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Quarterly
REPORT

SAVARIA CORPORATION

Quarterly Report

For the Three-Month Period Ended March 31, 2022

SAVARIA CORPORATION

Management's Discussion & Analysis Report

For the Three-Month period Ended March 31, 2022

Contents

1. Basis of Presentation

The following management's discussion and analysis ("MD&A"), dated May 11, 2022, is intended to assist readers to better understand Savaria Corporation, its business context, strategies, risk factors and key financial results. It notably discusses the Corporation's financial position and operating results for the three-month period ended March 31, 2022 in comparison to the corresponding period of fiscal 2021. Unless otherwise indicated, the terms "Corporation," "Savaria," "we" and "our," refer to Savaria Corporation and its subsidiaries.

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

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

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

2. Forward-Looking Statements

This MD&A includes certain statements which are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A which is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe," "could," "should," "intend," "expect, "estimate," "assume" and other similar expressions are generally intended to identify forward-looking statements. It is important to know the forward-looking statements in this MD&A describe our expectations as at May 11, 2022, which are not guarantees of the future performance of Savaria or its industry, and involve known and unknown risks and uncertainties which may cause Savaria's or the industry's outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetizations, mergers, acquisitions, other business acquisitions or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

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

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

3. Compliance with International Financial Reporting Standards

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

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

EBITDA

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

ADJUSTED EBITDA

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

in thousands of dollars	Total	2022	2021				2020		
	Trailing 12 months	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
				(Recast[1])	(Recast[1])	(Recast[1])			
Operating Income	$38,333	**$8,829**	$10,207	$10,382	$8,915	$6,380	$11,225	$12,284	$9,446
Amortization and depreciation expense	54,889	**13,334**	12,347	14,676	14,532	7,768	4,547	4,251	4,407
Stock-based compensation	1,903	**420**	564	563	356	264	102	239	425
Other expenses	12,254	**1,839**	6,132	692	3,591	2,881	175	140	192
Adjusted EBITDA*	$107,379	**$24,422**	$29,250	$26,313	$27,394	$17,293	$16,049	$16,914	$14,470

* Non-IFRS measures are described in this section

[1] Refer to Note 4 - Business Acquisition in the interim condensed consolidated financial statements of Q1 2022.

ADJUSTED EBITDA MARGIN

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

ADJUSTED EBITDA BEFORE HEAD OFFICE COSTS

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

ADJUSTED EBITDA MARGIN BEFORE HEAD OFFICE COSTS

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

in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	Head Office	Total
Q1 2022					
Operating Income	$12,191	$1,963	$(102)	$ (5,223)	**$8,829**
Amortization and depreciation expense	7,869	2,778	665	2,022	**$13,334**
Stock-based compensation	-	-	-	420	**$420**
Other expenses	437	605	-	797	**$1,839**
Adjusted EBITDA*	$20,497	$5,346	$563	$ (1,984)	**$24,422**
Adjusted EBITDA before head office costs*					**$26,406**
Adjusted EBITDA Margin before head office costs*	15.7%	12.8%	4.9%	n/a	**14.4%**
Q1 2021					(Recast[1])
Operating Income	$6,941	$2,130	$425	$(3,116)	**$6,380**
Amortization and depreciation expense	5,605	1,556	196	411	**$7,768**
Stock-based compensation	-	-	-	264	**$264**
Other expenses	1,350	12	-	1,519	**$2,881**
Adjusted EBITDA*	$13,896	$3,698	$621	$(922)	**$17,293**
Adjusted EBITDA before head office costs*					**$18,215**
Adjusted EBITDA Margin before head office costs*	17.2%	14.5%	10.4%	n/a	**16.3%**

* Non-IFRS measures are described in this section

[1] Refer to Note 4 - Business Acquisition in the interim condensed consolidated financial statements of Q1 2022.

ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS PER SHARE

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

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

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

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

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

AVAILABLE CREDIT FACILITIES

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

AVAILABLE SHORT-TERM CAPITAL RESOURCES

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

NET INTEREST-BEARING DEBT

Net interest-bearing debt is defined as interest-bearing long-term debt, including current portions, net of cash. The Corporation uses this ratio as a measure of financial leverage.

WORKING CAPITAL

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

4. Business Overview

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

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

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

As at May 11, 2022, Savaria's workforce totaled approximately 2,250 employees worldwide.

4.1 REPORTABLE SEGMENTS OF THE CORPORATION

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

Accessibility

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

Patient Care

From its facility in Magog, Québec, Savaria designs and builds an innovative ceiling lift product line designed to safely move patients from wheelchair to bed or bath areas using an overhead hoist. Span-America Medical Systems Inc. ("Span") makes medical beds, therapeutic support surfaces and pressure management products used in healthcare facilities such as long-term care and nursing homes. Span operates manufacturing facilities in Greenville, South Carolina (surfaces), and Beamsville, Ontario (beds). It also sells the Savaria *Patient Care* product line to home care and institutional sales channels through approximately 35 sales representatives in North America. Silvalea Ltd ("Silvalea"), based in Newton Abbot, UK, manufactures patient transfer slings and accessories. They specialize in the design and development of challenging and complex patient transfer solutions, with an extensive catalog of over 800 sling designs. The acquisition of Handicare added a production facility in the United States (St. Louis, Missouri) and a distribution network across North America for patient transfer, lifting and repositioning aid products. This acquisition largely complements the Savaria product offering and provides additional sales force and distribution channels for the *Patient Care* segment.

Adapted Vehicles

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

The following tables provide the revenue of the reportable segments by region for the three-month period ended March 31:

	Q1			
in thousands of dollars, except percentages	**2022**		2021	
Canada	**$33,151**	**18.1%**	$23,983	21.4%
United States	**62,444**	**34.0%**	50,819	45.3%
Europe (other than United Kingdom)	**46,060**	**25.1%**	24,905	22.2%
United Kingdom and others	**41,881**	**22.8%**	12,368	11.1%
Total	**$183,536**	**100.0%**	$112,075	100.0%

	Q1 2022					
in thousands of dollars, except percentages	Accessibility		Patient Care		Adapted Vehicles	
Canada	**$10,879**	**8.3%**	**$17,835**	**42.8%**	**$4,437**	**38.5%**
United States	**40,534**	**31.2%**	**21,509**	**51.7%**	**401**	**3.5%**
Europe (other than United Kingdom)	**38,638**	**29.6%**	**728**	**1.7%**	**6,694**	**58.0%**
United Kingdom and others	**40,298**	**30.9%**	**1,583**	**3.8%**	**-**	**-**
Total	**$130,349**	**100.0%**	**$41,655**	**100.0%**	**$11,532**	**100.0%**

	Q1 2021					
in thousands of dollars, except percentages	Accessibility		Patient Care		Adapted Vehicles	
Canada	$12,600	15.6%	$7,671	30.1%	$3,712	61.9%
United States	34,795	43.2%	15,920	62.5%	104	1.7%
Europe (other than United Kingdom)	22,050	27.4%	732	2.9%	2,123	35.4%
United Kingdom and others	11,149	13.8%	1,159	4.5%	60	1.0%
Total	**$80,594**	**100.0%**	**$25,482**	**100.0%**	**$5,999**	**100.0%**

5. Financial Highlights

in thousands of dollars, except per-share amounts	Q1 2022	Q1 2021
		(Recast[1])
Revenue	**$183,536**	$112,075
Gross Profit	**58,521**	37,398
Operating income	**$8,829**	$6,380
Adjusted EBITDA *	**$24,422**	$17,293
Adjusted EBITDA margin *	**13.3%**	15.4%
Net earnings	**5,347**	3,808
Adjusted net earnings *	**6,766**	6,397
Diluted net earnings per share	**0.08**	0.07
Adjusted net earnings per share *	**0.10**	0.12

* Non-IFRS measures are described in section 3
[1] Refer to Note 4 - Business Acquisition in the interim condensed consolidated financial statements of Q1 2022.

Q1 2022 HIGHLIGHTS

- Revenue for the quarter was $183.5M, up $71.5M or 63.8%, compared to Q1 2021, due mainly to the acquisition of Handicare in March 2021 and organic growth in the *Accessibility* and *Patient Care* segments.
- Gross profit was $58.5M, up $21.1M or 56.5%, compared to Q1 2021, representing 31.9% of revenue compared to 33.4% in Q1 2021.
- Operating income was $8.8M, up $2.4M or 38.4%, compared to Q1 2021, representing 4.8% of revenue compared to 5.7% in Q1 2021
- Adjusted EBITDA was $24.4M, up $7.1M or 41.2%, compared to Q1 2021.
- Adjusted EBITDA margin stood at 13.3% down 2.1%, compared to 15.4% in Q1 2021.
- Net earnings for the quarter were $5.3M, or $0.08 per share on a diluted basis, compared to $3.8M or $0.07 per share on a diluted basis in Q1 2021.
- *Accessibility* adjusted EBITDA before head office costs was $20.5M, an increase of $6.6M or 47.5% compared Q1 2021, mainly due to the acquisition of Handicare.
- *Patient Care* adjusted EBITDA before head office costs was $5.3M, an increase of $1.6M or 44.6% compared Q1 2021, also mainly due to the acquisition of Handicare.
- Adjusted net earnings excluding amortization of intangible assets related to acquisitions were $11.0M, or $0.17 per share on a diluted basis, up 25.7% and $0.01, respectively, compared to 2021.
- On January 26, 2022, the Corporation acquired all issued shares of Ultron Technologies Ltd. (“Ultron”) for a purchase price of $2.5M (GBP 1.5M). Based in Birmingham, England, Ultron is an electronics technology manufacturer with extensive experience in advanced integrated circuits design, software development, manufacturing and global procurement.
- Funds available of $127.6M to support working capital, investments and growth opportunities as of March 31, 2022.

6. Financial Review

6.1 REVENUE

During Q1 2022, the Corporation generated revenue of $183.5M, up $71.5M or 63.8%, compared to the same period in 2021. The growth was mainly due to the acquisition of Handicare and also organic growth of 12.0%.

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

	Q1			
in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	**Total**
Revenue 2022	$130,349	$41,655	$11,532	**$183,536**
Revenue 2021	$80,594	$25,482	$5,999	**$112,075**
Net change %	61.7%	63.5%	92.2%	**63.8%**
Organic Growth[1]	8.7%	22.2%	12.9%	**12.0%**
Acquisition Growth[2]	53.4%	41.5%	83.6%	**52.4%**
Foreign Currency Impact[3]	(0.4)%	(0.2)%	(4.3)%	**(0.6)%**
Net change %	61.7%	63.5%	92.2%	**63.8%**

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

6.1.1 Accessibility

Revenue from our *Accessibility* segment was $130.3M for the quarter, an increase of $49.8M or 61.7%, compared to the same period in 2021. The increase in revenue was related to the acquisition of Handicare and to organic growth of 8.7%, driven by strong demand in the residential sector and synergies with Handicare.

6.1.2 Patient Care

Revenue from our *Patient Care* segment was $41.7M for the quarter, an increase of $16.2M or 63.5%, compared to the same period in 2021. The increase in revenue was related to the acquisition of Handicare and to organic growth of 22.2% attributable to the easing of pandemic restrictions and increased access to long-term care facilities.

6.1.3 Adapted Vehicles

Revenue from our *Adapted Vehicles* segment was $11.5M for the quarter, an increase of $5.5M or 92.2%, compared to the same period in 2021. The increase in revenue was related to the acquisition of Handicare and organic growth of 12.9%, attributable to pent-up demand from last year which was delayed due to the pandemic.

6.2 GROSS PROFIT AND EXPENSES

The increase in gross profit of $21.1M for the quarter, when compared to the same period in 2021, was mainly attributable to acquisition of Handicare, offset by inflationary pressures on the supply chain, including increased shipping costs. While we are proactively managing sourcing and logistics to limit these pressures, we may continue to experience impacts in future periods.

	Q1			
in thousands of dollars, except per-share amounts and % revenue	**2022**		2021 (Recast[1])	
Revenue	**$183,536**		$112,075	
Cost of sales	**125,015**	**68.1%**	74,677	66.6%
Gross Profit	**$58,521**	**31.9%**	$37,398	33.4%
Selling and administrative expenses	**47,853**	**26.1%**	28,137	25.1%
Other expenses	**1,839**	**1.0%**	2,881	2.6%
Operating income	**$8,829**	**4.8%**	$6,380	5.7%
Net finance costs	**1,375**	**0.7%**	1,477	1.3%
Earnings before income tax	**$7,454**	**4.1%**	$4,903	4.4%
Income tax expense	**2,107**	**1.2%**	1,095	1.0%
Net Earnings	**$5,347**	**2.9%**	$3,808	3.4%
Adjusted EBITDA *	**$24,422**	**13.3%**	$17,293	15.4%
Basic net earnings per share	**$0.08**		$0.07	
Diluted net earnings per share	**$0.08**		$0.07	

* Non-IFRS measures are described in section 3
[1] Refer to Note 4 - Business Acquisition in the interim condensed consolidated financial statements of Q1 2022.

Selling and administrative expenses includes $5.6M of amortization of intangible assets in Q1 2022 related to acquisition compared to $3.1M in Q1 2021, an increase of $2.5M.

Depreciation of fixed assets and right-of-use assets expense, as a percentage of revenue for the three-month period ended March 31, 2022, were comparable to the same period in 2021.

In Q1 2022, the Corporation incurred other expenses of $1.8M compared to $2.9M in the same period in 2021. These expenses consisted mainly of integration costs in connection with Handicare. In 2021, the other expenses consisted mainly of business acquisition costs related to the acquisition of Handicare.

6.3 ADJUSTED EBITDA

Adjusted EBITDA and adjusted EBITDA margin for the quarter stood at $24.4M and 13.3%, respectively, compared to $17.3M and 15.4% for the same period in 2021. All segments realized decreased EBITDA margins versus the prior year mainly attributable to inflationary pressures on the supply chain, including increased shipping costs, loss of production hours due to COVID-19 and a reduction in the government of Canada's COVID-19 employment retention subsidy. These impacts were partially offset by the Handicare acquisition's positive contribution to our financial results. Management has undertaken numerous initiatives to increase the margins across the business, which include proactively managing sourcing and logistics. To that end, in April 2022, the Corporation signed a letter of intent to lease a building in Querétaro, Mexico, the facility is planned to provide sub-assembly for the core accessibility products of the Corporation, expanding capacity close to the Corporation's major end markets and reducing shipping costs. Across the Accessibility and Patient Care segments, increases in absolute dollars mainly reflect the increased revenue from consolidating Handicare's results for a period of three months in fiscal 2022 compared to one month in fiscal 2021.

Head office costs for Q1 2022 stood at $2.0M. The increase of $1.1M compared to the same period in 2021 was mainly due to the acquisition of Handicare and higher non capitalizable information technology (IT) systems costs. The overall head office cost before IT costs is projected to decrease as synergies related to the integration of Handicare continue to be realized.

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

in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	Total
		Q1 2022		
Revenue	$130,349	$41,655	$11,532	**$183,536**
Adjusted EBITDA*				**$24,422**
Head office costs				**$1,984**
Adjusted EBITDA before head office costs*	$20,497	$5,346	$563	**$26,406**
Adjusted EBITDA Margin before head office costs*	15.7%	12.8%	4.9%	**14.4%**
		Q1 2021		
Revenue	$80,594	$25,482	$5,999	**$112,075**
Adjusted EBITDA*				**$17,293**
Head office costs				**$922**
Adjusted EBITDA before head office costs*	$13,896	$3,698	$621	**$18,215**
Adjusted EBITDA Margin before head office costs*	17.2%	14.5%	10.4%	**16.3%**

* Non-IFRS measures are described in section 3

6.3.1 Accessibility

Accessibility adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $20.5M and 15.7% in Q1 2022, respectively, compared to $13.9M and 17.2% for the same period in 2021. The improvement in adjusted EBITDA is mainly due to the acquisition of Handicare. The reduction in adjusted EBITDA margin is mainly attributable to inflationary pressures on the supply chain, including increased shipping costs. These impacts were partially offset by the positive contribution to our financial results generated by the acquisition of Handicare.

6.3.2 Patient Care

Patient Care adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $5.3M and 12.8%, in Q1 2022, respectively, compared to $3.7M and 14.5% for the same period in 2021. The increase in adjusted EBITDA was mainly due to the acquisition of Handicare and additional revenue coming from the easing of pandemic restrictions and increased access to long-term care facilities. The decrease in adjusted EBITDA margin is partially due to the aforementioned inflationary pressures on the supply chain.

6.3.3 Adapted Vehicles

Adapted Vehicles adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $0.6M and 4.9%, in Q1 2022, respectively, compared to $0.6M and 10.4% for the same period in 2021. The decrease in adjusted EBITDA and adjusted EBITDA margin was due to a reduction in the government of Canada's COVID-19 employment retention subsidies and the aforementioned inflationary pressures on the supply chain as well as delays in sourcing certain key materials.

6.4 NET FINANCE COSTS

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

In Q1 2022, net finance costs were $1.4M, stable when compared to $1.5M for the same period in 2021. Although interest on long-term debt was higher by $0.9M because of the financing of the acquisition of Handicare, and net gain on foreign currency exchange lower by $1.5M, a gain on the ineffective portion of changes in fair value of net investment hedges of $0.8M occurred in 2022, while a loss of $1.8M on a foreign exchange contract occured in 2021.

6.5 INCOME TAXES

For the first quarter of 2022, an income tax expense of $2.1M was recorded on earnings before income tax of $7.5M, representing an effective tax rate of 28.3% compared to an income tax expense of $1.1M and an effective tax rate of 22.3% for the same period in 2021. The increase in income tax and in effective tax rate is mainly the result of different profit allocation coming from countries in which the Corporation operates that are taxable at different rates, while in 2021, the effective tax rate was positively impacted by prior years adjustments.

6.6 NET EARNINGS AND NET EARNINGS PER SHARE

In Q1 2022, the Corporation's net earnings were $5.3M or $0.08 per share on a diluted basis, compared to $3.8M or $0.07 per share for the same period in 2021. The increase in net earnings and net earnings per share was mainly due to the increase of revenue provided by the acquisition of Handicare.

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

	Q1	
in thousands of dollars, except number of shares and per-share amounts	**2022**	2021
		(Recast[1])
Net earnings	**$5,347**	$3,808
Other expenses	**1,839**	2,881
Income tax related to other expenses[2]	**(420)**	(292)
Adjusted net earnings *	**$6,766**	$6,397
Amortization of intangible assets related to acquisitions	**5,626**	3,076
Income tax related to amortization of intangible assets related to acquisitions[2]	**(1,371)**	(702)
Adjusted net earnings excluding amortization of intangible assets related to acquisitions*	**$11,021**	$8,771
In $ per share		
Diluted net earnings	**$0.08**	$0.07
Other expenses net of income tax[2]	**0.02**	0.05
Adjusted net earnings *	**$0.10**	$0.12
Amortization of intangible assets related to acquisitions net of income tax[2]	**0.07**	0.04
Adjusted net earnings excluding amortization of intangible assets related to acquisitions *	**$0.17**	$0.16
Diluted weighted average number of shares	**64,522,496**	54,927,519

* Non-IFRS measures are described in section 3

[1] Refer to Note 4 - Business Acquisition in the interim condensed consolidated financial statements of Q1 2022.

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

Adjusted net earnings stood at $6.8M, or $0.10 per share in Q1 2022, compared to $6.4M or $0.12 per share in the same period in 2021.

Q1 2022 adjusted net earnings excluding amortization of intangible assets related to acquisitions stood at $11.0M or $0.17 per share, an increase of $2.3M and $0.01 per share, respectively, compared to the same period in 2021.

7. Summary of Quarterly Results

in thousands of dollars, except per-share amounts	Total Trailing 12 months	2022 Q1	2021 Q4	Q3 (Recast[1])	Q2 (Recast[1])	Q1 (Recast[1])	2020 Q4	Q3	Q2
Revenue	$732,444	**$183,536**	$189,529	$180,758	$178,621	$112,075	$90,601	$90,808	$84,668
Gross Margin as a % of revenue	32.3%	**31.9%**	31.5%	32.4%	33.5%	33.4%	33.3%	35.9%	34.6%
Operating Income	$38,333	**$8,829**	$10,207	$10,382	$8,915	$6,380	$11,225	$12,284	$9,446
Adjusted EBITDA*	$107,379	**$24,422**	$29,250	$26,313	$27,394	$17,293	$16,049	$16,914	$14,470
Net earnings	$13,074	**$5,347**	$945	$4,757	$2,025	$3,808	$6,714	$8,127	$6,107
Net earnings per share - diluted	$0.20	**$0.08**	$0.02	$0.07	$0.03	$0.07	$0.13	$0.16	$0.12
Dividend declared per share	$0.492	**$0.125**	$0.125	$0.122	$0.120	$0.120	$0.119	$0.117	$0.115

* Non-IFRS measures are described in section 3
[1] Refer to Note 4 -Business Acquisition in the interim condensed consolidated financial statements of Q1 2022.

Selected financial information for the last eight quarters is presented in the preceeding table. The Corporation experiences seasonal variations in its business. In terms of revenues, excluding the impact of acquisitions, the first quarter of the fiscal year is typically the Corporation's weakest period while the fourth quarter is usually its strongest period. However, the global pandemic has impacted the Corporation's seasonal trend.

8. Financial Position

8.1 CAPITAL RESOURCES

in thousands of dollars	March 31, 2022	December 31, 2021
Total amount available under the credit facility	**$400,000**	$400,000
Amount drawn under the revolving credit facility	**(315,000)**	(332,592)
Outstanding letter of credits	**(1,261)**	(1,306)
Available credit facilities *	**$83,739**	$66,102
Cash and cash equivalents	**$43,903**	$63,494
Available short-term capital resources *	**$127,642**	$129,596
Current assets	**$308,455**	$320,726
Current liabilities	**167,519**	166,411
Working capital *	**$140,936**	$154,315
Ratio of current assets to current liabilities	**1.84**	1.93

* Non-IFRS measures are described in section 3

The Corporation believes its cash flows from operating activities, combined with its available short-term capital resources, will enable it to support its growth strategy, working capital requirements and planned capital expenditures as well as provide its shareholders with a return on their investment. In 2021, the Corporation was able to secure a new credit facility of which $83.7M is available as of March 31, 2022.

8.2 CREDIT FACILITIES

As at March 31, 2022, the Corporation had in place the following credit facilities:

in thousands of dollars	**March 31, 2022**	December 31, 2021
Term loan	**$50,000**	$50,000
Revolver Facility	**400,000**	400,000
Total	**$450,000**	$450,000

The credit facilities are available for general corporate purposes and for financing business acquisitions. Under these credit facilities, the Corporation is required, among other conditions, to respect certain covenants on a consolidated basis. Management reviews compliance with these covenants in conjunction with quarterly filing requirements under its credit facilities. All covenants were met as at March 31, 2022.

8.3 NET INTEREST-BEARING DEBT

As at March 31, 2022, the Corporation had a net interest-bearing debt position of $317.7M, comparable to $315.4M as of December 31, 2021. The decrease in cash and cash equivalents is in line with the corresponding decrease in the carrying amount of the credit facility.

in thousands of dollars	**March 31, 2022**	December 31, 2021
Carrying amount of the credit facility [1]	**$361,620**	$378,933
Less: Cash and cash equivalents	**(43,903)**	(63,494)
Net interest-bearing debt*	**$317,717**	$315,439

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

9. Liquidity

	Q1	
in thousands of dollars	**2022**	2021
Cash flows related to operating activities before net changes in non-cash operating items	**$15,734**	$12,496
Net changes in non-cash operating items	**(2,732)**	15,405
Cash flows related to operating activities	**13,002**	27,901
Cash flows related to investing activities	**(4,808)**	(364,449)
Cash flows related to financing activities	**(27,152)**	383,356
Unrealized foreign exchange loss on cash held in foreign currencies	**(633)**	(2,979)
Net change in cash	**$(19,591)**	$43,829

9.1 OPERATING ACTIVITIES

Cash flows related to operating activities before net changes in non-cash operating items reached $15.7M in Q1 2022, versus $12.5M in the same period in 2021. The increase mainly reflects the higher EBITDA of the Corporation.

For the three-month period ended March 31, 2022, net changes in non-cash operating items reduced liquidity by $2.7M, compared to an increase of $15.4M a year earlier. This variation was mainly due to an increase in inventory on hand to mitigate supply chain challenges. As a result, cash generated from operating activities in Q1 2022 stood at $13.0M, compared to $27.9M in the same period in 2021.

9.2 INVESTING ACTIVITIES

In Q1 2022, cash used in investing activities was $4.8M compared to $364.4M in Q1 2021. In 2022, the Corporation disbursed cash for the acquisition of Ultron for $1.4M and $3.6M in fixed and intangible assets, compared to $361.9M for the acquisition of Handicare and $2.6M in fixed and intangible assets in 2021.

9.3 FINANCING ACTIVITIES

In Q1 2022, cash used in financing activities was $27.2M compared to an inflow of $383.4M in Q1 2021. The major outflow of 2022 is related to a reimbursement of the credit facility for $15.5M, but higher interest paid of $1.5M and higher dividends paid of $1.9M also contributed to the higher cash disbursement. In 2021, inflows came from a draw on the facility of $213.5M and the issuance of common shares of $182.1M to finance the acquisition of Handicare.

9.4 DIVIDENDS

The aggregate monthly dividends declared in the first quarter 2022 totaled $8.0M, compared to $6.6M in the same period for 2021. As at March 31, 2022, 64,326,487 shares were issued and outstanding, compared to 64,212,154 as at December 31, 2021. Dividends paid in the first quarter amounted to $8.0M compared to $6.1M for the same period in 2021.

9.5 STOCK OPTIONS

As at May 11, 2022, 2,539,508 stock options were outstanding at exercise prices ranging from $10.73 to $22.05.

10. Governance

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

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

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

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

11. Significant Accounting Policies and Estimates

A. Accounting Estimates

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

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

The uncertainties related to the global COVID-19 pandemic required the use of judgements and estimates which resulted in no material impacts for the period ended March 31, 2022. The Corporation will continue to monitor the potential impact of the COVID-19 pandemic over the future reporting periods.

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

B. New Accounting Standards Adopted

The following new amendment to standards and interpretations has been applied in preparing the interim condensed consolidated financial statements as at March 31, 2022.

Interest Rate Benchmark Reform – Phase 2

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

The Corporation has exposure to IBORs on its credit facility and on a cross-currency swap that will be replaced or reformed as part of these market-wide initiatives. The Corporation's main exposure as at March 31, 2022 is indexed to the US dollar LIBOR, those instruments having a maturity date in April 2025 and April 2024 respectively. Amendments to financial instruments with contractual terms indexed to US dollar LIBOR were not completed yet.

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

12. Risks and Uncertainties

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

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

13. Environmental, Social and Governance (“ESG”) Values

As a global leader within the accessibility industry, Savaria is committed to minimizing its environmental footprint and upholding the highest social and governance standards. We believe that promoting environmentally and socially responsible behaviour across our organization is key to achieving sustainable growth and long-term value creation. As such, we have dedicated resources to advancing our ESG strategy in 2022 and look forward to sharing further details on these initiatives with the investment community during the year.

14. Outlook

The uncertainty around the future impact of the ongoing global pandemic makes it difficult to predict future performance, however, considering its financial performance, coupled with current backlog levels, and the Corporation’s confidence in the strategic integration plan with Handicare which is underway, Savaria is optimistic it will achieve its previously stated goal of generating revenue in excess of $775 million with adjusted EBITDA in the range of $120 million to $130 million in fiscal 2022.

This outlook is based on the following assumptions:

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

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

This outlook is based on the following assumptions:

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

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

2022

SAVARIA CORPORATION

Interim Condensed Consolidated Financial Statements

As at March 31, 2022

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

savaria

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars - Unaudited)

	Note	March 31, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents		**$ 43,903**	$ 63,494
Trade and other receivables		**101,233**	102,497
Income taxes receivable		**5,147**	5,705
Derivative financial instruments	*11*	**2,975**	2,435
Inventories		**139,605**	128,496
Prepaid expenses and other current assets		**15,592**	18,099
Total current assets		**308,455**	320,726
Non-current assets			
Derivative financial instruments	*11*	**3,761**	1,843
Fixed assets		**54,600**	54,831
Right-of-use assets		**49,174**	51,248
Intangible assets and goodwill	*5*	**638,039**	659,072
Other long-term assets		**619**	1,382
Deferred tax assets		**17,561**	17,818
Total non-current assets		**763,754**	786,194
Total assets		**$ 1,072,209**	$ 1,106,920
Liabilities			
Current liabilities			
Trade and other payables		**$ 108,576**	$ 107,251
Dividend payable		**2,679**	2,675
Income taxes payable		**6,247**	7,053
Deferred revenues		**36,195**	35,364
Current portion of long-term debt	*6*	**1,248**	1,058
Current portion of lease liabilities		**9,602**	9,920
Provisions		**2,972**	3,090
Total current liabilities		**167,519**	166,411
Non-current liabilities			
Long-term debt	*6*	**362,398**	378,933
Lease liabilities		**40,883**	42,430
Long-term provisions		**7,376**	7,701
Other long-term liabilities		**12,622**	12,945
Income taxes payable		**322**	326
Derivative financial instruments	*11*	**288**	1,562
Deferred tax liabilities		**59,026**	62,012
Total non-current liabilities		**482,915**	505,909
Total liabilities		**650,434**	672,320
Equity			
Share capital	*7*	**454,798**	452,967
Contributed surplus		**7,110**	7,003
Accumulated other comprehensive income (loss)		**(31,834)**	(19,762)
Retained earnings		**(8,299)**	(5,608)
Total equity		**421,775**	434,600
Total liabilities and equity		**$ 1,072,209**	$ 1,106,920

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

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands of Canadian dollars, except per share amounts and numbers of shares - Unaudited)

	Note	Three months ended March 31, 2022	2021 (recast - note 4)
Revenue	12	**$ 183,536**	$ 112,075
Cost of sales		**125,015**	74,677
Gross profit		**58,521**	37,398
Operating expenses			
Selling and administrative expenses		**47,853**	28,137
Other expenses	8	**1,839**	2,881
Total operating expenses		**49,692**	31,018
Operating income		**8,829**	6,380
Net Finance costs	9	**1,375**	1,477
Earnings before income tax		**7,454**	4,903
Income tax expense		**2,107**	1,095
Net Earnings		**$ 5,347**	$ 3,808
Earnings per share:			
Basic		**$ 0.08**	$ 0.07
Diluted		**$ 0.08**	$ 0.07
Basic weighted average number of shares		**64,217,265**	54,741,140
Diluted weighted average number of shares		**64,522,496**	54,927,519

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

(in thousands of Canadian dollars - Unaudited)

	Three months ended March 31, 2022	2021 (recast - note 4)
Net Earnings	**$ 5,347**	$ 3,808
Items that are or may be reclassified subsequently to net earnings:		
Net change in derivative financial instruments designated as cash flow hedges, net of tax	**696**	774
Net change on translation of financial statements of foreign operations, net of tax	**(16,859)**	(13,360)
Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges	**(216)**	(105)
Net change in net investment hedges	**4,307**	1,528
Other comprehensive income (loss)	**(12,072)**	(11,163)
Total comprehensive income (loss)	**$ (6,725)**	$ (7,355)

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

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Periods of three months ended March 31, 2022 and 2021

(in thousands of Canadian dollars - Unaudited)

	2022					
	Share capital			Accumulated other		
	Number	Amount	Contributed surplus	comprehensive income (loss)	Retained earnings	Total equity
Balance at January 1, 2022	**64,212,154**	**$ 452,967**	**$ 7,003**	**$ (19,762)**	**$ (5,608)**	**$ 434,600**
Net earnings	-	**-**	**-**	**-**	**5,347**	**5,347**
Stock-based compensation	-	-	420	-	**-**	**420**
Exercise of stock options (Note 7)	114,333	1,831	(313)	-	-	**1,518**
Dividends on common shares (Note 7)	-	-	-	-	(8,038)	**(8,038)**
Total transactions with shareholders	**114,333**	**1,831**	**107**	**-**	**(8,038)**	**(6,100)**
Other comprehensive income (loss)	-	-	-	(12,072)	-	**(12,072)**
Balance at March 31, 2022	**64,326,487**	**$ 454,798**	**$ 7,110**	**$ (31,834)**	**$ (8,299)**	**$ 421,775**

	2021					
	Share capital			Accumulated other		
	Number	Amount	Contributed surplus	comprehensive income (loss)	Retained earnings	Total equity
						(recast - note 4)
Balance at January 1, 2021	**51,043,941**	**$ 255,340**	**$ 6,402**	**$ (1,842)**	**$ 19,827**	**$ 279,727**
Net earnings	-	**-**	**-**	**-**	**3,808**	**3,808**
Shares issued in relation to a private placement (Note 7)	12,736,050	191,041	-	-	-	**191,041**
Share issue costs, net of tax (Note 7)	-	-	-	-	(6,583)	**(6,583)**
Stock-based compensation	-	-	264	-	-	**264**
Exercise of stock options (Note 7)	51,167	756	(145)	-	-	**611**
Dividends on common shares (Note 7)	-	-	-	-	(6,638)	**(6,638)**
Total transactions with shareholders	**12,787,217**	**191,797**	**119**	**-**	**(13,221)**	**178,695**
Other comprehensive income (loss)	-	-	-	(11,163)	-	**(11,163)**
Balance at March 31, 2021	**63,831,158**	**$ 447,137**	**$ 6,521**	**$ (13,005)**	**$ 10,414**	**$ 451,067**

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

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars - Unaudited)

	Note	Three months ended March 31, 2022	2021 (recast - note 4)
Cash flows related to operating activities			
Net Earnings		**$ 5,347**	$ 3,808
Adjustments for:			
Depreciation of fixed assets		**1,799**	1,428
Depreciation of right-of-use assets		**2,632**	1,504
Amortization of intangible assets	5	**8,903**	4,836
Income tax expense		**2,107**	1,095
Stock-based compensation		**420**	264
Ineffective portion of changes in fair value of net investment hedges	9	**(768)**	-
Gain on the sale and write-off of fixed assets		**(8)**	(28)
Unrealized foreign exchange (gain) loss		**(4,611)**	1,412
Interest and amortization of financing costs	9	**2,884**	1,895
Income tax paid		**(2,971)**	(3,794)
Others		**-**	76
		15,734	12,496
Net changes in non-cash operating items	10	**(2,732)**	15,405
Net cash related to operating activities		**13,002**	27,901
Cash flows related to investing activities			
Business acquisitions	4	**(1,383)**	(361,903)
Proceeds from sale of fixed assets		**135**	16
Additions to fixed assets		**(1,473)**	(551)
Increase in intangible assets		**(2,087)**	(2,011)
Net cash related to investing activities		**(4,808)**	(364,449)
Cash flows related to financing activities			
Net repayment of long-term debt	6	**(293)**	-
Repayment of lease obligations		**(2,845)**	(2,080)
Net change in the revolving credit facility	6	**(15,473)**	213,458
Interest paid		**(2,025)**	(571)
Transaction costs related to a long-term debt		**-**	(3,741)
Proceeds from the issuance of common shares in relation to a placement, net of transaction fees		**-**	182,081
Proceeds from exercise of stock options	7	**1,518**	336
Dividends paid on common shares	7	**(8,034)**	(6,127)
Net cash related to financing activities		**(27,152)**	383,356
Unrealized foreign exchange loss on cash held in foreign currencies		**(633)**	(2,979)
Net change in cash		**(19,591)**	43,829
Cash - Beginning of period		**63,494**	54,180
Cash - End of period		**$ 43,903**	$ 98,009

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

1 . Reporting Entity

Savaria Corporation is domiciled in Canada. The interim condensed consolidated financial statements of the Corporation as at and for the periods ended March 31, 2022 and 2021 comprise the accounts of Savaria Corporation and its wholly owned subsidiaries (together referred to as the "Corporation" or as "Savaria"). Savaria is a global leader in the accessibility industry. It provides accessibility solutions for the elderly and physically challenged to increase their comfort, their mobility and their independence. The activities of the Corporation are divided into three reportable segments: *Accessibility* , *Patient Care* and *Adapted Vehicles* as described in Note 12 "Reportable segments".

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

2 . Basis of Presentation

Statement of Compliance

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

These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Corporation and the notes thereto for the year ended on December 31, 2021. These interim condensed consolidated financial statements have not been the subject of a review or an audit by the Corporation's auditors; they were approved by the Board of Directors on May 11, 2022.

3 . Significant Accounting Policies

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

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

A) Use of Judgements and Estimates

The uncertainties related to the global COVID-19 pandemic, required the use of judgements and estimates which resulted in no material impacts for the period ended March 31, 2022. The Corporation will continue to monitor the potential impact of the COVID-19 pandemic over the future reporting periods.

B) New Accounting Standards Adopted

The following new amendment to standards and interpretations has been applied in preparing the consolidated financial statements as at March 31, 2022.

Interest Rate Benchmark Reform - Phase 2

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

The Corporation has exposure to IBORs on its credit facility and on a cross-currency swap that will be replaced or reformed as part of these market-wide initiatives. The Corporation's main exposure as at March 31, 2022 is indexed to the US dollar LIBOR, those instruments having a maturity date in April 2025 and April 2024 respectively. Amendments to financial instruments with contractual terms indexed to US dollar LIBOR were not completed yet. The Corporation is managing the process to transition the existing impacted agreements to an alternative rate. The adoption of this new amendment to standards has not had a material impact on the interim condensed consolidated financial statements.

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

4 . Business Acquisition

A) Business Acquisition realized during the current fiscal year

Ultron Technologies Ltd.

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

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

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

As at March 31, 2022, although the measurement process has begun, the Corporation had not yet finalized the fair value measurement of the following main items: intangible assets, goodwill and determination of deferred income taxes.

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

		Ultron
Assets acquired		
Current assets	$	463
Fixed assets		786
Right-of-use assets		403
Intangible assets and goodwill		2,612
	$	4,264
Liabilities assumed		
Current liabilities		945
Long-term debt including current portion		296
Leases liabilities including current portion		403
Other long-term liabilities		78
	$	1,722
Fair value of net assets acquired	$	2,542
Less: Cash in acquired business		148
Net assets acquired	$	2,394
Net consideration paid at the exchange rate of the acquisition date	$	1,383
Consideration payable at the exchange rate of the acquisition date	$	1,011
Consideration payable at the exchange rate of March 31, 2022	$	972

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

4 . Business Acquisition (continued)

B) Business Acquisitions realized during the previous fiscal year

Handicare Group AB

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

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

	Handicare
Assets acquired	
Current assets	**$ 163,146**
Fixed and right-of use assets	**38,708**
Intangible assets	**224,759**
Goodwill	**295,207**
Deferred tax and other long-term assets	**6,617**
	$ 728,437
Liabilities assumed	
Current liabilities	**71,630**
Long-term debt including current portion	**115,295**
Leases liabilities including current portion	**27,757**
Deferred tax and other long-term liabilities	**65,756**
	$ 280,438
Fair value of net assets acquired	**$ 447,999**
Less: Cash in acquired business	**65,879**
Net assets acquired	**$ 382,120**

As per IFRS 3, adjustments to preliminary amounts, mainly including intangibles assets, goodwill and deferred tax liabilities, have been retrospectively recognized as at the acquisition date to reflect information obtained about facts and circumstances that existed and, if known, would have affected the measurement of the amounts recognized as at the acquisition date, with the following impact for the first quarter of 2021:

	Results presented in Q1 2021	**Impact of the recast**	**Adjusted figures Q1 2021**
Revenue	$ 112,075	$ -	$ 112,075
Cost of sales	73,135	1,542	74,677
Gross profit	38,940	(1,542)	37,398
Selling and administrative expenses	27,836	301	28,137
Other expenses	2,523	358	2,881
Total operating expenses	30,359	659	31,018
Operating income	8,581	(2,201)	6,380
Net Finance costs	1,477	-	1,477
Earnings before income tax	7,104	(2,201)	4,903
Income tax expense	1,478	(383)	1,095
Net Earnings	**$ 5,626**	**$ (1,818)**	**$ 3,808**
Earnings per share:			
Basic	$ 0.10	$ (0.03)	$ 0.07
Diluted	$ 0.10	$ (0.03)	$ 0.07
Depreciation and amortization expense	$ 5,925	$ 1,843	$ 7,768

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

5 . Intangible assets and goodwill

	Intangible Assets	Goodwill	2022 Total
Balance at January 1	**$ 258,310**	**$ 400,762**	**$ 659,072**
Intangible assets and goodwill from acquisitions (Note 4)			**2,612**
Additions			**2,087**
Amortization			**(8,903)**
Effect of movements in exchange rates			**(16,829)**
Balance at March 31			**$ 638,039**

6 . Long-term debt

	March 31, 2022	December 31, 2021
Revolving Credit Facility [1]	**$ 311,735**	$ 329,062
Term Loan Facility [1]	**49,885**	49,871
Notes payable related to business acquisitions	**2,026**	1,058
	$ 363,646	$ 379,991
Less: Current portion	**1,248**	1,058
	$ 362,398	**$ 378,933**

[1] Net of deferred financing costs of respectively $3,265,000 and $115,000 (2021 - $3,530,000 and $129,000).

Term Loan Facility

The Corporation has a term loan in the amount of $50,000,000. Only interest is payable on a monthly basis, at a rate which varies according to certain ratios of the Corporation. As of March 31st, the rate was banker's acceptance rate, plus 2.50%. This term Loan Facility comes to maturity on April 3, 2024.

Revolving Credit Facility

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

- The amount available was increased from $110,000,000 to $400,000,000; in Canadian or US dollar, euro or British pound equivalent;
- As at March 31, 2022, an amount of $142,320,000 in US dollars and $137,031,000 in Canadian dollars had been drawn on the credit facility;
- The Revolving Credit Facility comes to maturity on April 3, 2025;
- Interest is payable on a monthly basis. The applicable interest rate on the credit facility is based on the credit rating assigned to the Corporation. According to the current credit rating, the rate is either the banker's acceptance rate or LIBOR, plus 2.50%, or the Canadian prime rate or U.S. base rate, plus 1.50%.

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

6 . Long-term debt (continued)

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

	2022
Balance at January 1	**$ 379,991**
Net change in the revolving credit facility	**(15,473)**
Increase through business combinations (Note 4)	**296**
Consideration payable related to an acquisition (Note 4)	**1,011**
Repayment of other long-term debts	**(293)**
Amortization of capitalized deferred financing costs (Note 9)	**279**
Impact of the change in foreign exchange rates	**(2,165)**
	$ 363,646
Less: Current portion	**1,248**
Balance at March 31	**$ 362,398**

7 . Share Capital

During the first quarter of 2022, the Corporation issued 114,333 common shares (2021-51,167) at an average price of $13.28 per share (2021-$11.94) following the exercise of stock options. These exercises resulted in an increase in share capital of $1,831,000 (2021-$756,000) and a decrease in contributed surplus of $313,000 (2021-$145,000). The average closing price of the Corporation's shares on the exercise dates of options exercised during 2022 was $17.64 (2021-$17.75).

On March 5, 2021, the Corporation issued 12,736,050 common shares at a price of $15.00 per share via two concurrent private placements with a syndicate of underwriters and with Caisse de dépôt et placement du Québec, for an aggregate gross proceeds of $191,041,000. At that moment, net proceeds after transaction costs of $8,960,000 were $182,081,000. Transaction fees after tax amounted to $6,586,000.

		2022		**2021**
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	**2,307,175**	**$ 15.99**	1,988,670	$ 13.86
Granted	**410,000**	**18.13**	60,000	18.57
Exercised	**(114,333)**	**13.28**	(51,167)	11.94
Forfeited	**(61,668)**	**17.26**	(41,667)	12.60
Outstanding at March 31	**2,541,174**	**$ 16.47**	**1,955,836**	**$ 13.84**

The following dividends were declared and paid by the Corporation:

	Three months ended March 31,	
	2022	**2021**
Dividends declared	**$ 8,038**	$ 6,638
Amount declared per share in cents	**0.13**	0.12
Dividends paid	**$ 8,034**	$ 6,127
Amount paid per share in cents	**0.13**	0.12

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

8 . Other Expenses

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

	Three months ended March 31, 2022	2021
		(recast - note 4)
Business acquisition costs	**$ 26**	$ 2,510
Business integration costs	**1,813**	371
	$ 1,839	**$ 2,881**

9 . Net Finance Costs

	Three months ended March 31, 2022	2021
Interest on long-term debt	**$ 2,288**	$ 1,420
Interest on lease liabilities	**317**	312
Loss on foreign exchange contract	**-**	1,815
Other interests and bank charges	**-**	47
Amortization of deferred financing costs	**279**	163
Interest income	**(28)**	(24)
Net gain on foreign currency exchange	**(713)**	(2,256)
Ineffective portion of changes in fair value of net investment hedges	**(768)**	-
	$ 1,375	**$ 1,477**

10 . Net Changes in Non-cash Operating Items

	Three months ended March 31, 2022	2021
		(recast - note 4)
Trade and other receivables	**$ (177)**	$ 4,439
Inventories	**(12,694)**	122
Prepaid expenses and other current assets	**2,216**	(2,106)
Other long-term assets	**759**	-
Trade and other payables	**6,110**	11,613
Deferred revenues	**1,203**	1,517
Provisions	**(191)**	(183)
Other long-term liabilities	**42**	3
	$ (2,732)	**$ 15,405**

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

11 . Derivative Financial Instruments

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

	March 31, 2022	December 31, 2021
Current assets		
Foreign exchange contracts	**$ 2,975**	$ 2,435
Non-current assets		
Foreign exchange contracts	**$ -**	$ 822
Interest rate swaps	**189**	-
Cross-currency swaps	**3,572**	1,021
	$ 3,761	**$ 1,843**
Non-current liabilities		
Cross-currency swaps	**$ 288**	$ 520
Interest rate swaps	**-**	1,042
	$ 288	**$ 1,562**

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

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12 . Reportable Segments

Information about the reportable segments

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

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

Sales between segments are eliminated upon consolidation.

				Three months ended March 31,
	Accessibility	**Patient Care**	**Adapted Vehicles**	**Total**
2022				
Revenue	**$ 130,349**	**$ 41,655**	**$ 11,532**	**$ 183,536**
Adjusted EBITDA before head office costs	**$ 20,497**	**$ 5,346**	**$ 563**	**$ 26,406**
Head office costs				**1,984**
Adjusted EBITDA				**$ 24,422**
Stock-based compensation				**420**
Other expenses				**1,839**
Depreciation and amortization expense				**13,334**
Operating income				**$ 8,829**
2021				(recast - note 4)
Revenue	$ 80,594	$ 25,482	$ 5,999	**$ 112,075**
Adjusted EBITDA before head office costs [1]	$ 13,896	$ 3,698	$ 621	**$ 18,215**
Head office costs				**922**
Adjusted EBITDA [1]				**$ 17,293**
Stock-based compensation				**264**
Other expenses				**2,881**
Depreciation and amortization expense				**7,768**
Operating income [1]				**$ 6,380**

[1] Includes approximately $1,100,000 recognized against salary expense, attributable to the Canada Emergency Wage Subsidy program.

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

12 . Reportable Segments (continued)

Desegregation of Revenue

	Three months ended March 31,			
	Accessibility	**Patient Care**	**Adapted Vehicles**	**Total**
2022				
Revenue by region				
Canada	**$ 10,879**	**$ 17,835**	**$ 4,437**	**$ 33,151**
United States	**40,534**	**21,509**	**401**	**62,444**
Europe (other than United Kingdom)	**38,638**	**728**	**6,694**	**46,060**
United Kingdom and others	**40,298**	**1,583**	**-**	**41,881**
	$ 130,349	**$ 41,655**	**$ 11,532**	**$ 183,536**
Timing of revenue recognition				
Goods transferred at a point in time	**$ 113,313**	**$ 41,655**	**$ 11,532**	**$ 166,500**
Services provided over time	**17,036**	**-**	**-**	**17,036**
	$ 130,349	**$ 41,655**	**$ 11,532**	**$ 183,536**
2021				
Revenue by region				
Canada	$ 12,600	$ 7,671	$ 3,712	**$ 23,983**
United States	34,795	15,920	104	**50,819**
Europe (other than United Kingdom)	22,050	732	2,123	**24,905**
United Kingdom and others	11,149	1,159	60	**12,368**
	$ 80,594	**$ 25,482**	**$ 5,999**	**$ 112,075**
Timing of revenue recognition				
Goods transferred at a point in time	$ 66,594	$ 25,482	$ 5,999	**$ 98,075**
Services provided over time	14,000	-	-	**14,000**
	$ 80,594	**$ 25,482**	**$ 5,999**	**$ 112,075**

13 . Subsequent Events

On April 29, 2022, the Corporation signed a letter of intent to lease a building in Querétaro, Mexico. This new factory of 95,000 square feet is expected to commence operations in September 2022 and is planned to provide sub-assembly for the core accessibility products of the Corporation, expanding capacity close to the Corporation's major end markets in the United States and Canada. The lease is expected to be signed in Q2 2022, for a 5 year term with three renewal options of 5 years each with the obligation approximating $2,500,000 for the base term.

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