

# AIF

**March 5, 2025**

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

## Annual Information Form

for the fiscal year ended December 31, 2024

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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 5, 2025, 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, 2024, all of which are wholly owned.

<b>Subsidiary</b>	<b>Jurisdiction of Incorporation or Formation</b>
Savaria Concord Lifts 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 USA LLC	Delaware, USA
Savaria Mexico S.A de C.V	Mexico

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, 2024, 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, 2024. 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

#### 2024

On September 24, 2024, the Corporation announced that Mr. Marcel Bourassa, Executive Chairman, on September 23, 2024 completed the sale of 2,000,000 common shares of Savaria, beneficially owned by Les Éleveurs Savaria inc. ("Common Shares") (which represented approximately 2.8% of the issued and outstanding Common Shares), through the TSX and that he would be filing an early warning report. The Common Shares were sold at a price of \$20.63 per share, for an aggregate consideration of \$41,260,000 (the "Transaction").

Immediately after the Transaction, Mr. Bourassa: (i) beneficially owned and controls 32,900 Common Shares (which represented approximately 0.05% of the issued and outstanding Common Shares), (ii) controlled 10,585,767 Common Shares beneficially owned by Les Éleveurs Savaria Inc. (which represented approximately 14.83% of the issued and outstanding Common Shares), (iii) controlled 277,931 Common Shares beneficially owned by 9302-0071 Québec Inc. (which represented approximately 0.39% of the issued and outstanding Common Shares), (iv) controlled 336,500 Common Shares beneficially owned by 9264-4582 Québec Inc. (which represented approximately 0.47% of the issued and outstanding Common Shares) and (v) controlled 250,000 Common Shares beneficially owned by Bourassa Savaria Foundation (which represented approximately 0.35% of the issued and outstanding Common Shares), which represented in the aggregate 11,483,098 Common Shares (or approximately 16.09% of the issued and outstanding Common Shares).

On September 12, 2024, the Corporation announced that its Board of Directors approved an increase to the Corporation's monthly dividend, raising it to 4.5 cents (\$0.045) per common share. On an annual basis, this represents an increase of 2 cents (\$0.02) or 3.85%, raising the dividend to 54 cents (\$0.54) per common share. This increase applied to dividends payable monthly which started on October 9, 2024 to shareholders of record of the Corporation at the close of business on September 30, 2024.

On June 4, 2024, the Corporation announced the appointment of Ms. Pernilla Lindén as a new member of the Board of Directors as of such date.

On April 17, 2024, the Corporation published its first Environmental, Social and Governance ("ESG") report for its fiscal year ended December 31, 2023. Through this report, the Corporation aimed to disclose its strategy and initiatives on ESG matters that were important to its stakeholders and where it saw an opportunity to have a positive and meaningful influence.

On April 8, 2024, the Corporation announced that it acquired all the dumbwaiter and material lift assets of D.A. Matot Inc. D.A. Matot's customer base included Savaria dealers as well as large passenger elevator companies. The acquisition was in line with the Corporation's strategy of offering the best and widest product portfolio to its dealer network and direct stores.

On January 18, 2024, the Corporation announced that it would hold its first-ever Investor Day and to be held in the Greater Toronto Area on April 9, 2024. This event consisted of presentations by management, including an update on the integration of *Savaria One* into operations, as well as on the Corporation's short- and long-term growth planning, and a tour of the Brampton manufacturing plant.

#### 2023

On December 22, 2023, the Corporation entered into an agreement to sell all the issued and outstanding shares in Van-Action (2005) Inc. and Freedom Motors Inc., its Canadian vehicle conversion manufacturing business, to Drivege Vehicle Innovations. The transaction was subject to usual closing conditions which occurred on February 1<sup>st</sup>, 2024.

December 19, 2023, the Corporation announced the appointment of Jean-Philippe De Montigny to the position of Chief Transformation Officer, effective January 15, 2024. Mr. De Montigny will be responsible for *Savaria One*, a company-wide effort to maximize the integration and synergies of the Accessibility and Patient Care business segments across all global markets. Working closely with the business unit leaders, his role includes coaching, advising and steering the staff leading the strategic growth initiatives identified earlier this year.

On November 30, 2023, the Corporation announced the appointment of Sébastien Bourassa, Chief Operating Officer, to the position of President and Chief Executive Officer, while Marcel Bourassa will become Executive Chairman. Both changes are effective January 1<sup>st</sup>, 2024.

On September 22, 2023, the Corporation announced it had completed its previously announced issue and sale of common shares (“Common Shares”) pursuant to a public offering (the “Offering”) and a concurrent private placement with CDPQ (the “Concurrent Private Placement”, and collectively with the Offering, the “Equity Offerings”) for aggregate gross proceeds to the Corporation of \$92,029,325, which included the full exercise of the over-allotment option granted to the underwriters of the Offering and the additional subscription option granted to CDPQ. Mr. Marcel Bourassa, as well as his children Sébastien, Alexandre and Marie-Pierre, all of whom are actively involved in Savaria, and his brother Jean-Marie Bourassa, a director of Savaria, have participated in the Offering by purchasing, collectively, \$3,499,981 worth of Common Shares, representing 3.8% of the Common Shares issued pursuant to the Equity Offerings.

The Offering was completed by way of a short form prospectus dated September 15, 2023 in all of the provinces of Canada by a syndicate of underwriters led by National Bank Financial Inc., co-led by Desjardins Securities Inc., Scotiabank and TD Securities Inc., and which included Cormark Securities Inc., Raymond James Ltd., Stifel Nicolaus Canada Inc., iA Private Wealth Inc. and PI Financial Corp.

The total gross proceeds from the Offering to the Corporation were \$63,264,950 and the total gross proceeds from the Concurrent Private Placement to the Corporation were \$28,764,375.

On September 6, 2023, the Corporation announced the issue and sale of Common Shares pursuant to an Offering and Concurrent Private Placement, for aggregate gross proceeds to the Corporation of approximately \$80,025,500.

Under the Offering, Savaria has entered into an agreement with a syndicate of underwriters led by National Bank Financial Inc. and co-led by Desjardins Securities Inc., Scotiabank and TD Securities Inc. (collectively, the “Underwriters”) under which the Underwriters have agreed to purchase, on a bought deal basis, 3,794,000 Common Shares from treasury at a purchase price of \$14.50 per Common Share (the “Issue Price”), for gross proceeds to the Corporation of approximately \$55,013,000. Savaria has granted to the Underwriters an over-allotment option (the “Over-Allotment Option”), exercisable in whole or in part on the same terms as the Offering, to purchase up to an additional 569,100 Common Shares at the Issue Price exercisable at any time before the expiry of 30 days following the closing of the Offering, which, if exercised, would result in additional gross proceeds of up to \$8,251,950.

Under the Concurrent Private Placement, Savaria has entered into an agreement with CDPQ, under which it will issue and sell 1,725,000 Common Shares at the Issue Price for gross proceeds to the Corporation of approximately \$25,012,500. Should the Over-Allotment Option be exercised, in whole or in part, by the Underwriters, CDPQ has the option (the “Additional Subscription Option”) to purchase additional Common Shares under the Concurrent Private Placement in the same proportion to the Common Shares that are purchased by the Underwriters pursuant to the Over-Allotment Option, which, if exercised, would result in additional gross proceeds of up to \$3,751,875. The Common Shares issued pursuant to the Concurrent Private Placement will be subject to a statutory hold period of four months from the date of their issuance, in accordance with Canadian securities regulations.

On May 15, 2023, the Corporation announced the appointment of Sébastien Bourassa to the position of Chief Operating Officer effective May 15, 2023. Previously to this appointment, he held the position of Vice-President, Operation and Integration since 2015.

On March 1<sup>st</sup>, 2023, the Corporation announced that it had entered into an agreement to sell its Norwegian vehicle adaptation business to Drive AS, a subsidiary of Cognia AS (“Cognia”), pursuant to which Cognia would acquire all of the issued and outstanding shares of Handicare AS, subject to customary closing conditions and regulatory approvals (the “Transaction”). The Transaction closed in March 2023.

On January 11, 2023, the Corporation announced the appointment of Anne Le Breton as new member to its Board of Directors as of this date.

## **2022**

On December 19, 2022, the Corporation announced that Mr. Marcel Bourassa, President and CEO of Savaria had filed an early warning report with respect to his shareholdings in Savaria further to the completion of his previously announced proposed distribution of 1,700,000 common shares of Savaria (“Common Shares”), representing 2.64% of the issued and outstanding Common Shares. On that same date, Mr. Bourassa completed (i) the sale of 886,467 Common Shares beneficially owned by 9302-0071 Québec Inc. (representing 1.38% of the issued and outstanding Common Shares) through the Toronto Stock Exchange, which were sold at a price of \$ 14.00 per share and, (ii) the sale of 813,533 Common Shares beneficially owned by Les Élévateurs Savaria Inc. (representing 1.26% of the issued and outstanding Common Shares) through the Toronto Stock Exchange, which were sold at a price of \$ 14.00 per share (collectively the “Transactions”). Immediately after the

Transactions. Mr. Marcel Bourassa beneficially owns and controls a total of 13,205,167 Common Shares (or approximately 20.50% of the issued and outstanding Common Shares).

On December 12, 2022, the Corporation announced that Mr. Marcel Bourassa, President and CEO of Savaria, had filed a notice of intention to distribute securities in connection with his proposed sale of up to 1,700,000 Common Shares of Savaria (representing up to 2.64% of the issued and outstanding Common Shares). The Common Shares were proposed to be sold by Mr. Marcel Bourassa for personal reasons, for family estate planning purposes and in support of philanthropic endeavors. As he held some of his Common Shares in Savaria through various holding companies, the proposed sale of shares would also financially benefit Mr. Marcel Bourassa's brother Mr. Jean-Marie Bourassa. Mr. Marcel Bourassa who owned or controlled, directly or indirectly, an aggregate of 14,905,167 Common Shares of Savaria or 23.14% of the issued and outstanding shares was and, following the proposed sale, will continue to be the largest shareholder of Savaria by owning or controlling, directly or indirectly, an aggregate of 13,205,167 Common Shares of Savaria, or 20.50% of the Common Shares currently issued and outstanding.

On November 22, 2022, the Corporation announced the opening celebration of its new 95,000-square-foot factory in Querétaro City, Mexico. Strategically located to better serve the growing demand of the Savaria U.S.-based dealer network, the new building was constructed over a period of seven months in Querétaro City, a fast-growing economic center. The facility is modelled after Savaria Huizhou (China), Savaria's highly successful operation providing subassembly services. The proximity to the North American market will reduce lead times and freight costs, as well as adding overall capacity to meet revenue growth.

On September 16, 2022, the Corporation announced that its Board of Directors approved an increase to the Corporation's monthly dividend, raising it from 4.17 cents (\$0.0417) to 4.33 cents (\$0.0433) per common share, representing an increase of 4%. On an annual basis, this represents an increase of 2 cents (\$0.02), raising the dividend to 52 cents (\$0.52) per share. This increase applied to the dividends payable monthly starting on October 7, 2022, to shareholders of record of the Corporation at the close of business on September 29, 2022.

On January 26, 2022, the Corporation acquired all issued shares of Ultron Technologies Ltd. ("Ultron") for a purchase price of CAD 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.

## **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.

The business is structured into two reportable segments, Accessibility and Patient Care according to their respective addressable markets.

Savaria operates a global manufacturing network with five plants in Canada (Laval and Magog (Québec), Brampton, Beamsville and Surrey (British Columbia)), two in the United States (Greenville (South Carolina) and St. Louis (Missouri)), one in Querétaro City (Mexico), five in Europe (Milan (Italy), Newton Abbot, Birmingham and Kingswinford (UK) and Heerhugowaard (Netherlands)), and two in China (Huizhou and Xiamen). The Corporation has direct sales offices in Canada, the United States, in seven European countries (Switzerland, Netherlands, Germany, Italy, Czech Republic, Poland and United Kingdom) and Australia. It also operates an extensive worldwide dealer network.

As of December 31, 2024, Savaria's workforce totaled 2,531 employees worldwide.

The Corporation, whose head office is 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 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 95,000-square-foot plant in Querétaro, Mexico, 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, a 8,000 square-foot plant in Birmingham, 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, CSA Group (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 two operating segments: Accessibility and Patient Care. 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 a wide portfolio of accessibility products including commercial elevators, home elevators, stairlifts and platform lifts for personal, residential or commercial applications. It also sells a wide variety of wheelchair accessible motor vehicles adapted for people with special needs. Savaria operates manufacturing facilities in Canada (Brampton and Surrey), Mexico (Querétaro), Italy (Milan), the United Kingdom (Kingswinford and Birmingham), the Netherlands (Heerhugowaard) and China (Huizhou and Xiamen). Through its acquisition of all the dumbwaiter and material lift assets of D.A. Matot Inc., Savaria now manufactures dumbwaiters and material lift assets at its Brampton, Ontario, Canada plant.

Savaria and Handicare products are distributed worldwide through a network of approximately 1,500 dealers as well as 28 direct sales offices, through which the Corporation also provides maintenance services.

The Huizhou and Xiamen, China plants as well as the Querétaro, Mexico plant are the main suppliers of parts and components for the North American 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 North American, Asian, European, and Australian markets.

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

Silver Cross Automotive Inc. is a retailer of wheelchair accessible vehicles for personal and commercial customers. with locations in Ontario, Alberta and British Columbia.

The Accessibility segment generated revenues of \$674 million in 2024 (2023: \$653 million), representing approximately 78% (78% in 2023) 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, in Milan, Italy and in Querétaro, Mexico. In Canada, Savaria distributes lowered-floor minivans to accommodate people in wheelchairs.

### **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 well as from its wholly owned subsidiary Savaria Mexico S.A. de C.V located in Mexico. As for customized parts, those are manufactured at Savaria's facilities located in Canada in Brampton, Ontario and in Surrey, British Columbia 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 centres 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 2,008 people as at December 31, 2024. 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 2024, the Accessibility segment generated approximately 41% (2023: 38%) of its revenues from the U.S., 46% (2022: 50%) from Europe and international markets and 13% (2022: 12%) from Canada.

## **B. Patient Care Segment**

### **Overview of the business**

From its facility in Magog, Québec, Canada, Savaria designs and manufactures an innovative ceiling lift product line designed to meet the needs of patients and caregivers by safely repositioning patients in bed or proceeding with a transfer of a patient from wheelchair to bed or bath areas using the overhead ceiling lift.

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 (bed frames). Span 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 \$194 million in revenue in 2024 (2023: \$184 million), representing approximately 22% of the total revenue of the Corporation (22% in 2023).

### **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 main factory 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 engineering, 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 523 full-time employees as of December 31, 2024; of whom 73 are unionized.

## Foreign Operations

For the year ended December 31, 2024, approximately 61% (2023: 61%) of this business segment's revenue came from the U.S., 34% (2023: 34%) came from Canada, 5% (2023: 5%) from Europe and international markets.

## RISK FACTORS

The "Risks and Uncertainties" section of Savaria's 2024 annual Management's Discussion & Analysis Report is incorporated herein by reference. This document is available on the Corporation's Website at [www.savaria.com](http://www.savaria.com) and on SEDAR+ Website at [www.sedarplus.ca](http://www.sedarplus.ca).

## DIVIDENDS

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

	2024	2023	2022
Common Shares	\$0.526	\$0.520	\$0.507

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, 2024, 71,402,507 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, 2024, to December 31, 2024, was as follows:

Month	Price per Share (\$)			Trade Volume (shares)
	High	Low	Close	
January	16.35	14.61	16.15	1,405,202
February	16.94	16.10	16.62	991,518
March	17.30	15.52	16.76	1,274,223
April	17.20	16.09	16.51	1,345,798
May	18.08	16.37	17.81	2,068,610
June	18.18	17.46	17.99	1,106,581
July	19.61	17.90	19.48	1,285,496
August	20.05	18.81	19.94	1,325,345
September	22.00	19.72	21.75	3,344,756
October	23.92	21.69	22.30	1,946,427
November	23.20	20.34	21.21	2,568,516
December	21.41	19.59	19.89	1,884,840

## DIRECTORS AND OFFICERS

### Directors

The following table lists the Corporation's directors. All information is accurate as of December 31, 2024.

Name and municipality of residence	Director Since	Principal occupation
<b>Marcel Bourassa</b> Georgetown, Ontario, Canada	2002	Executive Chairman
<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	Lead Director
<b>Jean-Louis Chapdelaine</b> Pointe-Claire, Québec, Canada	2005	President of Saraguay Investments Inc.
<b>Sylvain Dumoulin</b> <sup>(2) (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	Vice-President, Acquisitions and Development at Gestion Benoit Dumoulin
<b>Sébastien Bourassa</b> Burlington, Ontario, Canada	2017	President and Chief Executive Officer
<b>Caroline Bérubé</b> <sup>(3)</sup> Singapore	2017	Managing director of HJM Asia Law LLC
<b>Anne Le Breton</b> <sup>(3)</sup> Bromont, Québec, Canada	2023	Executive Vice-President, People and Culture, BRP
<b>Pernilla Lindén</b> Västra Frölunda, Sweden	2024	CFO, Hexatronic Group

- (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 hold the principal occupations set forth above and their experience is as follows:

**Marcel Bourassa** is Executive Chairman effective January 1<sup>st</sup>, 2024. He previously held the position of President and Chief Executive Officer of Savaria 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. Mr. 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® 2021 Québec winners. Mr. Marcel Bourassa has a Bachelor of Business Administration from HEC Montréal.

**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** recently retired as President of KanKare Home Service Inc. (dba Comfort Keepers), a national provider of in-home care for seniors, which he owned and was employed since 2004. Previously, he was Executive Vice President of Retail at Indigo Books and Music Inc. from 2003 to 2004 where he was responsible for

the retail operations of 275 Indigo, Chapters and Coles stores in Canada. Prior to joining Indigo, he was President of OutThink, Inc. a marketing and strategy firm. Mr. Drutz held progressively responsible positions at Amex Canada Inc for 20 years. 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 has served on the Board of Savaria since 2002, and has served on the Board of Amex Bank of Canada. In the not-for-profit sector, he is currently Chair of the Governors of Temple Har Zion, a Director of B'nai Brith Canada and a previous Director of Bayview Golf and Country Club. Mr. Drutz has an MBA from York University, an Honours BA from the University of Toronto and a Diploma in Human Resources and Labour Relations.

**Jean-Louis Chapdelaine** founded Saraguay Investments Inc. 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** is a consultant in the real estate and construction industry. He gained experience in public companies at Grilli Property Group Inc., holding various positions from 1989 to 2002, serving the last four years as Vice President of Finance and a member of the Board of Directors. During this period, he was actively involved in the issuance of shares on the stock market in 1992 and in the financial restructuring of the company implemented in 1996, which lasted several years. 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 BBA from HEC Montréal. He is also a Chartered Professional Accountant.

**Alain Tremblay** is Vice-President, Acquisitions and Development at Gestion Benoit Dumoulin, a construction and real estate developer. He previously acted as a consultant in the real estate and construction industry. Before that, he has held financial management roles including CFO for the group Résidences des Bâisseurs, owner operators of senior living homes, CFO for Brigil and Senior VP of Finance and Operations at Gestion Benoit Dumoulin. His past financial roles include Finance Director of Internal Audit for Provigo/Loblaw Companies and Controller for Gildan Activewear. Mr. Tremblay holds a BA in accounting from the Université du Québec à Montréal and a university Certification in Corporate Governance from Université Laval. He is a CPA of the Order of Chartered Professional Accountants of Québec, Certified Corporate Director (ASC) of the College of Corporate Directors at Université Laval, and Chartered Director (C. Dir.) of The Directors College.

**Sébastien Bourassa** was appointed President and Chief Executive Officer of Savaria effective January 1<sup>st</sup>, 2024. Previously, he held the position of Chief Operating Officer. He began his career at Savaria as a teenager in a hands-on role installing stair lifts and later managing the Montréal sales office. With his keen vision for the future, Mr. Bourassa suggested that Savaria establish a presence in China to gain competitive advantages for production and supplier relationships. He opened a division in China in 2007 called Savaria Huizhou, which enabled the Corporation 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 the Corporation and the division has continuously grown in size. Mr. Bourassa has a BBA from HEC Montréal as well as an EMBA from Ivey Business School (Hong Kong).

**Caroline Bérubé** is managing director of HJM Asia Law with offices in Singapore and Guangzhou, China. With more than 25 years in Asia between Singapore, Thailand and China, she has become the go-to source for many mid cap companies and PE firms wanting to grow the Asian market and navigate the Asian legal landscape successfully. Ms. Bérubé has an established reputation in the international business community as an entrepreneur of 5 start-ups (tech start up sold in 2013, manufacturing in China, etc.), an expert advisor on M&A cross-border transactions, commercial law, technology transfer and intellectual property matters. She is a regular speaker at international conferences and is a visiting professor at Bocconi University and the Sorbonne Assas Law School. She authored the practical book "Doing Business in China" and has been featured in numerous magazines and newspapers. Ms. Bérubé is an active member of the international business community, past president and current Chairman of the Canadian Singapore Chamber of Commerce and is the appointed legal advisor of the Italian Chamber of Commerce in Singapore. Ms. Bérubé is on the board of the China and Taiwan entities of a luxurious Swiss watch brand and of various private companies in Asia bringing her M&A, IP, compliance and knowledge of Asia. In 2015, Ms. Bérubé was named a Young Global Leader by the World Economic Forum and is now on the regional advisory board.

**Anne Le Breton** has been Executive Vice-President, People & Culture for BRP since 2016, responsible for all aspects of human resources for over 20,000 employees worldwide. Her experience acquired during her assignment in Switzerland, when BRP entrusted her with the global human resources management for its international division, helped form her global worldview and her willingness to work with diverse teams. Her strong knowledge and expertise in management and interdisciplinary collaboration have been key in the success of several growth and transformation projects where she has contributed over the past few years. She is a member of the Management Committee and of one of the Sub-Committees of the BRP Board of Directors. Ms. Le Breton was previously on the Board of Directors of Barrette Outdoor Living, North American leader in the

outdoor product industry. Before joining BRP, Ms. Le Breton worked for Bombardier Aerospace as Human Resources Manager in Canada and the United States. She holds a BA in Industrial Relations from the University of Montréal.

**Pernilla Lindén** currently serves as CFO for Hexatronic Group, headquartered in Göteborg, Sweden. Formerly the CFO of Handicare Group (2019-2021), Ms Lindén has significant experience in European and global markets, particularly in the healthcare sector. Her past roles included responsibilities for operational efficiencies and supporting multi-national management teams for both public and private enterprise. She progressed through various senior financial management roles at Mölnlycke Health Care over 11 years, and prior to that held financial and business management positions at Tudor AB. She has a BS in Business and Economics from the University of Gothenburg.

### Executive Officers

The following table lists Executive Officers who are not directors of the Corporation. All information is accurate as of December 31, 2024.

Name and municipality of residence	Principal occupation
<b>Stephen Reitknecht</b> Burlington, Ontario, Canada	Chief Financial Officer
<b>Alexandre Bourassa</b> Montréal, Québec, Canada	President, North America Accessibility
<b>Clare Brophy</b> Leeds, UK	President Europe/ROW
<b>Les Teague</b> Greenville, South Carolina, USA	Group President, Patient Care
<b>Laureen Cushing</b> Hamilton, Ontario, Canada	Global Vice-President, Human Resources
<b>Sylvain Aubry</b> Mirabel, Québec, Canada	Chief Legal Officer and Corporate Secretary
<b>Jean-Philippe De Montigny</b> Town of Mount Royal, Québec, Canada	Chief Transformation Officer

The Executive Officers of the Corporation hold the principal occupations set forth above and their past experience is as follows:

**Stephen Reitknecht** assumed the role of Chief Financial Officer for Savaria in September 2020 and is responsible for providing strategic financial leadership for the company. Prior to joining Savaria, Mr. Reitknecht 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).

**Alexandre Bourassa**, President, North America Accessibility, oversees North and South America dealer sales of the elevator and lift division as well as direct store operations in North America and Australia. Under his strong leadership, dealer sales have continued to grow and distribution has strengthened across the U.S. market. His acumen for sales and product knowledge has contributed to the leadership position Savaria enjoys today.

**Clare Brophy**, President Europe/ROW, joined Savaria in 2021 following the acquisition by Savaria of Handicare AB. She began her career with Handicare in 2009 following its acquisition of the stairlift business she had co-founded and grew from GBP 0 to GBP 21M in 13 years, becoming UK Managing Director in 2017 and a member of the senior management team in 2018. In her current role, President of Europe / ROW, Ms. Brophy oversees sales and operations for Savaria and Garaventa accessibility products in the UK, Europe and Far East.

**Les Teague**, Group President, Patient Care, joined Savaria in 2017 following the acquisition by Savaria of Span-America Medical Systems. At that time, he was Vice President of Business Development. Mr. Teague was named President of Span America January 1, 2021. Prior to joining Span-America, he held a variety of roles, including President, of a large manufacturer and packager of personal care products. Mr. Teague has an

undergraduate degree in Biology from The University of Georgia and a Master of Business Administration from the University of South Carolina.

**Laureen Cushing** joined Savaria in June 2021 in the role of Global Vice President of Human Resources and is responsible for providing strategic Human Resources leadership for the company. Ms. Cushing has held several progressive roles in the field of HR, leading large, transformation initiatives and partnering with leaders and stakeholders to ensure the delivery of HR and business strategy. Ms. Cushing has a Bachelor of Business Administration (BBA) Human Resource Management and is a Certified Human Resources Leader (CHRL).

**Sylvain Aubry**, Chief Legal Officer and Corporate Secretary, holds more than 20 years of experience in corporate, M&A and securities laws having worked mainly for publicly traded companies. He joined Savaria in March 2018 and is responsible for providing strategic legal leadership for the company. Prior to joining Savaria, he held the position of Legal Affairs and Corporate Secretary at Alimentation Couche-Tard Inc. from 2004 to 2018. Mr. Aubry has previously worked for global and Canadian public and privately held companies spanning multiple industries. Mr. Aubry has a bachelor's degree in law and is a member of the Québec Bar.

**Jean-Philippe De Montigny** joined Savaria as Chief Transformation Officer in January 2024. Prior to joining Savaria, Mr. De Montigny was a partner at McKinsey & Company starting his career with them in 2004. He has extensive experience in creating successful growth acceleration strategies for manufacturing companies of similar sizes to Savaria. He has expertise in optimizing procurement and supply chain management as well as organization design. Mr. De Montigny has an MBA from INSEAD and a Bachelor of Commerce from HEC Montreal.

### **Security Holdings**

The Directors and Executive Officers of the Corporation, as a group, beneficially own or control, directly or indirectly, 12,502,022 or approximately 17.51% 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.

### **INTEREST OF EXPERTS**

KPMG LLP is the Corporation's auditor, and it prepared the Auditor's Report to the shareholders as of March 5, 2025, with respect to the consolidated annual financial statements of the Corporation for the year ended December 31, 2024. As of the same date, KPMG LLP have confirmed that they are independent 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 (chair), Peter Drutz, MBA and Alain Tremblay, CPA. 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.

The Board of Directors of the Corporation has determined that Messrs. Dumoulin, Drutz and Tremblay are "financially literate" in accordance with MI 52-110 Audit Committees applicable in Canada. For more details on each member's experience, see section Directors and Officers, subsection Directors.

### Governance

The Governance section of Savaria's 2024 annual Management's Discussion & Analysis Report is incorporated herein by reference. This document is available on the Corporation's Website at [www.savaria.com](http://www.savaria.com) and on SEDAR+ Website at [www.sedarplus.ca](http://www.sedarplus.ca).

### 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 auditor. This policy prohibits the Corporation from engaging the external auditor 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, ' functions or human resources functions, legal services and expert services unrelated to the audit. The policy allows the Corporation to engage the external auditor to provide non-audit services, other than the prohibited services, only if the services have specifically been pre-approved by the Audit Committee.

## Auditor Fee

KPMG LLP have served as the Corporation's auditor since fiscal year 2009. For the fiscal years ended on December 31, 2024, and December 31, 2023, billed fees for audit, audit-related, tax and all other services provided to the Corporation by KPMG LLP, were as follows:

	2024 (\$)	2023 (\$)
Audit Fees <sup>(1)</sup>	1,522,288	1,664,954
Audit-Related Fees <sup>(2)</sup>	33,839	18,740
Tax Fees <sup>(3)</sup>	163,317	105,121
All Other Fees <sup>(4)</sup>	952	32,742
<b>TOTAL:</b>	<b>1,720,396</b>	<b>1,821,557</b>

(1) Includes services rendered for the audit of annual consolidated financial statements and the audits of the annual statutory financial statements of certain subsidiaries.

(2) Comments and observation on unaudited quarterly consolidated financial statements and review of annual financial statements of a subsidiary.

(3) Includes assistance related to a variety of corporate tax matters, including tax compliance, reorganizations, tax due diligence and transfer pricing.

(4) Assistance in preparation of statutory financial statements of a subsidiary.

## 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, 2024. 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.sedarplus.ca](http://www.sedarplus.ca), 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 auditor 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 auditor the annual financial statements and accompanying notes, the external auditor's 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 auditor 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 auditor, 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 auditor and management's responses.
- h. Review of significant auditor's 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 auditor, the effectiveness of the internal controls and the reliability of the financial information disclosed.
- b. Remain informed, through the external auditor, 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 Auditor**

To fulfill its responsibilities and duties, the Committee shall:

- a. Be directly responsible for overseeing the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- b. Recommend to the Board the external auditor to be nominated for appointment by the shareholders.
- c. Recommend to the Board the terms of engagement of the external auditor, including their compensation and a confirmation that the external auditor shall report directly to the Committee.

- d. On an annual basis, review and discuss with the auditor all significant relationships the auditor has with the Corporation to determine the auditor's independence.
- e. Review the performance of the external auditor and approve any proposed discharge of the external auditor when circumstances warrant.
- f. When there is to be a change in auditor, 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 auditor, 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 auditor, the audit scope and plan of the external auditor.
- i. Pre-approve the completion of any non-audit services by the external auditor and determine which non-audit services the external auditor is 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 auditor 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**

4350 Highway 13 Laval QC H7R 6E9 Canada

450.681.5655 800.931.5655 [savaria.com](http://savaria.com)

