2020

SAVARIA CORPORATION

Annual Report

For the fiscal year ended December 31, 2020

savaria®

Message from the Chairman, President and CEO

A year unlike any other around the world, 2020 challenged us to keep our employees and customers safe, and continue our operations to manufacture for the ongoing demand of accessibility products. Our mission of improving mobility seemed even more resonant and we voiced that message through *Stay at Home With Savaria*™. The commitment of our staff to observe health protocols and our work to provide new health and safety measures throughout our worldwide facilities resulted in few production interruptions.

Our business segments reliant on retail locations or sales into long term care homes experienced the impact of COVID-19 more heavily, but 2021 shows promise as more people receive vaccinations. The acquisition of Handicare in March 2021 is a historic milestone for Savaria®, making us the global leader in accessibility and creating significant opportunities for the future.

Marcel Bourassa
Chairman, President and CEO

Vision

To lead a barrier-free world for mobility

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.

Savaria® + Handicare

Accessibility Segment

Inclusive of elevators, wheelchair lifts and stairlifts, the accessibility segment delivers the largest portion of revenue of Savaria (73% in 2020). With Handicare's dominance in the stairlift business (45,000+ units/year), the combined proforma revenue is $490 million, a 73% contribution to total revenue. Handicare brings strength to Savaria by way of product innovation, efficient production and industry-leading sales tools for the stairlift segment. Cross-selling opportunities will be leveraged with Handicare dealers to sell Savaria products particularly outside of North America.

Patient Handling Segment

Handicare's acquisition of Prism Medical in 2016 provided them a production facility in St Louis and a distribution network for patient lifts and slings. Together with the Savaria-developed lift products, Silvalea slings and Span medical beds and therapeutic surfaces, Savaria now offers a full product portfolio with a sales, service and installation network to more effectively reach the North American market. Patient handling primarily serves the hospital and long term care settings with some opportunities in home care as well. At approximately $141 million, the segment's combined proforma revenue represents 21% of total revenue for the Corporation.

Courtesy of ElPro Elevators & Lifts Inc.

A Global Savaria® Product

Vuelift® Panoramic Glass Elevator

After the acquisition of Visilift in 2017, Savaria invested to improve the acquired product design and expand the product line up under the brand Vuelift. There are now 6 models including the new Vuelift Mini, launched in 2020. This smaller-footprint round elevator opens up sales opportunities in the retrofit market as well as where space is limited. The Company invested in new marketing initiatives in the latter part of 2020 targeted to architects and builders to increase their awareness for this innovative elevator that has unprecedented floorplan flexibility. Vuelift is now distributed in over 40 countries with new distribution opportunities via Handicare's dealer network in Europe.

A Desire to Stay Home

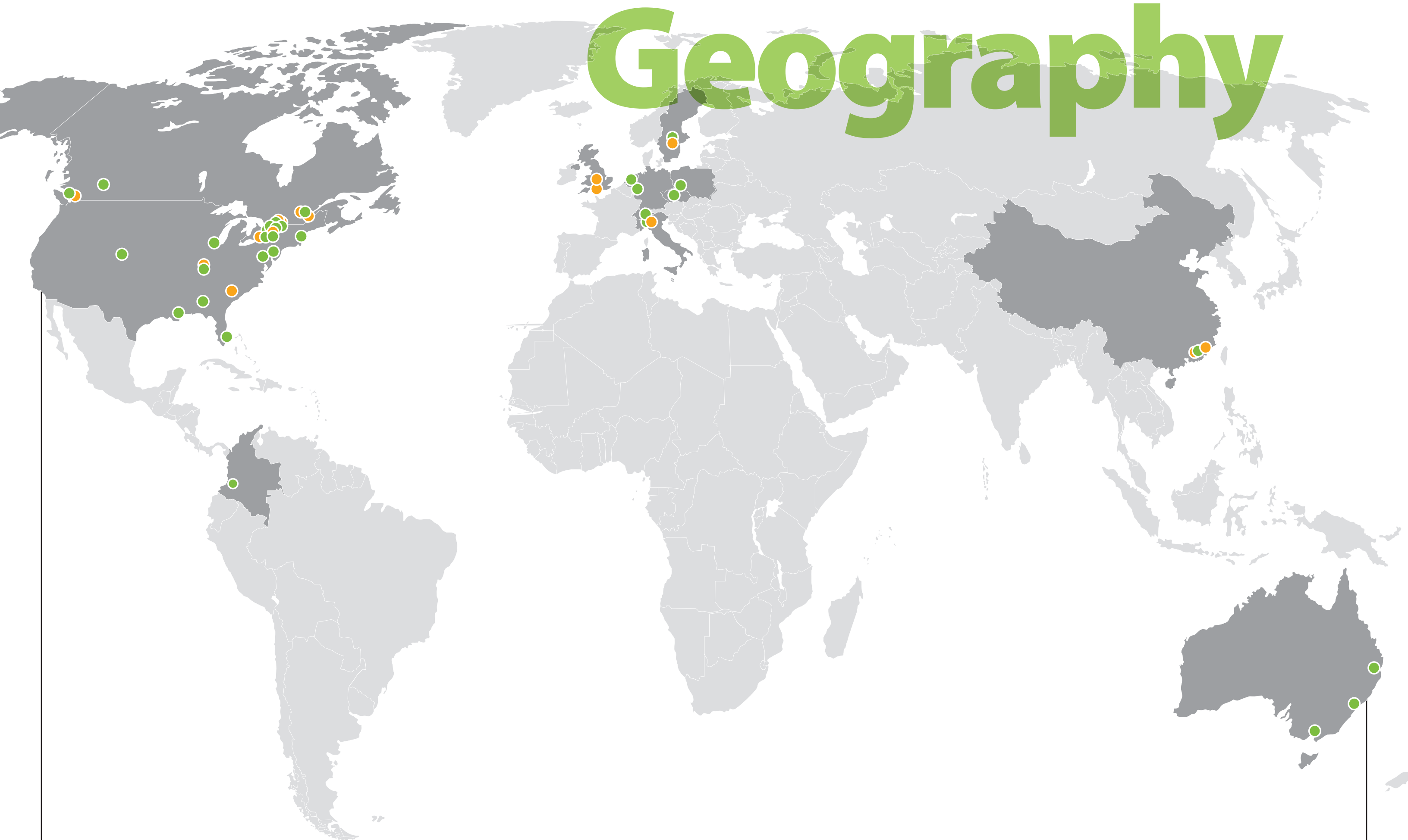
The phrase "stay at home" dominated 2020 as a call to limit the spread of COVID-19. But it also cast more light on the need to better accommodate the aging population in both institutional settings and in their own homes with homecare services and mobility equipment.

National Institute on Ageing/ TELUS Health Survey of 1,517 Canadians conducted in late July 2020

- Almost **100%** of Canadians 65 years of age and older reported that they now planned on supporting themselves or their loved ones to live safely and independently in their own home as long as possible.
- **78%** of Ontarians further said they would prefer to receive homecare for themselves and their loved ones over care in a LTC home.

Equipping a home, whether it be a stairlift, an elevator or patient lift and bed will be more top of mind for seniors and caregivers in the coming years.

Geography



The global reach of Savaria & Handicare

30 Direct Sales Offices & 950,000 sq.ft. of production

● Direct Sales Locations [30]

North America
Vancouver
Calgary
Denver
New Orleans
Chicago
St Louis (H)
Montgomery
Boynton Beach
Toronto x2
Baltimore-Washington DC
Philadelphia
Montreal
Boston/New England

Silver Cross Corporate
Toronto East
Oakville
St. Catharines
Ottawa

Australia/Asia
Huizhou
Brisbane
Melbourne
Sydney

Europe/UK
Leeds (H)
Heerhugowaard (H)
Milan
Küssnacht
Cologne
Prague
Wroclaw

Rest of World
Cali

● Manufacturing Locations [15]

Canada
Surrey
Brampton
Beamsville
Toronto x2
Laval
Magog

United States
St Louis (H)
Greenville

The Netherlands
Heerhugowaard (H)

Italy
Milan

UK
Kingswinford (H)
Newton Abbot

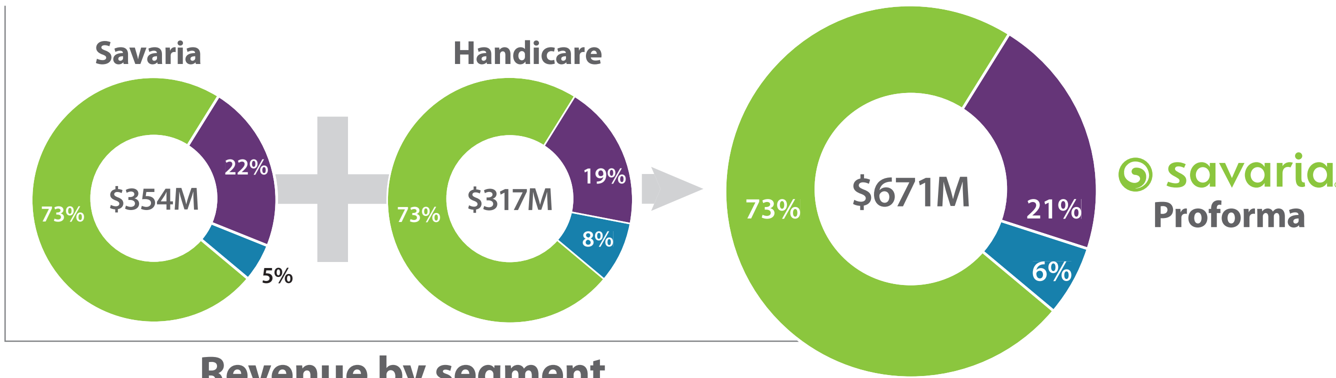
China
Huizhou
Xiamen (H)

savaria

H = Handicare

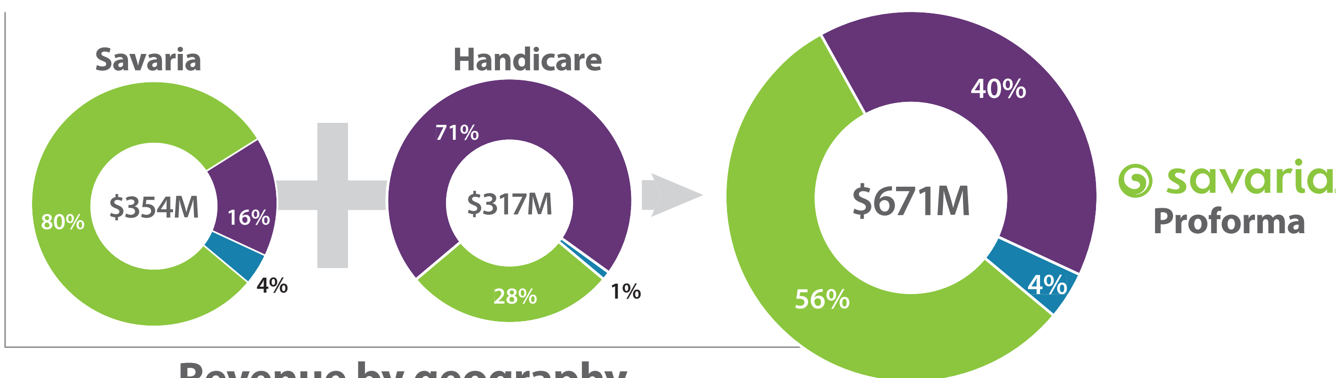
Savaria & Handicare

The following charts show the 2020 results of Savaria and Handicare. This provides an overview of how the 2 companies look separately and combined on the basis of revenue and adjusted EBITDA by business segment, and revenue by region.



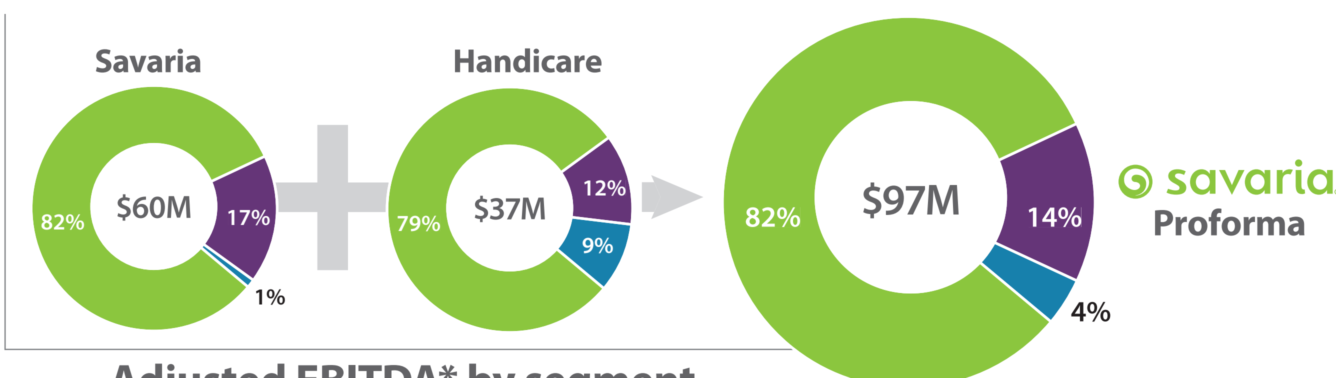
Revenue by segment

Accessibility Patient Handling Adapted vehicles



Revenue by geography

North America Europe RoW



Adjusted EBITDA* by segment

Accessibility Patient Handling Adapted vehicles

*These are non-IFRS measures.

Bourassa Savaria Foundation

The Bourassa Savaria Foundation was created in 2014 to support people facing mobility challenges. It was founded by Marcel Bourassa, President and CEO of Savaria® Corporation. Mr. Bourassa contributes personally to the Foundation and Savaria Corporation also contributes to the Foundation each year. Since inception, the Foundation has distributed over $800,000 in funds to Canadian charities.

2020 Contributions

It was a great pleasure to contribute to a variety of different Canadian organizations in 2020 including the ALS Society of Quebec ($10,000) to assist families living with ALS and Spinal Cord Injury Ontario ($20,000) through its family peer support program. The Foundation also donated $25,000 to Holland Bloorview Kids Rehab Hospital Foundation to support its respite and financial assistance programs. Fondation du Chum received $20,000 to go toward its geriatric activity program, and the Foundation donated to HEC Montreal ($10,000) as part of its 10-year pledge of $100,000 to increase accessibility at the University. All-in-all, over $193,000 was donated in 2020.

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

Bourassa Savaria FOUNDATION

SAVARIA CORPORATION

Management's Discussion & Analysis Report

For the Three-Month and Twelve-Month Period Ended December 31, 2020

Contents

1. Basis of Presentation

The following management's discussion and analysis ("MD&A"), dated March 24, 2021, is intended to assist readers in better understanding the business of Savaria Corporation, its business context, its strategies, its risk factors and its key financial results. It notably discusses the Corporation's financial position and operating results for the three and twelve-month periods ended December 31, 2020, in comparison with that for the corresponding period of fiscal 2019. 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, 2020. Unless otherwise indicated, all amounts are expressed in Canadian dollars and all amounts in tables are in thousands of dollars, except per share amounts and number of shares. Amounts in certain passages of this MD&A may be expressed in millions of Canadian dollars ("M"); however, all percentages 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 that are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A that 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 that the forward-looking statements in this MD&A describe our expectations as at March 24, 2021, which are not guarantees of the future performance of Savaria or its industry, and involve known and unknown risks and uncertainties that 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 combinations 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 (IFRS)

The Corporation's financial statements are prepared in accordance with IFRS. However, in this MD&A the following non-IFRS measures are used by the Corporation: EBITDA, adjusted EBITDA; adjusted EBITDA margin; adjusted EBITDA before head office costs; adjusted EBITDA margin before head office costs; adjusted net earnings; adjusted net earnings per share; adjusted net earnings excluding amortization of intangible assets related to acquisitions; adjusted net earnings excluding amortization of intangible assets related to acquisitions per share; and net interest-bearing debt to adjusted EBITDA ratio. These measures are defined at the end of this MD&A, in the "Glossary" section. Reconciliations to IFRS measures can be found in sections 7 and 8 of this MD&A.

Although management, investors and analysts use these measures 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 may therefore not be comparable to similar measures reported by other entities.

4. Business Overview

Savaria is one of the global leaders in the accessibility industry. It provides accessibility solutions for the physically challenged to increase their comfort, their mobility and their independence. Its product line is one of the most comprehensive on the market. 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 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. In addition, Savaria converts and adapts vehicles to be wheelchair accessible. The Corporation operates a sales network of dealers worldwide and direct sales offices in North America, Europe (Switzerland, Germany, Italy, Czech Republic, Poland and United Kingdom), Australia and China. Savaria employs approximately 1,400 people globally and its plants are located across Canada in Laval and Magog (Québec), Brampton, Beamsville and Toronto (Ontario) and Surrey (British Columbia), in the United States in Greenville (South Carolina), in Huizhou (China), in Milan (Italy) and in Newton Abbot (UK).

REPORTABLE SEGMENTS OF THE CORPORATION

The Corporation manages its operations under three reportable segments, *Accessibility, Patient Handling* and *Adapted Vehicles.* These segments are structured according to the market segments they address.

Accessibility Segment

Through the *Accessibility* segment, Savaria designs, manufactures, distributes, and installs a wide portfolio of products including stairlifts, wheelchair platform lifts for both commercial and residential applications, commercial accessibility elevators and home elevators. This segment also includes Garaventa Accessibility AG ("Garaventa Lift") acquired in August 2018, a manufacturer of similar products with reach in European markets and strength on the west coast of North America. Together Savaria and Garaventa Lift operate manufacturing facilities in North America (Brampton, Ontario and Surrey, British Columbia) and Milan, Italy. Opened in 2007, Savaria Huizhou (China) provides partial assembly services for Savaria lift products. Working closely with key Asian suppliers has yielded continuous product improvements, competitive pricing and faster lead times. Savaria and Garaventa Lift products are distributed worldwide through a network of over 500 dealers as well as 26 direct sales offices, through which the Corporation also provides maintenance services.

Patient Handling Segment

In 2016, Savaria designed and launched an innovative ceiling lift product line from our facility in Magog, Québec. The products are designed to safely move patients from wheelchair to bed or bath areas using an overhead hoist. In June 2017, Savaria acquired Span-America Medical Systems Inc. ("Span"), makers of medical beds, therapeutic support surfaces and pressure management products used in healthcare facilities such as long-term care and nursing homes. Span has manufacturing facilities in Greenville, South Carolina (surfaces), and Beamsville, Ontario (beds). Span also sells the Savaria patient lift line into the home care and institutional sales channels through approximately 35 sales representatives in North America. On July 1, 2019, Savaria completed the acquisition of Silvalea Ltd and its sister company D-ansermed Ltd ("Silvalea"), a manufacturer of patient transfer slings and accessories, based in Newton Abbot, UK. Silvalea specializes in the design and development of challenging and complex patient transfer solutions, with an extensive catalog of over 800 sling designs. This acquisition complements our product offering and provides additional distribution channels for the *Patient Handling* segment.

Adapted Vehicles Segment

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, whereas rear entry access vans are completed through Freedom Motors Inc., in Toronto, Ontario. Collectively known as the Savaria Vehicle Group, this division serves the Canadian marketplace with both personal use and commercial use designs for wheelchair passengers and drivers. Silver Cross Automotive serves as a retailer of these products along with other adaptation products in Ontario, Alberta and British Columbia.

5. Highlights

Q4 2020 HIGHLIGHTS

- Revenue for the quarter was $90.6M, down $5.8M, or 6.1%, compared to Q4 2019.
- Gross profit was $30.1M, down $4.0M, or 11.6%, compared to Q4 2019, representing 33.3% of revenue compared to 35.3%.
- Adjusted EBITDA was $16.0M, up $0.8M, or 5.4%, compared to Q4 2019.
- Adjusted EBITDA margin stood at 17.7%, compared to 15.8% in Q4 2019.
- *Accessibility* adjusted EBITDA margin before head office costs stood at 20.1%, compared to 18.0% in Q4 2019, due to a better product mix, continued Garaventa Lift related synergies, a COVID-19 employment retention government of Canada subsidy and cost containment efforts.
- *Patient Handling* adjusted EBITDA margin before head office costs stood at 15.7%, compared to 14.9% in Q4 2019, mainly attributable to the impact of the COVID-19 employment retention government of Canada subsidy and cost containment efforts.
- Net earnings for the quarter were $6.7M, or $0.13 per share on a diluted basis, down 19.7% and 23.5%, respectively, compared to Q4 2019.

2020 HIGHLIGHTS

- Revenue for the year was $354.5M, down $19.8M, or 5.3%, compared to 2019.
- Gross profit was $122.1M, down $3.2M, or 2.5%, compared to 2019, representing 34.5% of revenue compared to 33.5%.
- Adjusted EBITDA was $59.8M, up $4.2M, or 7.5%, compared to 2019.
- Adjusted EBITDA margin stood at 16.9%, compared to 14.9% in 2019.
- *Accessibility* adjusted EBITDA margin before head office costs stood at 19.9%, compared to 16.6% in 2019, due to a better product mix, continued Garaventa Lift related synergies, a COVID-19 employment retention government of Canada subsidy and cost containment efforts.
- *Patient Handling* adjusted EBITDA margin before head office costs stood at 13.1%, compared to 14.0% in 2019, mainly attributable to a reduced volume of sales in the long-term care market, a repercussion of the global COVID-19 pandemic, and a suboptimal 2020 revenue product mix from Span, partially offset by the contribution from our Silvalea acquisition made in Q3 of 2019.
- Net earnings were $26.5M, or $0.52 per share on a diluted basis, up 2.8% and flat, respectively, compared to 2019.
- Adjusted net earnings were $28.5M, or $0.56 per share on a diluted basis, up 6.5% and flat, respectively, compared to 2019.
- As of December 31, 2020, the Corporation was showing a net cash position of $4.4M, implying a negative net trailing twelve-months net interest-bearing debt to adjusted EBITDA ratio.

ACQUISITION OF HANDICARE GROUP AB (“HANDICARE”)

On March 4, 2021, the Corporation announced that its cash offer to acquire all the issued and outstanding shares of Handicare for SEK 50.00 per share had been accepted by shareholders representing 56,118,445 shares of Handicare, corresponding to 95.2% of the total number of outstanding shares in Handicare. As of March 24, 2021, the Corporation owned 95.4% of the outstanding shares in Handicare representing a total consideration to Handicare shareholders of $452.3M (SEK 2,900M) and a total enterprise value of $521.1M (SEK 3,400M).

In order to finance the acquisition, the Corporation issued 12,736,050 shares at a price of $15.00 per share via a private placement with a syndicate of underwriters and with Caisse de dépôt et placement du Québec, for an aggregate gross proceeds of $191.0M. Furthermore, the Corporation obtained $400.0M in new credit facilities.

Handicare offers solutions to increase the independence of disabled or elderly people, and to facilitate for their care 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 is in Stockholm, Sweden and manufacturing and assembly is located at four sites distributed across North America, Asia, and Europe.

6. 2020 Review

The Corporation generated revenue of $354.5M, down $19.8M, or 5.3%, compared to 2019, mainly due to the economic slowdown, a repercussion of the global pandemic.

Gross profit and gross margin stood at $122.1M and 34.5%, respectively, compared to $125.3M and 33.5% for the same period of 2019. The decrease in gross profit is directly correlated to the lower volume of sales while the increase in gross margin was mainly due to a better product mix and the continued realization of Garaventa Lift integration-related synergies derived from the Corporation's *Accessibility* segment.

Adjusted EBITDA and consolidated adjusted EBITDA margin, both before head office costs, stood at $62.1M and 17.5%, respectively, compared to $57.2M and 15.3% for the same period ended December 31, 2019. The increases in adjusted EBITDA and adjusted EBITDA margin were mainly attributable to the same factors described above for the gross margin, and a $6.9M COVID-19 employment retention government of Canada subsidy and Corporation-wide cost containment efforts.

OPERATIONAL REVIEW

Accessibility Segment

Revenue from our *Accessibility* segment was $257.3M, a decrease of $8.4M, or 3.2%, compared to 2019. Acquisition growth stood at 0.5%, while organically revenues contracted 5.3%. The acquisition growth in revenue was attributable to the acquisition of Florida Lifts made in Q1 2019. The organic contraction in revenue was mainly attributable to the economic slowdown, a repercussion of the global pandemic.

Adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $51.1M and 19.9%, respectively, compared to $44.2M and 16.6% for 2019. The improvements in both metrics were due to a better product mix, continued realization of Garaventa Lift related synergies, a COVID-19 employment retention government of Canada subsidy and cost containment efforts.

Patient Handling Segment

Revenue from our *Patient Handling* segment was $79.3M, a decrease of $7.5M or 8.7% when compared to 2019. Organically, revenue contracted, mainly attributable to a reduced volume of sales in the long-term care market, a repercussion of the global pandemic. Acquisition growth stood at 3.8%, while organically revenue contracted 13.3%. The acquisition growth was generated by the acquisition of Silvalea on July 1, 2019.

Adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $10.4M and 13.1%, respectively, compared to $12.1M and 14.0% for 2019. The decrease in both metrics were mainly due to a reduced volume of sales in the long-term care market, a repercussion of the global pandemic, and a suboptimal 2020 revenue product mix from Span, partially offset by the contribution from our Silvalea acquisition made in Q3 of 2019.

Adapted Vehicles Segment

Revenue from our *Adapted Vehicles* segment was $17.9M in 2020, a decrease of $3.9M or 18.0%, compared to 2019. The decrease in revenue was mainly due to the economic slowdown, a repercussion of the global pandemic.

Adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $0.6M and 3.4%, respectively, compared to $0.9M and 4.0% for 2019. The slight decreases in adjusted EBITDA and adjusted EBITDA margin before head office costs compared to 2019 were mainly due to a reduced fixed cost absorption attributable to lower revenue, a repercussion of the global pandemic, partially offset by the impact of the COVID-19 employment retention government of Canada subsidy and cost containment efforts.

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During the fiscal year ended December 31, 2020, the Corporation's revenues declined across all business segments when compared with the previous year, due mainly to the global pandemic. Although it remains very difficult to quantify its continued impact accurately, based on the results to date during the first quarter of 2021, coupled with the Corporation's confidence in the strategic integration plan with Handicare that is underway, Savaria anticipates it will be able to achieve an adjusted EBITDA in excess of $100 million during fiscal 2021.

7. Financial Review

7.1 RESULTS OF OPERATIONS

in thousands of dollars	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Revenue	**$90,601**	$96,437	**$354,496**	$374,340
Cost of sales	**60,470**	62,354	**232,371**	249,029
Gross Profit	**$30,131**	$34,083	**$122,125**	$125,311

in thousands of dollars, except per-share amounts	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Revenue	**$90,601**	$96,437	**$354,496**	$374,340
Cost of sales[1]	**57,378**	60,895	**224,127**	243,786
Total operating expenses[1]	**17,174**	20,317	**70,579**	74,929
Adjusted EBITDA*	**$16,049**	$15,225	**$59,790**	$55,625
Stock-based compensation	**102**	494	**1,049**	1,837
Other net expenses	**175**	672	**2,640**	1,405
EBITDA*	**$15,772**	$14,059	**$56,101**	$52,383
Depreciation of fixed assets and right-of-use assets	**2,234**	2,419	**9,346**	8,264
Amortization of intangible assets	**2,313**	1,769	**7,999**	6,906
Net finance costs	**2,159**	1,947	**3,945**	6,526
Earnings before income tax	**$9,066**	$7,924	**$34,811**	$30,687
Income tax expense (recovery)	**2,352**	(440)	**8,348**	4,940
Net Earnings	**$6,714**	$8,364	**$26,463**	$25,747
Basic net earnings per share	**$0.13**	$0.17	**$0.52**	$0.53
Diluted net earnings per share	**$0.13**	$0.17	**$0.52**	$0.53

* Non-IFRS measures are described in the "Glossary" section.

[1] Net of depreciation of fixed assets and right-of-use assets, amortization of intangible assets, other net expenses and stock-based compensation.

In sections 7.2 through 7.4, we review the year-over-year changes to operating results between 2020 and 2019, describing the factors affecting revenue, gross profit, expenses, adjusted EBITDA and adjusted EBITDA margin. Net finance costs, income taxes, net earnings, adjusted net earnings and adjusted net earnings excluding amortization of intangible assets related to acquisitions, are also reviewed, on a consolidated level, in sections 7.5 through 7.8.

7.2 REVENUE

The Corporation's reportable segments are: *Accessibility, Patient Handling* and *Adapted Vehicles*. The following table provides a summary of the year-over-year changes in revenue both by reportable segment and in total.

	Q4			
in thousands of dollars, except percentages	Accessibility	Patient Handling	Adapted Vehicles	Total
Revenue 2020	$65,935	$19,695	$4,971	$90,601
Revenue 2019	$68,323	$23,145	$4,969	$96,437
Net change %	(3.5)%	(14.9)%	0.0%	(6.1)%
Organic Growth (contraction)[1]	(5.0)%	(14.3)%	-	(6.9)%
Acquisition Growth[1]	-	-	-	-
Foreign Currency Impact[2]	1.5%	(0.6)%	-	0.8%
Net change %	(3.5)%	(14.9)%	0.0%	(6.1)%

[1] Organic growth (contraction) and acquisition growth are calculated based on local functional currency.
[2] Foreign currency impact represents the foreign exchange impact net of organic and acquisition growth.

	YTD			
in thousands of dollars, except percentages	Accessibility	Patient Handling	Adapted Vehicles	Total
Revenue 2020	$257,306	$79,309	$17,881	$354,496
Revenue 2019	$265,687	$86,854	$21,799	$374,340
Net change %	(3.2)%	(8.7)%	(18.0)%	(5.3)%
Organic Growth (contraction)[1]	(5.3)%	(13.3)%	(18.0)%	(7.9)%
Acquisition Growth[1]	0.5%	3.8%	-	1.2%
Foreign Currency Impact[2]	1.6%	0.8%	-	1.4%
Net change %	(3.2)%	(8.7)%	(18.0)%	(5.3)%

[1] Organic growth (contraction) and acquisition growth are calculated based on local functional currency.
[2] Foreign currency impact represents the foreign exchange impact net of organic and acquisition growth.

7.2.1 Accessibility

Revenue from our *Accessibility* segment was $65.9M in Q4 2020, a decrease of $2.4M, or 3.5%, compared to Q4 2019. The contraction in revenue was mainly attributable to the continued impact of the economic slowdown, a repercussion of the global pandemic.

For the twelve-month period ended December 31, 2020, revenue from our *Accessibility* segment was $257.3M, a decrease of $8.4M, or 3.2%, compared to the same period in 2019. Acquisition growth stood at 0.5%, while organically revenues contracted 5.3%. The acquisition growth in revenue was attributable to the acquisition of Florida Lifts made in Q1 2019. The organic contraction in revenue was mainly attributable to the economic slowdown, a repercussion of the global pandemic.

7.2.2 Patient Handling

Revenue from our *Patient Handling* segment was $19.7M for the quarter, a decrease of $3.5M or 14.9% when compared to the fourth quarter of 2019. Organically, revenue contracted, mainly attributable to a reduced volume of sales in the long-term care market, a repercussion of the global pandemic.

For the twelve-month period ended December 31, 2020, revenue for the reportable segment stood at $79.3M, a decrease of $7.5M or 8.7% when compared to the same period in 2019. Acquisition growth stood at 3.8%, while organically revenue contracted 13.3%. The acquisition growth was generated by the Corporation's July 1, 2019 acquisition of Silvalea. The contraction in revenue was mainly attributable to the same factors as for the quarter; adjusted for the exit of custom products from Span, revenue would have contracted 7.1%.

7.2.3 Adapted Vehicles

Revenue from our *Adapted Vehicles* segment was $5.0M in Q4 2020, stable compared to Q4 2019.

For the twelve-month period ended December 31, 2020, revenue for the reportable segment stood at $17.9M, a decrease of $3.9M or 18.0%, compared to the same period in 2019. The decrease in revenue was attributable to the economic slowdown, a repercussion of the global pandemic.

7.2.4 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:

Canadian equivalent of a currency	**2020**	2019
US Dollar (USD)	**1.2742**	1.2970
Euro (EUR)	**1.5587**	1.4555
Swiss Franc (CHF)	**1.4402**	1.3392
Renminbi (RMB)	**0.1952**	0.1863
Pound Sterling (GBP)	**1.7397**	1.7178

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

Canadian equivalent of a currency	**2020**	2019
US Dollar (USD)	**1.3414**	1.3270
Euro (EUR)	**1.5299**	1.4856
Swiss Franc (CHF)	**1.4295**	1.3355
Renminbi (RMB)	**0.1944**	0.1922
Pound Sterling (GBP)	**1.7205**	1.6641

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 foreign exchange contracts to reduce the risks related to currency fluctuations. As at December 31, 2020, the Corporation held foreign exchange contracts totaling $54.0M USD for a hedging period up to March 2023, at a weighted average rate of 1.3492. As at December 31, 2020, the unrealized gain on the foreign exchange contracts amounted to $4.2M.

7.3 GROSS MARGIN AND EXPENSES

in percentage of revenue	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Revenue	**100.0%**	100.0%	**100.0%**	100.0%
Cost of sales	**66.7%**	64.7%	**65.5%**	66.5%
Gross Margin	**33.3%**	35.3%	**34.5%**	33.5%

Gross margin, when compared to same period in 2019, was lower for the quarter, an impact of higher intangible assets amortization costs and a less favorable product mix.

Improvement in gross margin, year-to-date, when compared to the same periods in 2019, was mainly attributable to a better product mix and continued realization of Garaventa Lift integration-related synergies derived from the Corporation's *Accessibility* segment partially offset by higher depreciation costs.

in percentage of revenue	Q4 2020	Q4 2019	YTD 2020	YTD 2019
Revenue	**100.0%**	100.0%	**100.0%**	100.0%
Cost of sales[1]	**63.3%**	63.1%	**63.2%**	65.1%
Total operating expenses[1]	**19.0%**	21.1%	**19.9%**	20.0%
Adjusted EBITDA*	**17.7%**	15.8%	**16.9%**	14.9%
Stock-based compensation	**0.1%**	0.5%	**0.3%**	0.5%
Other net expenses	**0.2%**	0.7%	**0.8%**	0.4%
EBITDA*	**17.4%**	14.6%	**15.8%**	14.0%
Depreciation of fixed assets and right-of-use assets	**2.4%**	2.6%	**2.5%**	2.2%
Amortization of intangible assets	**2.6%**	1.8%	**2.3%**	1.9%
Net finance costs	**2.4%**	2.0%	**1.1%**	1.7%
Income tax expense (recovery)	**2.6%**	(0.5)%	**2.4%**	1.3%
Net earnings	**7.4%**	8.7%	**7.5%**	6.9%

*Non-IFRS measures are described in the "Glossary" section.
[1] Net of depreciation of fixed assets and right-of-use assets, amortization of intangible assets, other net expenses and stock based compensation.

Total operating expenses, as a percentage of revenue, for the quarter and year-to-date periods, stood at 19.0% and 19.9% respectively, in line with Corporation-wide cost containment efforts, aligned with foreseen lower revenue as a result of the global pandemic.

Stock-based compensation, as a percentage of revenue, both for the quarter and year-to-date, decreased, as a result of realigned plans and retirements, when compared to the same periods in 2019.

Other net expenses are items which the Corporation believes should be excluded in understanding its underlying operational financial performance and are therefore isolated in its consolidated statement of earnings. In Q4 2020, the Corporation incurred other net expenses of $0.2M compared to $0.7M in Q4 2019. For the current quarter, these were made up of business integration expenses, compared to $0.7M of business acquisition and integration expenses in Q4 2019.

For the twelve-month period ended December 31, 2020, the Corporation incurred other net expenses of $2.6M made up of business acquisition and integration expenses of $1.1M and a special employee assistance related payout totaling approximately $1.5M ($1,000 per employee). For the same period in 2019, the Corporation incurred net expenses of $1.4M made up of business acquisition and integration expenses of $2.7M, market segment exit costs of $2.1M, partially offset by gains of $1.1M realized on an amendment to a business purchase agreement and $2.3M on a sale and leaseback transaction pertaining to its Surrey, British Columbia operating plant.

Depreciation of fixed assets and right-of-use assets expense, as a percentage of revenue, were stable for the quarter. Depreciation of fixed assets and right-of-use assets expense year-to-date, as a percentage of revenue, increased compared to 2019, mainly due to an increase in right-to-use assets (leases) between reporting periods.

Finally, amortization of intangible assets expense, as a percentage of revenue, for both the quarter and year-to-date periods, increased compared to the same period in 2019. This was mainly due to a decrease in revenue and an increase in the amortization expense when comparing periods.

7.4 ADJUSTED EBITDA BY REPORTABLE SEGMENT

	Q4 2020			
in thousands of dollars, except percentages	Accessibility	Patient Handling	Adapted Vehicles	Total
Revenue	$65,935	$19,695	$4,971	$90,601
Segment revenue % of total	72.8%	21.7%	5.5%	100.0%
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%

* Non-IFRS measures are described in the "Glossary" section.

	Q4 2019			
in thousands of dollars, except percentages	Accessibility	Patient Handling	Adapted Vehicles	Total
Revenue	$68,323	$23,145	$4,969	$96,437
Segment revenue % of total	70.8%	24.0%	5.2%	100.0%
Adjusted EBITDA*				$15,225
Head office costs				$528
Adjusted EBITDA before head office costs*	$12,308	$3,446	$(1)	$15,753
Adjusted EBITDA Margin before head office costs*	18.0%	14.9%	-	16.3%

* Non-IFRS measures are described in the "Glossary" section.

	YTD 2020			
in thousands of dollars, except percentages	Accessibility	Patient Handling	Adapted Vehicles	Total
Revenue	$257,306	$79,309	$17,881	$354,496
Segment revenue % of total	72.6%	22.4%	5.0%	100.0%
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 the "Glossary" section.

	YTD 2019			
in thousands of dollars, except percentages	Accessibility	Patient Handling	Adapted Vehicles	Total
Revenue	$265,687	$86,854	$21,799	$374,340
Segment revenue % of total	71.0%	23.2%	5.8%	100.0%
Adjusted EBITDA*				$55,625
Head office costs				$1,551
Adjusted EBITDA before head office costs*	$44,168	$12,133	$875	$57,176
Adjusted EBITDA Margin before head office costs*	16.6%	14.0%	4.0%	15.3%

* Non-IFRS measures are described in the "Glossary" section.

Total adjusted EBITDA and consolidated adjusted EBITDA margin before head office costs for the quarter stood at $16.7M and 18.4%, respectively, compared to $15.8M and 16.3% for the same period in 2019. For the twelve-month period ended December 31, 2020, total adjusted EBITDA and consolidated adjusted EBITDA margin before head office costs stood at $62.1M and 17.5%, respectively, compared to $57.2M and 15.3% for the same period ended December 31, 2019. Improvements in both adjusted EBITDA metrics noted above were primarily driven by the *Accessibility* segment.

The increases in adjusted EBITDA and adjusted EBITDA margin, both before Head office costs, pertaining to the *Accessibility* segment, for the quarter and year-to-date periods, were due to a better product mix, continued realization of Garaventa Lift related synergies, a COVID-19 employment retention government of Canada subsidy and cost containment efforts.

The increase in adjusted EBITDA margin before head office costs for the *Patient Handling* segment for the quarter compared to the same period of 2019 reflects the impact of the COVID-19 employment retention government of Canada subsidy and cost containment efforts. The decreases in adjusted EBITDA and adjusted EBITDA margin, both before head office costs for the *Patient Handling* segment, for the year-to-date period, were mainly due to a reduced volume of sales in the long-term care market, a repercussion of the global pandemic, and a suboptimal 2020 revenue product mix from Span, partially offset by the contribution from our Silvalea acquisition made in Q3 of 2019.

The increase in adjusted EBITDA margin before head office costs for the *Adapted Vehicles* segment for the quarter compared to the same period of 2019 reflects the impact of the COVID-19 employment retention government of Canada subsidy and cost containment efforts. The slight decreases in adjusted EBITDA and adjusted EBITDA margin before head office costs, for the twelve-month period ended December 31, 2020, were mainly due to a reduced fixed cost absorption attributable to lower revenue, a repercussion of the global pandemic partially offset by the factors mentioned above for the quarter. The shutdown of the Corporation's Québec-based Van-Action manufacturing plant in the latter part of the first quarter, directly attributable to the global pandemic, also contributed to the *Adapted Vehicles* reportable segment's year-to-date adjusted EBITDA margin decrease.

Head office costs for the quarter stood at $0.6M, in line with management's run-rate expectations of between $0.5M and $0.7M per quarter for 2020. The increase compared to 2019 was mainly due to the expansion of the corporate team, effective Q2 2019 and timing of certain expenses.

7.5 NET FINANCE COSTS

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

For the quarter, net finance costs were stable mainly due to lower interest on long-term debt compared to 2019 following the favourable impact of cross-currency swaps; which was almost entirely offset by a net foreign currency loss of $1.3M compared to $0.9M in 2019, most of which was unrealized in nature.

On a year-to-date basis, net finance costs decreased mainly due to lower interest on long-term debt compared to 2019 following the repayment of the Corporation's revolving credit facility over the second half of 2019, and the favourable impact of cross-currency swaps. They were also favourably impacted by a net foreign currency loss of $0.5M in 2020, compared to $1.6M in 2019. These impacts were partially offset by higher interest on lease liabilities due to an increase in right-to-use assets (leases) between reporting periods.

7.6 INCOME TAXES

For the quarter, an income tax expense of $2.4M was recorded on earnings before income taxes of $9.1M, representing an effective tax rate of 25.9% compared to an income tax recovery of $0.4M for the same period in 2019. The income tax recovery in 2019 was due to three main factors. First, the impact of a different profit allocation coming from countries in which the Corporation operates that are taxable at varying rates. Second, a beneficial tax impact related to the Corporation's sale of its Surrey operating facility. Lastly, the recognition of previously unrecognized deferred tax assets related to a past business acquisition.

For the twelve-month period ended December 31, 2020, an income tax expense of $8.3M was recorded on earnings before taxes of $34.8M, representing an effective tax rate of 24.0%, compared to 16.1% for the twelve-month period in 2019, impacted by the same factors mentioned for the quarter.

7.7 NET EARNINGS AND NET EARNINGS PER SHARE

In Q4 2020, the Corporation's net earnings were $6.7M, or $0.13 per share on a diluted basis, compared to $8.4M, or $0.17 per share on a diluted basis for the same period in 2019. The decrease in net earnings was mainly due to the tax recovery of $0.4M recorded in Q4 2019 compared to the tax expense of $2.4M for the same period in 2020.

For the twelve-month period ended December 31, 2020, the Corporation's net earnings stood at $26.5M, or $0.52 per share on a diluted basis, compared to $25.7M, or $0.53 per share on a diluted basis for the same period in 2019. The slight increase in net earnings and stable net earnings per share on a diluted basis were attributable to additional EBITDA generated in 2020 partially offset by higher depreciation and amortization expenses and taxes as described for the quarter. On a net basis, the impact of the variations in other net expenses and net finance costs was favorable by $1.3M.

Net earnings per share is a commonly used metric to measure a corporation's performance. However, management believes that in the context of a fragmented industry subject to consolidation, adjusted net earnings per share and adjusted net earnings excluding amortization of intangible assets related to acquisitions per share (due to the application of various accounting policies in relation to the allocation of purchase price to goodwill and intangible assets) are measures that should be taken into consideration to assess the Corporation's performance against its peer group. These measures are reviewed in section 7.8.

7.8 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	**2020**	2019	**2020**	2019
Net earnings	**$6,714**	$8,364	**$26,463**	$25,747
Other net expenses	**175**	672	**2,640**	1,405
Income taxes related to other net expenses	**(38)**	(202)	**(574)**	(375)
Adjusted net earnings*	**$6,851**	$8,834	**$28,529**	$26,777
Adjusted net earnings per share*	**$0.13**	$0.17	**$0.56**	$0.55
Amortization of intangible assets related to acquisitions	**1,194**	1,255	**4,514**	4,538
Income taxes related to amortization of intangible assets related to acquisitions	**(319)**	(436)	**(1,205)**	(1,212)
Adjusted net earnings excluding amortization of intangible assets related to acquisitions*	**$7,726**	$9,653	**$31,838**	$30,103
Adjusted net earnings excluding amortization of intangible assets related to acquisitions per share*	**$0.16**	$0.19	**$0.63**	$0.62
Diluted weighted average number of shares	**51,184,915**	50,871,070	**50,907,698**	48,739,763

* Non-IFRS measures are described in the "Glossary" section.

Adjusted net earnings stood at $6.9M, or $0.13 per share in Q4 2020, a decrease of $2.0M or 22.4% compared to the fourth quarter of 2019, explained by the recovery in taxes in 2019 as noted above.

For the twelve-month period ended December 31, 2020, the Corporation's adjusted net earnings stood at $28.5M, or $0.56 per share, increases of 6.5% and 1.8%, respectively, compared to the same period in 2019. The increases in these metrics were mainly due to the generation of additional adjusted EBITDA and lower net finance costs incurred, partially offset by an increase in depreciation expense and income taxes.

Adjusted net earnings excluding amortization of intangible assets related to acquisitions stood at $7.7M, or $0.16 per share in Q4 2020, a decrease of $1.9M or 15.8% compared to the fourth quarter of 2019, explained by the same factors described for the corresponding metrics pertaining to adjusted net earnings.

For the twelve-month period ended December 31, 2020, the Corporation's adjusted net earnings excluding amortization of intangible assets related to acquisitions stood at $31.8M, or $0.63 per share, increases of 5.8% and 1.6%, respectively, compared to the same period in 2019. The increases in these metrics were attributable to the same factors as for the increases for the corresponding metrics pertaining to adjusted net earnings.

8. Liquidity

	Q4		YTD	
in thousands of dollars	**2020**	2019	**2020**	2019
Cash flows related to operating activities	**$15,569**	$12,257	**$49,308**	$30,306
Cash flows related to investing activities	**(2,088)**	(2,424)	**(7,383)**	6,514
Cash flows related to financing activities	**(7,398)**	(15,508)	**(27,325)**	(7,779)
Effect of exchange rate change on cash	**(1,226)**	(308)	**(116)**	(775)
Net change in cash	**$4,857**	(5,983) $	**$14,484**	$28,266

8.1 OPERATING ACTIVITIES

Cash generated from operating activities in Q4 2020 stood at $15.6M, compared to $12.3M in Q4 2019. The increase in cash generated from operating activities was mainly due to a favourable change in non-cash operating items.

Cash generated from operating activities for the twelve-month period ended December 31, 2020 stood at $49.3M, compared to $30.3M for the same period in 2019. The increase in cash generated from operating activities was mainly due to a favourable change in non-cash operating items as well as higher net earnings before taxes.

8.2 INVESTING ACTIVITIES

For the fourth quarter of 2020, cash used in investing activities was $2.1M, compared to $2.4M in Q4 2019. In 2020, the Corporation acquired $2.2M in fixed and intangible assets, compared to $2.4M in 2019.

For the twelve-month period ended December 31, 2020, cash used in investing activities was $7.4M, compared to cash generated of $6.5M for the same period in 2019. In 2020, the Corporation acquired $7.0M in fixed and intangible assets, compared to $9.6M in 2019. Also, the Corporation disbursed $0.7M related to a previous acquisition compared to $12.5M for the acquisition of Florida Lifts and Silvalea in 2019. In Q3 2019, the Corporation completed a sale and leaseback transaction and disposed of other fixed assets, netting proceeds of $28.6M.

8.3 FINANCING ACTIVITIES

In Q4 2020, cash used in financing activities was $7.4M compared to $15.5M in the fourth quarter of 2019. During the quarter, the Corporation disbursed $1.7M in lease payments and other long-term debts including interest, received proceeds of $0.4M from the exercise of stock options and paid dividends of $6.1M to shareholders. In Q4 2019, the Corporation repaid $9.2M on its credit facility and $1.1M of lease payments and other long-term debts including interest, received proceeds of $0.5M from the exercise of stock options and paid dividends of $5.8M to shareholders.

For the twelve-month period ended December 31, 2020, cash used in financing activities was $27.3M compared to $7.8M for the same period in 2019. During 2020, the Corporation disbursed $6.4M in lease payments and other long-term debts including interest, received proceeds of $2.6M from the exercise of stock options and paid dividends of $23.6M to shareholders. During 2019, the Corporation received proceeds of $69.1M from the issuance of shares and the exercise of stock options, repaid $43.3M on its credit facility, disbursed $12.4M of lease payments and other long term debts including interest, and paid dividends of $21.2M to shareholders.

8.4 NET INTEREST-BEARING DEBT TO ADJUSTED EBITDA

in thousands of dollars	**December 31, 2020**	December 31, 2019
Credit facility [1,2]	**$49,813**	$49,087
Less: Cash	**(54,180)**	(39,696)
Net interest-bearing debt (cash)*	**$(4,367)**	$9,391
Trailing twelve months adjusted EBITDA*	**$59,790**	$55,625

* Non-IFRS measures are described in the "Glossary" section
[1] Including current portion.
[2] Net of deferred financing fees.

As at December 31, 2020, the Corporation had a net interest-bearing cash position of $4.4M.

8.5 DIVIDENDS

The aggregate monthly dividends declared in the fourth quarter and year-to-date 2020 totaled $6.1M and $23.7M, respectively, compared to $5.8M and $21.3M for the same periods in 2019. As at December 31, 2020, 51,043,941 shares were issued and outstanding, compared to 50,600,443 as at December 31, 2019. Dividends paid in the fourth quarter and year-to-date 2020 amounted to $6.1M and $23.6M, respectively, compared to $5.8M and $21.2M for the same periods in 2019. In Q2 2019, 5,000,000 shares were issued via a bought deal private placement, explaining, in part, the increase in dividends declared and paid when comparing the same periods in 2019 and 2020. The increases in the monthly dividend rates from $0.035 to $0.0383, effective September 2019 and from $0.0383 to $0.04, effective September 2020, also had an impact on the dividend declared and dividend paid metrics.

8.6 STOCK OPTIONS

As at March 24, 2021, 1,988,670 stock options were outstanding at exercise prices ranging from $5.00 to $20.03.

8.7 CAPITAL RESOURCES

in thousands of dollars	**December 31, 2020**	December 31, 2019
Cash	**$54,180**	$39,696
Available credit facilities	**110,000**	110,000
Available short-term capital resources	**$164,180**	$149,696
Current assets	**$181,670**	$166,608
Current liabilities	**68,059**	67,941
Working capital	**$113,611**	$98,667
Current ratio	**2.67**	2.45

The Corporation believes that 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.

8.8 CREDIT FACILITY

The Corporation has in place, as at December 31, 2020, a credit facility with a financial institution providing for a maximum amount of $160.0M, comprised of a $50.0M term loan and a $110.0M revolver. The credit facility is available for general corporate purposes and for financing future business acquisitions. Under this credit facility, 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 facility. All covenants were met as at December 31, 2020.

9. Summary of Quarterly Results

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

in thousands of dollars, except per-share amounts	Total Trailing 12 months	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Revenue	$354,496	**$90,601**	$90,808	$84,668	$88,419	$96,437	$96,434	$93,992	$87,477
Gross Margin	34.5%	**33.3%**	35.9%	34.6%	34.1%	35.3%	33.3%	34.1%	30.9%
Adjusted EBITDA*	$59,790	**$16,049**	$16,914	$14,470	$12,357	$15,225	$15,652	$14,217	$10,531
Net earnings	$26,463	**$6,714**	$8,127	$6,107	$5,515	$8,364	$7,827	$5,491	$4,065
Adjusted net earnings*	$28,529	**$6,851**	$8,241	$6,257	$7,180	$8,834	$8,066	$6,207	$3,670
Net earnings per share - diluted	$0.52	**$0.13**	$0.16	$0.12	$0.11	$0.17	$0.16	$0.11	$0.09
Adjusted net earnings per share*	$0.56	**$0.13**	$0.17	$0.12	$0.14	$0.17	$0.16	$0.13	$0.08
Dividend declared per share	$0.466	**$0.119**	$0.117	$0.115	$0.115	$0.115	$0.108	$0.105	$0.105

* Non-IFRS measures are described in the 'Glossary' section

The Corporation experiences seasonal trends 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 quarter while the third quarter is usually its strongest quarter. However, the global pandemic undoubtedly impacted the 2020 seasonality trend.

10. Overview of the Last Three Years

in thousands of dollars, except per-share amounts	2020	2019	2018
Revenue	**$354,496**	$374,340	$286,034
Gross Margin	**34.5%**	33.5%	32.7%
Adjusted EBITDA*	**$59,790**	$55,625	$40,327
Net earnings	**$26,463**	$25,747	$17,658
Earnings per share - diluted	**$0.52**	$0.53	$0.40
Adjusted net earnings per share*	**$0.56**	$0.55	$0.44
Dividend declared per share	**$0.47**	$0.43	$0.38
Total assets	**$453,308**	$439,036	$401,453
Total non-current liabilities	**$105,522**	$101,039	$133,906

* Non-IFRS measures are described in the 'Glossary' section

The increase in revenue and adjusted EBITDA, from 2018 through to 2019, was mainly due to the acquisition of Garaventa Lift in 2018. The decrease in revenue in 2020 was directly attributable to the global pandemic.

The increase in gross margin between 2018 and 2020 was mainly due to the increase in gross margin reflecting the integration-related improvement in Garaventa Lift's stand-alone gross margin, as well as cost containment effort through out 2020.

The increase in net earnings from 2018 to 2020 was in line with the improvement in the adjusted EBITDA metrics.

11. Governance

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 so that appropriate decisions can be made regarding public disclosure.

Internal controls over financial reporting (ICFR) are a process 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, 2020, 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, 2020.

12. Significant Accounting Policies and Estimates

A. ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Assumptions and estimate uncertainties that have a significant risk of resulting in a material adjustment are the measurement of the identifiable assets acquired during business combinations, the warranty provisions, the inventory obsolescence provisions, the measurement of lease liabilities, the deferred tax assets, the valuation of defined benefit pension plan obligations, the provisions for uncertain tax treatments and evaluation of the worldwide deferred income tax balances and income tax expense because of 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, the identification of reportable segments and the determination of foreign operations' functional currency.

The uncertainties around the outbreak of the coronavirus, identified as global pandemic, required the use of judgements and estimates which resulted in no material impacts for the period ended December 31, 2020. 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, goodwill impairment and provisions for uncertain tax treatments.

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

B. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED DURING 2020

The following new amendments to standards and interpretations have been applied in preparing the consolidated financial statements as at December 31, 2020:

Interest rate benchmark reform

- IFRS 9 *Financial instruments*
- IAS 39 *Financial instruments: Recognition and measurement*
- IFRS 7 *Financial instruments: Disclosures*.

COVID-19-Related Rent Concessions

- IFRS 16 *Leases*

The adoption of these new amendments to standards has not had a material impact on the consolidated financial statements.

13. Off-Balance Sheet Arrangements

The Corporation did not enter into any off-balance sheet arrangements during fiscal 2020.

14. Related Party Transactions

The Corporation did not enter into any significant transactions with any related party during fiscal 2020.

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	Five years and more
Long-term debt including current-portion and interest	**$55,118**	$2,283	$52,835	-
Lease liabilities	**$23,530**	$4,546	$9,781	$9,203

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 credit-worthiness 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

During the fiscal year ended December 31, 2020, the Corporation's revenues declined across all business segments when compared with the previous year, due mainly to the global pandemic. Although it remains very difficult to quantify its continued impact accurately, based on the results to date during the first quarter of 2021, coupled with the Corporation's confidence in the strategic integration plan with Handicare that is underway, Savaria anticipates it will be able to achieve an adjusted EBITDA in excess of $100 million during fiscal 2021.

18. Glossary

EBITDA	EBITDA is defined as earnings before net finance costs, income tax expense and depreciation & amortization. EBITDA is not an IFRS measure and does not have a standardized definition within IFRS. Investors are cautioned that EBITDA should not be considered an alternative to 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 the liquidity and cash flows. 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.
Adjusted EBITDA	Adjusted EBITDA is defined as EBITDA before other net expenses (income) and stock-based compensation expense. Adjusted EBITDA is not an IFRS measure and does not have a standardized definition within IFRS. Investors are cautioned that adjusted EBITDA should not be considered an alternative to 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 the liquidity and cash flows. 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.
Adjusted EBITDA margin	Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of revenue. Adjusted EBITDA margin is not an IFRS measure and does not have a standardized definition within IFRS.
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 is not an IFRS measure and does not have a standardized definition within IFRS.
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. Adjusted EBITDA margin before head office costs is not an IFRS measure and does not have a standardized definition within IFRS.
Adjusted net earnings and adjusted net earnings per share	Adjusted net earnings is defined as net earnings excluding other net expenses (income) and the income tax effects related to these costs. Adjusted net earnings is not an IFRS measure and does not have a standardized definition within IFRS. The Corporation believes these expenses (income), which are not core operational expenses (income), should be excluded in understanding the underlying operational financial performance achieved by the Corporation. 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 combinations and the income tax effects related to this amortization. Adjusted net earnings excluding amortization of intangible assets related to acquisitions is not an IFRS measure and does not have a standardized definition within IFRS. It provides a comparative measure of the Corporation's performance in a context of significant business combinations.

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

Net interest-bearing debt to adjusted EBITDA ratio

Net interest-bearing debt to adjusted EBITDA ratio is not an IFRS measure and does not have a standardized definition within IFRS. Net interest-bearing debt is defined as interest-bearing long-term debt, including current portions, net of cash. Lease liabilities are not considered as interest bearing-debt. The Corporation uses this ratio as a measure of financial leverage and is calculated on its trailing twelve month adjusted EBITDA.

2020

SAVARIA CORPORATION

Consolidated Financial Statements

As at December 31, 2020 and 2019

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, 2020 and 2019 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 24, 2021

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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, 2020 and December 31, 2019
- 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, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

We are independent of the 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.

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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, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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(p) and Note 19 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. Judgments, 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 judgments 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, 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 Girolamo Cordi.

KPMG LLP*

Montréal, Canada

March 24, 2021

*CPA auditor, CA, public accountancy permit No. A109612

SAVARIA CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

	Note	As at December 31 2020	2019
Assets			
Current assets			
Cash		**$ 54,180**	$ 39,696
Trade and other receivables	*5*	**44,217**	48,268
Income taxes receivable		**3,612**	541
Derivative financial instruments	*22*	**1,070**	-
Inventories	*6*	**75,301**	72,440
Prepaid expenses and other current assets		**3,290**	5,663
Total current assets		**181,670**	166,608
Non-current assets			
Derivative financial instruments	*22*	**3,099**	-
Fixed assets	*7*	**44,490**	46,453
Right-of-use assets	*12*	**26,572**	26,782
Intangible assets	*8*	**67,541**	71,443
Goodwill	*8*	**120,781**	119,790
Other long-term assets		**1,547**	1,858
Deferred tax assets	*19*	**7,608**	6,102
Total non-current assets		**271,638**	272,428
Total assets		**$ 453,308**	$ 439,036
Liabilities			
Current liabilities			
Trade and other payables	*9*	**$ 34,131**	$ 33,497
Dividend payable	*15*	**2,039**	1,939
Income taxes payable		**1,307**	557
Deferred revenues	*10*	**24,122**	22,987
Derivative financial instruments	*22*	**-**	470
Current portion of long-term debt	*11*	**1,072**	2,828
Current portion of lease liabilities	*12*	**3,774**	3,417
Warranty provisions	*13*	**1,614**	2,246
Total current liabilities		**68,059**	67,941
Non-current liabilities			
Long-term debt	*11*	**49,825**	49,124
Lease liabilities	*12*	**23,375**	23,784
Long-term warranty provisions	*13*	**1,757**	1,176
Other long-term liabilities	*14*	**12,667**	12,277
Income taxes payable		**455**	512
Derivative financial instruments	*22*	**4,026**	1,859
Deferred tax liabilities	*19*	**13,417**	12,307
Total non-current liabilities		**105,522**	101,039
Total liabilities		**173,581**	168,980
Equity			
Share capital		**255,340**	252,152
Contributed surplus		**6,402**	5,913
Accumulated other comprehensive income (loss)	*19 & 22*	**(1,842)**	(5,066)
Retained earnings		**19,827**	17,057
Total equity		**279,727**	270,056
Total liabilities and equity		**$ 453,308**	$ 439,036

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 numbers of shares)

	Note	For the years ended December 31 **2020**	2019
Revenue	*25*	**$ 354,496**	$ 374,340
Cost of sales		**232,371**	249,029
Gross profit		**122,125**	125,311
Operating expenses			
Selling and administrative expenses		**80,729**	86,693
Other net expenses	*17*	**2,640**	1,405
Total operating expenses		**83,369**	88,098
Net finance costs	*18*	**3,945**	6,526
Earnings before income tax		**34,811**	30,687
Income tax expense	*19*	**8,348**	4,940
Net Earnings		**$ 26,463**	$ 25,747
Earnings per share			
Basic		**$ 0.52**	$ 0.53
Diluted		**$ 0.52**	$ 0.53
Basic weighted average number of shares		**50,759,094**	48,395,481
Diluted weighted average number of shares		**50,907,698**	48,739,763

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

SAVARIA CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars)

	Note	For the years ended December 31 **2020**	2019
Net Earnings		**$ 26,463**	$ 25,747
Items that will not be reclassified subsequently to earnings or loss:			
Remeasurement of defined benefit pension plan obligations (net of tax)	*16 & 19*	**271**	(1,221)
Items that are or may be reclassified subsequently to net earnings:			
Net change in fair value of derivative financial instruments designated as cash flow hedges, net of tax	*19*	**2,624**	1,580
Net change on translation of financial statements of foreign operations		**1,365**	(4,183)
Costs of hedging reserve on change in fair value of cross-currency swaps, net of tax	*19*	**643**	-
Net change in net investments hedges, net of tax	*19*	**(1,679)**	(768)
Other comprehensive income (loss)		**3,224**	(4,592)
Total comprehensive income		**$ 29,687**	$ 21,155

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

SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Years ended December 31, 2020 and 2019
(in thousands of Canadian dollars)

	2020										
	Share capital					Accumulated other					
	Number		Amount		Contributed surplus		comprehensive income (loss)		Retained earnings		Total equity
Balance as at January 1, 2020	**50,600,443**	**$**	**252,152**	**$**	**5,913**	**$**	**(5,066)**	**$**	**17,057**	**$**	**270,056**
Net earnings	-		-		-		-		**26,463**		**26,463**
Stock-based compensation	-		-		1,049		-		-		**1,049**
Exercise of stock options (Note 21)	443,498		3,188		(560)		-		-		**2,628**
Dividends on common shares (Note 15)	-		-		-		-		(23,693)		**(23,693)**
Total transactions with shareholders	**443,498**		**3,188**		**489**		**-**		**(23,693)**		**(20,016)**
Other comprehensive income (loss)	**-**		**-**		**-**		**3,224**		**-**		**3,224**
Balance as at December 31, 2020	**51,043,941**	**$**	**255,340**	**$**	**6,402**	**$**	**(1,842)**	**$**	**19,827**	**$**	**279,727**

	2019										
	Share capital					Accumulated other					
	Number		Amount		Contributed surplus		comprehensive income (loss)		Retained earnings		Total equity
Balance as at January 1, 2019	**45,010,446**	**$**	**179,328**	**$**	**4,407**	**$**	**(474)**	**$**	**15,136**	**$**	**198,397**
Net earnings	-		-		-		-		**25,747**		**25,747**
Shares issued in relation to a private placement (Note 15)	5,000,000		70,750		-		-		-		**70,750**
Share issue costs, net of tax	-		-		-		-		(2,507)		**(2,507)**
Stock-based compensation	-		-		1,837		-		-		**1,837**
Exercise of stock options (Note 21)	589,997		2,074		(331)		-		-		**1,743**
Dividends on common shares (Note 15)	-		-		-		-		(21,319)		**(21,319)**
Total transactions with shareholders	**5,589,997**		**72,824**		**1,506**		**-**		**(23,826)**		**50,504**
Other comprehensive income (loss)	**-**		**-**		**-**		**(4,592)**		**-**		**(4,592)**
Balance as at December 31, 2019	**50,600,443**	**$**	**252,152**	**$**	**5,913**	**$**	**(5,066)**	**$**	**17,057**	**$**	**270,056**

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 **2020**	2019
Cash flows related to operating activities			
Net Earnings		**$ 26,463**	$ 25,747
Adjustments for:			
Depreciation of fixed assets	*7*	**5,167**	5,275
Depreciation of right-of-use assets	*12*	**4,179**	2,989
Amortization of intangible assets	*8*	**7,999**	6,906
Income tax expense	*19*	**8,348**	4,940
Gain on amendment to business purchase agreement	*17*	**-**	(1,146)
Cancellation of a contingent consideration related to a business acquisition		**-**	(452)
Stock-based compensation	*21*	**1,049**	1,837
Gain on the sale and write-off of fixed assets		**(85)**	(2,311)
Unrealized foreign exchange losses (gains)		**(138)**	1,599
Interest on long-term debt and lease liabilities	*18*	**2,991**	4,466
Income tax paid		**(12,815)**	(12,280)
Others		**58**	(5)
		43,216	37,565
Net changes in non-cash operating items	*20*	**6,092**	(7,259)
Net cash related to operating activities		**49,308**	30,306
Cash flows related to investing activities			
Business acquisitions	*4*	**(711)**	(12,518)
Proceeds from sale of fixed assets	*7*	**309**	28,637
Additions to fixed assets	*7*	**(3,361)**	(5,948)
Increase in intangible assets	*8*	**(3,620)**	(3,657)
Net cash related to investing activities		**(7,383)**	6,514
Cash flows related to financing activities			
Repayment of long-term debt	*11*	**(60)**	(5,364)
Lease payments	*12*	**(4,635)**	(2,313)
Net change in the revolving credit facility	*11*	**-**	(43,284)
Interest paid		**(1,573)**	(4,503)
Transaction costs related to a long-term debt		**(92)**	(233)
Proceeds from the issuance of common shares in relation to a placement, net of transaction fees		**-**	67,330
Proceeds from exercise of stock options	*21*	**2,628**	1,743
Dividends paid on common shares	*15*	**(23,593)**	(21,155)
Net cash related to financing activities		**(27,325)**	(7,779)
Unrealized foreign exchange gain (loss) on cash held in foreign currencies		**(116)**	(775)
Net change in cash		**14,484**	28,266
Cash - Beginning of period		**39,696**	11,430
Cash - End of period		**$ 54,180**	$ 39,696

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, 2020 and 2019 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 Handling and Adapted Vehicles as described in Note 25 "Reportable segments".

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

2 . Basis of Presentation

(A) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of annual financial statements.

These consolidated financial statements were approved by the Board of Directors on March 24, 2021.

(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 3C.

(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 measurement of the identifiable assets acquired during business combinations, the warranty provisions, the inventory obsolescence provisions, the measurement of lease liabilities, the deferred tax assets, the valuation of defined benefit pension plan obligations, the provisions for uncertain tax treatments and evaluation of the worldwide deferred income tax balances and income tax expense because of 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, 2020. 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, goodwill impairment and provisions for uncertain tax treatments.

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.

Subsidiaries
Savaria Concord Lifts Inc. ("Savaria Concord")
Florida Lifts LLC. ("Florida Lifts")
Freedom Motors Inc. ("Freedom")
Garaventa Accessibility AG and its subsidiaries ("Garaventa Lift")
Savaria (Australia) Pty Ltd ("Savaria Australia")
Savaria (Huizhou) Mechanical Equipment Manufacturing Co., LTD ("Savaria Huizhou")
Savaria Lifts Ltd. ("Savaria Lifts")
Savaria Sales, Installation and Service Inc. ("Savaria SIS")
Savaria USA Inc. ("Savaria USA")
Silvalea Inc. ("Silvalea")
Silver Cross Automotive Inc. ("SC Automotive")
Silver Cross Franchising Inc. and its subsidiaries ("Silver Cross")
Span-America Medical Systems, Inc. and Span Medical Products Canada ULC ("Span")
Van-Action (2005) Inc. ("Van-Action")

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

(B) 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 reconverted 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)

(B) 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.

(C) 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, 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)

(C) 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
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.

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.

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)

(C) Financial Instruments (continued)

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

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 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. It is initially recognized in OCI 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.

(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.

3 . Significant Accounting Policies (continued)

(D) 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.

(E) 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.

(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.

(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.

3 . Significant Accounting Policies (continued)

(F) Goodwill and Intangible Assets

(i) Goodwill
Initial measurement
Goodwill that arises from a business combination 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.

(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.

3 . Significant Accounting Policies (continued)

(G) 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.

(H) 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.

(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 combination 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 must not be, before allocating the goodwill, larger than an operating segment.

3 . Significant Accounting Policies (continued)

(H) Impairment (continued)

(ii) Non-financial Assets (continued)
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.

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.

(I) 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 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.

3 . Significant Accounting Policies (continued)

(I) Employee Benefits (continued)

(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.

(J) 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.

(K) 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.

3 . Significant Accounting Policies (continued)

(L) Revenue from Contracts with Customers

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. 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, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured 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 many products are custom-made, goods, generally, may not be returned.

(ii) Installation and Maintenance Contracts

Revenues from installation contracts are recognized using the percentage-of-completion method based on installation costs incurred versus projected costs. Revenues from maintenance contracts are periodically recognized when each maintenance service is provided. Unrecognized revenues are recorded as deferred revenues.

When more than one product or service is provided to a customer under one arrangement, the Corporation allocates revenue to each element of the arrangement based on the relative selling price as determined using the Corporation's best estimate of the selling price for that deliverable. Each element of the arrangement is recognized as described above.

Revenues from the conversion and adaptation of vehicles are recognized using the percentage-of-completion method based on costs incurred versus projected costs.

(iii) Revenue Realized from Franchises

Revenue realized from franchises includes initial franchise fees, renewal fees and royalties. Upfront entry fees and renewal fees are recognized as revenue on a straight-line basis over the period of the agreement. Royalties from franchises are recognized periodically based on the sales declared by franchisees.

(M) Government assistance

Government assistance, which mainly includes wages subsidies, tax credits and grants, is recognised when there is reasonable assurance that the entity will comply with the required conditions. Government grants related to expense items is 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.

(N) Acquisition and integration costs

Acquisition-related costs are items the Corporation incurs to effect a business combination (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.

3 . Significant Accounting Policies (continued)

(O) 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.

(P) 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 combination, 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 combination 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.

(Q) 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.

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

3 . Significant Accounting Policies (continued)

(R) 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.

(S) 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, 2020.

Interest rate benchmark reform

- IFRS 9 *Financial instruments*
- IAS 39 *Financial instruments: Recognition and measurement*
- IFRS 7 *Financial instruments: Disclosures*

COVID-19-related rent concessions

- IFRS 16 *Leases*

The adoption of these new amendments to standards has not had a material impact on the consolidated financial statements.

4 . Business Acquisitions

Business Acquisitions Realized in Fiscal Year 2019

The corporation acquired during the year ended December 31, 2019 one of its independent dealers, Florida Lifts LLC ("Florida Lifts") and the shares of Silvalea Ltd and D-ansermed ("Silvalea").

As at December 31, 2019, the Corporation finalized the allocation of the consideration paid between the identifiable net assets and the goodwill of the acquisition of Florida Lifts, while the one paid for Silvalea was finalized during the year ended December 31, 2020 with no significant adjustments.

		Total
Assets acquired		
Current assets	$	5,682
Fixed assets and right-of-use assets		1,165
Intangible assets		6,281
Goodwill		8,368
	$	21,496
Liabilities assumed		
Current liabilities		5,064
Long-term debt including current portion		63
Leases liabilities including current portion		690
Other long-term liabilities		160
Deferred tax liabilities		629
	$	6,606
Fair value of net assets acquired	$	14,890
Less: Cash (overdraft) in acquired business		1,186
Net assets acquired	$	13,704
Net consideration paid [1]		13,704
Total consideration	$	13,704

[1] Consideration paid during fiscal year 2020 as described in Note 11.

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

5 . Trade and other receivables

	December 31, 2020	December 31, 2019
Trade receivables	**$ 43,242**	$ 47,309
Less: allowance for credit losses	**(3,690)**	(2,759)
	$ 39,552	$ 44,550
Sales tax recoverable	**2,657**	2,333
Other receivables	**2,008**	1,385
	$ 44,217	**$ 48,268**

The Corporation's exposure to credit risks, currency risks and impairment losses related to trade and other receivables is disclosed in Note 22.

6 . Inventories

	December 31, 2020	December 31, 2019
Raw materials and subassembly components	**$ 46,968**	$ 46,606
Work in progress	**3,740**	4,545
Finished goods	**24,593**	21,289
	$ 75,301	**$ 72,440**

In 2020, raw materials, subassembly components and changes in work in progress and finished goods recognized as cost of sales amounted to $174,052,000 (2019-$187,765,000). Writes-downs and reversals are included in cost of sales.

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

	2020	2019
Balance at January 1	**$ 3,444**	$ 3,857
Provisions acquired through business combinations	**-**	22
Write-down to net realizable value	**637**	260
Reversal of write-downs	**(210)**	(335)
Provisions used	**(226)**	(285)
Effect of movements in exchange rates	**(34)**	(75)
Balance at December 31	**$ 3,611**	**$ 3,444**

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

7 . Fixed assets

	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.

	Land	Building and leasehold improvements	Machinery, equipment and furniture	Rolling stock	Computer hardware	Total
Cost						
As at December 31, 2018 (recast)	$ 19,272	$ 43,731	$ 15,454	$ 4,540	$ 2,324	**$ 85,321**
Additions	-	730	3,224	1,157	384	**5,495**
Additions through business combinations	-	42	353	80	-	**475**
Disposals[2]	(11,925)	(14,699)	(256)	(645)	(521)	**(28,046)**
Effect of movements in exchange rates	(32)	(652)	(196)	(100)	(41)	**(1,021)**
As at December 31, 2019	**$ 7,315**	**$ 29,152**	**$ 18,579**	**$ 5,032**	**$ 2,146**	**$ 62,224**
Accumulated depreciation						
As at December 31, 2018	$ -	$ (3,684)	$ (5,919)	$ (1,310)	$ (984)	**$ (11,897)**
Depreciation expense	-	(1,810)	(2,044)	(1,004)	(417)	**(5,275)**
Disposals[2]	-	458	187	516	56	**1,217**
Effect of movements in exchange rates	-	70	62	30	22	**184**
As at December 31, 2019	**$ -**	**$ (4,966)**	**$ (7,714)**	**$ (1,768)**	**$ (1,323)**	**$ (15,771)**
Net carrying amount as at December 31, 2019	**$ 7,315**	**$ 24,186**	**$ 10,865**	**$ 3,264**	**$ 823**	**$ 46,453**

[2] In 2019, the Corporation entered into a sale and leaseback transaction pertaining to its Surrey, British Columbia operating plant.

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

8 . Intangible Assets and Goodwill

	Goodwill	Trademarks and patents	Customer relationship and contracts	Software	Internally developed intangible assets	Total
Cost						
As at December 31, 2019	$ 119,790	$ 27,727	$ 44,309	$ 2,279	$ 17,996	**$ 212,101**
Additions	-	46	-	666	3,105	**3,817**
Additions through business combinations	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**	**$ 27,853**	**$ 42,175**	**$ 2,483**	**$ 21,500**	**$ 214,792**
Accumulated depreciation						
As at December 31, 2019	$ -	$ (3,344)	$ (12,746)	$ (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	**$ -**	**$ (4,924)**	**$ (14,571)**	**$ (1,391)**	**$ (5,584)**	**$ (26,470)**
Net carrying amount as at December 31, 2020	**$ 120,781**	**$ 22,929**	**$ 27,604**	**$ 1,092**	**$ 15,916**	**$ 188,322**

	Goodwill	Trademarks and patents	Customer relationship and contracts	Software	Internally developed intangible assets	Total
Cost						
As at December 31, 2018 (recast)	$ 114,671	$ 26,963	$ 41,182	$ 1,524	$ 14,890	**$ 199,230**
Additions	-	74	-	712	3,313	**4,099**
Additions through business combinations	8,308	1,762	4,469	50	-	**14,589**
Disposals	-	(393)	(143)	-	-	**(536)**
Effect of movements in exchange rates	(3,189)	(679)	(1,199)	(7)	(207)	**(5,281)**
As at December 31, 2019	**$ 119,790**	**$ 27,727**	**$ 44,309**	**$ 2,279**	**$ 17,996**	**$ 212,101**
Accumulated depreciation						
As at December 31, 2018	$ -	$ (2,144)	$ (9,109)	$ (1,144)	$ (2,451)	**$ (14,848)**
Amortization expense	-	(1,688)	(4,034)	(330)	(854)	**(6,906)**
Disposals	-	393	143	-	-	**536**
Effect of movements in exchange rates	-	95	254	-	1	**350**
As at December 31, 2019	**$ -**	**$ (3,344)**	**$ (12,746)**	**$ (1,474)**	**$ (3,304)**	**$ (20,868)**
Net carrying amount as at December 31, 2019	**$ 119,790**	**$ 24,383**	**$ 31,563**	**$ 805**	**$ 14,692**	**$ 191,233**

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

8 . 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 combination.

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

	December 31, 2020	December 31, 2019
Accessibility	**$ 67,984**	$ 66,443
Patient handling	**50,510**	51,060
Adapted vehicles	**2,287**	2,287
	$ 120,781	**$ 119,790**

The Corporation completed the annual impairment test during the fourth quarter of the fiscal year 2020 and the recoverable amounts of these CGUs have been determined to be higher than their carrying amounts.

Values in use are determined by discounting the future cash flows generated from the CGUs. Values in use in 2020 have been determined similarly as in 2019. 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% (2019-2.0%) for the CGUs grouped in *Accessibility* , 2.0% (2019-2.0%) for the CGUs grouped in *Patient Handling* and 1.0% (2019-1.5%) for the CGUs grouped in *Adapted Vehicles* and ;

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

· A discount rate of 9.62% (2019-10.63%) is applied in determining the recoverable amount of the unit. 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 12% (2019-12%) at a market interest rate of 2.75% (2019-2.75%);

· 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)

9 . Trade and other payables

	December 31, 2020	December 31, 2019
Trade and accrued liabilities	**$ 23,483**	$ 23,772
Salaries and withholding taxes	**7,504**	6,892
Vacations payable	**2,156**	1,794
Sales tax payable	**988**	1,039
	$ 34,131	**$ 33,497**

10 . Deferred revenue

	2020	2019
As at January 1	**$ 22,987**	$ 18,322
Increase through business combinations	**-**	2,560
Effect of movements in exchange rates	**124**	(189)
Change related to current operations	**1,011**	2,294
Balance at December 31	**$ 24,122**	**$ 22,987**

11 . Long-term debt

	December 31, 2020	December 31, 2019
Term Loan Facility [1 2]	**$ 49,813**	$ 49,087
Contingent considerations related to business acquisitions	**76**	618
Notes payable related to business acquisitions	**971**	2,150
Other	**37**	97
	$ 50,897	$ 51,952
Less: Current portion	**1,072**	2,828
	$ 49,825	**$ 49,124**

[1] A description of securities given on the various banking agreements provided by the Corporation's financial institution is available in Note 22 (E).

[2] Net of deferred financing fees of $187k.

Revolving Credit Facility

On December 1, 2020, the Corporation amended and restated the original credit agreement with the same terms. Only interest is payable on a monthly basis, at a rate that varies according to certain ratios of the Corporation. The rate is currently prime rate. As at December 31, 2020, the Corporation is not drawing amounts from its Revolving Credit Facility. The amount available is $110,000,000 and can be drawn in Canadian dollars, in US dollars or in euros. An additional amount of $50,000,000 is available under certain conditions. This Revolving Credit Facility comes to maturity on April 3, 2025.

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 that varies according to certain ratios of the Corporation. The rate is currently prime rate. Refer to note 22 (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)

11 . Long-term debt (continued)

Contingent considerations and notes payables related to business acquisitions

	Currency	Effective interest rate	Year of maturity	December 31, 2020 Original Face value	December 31, 2020 Carrying amount	December 31, 2019 Original Face value	December 31, 2019 Carrying amount
Contingent consideration [1]	USD	4.95%	2019-21	$ 6,140	$ 76	$ 6,140	$ 618
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
Note payable [1]	USD	-	2020	395	-	395	389
Note payable [1]	GBP	-	2020	791	-	791	790
				$ 9,947	**$ 1,047**	**$ 9,947**	**$ 2,768**

[1] Bearing no interest.

[2] Payments have been suspended.

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

	2020
Balance at January 1	**$ 51,952**
Consideration paid related to previous acquisitions	**(1,746)**
Repayment of other long-term debts	**(60)**
Capitalized finance costs on long-term debt	**58**
Reclassification to other long-term assets	**669**
Impact of the change in foreign exchange rates	**24**
	$ 50,897
Less: Current portion	**1,072**
Balance at December 31	**$ 49,825**

12 . Right-of-use assets and lease liabilities

The Corporation right-of-use assets and liabilities are mainly made up of buildings leases.

Reconciliation of movements of right-of-use assets:

	2020
Balance at January 1	**$ 26,782**
Additions	**3,801**
Modifications/terminations	**(134)**
Depreciation expense	**(4,179)**
Impact of the change in foreign exchange rates	**302**
Balance at December 31	**$ 26,572**

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

12 . Right-of-use assets and lease liabilities (continued)

Reconciliation of movements of lease liabilities:

	2020
Balance at January 1	**$ 27,201**
New leases	**3,428**
Modifications/terminations	**(134)**
Repayment of lease obligations	**(4,635)**
Interest on lease liabilities	**993**
Impact of the change in foreign exchange rates	**296**
	$ 27,149
Less: Current portion	**3,774**
Balance at December 31	**$ 23,375**

Contractual lease rentals are payable as follows:

	2020	2019
Less than one year	**$ 4,546**	$ 4,271
One to four years	**9,781**	9,932
Five years and more	**9,203**	10,432
Total undiscounted cash flows	**$ 23,530**	**$ 24,635**

Amounts recognized in net earnings:

	2020	2019
Interest on lease liabilities	**$ 993**	$ 499
Variable lease payments not included in the measurement of lease liabilities	**742**	897
	$ 1,735	**$ 1,396**

13 . Warranty provisions

	2020	2019
Balance at January 1	**$ 3,422**	$ 3,977
Change in provisions recognized in the year	**160**	167
Increase through business combinations	**-**	34
Utilized amounts	**(196)**	(599)
Impact of the change in foreign exchange rates	**(15)**	(157)
	$ 3,371	$ 3,422
Less: Current portion	**1,614**	2,246
Balance at December 31	**$ 1,757**	**$ 1,176**

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 of three (3) months, twelve (12) months or three (3) years on *Accessibility* and adapted transport products while they cover a period of eighteen (18) months to fifteen (15) years on certain *Patient Handling* products.

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

14 . Other long-term liabilities

	December 31, 2020	December 31, 2019
Defined Benefit Obligation [1]	**$ 9,848**	$ 9,137
Employee indemnity fund	**1,910**	1,521
Deferred compensation	**562**	548
Other	**347**	1,071
	$ 12,667	**$ 12,277**

[1] See Note 16

15 . 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 April 24, 2019, the Corporation completed a private bought deal financing consisting of 5,000,000 common shares at a price of $14.15 per share, for gross proceeds to the Corporation of $70,750,000.

(B) Accumulated Other Comprehensive Income ("AOCI")

At December 31, 2020 and 2019, AOCI is comprised of accumulated foreign currency translation differences arising from the translation of the financial statements of foreign operations, financial assets measured at fair value through OCI, gain or loss on net investment hedge, cash flow hedges, the remeasurement of defined benefit pension plan net obligations and gains upon the cancellation of interest rate swap agreements.

(C) Dividends

The following dividends were declared and paid by the Corporation:

	Twelve months ended December 31, 2020	2019
Dividends declared	**$ 23,693**	$ 21,319
Amount declared per share in cents	**46.6**	43.3
Dividends paid	**$ 23,593**	$ 21,155
Amount paid per share in cents	**46.5**	43.0

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

16 . Personnel Expenses

	Twelve months ended December 31, 2020	2019 (recast)
Wages and salaries [1]	**$ 91,716**	$ 95,707
Employment benefits	**14,674**	15,987
Contributions to defined contribution plans [2]	**1,255**	1,317
Contributions to defined benefit plans	**1,261**	131
Stock-based compensation	**1,049**	1,837
	$ 109,955	**$ 114,979**

[1] During the year ended December 31, 2020, the Corporation recognized under "Wages and salaries" the subsidies claimed under the Canada Emergency Wage Subsidy program amounting to $6.9 million. As at December 31, the Corporation had already received a portion of the subsidies claimed and believes that there is reasonable assurance that the amount outstanding would be received from the Canadian federal government.

[2] Recast - Adjusted to match current year presentation

Defined Benefit Plan

The Corporation has three defined benefit pension plans in Switzerland 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.

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

16 . 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, 2020	December 31, 2019
Fair value of plan assets	**$ 22,161**	$ 20,011
Defined benefit obligations	**(32,009)**	(29,148)
Plan deficit	**$ (9,848)**	**$ (9,137)**

Allocation of the Fair Value of Pension Plan Assets

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

	December 31, 2020	December 31, 2019
Equity securities	**$ 9,251**	$ 9,366
Debt securities	**4,219**	2,840
Property	**7,151**	6,408
Cash and cash equivalents	**1,540**	1,397
	$ 22,161	**$ 20,011**

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

Cost of Defined Benefit Pension Plans

	Twelve months ended December 31, 2020	2019
Current service cost	**$ 1,006**	$ 1,014
Curtailments	**-**	(1,574)
Net interest expense	**11**	12
Expense (gain) recognized in net earnings	**$ 1,017**	**$ (548)**
Remeasurement		
Actuarial losses on defined benefit obligation	**$ 17**	$ 2,292
Return on plan assets [1]	**(398)**	(785)
Remeasurement recognized in Other comprehensive income	**$ (381)**	**$ 1,507**

[1] Excluding interest income.

Change in the Fair Value of Plan Assets

	2020	2019
Balance at January 1	**$ 20,011**	$ 20,692
Contributions by the Corporation	**613**	487
Benefits paid	**(934)**	(1,689)
Interest income	**23**	27
Return on plan assets	**398**	785
Participant contributions	**536**	421
Effect of movements in exchange rates	**1,514**	(712)
Balance at December 31	**$ 22,161**	**$ 20,011**

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

16 . Personnel Expenses (continued)

Change in the Fair Value of Plan Obligations

		2020		2019
Balance at January 1	**$**	**29,148**	$	29,660
Current service cost		**1,006**		1,014
Benefits paid		**(934)**		(1,689)
Interest cost		**34**		39
Curtailments		**-**		(1,574)
Actuarial remeasurement		**17**		2,292
Participant contributions		**536**		421
Effect of movements in exchange rates		**2,202**		(1,015)
Balance at December 31	**$**	**32,009**	**$**	**29,148**

Significant Actuarial Assumptions

	2020	2019
Discount rate	**0.11%**	0.14%
Rate of increase in compensation	**1.00%**	1.00%

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, 2020				December 31, 2019
		Increase		Decrease		Increase		Decrease
Impact of a 0.5% change in the discount rate	**$**	**(2,618)**	**$**	**2,618**	$	(2,395)	$	2,395
Impact of a 0.5% change in the rate of compensation	**$**	**505**	**$**	**(505)**	$	480	$	(480)

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 $560,000 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, 2020 is between 5 and 12 years, depending on the plan.

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

17 . Other Net Expenses

Other net 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.

During the first quarter of 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, 2020	2019
Business acquisition costs	**$ 266**	$ 378
Business integration costs	**840**	2,346
Span custom products exit costs	**-**	2,113
Gain on amendment to a business purchase agreement	**-**	(1,146)
Gain on a sale of a manufacturing plant	**-**	(2,286)
COVID-19 employee assistance plan	**1,534**	-
	$ 2,640	**$ 1,405**

18 . Net finance Costs

	Twelve months ended December 31, 2020	2019
Interest on long-term debt	**$ 1,998**	$ 3,967
Interest on lease liabilities	**993**	499
Interest and bank charges	**475**	491
Financing charges	**356**	406
Interest income	**(367)**	(485)
Net loss on foreign currency exchange	**490**	1,648
	$ 3,945	**$ 6,526**

19 . Income Taxes

	Twelve months ended December 31, 2020	2019
Current tax expense		
Current year	**$ 9,244**	$ 9,598
Adjustment for prior years	**435**	1,193
	$ 9,679	$ 10,791
Deferred tax benefit		
Origination and reversal of temporary differences	**$ (2,058)**	$ (6,350)
Change in unrecognized deductible temporary differences	**727**	499
	$ (1,331)	$ (5,851)
Total income tax expense	**$ 8,348**	**$ 4,940**

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

19 . Income Tax (continued)

Tax Recognized in Other Comprehensive Income

	Twelve months ended December 31, 2020			Twelve months ended December 31, 2019		
	Before tax	**Tax benefit (expense)**	**Net of tax**	**Before tax**	**Tax benefit (expense)**	**Net of tax**
Remeasurement of defined benefit pension plan obligations	**$ 381**	**$ (110)**	**$ 271**	$ (1,507)	$ 286	$ (1,221)
Change in the fair value of derivative financial instruments designated as cash flow hedges	**3,010**	**(756)**	**2,254**	1,425	(364)	1,061
Losses on foreign exchange contracts transferred to net income in the current year	**498**	**(128)**	**370**	699	(180)	519
Net change in the translation of financial statements of foreign operations	**1,365**	**-**	**1,365**	(4,183)	-	(4,183)
Net investment hedge and cost of hedging reserve	**$ (1,036)**	**$ -**	**$ (1,036)**	$ (768)	$ -	$ (768)
	$ 4,218	**$ (994)**	**$ 3,224**	**$ (4,334)**	**$ (258)**	**$ (4,592)**

Reconciliation of Effective Tax Rate

	Twelve months ended December 31,		Twelve months ended December 31,	
	2020	**2020**	**2019**	**2019**
Net earnings		**$ 26,463**		$ 25,747
Total income tax expense		**8,348**		4,940
Earnings before income tax		**$ 34,811**		$ 30,687
Tax using the Corporation's domestic tax rate	**26.5%**	**$ 9,225**	26.6%	$ 8,163
Permanent differences	**(5.7%)**	**(1,976)**	(0.8%)	(233)
Income tax withheld on the repatriation of funds from a foreign subsidiary	**0.6%**	**199**	0.9%	271
Impact of differences in tax rates of other jurisdictions	**(1.3%)**	**(449)**	(8.6%)	(2,643)
Impact of sale of building	**0.0%**	**-**	(8.6%)	(2,653)
Impact of differences between tax and accounting basis	**0.5%**	**158**	3.7%	1,130
Non-deductible stock-based compensation	**0.8%**	**278**	1.6%	489
Foreign exchange losses deductible at 50%	**0.2%**	**62**	0.6%	179
Unrecognized temporary differences	**2.1%**	**727**	1.6%	499
Use of unrecognised tax losses	**(0.8%)**	**(278)**	(3.3%)	(1,021)
Prior years' adjustments	**1.3%**	**435**	2.0%	611
Other	**(0.2%)**	**(33)**	0.4%	148
	24.0%	**$ 8,348**	**16.1%**	**$ 4,940**

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

19 . Income Tax (continued)

Unused Tax Losses

The Corporation has unused non-capital tax losses in the amount of $31,494,000 (2019-$25,189,000) of which $7,327,000 has not been recognized (2019-$5,287,0000). From these losses, $3,960,000 (2019-$2,142,000) are expiring in the following years:

Year of expiry	2020	December 31, 2019
2020	**$ -**	$ 174
2021	**$ -**	$ 92
2022	**$ -**	$ 72
2023	**$ 287**	$ 271
2024	**$ 318**	$ 417
2025 and after	**$ 3,355**	$ 1,116
No expiry	**$ 3,367**	$ 3,145

Tax benefits of $6,404,000 (2019-$5,250,000) have been recorded related to unused non-capital tax losses, including $1,428,000 (2019-$1,452,000) from foreign subsidiaries. The Corporation also has $2,045,000 (2019-$1,679,000) of unrecognized capital losses and deductible temporary differences that may be carried forward indefinitely. As at December 31, 2020, 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:

	Assets		Liabilities		Net	
	2020	December 31, 2019	2020	December 31, 2019	2020	December 31, 2019
Losses carried forward	**$ 6,404**	$ 5,250	**$ -**	$ -	**$ 6,404**	$ 5,250
Internally developed intangible assets	**-**	-	**(1,896)**	(1,912)	**(1,896)**	(1,912)
Non-deductible provisions (including warranty and inventory)	**2,136**	2,247	**(132)**	(84)	**2,004**	2,163
Fixed and intangible assets, and goodwill	**390**	250	**(14,360)**	(14,528)	**(13,970)**	(14,278)
Investment tax credits	**30**	30	**(41)**	(9)	**(11)**	21
Foreign exchange contracts and interest rate swaps	**792**	602	**(1,075)**	-	**(283)**	602
Provision for withholding tax on future dividends of a subsidiary	**-**	-	**(513)**	(503)	**(513)**	(503)
Financing expenses	**1,247**	1,830	**(209)**	(243)	**1,038**	1,587
Financial assets	**-**	-	**(1,006)**	(1,318)	**(1,006)**	(1,318)
Obligations related to the defined benefit pension plans	**1,584**	1,499	**-**	-	**1,584**	1,499
Lease liabilities	**6,702**	6,573	**(6,550)**	(6,487)	**152**	86
Other	**794**	765	**(106)**	(167)	**688**	598
Tax assets (liabilities)	**$ 20,079**	$ 19,046	**$ (25,888)**	$ (25,251)	**$ (5,809)**	$ (6,205)
Tax offset	**(12,471)**	(12,944)	**12,471**	12,944	**-**	-
Net tax assets (liabilities)	**$ 7,608**	**$ 6,102**	**$ (13,417)**	**$ (12,307)**	**$ (5,809)**	**$ (6,205)**

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)

19 . Income Tax (continued)

Movement in Recognized Deferred Tax Assets and Liabilities During the Year

	Balance January 1, 2020	Recognized in net earnings	Increase related to business combinations (Note 4)	Increase related to issuance costs related to a placement	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)

	Balance January 1, 2019	Recognized in net earnings	Increase related to business combinations (Note 4)	Increase related to issuance costs related to a placement	Recognized in other comprehensive income	Balance December 31, 2019
Losses carried forward	$ 4,136	$ 1,155	$ -	$ -	$ (41)	$ 5,250
Internally developed intangible assets	(1,285)	(627)	-	-	-	(1,912)
Non-deductible provisions (including warranty and inventory)	1,673	436	-	-	54	2,163
Fixed and intangible assets, and goodwill	(19,515)	5,368	(569)	-	438	(14,278)
Investment tax credits	(39)	60	-	-	-	21
Foreign exchange contracts and interest rate swaps	1,988	(842)	-	-	(544)	602
Provision for withholding tax on future dividends of a subsidiary	(410)	(93)	-	-	-	(503)
Financing expenses	1,063	(389)	-	913	-	1,587
Financial assets	(1,292)	(26)	-	-	-	(1,318)
Obligations related to the defined benefit pension plans	1,438	(152)	-	-	213	1,499
Lease liabilities	-	80	-	-	6	86
Other	(493)	882	-	-	209	598
	$ (12,736)	$ 5,852	$ (569)	$ 913	$ 335	$ (6,205)

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

20 . Net Changes in Non-cash Operating Items

	Twelve months ended December 31, 2020	2019
Trade and other receivables	**$ 4,640**	$ 1,935
Inventories	**(2,564)**	(1,466)
Prepaid expenses and other current assets	**2,274**	(1,422)
Trade and other payables	**157**	(7,168)
Deferred revenues	**1,011**	2,294
Warranty provision	**(92)**	(564)
Other long-term liabilities	**666**	(868)
	$ 6,092	**$ (7,259)**

21 . Stock-based Compensation

The Corporation has a stock option plan for its directors, members of management, employees and consultants, 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, 2020, 3,115,724 options could still be granted by the Corporation (December 31, 2019-2,982,451).

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, 2020	2019
Number of options granted	**563,000**	655,833
Risk-free interest rate [1]	**0.54%**	1.62%
Expected dividend yield [1]	**4.10%**	3.45%
Expected volatility [1]	**33%**	34%
Expected term	**6-7 years**	3-7 years

[1] Weighted average

The estimated fair value of the options granted in 2020 is $1,257,000 (2019-$1,244,000). This amount is amortized and charged to earnings as the rights to exercise are vested.

The calculation of the diluted earnings per share excluded, as they were anti-dilutive, 1,197,000 stock options (2019-1,347,000).

In 2020, compensation expense in the amount of $1,049,000 (2019-$1,837,000) 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 2020 was $13.14 (2019-$13.55).

	2020 Number of options	2020 Weighted average exercise price	2019 Number of options	2019 Weighted average exercise price
Outstanding at January 1	**2,077,503**	$ 12.73	2,173,334	$ 11.30
Granted	**563,000**	12.37	655,833	9.67
Exercised	**(443,498)**	14.43	(589,997)	2.95
Expired	**(141,667)**	14.98	-	-
Forfeited	**(66,668)**	16.56	(161,667)	16.78
Outstanding at December 31	**1,988,670**	**$ 13.86**	**2,077,503**	**$ 12.73**
Exercisable at December 31	**692,321**	**$ 13.14**	**702,705**	**$ 10.49**

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

21 . Stock-based Compensation (continued)

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

					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**

					2019
		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)	$		$
3.45 to 3.65	151,666	0.8	3.64	151,666	3.64
4.70 to 5.91	303,337	1.6	5.21	136,666	5.23
6.08 to 13.72	675,833	3.7	12.46	147,706	12.67
14.04 to 20.03	946,667	3.1	16.78	266,667	15.87
3.45 to 20.03	**2,077,503**	**2.9**	**12.73**	**702,705**	**10.49**

22 . Financial Instruments

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

		December 31,
	2020	**2019**
Current assets		
Foreign exchange derivatives	**$ 1,070**	$ -
Non-current assets		
Foreign exchange derivatives	**$ 3,099**	$ -
Current liabilities		
Foreign exchange derivatives	**$ -**	$ 470
Non-current liabilities		
Foreign exchange derivatives	**$ 1**	$ 998
Cross-currency swaps [1]	**1,036**	-
Interest rate derivatives	**2,989**	861
	$ 4,026	**$ 1,859**

[1] On January 6, 2020, the Corporation entered into cross-currency swaps. The cross-currency swaps are accounted for as net investment hedges.

22 . Financial Instruments (continued)

Fair values versus carrying amounts

The following table shows the carrying amounts and fair values of financial assets and financial liabilities carried at amortized cost. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	December 31, 2020		December 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Liabilities carried at amortized cost				
Long-term debt	**$ 50,897**	**$ 50,897**	**$ 51,952**	**$ 51,949**

All of the financial instruments are Level 2, except for long-term debt which is Level 3. 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. The fair value of cross-currency swaps is determined based on market data (primarily yield curves, exchange rates and interest rates) to calculate the present value of all estimated flows. Fair value of long-term debt 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. 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)

22 . 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.

Impairment Loss

The aging of trade receivables at the reporting date is:

	December 31, 2020		December 31, 2019	
	Gross	Allowance	Gross	Allowance
Current, 0-60 days	**$ 30,681**	**$ 222**	$ 34,622	$ 242
Past due, 61-90 days	**4,011**	**56**	3,746	174
Past due, over 90 days	**8,550**	**3,412**	8,941	2,343
	$ 43,242	**$ 3,690**	**$ 47,309**	**$ 2,759**

The movement in the allowance for doubtful accounts during the year was as follows:

	2020	2019
Balance at January 1	**$ 2,759**	$ 3,304
Increase through business combinations	**-**	53
Increase in the allowance for doubtful accounts	**1,183**	246
Write-off of receivables	**(84)**	(637)
Effect of movements in exchange rates	**(168)**	(207)
Balance at December 31	**$ 3,690**	**$ 2,759**

(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)

22 . 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.

	Carrying amount	Contractual cashflow	1 year	2 to 3 years	4 to 5 years	Over 5 years
						2020
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	**$ 1**	**$ 68,688**	**$ 30,522**	**$ 38,166**	**$ -**	**$ -**
Inflow	**(4,169)**	**(72,856)**	**(31,592)**	**(41,264)**	**-**	**-**
	$ (4,168)	**$ (4,168)**	**$ (1,070)**	**$ (3,098)**	**$ -**	**$ -**

	Carrying amount	Contractual cashflow	1 year	2 to 3 years	4 to 5 years	Over 5 years
						2019
Non-derivative financial liabilities						
Trade and other payables	$ 32,458	$ 32,458	$ 32,458			
Dividend payable	1,939	1,939	1,939			
Long-term debt including current-portion and interests	51,952	58,085	4,014	2,458	51,613	-
	$ 86,349	**$ 92,482**	**$ 38,411**	**$ 2,458**	**$ 51,613**	**$ -**
Derivative financial liabilities						
Foreign exchange forward contracts						
Outflow	$ 1,468	$ 57,527	$ 23,793	$ 33,734	$ -	$ -
Inflow	-	(56,059)	(23,323)	(32,736)	-	-
	$ 1,468	**$ 1,468**	**$ 470**	**$ 998**	**$ -**	**$ -**

(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, while entities having a functional currency other than the Canadian dollar (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. Those contracts oblige the Corporation to sell US dollars at a fixed rate.

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

22 . Financial Instruments (continued)

(D) Market Risk (continued)

(i) Currency Risk (continued)

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 foreign exchange contracts at December 31:

			2020
Maturity	**Type**	**Average exchange rate**	**Contractual amounts**
			$ USD '000
0 to 12 months	Sale	1.3163	$ 24,000
12 to 24 months	Sale	1.3675	24,000
24 to 27 months	Sale	1.4072	6,000
		1.3492	**$ 54,000**

			2019
Maturity	**Type**	**Average exchange rate**	**Contractual amounts**
			$ USD '000
0 to 12 months	Sale	1.2957	$ 18,000
12 to 24 months	Sale	1.2854	18,000
24 to 29 months	Sale	1.2798	7,500
		1.2887	**$ 43,500**

The fair value of derivative financial instruments generally reflects the estimated amounts that the Corporation would pay or receive upon settlement of the contracts at year-end.

No ineffectiveness has been recorded in net earnings in relation to cash flow hedges since the sources of the ineffectiveness are non-significant. In 2020, the favorable change in value of the hedging instruments in the amount of $5,138,000 (2019-$1,654,000), used for calculating the ineffective portion of the hedging relationship used to cover foreign exchange risks, were identical to the change in value of the covered items used. During the year, $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)

22 . 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 dollars of entities that have a functional currency other than the US dollar are as follows :

$ USD '000	2020	December 31, 2019
Cash	**$ 12,650**	$ 7,614
Trade and other receivables	**7,832**	9,212
Trade and other payables	**(1,975)**	(2,232)
Long-term debt	**(60)**	(480)
Total monetary items denominated in US dollars	**$ 18,447**	**$ 14,114**

A one-cent increase or decrease in the US dollar 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.

	2020		December 31, 2019	
$ USD '000	1-cent increase	1-cent decrease	1-cent increase	1-cent decrease
Increase (decrease) in net earnings	**$ 463**	**$ (463)**	$ 346	$ (346)
Increase (decrease) in other comprehensive income	**497**	**(497)**	709	(709)
Net balance sheet exposure	**$ 960**	**$ (960)**	**$ 1,055**	**$ (1,055)**

(ii) Interest Rate Risk

The Corporation's interest rate risk arises from cash, long-term loans 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)

22 . Financial Instruments (continued)

(D) Market Risk (continued)

(ii) Interest Rate Risk (continued)

Maturity	Fixed interest rate	Stamping fees	Initial nominal value	Currency	December 31, 2020	2019
Term Loan April 2024	2.42%	1.75%	$ 50,000	CAD	**$ 50,000**	$ 50,000

These derivative instruments were designated as hedging for accounting purposes. The fair value of the financial instruments which is presented in "Accumulated other comprehensive income (loss)", before deferred income taxes of $791,000 (December 31, 2019-$228,000), is as follows as at December 31:

	December 31, 2020	2019
Unrealized loss on interest rate swap agreements applicable to the non-current portion of long-term debt	**$ 2,989**	$ 861

No ineffectiveness has been recorded in net earnings in relation to cash flow hedges since the sources of the ineffectiveness are non-significant. In 2020, the change in value of the hedging instruments in the amount of $2,127,000 (2019-$229,000), used for calculating the ineffective portion of the hedging relationship used to cover interest rate risks, were identical to the change in value of the covered items used.

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 nil balance as at December 31, 2020 and 2019.

(iii) Price Risk

The Corporation's products include hundreds of components manufactured by numerous suppliers around the world. The price of such components can vary and affect the Corporation's profit margins. However, the Corporation's flexible business model enables it to change supplier if required in order to minimize this risk.

The Corporation does not use derivative products on the price of materials.

(iv) Cross-currency swaps

The Corporation hedges a portion of the Corporation’s net investments in its European operations with cross-currency swaps, which mitigates the foreign currency risk arising from the subsidiary's net assets. The Corporation is hedging the net investment to the extent of the synthetic debt principal and quarterly effectiveness assessments are performed during the year. No ineffectiveness has been recorded in net earnings in relation to cross-currency swaps.

Maturity	Currency	Notional	Fixed CAD equivalent	Receive rate	Pay rate	December 31, Fair value 2020	2019
April 2024	CHF	$ 12,000	$ 16,032	4.17%	1.82%	**$ (704)**	$ -
April 2024	EUR	$ 5,000	$ 7,245	4.17%	2.10%	**$ (332)**	$ -

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

22 . 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, plus equity.

		December 31, 2020		December 31, 2019
Cash	**$**	**(54,180)**	$	(39,696)
Long-term debt, including current portion		**50,897**		51,952
	$	**(3,283)**	**$**	**12,256**
Equity	**$**	**279,727**	**$**	**270,056**
Total capital structure	**$**	**276,444**	**$**	**282,312**

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 dividend to common shareholders.

The Corporation makes use of a process under which its Canadian dollar and US dollar bank accounts are consolidated in order to optimize the cash requirements and surpluses of the parent company and its subsidiaries. As long as the net balance of its accounts, by currency, is positive, no interest is payable. This process is administered by the Corporation's financial institution.

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 and ensures that it is in compliance with those conditions when required. 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.

There were no changes in the Corporation's approach to capital management during the year. Neither the Corporation, nor any of its subsidiaries, are subject to externally imposed capital requirements.

23 . Commitments

The Corporation mainly concluded lease agreements for the rental of its premises, details are presented in the Note 12 - Right-of-use assets and lease liabilities.

24 . Determination of Fair Values

A number of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(A) Fixed Assets

The fair value of fixed assets recognized as a result of a business combination 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.

(B) Intangible Assets

The fair value of trademarks acquired in a business combination 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 combination 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.

(C) Inventories

The fair value of inventories acquired in a business combination 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.

24 . Determination of Fair Values (continued)

(D) 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.

(E) Derivatives

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.

(F) Financial Liabilities 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.

(G) Stock-based Compensation Transactions

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 dividends, and the risk-free interest rate (based on government bonds).

25 . 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 Handling* segment (formerly *Span*) includes the manufacturing and distribution of a comprehensive line of therapeutic support surfaces and other pressure management products for the medical market, medical beds for the long-term care market as well as an extensive line of medical equipment and solutions for the safe handling of patients. The *Adapted Vehicles* segment consists of converting, adapting and distributing vehicles for people with mobility challenges, for personal or commercial use.

The Corporation's management assesses the performance of the reportable segments based on revenue and adjusted EBITDA before head office costs. Adjusted EBITDA is defined as earnings before net finance costs, taxes, depreciation and amortization, net of other net expenses (income) 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.

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

25 . Reportable Segments (continued)

Information about the reportable segments (continued)

	Twelve months ended December 31,			
	Accessibility	**Patient Handling**	**Adapted Vehicles**	**Total**
2020				
Revenue	**$ 257,306**	**$ 79,309**	**$ 17,881**	**$ 354,496**
Adjusted EBITDA before head office costs [1]	**$ 51,136**	**$ 10,390**	**$ 605**	**$ 62,131**
Head office costs				**2,341**
Adjusted EBITDA [1]				**$ 59,790**
Stock-based compensation				**1,049**
Other net expenses				**2,640**
Depreciation and amortization expense				**17,345**
Net finance costs				**3,945**
Earnings before income tax expense				**$ 34,811**

[1] Includes approximately $6.9 million recognized against salary expense, attributable to the Canada Emergency Wage Subsidy program.

	Twelve months ended December 31,			
	Accessibility	**Patient Handling**	**Adapted Vehicles**	**Total**
2019				
Revenue	$ 265,687	$ 86,854	$ 21,799	$ 374,340
Adjusted EBITDA before head office costs	$ 44,168	$ 12,133	$ 875	$ 57,176
Head office costs				1,551
Adjusted EBITDA				$ 55,625
Stock-based compensation				1,837
Other net expenses				1,405
Depreciation and amortization expense				15,170
Net finance costs				6,526
Earnings before income tax expense				**$ 30,687**

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

25 . Reportable Segments (continued)

Desegregation of Revenue

	Twelve months ended December 31,			
	Accessibility	**Patient Handling**	**Adapted Vehicles**	**Total**
2020				
Revenue by region				
Canada	$ 46,990	$ 16,283	$ 17,207	**$ 80,480**
United States	145,485	54,360	592	**200,437**
Europe	54,803	3,124	82	**58,009**
Other regions	10,028	5,542	-	**15,570**
	$ 257,306	**$ 79,309**	**$ 17,881**	**$ 354,496**
Major categories of revenue				
Accessibility equipment	$ 257,306	$ -	$ -	**$ 257,306**
Patient handling products	-	79,309	-	**79,309**
Vehicle conversion and adaptation	-	-	17,881	**17,881**
	$ 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**
2019				
Revenue by region				
Canada	$ 46,254	$ 16,424	$ 21,227	**$ 83,905**
United States	153,929	64,658	335	**218,922**
Europe	56,951	4,232	171	**61,354**
Other regions	8,553	1,540	66	**10,159**
	$ 265,687	**$ 86,854**	**$ 21,799**	**$ 374,340**
Major categories of revenue				
Accessibility equipment	$ 265,687	$ -	$ -	**$ 265,687**
Patient handling products	-	81,068	-	**81,068**
Custom products	-	5,786	-	**5,786**
Vehicle conversion and adaptation	-	-	21,799	**21,799**
	$ 265,687	**$ 86,854**	**$ 21,799**	**$ 374,340**
Timing of revenue recognition				
Goods transferred at a point in time	$ 221,634	$ 86,854	$ 21,799	**$ 330,287**
Services provided over time	44,053	-	-	**44,053**
	$ 265,687	**$ 86,854**	**$ 21,799**	**$ 374,340**

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

26 . 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.

27 . Related Parties

(A) Key Management Personnel and Director Compensation

	Twelve months ended December 31, 2020	2019
Short-term employee benefits	**$ 3,249**	$ 3,520
Stock-based compensation	**635**	721
	$ 3,884	**$ 4,241**

(B) Key Management Personnel and Director Transactions

Key management personnel and directors of the Corporation control approximately 31% (2019-31%) of the voting shares of the Corporation.

28 . Subsequent Events

On March 4, 2021, the Corporation announced that its cash offer to acquire all the issued and outstanding shares of Handicare for SEK 50.00 per share had been accepted by shareholders representing 56,118,445 shares of Handicare, corresponding to 95.2% of the total number of outstanding shares in Handicare. As of March 24, 2021, the Corporation owned 95.4% of the outstanding shares in Handicare representing a total consideration to Handicare shareholders of $452,300,000 (SEK 2,900,000,000) and a total enterprise value of $521,100,000 (SEK 3,400,000,000).

In order to finance the acquisition, the Corporation issued 12,736,050 shares at a price of $15.00 per share via a private placement with a syndicate of underwriters and with Caisse de dépôt et placement du Québec, for an aggregate gross proceeds of $191,040,750. Furthermore, the Corporation obtained $400,000,000 in new credit facilities.

Handicare offers solutions to increase the independence of disabled or elderly people, and to facilitate for their care 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 is in Stockholm, Sweden and manufacturing and assembly is located at four sites distributed across North America, Asia, and Europe.

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