decrease in diluted per share earnings is mainly due to decreased net earnings caused by acquisition and integration costs, higher net finance costs as well as amortization of acquisition-related intangible assets.
- *Accessibility* adjusted EBITDA margin before head office costs stood at 17.8%, compared to 19.9% in 2020, due to a reduction in a COVID-19 employment retention government of Canada subsidy and an increase in shipping costs.
- *Patient Care* adjusted EBITDA margin before head office costs stood at 12.2%, compared to 13.1% in 2020, mainly attributable to a reduction in a COVID-19 employment retention government of Canada subsidy and supply chain challenges including increased shippings costs.
- Adjusted net earnings excluding amortization of intangible assets related to acquisitions were $41.8M, or $0.67 per share on a diluted basis, up 31.3% and $0.04, respectively, compared to 2020.
- Acquisition of Handicare Group AB on March 4, 2021, further strengthening Savaria's position as a global leader in the accessibility industry.
- Funds available of $129.6M to support working capital, investments and growth opportunities.

in thousands of dollars	Q4 2021	Q4 2020	YTD 2021	YTD 2020
Revenue	**$189,529**	$90,601	**$660,983**	$354,496
Cost of sales[1]	**129,859**	60,470	**445,447**	232,371
Gross Profit	**$59,670**	$30,131	**$215,536**	$122,125

[1] In accordance with Savaria's accounting policies, cost of sales, selling and administrative and tax expenses of Handicare for periods prior to Q4 2021 have been restated based on the evaluation of the fair value of assets acquired and liabilities assumed finalized during the year ended December 31, 2021.

in thousands of dollars, except per-share amounts	Q4 2021	Q4 2020	YTD 2021	YTD 2020
Revenue	**$189,529**	$90,601	**$660,983**	$354,496
Adjusted cost of sales*[1]	**123,195**	57,378	**430,261**	224,127
Adjusted operating expenses*[1]	**37,084**	17,174	**130,472**	70,579
Adjusted EBITDA*	**$29,250**	$16,049	**$100,250**	$59,790
Stock-based compensation	**564**	102	**1,747**	1,049
Other expenses[1]	**6,132**	175	**13,296**	2,640
EBITDA*	**$22,554**	$15,772	**$85,207**	$56,101
Depreciation of fixed assets and right-of-use assets	**4,588**	2,234	**16,256**	9,346
Amortization of intangible assets[1]	**7,759**	2,313	**33,067**	7,999
Operating income	**$10,207**	$11,225	**$35,884**	$38,756
Net finance costs	**6,358**	2,159	**15,756**	3,945
Earnings before income tax	**$3,849**	$9,066	**$20,128**	$34,811
Income tax expense[1]	**2,904**	2,352	**8,593**	8,348
Net Earnings	**$945**	$6,714	**$11,535**	$26,463
Basic net earnings per share	**$0.02**	$0.13	**$0.19**	$0.52
Diluted net earnings per share	**$0.02**	$0.13	**$0.19**	$0.52

* Non-IFRS measures are described in section 3

[1] In accordance with Savaria's accounting policies, cost of sales, selling and administrative and tax expenses of Handicare for periods prior to Q4 2021 have been restated based on the evaluation of the fair value of assets acquired and liabilities assumed finalized during the year ended December 31, 2021.

6. Financial Review

6.1 REVENUE

During Q4 2021, the Corporation generated revenue of $189.5M, up $98.9M or 109.2%, compared to the same period in 2020. The growth was mainly due to the acquisition of Handicare. Organic revenue growth was 6.7% in the quarter, partially offset by a negative foreign currency exchange impact.

For the twelve-month period ended December 31, 2021, the Corporation generated revenue of $661.0M, an increase of $306.5M, or 86.5%, compared to the same period in 2020. The growth is largely due to the acquisition of Handicare. Organic revenue growth of 4.0% 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.

	Q4			
in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	**Total**
Revenue 2021	$137,288	$40,330	$11,911	**$189,529**
Revenue 2020	$65,935	$19,695	$4,971	**$90,601**
Net change %	108.2%	104.8%	139.6%	**109.2%**
Organic Growth[1]	3.6%	17.1%	6.8%	**6.7%**
Acquisition Growth[2]	106.7%	90.2%	132.8%	**104.6%**
Foreign Currency Impact[3]	(2.1)%	(2.5)%	0.0%	**(2.1)%**
Net change %	108.2%	104.8%	139.6%	**109.2%**

[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 net of organic and acquisition growth.

	YTD			
in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	**Total**
Revenue 2021	$484,297	$136,736	$39,950	**$660,983**
Revenue 2020	$257,306	$79,309	$17,881	**$354,496**
Net change %	88.2%	72.4%	123.4%	**86.5%**
Organic Growth[1]	3.5%	5.5%	3.5%	**4.0%**
Acquisition Growth[2]	87.3%	71.3%	119.9%	**85.4%**
Foreign Currency Impact[3]	(2.6)%	(4.4)%	0.0%	**(2.9)%**
Net change %	88.2%	72.4%	123.4%	**86.5%**

[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 net of organic and acquisition growth.

6.1.1 Accessibility

Revenue from our *Accessibility* segment was $137.3M for the quarter, an increase of $71.4M or 108.2%, compared to the same period in 2020. The increase in revenue was related to the acquisition of Handicare and to organic growth of 3.6% partially offset by a negative foreign exchange impact.

For the twelve-month period ended December 31, 2021, revenue from our *Accessibility* segment was $484.3M, an increase of $277.0M, or 88.2%, compared to the same period in 2020. The acquisition growth is attributable to the acquisition of Handicare in Q1 2021. The organic growth of 3.5% was driven by strong demand in the residential sector and was partially offset by a negative foreign exchange impact.

6.1.2 Patient Care

Revenue from our *Patient Care* segment was $40.3M for the quarter, an increase of $20.6M or 104.8%, compared to the same period in 2020. The increase in revenue was related to the acquisition of Handicare and to organic growth of 17.1% attributable to the easing of pandemic restrictions and increased access to long-term care facilities, partially offset by a negative foreign exchange impact.

For the twelve-month period ended December 31, 2021, revenue from our *Patient Care* segment was $136.7M, an increase of $57.4M or 72.4%, when compared to the same period in 2020. Acquisition growth stood at 71.3%, while organic growth was 5.5%, partially offset by a negative foreign exchange impact.

6.1.3 Adapted Vehicles

Revenue from our *Adapted Vehicles* segment was $11.9M for the quarter, an increase of $6.9M or 139.6%, compared to the same period in 2020. The increase in revenue was related to the acquisition of Handicare and organic growth of 6.8%, attributable to pent-up demand from earlier in the year which was delayed due to the pandemic.

For the twelve-month period ended December 31, 2021, revenue from our *Adapted Vehicles* segment was $40.0M, an increase of $22.1M or 123.4% when compared to the same period in 2020. Acquisition growth stood at 119.9% and was attributable to the Handicare acquisition. Organic growth stood at 3.5% for the year.

6.1.4 Foreign Exchange

The Corporation is subject to foreign currency fluctuations from the conversion of revenue, expenses, assets and liabilities of its foreign operations and from commercial transactions denominated mainly in U.S. dollars, euros, Swiss francs, renminbis and pounds sterling. Transactions denominated in foreign currencies are initially recorded at the functional currency rate of exchange in effect at the date of the transactions, excluding the impact of forward foreign exchange contracts, while the statement of income of foreign operations is converted at the average exchange rate for the period.

The foreign exchange rates used to convert assets and liabilities into Canadian dollars were as follows:

Closing rates Canadian equivalent of a currency	**2021**	2020
US Dollar (USD)	**1.2655**	1.2742
Euro (EUR)	**1.4392**	1.5587
Swiss Franc (CHF)	**1.3882**	1.4402
Renminbi (RMB)	**0.1992**	0.1952
Pound Sterling (GBP)	**1.7135**	1.7397

The foreign exchange rates used to convert revenue and expenses into Canadian dollars were as follows:

YTD average rates Canadian equivalent of a currency	**2021**	2020
US Dollar (USD)	**1.2538**	1.3414
Euro (EUR)	**1.4827**	1.5299
Swiss Franc (CHF)	**1.3716**	1.4295
Renminbi (RMB)	**0.1944**	0.1944
Pound Sterling (GBP)	**1.7245**	1.7205

We use foreign exchange contracts to reduce the risks related to currency fluctuations, therefore the variations in the rates presented above may not be representative of the actual impact of exchange rates on our financial results.

In conformity with the hedging policy adopted by the Board of Directors, the Corporation uses USD foreign exchange contracts to reduce the risks related to currency fluctuations. As at December 31, 2021, the Corporation held foreign exchange contracts totaling $30.0M USD for a hedging period up to March 2023, at a weighted average rate of 1.3755. As at December 31, 2021, the unrealized gain on the foreign exchange contracts amounted to $3.3M.

6.2 GROSS PROFIT AND EXPENSES

The increase in gross profit of $29.5M and $93.4M, both for the quarter and year-to-date, when compared to the same periods in 2020, was mainly attributable to acquisition of Handicare, offset by additional costs related to the supply chain, including shipping costs, and the reduction of subsidies from the COVID-19 employment retention government of Canada program.

in thousands of dollars and % of revenue	Q4 2021		Q4 2020		YTD 2021		YTD 2020	
Revenue	**$189,529**		$90,601		**$660,983**		$354,496	
Cost of sales[1]	**129,859**	**68.5%**	60,470	66.7%	**445,447**	**67.4%**	232,371	65.5%
Gross Profit	**$59,670**	**31.5%**	$30,131	33.3%	**$215,536**	**32.6%**	$122,125	34.5%

[1] In accordance with Savaria's accounting policies, cost of sales, selling and administrative and tax expenses of Handicare for periods prior to Q4 2021 have been restated based on the evaluation of the fair value of assets acquired and liabilities assumed finalized during the year ended December 31, 2021.

in thousands of dollars, except per-share amounts and % revenue	Q4 2021		Q4 2020		YTD 2021		YTD 2020	
Revenue	**$189,529**		$90,601		**$660,983**		$354,496	
Adjusted cost of sales*[1]	**123,195**	**65.0%**	57,378	63.3%	**430,261**	**65.1%**	224,127	63.2%
Adjusted operating expenses*[1]	**37,084**	**19.6%**	17,174	19.0%	**130,472**	**19.7%**	70,579	19.9%
Adjusted EBITDA*	**$29,250**	**15.4%**	$16,049	17.7%	**$100,250**	**15.2%**	$59,790	16.9%
Stock-based compensation	**564**	**0.3%**	102	0.1%	**1,747**	**0.3%**	1,049	0.3%
Other expenses[1]	**6,132**	**3.2%**	175	0.2%	**13,296**	**2.0%**	2,640	0.8%
EBITDA*	**$22,554**	**11.9%**	$15,772	17.4%	**$85,207**	**12.9%**	$56,101	15.8%
Depreciation of fixed assets and right-of-use assets	**4,588**	**2.4%**	2,234	2.5%	**16,256**	**2.5%**	9,346	2.5%
Amortization of intangible assets[1]	**7,759**	**4.1%**	2,313	2.5%	**33,067**	**5.0%**	7,999	2.3%
Operating income	**$10,207**	**5.4%**	$11,225	12.4%	**$35,884**	**5.4%**	$38,756	11.0%
Net finance costs	**6,358**	**3.4%**	2,159	2.4%	**15,756**	**2.3%**	3,945	1.1%
Earnings before income tax	**$3,849**	**2.0%**	$9,066	10.0%	**$20,128**	**3.1%**	$34,811	9.9%
Income tax expense[1]	**2,904**	**1.5%**	2,352	2.6%	**8,593**	**1.4%**	8,348	2.4%
Net Earnings	**$945**	**0.5%**	$6,714	7.4%	**$11,535**	**1.7%**	$26,463	7.5%
Basic net earnings per share	**$0.02**		$0.13		**$0.19**		$0.52	
Diluted net earnings per share	**$0.02**		$0.13		**$0.19**		$0.52	

* Non-IFRS measures are described in section 3

[1] In accordance with Savaria's accounting policies, cost of sales, selling and administrative and tax expenses of Handicare for periods prior to Q4 2021 have been restated based on the evaluation of the fair value of assets acquired and liabilities assumed finalized during the year ended December 31, 2021.

In Q4 2021, the Corporation incurred other expenses of $6.1M compared to $0.2M in the same period in 2020 with the year totalling $13.3M compared to $2.6M in 2020. For 2021, these expenses consisted of business acquisition and integration costs mainly in connection with the acquisition of Handicare completed in Q1 2021, goodwill impairment on the *Adapted vehicles* segment of $2.3M, as well as recall and other settlement costs of $0.8M. In 2020, the other expenses consisted of business acquisition and integration costs mainly related to the acquisition of Silvalea, which occurred in Q3 2019, and a special COVID-19 employee assistance plan payout of $1.5M.

Depreciation of fixed assets and right-of-use assets expense, as a percentage of revenue for the three-month and twelve-month periods ended December 31, 2021, were comparable to the same periods in 2020.

The amortization of intangible assets expense, as a percentage of revenue, increased compared to the same period in 2020 for both the three-month and twelve-month periods ended December 31, 2021, mainly due to the $224.8M of acquired intangibles created from the purchase of Handicare.

6.3 ADJUSTED EBITDA

Adjusted EBITDA and adjusted EBITDA margin for the quarter stood at $29.3M and 15.4%, respectively, compared to $16.0M and 17.7% for the same period in 2020. For the twelve-month period ended December 31, 2021, adjusted EBITDA and adjusted EBITDA margin stood at $100.3M and 15.2%, respectively, compared to $59.8M and 16.9% for the same period in 2020. The *Accessibility* and *Patient Care* segments realized decreased EBITDA margins versus the prior year due to additional supply chain related costs, notably shipping costs, and also due to the reduction of subsidies from the COVID-19 employment retention government of Canada program. These impacts were partially offset by the Handicare acquisition's positive contribution to our financial results and continued cost containment efforts. The *Adapted Vehicles* segment realized increased EBITDA margins due to the greater profitability of Handicare business. Across all segments, increases in absolute dollars reflect the acquisition of Handicare.

Head office costs for the three-month and twelve-month periods ended December 31, 2021 stood at $0.9M and $5.8M respectively, in line with Management's new run-rate expectations considering the addition of the Handicare business in Q1 2021. The increases of $0.3M and $3.5M for three-month and twelve-month periods compared to the same periods in 2020 were mainly due to the acquisition of Handicare. The overall head office cost is projected to decrease as synergies related to the integration of Handicare continue to be realized. Also, in Q3, a one-time incentive amount was paid following the achievement of previously defined objectives.

The following tables provide a summary of three-month and twelve-month periods ended December 31, 2021 variances in adjusted EBITDA, both by reportable segment and in total.

	Q4 2021			
in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	**Total**
Revenue	$137,288	$40,330	$11,911	**$189,529**
Adjusted EBITDA*				**$29,250**
Head office costs				**$885**
Adjusted EBITDA before head office costs*	$24,236	$5,279	$620	**$30,135**
Adjusted EBITDA Margin before head office costs*	17.7%	13.1%	5.2%	**15.9%**
	Q4 2020			
Revenue	$65,935	$19,695	$4,971	**$90,601**
Adjusted EBITDA*				**$16,049**
Head office costs				**$623**
Adjusted EBITDA before head office costs*	$13,220	$3,095	$357	**$16,672**
Adjusted EBITDA Margin before head office costs*	20.1%	15.7%	7.2%	**18.4%**
	YTD 2021			
Revenue	$484,297	$136,736	$39,950	**$660,983**
Adjusted EBITDA*				**$100,250**
Head office costs				**$5,817**
Adjusted EBITDA before Head office costs*	$86,187	$16,700	$3,180	**$106,067**
Adjusted EBITDA Margin before Head office costs*	17.8%	12.2%	8.0%	**16.0%**
	YTD 2020			
Revenue	$257,306	$79,309	$17,881	**$354,496**
Adjusted EBITDA*				**$59,790**
Head office costs				**$2,341**
Adjusted EBITDA before Head office costs*	$51,136	$10,390	$605	**$62,131**
Adjusted EBITDA Margin before Head office costs*	19.9%	13.1%	3.4%	**17.5%**

* Non-IFRS measures are described in section 3

6.3.1 Accessibility

Accessibility adjusted EBITDA and adjusted EBITDA margin, both before head office costs, for Q4 2021 stood at $24.2M and 17.7%, respectively, compared to $13.2M and 20.1% for the same period in 2020. For the twelve-month period ended December 31, 2021, the same metrics stood at $86.2M and 17.8%, respectively, compared to $51.1M and 19.9% for the same period in 2020. The improvement in adjusted EBITDA is mainly due to the acquisition of Handicare. For both periods, the reduction in adjusted EBITDA margin is partially due to additional costs related to the supply chain, including shipping costs, and a reduction in the government of Canada's COVID-19 employment retention subsidy, offset by cost containment efforts.

6.3.2 Patient Care

Patient Care adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $5.3M and 13.1%, respectively, compared to $3.1M and 15.7% for the same period in 2020. For the twelve-month period ended December 31, 2021, the same metrics stood at $16.7M and 12.2%, respectively, compared to $10.4M and 13.1% for the same period in 2020. The increase in adjusted EBITDA was mainly due to the acquisition of Handicare. For both periods the decrease in adjusted EBITDA margin is partially due to the aforementionned additional costs in the supply chain and a reduction in the government of Canada's COVID-19 employment retention subsidy, also offset by cost containment efforts.

6.3.3 Adapted Vehicles

Adapted Vehicles adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $0.6M and 5.2%, respectively for Q4 2021, compared to $0.4M and 7.2% for the same period in 2020. For the twelve-month period ended December 31, 2021, the same metrics stood at $3.2M and 8.0%, respectively, compared to $0.6M and 3.4% for the same period in 2020. These increases in EBITDA were mainly due to the Handicare acquisition and the recovery from the economic slowdown caused by the global pandemic, partially offset by a reduction in the government of Canada's COVID-19 employment retention subsidy. The decrease in EBITDA margin in Q4 is due to decreased government of Canada's COVID-19 employment retention subsidies while the increase for the twelve-month period is mainly due to the addition of Handicare.

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.

In Q4 2021, net finance costs were $6.4M compared to $2.2M for the same period in 2020. The increase is mainly due to higher interest costs on the credit facility which was utilized to finance the acquisition of Handicare. In addition, the increase of finance costs is also due to a higher loss on foreign currency exchange, amortization of deferred financing costs and the ineffective portion of a net investment hedge.

On a year-to-date basis, net finance costs were $15.8M compared to $3.9M for the same period in 2020. The increase is mainly due to higher interest costs as noted above. In addition, the increase of finance costs is also due to a loss on a foreign currency contract, amortization of deferred financing costs and the ineffective portion of a net investment hedge.

6.5 INCOME TAXES

For Q4 2021, an income tax expense of $2.9M was recorded on earnings before income taxes of $3.8M, representing an effective tax rate of 75.4% compared to an income tax expense of $2.4M and an effective tax rate of 25.9% for the same period in 2020. The increase is essentially attributable to an increase in the Netherlands' statutory tax rate enacted in December 2021.

For the twelve-month period ended December 31, 2021, an income tax expense of $8.6M was recorded on earnings before taxes of $20.1M, representing an effective tax rate of 42.7%, whereas the effective tax rate was 24.0% for the same period in 2020. The increase in income tax expense and in the effective tax rate, compared to the statutory tax rate, is due to an unfavorable impact on enacted tax rates changes ($1.5M) and unrecognized losses and losses not fully deductible ($2.3M). Other elements, such as non-deductible expenses, impacted the effective tax rate negatively, however, these negative impacts were partially compensated by a favorable impact of differences in tax rates of other jurisdictions ($1.2M).

6.6 NET EARNINGS AND NET EARNINGS PER SHARE

In Q4 2021, the Corporation's net earnings were $0.9M or $0.02 per share on a diluted basis, compared to $6.7M or $0.13 per share for the same period in 2020. The decrease in net earnings was mainly due to the increase of intangible asset amortization, net finance costs and other expenses, as noted previously, partially offset by the acquisition of Handicare. The calculation of net earnings per share was negatively impacted by a higher number of shares outstanding due to the issuance of shares in Q1 2021 in relation to the acquisition of Handicare.

For the twelve-month period ended December 31, 2021, the Corporation's net earnings stood at $11.5M, or $0.19 per share on a diluted basis, compared to $26.5M, or $0.52 per share for the same period in 2020. The decreases in net earnings and net earnings per share on a diluted basis were 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

	Q4		YTD	
in thousands of dollars, except number of shares and per-share amounts	**2021**	2020	**2021**	2020
Net earnings	**$945**	$6,714	**$11,535**	$26,463
Other expenses [1]	**6,132**	175	**13,296**	2,640
Income taxes related to other expenses [2]	**(625)**	(38)	**(1,530)**	(574)
Adjusted net earnings*	**$6,452**	$6,851	**$23,301**	$28,529
Amortization of intangible assets related to acquisitions [1]	**7,329**	1,194	**23,965**	4,514
Income taxes related to amortization of intangible assets related to acquisitions [2]	**(1,671)**	(319)	**(5,466)**	(1,205)
Adjusted net earnings excluding amortization of intangible assets related to acquisitions*	**$12,110**	$7,726	**$41,800**	$31,838
In $ per share				
Diluted net earnings [1]	**$0.02**	$0.13	**$0.19**	$0.52
Other expenses net of related income tax [1,2]	**0.08**	-	**0.18**	0.04
Adjusted net earnings*	**$0.10**	$0.13	**$0.37**	$0.56
Amortization of intangible assets related to acquisitions net of related income tax [1,2]	**0.09**	0.03	**0.30**	0.07
Adjusted net earnings excluding amortization of intangible assets related to acquisitions*	**$0.19**	$0.16	**$0.67**	$0.63
Diluted weighted average number of shares	**64,643,890**	51,184,915	**62,239,543**	50,907,698

* Non-IFRS measures are described in section 3

[1] In accordance with Savaria's accounting policies, cost of sales, selling and administrative and tax expenses of Handicare for periods prior to Q4 2021 have been restated based on the evaluation of the fair value of assets acquired and liabilities assumed finalized during the year ended December 31, 2021.

[2] Income taxes are calculated at the statutory rate if the country where each expense has been incurred.

Adjusted net earnings stood at $6.5M, or $0.10 per share in Q4 2021, compared to $6.9M or $0.13 per share in the same period in 2020. For the twelve-month period ended December 31, 2021, the Corporation's adjusted net earnings stood at $23.3M, or $0.37 per share, compared to $28.5M or $0.56 per share, respectively, compared to the same period in 2020.

Q4 2021 adjusted net earnings excluding amortization of intangible assets related to acquisitions stood at $12.1M or $0.19 per share, an increase of $4.4M and $0.03 per share, respectively, compared to the same period in 2020.

For the twelve-month period ended December 31, 2021 adjusted net earnings excluding amortization of intangible assets related to acquisitions stood at $41.8M or $0.67 per share, compared to $31.8M or $0.63 per share in the same period in 2020, an increase of $10.0M and $0.04 per share, respectively. The increase in absolute dollar was mainly due to the acquisition of Handicare.

6.8 QUARTERLY RESTATEMENTS FOR 2021

In accordance with Savaria's accounting policies, cost of sales, selling and administrative and tax expenses of Handicare for periods prior to Q4 2021 have been restated based on the evaluation of the fair value of assets acquired and liabilities assumed finalized during the year ended December 31, 2021.

The updated profit and loss figures following the restatements are as follows:

in thousands of dollars	**YTD 2021**	**Q4 2021**	Q3 2021	Q2 2021	Q1 2021
Revenue	**$ 660,983**	**$ 189,529**	$ 180,758	$ 178,621	$ 112,075
Operating income	**35,884**	**10,207**	10,382	8,915	6,380
Net Earnings	**11,535**	**945**	4,757	2,025	3,808

7. Summary of Quarterly Results

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

	Total	**2021**				**2020**			
in thousands of dollars, except per-share amounts	Trailing 12 months	**Q4**	Q3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Revenue	$660,983	**$189,529**	$180,758	$178,621	$112,075	$90,601	$90,808	$84,668	$88,419
Gross Profit $[1]	$215,536	**$59,670**	$58,575	$59,893	$37,398	$30,131	$32,583	$29,269	$30,142
Gross Margin as a % of revenue[1]	32.6%	**31.5%**	32.4%	33.5%	33.4%	33.3%	35.9%	34.6%	34.1%
Operating Income[1]	$35,884	**$10,207**	$10,382	$8,915	$6,380	$11,225	$12,284	$9,446	$5,801
Adjusted EBITDA*	$100,250	**$29,250**	$26,313	$27,394	$17,293	$16,049	$16,914	$14,470	$12,357
Net earnings[1]	$11,535	**$945**	$4,757	$2,025	$3,808	$6,714	$8,127	$6,107	$5,515
Net earnings per share - diluted[1]	$0.19	**$0.02**	$0.07	$0.03	$0.07	$0.13	$0.16	$0.12	$0.11
Dividend declared per share	$0.487	**$0.125**	$0.122	$0.120	$0.120	$0.119	$0.117	$0.115	$0.115

* Non-IFRS measures are described in section 3

[1] In accordance with Savaria's accounting policies, cost of sales, selling and administrative and tax expenses of Handicare for periods prior to Q4 2021 have been restated based on the evaluation of the fair value of assets acquired and liabilities assumed finalized during the year ended December 31, 2021.

8. Financial Position

8.1 CAPITAL RESOURCES

in thousands of dollars	**December 31, 2021**	December 31, 2020
Total amount available under the credit facilities	**$400,000**	$110,000
Amount drawn under the credit facilities	**(332,592)**	-
Outstanding letter of credits	**(1,306)**	-
Available credit facilities *	**$66,102**	$110,000
Cash and cash equivalents	**$63,494**	$54,180
Available short-term capital resources *	**$129,596**	$164,180
Current assets	**$320,726**	$181,670
Current liabilities	**166,411**	68,059
Working capital *	**$154,315**	$113,611
Ratio of current assets on current liabilities	**1.93**	2.67

* Non-IFRS measures are described in section 3

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. Following the acquisition of Handicare in Q1 2021, the Corporation was able to secure a new credit facility of which $66.1M is available as of December 31, 2021

8.2 CREDIT FACILITIES

As at December 31, 2021, the Corporation had in place the following credit facilities:

in thousands of dollars	**December 31, 2021**	December 31, 2020
Term loan	**$50,000**	$50,000
Revolver Facility	**400,000**	110,000
Total	**$450,000**	$160,000

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 December 31, 2021.

8.3 NET INTEREST-BEARING DEBT

in thousands of dollars	**December 31, 2021**	December 31, 2020
Carrying amount of the credit facility [1]	**$378,933**	$49,813
Less: Cash	**(63,494)**	(54,180)
Net interest-bearing debt*	**$315,439**	$(4,367)

[1] The carrying amount of the credit facility includes the revolving and term loan facilities.
* Non-IFRS measures are described in section 3.

As at December 31, 2021, the Corporation had a net interest-bearing debt position of $315.4M. The increase in interest-bearing debt relates to the amount withdrawn from the credit facility to finance the acquisition of Handicare and repay its external debt.

9. Liquidity

in thousands of dollars	Q4 2021	Q4 2020	YTD 2021	YTD 2020
Cash flows related to operating activities before net changes in non-cash operating items	**$18,088**	$10,360	**$70,312**	$43,216
Net changes in non-cash operating items	**(10,872)**	5,209	**(13,035)**	6,092
Cash flows related to operating activities	**7,216**	15,569	**57,277**	49,308
Cash flows related to investing activities	**(3,224)**	(2,088)	**(396,439)**	(7,383)
Cash flows related to financing activities	**(5,754)**	(7,398)	**351,796**	(27,325)
Unrealized foreign exchange gain (loss) on cash held in foreign currencies	**139**	(1,226)	**(3,320)**	(116)
Net change in cash	**$(1,623)**	$4,857	**$9,314**	$14,484

9.1 OPERATING ACTIVITIES

Cash flows related to operating activities before net changes in non-cash operating items reached $18.1M in Q4 2021, versus $10.4M in the same period in 2020. The increase reflects the higher EBITDA of the Corporation.

For the three-month period ended December 31, 2021, net changes in non-cash operating items reduced liquidity by $10.9M, compared to an increase of $5.2M 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 Q4 2021 stood at $7.2M, compared to $15.6M in the same period in 2020.

For the twelve-month period ended December 31, 2021, cash flows related to operating activities before net changes in non-cash operating items stood at $70.3M, versus $43.2M a year earlier. The increases reflect the higher EBITDA of the Corporation partially offset by higher income tax paid. Net changes in non-cash operating items reduced liquidity by $13.0M, versus an increase of $6.1M for the corresponding period in 2020 mainly due to the ramp-up in inventories and the increases in receivables and other current assets. As a result, cash generated from operating activities stood at $57.3M, compared to $49.3M for the same period in 2020.

9.2 INVESTING ACTIVITIES

For Q4 2021, cash used in investing activities was $3.2M, mainly related to the additions to fixed assets of $2.5M and to an increase in intangible assets of $1.4M.

For the twelve-month period ended December 31, 2021, cash used in investing activities amounted to $396.4M, compared to $7.4M for the same period in 2020. The variation is mostly attributable to the acquisition of Handicare as well as larger increases in fixed and intangible assets.

9.3 FINANCING ACTIVITIES

In Q4 2021, cash used in financing activities was $5.8M compared to $7.4M for the same period in 2020. The slight decrease is mainly due to a draw on the credit facility for $6.4M partially offset by higher interests paid of $1.5M and higher dividends of $1.9M.

For the twelve-month period ended December 31, 2021, cash infusion from financing activities was $351.8M, compared to cash used of $27.3M for the same period in 2020. The cash infusion was related mainly to new financing facility net of long-term debt repayment which generated $218.9M, as well as the issuance of common shares which generated net proceeds of $181.8M. The cash generated was partially offset by higher dividends paid of $5.9M and $12.7M of debt financing, interests and transaction costs.

9.4 DIVIDENDS

The aggregate monthly dividends declared in the fourth quarter and year-to-date 2021 totaled $8.0M and $30.2M, respectively, compared to $6.1M and $23.7M for the same period in 2020. As at December 31, 2021, 64,212,154 shares were issued and outstanding, compared to 51,043,941 as at December 31, 2020. Dividends paid in the fourth quarter and year-to-date 2021 amounted to $8.0M and $29.5M compared to $6.1M and $23.6M for the same period in 2020. The issuance of 12,736,050 shares in March 2021 related to the acquisition of Handicare and the increase in the monthly dividend rate from $0.04 to $0.0417, effective September 2021, contributed to the increase in dividends paid and declared in 2021.

9.5 STOCK OPTIONS

As at March 23, 2022, 2,547,842 stock options were outstanding at exercise prices ranging from $5.17 to $22.05.

10. Overview of the Last Three Years

in thousands of dollars, except per-share amounts	**2021**	2020	2019
Revenue	**$660,983**	$354,496	$374,340
Gross Margin as a % of revenue	**32.6%**	34.5%	33.5%
Operating income	**$35,884**	$38,756	$37,213
Adjusted EBITDA*	**$100,250**	$59,790	$55,625
Net earnings	**$11,535**	$26,463	$25,747
Earnings per share - diluted	**$0.19**	$0.52	$0.53
Dividend declared per share	**$0.487**	$0.466	$0.433
Total assets	**$1,106,920**	$453,308	$439,036
Total non-current liabilities	**$505,909**	$105,522	$101,039

* Non-IFRS measures are described in section 3

The increase in revenue and adjusted EBITDA, from 2019 through to 2021, was mainly due to the acquisition of Handicare in 2021. The decrease in revenue in 2020 was directly attributable to the global pandemic.

The increase in gross margin between 2019 and 2020 was mainly due to the improvement related to Garaventa's integration and favorable impact on its stand-alone gross margin, as well as cost containment efforts throughout 2020. The decrease in gross margin in 2021 was mainly attributable to additional costs related to the supply chain, including shipping costs, and the reduction of subsidies from the COVID-19 employment retention government of Canada program compared to 2020.

The increase in net earnings from 2019 to 2020 was in line with the improvement in the adjusted EBITDA and adjusted EBITDA margins. The decrease in net earnings in 2021 is due to higher finance costs, other expenses and amortization on intangibles following the acquisition of Handicare, partially offset by the adjusted EBITDA generated by the acquired business.

11. 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.

At December 31, 2021, Savaria's management, including the President and Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of the Corporation's disclosure controls and procedures and internal control over financial reporting as defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings.* Based on that evaluation, the President and Chief Executive Officer and Chief Financial Officer concluded that the design and operation of the Corporation's disclosure controls and procedures and internal control over financial reporting were effective as of December 31, 2021.

12. Significant Accounting Policies and Estimates

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 around the outbreak of the coronavirus, identified as the global COVID-19 pandemic, required the use of judgements and estimates which resulted in no material impacts for the year ended December 31, 2021. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a risk of material adjustment to the following: revenue recognition, deferred tax assets and goodwill impairment.

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.

NEW ACCOUNTING STANDARDS

New Accounting Standards Adopted

The following new amendments to standards and interpretations have been applied in preparing the consolidated financial statements as at December 31, 2021.

IAS 38 ***Intangible Assets*** *– Configuration or Customization Costs in a Cloud Computing Arrangement*
In March 2021, the International Financial Reporting Interpretations Committee ("IFRIC") published an agenda decision that clarified how to recognize certain configuration and customization costs in a cloud computing arrangement. As a result of this decision, the Corporation changed its accounting policy for costs incurred on cloud computing arrangements. Consequently, the Corporation will now expense configuration and customization costs related to certain cloud computing arrangements.

Changing this accounting policy to the Corporation's consolidated statements of earnings had no significant impact for the year ended December 31, 2021.

New Accounting Standards not yet Adopted

The following new amendments to standards and interpretations have not been applied in preparing the consolidated financial statements as at December 31, 2021.

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 interbanks 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 December 31, 2021 is indexed to the US dollar LIBOR, those instruments having a maturity date in April 2025 and April 2024 respectively. Amendments to financial instruments with contractual terms indexed to US dollar LIBOR were not completed yet.

The Corporation is currently evaluating the impact of this standard on its consolidated financial statements and managing the process to transition the existing impacted agreements to an alternative rate.

IAS 1 Presentation of Financial Statements
Amendments to Classification of Liabilities as Current or Non-current: incorporates classification of liabilities as current or non-current - Deferral of effective date.

Amendments to Disclosure of Accounting Policies: requirements to disclose material accounting policy information rather than significant accounting policies.

IAS 8 Accounting Policies
Changes in Accounting Estimates and Errors: amendments to definition of accounting estimates.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets
Amendments to Onerous Contracts: amendments to the cost of fulfilling a contract to include both the incremental cost of fulfilling that contract and an allocation of other costs that relates directly to fulfilling the contract.

13. Off-Balance Sheet Arrangements

The Corporation did not enter into any off-balance sheet arrangements during fiscal 2021.

14. Related Party Transactions

The Corporation did not enter into any significant transactions with any related party during fiscal 2021.

15. Contractual Obligations

The following table details the Corporation's contractual obligations for the coming years:

in thousands of dollars	**Total**	Less than one year	One to four years	More than four years
Long-term debt including current-portion and interests	**$418,071**	$12,517	$405,554	$-
Lease liabilities	**48,894**	10,483	24,089	14,322
Derivative financial liabilities	**(4,398)**	(1,631)	(2,767)	-

16. Risks and Uncertainties

Our ability to implement our strategic plan and to achieve our growth objectives could be impacted by the risks and uncertainties described below. If any of the following risks occurs, our business, financial condition or results of operations could be materially adversely affected.

We caution readers that the risks described below are not the only ones we may face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations and affect our financial condition or results of operations.

ECONOMIC CONDITIONS

Our business and financial results are sensitive to global economic conditions, government funding program changes, conditions in the housing market as well as economic factors specific to our industry. Moreover, since a considerable part of our revenue comes from, or our operations depend upon, our business activities abroad, including in the United States and China, our profitability could be affected by any major event having a negative impact on such foreign economies or the trade relations between Canada and such countries.

Similarly, possible downturns in the economy, combined with uncertainties about interest rates, health care reform and tax policy, could cause our customers to delay, reduce or cancel capital expenditure plans which in turn could have a negative effect on our results of operations. Downturns in the economy could also have a material adverse effect on the business or financial condition of one or more of our key customers or distributors or on several customers and distributors that, in the aggregate, account for a material portion of our sales.

OPERATING RESULTS

There is no assurance that we will achieve profitability in the future or that we will be able to generate sufficient cash from operations or raise sufficient financing to fund our operations. Our annual and quarterly results are affected by a number of factors, which include the level and timing of customer orders, fluctuations in materials costs and the mix of materials costs versus labour and manufacturing overhead costs. Other factors affecting annual and quarterly operating results include price competition, our experience in manufacturing a particular product, the efficiencies we achieved in managing inventories, fixed assets and manufacturing capacity, the timing of expenditures in anticipation of increased sales, the timing of acquisitions and related integration costs, customer product delivery requirements, product defects, shortage of raw materials or labour, expenditures or write-offs related to acquisitions, distribution and marketing costs, expenses relating to expanding existing manufacturing facilities and overall economic conditions in the accessibility and medical equipment industry. Any one of these factors, or a combination thereof, could have a material adverse effect on our business, financial condition or results of operations and could cause variability of results from period to period.

FINANCING

We may require additional financing in the future and our ability to arrange such financing will depend, in part, upon the prevailing capital market conditions, as well as our business performance. There can be no assurance that we will be successful in our efforts to arrange additional financing when required or on terms commercially favourable or otherwise satisfactory to us. There is also a liquidity risk that we will not be able to meet our obligations as they fall due. If additional financing is raised by the issuance of shares from our treasury, shareholders may suffer additional dilution and our ownership control may change. If adequate funds are not available, or are not available under acceptable terms, we may not be able to take advantage of opportunities, develop new products or otherwise respond to competitive pressures.

ACQUISITIONS

Acquisitions are part of our growth strategy. Nevertheless, there is no guarantee that such opportunities will be available and that we will be able to locate suitable acquisition targets or consummate such transactions on terms and conditions that we deem acceptable. We may also be unable to successfully integrate acquisitions into our business or may incur significant unplanned costs to do so. In addition, the process of integration of the acquired businesses could result in disruption of our existing operations and could result in an interruption or reduction of our business due to, among other factors:

- the loss of key customers or contracts;
- possible inconsistencies in, or conflicts with, the standards, controls, procedures and policies of the combined companies, and the need to apply financial, accounting, computer and other systems to the whole of our operations;
- the inability to maintain or improve the quality of services that have been provided previously; and
- the inability to retain, integrate, hire or recruit employees with the required skills.

Cost savings, synergies, revenue growth or any other anticipated benefits from any acquisition that we initiate may not be realized within the specified time or at all and are subject to several assumptions with respect to timing, execution and associated costs.

CURRENCY FLUCTUATION

A significant portion of our revenues are in foreign currencies and, accordingly, we are exposed to market risks related to foreign exchange fluctuations. Similarly, our products include a high number of components manufactured by hundreds of suppliers around the world and any volatility in the Canadian dollar may affect our supply cost. As a result, major exchange rate fluctuations may have a significant impact on our revenues, costs and, consequently, on our gross margin.

MARKET AND COMPETITION

We operate in a competitive industry, and many factors could adversely impact our ability to maintain or enhance our profitability. In order to remain competitive, we must successfully execute our strategic initiatives and effectively manage the resulting changes in our operations. However, our assumptions underlying our strategic plan may not be correct, the market may react negatively to these plans, we may be unable to successfully execute these plans, and our actions may not be effective or lead to the anticipated benefits within the expected timeframe. Our ability to compete effectively in the accessibility and the medical markets is thus highly dependent on the implementation of our business strategy as well as on a continuous stream of innovation in the form of new, more effective products at a lower cost.

CATASTROPHIC EVENTS, NATURAL DISASTERS, SEVERE WEATHER AND DISEASE

Our business may be negatively impacted to varying degrees by a number of events which are beyond our control, including cyber-attacks, unauthorized access, energy blackouts, pandemics, terrorist attacks, acts of war, earthquakes, hurricanes, tornados, fires, floods, ice storms or other natural or manmade catastrophes. While we engage in emergency preparedness to mitigate risks, including business continuity planning, such events can evolve very rapidly and their impacts can be difficult to predict. As such, there can be no assurance that in the event of such a catastrophe that our operations and ability to carry on business will not be disrupted. The occurrence of such events may not release us from performing our obligations to third parties.

A catastrophic event, including an outbreak of infectious disease, a pandemic or a similar health threat, such as the global COVID-19 pandemic, or fear of any of the foregoing, could adversely impact us by causing operating or supply chain delays and disruptions, labor shortages, expansion project delays and facility shutdowns which could have a negative impact on our ability to conduct our business and increase our costs. In addition, liquidity and volatility, credit availability and market and financial conditions generally could change at any time as a result. Any of these events in isolation or in combination, could have a material negative impact on our financial condition, operating results and cash flows.

HEALTHCARE REIMBURSEMENT

Our ability to grow sales of accessibility products, medical equipment and adapted vehicles may depend, in part, on the extent to which reimbursement for the cost of such products will be available from government health administration authorities, private health coverage insurers and other organizations. Third-party payers are increasingly challenging the price of medical equipment. There can be no assurance that third-party coverage will be available to assist potential buyers of our products.

PROPERTY RIGHTS

Much of our rights to know-how and technology may not be patentable, though this know-how and technology may constitute trade secrets. There can be no assurance that we will be able to meaningfully protect our rights to trade secrets.

CREDIT RISK

We are exposed to credit risks related to our accounts receivable in the normal course of business. Trade receivables are presented on the statement of financial position net of an allowance for doubtful accounts, which allowance is based on our best estimate as to the probability of collecting uncertain accounts. Uncertainty regarding the collection of accounts may derive from various indicators, including deterioration in the creditworthiness of a client or an abnormal delay in payment of past-due invoices.

INTEREST RATES FLUCTUATIONS

Our interest rate risk arises from our long-term loans, bank loans and long-term debt. Borrowings issued at variable rates expose us to risks of cash flow variation related to interest rate fluctuations, whereas borrowings issued at fixed rates expose us to fair value variation due to interest rate fluctuations.

PRICE VARIATION

Changes in prices in the market may have a significant impact on the profitability of our business. Our products include a high number of components manufactured by hundreds of suppliers around the world. The price of goods can be influenced by various economic conditions such as demand and production capacity in the market. Moreover, our reliance on suppliers and commodity markets to secure raw materials, parts and components used in our products exposes us to volatility in the prices and availability of these materials. Changes in price for raw materials may not be recoverable through price changes under the contract terms with our customers. The overall impact of price fluctuations is impossible to predict accurately and may adversely affect our competitive position and our profitability.

DEPENDENCE ON KEY PERSONNEL

Our success depends on the experience and industry knowledge of our executive officers and other key employees, and on our ability to retain and attract such personnel in an environment where competition for talent is intense. Any failure on our part in this regard could make it difficult for us to manage our business and meet our objectives.

DEPENDENCE ON KEY DISTRIBUTORS

In general, we do not enter into long-term contracts with major distributors. As a result, and given economic conditions, supply and demand factors in the industry, our performance, internal initiatives of our distributors or other factors, distributors may reduce or eliminate their purchases of our products or services, or may use the competitive environment as leverage to obtain better prices and other concessions from us. More specifically, the loss of a key distributor could cause a decline in revenues, which would likely result in a material decline in our results of operations.

DEPENDENCE ON KEY SUPPLIERS

The success of our manufacturing operations is dependent on the timely supply of raw materials from our manufacturers to ensure the timely delivery of our products to our customers. However, disruptions in our supply chain can impact our ability to deliver on schedule. Moreover, failure by one or more suppliers to meet performance specifications, quality standards or delivery schedules could adversely affect our ability to meet our commitments to customers, in particular if we are unable to purchase the key components and parts from those suppliers upon agreed terms or in a cost-effective manner and if we cannot find alternative suppliers on commercially acceptable terms in a timely manner. We may not be able to recover any costs or liability we incur as a result of any such failure from the applicable supplier, which could have a material adverse effect on our financial condition or results of operations.

LAWS AND REGULATIONS

We face risks inherent in the regulated nature of some of our operations. These regulations require, among other things, that some of our products meet the requirements of the Canadian Standards Association (CSA), the American Society of Mechanical Engineers (ASME), the British Standards Institute, the European Machinery Directive and the European Innovation Partnership on Active and Healthy Ageing. The medical products must also comply with the Food and Drug Administration (FDA) code, Health Canada or the Medicines and Healthcare products Regulatory Agency (MHRA) depending on whether they are sold in the United States, Canada or the United Kingdom. The existence of these regulations creates the risk of a product recall and related expenses as well as the risk of any additional expenses required to meet potential new regulatory requirements, as any changes to the specifications for equipment design can materially affect our production, design and implementation processes.

PRODUCT LIABILITY

We, like other manufacturing companies, are subject to a variety of potential liabilities connected with our business operations, including potential liabilities and expenses associated with possible product defects. Our products can be highly complex and sophisticated and, from time to time, may contain design and manufacturing defects that are difficult to detect and correct. There can be no assurance that errors will not be found in new products after commencement of commercial shipments or, if discovered, that we will be able to successfully correct such errors in a timely manner or at all.

In addition, there is no assurance that we will be able to fully simulate the environment in which our products will operate. As a result, we may be unable to adequately detect design and manufacturing defects in our products and they may only become apparent after the products are installed. The consequences of such errors and failures could have a material adverse effect on our business, financial condition and results of operations.

Consistent with industry practice, we allow customers to return products for warranty repair, replacement or credit. There is no assurance that such product returns will not exceed taken provisions in the future and, as a result, have a material adverse effect on future operating results. If any of the products distributed by us prove defective, we may be required to refund the price of or replace the product. Replacement or recall of such products may cause us to incur significant expenses and adversely affect our reputation and our products.

We maintain liability and other insurance coverage which we believe to be generally in accordance with industry practices. Nevertheless, such insurance coverage may not be adequate to fully protect us against substantial damage claims which may arise from product defects and failures.

LITIGATION

In the normal course of our business activities, we may become involved in regulatory proceedings, or become liable for legal, contractual and other claims by various parties, including customers, suppliers, former employees, class action plaintiffs and others. Depending on the nature or duration of any potential proceedings or claims, we may incur substantial costs and expenses and be required to devote significant management time and resources to these matters. Although we are unaware of any material claim against us that has not been reflected in our audited consolidated financial statements, there can be no assurance that third parties will not assert claims against us in the future nor that any such assertion will not result in costly litigation or settlement. Any litigation may have a material adverse effect on our business, reputation and financial condition.

INFORMATION SYSTEM / CYBERSECURITY

Our operating and financial systems are essential for compiling and managing customer requests, scheduling installations and production, billing and recovering our services. Our financial reporting system is essential to produce accurate and timely financial statements and to analyze our information that will help us manage our operations effectively. Any significant system failure, any complication, any security breach or other system disruption could disturb or delay our operations, adversely affect our reputation, lead to the loss, destruction or inappropriate use of sensitive data or result in the theft of our, our customers' or our suppliers' confidential information. The occurrence of any of the foregoing could result in the loss of customers or additional costs to repair the systems and may affect our ability to manage our activities and to report our financial performance, any of which could have a material adverse effect on our business, financial condition and results of operations.

17. Outlook

The uncertainty around the future impact of the ongoing global pandemic makes it difficult to predict future performance, 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 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:* Immediate rebound in spending following emergence from Covid lockdowns, and 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.

2021

SAVARIA CORPORATION

Consolidated Financial Statements

As at December 31, 2021 and 2020

savaria

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Savaria Corporation

Opinion

We have audited the consolidated financial statements of Savaria Corporation (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2021 and December 31, 2020
- the consolidated statements of earnings for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

Evaluation of the acquisition-date fair values of the intangible assets related to the Handicare Group AB acquisition

Description of the matter

We draw attention to Note 2 (D), Note 3 (G) and Note 4 to the consolidated financial statements. During the year, the Entity acquired all the issued and outstanding shares of Handicare Group AB for a total consideration of $447,999,000. In connection with the acquisition, the Entity recorded intangible assets with an acquisition-date fair value of $224,759,000, of which $57,352,000 related to trademark and $151,437,000 to customer relationships. Significant assumptions used in determining the acquisition-date fair value for the intangible assets, more precisely trademark and customer relationships, included revenue growth rates, estimated annual customer attrition rate, forecasted earnings before interest, tax, depreciation and amortization (EBITDA), discount rates and weighted average cost of capital (WACC).

Why the matter is a key audit matter

We identified the evaluation of the acquisition-date fair values of the intangible assets related to the Handicare Group AB acquisition as a key audit matter. We identified this as a key audit matter because significant auditor judgment was required in evaluating the Entity's determination of the valuation methods used to calculate the fair value of the intangible assets. Further, there was a significant risk of material misstatement because the discounted cash flow model included significant assumptions for which there was limited observable market information, and the calculated fair value of such intangible assets was sensitive to possible changes in the key assumptions.

How the matter was addressed in the audit

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

- We evaluated the Entity's forecasted revenue growth rates for existing customers by comparing forecasted growth assumptions to those of Handicare Group AB's peers and industry reports,
- We compared the Entity's forecasted revenue growth rates and EBITDA margins to Handicare Group AB's historical actual results to assess Handicare Group AB's ability to accurately forecast, and
- We compared forecasted annual customer attrition rate to the Entity's historical customer attrition data.

In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the appropriateness of the valuation approach and weighting of valuation methods used by the Entity to calculate the fair value of the intangible assets based on the knowledge of the valuation professional;

- evaluating the appropriateness of the Entity's discount rate, by comparing it against a discount rate range that was independently developed using publicly available market data for comparable peers, and
- assessing the Entity's WACC calculation, by comparing it against an independently estimated WACC range based on inputs obtained through published surveys and studies.

Evaluation of the worldwide deferred income tax balances and income tax expense

Description of the matter

We draw attention to Note 2 (D), Note 3 (R) and Note 22 to the financial statements. The Entity conducts business internationally and therefore files income tax returns in numerous tax jurisdictions. Evaluation of the deferred income tax balances and income tax expense must take into consideration the tax rates enacted and substantively enacted in each jurisdiction, which can be subject to change. 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.

Why the matter is a key audit matter

We identified the evaluation of the worldwide deferred income tax balances and income tax expense as a key audit matter. This matter represented an area of higher risk of material misstatement due to the different tax jurisdictions and the complexity of the application of the tax laws, treaties and regulations applicable to the Entity. Specialized skills and knowledge were required in assessing the Entity's interpretations of laws, treaties and regulations in the relevant jurisdictions.

How the matter was addressed in the audit

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

We involved income tax professionals with specialized skills and knowledge to assist in:

- assessing the Entity's judgements relating to the interpretation of the laws, treaties and regulations in the relevant jurisdictions by reading the Entity's correspondence with the relevant tax authorities and any third-party advice obtained by the Entity;
- identifying changes in tax laws in relevant jurisdictions and evaluating the appropriateness of the Entity's interpretation of the impact of the changes on the deferred income tax balances and income tax expense by performing an independent assessment based on our understanding and interpretation of tax laws;
- evaluating the appropriateness of the Entity's deferred income tax balances by comparing prior year tax estimates to actual tax returns filed and by reconciling the deferred income tax balances to the underlying temporary differences, and
- testing the reconciliation of the effective tax rate.

Other Information

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

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

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

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

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions and the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Information Form" as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

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

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

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

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

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditors' report is Marie David.

KPMG LLP*

Montréal, Canada

March 23, 2022

*CPA auditor, CA, public accountancy permit No. A131681

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of SAVARIA CORPORATION (the "Corporation") are the responsibility of management and have been approved by the Board of Directors.

These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards and necessarily include some amounts that are based on management's best estimates and judgements.

To discharge its responsibilities, the Corporation has developed and maintains systems of internal controls and has established policies and procedures adapted to the industry in which it operates. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Corporation's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors must ensure that management fulfils its financial reporting responsibilities and is ultimately responsible for reviewing and approving the consolidated financial statements. The Audit Committee meets regularly with management to discuss the internal controls over the financial reporting process and financial reporting issues. The Committee also reviews the annual consolidated financial statements and the external auditors' report, and reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the Corporation's shareholders. The auditors appointed by the shareholders have full access to the Audit Committee, with or without management being present.

The consolidated financial statements as at December 31, 2021 and 2020 and for the years then ended have been audited by the auditors appointed by the shareholders, KPMG LLP.

Marcel Bourassa
Chairman of the Board and Chief Executive Officer

Stephen Reitknecht, CPA, CA
Chief Financial Officer

Laval (Québec) Canada
March 23, 2022

SAVARIA CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

	Note	December 31, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents		**$ 63,494**	$ 54,180
Trade and other receivables	*5*	**102,497**	44,217
Income taxes receivable		**5,705**	3,612
Derivative financial instruments	*25*	**2,435**	1,070
Inventories	*6*	**128,496**	75,301
Prepaid expenses and other current assets	*7*	**18,099**	3,290
Total current assets		**320,726**	181,670
Non-current assets			
Derivative financial instruments	*25*	**1,843**	3,099
Fixed assets	*8*	**54,831**	44,490
Right-of-use assets	*13*	**51,248**	26,572
Intangible assets	*9*	**258,310**	67,541
Goodwill	*9*	**400,762**	120,781
Other long-term assets		**1,382**	1,547
Deferred tax assets	*22*	**17,818**	7,608
Total non-current assets		**786,194**	271,638
Total assets		**$ 1,106,920**	$ 453,308
Liabilities			
Current liabilities			
Trade and other payables	*10*	**$ 107,251**	$ 34,131
Dividend payable	*17*	**2,675**	2,039
Income taxes payable		**7,053**	1,307
Deferred revenues	*11*	**35,364**	24,122
Current portion of long-term debt	*12*	**1,058**	1,072
Current portion of lease liabilities	*13*	**9,920**	3,774
Provisions	*14*	**3,090**	1,614
Total current liabilities		**166,411**	68,059
Non-current liabilities			
Long-term debt	*12*	**378,933**	49,825
Lease liabilities	*13*	**42,430**	23,375
Long-term provisions	*14*	**7,701**	1,757
Other long-term liabilities	*15*	**12,945**	12,667
Income taxes payable		**326**	455
Derivative financial instruments	*25*	**1,562**	4,026
Deferred tax liabilities	*22*	**62,012**	13,417
Total non-current liabilities		**505,909**	105,522
Total liabilities		**672,320**	173,581
Equity			
Share capital	*17*	**452,967**	255,340
Contributed surplus		**7,003**	6,402
Accumulated other comprehensive income (loss)	*16*	**(19,762)**	(1,842)
Retained earnings		**(5,608)**	19,827
Total equity		**434,600**	279,727
Total liabilities and equity		**$ 1,106,920**	$ 453,308

The accompanying notes are an integral part of these audited consolidated financial statements.

SAVARIA CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands of Canadian dollars, except per share amounts and number of shares)

	Note	For the years ended December 31 **2021**	2020
Revenue	*27*	**$ 660,983**	$ 354,496
Cost of sales		**445,447**	232,371
Gross profit		**215,536**	122,125
Operating expenses			
Selling and administrative expenses		**166,356**	80,729
Other expenses	*20*	**13,296**	2,640
Total operating expenses		**179,652**	83,369
Operating income		**35,884**	38,756
Net Finance costs	*21*	**15,756**	3,945
Earnings before income tax		**20,128**	34,811
Income tax expense	*22*	**8,593**	8,348
Net Earnings		**$ 11,535**	$ 26,463
Earnings per share			
Basic		**$ 0.19**	$ 0.52
Diluted		**$ 0.19**	$ 0.52
Basic weighted average number of shares		**61,832,773**	50,759,094
Diluted weighted average number of shares		**62,239,543**	50,907,698

The accompanying notes are an integral part of these audited consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars)

	Note	For the years ended December 31 2021	2020
Net Earnings		**$ 11,535**	$ 26,463
Items that will not be reclassified subsequently to net earnings:			
Remeasurement of defined benefit pension plan obligations, net of tax	*18 & 22*	**2,170**	271
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	*22*	**753**	2,624
Net change on translation of financial statements of foreign operations, net of tax	*22*	**(21,038)**	1,365
Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges	*22*	**(523)**	643
Net change in net investment hedges	*22*	**718**	(1,679)
Other comprehensive income (loss)		**(17,920)**	3,224
Total comprehensive income (loss)		**$ (6,385)**	$ 29,687

The accompanying notes are an integral part of these audited consolidated financial statements.

SAVARIA CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2021 and 2020

(in thousands of Canadian dollars)

	2021										
	Share capital						Accumulated other comprehensive income (loss)				
	Number		Amount		Contributed surplus				Retained earnings		Total equity
Balance at January 1, 2021	**51,043,941**	**$**	**255,340**	**$**	**6,402**	**$**	**(1,842)**	**$**	**19,827**	**$**	**279,727**
Net earnings	-		-		-		-		**11,535**		**11,535**
Shares issued in relation to a private placement (Note 17)	12,736,050		191,041		-		-		-		**191,041**
Share issue costs, net of tax (Note 17)	-		-		-		-		(6,814)		**(6,814)**
Stock-based compensation (Note 24)	-		-		1,747		-		-		**1,747**
Exercise of stock options (Note 24)	432,163		6,586		(1,146)		-		-		**5,440**
Dividends on common shares (Note 17)	-		-		-		-		(30,156)		**(30,156)**
Total transactions with shareholders	**13,168,213**		**197,627**		**601**		**-**		**(36,970)**		**161,258**
Other comprehensive income (loss) (Note 16)	**-**		**-**		**-**		**(17,920)**		**-**		**(17,920)**
Balance at December 31, 2021	**64,212,154**	**$**	**452,967**	**$**	**7,003**	**$**	**(19,762)**	**$**	**(5,608)**	**$**	**434,600**

	2020										
	Share capital						Accumulated other comprehensive income (loss)				
	Number		Amount		Contributed surplus				Retained earnings		Total equity
Balance at January 1, 2020	**50,600,443**	**$**	**252,152**	**$**	**5,913**	**$**	**(5,066)**	**$**	**17,057**	**$**	**270,056**
Net earnings	-		-		-		-		**26,463**		**26,463**
Stock-based compensation (Note 24)	-		-		1,049		-		-		**1,049**
Exercise of stock options (Note 24)	443,498		3,188		(560)		-		-		**2,628**
Dividends on common shares (Note 17)	-		-		-		-		(23,693)		**(23,693)**
Total transactions with shareholders	**443,498**		**3,188**		**489**		**-**		**(23,693)**		**(20,016)**
Other comprehensive income (loss) (Note 16)	**-**		**-**		**-**		**3,224**		**-**		**3,224**
Balance at December 31, 2020	**51,043,941**	**$**	**255,340**	**$**	**6,402**	**$**	**(1,842)**	**$**	**19,827**	**$**	**279,727**

The accompanying notes are an integral part of these audited consolidated financial statements.

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

	Note	For the years ended December 31 2021	2020
Cash flows related to operating activities			
Net Earnings		**$ 11,535**	$ 26,463
Adjustments for:			
Depreciation of fixed assets	*8*	**6,838**	5,167
Depreciation of right-of-use assets	*13*	**9,418**	4,179
Amortization of intangible assets	*9*	**33,067**	7,999
Income tax expense	*22*	**8,593**	8,348
Impairment loss on goodwill	*9*	**2,288**	-
Stock-based compensation	*24*	**1,747**	1,049
Ineffective portion of changes in fair value of net investment hedges	*21 & 25*	**768**	-
Gain on the sale and write-off of fixed assets		**(84)**	(85)
Unrealized foreign exchange gain		**(1,072)**	(138)
Interest and amortization of financing costs	*21*	**12,947**	2,991
Income tax paid		**(15,733)**	(12,815)
Others		**-**	58
		70,312	43,216
Net changes in non-cash operating items	*23*	**(13,035)**	6,092
Net cash related to operating activities		**57,277**	49,308
Cash flows related to investing activities			
Business acquisitions	*4*	**(380,957)**	(711)
Proceeds from sale of fixed assets	*8*	**230**	309
Additions to fixed assets	*8*	**(6,565)**	(3,361)
Increase in intangible assets	*9*	**(9,147)**	(3,620)
Net cash related to investing activities		**(396,439)**	(7,383)
Cash flows related to financing activities			
Net repayment of long-term debt	*12*	**(113,709)**	(60)
Repayment of lease obligations	*13*	**(10,433)**	(4,635)
Net change in the revolving credit facility	*12*	**332,592**	-
Interest paid		**(9,931)**	(1,573)
Transaction costs related to a long-term debt		**(4,413)**	(92)
Proceeds from the issuance of common shares in relation to a placement, net of transaction fees	*17*	**181,770**	-
Proceeds from exercise of stock options		**5,440**	2,628
Dividends paid on common shares	*17*	**(29,520)**	(23,593)
Net cash related to financing activities		**351,796**	(27,325)
Unrealized foreign exchange loss on cash held in foreign currencies		**(3,320)**	(116)
Net change in cash		**9,314**	14,484
Cash - Beginning of period		**54,180**	39,696
Cash - End of period		**$ 63,494**	$ 54,180

The accompanying notes are an integral part of these audited consolidated financial statements.

1 . Reporting Entity

Savaria Corporation is domiciled in Canada. The consolidated financial statements of the Corporation as at and for the years ended December 31, 2021 and 2020 comprise the accounts of Savaria Corporation and its wholly owned subsidiaries (together referred to as the "Corporation" or as "Savaria"). Savaria is one of the global leaders 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* (previously *Patient Handling*) and *Adapted Vehicles* as described in Note 27 "Reportable segments".

The common shares of the Corporation are listed under the trading symbol "SIS" on the Toronto stock exchange. The Corporation's head office is located at 4350 Highway 13, Laval, Quebec, Canada.

2 . Basis of Presentation

(A) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Directors on March 23, 2022.

(B) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities, which have been measured at fair value, as described in Note 3D.

(C) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(D) Use of Estimates and Judgements

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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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 that have the most significant impact on amounts recognized in the consolidated financial statements are the determination of cash-generating units ("CGU"), the identification of operating segments and the determination of foreign operations' functional currencies.

The uncertainties around the outbreak of the coronavirus, identified as the global COVID-19 pandemic, required the use of judgements and estimates which resulted in no material impacts for the year ended December 31, 2021. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a risk of material adjustment to the following: revenue recognition, deferred tax assets and goodwill impairment.

3 . Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(A) Basis of Consolidation

All subsidiaries are wholly owned entities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. When relevant, the accounting policies of subsidiaries have been changed to align them with the policies adopted by the Corporation.

Principal Subsidiaries
Savaria Concord Lifts Inc.
Savaria USA Inc.
Span-America Medical Systems, Inc
Span Medical Products Canada ULC
Garaventa (Canada) Ltd.
Garaventa USA, Inc.
Savaria Sales, Installation and Service Inc.
Handicare Stairlifts B.V.
Handicare Accessibility Ltd
Companion Stairlifts Ltd
Handicare Accessibility LLC
Handicare USA LLC
Handicare Canada Ltd
Handicare AS

Intercompany balances and transactions, and any unrealized revenue and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

(B) Cash and Cash Equivalents

Cash and cash equivalents consist primarily of unrestricted cash and short-term investments having an initial maturity of three months or less at the time of acquisition.

(C) Foreign Currency

(i) Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Corporation entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are converted to the functional currency at the exchange rate at that date. Unrealized and realized translation gains and losses are reflected in the consolidated statements of earnings.

Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign Operations

The assets and liabilities of foreign operations are translated to Canadian dollars at exchange rates at the reporting date. The revenue and expenses of foreign operations are translated to Canadian dollars at the average exchange rate for the period.

Foreign currency differences are recognized in other comprehensive income in the cumulative translation account.

3 . Significant Accounting Policies (continued)

(C) Foreign Currency (continued)

(ii) Foreign Operations (continued)
Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative account of foreign currency translation differences.

(D) Financial Instruments

The Corporation initially recognizes financial assets on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently recognized at fair value through net earnings, transaction costs directly attributable to the acquisition or creation of the asset will be included in the initial measurement. Transaction costs directly attributable to other financial assets will be recognized in net earnings. Upon initial recognition, the Corporation classifies its financial assets as measured at amortized cost or at fair value, depending on its business model for managing the financial assets and the characteristics of their contractual cash flows.

All revenues and expenses related to financial instruments are presented as part of Net Finance costs.

(i) Financial Assets
Financial assets are classified into the following categories, depending on the purpose for which the financial assets were acquired.

Financial Assets Measured at Amortized Cost
A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

. The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

. The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and/or interest.

The Corporation currently classifies its cash and cash equivalents, trade and other receivables as well as its long-term loans as financial assets measured at amortized cost. Trade receivables and long-term loans are presented on the consolidated statements of financial position net of an allowance for impairment loss. The allowance is based on the Corporation's best estimate as to the probability of collecting uncertain accounts. Uncertainty regarding the collection of accounts may arise from various indicators, including a deterioration in the creditworthiness of a client or an abnormal delay in payment of past-due invoices. Management regularly reviews client accounts, ensures that past-due accounts are followed up and evaluates the relevance of its allowance for doubtful accounts. Impairment is charged to an allowance account for as long as management considers that there is a possibility of collecting the amount owed. Once all collection procedures are exhausted, the loss is charged directly against the carrying amount of trade receivables. Trade receivables are occasionally renegotiated as long-term loans. In these cases, the Corporation requires sufficient securities and personal guarantees to cover the amount of the loan. These loans are recognized at fair value at the time of the transfer from trade receivables to long-term loans.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

3 . Significant Accounting Policies (continued)

(D) Financial Instruments (continued)

(i) Financial Assets (continued)
Financial Assets Measured at Fair Value
These assets are measured at fair value and changes therein, including any interest or dividend income, are recognized in net earnings. However, for investments in equity instruments that are not held for trading, the Corporation may elect at initial recognition to present gains and losses in other comprehensive income. For such investments measured at fair value through other comprehensive income, gains and losses are never reclassified to net earnings, and no impairment is recognized in net earnings. Dividends earned from such investments are recognized in net earnings, unless the dividend clearly represents a repayment of part of the cost of the investment.

(ii) Financial Liabilities
Financial liabilities are classified into the following categories.

Financial Liabilities Measured at Amortized Cost
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

A financial liability is subsequently measured at amortized cost, using the effective interest method. The Corporation currently classifies its trade and accrued liabilities, its long-term debt as well as its other long-term liabilities as financial liabilities measured at amortized cost. For trade receivables, the Corporation applies the simplified approach to measure expected credit losses, which requires lifetime expected loss allowance to be recorded upon initial recognition of the financial assets.

Financial Liabilities Measured at Fair Value
Financial liabilities at fair value are initially recognized at fair value and are remeasured at each reporting date with any changes therein recognized in net earnings.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Transaction costs are comprised primarily of legal, accounting and other costs directly attributable to the acquisition or issuance of financial assets or liabilities. Transaction costs related to long-term debt are included in the initial recognition of the corresponding long-term debt and are amortized using the effective interest method. Transaction costs related to the renewal of the revolving credit facility are included in other long-term assets and are amortized using the straightline method over the expected life of the underlying agreement.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when and only when the Corporation has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative Financial Instruments and Hedging Relationships
The Corporation holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. At inception of the hedge, the Corporation formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Corporation makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be highly effective in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated. For a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net earnings.

Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized in net earnings as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

3 . Significant Accounting Policies (continued)

(D) Financial Instruments (continued)

(iii) Derivative Financial Instruments and Hedging Relationships (continued)

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 rate swap arrangements is estimated by discounting the difference between the contractual interest rate and market rates over the value of the loans.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Corporation entity and counterparty when appropriate.

Cash Flow Hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable anticipated transaction that could affect net earnings, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in accumulated other comprehensive income (loss) in equity. The amount recognized in other comprehensive income is transferred to net earnings in the same period as the hedged cash flows under the same line item in the consolidated statements of comprehensive income as the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in net earnings as finance income or finance costs.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in other comprehensive income and presented in accumulated other comprehensive income (loss) in equity remains there until the anticipated transaction affects net earnings. If it is probable that the transaction will not occur, then the balance in other comprehensive income is recognized immediately in net earnings.

Net Investment Hedge

The Corporation applies hedge accounting to differences arising between the functional currency of the foreign operation and the Corporation's functional currency, regardless of whether the net investment is held directly or through an intermediate parent.

The Corporation uses cross-currency swaps and non-derivative financial liabilities to hedge portions of the Company’s net investments in its European operations. The effective portion of changes in the fair value of a derivative or foreign exchange gains and losses for a non-derivative are recognized, net of tax, in other comprehensive income and are presented in the currency translation differences account within equity. Any ineffective portion of the changes in the fair value of the derivatives or foreign exchange gains and losses for a non-derivative are recognized in net earnings or loss. When the hedged investment is disposed of, the relevant amount in the translation reserve is transferred to net earnings or loss as part of the gain or loss on disposal.

Cost of Hedging Reserve

The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element and the foreign currency basis spread of cross-currency swaps designated in net investment hedges. It is initially recognized in other comprehensive income and accounted for similarly to gains or losses in the hedging reserve.

Embedded Derivatives

Embedded derivatives are separated from the host contract and accounted for separately if (i) the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract; (ii) a separate instrument with the same terms as the embedded derivative meets the definition of a derivative; and (iii) the combined instrument is not measured at fair value through net earnings. Changes in the fair value of separable embedded derivatives are recognized immediately in net earnings.

3 . Significant Accounting Policies (continued)

(D) Financial Instruments (continued)

(iv) Fair Value Measurements
Fair value measurements are based on a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities.

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly including inputs and quoted prices in markets that are not considered to be active;
- Level 3 – Inputs that are not based on observable market data.

(E) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity.

(F) Fixed Assets

(i) Recognition and Measurement
Items of fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Gains and losses on disposal of an item of fixed assets are determined by comparing the proceeds from disposal with the carrying amount of fixed assets and are recognized within other income (costs) in net earnings.

For the fixed assets acquired in a business acquisition, the fair value recognized as a result of a business acquisition is based on market values. The fair value of items of equipment, office furniture, rolling stock, computer hardware and leasehold improvements is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

(ii) Subsequent Costs
The cost of replacing a part of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of fixed assets are recognized in net earnings as incurred.

3 . Significant Accounting Policies (continued)

(F) Fixed Assets (continued)

(iii) Depreciation
Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in net earnings on a straight-line basis over the estimated useful life of each part of an item of fixed assets, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

· Building	20 to 40 years
· Major components and improvements related to the building	2 to 30 years
· Machinery, equipment and furniture	2 to 20 years
· Rolling stock	3 to 10 years
· Computer hardware	2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if needed.

(G) Goodwill and Intangible Assets

(i) Goodwill
Initial measurement
Goodwill that arises from a business acquisition is measured at initial recognition as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in net earnings.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized, rather it is tested for impairment annually, and when an event or circumstance occurs that could indicate that it has declined in value.

(ii) Research and Development
Expenditures on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, are recognized in net earnings as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Corporation intends to and has sufficient resources to complete development and to use or sell the asset. The expenditures capitalized include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in net earnings as incurred.

Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses. Research and development tax credits and grants are recorded against internally developed intangible assets when they are related to deferred costs. All other tax credits are recorded against the expenses that they relate to.

3 . Significant Accounting Policies (continued)

(G) Goodwill and Intangible Assets (continued)

(iii) Other Intangible Assets
Intangible assets consist of the items listed below.

Intangible assets that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in net earnings on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

· Trademarks and patents	3 to 20 years
· Customer relationship and contracts	5 to 15 years
· Software	2 to 10 years
· Internally developed intangible assets	3 to 7 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if needed.

(iv) Determination of Fair Values
The fair value of trademarks acquired in a business acquisition is based on the discounted estimated royalty payments that have been avoided as a result of the trademarks being owned. The fair value of customer relationships and backlogs of orders acquired in a business acquisition is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(H) Assets at Amortized Cost

Assets at amortized cost are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(I) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is determined on the first-in first-out basis, and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

For the inventories acquired in a business acquisition, the fair value is determined based on the estimated selling price in the common course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

3 . Significant Accounting Policies (continued)

(J) Impairment

(i) Financial Assets
The Corporation assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as charges in arrears or economic conditions that correlate with defaults.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statements of comprehensive income.

The Corporation recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortized costs, which are measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Corporation considers relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The Corporation assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due. It considers a financial asset in default when the debtor is unlikely to pay its credit obligation to the Corporation without legal or similar actions.

(ii) Non-Financial Assets
The carrying amounts of the Corporation’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset or its CGUs recoverable amount is estimated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Non-financial assets that have an indefinite useful life such as goodwill and certain intangible assets, are not subject to amortization and are therefore tested annually for impairment or more frequently if events or changes in circumstances indicate that the asset might be impaired.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less selling costs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purposes of goodwill impairment testing, goodwill acquired in a business acquisition is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which goodwill is allocated must represent the lowest level at which the goodwill is monitored for internal management purposes and in that case, is tested at the operating segment level of the Corporation.

The Corporation’s corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognized in net earnings. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU or group of CGUs on a pro rata basis of the carrying amount of each asset of the CGU that is subject to the impairment test.

3 . Significant Accounting Policies (continued)

(J) Impairment (continued)

(ii) Non-Financial Assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(K) Employee Benefits

(i) Defined Contribution Plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net earnings in the periods during which services are rendered by employees.

(ii) Defined Benefit Plans
A defined benefit plan is a post-employment benefit plan under which an entity undertakes to pay future benefits to its employees. Plan expenses and obligations are determined based on actuarial valuations. The calculations are based on management's best estimates of various actuarial assumptions such as discount rates, rates of compensation increase, mortality rates and retirement age.

The net asset or net liability of defined benefit pension plans are calculated separately for each plan as the difference between the present value of the future benefits earned by employees in respect of current and prior-period service and the fair value of plan assets. The net asset or net liability, as the case may be, is included in either other long-term assets or other long-term liabilities of the consolidated balance sheet.

The assets of the plans are valued as follows: Level 1 such as shares, other equity, bonds are valued at market rates. Other debt instruments are valued at nominal value under consideration of possible impairments. Level 2 such as indirect held property is valued at market prices of the securities. Directly held property is valued by the discounted cash flow method, with property work in progress at initial costs. Possible impairments out of project valuations are recognized if necessary.

The expense related to defined benefit pension plans consists of the following items: current and past-period services cost, curtailments, net interest on the net plan asset or liability and administration costs, and is recognized as employment benefits in net earnings.

Remeasurement resulting from defined benefit pension plans represent actuarial gains and losses related to the defined benefit obligation and the actual return on plan assets, excluding net interest determined by applying a discount rate to the net asset or liability of the plans. Remeasurements are immediately recognized in other comprehensive income and will not be subsequently reclassified to net earnings.

(iii) Share-based Payment Transactions
The grant-date fair value of share-based payment awards granted to employees and directors is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees and directors unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

The fair value of the stock options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividend, and the risk-free interest rate (based on government bonds).

3 . Significant Accounting Policies (continued)

(L) Leases

At inception of a contract, the Corporation assesses whether the contract is, or contains, a lease. The Corporation leases many assets which are mostly properties and vehicles.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated using the straight-line method over the expected term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Corporation has applied the following practical expedients available under IFRS 16: the exclusion of agreements that cover periods of 12 months or less and those that are for goods of low value, and the non-separation of lease components from any associated non-lease components.

The Corporation has applied judgement to determine the lease term for some lease agreements in which a renewal option exists. The assessment of whether the Corporation is reasonably certain to exercise such option impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

(M) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(N) Revenue from Contracts with Customers

The Corporation determines revenues to be recognized using the following steps: 1) Identifying the contract with the customer; 2) Identifying the separate performance obligations in the contract if any; 3) Determining the transaction price; 4) Allocating the transaction price to performance obligations; and 5) Recognizing revenue when the Corporation satisfies each performance obligation.
Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer. Recognition of the revenue is also dependent to the probable recovery of the consideration and if the associated costs and possible return of goods can be estimated reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. Given that most of the products are custom-made, goods, generally, may not be returned.

3 . Significant Accounting Policies (continued)

(N) Revenue from Contracts with Customers (continued)

(i) Equipment Sold

Revenue from the sale of equipment can include product sold to dealers and also product sold to end-user customers where an installation component is attached. Elevators, stairlifts and patient care products can all be sold to dealers and also by direct stores to end-user customers. When the sale of equipment does not have an installation component, revenue is recognized when the control of the goods and risks are transferred to the customer, which in the majority of cases takes place when the product arrives at the customer's location. When equipment is sold with an installation component to an end-user customer and the installation and equipment are procured in a single contract, the equivalent revenue related to the equipment is recognized when the product arrives on site and is ready to be installed.

(ii) Installation and Maintenance Contracts

Revenues from installation contracts are recognized progressively over time using the cost-based input method. Costs are including labor, material and other direct and indirect costs. Changes in contract estimates are done using the cumulative catch-up method. Modifications are recognized as a cumulative catch-up or treated as a separate accounting contract if the modification adds distinct goods or services and the modification is priced at its stand-alone selling price. Revenues from maintenance contracts are periodically recognized when each maintenance service is provided. Unrecognized revenues are recorded as deferred revenues.

(iii) Revenues from the Conversion and Adaptation of Vehicles

Revenues from the conversion and adaptation of vehicles are recognized progressively over time using the cost-based input method. Costs are including labor, material and other direct and indirect costs.

(O) Government Assistance

Government assistance, which mainly includes wages subsidies, tax credits and grants, is recognised when there is reasonable assurance that the contribution will be received and that the entity will comply with the required conditions. Government grants related to expense items are recognised in profit or loss on a systematic basis over the periods in which the Corporation recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the related asset.

(P) Acquisition and Integration Costs

Acquisition-related costs are items the Corporation incurs to effect a business acquisition (successful or not). Those costs include but are not limited to finder's fees; advisory, legal, accounting, valuation and other professional or consulting fees; certain costs related to the activities of our internal acquisitions department.

Integration costs pertain to costs incurred for the integration of newly acquired businesses up to 24 months from the date of acquisition.

(Q) Net Finance Costs

Finance income comprises interest income on funds invested, fair value gain on financial assets at fair value through net earnings, gains on ineffective portion of hedging instruments that are recognized in net earnings and gains on financial instruments following the termination of interest rate swap agreements. Interest income is recognized as it accrues in net earnings, using the effective interest method.

Finance costs comprise interest expense on bank loans, long-term debt and lease liabilities, fair value loss on financial assets at fair value through net earnings, impairment losses recognized on financial assets, and losses on the ineffective portion of hedging instruments that are recognized in net earnings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in net earnings using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3 . Significant Accounting Policies (continued)

(R) Income Tax

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognized in net earnings except to the extent that they relate to a business acquisition, or items recognized directly in equity or in other comprehensive income.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business acquisition and that affects neither accounting nor taxable net earnings, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but it is our intent to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(S) Earnings per Share

Basic net earnings per share is calculated by dividing net earnings applicable to common shares by the weighted average number of shares outstanding during the year. Diluted net earnings per share is calculated by dividing net earnings applicable to common shares by the weighted average number of shares used in the basic earnings per share calculation plus the weighted number of common shares that would be issued, assuming that all potentially dilutive stock options and warrants outstanding were exercised using the treasury stock method.

(T) Segment Reporting

An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Corporation’s other components. All operating segments’ operating results are reviewed regularly by the Corporation’s Chief Executive Officer ("CEO") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3 . Significant Accounting Policies (continued)

(U) New Accounting Standards

(i) New Accounting Standards Adopted
The following new amendment to standards and interpretations have been applied in preparing the consolidated financial statements as at December 31, 2021.

IAS 38 *Intangible Assets* - Configuration or Customization Costs in a Cloud Computing Arrangement
In March 2021, the International Financial Reporting Interpretations Committee ("IFRIC") published an agenda decision that clarified how to recognize certain configuration and customization costs in a cloud computing arrangement. As a result of this decision, the Corporation changed its accounting policy for costs incurred on cloud computing arrangements. Consequently, the Corporation will now expense configuration and customization costs related to certain cloud computing arrangements.

The impact of changing this accounting policy to the Corporation's consolidated statements of earnings had no significant impact for the year ended December 31, 2021.

(ii) New Accounting Standards not yet Adopted
The following new amendments to standards and interpretations have not been applied in preparing the consolidated financial statements as at December 31, 2021.

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 interbanks 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 December 31, 2021 is indexed to the US dollar LIBOR, those instruments having a maturity date in April 2025 and April 2024 respectively. Amendments to financial instruments with contractual terms indexed to US dollar LIBOR were not completed yet.

The Corporation is currently evaluating the impact of this standard on its consolidated financial statements and managing the process to transition the existing impacted agreements to an alternative rate.

IAS 1 *Presentation of Financial Statements*
Amendments to Classification of Liabilities as Current or Non-current: incorporates classification of liabilities as current or non-current - Deferral of effective date.
Amendments to Disclosure of Accounting Policies: requirements to disclose material accounting policy information rather than significant accounting policies.

IAS 8 *Accounting Policies*
Changes in Accounting Estimates and Errors: amendments to definition of accounting estimates.

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
Amendments to Onerous Contracts: amendments to the cost of fulfilling a contract to include both the incremental cost of fulfilling that contract and an allocation of other costs that relates directly to fulfilling the contract.

4 . Business Acquisitions

Handicare Group AB

On March 4, 2021, the Corporation acquired 56,118,445 shares of Handicare Group AB ("Handicare") representing 95.2% of all the issued and outstanding shares of Handicare for SEK 50.00 per share (CAD $7.48). As at December 31, 2021, the Corporation owned 100% of Handicare and has completed the compulsory redemption process to purchase all shares.

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 total consideration was $447,999,000 (SEK 2,946,950,000). The Corporation financed the consideration paid out of a combination of:

- Cash-on-hand for an amount of $33,383,000;
- An amount drawn from the revolving credit facility of $232,846,000; and
- The net proceeds from two concurrent private placements with a syndicate of underwriters and with Caisse de dépôt et placement du Québec of subscription receipts for common shares of the Corporation for $181,770,000 (Note 17).

The acquisition costs of $3,335,000, and integration costs of $6,755,000 incurred since the acquisition date were expensed and recorded in Other Expenses.

The acquisition of Handicare has been accounted for using the acquisition method. Handicare has been consolidated from the acquisition date. The purchase price allocation and the total cash consideration paid are presented in the table below. Adjustment to preliminary amounts 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.

The purchased assets are mainly cash, accounts receivables, inventories, fixed assets, intangible assets and goodwill; the latter arising from the benefit of expected synergies, revenue growth, future market development and the existing workforce. The goodwill has been allocated to the *Accessibility* and *Patient Care* reportable segments as applicable and is non-deductible for tax purposes.

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

4 . Business Acquisition (continued)

Handicare Group AB (continued)

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

		Handicare
Assets acquired		
Cash and cash equivalents	$	65,879
Trade and other receivables [1]		54,060
Inventories		40,364
Prepaid expenses and other current assets		2,843
Fixed assets		11,346
Right-of-use assets		27,362
Intangible assets		224,759
Goodwill		295,207
Other long-term assets		143
Deferred tax assets		6,474
	$	728,437
Liabilities assumed		
Trade and other payables		62,235
Deferred revenue		4,989
Income taxes payable		4,406
Long-term debt including current portion		115,295
Leases liabilities including current portion		27,757
Provisions including current portion		6,079
Deferred tax liabilities		55,940
Other long-term liabilities		3,737
	$	280,438
Fair value of net assets acquired	$	447,999
Less: Cash in acquired business		65,879
Net assets acquired	$	382,120
Net consideration paid	$	382,120

[1] The trade and other receivables comprise gross contractual amounts due of $58,488,000, of which $4,428,000 was expected to be uncollectible at the date of acquisition.

The following table provides the revenue and net income contributions of the business acquisition that has taken place in 2021, from the date of acquisition and those estimated as if the acquisition had occurred on January 1, 2021. These estimates were prepared using historical information obtained from the acquiree and do not reflect the acquisition costs nor the benefits of integration activities, synergies and changes to historical transactions that may have resulted had the acquisition actually occurred on January 1, 2021. Estimated amounts are not necessarily indicative of the results of operations of the acquired business that would have resulted had the acquisition actually occurred on January 1, 2021, nor the results that may be obtained in the future.

	Since the date of acquisition		Since January 1st	
	Revenue	Net earnings	Revenue	Net earnings
Handicare	$ 302,715	$ 20,038	$ 361,253	$ 23,220

In accordance with Savaria's accounting policies, cost of sales, selling and administrative and tax expenses of Handicare for periods prior to Q4 2021 have been restated based on the evaluation of the fair value of assets acquired and liabilities assumed finalized during the year ended December 31, 2021.

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

5 . Trade and other receivables

	December 31, 2021	December 31, 2020
Trade receivables	**$ 98,935**	$ 43,242
Less: allowance for credit losses	**(2,550)**	(3,690)
	$ 96,385	$ 39,552
Sales tax recoverable	**4,360**	2,657
Other receivables	**1,752**	2,008
	$ 102,497	**$ 44,217**

The Corporation's exposure to credit risks, currency risks and impairment losses related to trade and other receivables is disclosed in Note 25.

6 . Inventories

	December 31, 2021	December 31, 2020
Raw materials and subassembly components	**$ 79,558**	$ 46,968
Work in progress	**4,317**	3,740
Finished goods	**44,621**	24,593
	$ 128,496	**$ 75,301**

In 2021, raw materials, subassembly components and changes in work in progress and finished goods recognized as cost of sales amounted to $237,019,000 (2020-$174,052,000). Write-downs and reversals are included in cost of sales.

The movement in the provisions for inventories during the year was as follows:

	2021	2020
Balance at January 1	**$ 3,611**	$ 3,444
Write-down to net realizable value	**592**	637
Reversal of write-downs	**(103)**	(210)
Provisions used	**(922)**	(226)
Effect of movements in exchange rates	**(77)**	(34)
Balance at December 31	**$ 3,101**	**$ 3,611**

7 . Prepaid expenses and other current assets

	December 31, 2021	December 31, 2020
Prepaid expenses	**$ 11,941**	$ 2,921
Short-term deposits	**1,487**	369
Other short-term assets [1]	**4,671**	-
	$ 18,099	**$ 3,290**

[1] Includes $4,600,000 of restricted cash which was received in January 2022 in cash and cash equivalents.

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

8 . Fixed assets

	Land	Building and leasehold improvements	Machinery, equipment and furniture	Rolling stock	Computer hardware	Total
Cost						
As at December 31, 2020	$ 7,304	$ 29,593	$ 18,168	$ 6,092	$ 1,139	**$ 62,296**
Additions	-	1,070	4,570	776	382	**6,798**
Additions through business acquisitions (Note 4)	-	2,216	8,837	34	259	**11,346**
Disposals	-	(20)	(365)	(325)	(56)	**(766)**
Effect of movements in exchange rates	(3)	305	(1,332)	(73)	(78)	**(1,181)**
As at December 31, 2021	**$ 7,301**	**$ 33,164**	**$ 29,878**	**$ 6,504**	**$ 1,646**	**$ 78,493**
Accumulated depreciation						
As at December 31, 2020	$ -	$ (6,606)	$ (7,682)	$ (3,061)	$ (457)	**$ (17,806)**
Depreciation expense	-	(2,210)	(3,119)	(1,109)	(400)	**(6,838)**
Disposals	-	20	275	309	49	**653**
Effect of movements in exchange rates	-	46	194	44	45	**329**
As at December 31, 2021	**$ -**	**$ (8,750)**	**$ (10,332)**	**$ (3,817)**	**$ (763)**	**$ (23,662)**
Net carrying amount as at December 31, 2021	**$ 7,301**	**$ 24,414**	**$ 19,546**	**$ 2,687**	**$ 883**	**$ 54,831**

	Land	Building and leasehold improvements	Machinery, equipment and furniture	Rolling stock	Computer hardware	Total
Cost						
As at December 31, 2019	$ 7,315	$ 29,152	$ 18,579	$ 5,032	$ 2,146	**$ 62,224**
Additions	-	519	1,658	1,008	290	**3,475**
Disposals [1]	-	(9)	(2,284)	(34)	(1,342)	**(3,669)**
Effect of movements in exchange rates	(11)	(69)	215	86	45	**266**
As at December 31, 2020	**$ 7,304**	**$ 29,593**	**$ 18,168**	**$ 6,092**	**$ 1,139**	**$ 62,296**
Accumulated depreciation						
As at December 31, 2019	$ -	$ (4,966)	$ (7,714)	$ (1,768)	$ (1,323)	**$ (15,771)**
Depreciation expense	-	(1,572)	(1,941)	(1,175)	(479)	**(5,167)**
Disposals [1]	-	2	2,117	(66)	1,374	**3,427**
Effect of movements in exchange rates	-	(70)	(144)	(52)	(29)	**(295)**
As at December 31, 2020	**$ -**	**$ (6,606)**	**$ (7,682)**	**$ (3,061)**	**$ (457)**	**$ (17,806)**
Net carrying amount as at December 31, 2020	**$ 7,304**	**$ 22,987**	**$ 10,486**	**$ 3,031**	**$ 682**	**$ 44,490**

[1] In 2020, the Corporation mainly disposed of fully amortized fixed assets related to previous acquisitions.

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

9 . Intangible Assets and Goodwill

	Goodwill	Trademarks and patents	Customer relationship and contracts	Software	Internally developed intangible assets	Total
Cost						
As at December 31, 2020	$ 120,781	$ 27,560	$ 42,468	$ 2,483	$ 21,500	**$ 214,792**
Additions		-	137	3,454	5,575	**9,166**
Additions through business acquisitions (Note 4)	295,207	57,352	155,309	5,520	6,578	**519,966**
Disposals/impairment	(2,288)	-	-	-	(76)	**(2,364)**
Effect of movements in exchange rates	(12,938)	(3,222)	(7,323)	204	(588)	**(23,867)**
As at December 31, 2021	**$ 400,762**	**$ 81,690**	**$ 190,591**	**$ 11,661**	**$ 32,989**	**$ 717,693**
Accumulated depreciation						
As at December 31, 2020	$ -	$ (4,693)	$ (14,802)	$ (1,391)	$ (5,584)	**$ (26,470)**
Amortization expense	-	(3,853)	(19,547)	(3,621)	(6,046)	**(33,067)**
Disposals	-	-	-	-	76	**76**
Effect of movements in exchange rates	-	109	472	167	92	**840**
As at December 31, 2021	**$ -**	**$ (8,437)**	**$ (33,877)**	**$ (4,845)**	**$ (11,462)**	**$ (58,621)**
Net carrying amount as at December 31, 2021	**$ 400,762**	**$ 73,253**	**$ 156,714**	**$ 6,816**	**$ 21,527**	**$ 659,072**

	Goodwill	Trademarks and patents	Customer relationship and contracts	Software	Internally developed intangible assets	Total
Cost						
As at December 31, 2019	$ 119,790	$ 27,434	$ 44,602	$ 2,279	$ 17,996	**$ 212,101**
Additions	-	46	-	666	3,105	**3,817**
Additions through business acquisitions	60	-	-	-	-	**60**
Disposals	-	-	(1,821)	(558)	(20)	**(2,399)**
Effect of movements in exchange rates	931	80	(313)	96	419	**1,213**
As at December 31, 2020	**$ 120,781**	**$ 27,560**	**$ 42,468**	**$ 2,483**	**$ 21,500**	**$ 214,792**
Accumulated depreciation						
As at December 31, 2019	$ -	$ (3,113)	$ (12,977)	$ (1,474)	$ (3,304)	**$ (20,868)**
Amortization expense	-	(1,613)	(3,759)	(402)	(2,225)	**(7,999)**
Disposals	-	-	1,821	558	-	**2,379**
Effect of movements in exchange rates	-	33	113	(73)	(55)	**18**
As at December 31, 2020	**$ -**	**$ (4,693)**	**$ (14,802)**	**$ (1,391)**	**$ (5,584)**	**$ (26,470)**
Net carrying amount as at December 31, 2020	**$ 120,781**	**$ 22,867**	**$ 27,666**	**$ 1,092**	**$ 15,916**	**$ 188,322**

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

9 . Intangible Assets and Goodwill (continued)

Goodwill

For the purpose of impairment testing, goodwill is allocated to the Corporation's CGUs or groups of CGUs that benefit from the synergies of the business acquisitions.

The carrying amount of goodwill allocated to each group of CGUs is as follows:

	December 31, 2021	December 31, 2020
Accessibility	**$ 300,234**	$ 67,983
Patient Care	**100,528**	50,510
Adapted Vehicles	**-**	2,288
	$ 400,762	**$ 120,781**

The Corporation completed the annual impairment test during the fourth quarter of the fiscal year 2021 and the recoverable amounts have been determined to be higher than their carrying amounts for CGUs grouped in *Accessibility* and *Patient Care* .

The significant decrease in expected demand for adapted vehicles products caused permanent changes in the Canadian market. The carrying amount of the CGU grouped in the *Adapted Vehicles* segment of $9,947,000 was higher than its recoverable amount of $7,659,000. An impairment loss of $2,288,000 (2020-nil) was recognized in 2021. The impairment loss was fully allocated to goodwill and included in other expenses.

Values in use are determined by discounting the future cash flows generated from the CGUs. Values in use in 2021 have been determined similarly as in 2020. The calculations of the values in use are based on the following key assumptions:

· Cash flows are projected over a period of five years with a terminal value based on past experience and actual operating results using a conservative perpetuity growth rate of 2.0% (2020-2.0%) for the CGUs grouped in *Accessibility* , 1.5% (2020-2.0%) for the CGUs grouped in *Patient Care* and 1.5% (2020-1.0%) for the CGUs grouped in *Adapted Vehicles* ;

· The anticipated annual revenue growth included in the cash flow projections are based on the business plan;

· A discount rate is applied in determining the recoverable amount of the unit, 11.15% (2020-9.62%) for the CGUs grouped in *Accessibility* , 12.91% (2020-9.62%) for the CGUs grouped in *Patient Care* and 12.91% (2020-9.62%) for the CGUs grouped in *Adapted Vehicles* . The discount rate used is based on an industry weighted average cost of capital, which is based on a possible range of debt leveraging of 35% (2020-12%) at a market interest rate of 4.37% (2020-2.75%);

· The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

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

10 . Trade and other payables

		December 31, 2021		December 31, 2020
Trade and accrued liabilities	**$**	**85,424**	$	23,483
Salaries and other benefits payable		**20,117**		9,660
Sales tax payable		**1,710**		988
	$	**107,251**	**$**	**34,131**

11 . Deferred revenue

		2021		2020
As at January 1	**$**	**24,122**	$	22,987
Increase through business acquisitions (Note 4)		**4,989**		-
Effect of movements in exchange rates		**(682)**		124
Change related to current operations		**6,935**		1,011
Balance at December 31	**$**	**35,364**	**$**	**24,122**

12 . Long-term debt

		December 31, 2021		December 31, 2020
Revolving Credit Facility [1 2]	**$**	**329,062**	$	-
Term Loan Facility [1 2]		**49,871**		49,813
Contingent considerations related to business acquisitions		**76**		76
Notes payable related to business acquisitions		**971**		971
Other		**11**		37
	$	**379,991**	$	50,897
Less: Current portion		**1,058**		1,072
	$	**378,933**	**$**	**49,825**

[1] The securities given on the various banking agreements provided by the Corporation's financial institution is available in Note 25 (E).

[2] Net of deferred financing costs of respectively $3,530,000 and $129,000 (2020 - $187,000).

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, US dollar, euro or British pound equivalent;
- As at December 31, 2021, an amount of $146,055,000 in US dollar and $147,761,000 in Canadian dollar had been drawn on the credit facility;
- The term remains the same, 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 2.25%, or the Canadian prime rate or U.S. base rate, plus 1.25%.

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 December 31st, the rate was banker's acceptance rate, plus 2.25%. Refer to Note 25 (D)(ii) for information on interest rate swap affecting this loan. This term Loan Facility comes to maturity on April 3, 2024.

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

12 . Long-term debt (continued)

Contingent considerations and notes payables related to business acquisitions

	Currency	Effective interest rate	Year of maturity	Original Face value	December 31, 2021 Carrying amount	Original Face value	December 31, 2020 Carrying amount
Contingent consideration [1] [2]	USD	4.95%	2019-21	$ 6,140	$ 76	$ 6,140	$ 76
Note payable [1] [2]	CAD	6.50%	2015-18	2,200	550	2,200	550
Note payable [1] [2]	CAD	6.50%	2011	421	421	421	421
				$ 8,761	**$ 1,047**	**$ 8,761**	**$ 1,047**

[1] Bearing no interest.

[2] Payments have been suspended.

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

	2021
Balance at January 1	**$ 50,897**
Net change in the revolving credit facility	**332,592**
Increase through business acquisitions (Note 4)	**115,295**
Reclassification of deferred financing costs previously recorded as a long-term asset	**(463)**
Repayment of long-term debts	**(113,709)**
Amortization of capitalized deferred financing costs (Note 21)	**1,400**
Deferred financing costs related to the amended credit agreement	**(4,413)**
Impact of the change in foreign exchange rates	**(1,608)**
	$ 379,991
Less: Current portion	**1,058**
Balance at December 31	**$ 378,933**

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

13 . Right-of-use assets and lease liabilities

Reconciliation of movements of right-of-use assets:

	Buildings	Rolling stock	Other	2021	Total 2020
Balance at January 1	$ 25,404	$ 1,099	$ 69	**$ 26,572**	$ 26,782
Additions	6,686	2,004	112	**8,802**	3,801
Increase through business acquisitions (Note 4)	22,923	4,053	386	**27,362**	-
Modifications/terminations	(1,199)	(78)	(15)	**(1,292)**	(134)
Depreciation expense	(7,235)	(2,016)	(167)	**(9,418)**	(4,179)
Impact of the change in foreign exchange rates	(610)	(164)	(4)	**(778)**	302
Balance at December 31	**$ 45,969**	**$ 4,898**	**$ 381**	**$ 51,248**	**$ 26,572**

Reconciliation of movements of lease liabilities:

	2021	2020
Balance at January 1	**$ 27,149**	$ 27,201
New leases	**8,537**	3,428
Increase through business acquisitions (Note 4)	**27,757**	-
Modifications/terminations	**(1,292)**	(134)
Repayment of lease obligations	**(10,433)**	(4,635)
Interest on lease liabilities (Note 21)	**1,398**	993
Impact of the change in foreign exchange rates	**(766)**	296
	$ 52,350	$ 27,149
Less: Current portion	**9,920**	3,774
Balance at December 31	**$ 42,430**	**$ 23,375**

The incremental borrowing rates applied to lease liabilities recognized at December 31, 2021 ranged between 2.12% and 4.10% (2020-2.12% to 4.10%), maturing between January 2022 and November 2030.

Contractual undiscounted cash flow for lease liabilities:

	2021	2020
Less than one year	**$ 10,483**	$ 4,546
One to four years	**24,089**	9,781
More than four years	**14,322**	9,203
Total undiscounted cash flows	**$ 48,894**	**$ 23,530**

Amounts recognized in net earnings:

	2021	2020
Interest on lease liabilities (Note 21)	**$ 1,398**	$ 993
Variable lease payments not included in the measurement of lease liabilities	**1,027**	742
	$ 2,425	**$ 1,735**

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

14 . Provisions

	Warranty	Asset retirement obligation	Other provisions	2021	Total 2020
Balance at January 1	$ 3,371	$ -	$ -	**$ 3,371**	$ 3,422
Change in provisions arising during the year	1,413	401	198	**2,012**	160
Increase through business acquisitions (Note 4)	3,802	1,861	416	**6,079**	-
Interest accretion expense	-	49	-	**49**	-
Utilized amounts	(92)	-	-	**(92)**	(196)
Reversals of unused amounts	(497)	-	-	**(497)**	-
Impact of the change in foreign exchange rates	(134)	3	-	**(131)**	(15)
	$ 7,863	**$ 2,314**	**$ 614**	**$ 10,791**	$ 3,371
Less: Current portion				**3,090**	1,614
Balance at December 31				**$ 7,701**	**$ 1,757**

During the normal course of its business, the Corporation assumes the cost of certain components in replacement of defective components under warranties offered on its products. The warranties cover a period between three months and three years on *Accessibility* and *Adapted Vehicles* products while they cover a period of eighteen months to fifteen years on certain *Patient Care* products.

15 . Other long-term liabilities

	December 31, 2021	December 31, 2020
Defined Benefit Obligation (Note 18)	**$ 6,556**	$ 9,848
Employee indemnity fund	**1,751**	1,910
Deferred revenue	**3,549**	-
Deferred compensation	**597**	562
Other	**492**	347
	$ 12,945	**$ 12,667**

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

16 . Accumulated other comprehensive income

	December 31, 2021	December 31, 2020
Items that will not be reclassified subsequently to earnings or loss		
Remeasurement of defined benefit pension plan obligations, net of tax	**$ 1,192**	$ (978)
Items that are or may be reclassified subsequently to net earnings		
Net change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	**1,654**	901
Net change on translation of financial statements of foreign operations, net of tax	**(21,767)**	(729)
Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges	**120**	643
Net change in net investment hedges	**(961)**	(1,679)
	$ (19,762)	**$ (1,842)**

17 . Share Capital and Other Components of Equity

(A) Share Capital

Unlimited number of common shares with voting rights, participating and without par value
Unlimited number of first preferred shares without par value and issuable in series
Unlimited number of second preferred shares without par value and issuable in series

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 aggregate gross proceeds of $191,041,000. Net proceeds after transaction costs of $9,271,000 were $181,770,000. Transaction fees after tax amounted to $6,814,000.

As at December 31, 2021, the number of common shares issued and fully paid was 64,212,154 (2020-51,043,941).

(B) Dividends

The following dividends were declared and paid by the Corporation:

	Twelve months ended December 31, 2021	2020
Dividends declared	**$ 30,156**	$ 23,693
Amount declared per share in cents	**48.7**	46.6
Dividends paid	**$ 29,520**	$ 23,593
Amount paid per share in cents	**48.5**	46.5

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

18 . Personnel Expenses

	Twelve months ended December 31, 2021		2020
Wages and salaries [1]	$	**161,716**	$ 91,716
Employment benefits		**19,853**	14,674
Contributions to defined contribution plans		**4,460**	1,255
Contributions to defined benefit plans		**81**	1,261
Stock-based compensation		**1,747**	1,049
	$	**187,857**	**$ 109,955**

[1] During the year ended December 31, 2021, the Corporation recognized under "Wages and salaries" the subsidies claimed under the Canada Emergency Wage Subsidy program amounting to $2,900,000 (2020 - $6,900,000).

Defined Benefit Plan

The Corporation has three defined benefit pension plans in Switzerland and one defined benefit pension plan in Norway, that are managed by independent entities (thereafter referred to as "Pension Funds"). The administrators of the Pension Funds have the obligation to act in the best interests of the plan participants and are also responsible for the investment strategy of the plan.

In Switzerland, pension plans are governed in accordance with the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans ("BVG"), which states that pension plans must be managed by independent legal entities. Furthermore, the BVG stipulates that the plans' Board of Trustees must be composed of an equal number of employee and employer representatives. In Norway, pension plans are governed in accordance with the Mandatory Occupational Pensions Act ("OTP Act"), which also states that pension plans must be managed by independent legal entities.The insurance benefits are subject to regulations, with the OTP Act specifying the minimum benefits that are to be provided.

For all plans, participants are insured against the financial consequences of old age, disability, and death. The insurance benefits are subject to regulations, with the BVG and OTP Act specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plans. If a plan is underfunded, various measures can be taken, such as a reduction in benefits or an increase in contributions. The BVG and OTP Act states how the employer and employees have to jointly participate in refunding the plans. In addition, actuarial reports are drawn up annually in accordance with BVG and OTP Act requirements.

The Pension Fund has the legal structure of a foundation. All actuarial risks are borne by the foundation. They consist of demographic risks (primarily life expectancy) and financial risks (primarily the discount rate, future increases in compensation, and the return on plan assets) and are regularly assessed by the Board of Trustees. The Board of Trustees defines the investment strategy as often as necessary and at least once annually. When defining the investment strategy, it takes into account the foundation's objectives, the benefit obligations, and the risk capacity. The investment strategy is defined on the basis of a long-term target asset structure. The aim is to ensure that plan assets and liabilities are aligned in the medium and long term and that actuarial risks are reinsured.

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

18 . Personnel Expenses (continued)

Defined Benefit Obligations

The main drivers behind the change in the plan deficit are the remeasurements (change in experience assumptions and change in financial assumptions). The deficit is presented in Other long-term liabilities.

	December 31, 2021	December 31, 2020
Fair value of plan assets	**$ 27,149**	$ 22,161
Defined benefit obligations	**(33,705)**	(32,009)
Plan deficit	**$ (6,556)**	**$ (9,848)**
Represented by:		
Switzerland - plans	**$ (5,812)**	$ (9,848)
Norway - plan	**(744)**	-
Plan deficit	**$ (6,556)**	**$ (9,848)**

Allocation of the Fair Value of Pension Plan Assets

Plan assets are at market value and are composed of the following elements:

	December 31, 2021	December 31, 2020
Quoted equity securities [1]	**$ 10,424**	$ 9,251
Quoted debt securities [1]	**7,646**	4,219
Property [2]	**7,650**	7,151
Cash and cash equivalents [1]	**1,429**	1,540
	$ 27,149	**$ 22,161**

[1] Quoted in active markets - Level 1 fair value
[2] Derived from observable market data - Level 2 fair value

Assets are invested in line with a long-term investment strategy which, as required, is conservative or low-risk based.

Cost of Defined Benefit Pension Plans

	Twelve months ended December 31, 2021	2020
Current service cost	**$ 1,012**	$ 1,006
Curtailments	**(1,311)**	-
Net interest expense	**55**	11
Expense (gain) recognized in net earnings	**$ (244)**	**$ 1,017**
Remeasurement		
Actuarial variances on defined benefit obligation	**$ (3,558)**	$ 17
Return on plan assets [1]	**980**	(398)
Remeasurement recognized in Other comprehensive income	**$ (2,578)**	**$ (381)**

[1] Excluding interest income.

During 2021, the pension arrangements for the employees in Switzerland were adjusted to reflect new legal requirements regarding the conversion rate used to calculate the retirement annuity. As a result of the plan amendment, the Corporation defined benefit obligation decreased by $1,311,000 (2020 - nil) and the corresponding past service credit was recognized in profit and loss during 2021.

Change in the Fair Value of Plan Assets

	2021	2020
Balance at January 1	**$ 22,161**	$ 20,011
Increase through business acquisitions	**5,507**	-
Contributions by the Corporation	**580**	613
Benefits paid	**237**	(934)
Interest income	**128**	23
Return on plan assets	**(980)**	398
Participant contributions	**502**	536
Effect of movements in exchange rates	**(986)**	1,514
Balance at December 31	**$ 27,149**	**$ 22,161**

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

18 . Personnel Expenses (continued)

Change in the Fair Value of Plan Obligations

		2021		2020
Balance at January 1	**$**	**32,009**	$	29,148
Increase through business acquisitions		**5,990**		-
Current service cost		**1,012**		1,006
Benefits paid		**237**		(934)
Interest cost		**183**		34
Curtailments		**(1,311)**		-
Actuarial remeasurement		**(3,558)**		17
Participant contributions		**502**		536
Effect of movements in exchange rates		**(1,359)**		2,202
Balance at December 31	**$**	**33,705**	**$**	**32,009**

Significant Actuarial Assumptions

	Switzerland plan		Norway plan	
	2021	**2020**	**2021**	**2020**
Discount rate	**0.30%**	0.11%	**1.50%**	-
Rate of increase in compensation	**1.00%**	1.00%	**2.50%**	-

The discount rate and the future increase in compensation have been identified as significant assumptions.

The following table shows the potential impacts of changes to key assumptions on defined benefit pension plan obligations:

	December 31, 2021				December 31, 2020			
		Increase		**Decrease**		**Increase**		**Decrease**
Impact of a 0.5% change in the discount rate	**$**	**(1,990)**	**$**	**2,262**	$	(2,618)	$	2,618
Impact of a 0.5% change in the rate of compensation	**$**	**473**	**$**	**(472)**	$	505	$	(505)

These impacts are hypothetical and should be interpreted with caution as changes in each significant assumption may not be linear.

Projected Benefit Payment in the Next Year

The Corporation expects to contribute $743,000 to its defined benefit pension plans in the next year.

Maturity of Pension Plans

The average duration of the defined benefit obligation as at December 31, 2021 is between 5 and 10 years, depending on the plan.

19 . Depreciation and Amortization Expenses

	Twelve months ended December 31,			
		2021		**2020**
Depreciation of fixed assets and right-of-use assets	**$**	**10,298**	$	6,334
Amortization of intangible assets		**4,888**		1,910
Expense recognized in Cost of sales	**$**	**15,186**	$	8,244
Depreciation of fixed assets and right-of-use assets	**$**	**5,958**	$	3,012
Amortization of intangible assets		**28,179**		6,089
Expense recognized in Selling and administrative expenses	**$**	**34,137**	$	9,101
Amortization of capitalized deferred financing costs (Note 21)		**1,400**		356
	$	**50,723**	**$**	**17,701**

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

20 . Other Expenses

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

In January 2022, Savaria and the U.S. Consumer Product Safety Commission (CPSC) announced the recall of certain residential elevators to eliminate a potential hazardous gap between the exterior landing door and the interior elevator car door, committing to provide space guards and assistance with space guard installation.

During 2020, the Corporation made a special COVID-19 payout of $1,000 to each employee of the Corporation in order to provide them financial assistance during a time of need. Total payout includes employer mandated payroll related government remittances.

	Twelve months ended December 31, 2021	2020
Business acquisition costs	**$ 3,412**	$ 266
Business integration costs	**6,786**	840
Impairment loss on goodwill (Note 9)	**2,288**	-
Recall and other settlements	**810**	-
COVID-19 employee assistance plan	**-**	1,534
	$ 13,296	**$ 2,640**

21 . Net Finance Costs

	Twelve months ended December 31, 2021	2020
Interest on long-term debt	**$ 10,149**	$ 1,998
Interest on lease liabilities	**1,398**	993
Loss on foreign exchange contract	**1,815**	-
Other interests and bank charges	**307**	475
Amortization of deferred financing costs	**1,400**	356
Interest income	**(105)**	(367)
Net loss on foreign currency exchange	**24**	490
Ineffective portion of changes in fair value of net investment hedges	**768**	-
	$ 15,756	**$ 3,945**

22 . Income Taxes

	Twelve months ended December 31, 2021	2020
Current tax expense		
Current year	**$ 15,740**	$ 9,244
Adjustment for prior years	**(179)**	435
	$ 15,561	$ 9,679
Deferred tax benefit		
Origination and reversal of temporary differences	**$ (8,775)**	$ (2,058)
Change in unrecognized deductible temporary differences	**1,807**	727
	$ (6,968)	$ (1,331)
Total income tax expense	**$ 8,593**	**$ 8,348**

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

22 . Income Tax (continued)

Tax Recognized in Other Comprehensive Income

	Twelve months ended December 31, 2021			Twelve months ended December 31, 2020		
	Before tax	**Tax benefit (expense)**	**Net of tax**	**Before tax**	**Tax benefit (expense)**	**Net of tax**
Remeasurement of defined benefit pension plan obligations	**$ 2,578**	**$ (408)**	**$ 2,170**	$ 381	$ (110)	$ 271
Net change in derivative financial instruments designated as cash flow hedges	**2,568**	**(675)**	**1,893**	3,010	(756)	2,254
Losses on foreign exchange contracts transferred to net income in the current year	**(1,534)**	**394**	**(1,140)**	498	(128)	370
Net change in the translation of financial statements of foreign operations	**(21,133)**	**95**	**(21,038)**	1,365	-	1,365
Net investment hedge and cost of hedging reserve	**195**	**-**	**195**	(1,036)	-	(1,036)
	$ (17,326)	**$ (594)**	**$ (17,920)**	**$ 4,218**	**$ (994)**	**$ 3,224**

Reconciliation of Effective Tax Rate

	Twelve months ended December 31,		Twelve months ended December 31,	
	2021	**2021**	**2020**	**2020**
Net earnings		**$ 11,535**		$ 26,463
Total income tax expense		**8,593**		8,348
Earnings before income tax		**$ 20,128**		$ 34,811
Tax using the Corporation's domestic tax rate	**26.5%**	**$ 5,334**	26.5%	$ 9,225
Permanent differences	**0.5%**	**98**	(5.7%)	(1,976)
Income tax withheld on the repatriation of funds from a foreign subsidiary	**1.2%**	**249**	0.6%	199
Impact of differences in tax rates of other jurisdictions	**(5.8%)**	**(1,166)**	(1.3%)	(449)
Impact of change of enacted tax rates	**7.4%**	**1,496**	0.2%	83
Non-deductible stock-based compensation	**2.3%**	**463**	0.8%	278
Foreign exchange losses deductible at 50%	**5.0%**	**989**	0.2%	62
Unrecognized temporary differences	**9.0%**	**1,807**	2.1%	727
Use of unrecognised tax losses	**(2.4%)**	**(478)**	(0.8%)	(278)
Prior years' adjustments	**(0.9%)**	**(179)**	1.3%	435
Other	**(0.1%)**	**(20)**	0.1%	42
	42.7%	**$ 8,593**	**24.0%**	**$ 8,348**

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

22 . Income Tax (continued)

Unused Tax Losses

The Corporation has unused non-capital tax losses in the amount of $97,473,000 (2020-$31,494,000) of which $43,756,000 has not been recognized (2020-$7,327,0000). From these losses, $1,221,000 (2020-$3,960,000) are expiring in the following years:

Year of expiry	2021	December 31, 2020
2022	**$ 125**	$ -
2023	**$ 207**	$ 287
2024	**$ 166**	$ 318
2025	**$ 658**	$ 3,355
2026 and after	**$ 65**	$ -
No expiry	**$ 42,535**	$ 3,367

Tax benefits of $13,619,000 (2020-$6,404,000) have been recorded related to unused non-capital tax losses, including $6,071,000 (2020-$1,428,000) from foreign subsidiaries. The Corporation also has $2,104,000 (2020-$2,045,000) of unrecognized capital losses and deductible temporary differences that may be carried forward indefinitely. As at December 31, 2021, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries because the Corporation controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

Recognized Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recorded as follows:

	2021	December 31, 2020	2021	December 31, 2020	2021	December 31, 2020
	Assets		Liabilities		Net	
Losses carried forward	**$ 13,619**	$ 6,404	**$ -**	$ -	**$ 13,619**	$ 6,404
Internally developed intangible assets	**-**	-	**(2,377)**	(1,896)	**(2,377)**	(1,896)
Non-deductible provisions (including warranty and inventory)	**2,355**	2,136	**(76)**	(132)	**2,279**	2,004
Fixed and intangible assets, and goodwill	**7,654**	390	**(68,431)**	(14,360)	**(60,777)**	(13,970)
Investment tax credits	**63**	30	**-**	(41)	**63**	(11)
Foreign exchange contracts and interest rate swaps	**276**	792	**(837)**	(1,075)	**(561)**	(283)
Provision for withholding tax on future dividends of a subsidiary	**-**	-	**(465)**	(513)	**(465)**	(513)
Financing expenses	**2,992**	1,247	**(209)**	(209)	**2,783**	1,038
Financial assets	**-**	-	**(975)**	(1,006)	**(975)**	(1,006)
Obligations related to the defined benefit pension plans	**1,112**	1,584	**-**	-	**1,112**	1,584
Lease liabilities	**6,987**	6,702	**(6,721)**	(6,550)	**266**	152
Other	**927**	794	**(88)**	(106)	**839**	688
Tax assets (liabilities)	**$ 35,985**	$ 20,079	**$ (80,179)**	$ (25,888)	**$ (44,194)**	$ (5,809)
Tax offset	**(18,167)**	(12,471)	**18,167**	12,471	**-**	-
Net tax assets (liabilities)	**$ 17,818**	**$ 7,608**	**$ (62,012)**	**$ (13,417)**	**$ (44,194)**	**$ (5,809)**

Certain subsidiaries incurred losses in the current year and are in a net deferred tax asset position at year-end. The Corporation considers that it will most likely realize these deferred tax assets.

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

22 . Income Tax (continued)

Movement in Recognized Deferred Tax Assets and Liabilities During the Year

	Balance January 1, 2021	Recognized in net earnings	Increase related to business acquisitions (Note 4)	Increase related to issuance costs of shares	Recognized in other comprehensive income	Balance December 31, 2021
Losses carried forward	$ 6,404	$ 5,215	$ 2,155	$ -	$ (155)	$ 13,619
Internally developed intangible assets	(1,896)	(47)	(440)	-	6	(2,377)
Non-deductible provisions (including warranty and inventory)	2,005	(1,273)	1,574	-	(27)	2,279
Fixed and intangible assets, and goodwill	(13,969)	1,754	(51,110)	-	2,548	(60,777)
Investment tax credits	(12)	46	-	-	29	63
Foreign exchange contracts and interest rate swaps	(283)	343	(354)	-	(267)	(561)
Provision for withholding tax on future dividends of a subsidiary	(513)	48	-	-	-	(465)
Financing expenses	1,038	(805)	-	2,457	93	2,783
Financial assets	(1,006)	1,368	(1,425)	-	88	(975)
Obligations related to the defined benefit pension plans	1,584	(98)	106	-	(480)	1,112
Lease liabilities	152	293	(180)	-	1	266
Other	687	124	208	-	(180)	839
	$ (5,809)	$ 6,968	$ (49,466)	$ 2,457	$ 1,656	$ (44,194)

	Balance January 1, 2020	Recognized in net earnings	Increase related to business acquisitions (Note 4)	Increase related to issuance costs of shares	Recognized in other comprehensive income	Balance December 31, 2020
Losses carried forward	$ 5,250	$ 1,099	$ -	$ -	$ 55	$ 6,404
Internally developed intangible assets	(1,912)	16	-	-	-	(1,896)
Non-deductible provisions (including warranty and inventory)	2,163	(163)	-	-	5	2,005
Fixed and intangible assets, and goodwill	(14,278)	323	-	-	(14)	(13,969)
Investment tax credits	21	(33)	-	-	-	(12)
Foreign exchange contracts and interest rate swaps	602	-	-	-	(885)	(283)
Provision for withholding tax on future dividends of a subsidiary	(503)	(10)	-	-	-	(513)
Financing expenses	1,587	(549)	-	-	-	1,038
Financial assets	(1,318)	312	-	-	-	(1,006)
Obligations related to the defined benefit pension plans	1,499	183	-	-	(98)	1,584
Lease liabilities	86	64	-	-	2	152
Other	598	89	-	-	-	687
	$ (6,205)	$ 1,331	$ -	$ -	$ (935)	$ (5,809)

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

23 . Net Changes in Non-cash Operating Items

	Twelve months ended December 31, 2021	2020
Trade and other receivables	$ **(5,587)**	$ 4,640
Inventories	**(13,834)**	(2,564)
Prepaid expenses and other current assets	**(12,446)**	2,274
Trade and other payables	**10,772**	157
Deferred revenues	**6,935**	1,011
Provisions	**3,208**	(92)
Other long-term liabilities	**(2,083)**	666
	$ (13,035)	**$ 6,092**

24 . Stock-based Compensation

The Corporation has a stock option plan for its directors, members of management and employees, under which the Board of Directors may grant options to purchase common shares of the Corporation at an exercise price established by the Board. The exercise price is the closing price of the day preceding the option grant date. Options generally vest between one and five years from the date of grant and must be exercised within a maximum of seven years, except in the event of retirement, termination of employment or death. Exercised options are settled in shares. At December 31, 2021, 4,114,040 options could still be granted by the Corporation (2020-3,115,724).

The value of each option is estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Twelve months ended December 31, 2021	2020
Number of options granted	**854,002**	563,000
Risk-free interest rate [1]	**1.29%**	0.54%
Expected dividend yield [1]	**2.57%**	4.10%
Expected volatility [1]	**34%**	33%
Expected term	**6 years**	6-7 years

[1] Weighted average

The estimated fair value of the options granted in 2021 is $3,768,000 (2020-$1,257,000). This amount is amortized and charged to earnings as the rights to exercise are vested.

A total of 459,000 stock options (2020-1,197,000) were excluded from the calculation of the diluted earnings per share as they were anti-dilutive.

In 2021, compensation expense in the amount of $1,747,000 (2020-$1,049,000) on options granted to employees and directors has been recognized in administrative expenses and credited to contributed surplus. The average closing price of the Corporation's shares on the exercise dates of options exercised during 2021 was $19.57 (2020-$14.43).

	2021 Number of options	2021 Weighted average exercise price	2020 Number of options	2020 Weighted average exercise price
Outstanding at January 1	**1,988,670**	$ 13.86	2,077,503	$ 12.73
Granted	**854,002**	19.08	563,000	12.37
Exercised	**(432,163)**	12.59	(443,498)	5.93
Expired	**-**	-	(141,667)	14.98
Forfeited	**(103,334)**	14.67	(66,668)	16.56
Outstanding at December 31	**2,307,175**	**$ 15.99**	**1,988,670**	**$ 13.86**
Exercisable at December 31	**694,564**	**$ 14.64**	**692,321**	**$ 13.14**

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

24 . Stock-based Compensation (continued)

The following table summarizes certain information on outstanding stock options as at December 31:

					2021
			Options outstanding		Options exercisable
Exercise price range	**Number of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
$		(in years)	$		$
5.17 to 13.68	716,503	3.4	12.14	315,165	12.48
13.72 to 17.53	931,670	3.0	16.08	276,659	15.33
18.57 to 22.05	659,002	4.9	20.05	102,740	19.38
5.17 to 22.05	**2,307,175**	**3.7**	**15.99**	**694,564**	**14.64**

					2020
			Options outstanding		Options exercisable
Exercise price range	**Number of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
$		(in years)	$		$
5.00 to 5.91	91,503	0.7	5.04	78,167	5.01
6.08 to 13.72	1,080,501	3.8	12.29	369,163	12.65
14.04 to 20.03	816,666	2.8	16.92	244,991	16.46
5.00 to 20.03	**1,988,670**	**3.3**	**13.86**	**692,321**	**13.14**

25 . Financial Instruments

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

		December 31,
	2021	**2020**
Current assets		
Foreign exchange derivatives	**$ 2,435**	$ 1,070
Non-current assets		
Foreign exchange derivatives	**$ 822**	$ 3,099
Cross-currency swaps	**1,021**	-
	$ 1,843	**$ 3,099**
Non-current liabilities		
Cross-currency swaps	**520**	1,037
Interest rate swaps	**1,042**	2,989
	$ 1,562	**$ 4,026**

25 . Financial Instruments (continued)

Fair values versus carrying amounts

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 (primarly 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.

(A) Financial Risk Management

Overview

The Corporation has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk;
- market risk.

This note presents information about the Corporation's exposure to each of the above risks and the Corporation's management of capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework.

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities.

The Corporation's Audit Committee oversees how management monitors compliance with the Corporation's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Corporation.

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

25 . Financial Instruments (continued)

(B) Credit Risk

Cash and derivative financial instruments are held or issued by financial institutions with a superior-quality credit rating. Thus, the Corporation considers that the risk of non-performance of such financial institutions is negligible.

The Corporation provides credit to its clients in the normal course of business. It carries out credit checks on its clients on a continual basis and minimizes its credit risks by conducting its operations with a wide variety of clients in several industries.

The Corporation's Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. As at December 31, 2021, no single customer represented 10% or more of the revenues of the Corporation, or 10% or more of the related accounts receivable.

Impairment Loss Allowance

The aging of trade receivables at the reporting date is:

	December 31, 2021		December 31, 2020	
	Gross	Allowance	Gross	Allowance
Current, 0-60 days	**$ 79,873**	**$ 303**	$ 30,681	$ 222
Past due, 61-90 days	**5,058**	**100**	4,011	56
Past due, over 90 days	**14,004**	**2,147**	8,550	3,412
	$ 98,935	**$ 2,550**	**$ 43,242**	**$ 3,690**

The movement in the allowance for credit losses during the year was as follows:

	2021	2020
Balance at January 1	**$ 3,690**	$ 2,759
Increase in the allowance for credit losses	**306**	1,183
Receivables recovered or written off	**(1,316)**	(84)
Effect of movements in exchange rates	**(130)**	(168)
Balance at December 31	**$ 2,550**	**$ 3,690**

(C) Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. Management assesses its liquidity risk on a continual basis to ensure that it has sufficient liquidity to meet its obligations. To ensure that sufficient liquidity is available to meet current obligations, the Corporation maintains similar payment terms with its customers as it has with its suppliers.

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

25 . Financial Instruments (continued)

(C) Liquidity Risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

2021	Carrying amount	Contractual cashflow	1 year	2 to 3 years	4 to 5 years	Over 5 years
Non-derivative financial liabilities						
Trade and other payables	**$ 105,541**	**$ 105,541**	**$ 105,541**			
Dividend payable	**2,675**	**2,675**	**2,675**			
Long-term debt including current-portion and interests	**379,991**	**418,071**	**12,517**	**70,173**	**335,381**	**-**
	$ 488,207	**$ 526,287**	**$ 120,733**	**$ 70,173**	**$ 335,381**	**$ -**
Derivative financial liabilities						
Foreign exchange forward contracts						
Outflow	**$ -**	**$ 38,007**	**$ 30,386**	**$ 7,621**	**$ -**	**$ -**
Inflow	**(3,257)**	**(41,264)**	**(32,821)**	**(8,443)**	**-**	**-**
Cross-currency swaps						
Outflow	**-**	**140,679**	**976**	**24,567**	**115,136**	**-**
Inflow	**(501)**	**(144,161)**	**(1,174)**	**(25,977)**	**(117,010)**	**-**
Interest rate swap						
Outflow	**1,042**	**2,825**	**1,217**	**1,608**	**-**	**-**
Inflow	**-**	**(484)**	**(215)**	**(269)**	**-**	**-**
	$ (2,716)	**$ (4,398)**	**$ (1,631)**	**$ (893)**	**$ (1,874)**	**$ -**

2020	Carrying amount	Contractual cashflow	1 year	2 to 3 years	4 to 5 years	Over 5 years
Non-derivative financial liabilities						
Trade and other payables	$ 33,143	$ 33,143	$ 33,143			
Dividend payable	2,039	2,039	2,039			
Long-term debt including current-portion and interests	50,897	55,118	2,283	2,432	50,403	-
	$ 86,079	**$ 90,300**	**$ 37,465**	**$ 2,432**	**$ 50,403**	**$ -**
Derivative financial liabilities						
Foreign exchange forward contracts						
Outflow	$ -	$ 68,688	$ 30,522	$ 38,166	$ -	$ -
Inflow	(4,169)	(72,856)	(31,592)	(41,264)	-	-
Cross-currency swaps						
Outflow	1,037	26,514	971	1,944	23,599	-
Inflow	-	(25,449)	(455)	(911)	(24,083)	-
Interest rate swap						
Outflow	2,989	4,035	1,210	2,424	401	-
Inflow		(351)	(108)	(216)	(27)	-
	$ (143)	**$ 581**	**$ 548**	**$ 143**	**$ (110)**	**$ -**

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

25 . Financial Instruments (continued)

(D) Market Risk

(i) Currency Risk

The Corporation is exposed to currency risk on financial assets and liabilities, revenues and purchases that are denominated in a currency other than the respective functional currencies of the group's entities. Canadian entities are exposed to US dollars, European entities having a functional currency other than the euro are exposed to it, the other foreign operations are not significantly exposed to currency risk. The Corporation partially compensates for these risks by purchasing materials in foreign currencies and by using foreign exchange forward contracts for the US dollars. Those contracts oblige the Corporation to sell US dollars at a fixed rate.

Management has implemented a policy to manage foreign exchange risk against the Corporation's functional currency. The objective of the policy is to minimize the risks related to foreign currency transactions, more specifically in US dollars, in order to protect the gross margin from significant foreign currency fluctuations in the value of the Canadian dollar and to avoid management speculation on currency values. The Corporation manages this risk exposure by entering into various foreign exchange forward contracts. Pursuant to the policy, a maximum of 75% of anticipated net inflows in US dollars can be hedged.

The following tables summarize the characteristics of the US dollar foreign exchange contracts at December 31:

			2021
Maturity	**Type**	**Contractual average exchange rate**	**Nominal amounts**
			$ USD '000
0 to 12 months	Sale	1.3675	$ 24,000
12 to 24 months	Sale	1.4072	6,000
		1.3755	**$ 30,000**

			2020
Maturity	**Type**	**Contractual average exchange rate**	**Nominal amounts**
			$ USD '000
0 to 12 months	Sale	1.3163	$ 24,000
12 to 24 months	Sale	1.3675	24,000
24 to 29 months	Sale	1.4072	6,000
		1.3492	**$ 54,000**

No ineffectiveness has been recorded in net earnings in relation to cash flow hedges since the sources of the ineffectiveness are non-significant. In 2021, the change in value of the hedging instruments in the amount of $623,000 (2020-$5,138,000), used for calculating the ineffective portion of the hedging relationship used to cover foreign exchange risks, were identical to the change in value of these items recognized in other comprehensive income. During the year, $1,534,000 (2020-$498,000) was transferred to net earnings on forward exchange contracts, before tax.

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

25 . Financial Instruments (continued)

(D) Market Risk (continued)

(i) Currency Risk (continued)

The Corporation does not hold or issue any derivative financial instruments for speculative or trading purposes. Derivative financial instruments are subject to standard credit conditions, financial controls, risk management as well as monitoring procedures.

Sensitivity Analysis

Details of items denominated in US dollar and euro of entities that have a functional currency other than the US dollar and euro are as follows :

								December 31,
				2021				**2020**
		$ EUR '000		$ USD '000		$ EUR '000		$ USD '000
Cash and cash equivalents	**$**	**2,471**	**$**	**56**	$	0	$	12,650
Trade and other receivables		**46**		**20,133**		114		7,832
Trade and other payables		**(109)**		**(2,669)**		(29)		(1,975)
Long-term debt		**-**		**(146,055)**		-		(60)
Total monetary items denominated in US dollars and euro	**$**	**2,408**	**$**	**(128,535)**	**$**	**85**	**$**	**18,447**

A one-cent increase in the US dollar and euro at the reporting date, assuming all other variables, in particular interest rates, remain constant, would have increased (decreased) equity and total comprehensive income by the amounts shown below.

								December 31,
				2021				**2020**
		$ EUR '000		$ USD '000		$ EUR '000		$ USD '000
Increase (decrease) in net earnings	**$**	**18**	**$**	**(372)**	$	1	$	463
Increase (decrease) in other comprehensive income		**860**		**1,876**		23		497
Net balance sheet exposure	**$**	**878**	**$**	**1,504**	**$**	**24**	**$**	**960**

(ii) Interest Rate Risk

The Corporation’s interest rate risk arises from cash and long-term debt. Cash and borrowings issued at variable rates expose the Corporation to the risk of variance in cash flows due to changes in interest rates, whereas long-term loans and borrowings issued at fixed rates expose the Corporation to the risk of variability in fair value due to changes in interest rates.

The Corporation analyzes its interest risk exposure on a continual basis and examines its renewal and refinancing options in order to minimize risks.

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

25 . Financial Instruments (continued)

(D) Market Risk (continued)

(ii) Interest Rate Risk (continued)

Interest rate swaps					December 31,	
Maturity	**Fixed interest rate**	**Stamping fees**	**Initial nominal value**	**Currency**	**2021**	**2020**
April 2024	2.42%	2.00%	$ 50,000	CAD	**$ 50,000**	$ 50,000

These fixed rate interest rate swaps were designated as hedging for accounting purposes to hedge the interest rate risk on the variable rate Term Loan maturing in April 2024. The fair value of the financial instruments before deferred income taxes of $276,000 (2020-$791,000), is as follows as at December 31:

	December 31,	
	2021	**2020**
Unrealized loss on interest rate swap agreements applicable to the long-term debt	**$ 1,042**	$ 2,989

No ineffectiveness has been recorded in net earnings in relation to cash flow hedges since the sources of the ineffectiveness are non-significant. In 2021, the change in value of the hedging instruments in the amount of $1,947,000 (2020-$2,127,000), used for calculating the ineffective portion of the hedging relationship used to cover interest rate risks, were identical to the change in value of these items recognized in other comprehensive income. During the year, $998,000 (2020-$991,000) was transferred to net earnings in financial expenses on interest rate swaps, before tax.

After considering the effect of hedging, the only variable rate monetary item that could have an effect on net earnings following a variation in interest rates is the revolving credit facility which has a $332,592,000 balance as at December 31, 2021 (2020-Nil).

(iii) Net investment hedges

The Corporation hedges a portion of the Corporation's net investments in its European operations that have the euro or the Swiss franc as their functional currencies. The foreign currency exposure being hedged arises from the fluctuation in spot exchange rates between the euro, the Swiss Franc and the Canadian dollar, which causes the amount of the net investment to vary with cross-currency swaps, which mitigates the foreign currency risk arising from the subsidiary's net assets. The Corporation uses cross-currency swaps and the combination of a EURO-USD cross-currency swap and a US dollar denominated debt, to form a synthetic euro denominated debt, as the hedging instruments. The Corporation is hedging the net investment to the extent of the cross-currency swap and of the synthetic debt principal. Ineffectiveness of $768,000 (2020-Nil) has been recorded in net earnings in Net Finance costs in relation to cross-currency swaps.

						December 31, Fair value	
Maturity	**Currency**	**Notional**	**Fixed CAD equivalent**	**Receive rate**	**Pay rate**	**2021**	**2020**
April 2024	CHF	$ 12,000	$ 16,032	4.17%	1.82%	**$ (520)**	$ (704)
April 2024	EUR	$ 5,000	$ 7,245	4.17%	2.10%	**$ 96**	$ (332)

						December 31, Fair value	
Maturity	**Currency**	**Notional**	**EUR equivalent**	**Receive rate**	**Pay rate**	**2021**	**2020**
April 2025	USD	$ 92,320	$ 80,000	USD-LIBOR	EURIBOR	**$ 925**	$ -

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

25 . Financial Instruments (continued)

(E) Capital Management

The Corporation defines the components of its capital structure as being long-term debt and bank loans, net of cash and cash equivalents, plus equity.

		December 31,
	2021	**2020**
Cash and cash equivalents	**$ (63,494)**	$ (54,180)
Long-term debt, including current portion	**379,991**	50,897
	$ 316,497	**$ (3,283)**
Equity	**$ 434,600**	**$ 279,727**
Total capital structure	**$ 751,097**	**$ 276,444**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, which the Corporation defines as the result from operating activities divided by total shareholders' equity. Management also monitors the level of dividends to common shareholders.

The Corporation monitors capital based on different financial ratios and non-financial performance indicators.

The Corporation must comply with certain conditions under its various banking arrangements. It was in compliance with all of the ratio requirements of its lenders throughout the year.

Furthermore, the Corporation has given most of its assets as surety on its revolving credit facility.

26 . Commitments

The Corporation mainly concluded lease agreements for the rental of its premises. The minimum lease payments related to the Corporation's lease commitments have been recognized as lease liabilities in the Statement of Financial Position. The details are presented in Note 13 - Right-of-use assets and lease liabilities.

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

27 . Reportable Segments

Information about the reportable segments

For the purpose of financial reporting, the business is structured into three reportable 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 (income), 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.

	Twelve months ended December 31,			
	Accessibility	**Patient Care**	**Adapted Vehicles**	**Total**
2021				
Revenue	**$ 484,297**	**$ 136,736**	**$ 39,950**	**$ 660,983**
Adjusted EBITDA before head office costs [1]	**$ 86,187**	**$ 16,700**	**$ 3,180**	**$ 106,067**
Head office costs				**5,817**
Adjusted EBITDA [1]				**$ 100,250**
Stock-based compensation				**1,747**
Other expenses				**13,296**
Depreciation and amortization expense				**49,323**
Net finance costs				**15,756**
Earnings before income tax expense				**$ 20,128**

[1] Includes approximately $3,200,000 recognized against salary expense and lease expense, attributable to the Canada Emergency Wage Subsidy program and to the Canada Emergency Rent Subsidy.

	Accessibility	Patient Care	Adapted Vehicles	Total
2020				
Revenue	$ 257,306	$ 79,309	$ 17,881	$ 354,496
Adjusted EBITDA before head office costs [2]	$ 51,136	$ 10,390	$ 605	$ 62,131
Head office costs				2,341
Adjusted EBITDA [2]				$ 59,790
Stock-based compensation				1,049
Other expenses				2,640
Depreciation and amortization expense				17,345
Net finance costs				3,945
Earnings before income tax expense				**$ 34,811**

[2] Includes approximately $6,900,000 recognized against salary expense, attributable to the Canada Emergency Wage Subsidy program.

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

27 . Reportable Segments (continued)

Desegregation of Revenue

	Twelve months ended December 31,			
	Accessibility	**Patient Care**	**Adapted Vehicles**	**Total**
2021				
Revenue by region				
Canada	$ 55,586	$ 46,073	$ 17,144	**$ 118,803**
United States	173,196	81,064	990	**255,250**
Europe (other than United Kingdom)	156,923	2,303	21,755	**180,981**
United Kingdom and other	98,592	7,296	61	**105,949**
	$ 484,297	**$ 136,736**	**$ 39,950**	**$ 660,983**
Timing of revenue recognition				
Goods transferred at a point in time	$ 417,403	$ 136,736	$ 39,950	**$ 594,089**
Services provided over time	66,894	-	-	**66,894**
	$ 484,297	**$ 136,736**	**$ 39,950**	**$ 660,983**
2020				
Revenue by region				
Canada	$ 46,990	$ 16,283	$ 17,207	**$ 80,480**
United States	145,485	54,360	592	**200,437**
Europe (other than United Kingdom)	54,803	3,124	82	**58,009**
United Kingdom and other	10,028	5,542	-	**15,570**
	$ 257,306	**$ 79,309**	**$ 17,881**	**$ 354,496**
Timing of revenue recognition				
Goods transferred at a point in time	$ 212,840	$ 79,309	$ 17,881	**$ 310,030**
Services provided over time	44,466	-	-	**44,466**
	$ 257,306	**$ 79,309**	**$ 17,881**	**$ 354,496**

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

28 . Contingencies

Various claims and legal proceedings have been initiated against the Corporation in the normal course of its operating activities. Although the outcome of these proceedings cannot be determined with certainty, management estimates that any payments resulting from their outcome are not likely to have a substantial negative impact on the Corporation's consolidated financial statements.

29 . Related Parties

(A) Key Management Personnel and Director Compensation

Compensation of key management personnel, currently defined as the executive officers and the Board of Directors of the Corporation, was as follow:

	Twelve months ended December 31, 2021	2020
Short-term employee benefits	**$ 5,848**	$ 3,249
Stock-based compensation	**784**	635
	$ 6,632	**$ 3,884**

(B) Key Management Personnel and Director Transactions

Key management personnel and Directors control approximately 25% (2020-31%) of the voting shares of the Corporation.

30 . Subsequent Events

On January 26, 2022, the Corporation acquired all issued shares of Ultron Technologies Ltd. for a purchase price of $2,518,000 (GBP 1,480,000). 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 Corporation will measure the fair value of Ultron Technologies Ltd.'s assets acquired and liabilities assumed in the coming quarters.

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