2022

SAVARIA CORPORATION

Annual Report

For the fiscal year ended December 31, 2022

savaria®

Message from Marcel Bourassa

The world changed in the past three years in ways that few people could have predicted. Savaria finds itself in the fortunate position of serving needs that are in fact, more predictable—global aging. Yet the dynamics of the changing world presented challenges, notably supply chain issues.

What I am most proud of at Savaria is our ability to be agile with change. As we managed through the interruptions from China and soaring inflation, we established a new facility in Mexico that was up and running in a mere 7 months.

When I look back at the early days of Savaria and contrast that to today, the company has surpassed my original vision. Our plan to reach $1 billion in revenue by the end of 2025 is clearly in focus.

As we look ahead to 2023, we will continue our integration with Handicare maximizing remaining synergies and we'll stay nimble in our thinking.

Marcel Bourassa
Chairman, President & CEO

vision

To lead a barrier-free world for mobility.

mission

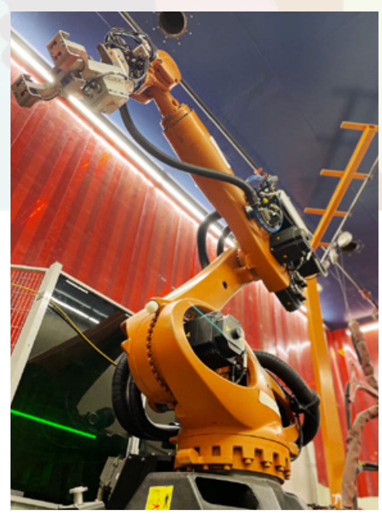
To create and market the most comprehensive high quality, reliable and customized portfolio of products that improve personal mobility. Promoting a culture of collaboration for customer-first solutions and worldwide reach.

Handicare Integration Continues in Accessibility

Continued work to integrate Handicare with Savaria yielded good strides forward in numerous areas. In Europe, the new leadership guided stronger teamwork between Handicare and Garaventa operations to enhance cross-selling opportunities. The Savaria® Vuelift® was installed in several showrooms in Europe.

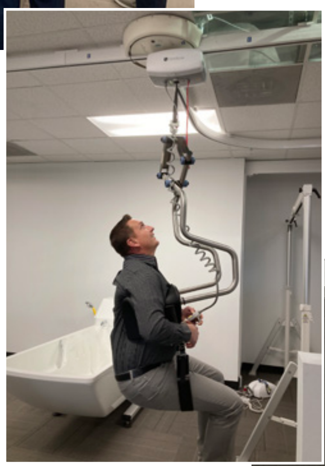
In North America, the sales teams were unified with realigned territories to maximize coverage and enhance sales for the entire product portfolio. At the Brampton, Ontario facility, the Handicare Freecurve stairlift production line was fully completed. Using robotic welding, automated tube bending machinery and a more efficient process, lead time was reduced to just over two weeks, a key success metric for competitive advantage.

Additional integration efforts in 2023 will bring the twin-rail stairlift fabrication to Brampton as well. This consolidates all curved stairlifts production for the North American market, delivering fast lead times and shipping to US and Canadian dealers.



Patient Care

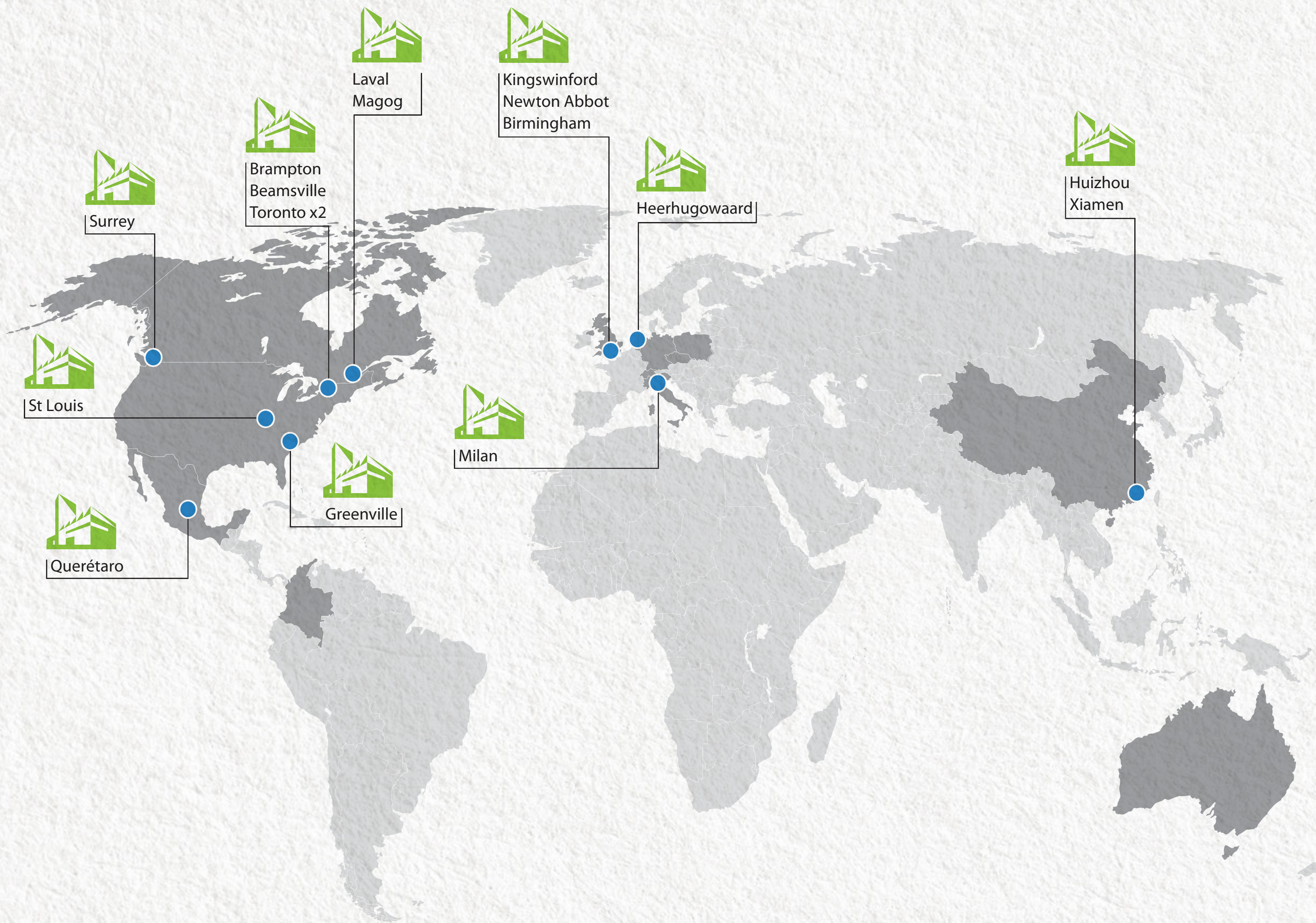
Following their 3-year *Gear Up* strategic plan, the Patient Care segment consolidated its sales team to maximize cross selling of all product brands in the portfolio: Savaria, Handicare and Span. With a new and effective training plan, the cross-selling initiative contributed over $1 million in sales. Through redefining roles, responsibilities and territories in Canada, the team became fully integrated with clear goals. In 2022, research and development focused on streamlining product offerings with a "best-in-class" mantra.



For the second year of their strategic plan, the 2023 *Ignite* initiative will include a 7-year product development road map lead by the Magog, Quebec R & D centre, and continued sales team integration for the US market.

A Return to Events!

All sales teams were excited to see the return of in-person events in 2022, with opportunities for live training sessions, dealer meetings and trade shows. At the National Association of Elevator Contractors Show (NAEC), Savaria picked up the top award for Accessibility Supplier of the Year for the third year in a row. The exhibit booth included Savaria and Handicare products for the first time, and meeting top customers at the dealer awards dinner capped off a very successful week after a 2-year absence from the show. The patient care group held a week-long training meeting for their North American sales team to cross-train on all products and energize teamwork with their 3-year *Gear Up* plan. Participation in key trade shows, training and customer meetings will be in full swing in 2023.



The global reach of Savaria®

30 Direct Sales Offices & **1,050,000 sq.ft.** of production (17 production / distribution centres)

savaria®

Direct Sales Locations

Canada
Calgary
Montreal
Oakville
Ottawa
St. Catharines
Toronto x3
Vancouver

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

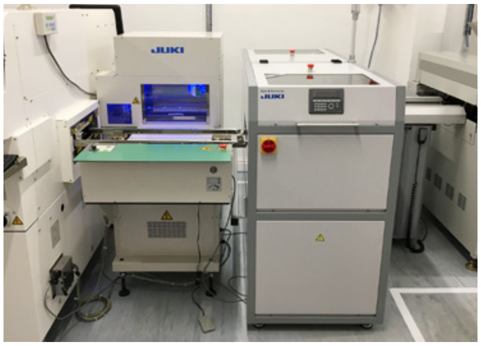
Australia
Brisbane
Melbourne
Sydney

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

Querétaro, Mexico Opens

Facing increased demand in the North American market, combined with supply chain pressures caused by the pandemic, Savaria worked quickly to establish a new assembly facility in Mexico. In just 7 months, the 95,000 square foot factory was constructed and become fully operational. The grand opening was held in November and by the end of 2022, the Savaria® Multilift vertical platform lift was being assembled and shipped out to US dealers. Thirty employees currently work in Querétaro.

In 2023, production will continue to ramp up and additional products will be assembled here with a goal of employing 100 staff by the end of the year.



Ultron Technologies

In January 2022, Savaria finalized the acquisition of UK-based Ultron Technologies, a long-standing key supplier of printed circuit boards for Savaria. Their expertise with advanced integrated circuits design, software development, manufacturing and global procurement provides Savaria vertical integration synergies.

Research and development work over the year with multiple divisions in Savaria including Handicare stairlifts and Span patient care products should provide improved time-to-market for new products and also contribute to fewer supply disruptions.

Demographic Tail Winds

77%
of people 50 years or older want to remain in their homes as they age[1]

71%
said their homes have accessibility issues inside and out[1]

Stay at Home™ WITH SAVARIA

The pandemic further emphasized the desire held by the majority of people as they age – they want to stay in their homes as long as possible. Stairlifts and home accessibility equipment are key products to helping many people age in place. Savaria and its dealer network are well positioned to help people improve the accessibility of their homes.

In 2022, as the pandemic faded, health care institutions gradually restored routine services and investments in patient care product were positively impacted. The global long term care market is expected to grow over 6% (CAGR) between now and 2030[2]. In the US alone, over 24 million people are expected to require long term care by 2030[3].

Sales of home care products such as ceiling lifts should also see growth in the coming years as people look to rehabilitate at home rather than in the hospital.

1.AARP, November 2021 Home and Community Preferences Survey
2. Precedence Research, January 2022. 3. US Department of Health and Human Services.

Bourassa Savaria Foundation

Over the course of 2022, the Bourassa Savaria Foundation donated over a quarter of million dollars among 21 organizations. Notably, a pledge was made to Habilitas for $100,000 over 5 years, to help fund an accessible playground. Since inception, the Bourassa Savaria Foundation has disbursed $1.28 million in funds.

Bourassa Savaria FOUNDATION

ALTERGO FONDATION CENTRE PHILOU MARCH OF DIMES CANADA LA MARCHE DES DIX SOUS DU CANADA parasports Québec

SAVARIA CORPORATION

Management's Discussion & Analysis Report

For the three-month and twelve-month periods ended December 31, 2022

Contents

1. Basis of Presentation

The following management's discussion and analysis ("MD&A"), dated March 15, 2023, is intended to assist readers to better understand Savaria Corporation, its business context, strategies, risk factors and key financial results. It notably discusses the Corporation's financial position and operating results for the three-month and twelve-month periods ended December 31, 2022, in comparison to the corresponding periods of fiscal 2021. Unless otherwise indicated, the terms "Corporation," "Savaria," "we" and "our," refer to Savaria Corporation and its subsidiaries.

Prepared in accordance with *National Instrument 51-102 Respecting Continuous Disclosure Obligations,* this report should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2022. Unless otherwise indicated, all amounts are expressed in Canadian dollars. Amounts in certain passages of this MD&A may be expressed in millions of Canadian dollars ("M"); however, all percentage references related to such amounts are calculated based on the thousands of Canadian dollars amount figures contained in the corresponding tables.

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

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

2. Forward-Looking Statements

This MD&A includes certain statements which are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A which is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe," "could," "should," "intend," "expect," "estimate," "assume" and other similar expressions are generally intended to identify forward-looking statements. It is important to know the forward-looking statements in this MD&A describe our expectations as at March 15, 2023, which are not guarantees of the future performance of Savaria or its industry, and involve known and unknown risks and uncertainties which may cause Savaria's or the industry's outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetizations, mergers, acquisitions, other business acquisitions or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

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

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

3. IFRS and Non-IFRS measures

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

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

EBITDA

EBITDA is defined as earnings before net finance costs, income tax expense and depreciation and amortization. Investors are cautioned that EBITDA should not be considered an alternative to operating income or net earnings for the period as an indicator of the Corporation's performance, or an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flow. Management uses EBITDA to assess the operating performance of our business. The Corporation also believes this measure is commonly used by investors and analysts to measure a company's ability to service debt and to meet other payment obligations, or as a common valuation measurement. The Corporation excludes among others depreciation and amortization expense, which is non-cash in nature and can vary significantly depending upon accounting methods or non-operating factors.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

Adjusted EBITDA is defined as EBITDA before other expenses and stock-based compensation expense. Investors are cautioned that adjusted EBITDA should not be considered an alternative to operating income or net earnings for the period as an indicator of the Corporation's performance, or an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flow. Management uses adjusted EBITDA, among other measures, to assess the operating performance of our business. The Corporation also believes this measure is commonly used by investors and analysts to measure a company's ability to service debt and to meet other payment obligations, or as a common valuation measurement. The Corporation excludes depreciation and amortization expense as well as stock-based compensation expense, which are non-cash in nature and can vary significantly depending upon accounting methods or non-operating factors. In addition, the Corporation exclude certain expenses or income that can vary from period to period and that could otherwise mask the underlying trends in our business.

Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of revenue.

	Total	2022				2021				2020
in thousands of dollars	Trailing 12 months	**Q4**	Q3	Q2	Q1	Q4	Q3	Q2	Q1	YTD
Operating Income	$63,941	**$19,843**	$17,531	$17,738	$8,829	$10,207	$10,382	$8,915	$6,380	$38,756
Amortization and depreciation expense	49,102	**11,494**	12,037	12,237	13,334	12,347	14,676	14,532	7,768	17,345
Stock-based compensation	1,862	**274**	699	469	420	564	563	356	264	1,049
Other expenses	5,320	**1,699**	757	1,025	1,839	6,132	692	3,591	2,881	2,640
Adjusted EBITDA*	$120,225	**$33,310**	$31,024	$31,469	$24,422	$29,250	$26,313	$27,394	$17,293	$59,790

* Non-IFRS measures are described in this section

ADJUSTED EBITDA BEFORE HEAD OFFICE COSTS AND ADJUSTED EBITDA MARGIN BEFORE HEAD OFFICE COSTS

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

Adjusted EBITDA margin before head office costs is defined as adjusted EBITDA before head office costs expressed as a percentage of revenue.

in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	Head Office	**Total**
			Q4 2022		
Operating Income	$15,592	$5,405	$1,751	$(2,905)	**$19,843**
Amortization and depreciation expense	8,268	1,559	557	1,110	**$11,494**
Stock-based compensation	-	-	-	274	**$274**
Other expenses	869	19	-	811	**$1,699**
Adjusted EBITDA*	$24,729	$6,983	$2,308	$(710)	**$33,310**
Adjusted EBITDA before head office costs*					**$34,020**
Adjusted EBITDA Margin before head office costs*	16.7%	15.3%	12.7%	n/a	**16.0%**
			Q4 2021		
Operating Income	$11,149	$4,781	$(1,992)	$(3,731)	**$10,207**
Amortization and depreciation expense	10,647	281	324	1,095	**$12,347**
Stock-based compensation	-	-	-	564	**$564**
Other expenses	2,440	217	2,288	1,187	**$6,132**
Adjusted EBITDA*	$24,236	$5,279	$620	$(885)	**$29,250**
Adjusted EBITDA before head office costs*					**$30,135**
Adjusted EBITDA Margin before head office costs*	17.7%	13.1%	5.2%	n/a	**15.9%**
			YTD 2022		
Operating Income	$62,972	$15,130	$1,817	$(15,978)	**$63,941**
Amortization and depreciation expense	32,078	8,902	2,455	5,667	**$49,102**
Stock-based compensation	-	-	-	1,862	**$1,862**
Other expenses	2,240	895	-	2,185	**$5,320**
Adjusted EBITDA*	$97,290	$24,927	$4,272	$(6,264)	**$120,225**
Adjusted EBITDA before head office costs*					**$126,489**
Adjusted EBITDA Margin before head office costs*	17.4%	14.3%	7.8%	n/a	**16.0%**
			YTD 2021		
Operating Income	$40,538	$10,908	$(103)	$(15,459)	**$35,884**
Amortization and depreciation expense	39,434	5,545	995	3,349	**$49,323**
Stock-based compensation	-	-	-	1,747	**$1,747**
Other expenses	6,215	247	2,288	4,546	**$13,296**
Adjusted EBITDA*	$86,187	$16,700	$3,180	$(5,817)	**$100,250**
Adjusted EBITDA before head office costs*					**$106,067**
Adjusted EBITDA Margin before head office costs*	17.8%	12.2%	8.0%	n/a	**16.0%**

* Non-IFRS measures are described in this section

ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS PER SHARE

Adjusted net earnings is defined as net earnings excluding other expenses and the income tax effects related to these costs. The Corporation uses adjusted net earnings and adjusted net earnings per share to measure its performance from one period to the next, without the variation caused by the impacts of the items described above. The Corporation excludes these items because they affect the comparability of its financial results and could potentially distort the analysis of trends in its business performance. The Corporation believes these measures are useful to investors because they help identify underlying trends in our business that could otherwise be masked by certain expenses or income that can vary from period to period.

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

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

Adjusted net earnings excluding amortization of intangible assets related to acquisitions is defined as adjusted net earnings excluding the amortization of customer relationship and contracts, trademarks and patents accounted for in business acquisitions and the income tax effects related to amortization. The Corporation uses adjusted net earnings excluding amortization of intangible assets related to acquisitions and adjusted net earnings excluding amortization of intangible assets related to acquisitions per share to measure its performance from one period to the next, without the variation caused by the impacts of the items described above. The Corporation excludes these items because they affect the comparability of its financial results and could potentially distort the analysis of trends in its business performance. The Corporation believes these measures are useful to investors because they help identify underlying trends in our business that could otherwise be masked by certain expenses or income, and amortization expenses coming from significant business acquisitions.

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

AVAILABLE CREDIT FACILITIES

Available credit facilities is defined as the total amount available under the existing revolving credit facility minus the amount drawn and outstanding letters of credit. The Corporation believes that certain investors and analysts use this measure to assess its financial leverage.

AVAILABLE FUNDS

Available funds is defined as the available credit facilities plus cash and cash equivalents. The Corporation believes that certain investors and analysts use this measure to assess its financial leverage.

TOTAL DEBT, NET DEBT AND RATIO OF NET DEBT TO ADJUSTED EBITDA

Total debt is defined as the amount drawn under the revolving credit facility and term loan facility, notes payable related to business acquisitions, outstanding letters of credit and lease liabilities, including current portions. Net debt is defined as total debt, net of cash and cash equivalents. The ratio of net debt to adjusted EBITDA is calculated by using the net debt divided by the trailing twelve months adjusted EBITDA. The Corporation believes that certain investors and analysts use these measures to assess its financial leverage.

WORKING CAPITAL

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

4. Business Overview

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

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

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

As at March 15, 2023, Savaria's workforce totaled approximately 2,300 employees worldwide.

4.1 REPORTABLE SEGMENTS OF THE CORPORATION

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

Accessibility

Through the *Accessibility* segment, Savaria designs, manufactures, distributes and installs a wide portfolio of products including straight and curved stairlifts, wheelchair platform lifts for both commercial and residential applications, commercial accessibility elevators and home elevators. Savaria operates manufacturing facilities in Canada (Brampton, Ontario, and Surrey, British Columbia), Mexico (Querétaro) and Italy (Milan), and following the acquisition of Handicare in 2021, two additional facilities in the United Kingdom (Kingswinford) and the Netherlands (Heerhugowaard). In addition, Savaria and Handicare each operate assembly locations in China, which provide full and partial assembly services for Savaria and Handicare products across the globe. Savaria and Handicare products are distributed worldwide through a network of over 1,500 dealers as well as 30 direct sales offices, through which the Corporation also provides maintenance services.

Patient Care

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

Adapted Vehicles

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

The following tables provide the revenue of the reportable segments by region for the year ended December 31:

	YTD			
in thousands of dollars, except percentages	**2022**		2021	
Canada	**$136,467**	**17.3%**	$118,803	18.0%
United States	**313,381**	**39.7%**	255,250	38.6%
Europe (other than United Kingdom)	**216,953**	**27.5%**	180,981	27.4%
United Kingdom and others	**122,290**	**15.5%**	105,949	16.0%
Total	**$789,091**	**100.0%**	$660,983	100.0%

	YTD 2022					
in thousands of dollars, except percentages	Accessibility		Patient Care		Adapted Vehicles	
Canada	**$54,206**	**9.6%**	**$63,656**	**36.6%**	**$18,605**	**33.7%**
United States	**212,137**	**37.9%**	**100,101**	**57.5%**	**1,143**	**2.1%**
Europe (other than United Kingdom)	**179,563**	**32.1%**	**2,018**	**1.2%**	**35,372**	**64.2%**
United Kingdom and others	**114,084**	**20.4%**	**8,206**	**4.7%**	**-**	**-**
Total	**$559,990**	**100.0%**	**$173,981**	**100.0%**	**$55,120**	**100.0%**
	YTD 2021					
Canada	$55,586	11.5%	$46,073	33.7%	$17,144	42.9%
United States	173,196	35.7%	81,064	59.3%	990	2.4%
Europe (other than United Kingdom)	156,923	32.4%	2,303	1.7%	21,755	54.5%
United Kingdom and others	98,592	20.4%	7,296	5.3%	61	0.2%
Total	**$484,297**	**100.0%**	**$136,736**	**100.0%**	**$39,950**	**100.0%**

5. Financial Highlights

in thousands of dollars, except per-share amounts	Q4 2022	Q4 2021	YTD 2022	YTD 2021
Revenue	**$212,100**	$189,529	**$789,091**	$660,983
Gross Profit	**66,222**	59,670	**254,369**	215,536
Operating income	**$19,843**	$10,207	**$63,941**	$35,884
Adjusted EBITDA*	**$33,310**	$29,250	**$120,225**	$100,250
Adjusted EBITDA margin*	**15.7%**	15.4%	**15.2%**	15.2%
Net earnings	**11,258**	945	**35,311**	11,535
Adjusted net earnings*	**12,555**	6,452	**39,388**	23,301
Diluted net earnings per share	**0.18**	0.02	**0.55**	0.19
Adjusted net earnings per share*	**0.19**	0.10	**0.61**	0.37

* Non-IFRS measures are described in section 3

Q4 2022 HIGHLIGHTS

- Revenue for the quarter was $212.1M, up $22.6M or 11.9%, compared to Q4 2021, due to organic growth of 12.1% originating from all segments, partially offset by a negative foreign exchange impact of 0.2%.
- Gross profit was $66.2M, up $6.6M or 11.0%, compared to Q4 2021, representing 31.2% of revenue compared to 31.5% in Q4 2021.
- Operating income was $19.8M, up $9.6M or 94.4%, representing 9.4% of revenue compared to 5.4% in Q4 2021.
- Adjusted EBITDA was $33.3M, up $4.1M or 13.9%, compared to Q4 2021.
- Adjusted EBITDA margin stood at 15.7%, up 30 bps compared to 15.4% in Q4 2021.
- *Accessibility* adjusted EBITDA before head office costs was $24.7M, an increase of $0.5M or 2.0% compared to Q4 2021.
- *Patient Care* adjusted EBITDA before head office costs was $7.0M, an increase of $1.7M or 32.3% compared to Q4 2021.
- Net earnings for the quarter were $11.3M, or $0.18 per share on a diluted basis, compared to $0.9M or $0.02 per share on a diluted basis in Q4 2021.
- Adjusted net earnings were $12.6M, or $0.19 per share on a diluted basis, up 94.6% and $6.1M, compared to Q4 2021.

2022 HIGHLIGHTS

- Revenue was $789.1M, up $128.1M or 19.4%, compared to 2021, due to organic growth of 12.7% originating from all segments and to 8.9% growth from acquisition partially offset by a negative foreign exchange impact of 2.2%.
- Gross profit was $254.4M, up $38.8M or 18.0%, compared to 2021, representing 32.2% of revenue compared to 32.6% in 2021.
- Operating income was $63.9M, up $28.1M or 78.2%, representing 8.1% of revenue compared to 5.4% in 2021.
- Adjusted EBITDA was $120.2M, up $20.0M or 19.9%, compared to 2021.
- Adjusted EBITDA margin stood at 15.2%, flat compared to 2021.
- *Accessibility* adjusted EBITDA before head office costs was $97.3M, an increase of $11.1M or 12.9% compared to 2021.
- *Patient Care* adjusted EBITDA before head office costs was $24.9M, an increase of $8.2M or 49.3% compared to 2021.
- Net earnings for the year were $35.3M, or $0.55 per share on a diluted basis, compared to $11.5M or $0.19 per share on a diluted basis in 2021.

- Adjusted net earnings were $39.4M, or $0.61 per share on a diluted basis, up 69.0% and $16.1M, compared to 2021.
- Funds available of $125.7M as of December 31, 2022, to support working capital, investments and growth opportunities.
- On March 1, 2023, Savaria announced that it has entered into an agreement with Drive AS, a subsidiary of Cognia AS, pursuant to which Cognia would acquire Handicare AS, subject to customary closing conditions and regulatory approvals.

6. Financial Review

6.1 REVENUE

During the quarter, the Corporation generated revenue of $212.1M, up $22.6M or 11.9%, compared to the same period in 2021. The increase was due to organic growth of 12.1%, partially offset by a negative foreign exchange impact of 0.2%.

For the year ended December 31, 2022, the Corporation generated revenue of $789.1M, up $128.1M or 19.4%, compared to the same period in 2021. The increase is mainly due to organic growth of 12.7% and the acquisition of Handicare in 2021. The growth was partially offset by a negative foreign exchange impact of 2.2%.

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

	Q4			
in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	**Total**
Revenue 2022	$148,214	$45,657	$18,229	**$212,100**
Revenue 2021	$137,288	$40,330	$11,911	**$189,529**
Net change %	8.0%	13.2%	53.0%	**11.9%**
Organic Growth[1]	8.7%	8.7%	62.1%	**12.1%**
Acquisition Growth[2]	0.0%	0.0%	0.0%	**0.0%**
Foreign Currency Impact[3]	(0.7)%	4.5%	(9.1)%	**(0.2)%**
Net change %	8.0%	13.2%	53.0%	**11.9%**

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

	YTD			
in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	**Total**
Revenue 2022	$559,990	$173,981	$55,120	**$789,091**
Revenue 2021	$484,297	$136,736	$39,950	**$660,983**
Net change %	15.6%	27.2%	38.0%	**19.4%**
Organic Growth[1]	9.8%	17.1%	32.2%	**12.7%**
Acquisition Growth[2]	8.9%	7.7%	12.6%	**8.9%**
Foreign Currency Impact[3]	(3.1)%	2.4%	(6.8)%	**(2.2)%**
Net change %	15.6%	27.2%	38.0%	**19.4%**

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

6.1.1 Accessibility

Revenue from our *Accessibility* segment was $148.2M for the quarter, an increase of $10.9M or 8.0%, compared to the same period in 2021. The increase in revenue was related to organic growth of 8.7% driven by strong demand in the residential and commercial sectors, price increases and synergies with Handicare. The growth was partially offset by a negative foreign exchange impact of 0.7%, mainly coming from the GBP and EUR currencies.

For the year ended December 31, 2022, revenue from our *Accessibility* segment was $560.0M, an increase of $75.7M, or 15.6%, compared to the same period in 2021. The increase in revenue was related to organic growth of 9.8%, driven by the same factors listed above for the quarter, the acquisition of Handicare, and was partially offset by a negative foreign exchange impact of 3.1%.

6.1.2 Patient Care

Revenue from our *Patient Care* segment was $45.7M for the quarter, an increase of $5.3M or 13.2%, compared to the same period in 2021. The increase in revenue was mainly related to organic growth of 8.7% explained by new contracts and pricing initiatives. The growth was also driven by a positive foreign exchange impact of 4.5%.

For the year ended December 31, 2022, revenue from our *Patient Care* segment was $174.0M, an increase of $37.2M, or 27.2%, compared to the same period in 2021. The increase in revenue was related to organic growth of 17.1%, driven by the same factors listed above for the quarter and pent-up demand from the two last years of pandemic, to the acquisition of Handicare and a positive foreign exchange impact of 2.4%.

6.1.3 Adapted Vehicles

Revenue from our *Adapted Vehicles* segment was $18.2M for the quarter, an increase of $6.3M or 53.0%, compared to the same period in 2021. The increase in revenue was related to organic growth of 62.1%, attributable to increased police and ambulance vehicles adaptations, despite continued vehicles supply chain disruption. The growth was partially offset by a negative foreign exchange impact of 9.1%.

For the year ended December 31, 2022, revenue from our *Adapted Vehicles* segment was $55.1M, an increase of $15.2M, or 38.0%, compared to the same period in 2021. The increase in revenue was mainly related to organic growth of 32.2%, driven by the aforementioned increased police and ambulance vehicles adaptations and pent-up demand from last year, which was delayed due to vehicle supply shortages, and also to the acquisition of Handicare. The growth was partially offset by a negative foreign exchange impact of 6.8%.

6.1.4 Foreign Exchange

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

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

Canadian equivalent of a currency	**2022**	2021
US Dollar (USD)	**1.3541**	1.2655
Euro (EUR)	**1.4487**	1.4392
Swiss Franc (CHF)	**1.4642**	1.3882
Renminbi (RMB)	**0.1963**	0.1992
Pound Sterling (GBP)	**1.6370**	1.7135

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

Canadian equivalent of a currency	**2022**	2021
US Dollar (USD)	**1.3015**	1.2538
Euro (EUR)	**1.3699**	1.4827
Swiss Franc (CHF)	**1.3634**	1.3716
Renminbi (RMB)	**0.1935**	0.1944
Pound Sterling (GBP)	**1.6072**	1.7245

In conformity with the hedging policy adopted by the Board of Directors, the Corporation uses USD foreign exchange contracts to reduce the risks related to currency fluctuations. Therefore, the variations in the rates presented above may not be representative of the actual impact of exchange rates on our financial results. As at December 31, 2022, the Corporation held foreign exchange contracts totaling $40.5M USD for a hedging period up to December 2024, at a weighted average rate of 1.3473. As at December 31, 2022, the unrealized loss on the foreign exchange contracts amounted to $0.1M.

6.2 GROSS PROFIT AND EXPENSES

in thousands of dollars, except per-share amounts and % revenue	Q4				YTD			
	2022		2021		**2022**		2021	
Revenue	**$212,100**		$189,529		**$789,091**		$660,983	
Cost of sales	**145,878**	**68.8%**	129,859	68.5%	**534,722**	**67.8%**	445,447	67.4%
Gross Profit	**$66,222**	**31.2%**	$59,670	31.5%	**$254,369**	**32.2%**	$215,536	32.6%
Selling and administrative expenses	**44,680**	**21.0%**	43,331	22.9%	**185,108**	**23.4%**	166,356	25.2%
Other expenses	**1,699**	**0.8%**	6,132	3.2%	**5,320**	**0.7%**	13,296	2.0%
Operating income	**$19,843**	**9.4%**	$10,207	5.4%	**$63,941**	**8.1%**	$35,884	5.4%
Net finance costs	**6,177**	**3.0%**	6,357	3.4%	**16,469**	**2.1%**	15,756	2.3%
Earnings before income tax	**$13,666**	**6.4%**	$3,850	2.0%	**$47,472**	**6.0%**	$20,128	3.1%
Income tax expense	**2,408**	**1.1%**	2,905	1.5%	**12,161**	**1.5%**	8,593	1.4%
Net Earnings	**$11,258**	**5.3%**	$945	0.5%	**$35,311**	**4.5%**	$11,535	1.7%
Adjusted EBITDA *	**$33,310**	**15.7%**	$29,250	15.4%	**$120,225**	**15.2%**	$100,250	15.2%
Basic net earnings per share	**$0.18**		$0.02		**$0.55**		$0.19	
Diluted net earnings per share	**$0.18**		$0.02		**$0.55**		$0.19	

* Non-IFRS measures are described in section 3

The increase in gross profit of $6.6M and $38.8M, for the quarter and year respectively, when compared to the same period in 2021, was mainly attributable to additional revenue despite mostly unfavorable foreign exchange rates used in the conversion of the results of subsidiaries. The slight decrease in gross margin is mainly due to continued inflationary pressures on the supply chain, especially in the European region, causing material cost increases, which which were partially offset by initiatives undertaken to increase product prices, reduce shipping costs and generate better costs absorption. While we are proactively managing sourcing and logistics to limit these pressures, we will continue to experience impacts in future periods.

For the quarter, selling and administrative expenses as a percentage of revenue were lower by 1.9%, mainly explained by the fixed portion of these expenses not being impacted by the increase in revenues and by lower amortization of intangible assets related to acquisitions, when compared to Q4 2021. For the year ended December 31, 2022, selling and administrative expenses as a percentage of revenue were lower by 1.8% when compared to the same period in 2021, also explained by the fixed portion of expenses.

For the quarter, the Corporation incurred other expenses of $1.7M compared to $6.1M in the same period in 2021 with a year-to-date amount totalling $5.3M compared to $13.3M in 2021. In 2022, these expenses consisted mainly of integration costs in connection with Handicare. In 2021, other expenses also included business acquisition costs related to the acquisition of Handicare.

6.3 ADJUSTED EBITDA

Adjusted EBITDA and adjusted EBITDA margin for the quarter stood at $33.3M and 15.7%, respectively, compared to $29.3M and 15.4% for the same period in 2021. The improvement in profitability is mainly explained by the aforementioned decreased selling and administrative expenses as a percentage of revenue, partially offset by a slight decrease in gross margins. The Corporation's *Patient Care* and *Adapted Vehicles* segments adjusted EBITDA margin increased versus prior year due to improvements in gross margins, while the adjusted EBITDA margin from the Accessibility segment was slightly lower.

For the year ended December 31, 2022, adjusted EBITDA and adjusted EBITDA margin stood at $120.2M and 15.2%, respectively, compared to $100.3M and 15.2% for the same period in 2021. While the profitability has been impacted by inflationary pressures on the supply chain, including increased shipping costs in the first quarter and material costs in the third and fourth quarter, increases in absolute dollars for the *Accessibility* and *Patient Care* segments, mainly reflect the increased revenue from the organic growth and consolidating Handicare's results for a period of twelve months in fiscal 2022 compared to ten months in fiscal 2021. Also, during 2022, the adjusted EBITDA was affected by unfavorable foreign exchange rates used in the conversion of the results of subsidiaries.

Head office costs for the quarter and the year ended December 31, 2022, stood at $0.7M and $6.3M respectively. While the current quarter was favorably impacted by lower information technology ("IT") system costs and a reduction in incentives expenses, the full-year figures are in line with Management's expectations, considering the addition of Handicare and higher IT system costs.

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

in thousands of dollars, except percentages	Accessibility	Patient Care	Adapted Vehicles	Total
		Q4 2022		
Revenue	$148,214	$45,657	$18,229	**$212,100**
Adjusted EBITDA*				**$33,310**
Head office costs				**$710**
Adjusted EBITDA before head office costs*	$24,729	$6,983	$2,308	**$34,020**
Adjusted EBITDA Margin before head office costs*	16.7%	15.3%	12.7%	**16.0%**
		Q4 2021		
Revenue	$137,288	$40,330	$11,911	**$189,529**
Adjusted EBITDA*				**$29,250**
Head office costs				**$885**
Adjusted EBITDA before head office costs*	$24,236	$5,279	$620	**$30,135**
Adjusted EBITDA Margin before head office costs*	17.7%	13.1%	5.2%	**15.9%**
		YTD 2022		
Revenue	$559,990	$173,981	$55,120	**$789,091**
Adjusted EBITDA*				**$120,225**
Head office costs				**$6,264**
Adjusted EBITDA before head office costs*	$97,290	$24,927	$4,272	**$126,489**
Adjusted EBITDA Margin before head office costs*	17.4%	14.3%	7.8%	**16.0%**
		YTD 2021		
Revenue	$484,297	$136,736	$39,950	**$660,983**
Adjusted EBITDA*				**$100,250**
Head office costs				**$5,817**
Adjusted EBITDA before head office costs*	$86,187	$16,700	$3,180	**$106,067**
Adjusted EBITDA Margin before head office costs*	17.8%	12.2%	8.0%	**16.0%**

* Non-IFRS measures are described in section 3

6.3.1 Accessibility

For the quarter, *Accessibility* adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $24.7M and 16.7%, respectively, compared to $24.2M and 17.7% for the same period in 2021. The slight decrease in adjusted EBITDA margin was mainly due to inflationary pressures on the supply chain, especially in the European region, causing material cost increases, partially offset by better cost absorption from the increase in revenues.

For the year ended December 31, 2022, adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $97.3M and 17.4%, respectively, compared to $86.2M and 17.8% for the same period in 2021.

6.3.2 Patient Care

For the quarter, *Patient Care* adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $7.0M and 15.3%, respectively, compared to $5.3M and 13.1% for the same period in 2021. The increase in adjusted EBITDA and adjusted EBITDA margin was mainly due to the increase in revenues and improvements in gross margins mainly explained by better costs absorption, pricing initiatives and synergies with Handicare.

For the year ended December 31, 2022, adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $24.9M and 14.3%, respectively, compared to $16.7M and 12.2% for the same period in 2021.

6.3.3 Adapted Vehicles

For the quarter, *Adapted Vehicles* adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $2.3M and 12.7%, respectively, compared to $0.6M and 5.2% for the same period in 2021. The increase in adjusted EBITDA and adjusted EBITDA margin was attributable to increased police and ambulance vehicles adaptations, despite continued vehicles supply chain disruption.

For the year ended December 31, 2022, adjusted EBITDA and adjusted EBITDA margin, both before head office costs, stood at $4.3M and 7.8%, respectively, compared to $3.2M and 8.0% for the same period in 2021.

6.4 NET FINANCE COSTS

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

For the quarter, net finance costs were $6.2M, compared to $6.4M for the same period in 2021. Interest on long-term debt increased when compared to 2021, mainly due to higher average market interest rates and was, partially offset by lower amortization of deferred financing costs. Net finance costs were also impacted by a net foreign currency loss of $0.5M compared to $2.0M in 2021, most of which was unrealized in nature. Also, the Corporation incurred a loss on the ineffective portion of changes in fair value of net investment hedges of $0.8M in 2021, while it was a gain in 2022.

For the year ended December 31, 2022, net finance costs were $16.5M compared to $15.8M for the same period in 2021. The increase in net finance costs was mainly due to higher interest on long-term debt related to the financing of the acquisition of Handicare and higher average market interest rates. Also, the Corporation incurred a gain on the ineffective portion of changes in fair value of net investment hedges of $0.8M in 2022 compared to a loss of $0.8M on the same instruments in 2021, and a loss of $1.8M was also recognized in 2021 on a foreign exchange contract.

6.5 INCOME TAXES

For the quarter, an income tax expense of $2.4M was recorded on earnings before income taxes of $13.7M, representing an effective tax rate of 17.6% compared to an income tax expense of $2.9M and an effective tax rate of 75.4% for the same period in 2021; last year being unfavorably impacted by the increase in the Netherlands' statutory tax rate enacted in December 2021.

For the year ended December 31, 2022, an income tax expense of $12.2M was recorded on earnings before taxes of $47.5M, representing an effective tax rate of 25.6%, whereas the effective tax rate was 42.7% for the same period in 2021. The variance in income tax and in effective tax rates is the result of different profit allocation coming from countries in which the Corporation operates which are taxable at varying rates, non-deductible expenses and prior years' adjustments.

6.6 NET EARNINGS AND NET EARNINGS PER SHARE

For the quarter, the Corporation's net earnings were $11.3M or $0.18 per share on a diluted basis, compared to $0.9M or $0.02 per share for the same period in 2021. The increase in net earnings and net earnings per share was mainly due to the increase in adjusted EBITDA as well as lower other expenses.

For the year ended December 31, 2022, the Corporation's net earnings stood at $35.3M, or $0.55 per share on a diluted basis, compared to $11.5M or $0.19 per diluted share for the same period in 2021. The increase in net earnings and net earnings per share was attributable to the same factors as for the quarter.

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

	Q4		YTD	
in thousands of dollars, except number of shares and per-share amounts	**2022**	2021	**2022**	2021
Net earnings	**$11,258**	$945	**$35,311**	$11,535
Other expenses	**1,699**	6,132	**5,320**	13,296
Income tax related to other expenses [1]	**(402)**	(625)	**(1,243)**	(1,530)
Adjusted net earnings*	**$12,555**	$6,452	**$39,388**	$23,301
Amortization of intangible assets related to acquisitions	**5,735**	7,329	**22,649**	23,965
Income tax related to amortization of intangible assets related to acquisitions [1]	**(923)**	(1,671)	**(4,902)**	(5,466)
Adjusted net earnings excluding amortization of intangible assets related to acquisitions*	**$17,367**	$12,110	**$57,135**	$41,800
In $ per share				
Diluted net earnings	**$0.18**	$0.02	**$0.55**	$0.19
Other expenses net of income tax [1]	**0.01**	0.08	**0.06**	0.18
Adjusted net earnings *	**$0.19**	$0.10	**$0.61**	$0.37
Amortization of intangible assets related to acquisitions net of income tax [1]	**0.08**	0.09	**0.28**	0.30
Adjusted net earnings excluding amortization of intangible assets related to acquisitions *	**$0.27**	$0.19	**$0.89**	$0.67
Diluted weighted average number of shares	**64,513,288**	64,643,890	**64,491,541**	62,239,543

* Non-IFRS measures are described in section 3

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

For the quarter, adjusted net earnings stood at $12.6M, or $0.19 per share, compared to $6.5M or $0.10 per share for the same period in 2021. For the year ended December 31, 2022, adjusted net earnings stood at $39.4M, or $0.61 per share, compared to $23.3M or $0.37 per share for the same period in 2021.

For the quarter, adjusted net earnings excluding amortization of intangible assets related to acquisitions stood at $17.4M or $0.27 per share, an increase of $5.3M and $0.08 per share, respectively, compared to the same period in 2021. For the year ended December 31, 2022, adjusted net earnings excluding amortization of intangible assets related to acquisitions stood at $57.1M, or $0.89 per share, compared to $41.8M or $0.67 per share for the same period in 2021.

7. Summary of Quarterly Results

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

in thousands of dollars, except per-share amounts	Total Trailing 12 months	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Revenue	$789,091	**$212,100**	$201,394	$192,061	$183,536	$189,529	$180,758	$178,621	$112,075
Gross Margin as a % of revenue	32.2%	**31.2%**	31.8%	34.1%	31.9%	31.5%	32.4%	33.5%	33.4%
Operating Income	$63,941	**$19,843**	$17,531	$17,738	$8,829	$10,207	$10,382	$8,915	$6,380
Adjusted EBITDA*	$120,225	**$33,310**	$31,024	$31,469	$24,422	$29,250	$26,313	$27,394	$17,293
Net earnings	$35,311	**$11,258**	$10,581	$8,125	$5,347	$945	$4,757	$2,025	$3,808
Net earnings per share - diluted	$0.55	**$0.18**	$0.16	$0.13	$0.08	$0.02	$0.07	$0.03	$0.07
Dividend declared per share	$0.507	**$0.130**	$0.127	$0.125	$0.125	$0.125	$0.122	$0.120	$0.120

* Non-IFRS measures are described in section 3

The Corporation experiences seasonal variations in its business. In terms of revenues, excluding the impact of acquisitions, the first half of the fiscal year is typically its weakest while the second half is usually its strongest.

8. Financial Position

8.1 CAPITAL RESOURCES

The Corporation believes its cash flows from operating activities, combined with its available short-term capital resources, will enable it to support its growth strategy, working capital requirements and planned capital expenditures as well as provide its shareholders with a return on their investment. In 2021, the Corporation was able to secure a new credit facility of which $81.0M was available as of December 31, 2022.

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

in thousands of dollars	**December 31, 2022**	December 31, 2021 (Recast[1])
Total amount available under the revolving credit facility	**$400,000**	$400,000
Amount drawn under the revolving credit facility	**(317,485)**	(332,592)
Outstanding letters of credit	**(1,559)**	(1,306)
Available credit facilities *	**$80,956**	$66,102
Cash and cash equivalents	**$44,725**	$63,494
Available funds *	**$125,681**	$129,596
Current assets	**$327,314**	$320,726
Current liabilities	**182,439**	168,361
Working capital *	**$144,875**	$152,365
Ratio of current assets to current liabilities	**1.79**	1.90

* Non-IFRS measures are described in section 3

[1] Refer to Note 2E) - Adjustments to comparative figures in the consolidated financial statements 2022.

8.2 NET DEBT

As at December 31, 2022, the Corporation had a net debt position of $369.4M, compared to $373.8M as of December 31, 2021. The decrease in net debt of $4.4M is mainly driven by a lower amount drawn under the revolving credit facility and lower lease liabilities, partly offset by lower cash and cash equivalents.

in thousands of dollars	**December 31, 2022**	December 31, 2021
Amount drawn under the revolving credit facility and term loan facility	**$367,485**	$382,592
Notes payable related to business acquisitions	**1,940**	1,058
Outstanding letters of credit	**1,559**	1,306
Lease liabilities	**43,190**	52,350
Total debt*	**$414,174**	$437,306
Less: Cash and cash equivalents	**(44,725)**	(63,494)
Net debt*	**$369,449**	$373,812
Trailing twelve months adjusted EBITDA[1]*	**120,225**	100,250
Ratio of net debt to adjusted EBITDA*	**3.07**	3.73

*Non-IFRS measures are described in section 3

[1] December 31, 2021 Trailing twelve months adjusted EBITDA* does not include a complete year of Handicare results.

9. Liquidity

	Q4		YTD	
in thousands of dollars	**2022**	2021	**2022**	2021
Cash flows related to operating activities before net changes in non-cash operating items	**$30,693**	$18,833	**$104,654**	$70,312
Net changes in non-cash operating items	**13,159**	(11,617)	**(13,912)**	(13,035)
Cash flows related to operating activities	**43,852**	7,216	**90,742**	57,277
Cash flows related to investing activities	**(7,625)**	(3,224)	**(21,583)**	(396,439)
Cash flows related to financing activities	**(35,914)**	(5,754)	**(83,253)**	351,796
Unrealized foreign exchange effect on cash held in foreign currencies	**2,051**	139	**3,579**	(3,320)
Net change in cash, including cash balances classified as asset held-for-sale	**$2,364**	$(1,623)	**$(10,515)**	$9,314
Less: Cash and cash equivalent classified as asset held-for-sale	**(8,254)**	-	**(8,254)**	-
Net change in cash	**$(5,890)**	$(1,623)	**$(18,769)**	$9,314

9.1 OPERATING ACTIVITIES

For the quarter, cash flows related to operating activities before net changes in non-cash operating items reached $30.7M, versus $18.8M in the same period in 2021. The increase mainly reflects the higher EBITDA of the Corporation. Net changes in non-cash operating items increased cash flows by $13.2M, compared to a decrease of $11.6M a year earlier. As a result, cash generated from operating activities in Q4 2022 stood at $43.9M, compared to $7.2M in the same period in 2021.

For the year ended December 31, 2022, cash flows related to operating activities before net changes in non-cash operating items reached $104.7M, versus $70.3M in the same period in 2021. Net changes in non-cash operating items reduced cash flows by $13.9M, compared to $13.0M a year earlier due to an improvement in the level of prepaid expenses and other current asset despite higher inventory. As a result, cash generated from operating activities stood at $90.7M, compared to $57.3M in the same period in 2021.

9.2 INVESTING ACTIVITIES

For the quarter, cash used in investing activities was $7.6M compared to $3.2M in 2021. In 2022, the Corporation disbursed $7.6M for fixed and intangible assets compared to $4.0M in 2021.

For the year ended December 31, 2022, cash used in investing activities was $21.6M compared to $396.4M in 2021. In 2022, The Corporation disbursed $1.4M for the acquisition of Ultron and $20.5M for fixed and intangible assets, compared to $381.0M for the acquisition of Handicare and $15.7M for fixed and intangible assets in 2021.

9.3 FINANCING ACTIVITIES

For the quarter, cash used in financing activities was $35.9M compared to $5.8M in 2021. The main variations in 2022 compared to 2021 are the repayment of $20.2M on the credit facility compared to a withdrawal of $5.4M a year earlier and higher interest paid of $2.9M.

For the year ended December 31, 2022, cash used in financing activities was $83.3M compared to a cash infusion of $351.8M in 2021. Large cash outflows in 2022 include $32.5M of dividend payments, $28.1M in reimbursement of the credit facility, $13.9M of interest paid, and $11.2M of lease payments. In 2021, inflows came from a draw on the facility net of transactions costs of $328.2M, and the issuance of common shares of $181.8M to finance the acquisition of Handicare, partially offset by the related net repayment of debt of $113.7M and $29.5M of dividend payments.

As of December 31, 2022, cash and cash equivalents of $8.3M from Handicare AS were also reclassed as current assets held for sale.

9.4 DIVIDENDS

The aggregate monthly dividends declared in the fourth quarter and during the full year of 2022 totaled $8.4M and $32.6M, respectively, compared to $8.0M and $30.2M for the same period in 2021. As at December 31, 2022, 64,433,986 shares were issued and outstanding, compared to 64,212,154 as at December 31, 2021. Dividends paid in the fourth quarter and during the full year of 2022 amounted to $8.4M and $32.5M, respectively, compared to $8.0M and $29.5M for the same periods in 2021. The increase in the dividend rate from $0.0417 to $0.0433, effective September 2022, also contributed to the increase in dividends paid and declared in 2022.

9.5 STOCK OPTIONS

As at March 15, 2023, 3,129,869 stock options were outstanding at exercise prices ranging from $11.06 to $22.05.

10. Overview of the Last Three Years

in thousands of dollars, except per-share amounts	**2022**	2021	2020
		(Recast[1])	
Revenue	**$789,091**	$660,983	$354,496
Gross Margin as a % of revenue	**32.2%**	32.6%	34.5%
Operating income	**$63,941**	$35,884	$38,756
Adjusted EBITDA*	**$120,225**	$100,250	$59,790
Net earnings	**$35,311**	$11,535	$26,463
Earnings per share - diluted	**$0.55**	$0.19	$0.52
Dividend declared per share	**$0.507**	$0.487	$0.466
Total assets	**$1,109,963**	$1,110,368	$453,308
Total non-current liabilities	**$474,555**	$507,407	$105,522

* Non-IFRS measures are described in section 3

[1] Refer to Note 2E) - Adjustments to comparative figures in the consolidated financial statements 2022.

The increase in revenue and adjusted EBITDA, from 2020 through to 2022, was mainly due to the acquisition of Handicare in 2021.

The decreases in gross margin in 2021 and 2022 were mainly attributable to additional costs related to the supply chain, including shipping costs, and the reduction of subsidies from the COVID-19 employment retention government of Canada program compared to 2020.

The decrease in net earnings in 2021 is due to higher finance costs, other expenses and amortization on intangibles following the acquisition of Handicare, partially offset by the adjusted EBITDA generated by the acquired business while the increase in 2022 is explained by higher adjusted EBITDA and lower amortization and integration expenses related to Handicare.

11. Governance

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

DC&P are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and the CFO, on a timely basis to ensure appropriate decisions can be made regarding public disclosure.

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

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

At December 31, 2022, Savaria's management, including the CEO and the CFO, conducted an evaluation of the effectiveness of the Corporation's DC&P and ICFR as defined under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and concluded that the design and operation of the Corporation's DC&P and ICFR were effective.

12. Significant Accounting Policies and Estimates

A. Accounting Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Important judgements made by management when applying accounting policies that have the most significant impact on amounts recognized in the consolidated financial statements are the determination of cash-generating units ("CGU"), the identification of operating segments and the determination of foreign operations' functional currencies.

Assumptions and estimate uncertainties that have a significant risk of resulting in a material adjustment are the evaluation of the worldwide deferred income tax balances and income tax expense. Judgements such as interpretations of laws, treaties and regulations in each jurisdiction are also required by management in determining the deferred income tax balances and income tax expense. Other areas involving assumptions and estimate uncertainties include the estimation of the fair value of assets and liabilities acquired during business acquisitions, the determination of the warranty and other provisions, the inventory obsolescence provisions, the capitalization of intangible assets and the measurement of lease obligations.

B. New Accounting Standards Adopted

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

Interest Rate Benchmark Reform – Phase 2

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

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

IAS 1 PRESENTATION OF FINANCIAL STATEMENTS

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

IAS 16 PROPERTY, PLANT AND EQUIPMENT

Amendment to Proceeds before Intended Use: requirement to recognize the proceeds from selling items before the related item of property, plant and equipment is available for use in profit or loss. IAS 2 Inventories should be applied in identifying and measuring these production costs.

IAS 37 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Amendments to Onerous Contracts: amendments to the cost of fulfilling a contract to include both the incremental cost of fulfilling that contract and an allocation of other costs that relates directly to fulfilling the contract.

The impact of changing these amendments in the Corporation's consolidated statements of earnings had no significant impact for the year ended December 31, 2022.

NEW ACCOUNTING STANDARDS NOT YET ADOPTED

The following new amendments to standards and interpretations have not been applied in preparing the consolidated financial statements as at December 31, 2022.

IAS 1 PRESENTATION OF FINANCIAL STATEMENTS
Amendments to Classification of Liabilities as Current or Non-current: incorporates classification of liabilities as current or non-current - Deferral of effective date.

IAS 8 ACCOUNTING POLICIES
Amendments to Accounting Estimates and Errors: change in the definition of accounting estimates.

IAS 12 INCOME TAXES
Amendments to the Initial Recognition Exemption: narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

13. Off-Balance Sheet Arrangements

The Corporation did not enter into any off-balance sheet arrangements during fiscal 2022.

14. Related Party Transactions

The Corporation did not enter into any significant transactions with any related party during fiscal 2022.

15. Contractual Obligations

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

in thousands of dollars	**Total**	Less than one year	One to four years	More than four years
Long-term debt including current-portion and interests	**$422,928**	$25,638	$396,902	$388
Lease liabilities	**41,093**	7,869	17,436	15,788
Derivative financial liabilities	**(4,249)**	(882)	(3,367)	-

16. Subsequent Event

In November 2022, management committed to a plan to sell all of the issued and outstanding shares of its wholly-owned subsidiary, Handicare AS, reported under its Adapted Vehicles segment. Accordingly, this subsidiary was presented as a disposal group held for sale. On March 1, 2023, Savaria announced that it has entered into an agreement with Drive AS, a subsidiary of Cognia AS ("Cognia"), pursuant to which Cognia would acquire Handicare AS, subject to customary closing conditions and regulatory approvals (the "Transaction"). The Transaction is expected to close in late March or early April 2023.

A. Impairment test relating to the disposal group held for sale

No impairment for write-downs of the disposal group was needed as the carrying amount as of December 31, 2022, was lower than its estimated fair value less costs to sell.

B. Assets and liabilities of disposal group held for sale

As of December 31, 2022, the assets and liabilities held for sale were stated at the less of the net book value and fair value less cost to sell and comprised the following:

in thousands of dollars	December 31,2022
Cash and cash equivalents	**$8,254**
Trade and other receivables	**4,110**
Inventories	**5,603**
Right-of-use assets	**4,524**
Other assets	**1,707**
Assets held for sale	**$24,198**
Trade and other payables	**$7,824**
Lease liabilities including current portion	**4,533**
Other liabilities	**1,871**
Liabilities directly associated with the assets held for sale	**$14,228**

C. Cumulative translation adjustment of the disposal group

There is ($431,000) included in OCI relating to the disposal group.

17. Risks and Uncertainties

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

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

ECONOMIC CONDITIONS

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

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

OPERATING RESULTS

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

FINANCING

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

ACQUISITIONS

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

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

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

CURRENCY FLUCTUATION

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

MARKET AND COMPETITION

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

CATASTROPHIC EVENTS, NATURAL DISASTERS, SEVERE WEATHER AND DISEASE

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

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

HEALTHCARE REIMBURSEMENT

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

PROPERTY RIGHTS

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

CREDIT RISK

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

INTEREST RATE FLUCTUATIONS

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

PRICE VARIATION

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

DEPENDENCE ON KEY PERSONNEL

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

DEPENDENCE ON KEY DISTRIBUTORS

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

DEPENDENCE ON KEY SUPPLIERS

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

LAWS AND REGULATIONS

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

PRODUCT LIABILITY

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

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

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

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

LITIGATION

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

INFORMATION SYSTEM / CYBERSECURITY

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

18. Environmental, Social and Governance ("ESG") Values

As a global leader within the accessibility industry, Savaria is committed to minimizing its environmental footprint and upholding the highest social and governance standards. We believe that promoting environmentally and socially responsible behaviour across our organization is key to achieving sustainable growth and long-term value creation.

As we advance an ESG strategy that will positively impact our company and the communities in which we operate, our first step is to identify the ESG risks and opportunities that are critical to our business. To that end, and with the support of external consultants, we have conducted our first materiality assessment to validate the most important ESG issues prioritized by our stakeholders. The results of this assessment have helped to narrow our focus and guide our decision-making with respect to our ESG plan.

19. Outlook

Savaria is expecting revenue growth of approximately 8-10% with expected adjusted EBITDA margins of approximately 16% in fiscal 2023, based on the following assumptions:

- Organic growth coming from the *Accessibility* and *Patient Care* segments is expected to continue due to a combination of high backlog levels, cross-selling and strong demand.
- Successful integration of Handicare and progress toward achieving the next strategic phase of synergies progressing in-line with management's plan.
- Management's ability to continue to effectively manage supply chain challenges.

This outlook excludes the financial contribution from any new acquisition.

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

This outlook is based on the following assumptions:

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

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

2022

SAVARIA CORPORATION

Consolidated Financial Statements

As at December 31, 2022 and 2021

savaria

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Savaria Corporation

Opinion

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

- the consolidated statements of financial position as at December 31, 2022 and December 31, 2021
- the consolidated statements of earnings for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

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

Description of the matter

We draw attention to Note 2 (D), Note 3 (R) and Note 22 to the financial statements. The Entity conducts business internationally and therefore files income tax returns in numerous tax jurisdictions. Evaluation of the deferred income tax balances and income tax expense must take into consideration the tax rates enacted and substantively enacted in each jurisdiction, which can be subject to change. Judgments, such as interpretations of laws, treaties and regulations in each jurisdiction are also required by management in determining the deferred income tax balances and income tax expense.

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

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

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

Other Information

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

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

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

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

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

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

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

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

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

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG LLP*

Montréal, Canada

March 15, 2023

*CPA auditor, public accountancy permit No. A131681

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

The consolidated financial statements as at December 31, 2022 and 2021 and for the years then ended have been audited by the auditors appointed by the shareholders, KPMG LLP.

Marcel Bourassa

Chairman of the Board and Chief Executive Officer

Stephen Reitknecht, CPA, CA

Chief Financial Officer

Laval (Québec) Canada

March 15, 2023

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of Canadian dollars)

	Note	December 31, 2022	December 31, 2021 (recast - note 2E)
Assets			
Current assets			
Cash and cash equivalents		**$ 44,725**	$ 63,494
Trade and other receivables	*5*	**99,450**	102,497
Income taxes receivable		**2,769**	5,705
Derivative financial instruments	*25*	**369**	2,435
Inventories	*6*	**144,261**	128,496
Prepaid expenses and other current assets	*7*	**11,542**	18,099
Assets held for sale	*30*	**24,198**	-
Total current assets		**327,314**	320,726
Non-current assets			
Derivative financial instruments	*25*	**10,926**	1,843
Fixed assets	*8*	**59,168**	54,831
Right-of-use assets	*13*	**41,796**	51,248
Intangible assets	*9*	**236,941**	258,310
Goodwill	*9*	**412,236**	403,555
Other long-term assets		**721**	1,382
Deferred tax assets	*22*	**20,861**	18,473
Total non-current assets		**782,649**	789,642
Total assets		**$ 1,109,963**	$ 1,110,368
Liabilities			
Current liabilities			
Trade and other payables	*10*	**$ 99,171**	$ 107,251
Dividend payable	*17*	**2,790**	2,675
Income taxes payable		**11,723**	7,053
Deferred revenues	*11*	**40,801**	37,314
Derivative financial instruments	*25*	**587**	-
Current portion of long-term debt	*12*	**1,165**	1,058
Current portion of lease liabilities	*13*	**8,159**	9,920
Provisions	*14*	**3,815**	3,090
Liabilities directly associated with the assets held for sale	*30*	**14,228**	-
Total current liabilities		**182,439**	168,361
Non-current liabilities			
Long-term debt	*12*	**365,717**	378,933
Lease liabilities	*13*	**35,031**	42,430
Long-term provisions	*14*	**5,277**	7,701
Other long-term liabilities	*15*	**9,176**	14,443
Income taxes payable		**286**	326
Derivative financial instruments	*25*	**1,676**	1,562
Deferred tax liabilities	*22*	**57,392**	62,012
Total non-current liabilities		**474,555**	507,407
Total liabilities		**656,994**	675,768
Equity			
Share capital	*17*	**456,413**	452,967
Contributed surplus		**8,241**	7,003
Accumulated other comprehensive income (loss)	*16*	**(8,772)**	(19,762)
Retained earnings (deficit)		**(2,913)**	(5,608)
Total equity		**452,969**	434,600
Total liabilities and equity		**$ 1,109,963**	$ 1,110,368

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

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands of Canadian dollars, except per share amounts and number of shares)

	Note	For the years ended December 31 2022	2021
Revenue	27	**$ 789,091**	$ 660,983
Cost of sales		**534,722**	445,447
Gross profit		**254,369**	215,536
Operating expenses			
Selling and administrative expenses		**185,108**	166,356
Other expenses	20	**5,320**	13,296
Total operating expenses		**190,428**	179,652
Operating income		**63,941**	35,884
Net finance costs	21	**16,469**	15,756
Earnings before income tax		**47,472**	20,128
Income tax expense	22	**12,161**	8,593
Net Earnings		**$ 35,311**	$ 11,535
Earnings per share			
Basic		**$ 0.55**	$ 0.19
Diluted		**$ 0.55**	$ 0.19
Basic weighted average number of shares		**64,337,514**	61,832,773
Diluted weighted average number of shares		**64,491,541**	62,239,543

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

SAVARIA CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars)

	Note	For the years ended December 31 2022	2021
Net Earnings		**$ 35,311**	$ 11,535
Items that will not be reclassified subsequently to net earnings:			
Remeasurement of defined benefit pension plan obligations, net of tax	*16, 18 & 22*	**4,887**	2,170
Items that are or may be reclassified subsequently to net earnings:			
Net change in derivative financial instruments designated as cash flow hedges, net of tax	*16 & 22*	**(590)**	753
Net change on translation of financial statements of foreign operations, net of tax	*16 & 22*	**15,411**	(21,038)
Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges, net of tax	*16 & 22*	**(255)**	(523)
Net change in net investment hedges, net of tax	*16 & 22*	**(8,463)**	718
Other comprehensive income (loss)		**10,990**	(17,920)
Total comprehensive income (loss)		**$ 46,301**	$ (6,385)

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

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years ended December 31, 2022 and 2021
(in thousands of Canadian dollars)

	2022						
	Share capital			Accumulated other	Retained		
	Number	Amount	Contributed surplus	comprehensive income (loss)	earnings (deficit)	Total equity
Balance at January 1, 2022	**64,212,154**	**$ 452,967**	**$ 7,003**	**$ (19,762)**	**$ (5,608)**	**$ 434,600**
Net earnings	-	-	-	-	**35,311**	**35,311**
Stock-based compensation (Note 24)	-	-	1,862	-	-	**1,862**
Exercise of stock options (Note 24)	221,832	3,446	(624)	-	-	**2,822**
Dividends on common shares (Note 17)	-	-	-	-	(32,616)	**(32,616)**
Total transactions with shareholders	**221,832**	**3,446**	**1,238**	**-**	**(32,616)**	**(27,932)**
Other comprehensive income (loss) (Note 16)	**-**	**-**	**-**	**10,990**	**-**	**10,990**
Balance at December 31, 2022	**64,433,986**	**$ 456,413**	**$ 8,241**	**$ (8,772)**	**$ (2,913)**	**$ 452,969**

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

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

SAVARIA CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars)

	Note	For the years ended December 31 2022	2021
Cash flows related to operating activities			
Net Earnings		**$ 35,311**	$ 11,535
Adjustments for:			
Depreciation of fixed assets	*8*	**8,053**	6,838
Depreciation of right-of-use assets	*13*	**10,567**	9,418
Amortization of intangible assets	*9*	**30,482**	33,067
Income tax expense	*22*	**12,161**	8,593
Impairment loss on goodwill	*9*	**-**	2,288
Stock-based compensation	*24*	**1,862**	1,747
Ineffective portion of changes in fair value of net investment hedges	*21 & 25*	**(768)**	768
Loss (gain) on the sale and write-off of fixed assets and intangible assets		**665**	(84)
Unrealized foreign exchange gain		**(107)**	(1,072)
Interest and amortization of financing costs	*21*	**16,792**	12,947
Income tax paid		**(10,364)**	(15,733)
		104,654	70,312
Net changes in non-cash operating items	*23*	**(13,912)**	(13,035)
Net cash related to operating activities		**90,742**	57,277
Cash flows related to investing activities			
Business acquisitions	*4*	**(1,383)**	(380,957)
Proceeds from sale of fixed assets		**322**	230
Additions to fixed assets		**(11,509)**	(6,565)
Increase in intangible assets		**(9,013)**	(9,147)
Net cash related to investing activities		**(21,583)**	(396,439)
Cash flows related to financing activities			
Repayment of long-term debts	*12*	**(357)**	(113,709)
Repayment of lease obligations	*13*	**(11,187)**	(10,433)
Net change in the revolving credit facility	*12*	**(28,117)**	332,592
Interest paid		**(13,913)**	(9,931)
Transaction costs related to a long-term debt		**-**	(4,413)
Proceeds from the issuance of common shares in relation to a placement, net of transaction fees	*17*	**-**	181,770
Proceeds from exercise of stock options		**2,822**	5,440
Dividends paid on common shares	*17*	**(32,501)**	(29,520)
Net cash related to financing activities		**(83,253)**	351,796
Unrealized foreign exchange effect on cash held in foreign currencies		**3,579**	(3,320)
Net change in cash, including cash balances classified as asset held-for-sale		**(10,515)**	9,314
Less: Cash and cash equivalent classified as asset held-for-sale	*30*	(8,254)	-
Cash - Beginning of period		**63,494**	54,180
Cash - End of period		**$ 44,725**	$ 63,494

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

1 . Nature of activities and Corporate information

Savaria Corporation is domiciled in Canada. The consolidated financial statements of the Corporation as at and for the years ended December 31, 2022 and 2021 comprise the accounts of Savaria Corporation and its wholly owned subsidiaries (together referred to as the "Corporation" or as "Savaria"). Savaria is one of the global leaders in the accessibility industry. It provides accessibility solutions for the elderly and physically challenged to increase their comfort, their mobility and their independence. The activities of the Corporation are divided into three reportable segments: *Accessibility* , *Patient Care* and *Adapted Vehicles* as described in Note 27 "Reportable segments".

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

2 . Basis of Presentation

(A) Statement of Compliance

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

These consolidated financial statements were approved by the Board of Directors on March 15, 2023.

(B) Basis of Measurement

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

(C) Functional and Presentation Currency

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

(D) Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

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

Important judgements made by management when applying accounting policies that have the most significant impact on amounts recognized in the consolidated financial statements are the determination of cash-generating units ("CGU"), the identification of operating segments and the determination of foreign operations' functional currencies.

Assumptions and estimate uncertainties that have a significant risk of resulting in a material adjustment are the evaluation of the worldwide deferred income tax balances and income tax expense. Judgements such as interpretations of laws, treaties and regulations in each jurisdiction are also required by management in determining the deferred income tax balances and income tax expense. Other areas involving assumptions and estimate uncertainties include the estimation of the fair value of assets and liabilities acquired during business acquisitions, the determination of the warranty and other provisions, the inventory obsolescence provisions, the capitalization of intangible assets and the measurement of lease obligations.

2 . Basis of Presentation (continued)

E) Adjustments to comparative figures

Adjusted figures - correction of an error

During 2022, the Corporation noted an understatement of deferred revenues recognized during the acquisition of Handicare Group AB related to the sale of extended warranties. The following describes the impact as at December 31, 2021: the deferred revenue previously reported as $35,364,000 was increased by $1,950,000 for an adjusted amount of $37,314,000. The other long-term liabilities previously reported as $12,945,000 was increased by $1,498,000 for an adjusted amount of $14,443,000.The goodwill previously reported as $400,762,000 was increased by $2,793,000 for an adjusted amount of $403,555,000. The deferred tax assets previously reported as $17,818,000 was increased by $655,000 for an adjusted amount of $18,473,000.

There are no adjustments made on the comparative information of the statements of earnings and cash flows. Refer to Note 4 - Business acquisition - for the adjustments made on the purchase price allocation of Handicare Group AB as at March 4, 2021.

3 . Significant Accounting Policies

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

(A) Basis of Consolidation

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

<u>Principal Subsidiaries</u>
Savaria Concord Lifts Inc.
Savaria USA Inc.
Span-America Medical Systems, Inc
Span Medical Products Canada ULC
Garaventa (Canada) Ltd.
Garaventa USA, Inc.
Handicare Stairlifts B.V.
Handicare Accessibility Ltd
Companion Stairlifts Ltd
Handicare USA LLC
Handicare Canada Ltd
Handicare AS

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

3 . Significant Accounting Policies (continued)

(B) Cash and Cash Equivalents

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

(C) Foreign Currency

(i) Foreign Currency Transactions

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

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

(ii) Foreign Operations

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

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

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

(D) Financial Instruments

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

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

All revenues and expenses related to financial instruments are presented as part of net finance costs.

3 . Significant Accounting Policies (continued)

(D) Financial Instruments (continued)

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

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

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

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

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

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

Financial Liabilities Measured at Amortized Cost
A financial liability is initially measured at fair value, which is initially determined based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

A financial liability is subsequently measured at amortized cost, using the effective interest method. The Corporation currently classifies its trade and accrued liabilities, its long-term debt as well as its other long-term liabilities as financial liabilities measured at amortized cost.

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

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

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

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

3 . Significant Accounting Policies (continued)

(D) Financial Instruments (continued)

(iii) Derivative Financial Instruments and Hedging Relationships

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

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

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rate swap arrangements is estimated by discounting the difference between the contractual interest rate and market rates over the value of the loans.

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

Cash Flow Hedges

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

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

Net Investment Hedge

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

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

3 . Significant Accounting Policies (continued)

(D) Financial Instruments (continued)

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

Cost of Hedging Reserve

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

(iv) Fair Value Measurements

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

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

(E) Share Capital

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

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

(F) Fixed Assets

(i) Recognition and Measurement

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

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

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

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

(ii) Subsequent Costs

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

3 . Significant Accounting Policies (continued)

(F) Fixed Assets (continued)

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

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

The estimated useful lives are as follows:

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

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

(G) Goodwill and Intangible Assets

(i) Goodwill

Initial measurement

Goodwill that arises from a business acquisition is measured at initial recognition as the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Subsequent measurement

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

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

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

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

3 . Significant Accounting Policies (continued)

(G) Goodwill and Intangible Assets (continued)

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

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

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

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

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

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

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

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

(H) Assets Held for Sale

Non-current assets or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale within the next twelve-month period rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. Assets are presented in the current assets held for sale and liabilities, if any, are presented in current liabilities directly associated with the assets held for sale. Any impairment loss on initial classification and subsequent gains or losses on remeasurement are recognized in profit and loss under other expenses/income.

Once classified as held-for-sale, fixed and intangible assets are no longer amortized or depreciated.

(I) Inventories

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

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

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

3 . Significant Accounting Policies (continued)

(J) Impairment

(i) Financial Assets

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

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

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

(ii) Non-Financial Assets

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

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

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

3 . Significant Accounting Policies (continued)

(J) Impairment (continued)

(ii) Non-Financial Assets (continued)

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

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

(K) Employee Benefits

(i) Defined Contribution Plans

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

(ii) Defined Benefit Plans

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

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

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

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

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

(iii) Share-based Payment Transactions

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

3 . Significant Accounting Policies (continued)

(K) Employee Benefits (continued)

(iii) Share-based Payment Transactions (continued)

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

(L) Leases

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

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

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

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

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

(M) Provisions

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

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

A provision for asset retirement obligation is recognized for certain buildings leased by the Corporation where the contracts require premises to be returned to their original state at the end of the lease term. The provision is determined using the present value of the estimated future cash outflows.

3 . Significant Accounting Policies (continued)

(N) Revenue from Contracts with Customers

The Corporation determines revenues to be recognized using the following steps: 1) Identifying the contract with the customer; 2) Identifying the separate performance obligations in the contract if any; 3) Determining the transaction price; 4) Allocating the transaction price to performance obligations; and 5) Recognizing revenue when the Corporation satisfies each performance obligation.
Revenue is recognized when the Corporation has transferred to the buyer the control over the finished goods or services provided as stated in the agreed-upon contract. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. Given that most of the products are custom-made, goods, generally, may not be returned.

(i) Equipment Sold

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

(ii) Installation and Maintenance Contracts

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

(iii) Revenues from the Conversion and Adaptation of Vehicles

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

(O) Government Assistance

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

(P) Acquisition and Integration Costs

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

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

3 . Significant Accounting Policies (continued)

(Q) Net Finance Costs

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

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

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

(R) Income Tax

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

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

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

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

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

(S) Earnings per Share

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

3 . Significant Accounting Policies (continued)

(T) Segment Reporting

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

(U) New Accounting Standards

(i) New Accounting Standards Adopted
The following new amendment to standards and interpretations have been applied in preparing the consolidated financial statements as at December 31, 2022.

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

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

IAS 1 *Presentation of Financial Statements*
Amendments to Disclosure of Accounting Policies: requirements to disclose material accounting policy information rather than significant accounting policies.

IAS 16 *Property, Plant and Equipment*
Amendment to Proceeds before Intended Use: requirement to recognize the proceeds from selling items before the related item of property, plant and equipment is available for use in profit or loss. IAS 2 *Inventories* should be applied in identifying and measuring these production costs.

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

The impact of changing these amendments in the Corporation's consolidated statements of earnings had no significant impact for the year ended December 31, 2022.

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

3 . Significant Accounting Policies (continued)

(U) New Accounting Standards (continued)

(ii) New Accounting Standards not yet Adopted

The following new amendments to standards and interpretations have not been applied in preparing the consolidated financial statements as at December 31, 2022.

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

IAS 8 *Accounting Policies*
Amendments to Accounting Estimates and Errors: change in the definition of accounting estimates.

IAS 12 *Income Taxes*
Amendments to the Initial Recognition Exemption: narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

4 . Business Acquisitions

A) Business Acquisition realized during the current fiscal year

Ultron Technologies Ltd.

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

The acquisition of Ultron has been accounted for using the acquisition method. Ultron has been consolidated from the acquisition date. The purchase price allocation and the total consideration paid are presented in the table below.

The purchased assets are mainly fixed assets, intangible assets and goodwill. The goodwill has been allocated to the *Accessibility* reportable segment and is non-deductible for tax purposes.

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

		Ultron
Assets acquired		
Current assets	$	465
Fixed assets		887
Right-of-use assets		403
Intangible assets		1,020
Goodwill		1,806
	$	4,581
Liabilities assumed		
Current liabilities		960
Long-term debt including current portion		296
Leases liabilities including current portion		403
Other long-term liabilities		380
	$	2,039
Fair value of net assets acquired	$	2,542
Less: Cash in acquired business		148
Net assets acquired	$	2,394
Net consideration paid at the exchange rate of the acquisition date	$	1,383
Note payable at the exchange rate of the acquisition date	$	1,011

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

4 . Business Acquisitions (continued)

B) Business Acquisitions realized during the previous fiscal year

Handicare Group AB

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

The following table presents the value of the assets acquired and liabilities assumed at the acquisition date, with the impacts of the adjustments of comparative figures described in Note 2E) - Adjustments to comparative figures - presented separately:

	Allocation presented as at Dec 31, 2021	Adjustments	Adjusted allocation as at Dec 31, 2021
Assets acquired			
Cash and cash equivalents	$ 65,879		**$ 65,879**
Trade and other receivables	54,060		**54,060**
Inventories	40,364		**40,364**
Prepaid expenses and other current assets	2,843		**2,843**
Fixed assets	11,346		**11,346**
Right-of-use assets	27,362		**27,362**
Intangible assets	224,759		**224,759**
Goodwill	295,207	2,872	**298,079**
Other long-term assets	143		**143**
Deferred tax assets	6,474	674	**7,148**
	$ 728,437	$ 3,546	**$ 731,983**
Liabilities assumed			
Trade and other payables	62,235		**62,235**
Deferred revenue	4,989	2,006	**6,995**
Income taxes payable	4,406		**4,406**
Long-term debt including current portion	115,295		**115,295**
Leases liabilities including current portion	27,757		**27,757**
Provisions including current portion	6,079		**6,079**
Deferred tax liabilities	55,940		**55,940**
Other long-term liabilities	3,737	1,540	**5,277**
	$ 280,438	$ 3,546	**$ 283,984**
Fair value of net assets acquired	**$ 447,999**	**$ -**	**$ 447,999**
Less: Cash in acquired business	65,879		**65,879**
Net assets acquired	**$ 382,120**	**$ -**	**$ 382,120**

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

5 . Trade and other receivables

	December 31, 2022	December 31, 2021
Trade receivables [1]	$ 95,970	$ 100,361
Less: allowance for credit losses [1]	(4,785)	(3,976)
	$ 91,185	$ 96,385
Sales tax recoverable	5,841	4,360
Other receivables	2,424	1,752
	$ 99,450	$ 102,497

[1] Trade receivables and allowance for credit losses were both adjusted by $1,426,000 in 2021 for a net impact of $nil.

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

6 . Inventories

	December 31, 2022	December 31, 2021
Raw materials and subassembly components	$ 105,473	$ 79,558
Work in progress	3,471	4,317
Finished goods	35,317	44,621
	$ 144,261	$ 128,496

In 2022, raw materials, subassembly components and changes in work in progress and finished goods recognized as cost of sales amounted to $341,352,000 (2021-$237,019,000). Write-downs and reversals are included in cost of sales.

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

	2022	2021
Balance at January 1	$ 3,101	$ 3,611
Write-down to net realizable value	1,904	592
Reversal of write-downs	-	(103)
Provisions used	(855)	(922)
Reclassification to assets held for sale	(16)	-
Effect of movements in exchange rates	21	(77)
Balance at December 31	$ 4,155	$ 3,101

7 . Prepaid expenses and other current assets

	December 31, 2022	December 31, 2021
Prepaid expenses	$ 11,025	$ 11,941
Short-term deposits	517	1,487
Other short-term assets [1]	-	4,671
	$ 11,542	$ 18,099

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

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

8 . Fixed assets

	Land	Building and leasehold improvement	Machinery, equipment and furniture	Rolling stock	Computer hardware	Total
Cost						
As at December 31, 2021	$ 7,301	$ 33,164	$ 29,878	$ 6,504	$ 1,646	**$ 78,493**
Additions	-	1,453	7,844	1,137	1,189	**11,623**
Additions through business acquisitions (Note 4)	-	-	875	-	12	**887**
Disposals	-	(353)	(602)	(457)	(60)	**(1,472)**
Reclassification to assets held for sale	-	(55)	(364)	-	(139)	**(558)**
Effect of movements in exchange rates	42	876	30	230	101	**1,279**
As at December 31, 2022	**$ 7,343**	**$ 35,085**	**$ 37,661**	**$ 7,414**	**$ 2,749**	**$ 90,252**
Accumulated depreciation						
As at December 31, 2021	$ -	$ (8,750)	$ (10,332)	$ (3,817)	$ (763)	**$ (23,662)**
Depreciation expense	-	(2,539)	(3,758)	(1,067)	(689)	**(8,053)**
Disposals	-	614	36	453	50	**1,153**
Reclassification to assets held for sale		19	95	-	18	**132**
Effect of movements in exchange rates	-	(214)	(213)	(152)	(75)	**(654)**
As at December 31, 2022	**$ -**	**$ (10,870)**	**$ (14,172)**	**$ (4,583)**	**$ (1,459)**	**$ (31,084)**
Net carrying amount as at December 31, 2022	**$ 7,343**	**$ 24,215**	**$ 23,489**	**$ 2,831**	**$ 1,290**	**$ 59,168**

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

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

9 . Intangible Assets and Goodwill

	Goodwill	Trademarks and patents	Customer relationship and contracts	Software	Internally developed intangible assets	Total
Cost						
As at December 31, 2021	$ 403,555	$ 81,690	$ 190,591	$ 11,661	$ 32,989	**$ 720,486**
Additions	-	-	-	728	8,151	**8,879**
Additions through business acquisitions (Note 4)	1,806	-	-	8	1,012	**2,826**
Disposals	-	(173)	-	(3,889)	(154)	**(4,216)**
Reclassification to assets held for sale	-	-	(1,016)	(95)	(43)	**(1,154)**
Effect of movements in exchange rates	6,875	1,193	1,491	(11)	1,127	**10,675**
As at December 31, 2022	**$ 412,236**	**$ 82,710**	**$ 191,066**	**$ 8,402**	**$ 43,082**	**$ 737,496**
Accumulated depreciation						
As at December 31, 2021	$ -	$ (8,437)	$ (33,877)	$ (4,845)	$ (11,462)	**$ (58,621)**
Amortization expense	-	(4,119)	(17,821)	(2,737)	(5,805)	**(30,482)**
Disposals	-	173	-	3,313	-	**3,486**
Reclassification to assets held for sale	-	-	294	21	26	**341**
Effect of movements in exchange rates	-	(449)	(1,319)	(111)	(1,164)	**(3,043)**
As at December 31, 2022	**$ -**	**$ (12,832)**	**$ (52,723)**	**$ (4,359)**	**$ (18,405)**	**$ (88,319)**
Net carrying amount as at December 31, 2022	**$ 412,236**	**$ 69,878**	**$ 138,343**	**$ 4,043**	**$ 24,677**	**$ 649,177**

	Goodwill	Trademarks and patents	Customer relationship and contracts	Software	Internally developed intangible assets	Total
Cost	(recast - note 2E)					(recast - note 2E)
As at December 31, 2020	$ 120,781	$ 27,560	$ 42,468	$ 2,483	$ 21,500	**$ 214,792**
Additions	-	-	137	3,454	5,575	**9,166**
Additions through business acquisitions (Note 4)	298,079	57,352	155,309	5,520	6,578	**522,838**
Disposals/impairment	(2,288)	-	-	-	(76)	**(2,364)**
Effect of movements in exchange rates	(13,017)	(3,222)	(7,323)	204	(588)	**(23,946)**
As at December 31, 2021	**$ 403,555**	**$ 81,690**	**$ 190,591**	**$ 11,661**	**$ 32,989**	**$ 720,486**
Accumulated depreciation						
As at December 31, 2020	$ -	$ (4,693)	$ (14,802)	$ (1,391)	$ (5,584)	**$ (26,470)**
Amortization expense	-	(3,853)	(19,547)	(3,621)	(6,046)	**(33,067)**
Disposals	-	-	-	-	76	**76**
Effect of movements in exchange rates	-	109	472	167	92	**840**
As at December 31, 2021	**$ -**	**$ (8,437)**	**$ (33,877)**	**$ (4,845)**	**$ (11,462)**	**$ (58,621)**
Net carrying amount as at December 31, 2021	**$ 403,555**	**$ 73,253**	**$ 156,714**	**$ 6,816**	**$ 21,527**	**$ 661,865**

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

9 . Intangible Assets and Goodwill (continued)

Goodwill

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

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

	December 31, 2022	December 31, 2021
		(recast - note 2E)
Accessibility	**$ 307,186**	$ 303,027
Patient Care	**105,050**	100,528
	$ 412,236	**$ 403,555**

The Corporation completed the annual impairment test during the fourth quarter of the fiscal year 2022 and the recoverable amounts have been determined to be higher than their carrying amounts for CGUs grouped in *Accessibility* and *Patient Care* .

Values in use are determined by discounting the future cash flows generated from the CGUs. Values in use in 2022 have been determined similarly as in 2021. The calculations of the values in use are based on the following key assumptions:

· Cash flows are projected over a period of five years with a terminal value based on past experience and actual operating results using a perpetuity growth rate of 2.5% (2021-2.0%) for the CGUs grouped in *Accessibility* and 2.0% (2021-1.5%) for the CGUs grouped in *Patient Care* ;

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

· A discount rate is applied in determining the recoverable amount of the unit, 11.48% (2021-11.15%) for the CGUs grouped in *Accessibility* and 12.92% (2021-12.91%) for the CGUs grouped in *Patient Care* . The discount rate used is based on an industry weighted average cost of capital, which is based on a possible range of debt leveraging of 47.5% (2021- 35%) at a market interest rate of 5.30% (2021- 4.37%);

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

10 . Trade and other payables

	December 31, 2022	December 31, 2021
Trade and accrued liabilities	**$ 74,649**	$ 85,424
Salaries and other benefits payable	**22,653**	20,117
Sales tax payable	**1,869**	1,710
	$ 99,171	**$ 107,251**

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

11 . Deferred revenue

	2022	2021
		(recast - note 2E)
As at January 1	$ 37,314	$ 24,122
Increase through business acquisitions (Note 4)	100	6,995
Change related to current operations	2,072	6,879
Effect of movements in exchange rates	1,315	(682)
Balance at December 31	**$ 40,801**	**$ 37,314**

12 . Long-term debt

	December 31, 2022	December 31, 2021
Revolving Credit Facility [1 2]	$ 315,014	$ 329,062
Term Loan Facility [1 2]	49,928	49,871
Contingent considerations related to business acquisitions	-	76
Notes payable related to business acquisitions	1,940	971
Other	-	11
	$ 366,882	$ 379,991
Less: Current portion	1,165	1,058
	$ 365,717	**$ 378,933**

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

[2] Net of deferred financing costs of respectively $2,471,000 and $72,000 (2021 - $3,530,000 and $129,000).

Term Loan Facility

The Corporation has a term loan in the amount of $50,000,000. Only interest is payable on a monthly basis, at a rate which varies according to certain ratios of the Corporation. As of December 31, 2022, the rate was banker's acceptance rate, plus 2.25%, before the impact of the interest rate swap. Refer to Note 25 (D)(ii) for information on interest rate swap affecting this loan. This term Loan Facility comes to maturity on April 3, 2024.

Revolving Credit Facility

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

- The amount available was increased from $110,000,000 to $400,000,000; in Canadian dollar, US dollar, euro or British pound equivalent;
- As at December 31, 2022, an amount of $126,805,000 in CA dollars and $140,820,000 in US dollars had been drawn on the credit facility;
- The Revolving Credit Facility comes to maturity on April 3, 2025;
- Interest is payable on a monthly basis. The applicable interest rate on the credit facility is based on the credit rating assigned to the Corporation. According to the current credit rating, the rate is either the banker's acceptance rate or LIBOR, plus 2.25%, or the Canadian prime rate or U.S. base rate, plus 1.25%, before the impact of the cross-currency swaps.

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

12 . Long-term debt (continued)

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

	2022
Balance at January 1	**$ 379,991**
Net change in the revolving credit facility	**(28,117)**
Increase through business acquisitions (Note 4)	**296**
Note payable related to an acquisition (Note 4)	**1,011**
Repayment of other long-term debts	**(357)**
Amortization of capitalized deferred financing costs (Note 21)	**1,117**
Impact of the change in foreign exchange rates	**12,941**
	$ 366,882
Less: Current portion	**1,165**
Balance at December 31	**$ 365,717**

13 . Right-of-use assets and lease liabilities

Reconciliation of movements of right-of-use assets:

	Buildings	**Rolling stock**	**Other**	**2022**	**Total 2021**
Balance at January 1	$ 45,969	$ 4,898	$ 381	**$ 51,248**	$ 26,572
Additions	3,712	1,529	65	**5,306**	8,802
Increase through business acquisitions (Note 4)	400	3	-	**403**	27,362
Modifications/terminations	(547)	276	(58)	**(329)**	(1,292)
Depreciation expense	(8,112)	(2,295)	(160)	**(10,567)**	(9,418)
Reclassification to assets held for sale (Note 30)	(4,277)	(220)	(27)	**(4,524)**	-
Impact of the change in foreign exchange rates	331	(60)	(12)	**259**	(778)
Balance at December 31	**$ 37,476**	**$ 4,131**	**$ 189**	**$ 41,796**	**$ 51,248**

Reconciliation of movements of lease liabilities:

	2022	2021
Balance at January 1	**$ 52,350**	$ 27,149
New leases	**4,789**	8,537
Increase through business acquisitions (Note 4)	**403**	27,757
Modifications/terminations	**(329)**	(1,292)
Repayment of lease obligations	**(11,187)**	(10,433)
Interest on lease liabilities (Note 21)	**1,467**	1,398
Reclassification to liabilities directly associated with the assets held for sale (Note 30)	**(4,533)**	-
Impact of the change in foreign exchange rates	**230**	(766)
	$ 43,190	$ 52,350
Less: Current portion	**8,159**	9,920
Balance at December 31	**$ 35,031**	**$ 42,430**

The incremental borrowing rates applied to lease liabilities recognized at December 31, 2022 ranged between 2.12% and 7.68% (2021-2.12% to 4.10%), maturing between January 2023 and November 2034.

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

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

Contractual undiscounted cash flow for lease liabilities:

	2022	2021
Less than one year	**$ 7,869**	$ 10,483
One to four years	**17,436**	24,089
More than four years	**15,788**	14,322
Total undiscounted cash flows	**$ 41,093**	**$ 48,894**

Amounts recognized in net earnings:

	2022	2021
Interest on lease liabilities (Note 21)	**$ 1,467**	$ 1,398
Variable lease payments not included in the measurement of lease liabilities	**1,599**	1,027
	$ 3,066	**$ 2,425**

14 . Provisions

	Warranty	**Asset retirement obligation**	**Other provisions**	**2022**	**Total** 2021
Balance at January 1	$ 7,863	$ 2,314	$ 614	**$ 10,791**	$ 3,371
Change in provisions arising during the year	1,125	50	553	**1,728**	2,012
Increase through business acquisitions (Note 4)	-	22	-	**22**	6,079
Interest accretion expense	-	49	-	**49**	49
Utilized amounts	(682)	(30)	(11)	**(723)**	(92)
Reversals of unused amounts	(2,547)	-	(148)	**(2,695)**	(497)
Reclassification to liabilities directly associated with the assets held for sale	-	(89)	-	**(89)**	-
Impact of the change in foreign exchange rates	(10)	(81)	100	**9**	(131)
	$ 5,749	**$ 2,235**	**$ 1,108**	**$ 9,092**	$ 10,791
Less: Current portion				**3,815**	3,090
Balance at December 31				**$ 5,277**	**$ 7,701**

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

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

15 . Other long-term liabilities

	December 31, 2022	December 31, 2021
		(recast - note 2E)
Defined benefit obligation (Note 18)	**$ 639**	$ 6,556
Employee indemnity fund	**1,682**	1,751
Deferred revenue	**6,268**	5,047
Deferred compensation	**436**	597
Other	**151**	492
	$ 9,176	**$ 14,443**

16 . Accumulated other comprehensive income (loss)

	December 31, 2022	December 31, 2021
Items that will not be reclassified subsequently to earnings or loss		
Remeasurement of defined benefit pension plan obligations, net of tax	**$ 6,079**	$ 1,192
Items that are or may be reclassified subsequently to net earnings		
Fair value of derivative financial instruments designated as cash flow hedges, net of tax	**1,064**	1,654
Translation of financial statements of foreign operations, net of tax	**(6,356)**	(21,767)
Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges, net of tax	**(135)**	120
Net investment hedges, net of tax	**(9,424)**	(961)
	$ (8,772)	**$ (19,762)**

17 . Share Capital and Other Components of Equity

(A) Share Capital

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

On March 5, 2021, the Corporation issued 12,736,050 common shares at a price of $15.00 per share via two concurrent private placements with a syndicate of underwriters and with Caisse de dépôt et placement du Québec, for aggregate gross proceeds of $191,041,000. Net proceeds after transaction costs of $9,271,000 were $181,770,000. Transaction fees after tax amounted to $6,814,000.

(B) Dividends

The following dividends were declared and paid by the Corporation:

	Twelve months ended December 31,	
	2022	2021
Dividends declared	**$ 32,616**	$ 30,156
Amount declared per share in cents	**50.7**	48.7
Dividends paid	**$ 32,501**	$ 29,520
Amount paid per share in cents	**50.5**	48.5

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

18 . Personnel Expenses

	Twelve months ended December 31, 2022	2021
Wages and salaries [1]	**$ 181,965**	$ 161,716
Employment benefits	**24,577**	19,853
Contributions to defined contribution plans	**4,863**	4,460
Contributions to defined benefit plans	**1,018**	81
Stock-based compensation	**1,862**	1,747
	$ 214,285	**$ 187,857**

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

Defined Benefit Plan

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

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

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

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

As of December 31, 2022, all assets and liabilities pertaining to Handicare AS in Norway were reclassed as held-for-sale, including the deficit previously presented in other long-term liabilities. The costs of the defined benefit pension plan for the periods are included in net earnings and in other comprehensive income.

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

18 . Personnel Expenses (continued)

Defined Benefit Obligations

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

	December 31, 2022	December 31, 2021
Fair value of plan assets	**$ 22,232**	$ 27,149
Defined benefit obligations	**(22,871)**	(33,705)
Plan deficit	**$ (639)**	**$ (6,556)**
Switzerland - plans	**$ (639)**	$ (5,812)
Norway - plan	**-**	(744)
Plan deficit	**$ (639)**	**$ (6,556)**

Allocation of the Fair Value of Pension Plan Assets

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

	December 31, 2022	December 31, 2021
Quoted equity securities [1]	**$ 8,849**	$ 10,424
Quoted debt securities [1]	**3,735**	7,646
Property [2]	**8,737**	7,650
Cash and cash equivalents [1]	**911**	1,429
	$ 22,232	**$ 27,149**

[1] Quoted in active markets - Level 1 fair value

[2] Derived from observable market data - Level 2 fair value

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

Cost of Defined Benefit Pension Plans

	Twelve months ended December 31, 2022	2021
Current service cost	**$ 816**	$ 1,012
Curtailments	**-**	(1,311)
Net interest expense	**161**	55
Expense (gain) recognized in net earnings	**$ 977**	**$ (244)**
Remeasurement		
Actuarial variances on defined benefit obligation	**$ (5,943)**	$ (3,558)
Return on plan assets [1]	**110**	980
Remeasurement recognized in other comprehensive income	**$ (5,833)**	**$ (2,578)**

[1] Excluding interest income.

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

Change in the Fair Value of Plan Assets

	2022	2021
Balance at January 1	**$ 27,149**	$ 22,161
Increase through business acquisitions	**-**	5,507
Contributions by the Corporation	**697**	580
Benefits paid	**(2,495)**	237
Interest income	**532**	128
Return on plan assets	**(110)**	(980)
Participant contributions	**485**	502
Reclassification to assets held for sale	**(4,946)**	-
Effect of movements in exchange rates	**920**	(986)
Balance at December 31	**$ 22,232**	**$ 27,149**

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

18 . Personnel Expenses (continued)

Change in the Fair Value of Plan Obligations

	2022	2021
Balance at January 1	**$ 33,705**	$ 32,009
Increase through business acquisitions	**-**	5,990
Current service cost	**816**	1,012
Benefits paid	**(2,495)**	237
Interest cost	**693**	183
Curtailments	**-**	(1,311)
Actuarial remeasurement	**(5,943)**	(3,558)
Participant contributions	**485**	502
Reclassification to liabilities directly associated with the assets held for sale	**(5,586)**	-
Effect of movements in exchange rates	**1,196**	(1,359)
Balance at December 31	**$ 22,871**	**$ 33,705**

Significant Actuarial Assumptions

	Switzerland plan		Norway plan	
	2022	2021	**2022**	2021
Discount rate	**2.30%**	0.30%	**3.20%**	1.50%
Rate of increase in compensation	**1.00%**	1.00%	**3.75%**	2.50%

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

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

	December 31, 2022		December 31, 2021	
	Increase	**Decrease**	Increase	Decrease
Impact of a 0.5% change in the discount rate	**$ (1,370)**	**$ 1,530**	$ (1,990)	$ 2,262
Impact of a 0.5% change in the rate of compensation	**$ 209**	**$ (229)**	$ 473	$ (472)

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

Projected Benefit Payment in the Next Year

The Corporation expects to contribute $475,000 to its defined benefit pension plans in the next year.

Maturity of Pension Plans

The average duration of the defined benefit obligation as at December 31, 2022 is between 7 and 10 years.

19 . Depreciation and Amortization Expenses

	Twelve months ended December 31,	
	2022	2021
Depreciation and amortization expense recognized in cost of sales	**$ 17,521**	$ 15,186
Depreciation and amortization expense recognized in selling and administrative expenses	**31,581**	34,137
Amortization of deferred financing costs (Note 21)	**1,117**	1,400
	$ 50,219	**$ 50,723**

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

20 . Other Expenses

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

An impairment loss of $2,288,000 was recognized in 2021 for the *Adapted Vehicles* CGU. The impairment loss was fully allocated to goodwill and included in other expenses.

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

	Twelve months ended December 31, 2022	2021
Business acquisition costs	**$ 25**	$ 3,412
Business integration costs	**5,295**	6,786
Impairment loss on goodwill	**-**	2,288
Recall and other settlements	**-**	810
	$ 5,320	**$ 13,296**

21 . Net Finance Costs

	Twelve months ended December 31, 2022	2021
Interest on long-term debt	**$ 14,208**	$ 10,149
Interest on lease liabilities	**1,467**	1,398
Loss on foreign exchange contract	**-**	1,815
Other interest and bank charges	**771**	307
Amortization of deferred financing costs	**1,117**	1,400
Interest income	**(426)**	(105)
Net loss on foreign currency exchange	**100**	24
Ineffective portion of changes in fair value of net investment hedges	**(768)**	768
	$ 16,469	**$ 15,756**

22 . Income Taxes

	Twelve months ended December 31, 2022	2021
Current tax expense		
Current year	**$ 19,320**	$ 15,740
Adjustment for prior years	**392**	(179)
	$ 19,712	$ 15,561
Deferred tax benefit		
Origination and reversal of temporary differences	**$ (8,670)**	$ (8,775)
Change in unrecognized deductible temporary differences	**1,119**	1,807
	$ (7,551)	$ (6,968)
Total income tax expense	**$ 12,161**	**$ 8,593**

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

22 . Income Tax (continued)

Tax Recognized in Other Comprehensive Income

			Twelve months ended December 31, **2022**			Twelve months ended December 31, 2021
	Before tax	**Tax benefit (expense)**	**Net of tax**	Before tax	Tax benefit (expense)	Net of tax
Remeasurement of defined benefit pension plan obligations	**$ 5,833**	**$ (946)**	**$ 4,887**	$ 2,578	$ (408)	$ 2,170
Net change in derivative financial instruments designated as cash flow hedges	**905**	**(253)**	**652**	2,568	(675)	1,893
Losses on foreign exchange contracts transferred to net income in the current year	**(1,672)**	**430**	**(1,242)**	(1,534)	394	(1,140)
Net change in the translation of financial statements of foreign operations	**15,681**	**(270)**	**15,411**	(21,133)	95	(21,038)
Net investment hedge and cost of hedging reserve	**(9,384)**	**666**	**(8,718)**	195	-	195
	$ 11,363	**$ (373)**	**$ 10,990**	**$ (17,326)**	**$ (594)**	**$ (17,920)**

Reconciliation of Effective Tax Rate

		Twelve months ended December 31,		Twelve months ended December 31,
	2022	**2022**	2021	2021
Net earnings		**$ 35,311**		$ 11,535
Total income tax expense		**12,161**		8,593
Earnings before income tax		**$ 47,472**		$ 20,128
Tax using the Corporation's domestic tax rate	**26.5%**	**$ 12,580**	26.5%	$ 5,334
Permanent differences	**(3.5%)**	**(1,660)**	0.5%	98
Income tax withheld on the repatriation of funds from a foreign subsidiary	**0.5%**	**259**	1.2%	249
Impact of differences in tax rates of other jurisdictions	**(1.7%)**	**(810)**	(5.8%)	(1,166)
Impact of change of enacted tax rates	**0.9%**	**404**	7.4%	1,496
Non-deductible stock-based compensation	**1.0%**	**493**	2.3%	463
Foreign exchange losses deductible at 50%	**0.5%**	**216**	5.0%	989
Unrecognized temporary differences	**2.4%**	**1,119**	9.0%	1,807
Use of unrecognised tax losses	**(0.6%)**	**(301)**	(2.4%)	(478)
Prior years' adjustments	**0.8%**	**392**	(0.9%)	(179)
Other	**(1.2%)**	**(531)**	(0.1%)	(20)
	25.6%	**$ 12,161**	**42.7%**	**$ 8,593**

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

22 . Income Tax (continued)

Unused Tax Losses

The Corporation has unused non-capital tax losses in the amount of $119,995,000 (2021-$97,473,000) of which $55,139,000 has not been recognized (2021-$43,756,000). From these losses, $1,767,000 (2021-$1,221,000) are expiring in the following years:

Year of expiry	2022	December 31, 2021
2023	**$ 552**	$ 207
2024	**$ 163**	$ 166
2025	**$ 694**	$ 658
2026	**$ 28**	$ 28
2027 and after	**$ 330**	$ 37
No expiry	**$ 53,372**	$ 42,535

Tax benefits of $16,584,000 (2021-$13,619,000) have been recorded related to unused non-capital tax losses, including $5,345,000 (2021-$6,071,000) from foreign subsidiaries. The Corporation also has $4,510,000 (2021-$2,104,000) of unrecognized capital losses and deductible temporary differences that may be carried forward indefinitely. As at December 31, 2022, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries because the Corporation controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

Recognized Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recorded as follows:

	Assets		Liabilities		Net	
	2022	December 31, 2021 (recast - note 2E)	**2022**	December 31, 2021	**2022**	December 31, 2021 (recast - note 2E)
Losses carried forward	**$ 16,584**	$ 13,619	**$ -**	$ -	**$ 16,584**	$ 13,619
Internally developed intangible assets	**-**	-	**(2,775)**	(2,377)	**(2,775)**	(2,377)
Non-deductible provisions (including warranty and inventory)	**4,035**	3,010	**(995)**	(76)	**3,040**	2,934
Fixed and intangible assets, and goodwill	**3,569**	7,654	**(58,986)**	(68,431)	**(55,417)**	(60,777)
Investment tax credits	**65**	63	**-**	-	**65**	63
Foreign exchange contracts and interest rate swaps	**38**	276	**-**	(837)	**38**	(561)
Provision for withholding tax on future dividends of a subsidiary	**-**	-	**-**	(465)	**-**	(465)
Financing expenses	**2,427**	2,992	**(674)**	(209)	**1,753**	2,783
Financial assets	**-**	-	**(1,052)**	(975)	**(1,052)**	(975)
Obligations related to the defined benefit pension plans	**271**	1,112	**-**	-	**271**	1,112
Lease liabilities	**8,514**	6,987	**(8,199)**	(6,721)	**315**	266
Other	**982**	927	**(335)**	(88)	**647**	839
Tax assets (liabilities)	**$ 36,485**	$ 36,640	**$ (73,016)**	$ (80,179)	**$ (36,531)**	$ (43,539)
Tax offset	**(15,624)**	(18,167)	**15,624**	18,167	**-**	-
Net tax assets (liabilities)	**$ 20,861**	**$ 18,473**	**$ (57,392)**	**$ (62,012)**	**$ (36,531)**	**$ (43,539)**

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

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

22 . Income Tax (continued)

Movement in Recognized Deferred Tax Assets and Liabilities During the Year

	Balance January 1, 2022	Recognized in net earnings	Increase related to business acquisitions (Note 4)	Increase related to issuance costs of shares and options	Reclassification to liabilities directly associated with the assets held for sale	Recognized in other comprehensive income	Balance December 31, 2022
Losses carried forward	$ 13,619	$ 2,965	$ -	$ -	$ -	$ -	$ 16,584
Internally developed intangible assets	(2,377)	(391)	-	-	-	(7)	(2,775)
Non-deductible provisions (including warranty and inventory)	2,934	(60)	-	-	-	166	3,040
Fixed and intangible assets, and goodwill	(60,777)	5,670	(356)	-	483	(437)	(55,417)
Investment tax credits	63	2	-	-	-	-	65
Foreign exchange contracts and interest rate swaps	(561)	75	-	-	-	524	38
Provision for withholding tax on future dividends of a subsidiary	(465)	465	-	-	-	-	-
Financing expenses	2,783	(1,086)	-	9	-	47	1,753
Financial assets	(975)	(20)	-	-	-	(57)	(1,052)
Obligations related to the defined benefit pension plans	1,112	48	-	-	-	(889)	271
Lease liabilities	266	50	-	-	-	(1)	315
Other	839	(167)	-	-	-	(25)	647
	$ (43,539)	$ 7,551	$ (356)	$ 9	$ 483	$ (679)	$ (36,531)

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

22 . Income Tax (continued)

Movement in Recognized Deferred Tax Assets and Liabilities During the Year (continued)

	Balance January 1, 2021	Recognized in net earnings	Increase related to business acquisitions (Note 4)	Increase related to issuance costs of shares	Reclassification to liabilities directly associated with the assets held for sale	Recognized in other comprehensive income	Balance December 31, 2021
							(recast - note 2E)
Losses carried forward	$ 6,404	$ 5,215	$ 2,155	$ -	$ -	$ (155)	$ 13,619
Internally developed intangible assets	(1,896)	(47)	(440)	-	-	6	(2,377)
Non-deductible provisions (including warranty and inventory)	2,005	(1,273)	2,248	-	-	(46)	2,934
Fixed and intangible assets, and goodwill	(13,969)	1,754	(51,110)	-	-	2,548	(60,777)
Investment tax credits	(12)	46	-	-	-	29	63
Foreign exchange contracts and interest rate swaps	(283)	343	(354)	-	-	(267)	(561)
Provision for withholding tax on future dividends of a subsidiary	(513)	48	-	-	-	-	(465)
Financing expenses	1,038	(805)	-	2,457	-	93	2,783
Financial assets	(1,006)	1,368	(1,425)	-	-	88	(975)
Obligations related to the defined benefit pension plans	1,584	(98)	106	-	-	(480)	1,112
Lease liabilities	152	293	(180)	-	-	1	266
Other	687	124	208	-	-	(180)	839
	$ (5,809)	**$ 6,968**	**$ (48,792)**	**$ 2,457**	**$ -**	**$ 1,637**	**$ (43,539)**

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

23 . Net Changes in Non-cash Operating Items

	Twelve months ended December 31, **2022**	2021
Trade and other receivables	**$ 505**	$ (5,587)
Inventories	**(19,641)**	(13,834)
Prepaid expenses and other current assets	**6,193**	(12,446)
Other long-term assets	**681**	-
Trade and other payables	**(3,139)**	10,772
Deferred revenues	**2,072**	6,935
Provisions	**(1,665)**	3,208
Other long-term liabilities	**1,082**	(2,083)
	$ (13,912)	**$ (13,035)**

24 . Stock-based Compensation

The Corporation has a stock option plan for its directors, members of management and employees, under which the Board of Directors may grant options to purchase common shares of the Corporation at an exercise price established by the Board. The exercise price is the closing price of the day preceding the option grant date. Options generally vest between one and five years from the date of grant and must be exercised within a maximum of seven years, except in the event of retirement, termination of employment or death. Exercised options are settled in shares. At December 31, 2022, 3,227,335 options could still be granted by the Corporation (2021-4,114,040).

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

	Twelve months ended December 31, **2022**	2021
Number of options granted	**1,362,388**	854,002
Risk-free interest rate [1]	**2.62%**	1.29%
Expected dividend yield [1]	**3.36%**	2.57%
Expected volatility [1]	**31%**	34%
Expected term	**4-6 years**	6 years

[1] Weighted average

The estimated fair value of the options granted in 2022 is $4,096,000 (2021-$3,768,000). This amount is amortized and charged to earnings as the rights to exercise are vested.

A total of 1,504,003 stock options (2021-459,000) were excluded from the calculation of the diluted earnings per share as they were anti-dilutive.

In 2022, compensation expense in the amount of $1,862,000 (2021-$1,747,000) on options granted to employees and directors has been recognized in administrative expenses and credited to contributed surplus. The average closing price of the Corporation's shares on the exercise dates of options exercised during 2022 was $16.03 (2021-$19.57).

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

24 . Stock-based Compensation (continued)

	2022 Number of options	**2022** Weighted average exercise price	2021 Number of options	2021 Weighted average exercise price
Outstanding at January 1	**2,307,175**	**$ 15.99**	1,988,670	$ 13.86
Granted	**1,362,388**	**15.83**	854,002	19.08
Exercised	**(221,832)**	**12.87**	(432,163)	12.59
Forfeited	**(231,667)**	**17.50**	(103,334)	14.67
Outstanding at December 31	**3,216,064**	**$ 16.02**	2,307,175	$ 15.99
Exercisable at December 31	**811,850**	**$ 15.41**	**694,564**	**$ 14.64**

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

					2022
			Options outstanding		**Options exercisable**
Exercise price range	**Number of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
$		(in years)	$		$
11.06 to 14.61	887,392	4.5	12.62	368,021	12.83
15.10 to 16.89	1,214,670	5.3	15.62	248,331	16.15
17.53 to 22.05	1,114,002	5.2	19.17	195,498	19.34
11.06 to 22.05	**3,216,064**	**5.0**	**16.02**	**811,850**	**15.41**

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

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

25 . Financial Instruments

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

	December 31, 2022	December 31, 2021
Current assets		
Foreign exchange contracts	**$ 369**	$ 2,435
Non-current assets		
Foreign exchange contracts	**$ 167**	$ 822
Interest rate swaps	**1,499**	-
Cross-currency swaps	**9,260**	1,021
	$ 10,926	**$ 1,843**
Current liabilities		
Foreign exchange contracts	**$ 587**	$ -
Non-current liabilities		
Cross-currency swaps	**$ 1,676**	$ 520
Interest rate swaps	**-**	1,042
	$ 1,676	**$ 1,562**

Fair values versus carrying amounts

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

(A) Financial Risk Management

Overview

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

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

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

Risk Management Framework

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

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

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

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

25 . Financial Instruments (continued)

(B) Credit Risk

Cash and derivative financial instruments are held or issued by highly-rated financial institutions. Thus, the Corporation considers that the risk of non-performance of such financial institutions is negligible.

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

The Corporation's Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. As at December 31, 2022, no single customer represented 10% or more of the revenues of the Corporation, or 10% or more of the related accounts receivable.

Impairment Loss Allowance

The aging of trade receivables at the reporting date is:

	December 31, 2022		December 31, 2021	
	Gross	**Allowance**	Gross	Allowance
Current, 0-60 days	**$ 78,713**	**$ 746**	$ 79,873	$ 303
Past due, 61-90 days	**5,384**	**312**	5,058	100
Past due, over 90 days [1]	**11,873**	**3,727**	15,430	3,573
	$ 95,970	**$ 4,785**	**$ 100,361**	**$ 3,976**

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

	2022	2021
Balance at January 1	**$ 3,976**	$ 3,690
Increase in the allowance for credit losses [1]	**2,411**	1,732
Receivables recovered or written off	**(1,705)**	(1,316)
Reclassification to assets held for sale	**(34)**	-
Effect of movements in exchange rates	**137**	(130)
Balance at December 31	**$ 4,785**	**$ 3,976**

[1] Trade receivables and allowance for credit losses were both adjusted by $1,426,000 in 2021 for a net impact of $nil.

(C) Liquidity Risk

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

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

25 . Financial Instruments (continued)

(C) Liquidity Risk (continued)

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

						2022
	Carrying amount	**Contractual cashflow**	**1 year**	**2 to 3 years**	**4 to 5 years**	**Over 5 years**
Non-derivative financial liabilities						
Trade and other payables	**$ 97,302**	**$ 97,302**	**$ 97,302**			
Dividend payable	**2,790**	**2,790**	**2,790**			
Long-term debt including current-portion and interests	**366,882**	**422,928**	**25,638**	**396,902**	**388**	**-**
	$ 466,974	**$ 523,020**	**$ 125,730**	**$ 396,902**	**$ 388**	**$ -**
Derivative financial liabilities						
Foreign exchange forward contracts						
Outflow	**$ 51**	**$ 54,617**	**$ 30,396**	**$ 24,221**	**$ -**	**$ -**
Inflow	**-**	**(54,566)**	**(30,178)**	**(24,388)**	**-**	**-**
Cross-currency swaps						
Outflow	**-**	**139,703**	**968**	**138,735**	**-**	**-**
Inflow	**(7,584)**	**(142,986)**	**(1,175)**	**(141,811)**	**-**	**-**
Interest rate swap						
Outflow	**-**	**1,608**	**1,207**	**401**	**-**	**-**
Inflow	**(1,499)**	**(2,625)**	**(2,100)**	**(525)**	**-**	**-**
	$ (9,032)	**$ (4,249)**	**$ (882)**	**$ (3,367)**	**$ -**	**$ -**

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

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

25 . Financial Instruments (continued)

(D) Market Risk

(i) Currency Risk

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

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

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

			2022
Maturity	**Type**	**Contractual average exchange rate**	**Nominal amounts**
			USD '000
0 to 12 months	Sale	1.3412	$ 22,500
12 to 24 months	Sale	1.3549	18,000
		1.3473	**$ 40,500**

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

No ineffectiveness has been recorded in net earnings in relation to cash flow hedges since the sources of the ineffectiveness are non-significant. In 2022, the change in value of the hedging instruments in the amount of $1,637,000 (2021-$623,000), utilized for calculating the ineffective portion of the hedging relationship used to cover foreign exchange risks, were identical to the change in value of these items recognized in other comprehensive income. During the year, $1,672,000 (2021-$1,534,000) was transferred to net earnings on forward exchange contracts, before tax.

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

25 . Financial Instruments (continued)

(D) Market Risk (continued)

(i) Currency Risk (continued)

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

Sensitivity Analysis

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

	December 31, 2022 EUR '000	December 31, 2022 USD '000	December 31, 2021 EUR '000	December 31, 2021 USD '000
Cash and cash equivalents	**$ (4,967)**	**$ (4,363)**	$ 2,471	$ 56
Trade and other receivables	**-**	**7,773**	46	20,133
Trade and other payables	**(91)**	**(1,715)**	(109)	(2,669)
Long-term debt	**-**	**(140,820)**	-	(146,055)
Total monetary items denominated in US dollars and euro	**$ (5,058)**	**$ (139,125)**	**$ 2,408**	**$ (128,535)**

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

	December 31, 2022 EUR '000	December 31, 2022 USD '000	December 31, 2021 EUR '000	December 31, 2021 USD '000
Increase (decrease) in net earnings	**$ (37)**	**$ 310**	$ 18	$ (372)
Increase (decrease) in other comprehensive income	**3,113**	**899**	860	1,876
Net exposure	**$ 3,076**	**$ 1,209**	**$ 878**	**$ 1,504**

(ii) Interest Rate Risk

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

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

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

25 . Financial Instruments (continued)

(D) Market Risk (continued)

(ii) Interest Rate Risk (continued)

Interest rate swaps					December 31,	
Maturity	**Fixed interest rate**	**Stamping fees**	**Initial nominal value**	**Currency**	**2022**	2021
April 2024	2.42%	2.25%	$ 50,000	CAD	**$ 50,000**	$ 50,000

These fixed rate interest rate swaps were designated as hedging for accounting purposes to hedge the interest rate risk on the variable rate Term Loan maturing in April 2024. The fair value of the fixed rate interest rate swaps before deferred income taxes of ($397,000) (2021-$276,000), is as follows:

	December 31, 2022	2021
Unrealized gain (loss) on interest rate swap agreements applicable to the long-term debt	**$ 1,499**	$ (1,042)

No ineffectiveness has been recorded in net earnings in relation to cash flow hedges since the sources of the ineffectiveness are non-significant. In 2022, the change in value of the hedging instruments in the amount of $2,541,000 (2021-$1,947,000), used for calculating the ineffective portion of the hedging relationship used to cover interest rate risks, were identical to the change in value of these items recognized in other comprehensive income. During the year, $1,230,000 (2021-$998,000) was transferred to net earnings in financial expenses on interest rate swaps, before tax.

After considering the effect of hedging, the only variable rate monetary item that could have an effect on net earnings following a variation in interest rates is the revolving credit facility which has a $317,485,000 balance as at December 31, 2022 (2021-$332,592,000).

(iii) Net investment hedges

The Corporation hedges a portion of the Corporation’s net investments in its European operations that have the euro or the Swiss franc as their functional currencies. The foreign currency exposure being hedged arises from the fluctuation in spot exchange rates between the euro, the Swiss Franc and the Canadian dollar, which causes the amount of the net investment to vary. The Corporation mitigates the foreign currency risk arising from the subsidiary's net assets with cross-currency swaps. The Corporation uses cross-currency swaps, a combination of a USD-EUR cross-currency swap and a US dollar-denominated debt to form a synthetic euro-denominated debt, as the hedging instruments. The Corporation is hedging the net investment to the extent of the cross-currency swap and of the synthetic debt principal. Ineffectiveness of ($768,000) (2021-$768,000) has been recorded in net earnings in Net Finance costs in relation to cross-currency swaps.

						December 31, **Fair value**	
Maturity	**Currency**	**Notional**	**Fixed CAD equivalent**	**Receive rate**	**Pay rate**	**2022**	2021
April 2024	CHF	$ 12,000	$ 16,032	4.17%	1.82%	**$ (1,676)**	$ (520)
April 2024	EUR	$ 5,000	$ 7,245	4.17%	2.10%	**$ 61**	$ 96

						December 31, **Fair value**	
Maturity	**Currency**	**Notional**	**EUR equivalent**	**Receive rate**	**Pay rate**	**2022**	2021
April 2025	USD	$ 92,320	$ 80,000	USD-LIBOR	EURIBOR+0.055%	**$ 9,199**	$ 925

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

25 . Financial Instruments (continued)

(E) Capital Management

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

	December 31, 2022	December 31, 2021
Cash and cash equivalents	**$ (44,725)**	$ (63,494)
Long-term debt, including current portion	**366,882**	379,991
	$ 322,157	$ 316,497
Equity	**$ 452,969**	$ 434,600
Total capital structure	**$ 775,126**	**$ 751,097**

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

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

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

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

26 . Commitments

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

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

27 . Reportable Segments

Information about the reportable segments

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

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

Sales between segments are eliminated upon consolidation.

	Twelve months ended December 31,			
	Accessibility	**Patient Care**	**Adapted Vehicles**	**Total**
2022				
Revenue	**$ 559,990**	**$ 173,981**	**$ 55,120**	**$ 789,091**
Adjusted EBITDA before head office costs	**$ 97,290**	**$ 24,927**	**$ 4,272**	**$ 126,489**
Head office costs				**6,264**
Adjusted EBITDA				**$ 120,225**
Stock-based compensation				**1,862**
Other expenses				**5,320**
Depreciation and amortization expense				**49,102**
Operating income				**$ 63,941**
2021				
Revenue	$ 484,297	$ 136,736	$ 39,950	$ 660,983
Adjusted EBITDA before head office costs [1]	$ 86,187	$ 16,700	$ 3,180	$ 106,067
Head office costs				5,817
Adjusted EBITDA [1]				$ 100,250
Stock-based compensation				1,747
Other expenses				13,296
Depreciation and amortization expense				49,323
Operating income [1]				**$ 35,884**

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

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

27 . Reportable Segments (continued)

Desegregation of Revenue

	Twelve months ended December 31,			
	Accessibility	**Patient Care**	**Adapted Vehicles**	**Total**
2022				
Revenue by region				
Canada	$ 54,206	$ 63,656	$ 18,605	**$ 136,467**
United States	212,137	100,101	1,143	**313,381**
Europe (other than United Kingdom)	179,563	2,018	35,372	**216,953**
United Kingdom and other	114,084	8,206	-	**122,290**
	$ 559,990	**$ 173,981**	**$ 55,120**	**$ 789,091**
Timing of revenue recognition				
Goods transferred at a point in time	$ 488,372	$ 173,981	$ 55,120	**$ 717,473**
Services provided over time	71,618	-	-	**71,618**
	$ 559,990	**$ 173,981**	**$ 55,120**	**$ 789,091**
2021				
Revenue by region				
Canada	$ 55,586	$ 46,073	$ 17,144	**$ 118,803**
United States	173,196	81,064	990	**255,250**
Europe (other than United Kingdom)	156,923	2,303	21,755	**180,981**
United Kingdom and other	98,592	7,296	61	**105,949**
	$ 484,297	**$ 136,736**	**$ 39,950**	**$ 660,983**
Timing of revenue recognition				
Goods transferred at a point in time	$ 417,403	$ 136,736	$ 39,950	**$ 594,089**
Services provided over time	66,894	-	-	**66,894**
	$ 484,297	**$ 136,736**	**$ 39,950**	**$ 660,983**

28 . Contingencies

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

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

29 . Related Parties

(A) Key Management Personnel and Directors Compensation

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

	Twelve months ended December 31, **2022**	2021
Short-term employee benefits	**$ 6,406**	$ 5,848
Stock-based compensation	**1,049**	784
	$ 7,455	**$ 6,632**

(B) Key Management Personnel and Directors Transactions

Key management personnel and Directors control approximately 22% (2021-25%) of the voting shares of the Corporation.

30 . Subsequent Events

Disposal group held for sale

In November 2022, management committed to a plan to sell all of the issued and outstanding shares of its wholly-owned subsidiary, Handicare AS, reported under its Adapted Vehicles segment. Accordingly, this subsidiary was presented as a disposal group held for sale. On March 1, 2023, Savaria announced that it has entered into an agreement with Drive AS, a subsidiary of Cognia AS (“Cognia”), pursuant to which Cognia would acquire Handicare AS, subject to customary closing conditions and regulatory approvals (the “Transaction”). The Transaction is expected to close in late March or early April 2023.

(A) Impairment test relating to the disposal group held for sale

No impairment for write-downs of the disposal group was needed as the carrying amount as of December 31, 2022, was lower than its estimated fair value less costs to sell.

(B) Assets and liabilities of disposal group held for sale

As of December 31, 2022, the assets and liabilities held for sale were stated at the less of the net book value and fair value less cost to sell and comprised the following:

	December 31, **2022**
Cash and cash equivalents	**$ 8,254**
Trade and other receivables	**4,110**
Inventories	**5,603**
Right-of-use assets	**4,524**
Other assets	**1,707**
Assets held for sale	**$ 24,198**
Trade and other payables	**$ 7,824**
Lease liabilities including current portion	**4,533**
Other liabilities	**1,871**
Liabilities directly associated with the assets held for sale	**$ 14,228**

(C) Cumulative translation adjustment of the disposal group

There is ($431,000) included in OCI relating to the disposal group.

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