

# AIF

March 23, 2022

**SAVARIA CORPORATION** 4350 Highway 13 Laval Québec Canada H7R 6E9

## Annual Information Form

for the fiscal year ended December 31, 2021

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As used in this annual information form (“AIF”), unless the context indicates otherwise: the “Corporation” or “Savaria” refer collectively to Savaria Corporation and, unless the context otherwise requires or indicates, its subsidiaries.

## **FORWARD-LOOKING STATEMENTS**

This AIF includes certain statements that are “forward-looking statements” within the meaning of the securities laws of Canada. Any statement in this AIF that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this AIF, 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 document describe the Corporation’s expectations as of March 23, 2022, which are not guarantees of 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. The Corporation’s actual results could be materially different from its expectations if known or unknown risks affect its business, or if its 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, the Corporation 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 the Corporation’s 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, Savaria disclaims 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 Factors” in this AIF as well as other risks detailed from time to time in reports filed by Savaria with securities regulators in Canada.

## CORPORATE STRUCTURE

### Incorporation of the Issuer

Savaria Corporation (“Savaria” or the “Corporation”) was incorporated by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta) on October 25, 1999. The Articles of the Corporation (the “Articles”) were amended by Certificate of Amendment dated January 18, 2000, to delete the private company provisions including restrictions on resale. The Articles were amended again by a Certificate of Amendment dated July 25, 2000, consolidating the issued and outstanding common shares. A Certificate of Amendment dated December 21, 2001, provided for the changing of the name of the Corporation to Savaria Corporation, creating a Series “A” first preferred shares and providing for shareholders’ meetings to be held outside of the province of Alberta and were restated by a Certificate of Amendment and Registration of Restated Articles dated January 4, 2002. A Certificate of Amendment and Registration of Restated Articles dated May 27, 2005, provided for a one for one conversion of the outstanding Series “A” preferred shares into common shares of the Corporation.

The Corporation’s head office is located at 4350 Highway 13, Laval, Québec, Canada H7R 6E9.

### Intercorporate Relationships

The following table indicates Savaria’s principal subsidiaries and their jurisdiction of incorporation or formation as of December 31, 2021, all of which are wholly owned.

<b><i>Subsidiary</i></b>	<b><i>Jurisdiction of Incorporation or Formation</i></b>
Savaria Concord Lifts Inc.	Ontario, Canada
Savaria Sales, Installation and Service Inc.	Ontario, Canada
Savaria USA Inc.	Vermont, USA
Span-America Medical Systems, Inc.	South Carolina, USA
Span Medical Products Canada ULC	British Columbia, Canada
Garaventa USA Inc.	Illinois, USA
Garaventa (Canada) Ltd.	British Columbia, Canada
Handicare Stairlifts B.V.	The Netherlands
Handicare Accessibility Ltd.	United Kingdom
Handicare Canada Ltd.	Ontario, Canada
Handicare Accessibility LLC	Delaware, USA
Handicare USA LLC	Delaware, USA
Handicare AS	Norway
Companion Stairlifts Ltd.	United Kingdom

Certain subsidiaries whose assets did not represent more than 10% of the Corporation’s consolidated assets or whose revenues did not represent more than 10% of the Corporation’s consolidated revenues as of December 31, 2021, have been omitted. The subsidiaries that have been omitted represent, as a group, less than 20% of the consolidated assets and revenues of the Corporation as of December 31, 2021. This table does not include subsidiaries whose primary role is to hold investments in other Savaria subsidiary entities.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three-Year History

#### 2021

On September 15, 2021, the Corporation announced that its Board of Directors approved an increase to the Corporation's monthly dividend, raising it from 4 cents (0.04) to 4.17 cents (\$0.0417) per common share, representing an increase of 4.25%. On an annual basis, this represents an increase of 2 cents (\$0.02), raising the dividend to 50 cents (\$0.50) per share. This increase applied to the dividends payable monthly starting on October 8, 2021, to shareholders of record of the Corporation at the close of business on September 30, 2021.

On March 4, 2021, Savaria announced the successful completion of its recommended cash offer to acquire all of the issued and outstanding shares of Handicare Group AB ("Handicare"). The Offer was accepted by shareholders representing a total of 56,118,445 shares of Handicare, corresponding to 95.2% of the total number of outstanding shares and votes in Handicare. Thereafter, Savaria acquired the remaining 4.8% through the compulsory redemption process. In order to finance the total acquisition of CAD 448.0M (SEK 2,946,950,000), the Corporation used cash-on-hand for an amount of CAD 33.4M, withdrew an amount of CAD 232.8M from its revolving facility and issued 12,736,050 shares via two concurrent private placements with its syndicate of underwriters led by National Bank Financial Inc., Desjardins Capital Markets, Scotiabank and TD Securities Inc., acting as Co-Bookrunners (collectively the "Underwriters") and with Caisse de dépôt et placement du Québec ("CDPQ"), for net proceeds of CAD 181.8M.

On February 19, 2021, Savaria announced that it completed its previously announced private placement of subscription receipts ("Subscription Receipts") with its Underwriters. Pursuant to the offering, Savaria had issued an aggregate of 8,136,050 Subscription Receipts for gross proceeds of CAD 122 million. In addition, Savaria had also completed a concurrent private placement of Subscription Receipts with CDPQ, who had purchased 4,600,000 Subscription Receipts for gross proceeds of CAD 69 million. When combined, the aggregate gross proceeds raised by Savaria from the issuance of subscription receipts totaled CAD 191 million.

On February 4, 2021, Savaria announced it had entered, through its wholly owned subsidiary, Savaria (Sweden) AB, into an agreement with Cidron Liberty Systems S.à.r.l. ("Nordic Capital"), the largest shareholder of Handicare, controlling 62.9% of Handicare's shares, whereby Nordic Capital had undertaken to accept Savaria's previously announced offer to acquire all the issued and outstanding shares of Handicare.

On January 28, 2021, Savaria announced that the Corporation had agreed with the Underwriters to increase the size of its previously announced CAD 100 million "bought deal" offering of Subscription Receipts on a private placement basis. Pursuant to the upsized deal terms, the Underwriters had agreed to purchase, on a "bought deal" private placement basis, additional Subscription Receipts for aggregate gross proceeds of CAD 122,040,750 ("Upsized Offering"). Savaria also announced that, CDPQ had agreed to exercise its over-allotment option in connection with such private placement such that CDPQ purchased a total of 4,600,000 Subscription Receipts for aggregate gross proceeds of CAD 69,000,000. When combined with the Upsized Offering, the aggregate gross proceeds raised by Savaria from the issuance of Subscription Receipts was CAD 191,040,750.

On January 27, 2021, Savaria announced it had made a recommended cash offer to acquire all the issued and outstanding shares of Handicare for a total consideration to Handicare's shareholders of SEK 2.9 billion (CAD 452.3 million) and a total enterprise value (including leases) of SEK 3.4 billion (CAD 521.1 million). In support to Savaria's offer, the largest shareholder of Handicare, Nordic Capital, had informed Savaria that it supported the offer and that it intended to accept it. In order to finance this anticipated acquisition and other related transaction, Savaria announced it would fund it through a combination of new credit facilities and equity private placements of subscription receipts (together the "Equity Private Placements"). To that effect, Savaria secured a CAD 600 million in new committed credit

facilities (including an equity bridge, of CAD 200 million, which is planned to be replaced by the proceeds from the Equity Private Placements). Savaria also announced that it entered into an agreement with the Underwriters. As per the agreement, the Underwriters had undertaken to purchase Subscription Receipts for gross proceeds to Savaria of approximately CAD 100 million. The Corporation also entered into a subscription agreement with CDPQ for a concurrent private placement of 4,000,000 Subscription Receipts of Savaria for gross proceeds to the Corporation of CAD 60 million. Pursuant to the underwriting agreements, Savaria had agreed to grant the Underwriters and CDPQ over-allotment options to purchase, in total, up to an additional 1,600,050 Subscription Receipts, exercisable in whole or in part, at any time and from time to time on or prior to the date of the closing of the Equity Private Placements.

## **2020**

On December 17, 2020, the Corporation announced the securing of a large order by U.S.-based Span-America, a company within the Savaria's patient care segment. With a total value of approximately CA\$1 million, the large sale of therapeutic support surfaces was made to MediLogix LLC, a fast-growing rental products and service provider serving the United States long-term care industry. The products will be installed in facilities throughout the Southern of the United States over the next months thereafter.

On September 21, 2020, the Corporation announced the appointment of Mr. Stephen Reitknecht as Chief Financial Officer of the Corporation.

On September 15, 2020, the Corporation announced that its Board of Directors approved an increase to the Corporation's monthly dividend, raising it from 3.8 cents (0.0383) to 4 cents (\$0.04) per common share, representing an increase of 4.3%. On an annual basis, this represents an increase of 2 cents (\$0.02), raising the dividend to 48 cents (\$0.48) per share. This increase applies to the dividends payable monthly starting on October 8, 2020, to shareholders of record of the Corporation at the close of business on September 30, 2020.

On June 1<sup>st</sup>, 2020, the Corporation announced that to create a more centralized operations team, the Corporation moved the Chief Financial Officer function to Brampton (Ontario, Canada) home of its core North American manufacturing facility and the home base for the Corporation's Chief Executive Officer and the Vice President of Operations. As a result of this decision, Laval-based (Québec, Canada) CFO, Mauro Ferrara left Savaria effective August 21, 2020.

On May 11, 2020, the Corporation announced the signing of sales contracts with two major home builders by way of Savaria's direct sales offices located in Toronto (Ontario, Canada) and in Baltimore (Maryland, USA). The combined value of the contracts is approximately \$3 million (CAD).

On February 3, 2020, the Corporation was added to the S&P/TSX Canadian Dividend Aristocrats Index, a significant milestone for the Corporation and a testament to the long track record of strong financial performance achieved by the Corporation.

## **2019**

On September 30, 2019, the Corporation completed a sale and leaseback transaction pertaining to its Surrey (British Columbia, Canada) operating plant, netting proceeds of \$28.4M. The agreement provides Savaria with a long-term lease for the next 25 years.

On September 9, 2019, the Corporation announced that its Board of Directors had approved an increase to the Corporation's monthly dividend, raising it from 3.5 cents (\$0.035) to 3.83 cents (\$0.0383) per common share, representing an increase of 9.4%. On an annual basis, this represents an increase of 4 cents (\$0.04), raising the dividend to 46 cents (\$0.46) per share. This increase applies to the dividends payable monthly starting on October 10, 2019, to shareholders of record of the Corporation at the close of business on September 30, 2019.

On July 1<sup>st</sup>, 2019, the Corporation acquired all the issued and outstanding shares of the sling manufacturer Silvalea Limited ("Silvalea") and its sister company D-ansermed Limited for a total purchase

price of GBP 4.6 million (approximately CAD 7.8 million). Established in 1993, Silvalea is a leading manufacturer of patient transfer slings and accessories. It specializes in the design and development of challenging and complex patient transfer solutions, with an extensive catalog of over 800 sling designs. D-ansermed is an affiliate of Silvalea that was formed in 2012 to develop innovative safety components used in patient moving and care operations. Silvalea is headquartered in Newton Abbot (UK).

On May 6, 2019, the Corporation announced that, after 17 years of collaboration and loyal services, Mr. Jean-Marie Bourassa was stepping down as Chief Financial Officer effective May 22, 2019, after Savaria's annual shareholders' meeting and remain as a member of the Board of Directors of the Corporation. Savaria announced the appointment of Mr. Mauro Ferrara as Chief Financial Officer of the Corporation effective accordingly.

On April 24, 2019, the Corporation announced that it had completed its previously announced "bought deal" private placement of 5,000,000 common shares (the "Shares") for gross proceeds to the Corporation of \$70,750,000 (the "Offering"). The Shares issued in connection with this private placement were subject to a statutory period which expired on August 25, 2019. The net proceeds of the Offering were used to reduce indebtedness, fund future growth initiatives and for general corporate purposes.

On March 1<sup>st</sup>, 2019, the Corporation announced that it had acquired Florida Lifts LLC ("Florida Lifts"), an elevator dealer based in Boynton Beach (Florida, USA) for a purchase price of approximately US \$5.6 million (CAD \$7.3 million). Florida Lifts is a full-service elevator and lift company serving the central and south Florida market for over 13 years.

### **SIGNIFICANT ACQUISITION**

On March 4, 2021, Savaria announced the successful completion of its recommended cash offer to acquire all of the issued and outstanding shares of Handicare. A Form 51-102F4 was filed in respect of this acquisition.

Handicare provides mobility solutions to increase the independence of physically challenged or elderly people. It manufactures and sells curved and straight stairlifts, transfer, lifting and repositioning aids, and vehicle accessibility products. Handicare is a global company with sales in approximately 40 countries and has primary manufacturing locations in the United Kingdom, the Netherlands, the United States, and China.

### **OVERVIEW OF THE BUSINESS**

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 which are 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 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, 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.

Savaria operates a global manufacturing network with six plants in Canada (Laval and Magog (Québec), Brampton, Beamsville and Toronto (Ontario) and Surrey (British Columbia)), two in the United States (Greenville (South Carolina) and St. Louis (Missouri)), four in Europe (Milan (Italy), Newton Abbot and, Kingswinford (UK) and Heerhugowaard (Netherlands)), and two in China (Huizhou and Xiamen). The Corporation has direct sales offices in Canada, the United States, seven European countries

(Switzerland, Netherlands, Germany, Italy, Czech Republic, Poland and United Kingdom), Australia and China. It also operates an extensive worldwide dealer network.

As of December 31, 2021, Savaria's workforce amounts to approximately 2,250 employees worldwide.

The Corporation, whose headquarters and vehicle conversion plant are located in Laval (Québec, Canada), in a 57,000-square-foot building, also has a 16,050-square-foot plant located in Magog (Québec, Canada), a 125,000-square-foot plant in Brampton (Ontario, Canada), a 50,000-square-foot plant in Beamsville (Ontario, Canada) a 27,000-square-foot plant in Toronto (Ontario, Canada) a 111,400-square-foot plant in Surrey (British Columbia, Canada) a 188,000-square-foot plant in Greenville (South Carolina, USA) a 80,729-square-foot plant in St. Louis (Missouri, USA) a 75,000-square-foot plant in Huizhou (China), a 38,750-square-foot plant in Xiamen (China), a 23,700-square-foot plant in Milan (Italy), a 16,385-square-foot plant in Newton Abbot (UK), a 80,729-square-foot plant in Kingswinford (UK), and a 96,875-square-foot plant in Heerhugowaard (Netherlands).

## **Regulatory Matters**

Savaria's operating activities and products require certain government permits and licenses, in particular requirements of Health Canada, Canadian Standards Association (CSA), Food and Drugs Administration (FDA), American Society of Mechanical Engineers (ASME), BSI Standards Publication, Australian/New Zealand Standard, European Standards (EN) and European Machinery Directive. Savaria believes that it holds all licenses and permits required for the proper conduct of these activities in accordance with the law.

The Corporation manages its operations under three operating segments: Accessibility, Patient Care (formerly referred to as "Patient Handling") and Adapted Vehicles. These segments are structured according to the market segments they address.

### **A. Accessibility Segment**

#### **Overview of the business**

Through its *Accessibility* segment, Savaria designs, manufactures, distributes and installs accessibility products such as stairlifts for both straight and curved stairs, vertical and inclined wheelchair lifts and elevators for home and commercial use. The products are manufactured, assembled, and customized at the Brampton (Ontario, Canada) plant, and through the acquisition of Garaventa Accessibility AG, at the Surrey (British Columbia, Canada) and Milan (Italy) plants. Through the acquisition of Handicare, the products are now also manufactured, assembled, and customized at the plants located at Kingswinford (United Kingdom), Xiamen (China) and Heerhugowaard (Netherlands).

Savaria and Handicare products are distributed worldwide through a network of over 1,000 dealers as well as 30 direct sales offices, through which the Corporation also provides maintenance services.

The Huizhou and Xiamen (China) plants are the main suppliers of parts and components for the Canadian and European plants; also, they assemble product components and finished products mainly for the benefit of the Corporation and for the sale of products on the Asian, European, and Australian markets. The operation of these Chinese subsidiaries allows Savaria to obtain competitive pricing on its purchases.

Through its Silver Cross division, the Corporation operates a network of franchises and corporate stores in which new and refurbished accessibility equipment is sold.

The products are sold on both the commercial market and the residential market. The *Accessibility* segment generated revenues of \$484.3 million in 2021 (2020: \$257.3 million), representing approximately 73% (73% in 2020) of the total revenues of the Corporation.



## **Production**

Savaria designs, manufactures, and tests its accessibility products and elevators at its plants located in Brampton (Ontario, Canada), Surrey (British Columbia, Canada), Heerhugowaard (Netherlands) Kingswinford (UK) and in Milan (Italy).

## **Components**

Savaria acquires a majority of the standard parts from external suppliers as well as from its wholly owned subsidiaries Savaria (Huizhou) Mechanical Equipment Manufacturing Co. Ltd. and Handicare Accessibility (Xiamen) Co. Ltd, both located in China. As for customized parts, those are manufactured at Savaria's facilities located in Canada (Brampton, Ontario) and Surrey (British Columbia, Canada) as well as in Kingswinford (UK) and in Heerhugowaard (Netherlands).

## **New Products**

The Corporation operates three research and development centers which are located in Brampton (Ontario, Canada) Surrey (British Columbia, Canada) and in Huizhou (China). Through the acquisition of Handicare, the Corporation also has two additional research and development centers in Heerhugowaard (Netherlands) and in Kingswinford (UK) for all stairlift developments.

## **Competitive Conditions**

Over the years, Savaria expanded its business and network by selecting choice acquisition, locations and markets. Accordingly, it keeps a close eye on competitors, changes in market trends and its market shares, enabling it to react in a timely manner and maintaining its competitive position. Savaria maintains a high level of industry understanding and direction by actively participating in code and steering committees throughout the world.

## **Employees**

This segment employed approximately 1,605 people as at December 31, 2021. At its plant located in Milan (Italy) the Corporation's wholly owned subsidiary Garaventa Lift S.r.l., the employees are subject to the National collective agreement of the metalworking industry and installation of systems. In Heerhugowaard (Netherlands), the employees are unionized through a Works Council.

## **Foreign Operations**

In 2021, the *Accessibility* segment generated approximately 36% of its revenues from the U.S., 32% from Europe, 12% from Canada, and the remaining balance of 20% from the international market.

## **B. Patient Care Segment** *(formerly referred to as Patient Handling Segment)*

### **Overview of the business**

From its facility in Magog (Québec, Canada) 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, USA) (surfaces), and Beamsville (Ontario, Canada) (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 St. Louis (Missouri, USA) 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.

This segment generated \$136.7 million in revenue in 2021 (2020: \$79.3 million), representing approximately 21% of the total revenue of the Corporation (22% in 2020).

## **Production**

The Corporation has manufacturing facilities in Greenville (South Carolina, USA) St. Louis (Missouri, USA) Newton Abbot (UK), Magog (Québec, Canada) and Beamsville (Ontario, Canada).

At the Greenville (South Carolina, USA) facility, it designs and manufactures therapeutic support surfaces, patient positioners, mattress overlays and wheelchair cushions for the medical market. At the St. Louis (Missouri, USA) and Magog (Québec, Canada) facilities, the Corporation manufactures ceiling lifts and slings for patient transfer in the institutional and home care markets, which are also manufactured at the Newton Abbot (UK) facility and distributes through its St. Louis facility complementary third-party products including a variety of patient floor lift models. These products are manufactured on several different production lines which perform basic manufacturing activities, including foam cutting, fabrication, gluing, product assembly, testing, cover sewing and packaging. The components used for the manufacturing of ceiling lifts and slings are purchased from suppliers located all over the world. As for the other manufactured products that contain electrical components and pumps, those component parts are generally purchased from various suppliers, assembled and then the completed control boxes are tested, and become part of the finished products. All of the products meet the Corporation's strict guidelines for patient safety.

At the Beamsville (Ontario, Canada) facility, the Corporation designs and manufactures bed frames for the medical market. The major production processes include metal cutting and fabrication, welding, assembly, painting, testing and packaging. All component parts for the beds are either manufactured directly by the Corporation or purchased from suppliers based on the Corporation's product specifications.

## **Components**

The raw materials for the mattresses and the beds consist of polyurethane foam, nylon/vinyl fabric mattress covers and tubes, motors, pneumatic pumps, blowers, bed actuators, steel and metal stamping. In addition, corrugated shipping containers, polyethylene plastic packaging material and hook-and-loop fasteners are used. The raw materials for the slings mainly consist of polyester/nylon fabrics and polyester webbing, alongside some plastic components and biodegradable. Ceiling lift components consist of nuts, bolts, screws, circuit boards, motors, plastic molded parts, formed metal parts, and electronic handsets. We believe that the basic raw materials are in adequate supply and are available from many suppliers at competitive prices.

## **New Products**

The Magog (Québec, Canada) location is the head office for ceiling transfer/lift system manufacturing and for the research and development in the *Patient Care* segment. The Corporation also maintains engineering departments in its Greenville (South Carolina, USA) Beamsville (Ontario, Canada) and Newton Abbot (UK) locations for new-product development and in St. Louis (Missouri, USA) for product maintenance and management. The research and development efforts are focused almost entirely on the medical business for the creation of new products, new features of existing products and product design improvements.

## **Competitive Conditions**

In the North American market for patient lifting products, the Corporation faces competition from a variety of competitors large and small. The market is comprised of competitors that sell medical beds, therapeutic surfaces, patient lifts and track systems, floor lifts, slings, and transfer devices.

In the therapeutic support surfaces and pressure management segment, the Corporation faces significant competition from three main categories of therapeutic support surfaces – therapeutic foam, non-powered air therapy support surfaces and powered air therapy support. In the bed business, the Corporation faces competition in the long-term-care market both from manufacturers and national distributors of long-term care beds and related furniture. With respect to patient lift, sling and transfer marketplace, the Corporation operates in a well-established patient handling marketplace across North America, the UK and Europe. The Corporation has a wide range of products in each market segment that are well positioned against the competition.

## **Employees**

This segment employed approximately 495 full-time employees as of December 31, 2021. The production employees at the plant located in Beamsville (Ontario, Canada) are unionized pursuant to a collective agreement.

## **Foreign Operations**

For the year ended December 31, 2021, approximately 59% of this business segment's revenue came from the U.S., 34% came from Canada, 2% from Europe, and the remaining 5% came from various other countries outside North America and Europe.

## **C. Adapted Vehicles Segment**

### **Overview of the business**

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, Canada) while rear-entry access vans are completed at Freedom Motors Inc., in Toronto (Ontario, Canada). Silver Cross Automotive serves as a retailer of these products, along with other adaptation products in Ontario, Alberta and British Columbia (Canada). The Handicare vehicle division serves the Norwegian marketplace, and its operations mainly relate to conversion of vehicles for people with mobility challenges, as well as specially adapted vehicles for emergency services including police, fire and rescue, and paramedics.

This segment generated \$40.0 million in revenue in 2021 (2020: \$17.9 million), representing approximately 6% of the total revenue of the Corporation (5% in 2020).

### **Production**

In Canada, this segment develops crash-tested designs, manufactures, and distributes lowered-floor minivans to accommodate wheelchairs. The line includes stages starting with disassembling the interior and mechanical components of the van, cutting open the floor, welding a new floor in place, painting, rewiring the electricity, reassembling the mechanical components and interior of the van and performing road tests.

In Norway, the base manufacturing is outsourced in order to be able to focus on designing and adapting the vehicles for the end-users' specific needs, such as seat bases, wheelchair lifts, wheelchair belts, door openers and wheelchair pulls, as well as adapted electronics and rewiring. The conversions are performed across Savaria's 12 local workshops in Norway, where it also provides service and maintenance to its customer base. The Corporation is a member of the Norwegian Automobile Association and European Mobility Group (EMG).

### **Components**

Several parts are used to convert the vans. Of those, approximately 80% are from external suppliers.

## New Products

In Canada, two products based on the Chrysler Pacifica platform have been on the market since January 2018. The first is a side-entry van and the second is a rear-entry van. The Toyota Sienna short floor design was successfully crash tested in 2018 and has been marketed and sold since then. In March 2021, a short floor was successfully crash tested for the Chrysler Pacifica platform.

In Norway, through the Handicare division, the Corporation has a broad offering of bespoke automobile adaptation solutions. As such, the Corporation is working close with its supplier base to ensure that modern and reliable technology is constantly integrated in the designs.

## Competitive Conditions

There are major competitors to Savaria in the adapted vehicles market within North America and Norway. Accordingly, it keeps a close eye on competitors, changes in market trends and its market share, enabling it to react in a timely manner and maintaining its competitive position.

## Employees

This segment employs approximately 150 full-time employees as at December 31, 2021.

## Foreign Operations

In 2021, approximately 43% of revenue came from Canada, 2% from the United States and 55% from other regions.

## RISK FACTORS

The “Risks and Uncertainties” section of Savaria’s 2021 annual Management’s Discussion and Analysis of Operating Results and Financial Position is incorporated herein by reference. This document is available on the Corporation’s Website at <http://savaria.com> and on SEDAR’s Website at [www.sedar.com](http://www.sedar.com).

## DIVIDENDS

During each of the years indicated, the Corporation declared the following dividends per share:

	2021	2020	2019
Common Shares	\$0.487	\$0.466	\$0.433

Those dividends have been paid in accordance with the Corporation’s existing dividend policy which was set from quarterly to monthly on September 11, 2017.

During the next fiscal year, Savaria intends to maintain its dividend policy, which provides for the payment to shareholders of monthly dividends based on financial forecasts for the current year. Nevertheless, the declaration, amount and date of any future dividends will continue to be considered by the Board of Directors of the Corporation based upon and subject to Savaria’s earnings and financial requirements and any other factors prevailing at the time.

## GENERAL DESCRIPTION OF CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of common shares and first or second preferred shares, all with or without nominal value. As of December 31, 2021, 64,212,154 common

shares are issued and outstanding as fully paid and non-assessable. No first or second preferred shares are issued and outstanding as at the date of this AIF.

The holders of the common shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per share at meetings of the shareholders of the Corporation and, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the common shares.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Corporation's common shares trade on the Toronto Stock Exchange under the symbol "SIS". The trading price of the common shares for the period of January 1, 2021, to December 31, 2021, was as follows:

<i>Month</i>	<i>Price per Share (\$)</i>			<i>Trade Volume (shares)</i>
	<i>High</i>	<i>Low</i>	<i>Close</i>	
<b>January</b>	18.37	14.29	16.76	3,511,976
<b>February</b>	18.64	15.80	17.27	4,150,558
<b>March</b>	19.03	16.80	17.53	3,636,747
<b>April</b>	19.23	17.25	18.91	2,734,719
<b>May</b>	19.99	17.67	19.40	3,115,933
<b>June</b>	20.92	19.03	20.04	2,298,304
<b>July</b>	21.05	18.92	21.03	1,343,234
<b>August</b>	21.60	19.75	21.24	2,626,034
<b>September</b>	22.63	20.46	20.50	2,078,140
<b>October</b>	20.68	19.01	19.53	2,599,071
<b>November</b>	20.77	18.19	18.56	3,199,060
<b>December</b>	19.63	18.25	19.16	1,450,933

## DIRECTORS AND OFFICERS

### Directors

The following table lists the Corporation's directors. All information is accurate as of December 31, 2021.

<b>Name and municipality of residence</b>	<b>Director Since</b>	<b>Principal occupation</b>
<b>Marcel Bourassa</b> Georgetown, Ontario, Canada	2002	Chairman, President and Chief Executive Officer of the Corporation
<b>Jean-Marie Bourassa</b> Montréal, Québec, Canada	2002	Consulting Partner at Bourassa Boyer Inc.
<b>Peter Drutz</b> <sup>(1) (2)</sup> Richmond Hill, Ontario, Canada	2002	President of KanKare Home Services Inc. (d/b/a Comfort Keepers)
<b>Jean-Louis Chapdelaine</b> Pointe-Claire, Québec, Canada	2005	President of Saraguay Investment Inc.

Name and municipality of residence	Director Since	Principal occupation
<b>Sylvain Dumoulin</b> <sup>(2) (3) (4)</sup> L'Île-Bizard, Québec, Canada	2010	Real estate and construction consultant
<b>Alain Tremblay</b> <sup>(2) (3) (5)</sup> Terrebonne, Québec, Canada	2011	Real estate and finance consultant
<b>Sébastien Bourassa</b> Burlington, Ontario, Canada	2017	Vice President Operations and Integration of the Corporation
<b>Caroline Bérubé</b> <sup>(3)</sup> Singapore	2017	Managing Partner of HJM Asia Law LLC

(1) Lead Director.

(2) Member of the Audit Committee.

(3) Member of the Corporate Governance and Human Capital Committee.

(4) Chair of the Audit Committee.

(5) Chair of the Corporate Governance and Human Capital Committee.

The Directors of the Corporation held the principal occupations set forth above during the five preceding years. Moreover, their experience is as follows:

**Marcel Bourassa** is President and CEO of Savaria and Chairman of the Board since 2002. His career started in consulting, but he was quick to realize his entrepreneurial desire to manage his own business. In 1989, Mr. Bourassa purchased Savaria, a small lift manufacturer in Québec that had been founded ten years prior. He was looking for a business with a bright future ahead and he saw that in Savaria, a business providing products to an aging population who would need accessibility equipment in the home, vehicles and public spaces. He grew the business adding new products over the years and expanding into the U.S. market. In 2002 he took Savaria public, and in 2005 the strategic acquisition of Concord Elevator, a leading manufacturer of residential elevators, gave the company new employees, products and added distribution. Marcel Bourassa has continued to lead Savaria with his passionate and driven style. In 2014, he created the Bourassa Savaria Foundation, a registered charity that supports Canadians with mobility challenges. In 2018, Mr. Bourassa was honored by Les Affaires as CEO of the Year for a medium-sized Canadian enterprise. On August 5<sup>th</sup>, 2021, Mr. Bourassa, was named one of seven EY Entrepreneur Of The Year<sup>®</sup> 2021 Québec winners. Mr. Marcel Bourassa has a Bachelor of Business Administration from HEC Montréal. His three adult children all work within Savaria, and he currently resides in the Greater Toronto Area.

**Jean-Marie Bourassa** is Consulting Partner at Bourassa Boyer Inc. He served as Chief Financial Officer of Savaria from January 2002 to May 2019. He cofounded Bourassa Boyer Inc., chartered accountants in 1980 and served as President until 2018 when he became a consulting partner for the firm. He sits on the board of directors for 5N Plus Inc., a public Canadian corporation listed on the TSX. He has been chairman of the audit and risk management committee for 5N since 2007. Mr. Bourassa served in various roles at the Vaudreuil-Soulanges Palliative Care Residence Foundation from 2010 to 2016 including chairman, co-president and president. He is a chartered professional accountant with a Bachelor of Business Administration from HEC Montréal and holds a certificate of corporate governance from Laval University.

**Peter Drutz** has an extensive range of senior corporate and entrepreneurial business experience. Since October 2004, Mr. Drutz has been president of KanKare Home Service Inc. (dba Comfort Keepers), a national provider of in-home care for seniors. Previously, he was Executive Vice President, Retail with Indigo Books and Music Inc. from 2003 to 2004 and was responsible for the retail operations of 275 Indigo, Chapters and Coles stores in Canada. Prior to joining Indigo, from 2002 to 2003, he was President of OutThink, Inc. a marketing and strategy firm specializing in fueling business growth. From 1982 to 2002, he was with Amex Canada, Inc. and held progressively responsible positions. In his later tenure, he was Vice President and General Manager of the Travel Services Network and a member of the Canadian executive team. Mr. Drutz, who has been on the Board of Directors of Savaria since 2002, has served on the boards of Amex Bank of Canada, and in the not-for-profit sector on the boards of Temple Har Zion and the Bayview Golf and Country Club (the latter with the portfolio of Governance and Human Capital). Mr. Drutz has a Master of Business Administration from York University (now Schulich School of

Business), an Honours BA from the University of Toronto and a Diploma in Human Resources and Labour Relations.

**Jean-Louis Chapdelaine** founded Saraguay Investments in 1977 and serves as President. Through his company, he has applied his entrepreneurial, financial and operational management skills to a variety of endeavours including investments in real estate and retail markets. Mr. Chapdelaine graduated from the Institute of Graphic Arts in Montréal.

**Sylvain Dumoulin** gained experience in public companies at Grilli Property Group Inc., holding various positions from 1989 to 2002, the last four years as Vice President Finance and a member of the Board of Directors. In 1992, he was involved in the issuance of shares on the stock market, and from 1996 for several years, on the financial restructuring of the company. Building on this expertise, he is now a consultant for companies in the real estate and construction fields. Mr. Dumoulin began his career at Raymond, Chabot, Martin, Paré (now Raymond Chabot Grant Thornton) as an auditor from 1986 to 1989 after obtaining a Bachelor of Business Administration from HEC Montréal. He is also a Chartered Professional Accountant.

**Alain Tremblay** has extensive experience in management, particularly in finance and operations for the real estate and construction sectors. Building on this expertise, he is now a real estate and financial consultant. In 2021, he acted as the Chief Financial Officer-CFO for Brigil, mainly involved with the management and detention of medium to high-rise multi-residential portfolio. From 2013 to 2020, he was Senior Vice President Finance and Operations for Gestion Benoit Dumoulin, with a focus on real estate development and residential construction. From 2002 to 2013, he acted as Vice President Finance for various organizations. From 1996 to 2000, he worked as a financial analyst and then as Finance Director of Internal Audit for Provigo/Loblaw Companies. Subsequently, he served as Controller for Gildan Activewear and was strongly involved in the international implementation of various information systems. Mr. Tremblay holds a bachelor degree in Accounting from the Université du Québec à Montréal and a university certification in Corporate Governance from Université Laval. He is a Chartered Professional Accountant (CPA, CA) of the Order of Chartered Professional Accountants of Québec, Certified Corporate Director (ASC) of the College of Corporate Directors of Université Laval, and Chartered Director (C. Dir.) from The Directors College.

**Sébastien Bourassa** serves as Vice President Operations & Integrations for Savaria. He oversees general operations of Savaria and works with newly acquired businesses to maximize synergies. He began his career at Savaria as a teenager in a hands-on role installing stair lifts and later managing the Montréal sales office. In 2002 he became Production Director for the Corporation's stair lift department. With his keen vision for the future, Mr. Bourassa suggested that Savaria establish a presence in China in order to gain competitive advantages for production and supplier relationships. He opened a division of Savaria in China in 2007, which enabled Savaria to improve its efficiency by building subassemblies for its North American elevating and lift products while working closely with local suppliers to ensure quality standards were met. Mr. Bourassa lived in China from 2009 to 2015. This initiative has provided critical advantages for Savaria and Savaria Huizhou has continuously grown in size. Upon moving back to Canada in 2015, he became Vice President Operations for one year before taking on his current role. Mr. Bourassa has a Bachelor of Business Administration from HEC Montréal as well as an EMBA from Ivey Business School (Hong Kong). He resides in the Greater Toronto Area.

**Caroline Bérubé** is the Managing Partner of HJM Asia Law (with offices in China and Singapore). She was admitted to practice in New York and Singapore and holds a BCL (civil law) and an LL.B. (common law) from McGill University (Montréal, Québec, Canada). She studied at the National University of Singapore with a focus on Chinese laws in 1998/1999. She worked in Singapore, Bangkok and China for British and Chinese firms before setting up her own firm in 2007. Ms. Bérubé has represented international corporate clients and family-owned companies in M&A cross-border manufacturing and technology transactions and IP in the Asia Pacific region for 20 years. Ms. Bérubé was elected Secretary General of the Inter-Pacific Bar Association in April 2017. She is also the Co-Chair of the China Working Group of the International Bar Association ("IBA") and is an officer of the Intellectual Property Committee of the IBA. In 2015, Ms. Bérubé was selected as the Young Global Leader under 40 by the World Economic Forum given her entrepreneurship mindset and various businesses she started and built over the last two decades in Asia. She teaches at Sorbonne Assas (Singapore campus) and Bocconi

University (Milan) IP, Technology Law and M&A courses. Ms. Bérubé is also the author of the book “Doing Business in China” published by Lexis Nexis.

### **Executive Officers**

The following table lists Executive Officers who are not directors of the Corporation. All information is accurate as of December 31, 2021.

<b>Name and municipality of residence</b>	<b>Principal occupation</b>
<b>Alexandre Bourassa</b> Montréal, Québec, Canada	Vice President, Sales (Accessibility Segment)
<b>Stephen Reitknecht</b> Burlington, Ontario, Canada	Chief Financial Officer
<b>Vince Sciamanna</b> North Vancouver, British Columbia, Canada	President Garaventa Lift group, Garaventa Canada Ltd.
<b>Les Teague</b> Columbia, South Carolina, USA	Group President, Patient Care

The Executive Officers of the Corporation held the principal occupations set forth above during the five preceding years. Moreover, their past experience is as follows:

**Alexandre Bourassa** is Sales Vice President of Savaria. He oversees worldwide dealer sales of the elevator and lift division as well as direct store operations in North America and Australia. Most recently, he has focused his efforts on the integration of Garaventa Lift. Growing up in the business, Mr. Bourassa learned how to safely and correctly install products and subsequently he moved into managing the Montréal sales office. In 2006, he became Regional Sales Manager for the North East U.S. Over the next few years, Mr. Bourassa added responsibilities for the Calgary direct office and international dealer sales. In 2013, he moved into the role of Sales Vice President, managing Savaria’s growing team of regional sales managers. Under his strong leadership, dealer sales have continued to grow and distribution has strengthened across the U.S. market. Mr. Bourassa has previously served on the AEMA (American Elevator Manufacturer’s Association) board. His acumen for sales and product knowledge has contributed to the leadership position Savaria enjoys today.

**Stephen Reitknecht** assumed the role of Chief Financial Officer for Savaria Corporation in September 2020 and is responsible for providing strategic financial leadership for the company. Prior to joining Savaria, Mr. Reitknecht has worked for global and Canadian public and privately-held companies spanning multiple industries including medical device manufacturing, wholesale distribution and technology services. Mr. Reitknecht has a B. Comm. in economics and is a designated accountant in Ontario, Canada (CPA, CA).

**Vince Sciamanna** is President of Garaventa Lift group. He joined Savaria in 2018 following the acquisition by Savaria of Garaventa Accessibility AG group. Mr. Sciamanna began his career with Garaventa Lift in 1999 as European sales manager. In 2001 he joined the senior management team in North America and in 2015, Vince joined the Garaventa Lift Group management team as Global Director of Business Development. Mr. Sciamanna holds a degree in Civil Engineering from the University of Bern.

**Les Teague** is Group President, Patient Care. He joined Savaria in June 2017 following the acquisition by Savaria of Span America Medical Systems. Mr. Teague joined Span in 2016 as VP of Business Development. Prior to joining Span, Mr. Teague worked for Multi-Pack Solutions (1998-2016) where he held roles of increasing responsibility from Division General Manager to President. Multi-Pack is a contract manufacturer and packager of Personal Care and Household products for large multinational companies like Unilever and Proctor & Gamble. Multi-Pack had locations throughout the United States. From 1989 to 1998, Mr. Teague worked for Span America serving in various managerial roles including



General Manager of Contract Packaging. Mr. Teague has a BS degree from The University of Georgia and a Master's in Business from The University of South Carolina.

### **Security Holdings**

The Directors and Executive Officers of the Corporation, as a group, beneficially own or control, directly or indirectly, 15,731,997 or approximately 24.5% of the issued and outstanding common shares of the Corporation.

### **LEGAL PROCEEDINGS**

In the ordinary course of business, the Corporation is a defendant in a number of legal proceedings, suits, and claims common to enterprises engaged in manufacturing businesses, including cases brought by individual plaintiffs. The Corporation believes that it is not currently involved in any legal proceedings, suits, claims or proceedings, the outcome of which would have a material adverse effect on its operating results and financial condition.

### **TRANSFER AGENT AND REGISTRAR**

The Corporation's transfer agent and registrar is *Computershare* Trust Company of Canada ("Computershare"). Computershare maintains the Corporation's registers at 1500 University Street, Suite 700, Montréal, Québec, Canada H3A 3S8.

### **MATERIAL CONTRACTS**

On January 27, 2021, the Corporation entered into an agreement with a syndicate of underwriters, with National Bank Financial Inc., Desjardins Capital Markets, Scotiabank, and TD Securities Inc. acting as Co-Bookrunners on behalf of the syndicate. As per the agreement, the Underwriters have undertaken to purchase 6,667,000 Subscription Receipts of the Company on a bought deal basis at a price of CAD 15.00 per Subscription Receipt (the "Issue Price") for gross proceeds to Savaria of approximately CAD 100 million (the "Equity Issuance"). The Subscription Receipts were to be offered by way of private placement to accredited investors and other exempt purchasers in all provinces of Canada.

On the same date, the Corporation also entered into a subscription agreement with the Caisse de dépôt et placement du Québec who had agreed to purchase 4,000,000 Subscription Receipts, at the same Issue Price and terms as the Equity Issuance, for gross proceeds to Savaria of CAD 60 million.

The Corporation agreed to grant the Underwriters and CDPQ over-allotment options to purchase, in total, up to an additional 1,600,050 Subscription Receipts at the Issue Price, exercisable in whole or in part, at any time and from time to time on or prior to the date of the closing of the Equity Private Placements.

### **INTEREST OF EXPERTS**

KPMG LLP are the Corporation's auditors, and they prepared the Auditors' Report to the shareholders as of March 23, 2022, with respect to the consolidated annual financial statements of the Corporation for the year ended December 31, 2021. As of the same date, KPMG LLP is objective with respect to the Corporation within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

## AUDIT COMMITTEE DISCLOSURE

### Audit Committee Charter

See Schedule A.

### Composition of the Audit Committee

Members of the Audit Committee are Sylvain Dumoulin, CPA, CA (chair), Peter Drutz, MBA and Alain Tremblay, CPA, CA. Each member of the Audit Committee is independent and financially literate.

### Financial Literacy

All members of the Audit Committee are financially literate and can understand the accounting principles used by the Corporation in its financial statements and assess the general application of those principles. They also have relevant experience in preparing, auditing, analyzing and evaluating financial statements that present a breadth and level of complexity of issues generally comparable with that of the Corporation's financial statements, or in actively supervising persons engaged in such activities. The members also understand the procedures and internal controls regarding the disclosure of financial information. Members of the Audit Committee have acquired relevant experience through their university studies, as members of other boards of directors and as executive officers of various companies. For more details on each member's experience, see pages 14 to 15 of this AIF.

The Board of Directors of the Corporation has determined that Messrs. Dumoulin, Drutz and Tremblay are "financially literate" in accordance with *Multilateral Instrument 52-110 Audit Committees* applicable in Canada.

### Internal Control Over Financial Reporting

The "Internal Control over Financial Reporting" section of Savaria's 2021 annual Management's Discussion and Analysis of Operating Results and Financial Position", is incorporated herein by reference. This document is available on the Corporation's Website at <http://savaria.com> and on SEDAR's Website at [www.sedar.com](http://www.sedar.com).

### Whistleblowing Policy

The Audit Committee approved in accordance with the Canadian securities laws a whistleblowing policy with respect to complaints on accounting and auditing matters of the Corporation with the objective to:

- Establish procedures for the receipt, retention and treatment of complaints and/or concerns received regarding accounting, internal accounting controls or auditing matters;
- Establish procedures for the confidential, anonymous submission by employee of concerns regarding questionable accounting or auditing matters; and
- Establish mechanisms in order to ensure that no retaliations or punitive measures are taken against an employee if the complaint was made based on facts, in good faith and was not intended to cause prejudice to a person or in view of gaining any personal advantages.

### Policy on the Approval of Non-Audit Services

The Audit Committee adopted a policy and procedures on the pre-approval of non-audit services by the Corporation's external auditors. This policy prohibits the Corporation from engaging the external auditors to provide certain non-audit services to the Corporation and its subsidiaries, including bookkeeping or other services related to the accounting records or financial statements, financial information systems design and implementation, appraisal or valuation services, actuarial services, internal audit services,

investment banking services, management functions or human resources functions, legal services and expert services unrelated to the audit. The policy allows the Corporation to engage the external auditors to provide non-audit services, other than the prohibited services, only if the services have specifically been pre-approved by the Audit Committee.

### Auditors Fee

KPMG LLP have served as the Corporation's auditors since fiscal year 2009. For the fiscal years ended on December 31, 2021, and December 31, 2020, billed fees for audit, audit-related, tax and all other services provided to the Corporation by KPMG LLP, were as follows:

	2021 (\$)	2020 (\$)
<i>Audit Fees</i> <sup>(1)</sup>	1,307,813	660,286
<i>Audit-Related Fees</i> <sup>(2)</sup>	-	-
<i>Tax Fees</i> <sup>(3)</sup>	527,900	385,154
<i>All Other Fee</i>	-	-
<b>TOTAL:</b>	<b>1,835,713</b>	<b>1,045,440</b>

- (1) Include work performed on audited annual consolidated financial statements, audited annual statutory financial statements of certain subsidiaries, unaudited quarterly consolidated financial statements and purchase price allocation.  
(2) Include assistance relating to due diligence.  
(3) Include assistance related to a variety of corporate tax matters, tax compliance, due diligence and transfer pricing.

### ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and options to purchase securities, will be contained in the Corporation's Management Proxy Circular for the shareholders' annual meeting. Additional financial information is provided in Savaria's comparative financial statements for the year ended December 31, 2021. Copies of the foregoing documents may be obtained upon request to the Corporation's Corporate Secretary at its corporate head office. Additional information relating to Savaria may also be found on SEDAR (System for Electronic Document Analysis and Retrieval) at [www.sedar.com](http://www.sedar.com), and on Savaria's website at [www.savaria.com](http://www.savaria.com).

## **SCHEDULE A: Audit Committee's Charter**

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### **1. General objectives**

The Audit Committee of Savaria (the "Committee") is established by and among the board of directors (the "Board") for the purpose of overseeing the accounting and financial reporting processes, as well as the audit of the financial statements of the Corporation.

### **2. Composition**

The Committee shall be comprised of three or more directors as determined by the Board, none of whom are members of management of Savaria and all of whom are "independent" (as such term is used in Multilateral Instrument 52-110 - Audit Committees ("MI 52-110")) unless the Board shall have determined that the exemption contained in section 3.6 of MI 52- 110 is available and has determined to rely thereon.

The expression "independent" shall mean a person with no direct or indirect relationship with the Corporation.

All of the members of the Committee shall be "financially literate" (as defined in MI 52- 110) unless the Board shall determine that an exemption under MI 52- 110 from such requirement in respect of any particular member is available and has determined to rely thereon in accordance with the provisions of MI 52- 110.

The expression "financial literacy" shall mean the ability to read and understand financial statements that are presenting accounting issues that could reasonably be raised in the Corporation's financial statements.

The members of the Committee shall be appointed by the Board at the annual organizational meeting of the Board and remain as members of the Committee until their successors shall be duly elected and qualified.

Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

### **3. Organization**

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The members of the Audit Committee shall meet before or after each meeting without management. As part of its mandate to foster open communication, the Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. The Chief Financial Officer may, at the discretion of the Committee, be present at meetings of the Committee and may be excused from all or part of any such meetings by the Chairman.

Minutes of all meetings of the Committee shall be taken and the Committee shall report the results of its meetings and reviews undertaken and any associated recommendations or resolutions to the Board. A written resolution signed by all Committee members entitled to vote on that resolution at a meeting of the Committee shall be a valid resolution of the Committee.

A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board.

Members of the Committee may participate in a meeting of the Committee by means of telephone or other communication device or facilities that permit all persons participating in any such meeting to hear one another.

The Committee shall ensure the existence of an annual procedure to assess the performance of the Committee and its members.

#### **4. Responsibilities and Duties**

##### **a) Financial Reporting and Disclosure of Documents**

To fulfill its responsibilities and duties, the Committee shall:

- a. Review with management and the external auditors the annual financial statements and accompanying notes, the external auditors' report thereon and the related press release, including the information contained in management's discussion analysis, before recommending Board approval and prior to their release, filing and distribution.
- b. Review, with management, the quarterly financial statements and accompanying notes and the related press release, including the information contained in management's discussion analysis, before recommending Board approval and prior to their release, filing and distribution.
- c. Review the financial information contained in the annual information form, annual report, management proxy circular, prospectus and other documents containing similar information and prior to their release, filing and distribution with regulatory authorities in Canada.
- d. Ensure that the quarterly and annual audited financial statements of the Corporation accurately represent the financial situation, in accordance with generally accepted accounting principles, before recommending Board approval.
- e. Review, with the external auditors and management, the quality, appropriateness and adequacy of the Corporation's accounting principles and policies, underlying assumptions and financial reporting practices.
- f. Review, together with the Corporation's management and the external auditors, the proposed changes to the Corporation's accounting principles and policies, as well as the different estimates performed by management that could have a material impact on the financial information.
- g. Review the reports to management prepared by the external auditors and management's responses.
- h. Review of significant auditors' findings during the year, including the status of previous audit recommendations.
- i. Ensure that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the financial statements and periodically review those procedures.
- j. Review and update this Charter, as conditions dictate.

##### **b) Risk management and Internal Controls**

To fulfill its responsibilities and duties, the Committee shall:

- a. Ensure, through discussion with management and external auditors, the effectiveness of the internal controls and the reliability of the financial information disclosed.

- b. Remain informed, through the external auditors, of any weakness in the systems that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Corporation or from applicable laws and regulations.
- c. Review the financial and accounting aspects of transactions between related parties.
- d. Review risk management policies and procedures of the Corporation (i.e., hedging, litigation and insurance).
- e. Review the liability insurance coverage for the board members (annually and as required).
- f. Review requests for information from the *Autorité des marchés financiers* and any recommendations made and the steps taken by the Corporation to deal with any such issues.
- g. Assist the Board with the oversight of the Corporation's compliance with applicable regulatory requirements.

**c) External Auditors**

To fulfill its responsibilities and duties, the Committee shall:

- a. Be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- b. Recommend to the Board the external auditors to be nominated for appointment by the shareholders.
- c. Recommend to the Board the terms of engagement of the external auditors, including their compensation and a confirmation that the external auditors shall report directly to the Committee.
- d. On an annual basis, review and discuss with the auditors all significant relationships the auditors have with the Corporation to determine the auditors' independence.
- e. Review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant.
- f. When there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.
- g. Periodically consult with the external auditors, without the presence of management, about internal controls and the fullness and accuracy of the organization's financial statements.
- h. Review, in consultation with the external auditors, the audit scope and plan of the external auditors.
- i. Pre-approve the completion of any non-audit services by the external auditors and determine which non-audit services the external auditors are prohibited from providing.
- j. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

**d) Ethical and Legal Compliance**

To fulfill its responsibilities and duties, the Committee shall:

- a. Establish a procedure for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters.
- b. Establish a procedure for the confidential transmittal, on condition of anonymity, by the Corporation's employees of concerns regarding questionable accounting or auditing matters.
- c. Conduct and authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain, and to set and pay compensation for any independent counsel and other professionals to assist in the conduct of any investigation, subject to the Board approving any expenditure in excess of \$10,000 in this regard.
- d. See to the establishment and respect by the Corporation's Executive Management of the disclosure policy and any other governance policy regarding financial information, operations, activities, facts or events having a material impact effect on the Corporation's financial condition.
- e. Perform any other activities consistent with this Charter, the Corporation's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

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**SAVARIA CORPORATION**

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