Q3

Quarterly
REPORT

**SAVARIA CORPORATION**

# Quarterly Report

For the Three-Month and Nine-Month Periods Ended September 30, 2024

SAVARIA CORPORATION

# Management's Discussion & Analysis Report

**For the three-month and nine-month periods ended September 30, 2024**

## Contents



## 1. Basis of Presentation

The following management's discussion and analysis ("MD&A"), dated November 6, 2024, 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 nine-month periods ended September 30, 2024, in comparison to the corresponding periods of fiscal 2023. 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 unaudited interim condensed consolidated financial statements for the period ended September 30, 2024 as well as the audited consolidated financial statements and accompanying notes for the year ended December 31, 2023, and the MD&A for the same period. Unless otherwise indicated, all amounts are expressed in Canadian dollars. Amounts in certain passages of this MD&A may be expressed in millions of Canadian dollars ("M"); however, all percentage references related to such amounts are calculated based on the thousands of Canadian dollars amount figures contained in the corresponding tables.

The Corporation's management is responsible for the preparation of the MD&A, and it has been reviewed by Savaria's Audit Committee and approved by its Board of Directors.

Additional information, including the Annual Information Form, is available on the website of SEDAR+ at www.sedarplus.ca.

## 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 November 6, 2024, 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 per share, adjusted net earnings, adjusted net earnings per share, available credit facilities, available funds, working capital, total debt, net debt and ratio of net debt to adjusted EBITDA. Reconciliations to IFRS measures and ratios can be found in sections 3, 6 and 8 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, ADJUSTED EBITDA MARGIN AND ADJUSTED EBITDA PER SHARE

Adjusted EBITDA is defined as EBITDA before strategic initiatives expenses, other expenses or income 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 and adjusted EBITDA per share, among other measures, to assess the operating performance of the business. The Corporation also believes these measures are 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. Furthermore, the Corporation excludes a) Other expenses or income that can vary from period to period and which could otherwise mask the underlying trends in the business and b) Strategic initiatives expenses, which are significant costs incurred in relation to Savaria One that could mask the actual baseline performance, as the costs are non-recurring in nature and incurred prior to any perpetual benefits realized or pending realization.

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

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

| | **Total** | | 2024 | | | 2023 | | | 2022 |
|---|---|---|---|---|---|---|---|---|---|
| in thousands of dollars | Trailing 12 months | **Q3** | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| Operating Income | $82,208 | **$22,040** | $22,604 | $17,721 | $19,843 | $20,622 | $16,226 | $15,459 | $19,843 |
| Amortization and depreciation expense | 50,599 | **13,471** | 12,547 | 12,262 | 12,319 | 12,367 | 12,258 | 12,188 | 11,494 |
| EBITDA* | 132,807 | **35,511** | 35,151 | 29,983 | 32,162 | 32,989 | 28,484 | 27,647 | 31,337 |
| Stock-based compensation | 2,442 | **766** | 683 | 590 | 403 | 615 | 538 | 410 | 274 |
| Strategic initiatives expenses | 18,077 | **5,413** | 5,347 | 5,299 | 2,018 | 880 | 250 | - | - |
| Other expenses (income) | 142 | **47** | 764 | (1,191) | 522 | - | - | 3,157 | 1,699 |
| Adjusted EBITDA* | $153,468 | **$41,737** | $41,945 | $34,681 | $35,105 | $34,484 | $29,272 | $31,214 | $33,310 |
| Adjusted EBITDA per share* | $2.15 | **$0.58** | $0.59 | $0.49 | $0.49 | $0.53 | $0.45 | $0.48 | $0.52 |
| Diluted weighted average number of shares | - | **71,811,980** | 71,405,637 | 71,213,393 | 71,031,225 | 65,353,751 | 64,797,135 | 64,642,997 | 64,513,288 |
| Adjusted EBITDA Margin* | 17.8% | **19.5%** | 19.0% | 16.6% | 16.2% | 16.4% | 14.8% | 14.7% | 15.7% |

* Non-IFRS measures are described and reconciled in this section

| in thousands of dollars, except percentages | Accessibility | Patient Care | Head Office | Total |
|---|---|---|---|---|
| | | **Q3 2024** | | |
| Operating Income | $22,478 | $4,505 | $(4,943) | **$22,040** |
| Amortization and depreciation expense | 10,270 | 2,192 | 1,009 | **$13,471** |
| EBITDA* | $32,748 | $6,697 | $(3,934) | **$35,511** |
| Stock-based compensation | - | - | 766 | **$766** |
| Strategic initiatives expenses | 3,378 | 930 | 1,105 | **$5,413** |
| Other expenses (income) | 91 | - | (44) | **$47** |
| Adjusted EBITDA* | $36,217 | $7,627 | $(2,107) | **$41,737** |
| Adjusted EBITDA Margin* | 21.3% | 17.4% | n/a | **19.5%** |
| | | **Q3 2023** | | |
| Operating Income | $20,712 | $3,975 | $(4,065) | **$20,622** |
| Amortization and depreciation expense | 9,148 | 2,094 | 1,125 | **$12,367** |
| EBITDA* | $29,860 | $6,069 | $(2,940) | **$32,989** |
| Stock-based compensation | - | - | 615 | **$615** |
| Strategic initiatives expenses | 21 | 71 | 788 | **$880** |
| Other expenses | - | - | - | **-** |
| Adjusted EBITDA*[1] | $29,881 | $6,140 | $(1,537) | **$34,484** |
| Adjusted EBITDA Margin*[1] | 18.0% | 14.0% | n/a | **16.4%** |

* Non-IFRS measures are described and reconciled in this section

[1] As a result of the presentation of the distinct line strategic initiatives expenses and the change in the definition of adjusted EBITDA, Q3 quarterly and year-to-date 2023 figures were restated.

| in thousands of dollars, except percentages | Accessibility | Patient Care | Head Office | Total |
|---|---|---|---|---|
| | | **YTD 2024** | | |
| Operating Income | $60,882 | $16,729 | $(15,246) | **$62,365** |
| Amortization and depreciation expense | 28,893 | 6,246 | 3,141 | **$38,280** |
| EBITDA* | $89,775 | $22,975 | $(12,105) | **$100,645** |
| Stock-based compensation | - | - | 2,039 | **$2,039** |
| Strategic initiatives expenses | 10,948 | 1,891 | 3,220 | **$16,059** |
| Other expenses (income) | (764) | - | 384 | **$(380)** |
| Adjusted EBITDA* | $99,959 | $24,866 | $(6,462) | **$118,363** |
| Adjusted EBITDA Margin* | 19.8% | 17.7% | n/a | **18.4%** |
| | | **YTD 2023** | | |
| Operating Income | $46,436 | $18,704 | $(12,833) | **$52,307** |
| Amortization and depreciation expense | 27,153 | 6,311 | 3,349 | **$36,813** |
| EBITDA* | $73,589 | $25,015 | $(9,484) | **$89,120** |
| Stock-based compensation | - | - | 1,563 | **$1,563** |
| Strategic initiatives expenses | 21 | 71 | 1,038 | **$1,130** |
| Other expenses | 1,670 | 130 | 1,357 | **$3,157** |
| Adjusted EBITDA*[1] | $75,280 | $25,216 | $(5,526) | **$94,970** |
| Adjusted EBITDA Margin*[1] | 15.7% | 18.0% | n/a | **15.3%** |

* Non-IFRS measures are described and reconciled in this section

[1] As a result of the presentation of the distinct line strategic initiatives expenses and the change in the definition of adjusted EBITDA, Q3 quarterly and year-to-date 2023 figures were restated.

### ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS PER SHARE

Adjusted net earnings is defined as net earnings excluding strategic initiatives expenses and other expenses or income and the related income tax effects. 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 excludes a) Other expenses or income that can vary from period to period and which could otherwise mask the underlying trends in the business and b) Strategic initiatives expenses, which are significant costs incurred in relation to Savaria One that could mask the actual baseline performance, as the costs are non-recurring in nature and incurred prior to any perpetual benefits realized or pending realization.

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

### AVAILABLE CREDIT FACILITIES AND AVAILABLE FUNDS

Available credit facilities is defined as the total amount available under the existing revolving facility minus the amount drawn and outstanding letters of credit. Available funds is defined as the available credit facilities plus cash and cash equivalents. The Corporation believes that certain investors and analysts use these measures to assess financial leverage.

### WORKING CAPITAL

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

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

Total debt is defined as the amount drawn under the revolving 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 dividing net debt by the trailing twelve months adjusted EBITDA. The Corporation believes that certain investors and analysts use these measures to assess financial leverage.

## 4. Business Overview

Savaria is one of the global leaders in the accessibility industry, providing 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 two reportable segments, *Accessibility* and *Patient Care*.

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. In addition, Savaria 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.

Savaria operates a global manufacturing network with four 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 November 6, 2024, Savaria's workforce totaled approximately 2,400 employees worldwide.

## 4.1 REPORTABLE SEGMENTS OF THE CORPORATION

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

### Accessibility

Through the *Accessibility* segment, Savaria designs, manufactures, distributes and installs a wide portfolio of accessibility products including commercial elevators, home elevators, stairlifts, platform lifts and dumbwaiters, for personal, residential or commercial applications. It also sells a wide variety of wheelchair accessible motor vehicles adapted for people with special needs. Savaria operates manufacturing facilities in Canada (Brampton and Surrey), Mexico (Querétaro), Italy (Milan), the United Kingdom (Kingswinford and Birmingham), the Netherlands (Heerhugowaard) and China (Huizhou and Xiamen). Savaria products are sold worldwide through a network of 1,500 dealers as well as through 28 company-owned direct sales offices, through which the Corporation also provides installation, repair and maintenance services. The Van-Action and Freedom Motors subsidiaries, which were sold on February 1st, 2024, previously manufactured lowered-floor wheelchair accessible conversions for selected brands of minivans.

### Patient Care

With its *Patient Care* segment, Savaria designs, manufactures, distributes, and installs ceiling lifts, patient transfer slings and accessories, floor lifts and standing aids, bathing equipment, medical beds, therapeutic support surfaces and pressure management products used in healthcare facilities and in home care settings. Savaria operates manufacturing facilities in Canada (Magog and Beamsville), the United States (Greenville and St. Louis) and the United Kingdom (Newton Abbot). The Savaria *Patient Care* product line is sold through institutional and home care sales channels in North America and Europe.

The following tables provide the revenue of Savaria and its reportable segments, by region, for the nine-month period ended September 30:

| | YTD 2024 | | | | | |
|---|---|---|---|---|---|---|
| in thousands of dollars, except percentages | Accessibility | | Patient Care | | Total | |
| Canada | **$65,989** | **13.1%** | **$46,703** | **33.2%** | **$112,692** | **17.5%** |
| United States | **205,148** | **40.7%** | **86,662** | **61.5%** | **291,810** | **45.3%** |
| Europe and rest of world | **232,448** | **46.2%** | **7,472** | **5.3%** | **239,920** | **37.2%** |
| Total | **$503,585** | **100.0%** | **$140,837** | **100.0%** | **$644,422** | **100.0%** |

| | YTD 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Accessibility | | Patient Care | | Total | |
| Canada | $57,663 | 12.0% | $46,712 | 33.3% | $104,375 | 16.8% |
| United States | 181,089 | 37.8% | 86,207 | 61.4% | 267,296 | 43.1% |
| Europe and rest of world | 240,932 | 50.2% | 7,512 | 5.3% | 248,444 | 40.1% |
| Total | **$479,684** | **100.0%** | **$140,431** | **100.0%** | **$620,115** | **100.0%** |

# 5. Financial Highlights

| in thousands of dollars, except per-share amounts | Q3 2024 | Q3 2023 | YTD 2024 | YTD 2023 |
|---|---|---|---|---|
| Revenue | **$213,634** | $210,094 | **$644,422** | $620,115 |
| Gross Profit | **79,120** | 72,560 | **237,488** | 211,698 |
| Operating income | **$22,040** | $20,622 | **$62,365** | $52,307 |
| Adjusted EBITDA*[1] | **$41,737** | $34,484 | **$118,363** | $94,970 |
| Adjusted EBITDA margin*[1] | **19.5%** | 16.4% | **18.4%** | 15.3% |
| Net earnings | **13,026** | 12,054 | **35,034** | 26,882 |
| Adjusted net earnings*[1] | **17,040** | 12,698 | **46,383** | 30,061 |
| Diluted net earnings per share | **$0.18** | $0.18 | **$0.49** | $0.41 |
| Adjusted net earnings per share*[1] | **$0.24** | $0.19 | **$0.65** | $0.46 |

* Non-IFRS measures are described and reconciled in sections 3 and 6

[1] As a result of the presentation of the distinct line strategic initiatives expenses and the change in the definition of adjusted EBITDA and adjusted net earnings, Q3 quarterly and year-to-date 2023 figures were restated.

## Q3 2024 HIGHLIGHTS

- Revenue was $213.6M, up $3.5M or 1.7%, compared to Q3 2023, mainly due to organic growth of 0.2% and a positive foreign exchange impact of 1.7%, partially offset by the divestitures of Van-Action and Freedom Motors.
    - *Accessibility* organic growth stood at 0.6%, including growth of 8.0% coming from North America, mostly offset by a contraction of 6.6% from Europe.
    - *Patient Care* organic revenue contracted by 1.1%.
- Gross profit was $79.1M, up $6.6M or 9.0%, compared to Q3 2023, representing a gross margin of 37.0%, an increase of 250 bps compared to 34.5% in Q3 2023.
- Operating income was $22.0M, up $1.4M or 6.9%, compared to Q3 2023, representing an operating margin of 10.3% compared to 9.8% in Q3 2023.
- Adjusted EBITDA was $41.7M, up $7.3M or 21.0%, or $0.58 per share, up $0.05, when compared to Q3 2023.
- Adjusted EBITDA margin stood at 19.5% up 310 bps compared to 16.4% in Q3 2023.
- *Accessibility* adjusted EBITDA was $36.2M or 21.3%, an increase of $6.3M or 21.2% compared to Q3 2023.
- *Patient Care* adjusted EBITDA was $7.6M or 17.4%, an increase of $1.5M or 24.2% compared to Q3 2023.
- Net earnings and adjusted net earnings were $13.0M and $17.0M, respectively, or $0.18 and $0.24 per share on a diluted basis, compared to $12.1M and $12.7M, respectively, or $0.18 and $0.19 per share on a diluted basis in Q3 2023.
- The ratio of net debt to adjusted EBITDA stood at 1.69 in comparison to 2.07 as at December 31, 2023.
- Available funds of $247.2M to support working capital, investments and growth opportunities.

# 6. Financial Review

## 6.1 REVENUE

During the quarter, the Corporation generated revenue of $213.6M, up $3.5M or 1.7%, compared to the same period in 2023. The increase was mainly due to organic growth of 0.2% and a positive foreign exchange impact of 1.7%, partially offset by the divestitures of Van-Action and Freedom Motors, net of the acquisition of Matot.

For the nine-month period ended September 30, 2024, the Corporation generated revenue of $644.4M, up $24.3M or 3.9%, compared to the same period in 2023. The increase is mainly due to organic growth of 4.6% and a positive foreign exchange impact of 1.2%. The growth was partially offset by the aforementioned divestitures, net of the acquisition of Matot, as well as the divestiture of the vehicle operations in Norway in 2023.

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

| | Q3 | | |
|---|---|---|---|
| in thousands of dollars, except percentages | Accessibility | Patient Care | **Total** |
| Revenue 2024 | $169,769 | $43,865 | **$213,634** |
| Revenue 2023 | $166,262 | $43,832 | **$210,094** |
| Net change % | 2.1% | 0.1% | **1.7%** |
| Organic Growth (contraction)[1] | 0.6% | (1.1)% | **0.2%** |
| Acquisition/divestiture Impact[2] | (0.3)% | 0.0% | **(0.2)%** |
| Foreign Currency Impact[3] | 1.8% | 1.2% | **1.7%** |
| Net change % | 2.1% | 0.1% | **1.7%** |

[1] Organic growth (contraction) represents the revenue growth/decrease coming from the existing entities as of the previous year and is calculated based on local functional currency.

[2] Acquisition/divestiture impact represents the revenue growth/decrease coming from the newly acquired or divested entities during the last 12 months and is calculated based on local functional currency.

[3] Foreign currency impact represents the foreign exchange impact unrelated to organic growth (contraction) and acquisition/divestiture.

| | YTD | | |
|---|---|---|---|
| in thousands of dollars, except percentages | Accessibility | Patient Care | **Total** |
| Revenue 2024 | $503,585 | $140,837 | **$644,422** |
| Revenue 2023 | $479,684 | $140,431 | **$620,115** |
| Net change % | 5.0% | 0.3% | **3.9%** |
| Organic Growth (contraction)[1] | 6.1% | (0.5)% | **4.6%** |
| Acquisition/divestiture Impact[2] | (2.4)% | 0.0% | **(1.9)%** |
| Foreign Currency Impact[3] | 1.3% | 0.8% | **1.2%** |
| Net change % | 5.0% | 0.3% | **3.9%** |

[1] Organic growth (contraction) represents the revenue growth/decrease coming from the existing entities as of the previous year and is calculated based on local functional currency.

[2] Acquisition/divestiture impact represents the revenue growth/decrease coming from the newly acquired or divested entities during the last 12 months and is calculated based on local functional currency.

[3] Foreign currency impact represents the foreign exchange impact unrelated to organic growth (contraction) and acquisition/divestiture.

### 6.1.1 Accessibility

Revenue from our *Accessibility* segment was $169.8M for the quarter, an increase of $3.5M or 2.1%, compared to the same period in 2023. The increase in revenue was partially due to organic growth of 0.6%, made up of 8.0% growth in North America and a contraction of 6.6% in Europe. The growth in North America was driven from continued demand in both residential and commercial sectors as well as price increases, while the market remains challenging in Europe. Both regions continue to remain focused on profitable growth. The revenue increase was also driven by a positive foreign exchange impact of 1.8%, mainly coming from the GBP, EUR and USD currencies. The growth was partially offset by the divestitures of Van-Action and Freedom Motors.

For the nine-month period ended September 30, 2024, revenue from our *Accessibility* segment was $503.6M, an increase of $23.9M, or 5.0%, compared to the same period in 2023. The increase in revenue was related to organic growth of 6.1%, driven mainly by the same factors listed above for the quarter and also to a positive foreign exchange impact of 1.3%. The growth was 7.5% in North America and 1.5% in Europe. The growth was partially offset by the divestitures of Van-Action, Freedom Motors and the Norway vehicle operations.

### 6.1.2 Patient Care

Revenue from our *Patient Care* segment was $43.9M for the quarter, stable compared to the same period in 2023. Revenues across North America have remained flat, mainly owing to the offsetting impacts from increased medical bed frame and mattress revenues and lower revenues from ceiling lift packages due to a slow down in new long-term care build activity owing to timing and project delays. The slight decrease in organic growth was fully offset by a positive foreign exchange impact of 1.2%.

For the nine-month period ended September 30, 2024, revenue from our *Patient Care* segment was $140.8M, an increase of $0.4M, or 0.3%, compared to the same period in 2023. The increase in revenue was mainly driven by a positive foreign exchange impact of 0.8% while organic growth was slightly negative, driven by similar factors as listed above for the quarter.

## 6.2 GROSS PROFIT AND OPERATING INCOME

| in thousands of dollars, except per-share amounts and % revenue | Q3 | | | | YTD | | | |
|---|---|---|---|---|---|---|---|---|
| | **2024** | | 2023 | | **2024** | | 2023 | |
| Revenue | **$213,634** | | $210,094 | | **$644,422** | | $620,115 | |
| Cost of sales | **134,514** | **63.0%** | 137,534 | 65.5% | **406,934** | **63.1%** | 408,417 | 65.9% |
| Gross Profit | **$79,120** | **37.0%** | $72,560 | 34.5% | **$237,488** | **36.9%** | $211,698 | 34.1% |
| Selling and administrative expenses[1] | **51,620** | **24.2%** | 51,058 | 24.3% | **159,444** | **24.7%** | 155,104 | 25.0% |
| Strategic initiatives expenses[1] | **5,413** | **2.5%** | 880 | 0.4% | **16,059** | **2.6%** | 1,130 | 0.2% |
| Other expenses (income) | **47** | **0.0%** | - | - | **(380)** | **(0.1)%** | 3,157 | 0.5% |
| Operating income | **$22,040** | **10.3%** | $20,622 | 9.8% | **$62,365** | **9.7%** | $52,307 | 8.4% |
| Net finance costs | **4,379** | **2.0%** | 5,512 | 2.6% | **14,900** | **2.3%** | 17,054 | 2.7% |
| Earnings before income tax | **$17,661** | **8.3%** | $15,110 | 7.2% | **$47,465** | **7.4%** | $35,253 | 5.7% |
| Income tax expense | **4,635** | **2.2%** | 3,056 | 1.5% | **12,431** | **2.0%** | 8,371 | 1.4% |
| Net Earnings | **$13,026** | **6.1%** | $12,054 | 5.7% | **$35,034** | **5.4%** | $26,882 | 4.3% |
| Adjusted EBITDA*[1] | **$41,737** | **19.5%** | $34,484 | 16.4% | **$118,363** | **18.4%** | $94,970 | 15.3% |
| Basic net earnings per share | **$0.18** | | $0.18 | | **$0.49** | | $0.41 | |
| Diluted net earnings per share | **$0.18** | | $0.18 | | **$0.49** | | $0.41 | |

* Non-IFRS measures are described and reconciled in section 3

[1] As a result of the presentation of the distinct line strategic initiatives expenses and the change in the definition of adjusted EBITDA, Q3 quarterly and year-to-date 2023 figures were restated.

For the quarter, the increase in gross profit of $6.6M when compared to the same period in 2023, is attributable to improved gross margins in both segments due to operating leverage, improved pricing, and lower material costs. For the nine-month period ended September 30, 2024, gross margin benefited from the same impacts as listed for the quarter, when compared to the same period in 2023.

For the quarter, selling and administrative expenses as a percentage of revenue were slightly lower by 10 bps when compared to the same period in 2023 and lower by 40 bps when compared to Q2 2024. The year-over-year increase in selling and administrative expenses in dollars reflects investments made under *Savaria One*. For the nine-month period ended September 30, 2024, selling and administrative expenses as a percentage of revenue were slightly lower by 30 bps, when compared to the same period in 2023 reflecting the increased operating leverage of the business as revenues increase with modest cost growth.

For the quarter, the Corporation incurred a negligible amount in other expenses related to the integration costs for the business acquisition of Matot. In addition, $5.4M was incurred in strategic initiative expenses in the quarter. For the nine-month period ended September 30, 2024, the Corporation realized a net gain of $0.4M presented in other expenses (income) mainly related to the divestitures of Van-Action and Freedom Motors and partially offset by acquisition and integration costs pertaining to Matot, compared to $3.2M of integration costs for Handicare and the loss on the divestiture of Norway vehicle operations in the same period in 2023. In addition, the Corporation also incurred $16.1M in strategic initiative expenses year-to-date.

Consequently, operating income was $22.0M for the quarter, an increase of $1.4M when compared to $20.6M for the same period in 2023, with a year-to-date amount of $62.4M compared to $52.3M in 2023. Quarterly and year-to-date, the increase was mainly attributable to the additional revenue contribution and higher gross margins while partially offset by increased strategic initiatives expenses.

## 6.3 ADJUSTED EBITDA

Adjusted EBITDA and adjusted EBITDA margin for the quarter stood at $41.7M and 19.5%, respectively, compared to $34.5M and 16.4% for the same period in 2023. The increased profitability is mainly explained by the aforementioned increase in gross margin for both segments.

For the nine-month period ended September 30, 2024, adjusted EBITDA and adjusted EBITDA margin stood at $118.4M and 18.4%, respectively, compared to $95.0M and 15.3% for the same period in 2023. The year-to-date increase in adjusted EBITDA margin when compared to the prior year is explained by the performance in *Accessibility,* in both North America and Europe, partially offset by the slightly reduced profitability within *Patient Care*.

Head office costs for the three-month and nine-month periods ended September 30, 2024 stood at $2.1M and $6.5M respectively. The quarterly and year-to-date head office costs are in line with management's expectations for the year.

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

| | Q3 2024 | | | |
|---|---|---|---|---|
| in thousands of dollars, except percentages | Accessibility | Patient Care | Head Office | **Total** |
| Revenue | $169,769 | $43,865 | n/a | **$213,634** |
| Adjusted EBITDA* | $36,217 | $7,627 | $(2,107) | **$41,737** |
| Adjusted EBITDA Margin* | 21.3% | 17.4% | n/a | **19.5%** |
| | **Q3 2023** | | | |
| Revenue | $166,262 | $43,832 | n/a | **$210,094** |
| Adjusted EBITDA*[1] | $29,881 | $6,140 | $(1,537) | **$34,484** |
| Adjusted EBITDA Margin*[1] | 18.0% | 14.0% | n/a | **16.4%** |
| | **YTD 2024** | | | |
| Revenue | $503,585 | $140,837 | n/a | **$644,422** |
| Adjusted EBITDA* | $99,959 | $24,866 | $(6,462) | **$118,363** |
| Adjusted EBITDA Margin* | 19.8% | 17.7% | n/a | **18.4%** |
| | **YTD 2023** | | | |
| Revenue | $479,684 | $140,431 | n/a | **$620,115** |
| Adjusted EBITDA*[1] | $75,280 | $25,216 | $(5,526) | **$94,970** |
| Adjusted EBITDA Margin*[1] | 15.7% | 18.0% | n/a | **15.3%** |

* Non-IFRS measures are described and reconciled in section 3

[1] As a result of the presentation of the distinct line strategic initiatives expenses and the change in the definition of adjusted EBITDA, Q3 quarterly and year-to-date 2023 figures were restated.

#### 6.3.1 Accessibility

For the quarter, *Accessibility* adjusted EBITDA and adjusted EBITDA margin stood at $36.2M and 21.3%, respectively, compared to $29.9M and 18.0% for the same period in 2023. The increase in adjusted EBITDA and adjusted EBITDA margin was mainly due to slightly higher revenue, improved pricing, and lower material costs for both geographical regions. The adjusted EBITDA margin for North America was 25.5% in the quarter, while the margin in Europe increased to 15.6%, in line with Q2 performance and both materially improved from a year ago.

For the nine-month period ended September 30, 2024, adjusted EBITDA and adjusted EBITDA margin stood at $100.0M and 19.8%, respectively, compared to $75.3M and 15.7% for the same period in 2023. The increase in the margin is mainly explained by the factors mentioned above for the quarter. On a year-to-date basis, the adjusted EBITDA margin for North America stood at 23.2%, while the margin considerably increased in Europe to 14.7%.

#### 6.3.2 Patient Care

For the quarter, *Patient Care* adjusted EBITDA and adjusted EBITDA margin stood at $7.6M and 17.4%, respectively, compared to $6.1M and 14.0% for the same period in 2023. The increase in both measures was mainly due to pricing initiatives, favorable product mix on certain projects versus last year and lower material costs, partially offset by higher selling expenses.

For the nine-month period ended September 30, 2024, adjusted EBITDA and adjusted EBITDA margin stood at $24.9M and 17.7%, respectively, compared to $25.2M and 18.0% for the same period in 2023. The slight decrease in both metrics is mainly explained by higher selling expenses, partially offset by pricing initiatives and lower material costs.

### 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 $4.4M compared to $5.5M for the same period in 2023. Interest on long-term debt decreased by $1.7M when compared to 2023 due to the reduced balance of debt and a reduction in variable interest rates. Net finance costs were unfavorably impacted by a foreign currency loss of $1.7M compared to a gain of $0.3M in 2023, most of which was unrealized in nature. The Corporation also incurred a net gain on financial instruments of $2.2M, also unrealized in nature.

For the nine-month period ended September 30, 2024, net finance costs were $14.9M compared to $17.1M for the same period in 2023. The decrease in net finance costs was mainly due to lower interest on long-term debt of $4.3M as stated above, partially offset by a net foreign currency loss of $0.6M compared to a gain of $0.7M in 2023, most of which was unrealized in nature. The Corporation also incurred a net gain on financial instruments of $0.2M.

### 6.5 INCOME TAXES

For the quarter, an income tax expense of $4.6M was recorded on earnings before income taxes of $17.7M, representing an effective tax rate of 26.2%, compared to an income tax expense of $3.1M and an effective tax rate of 20.2% for the same period in 2023. For the nine-month period ended September 30, 2024, an income tax expense of $12.4M was recorded on earnings before taxes of $47.5M, representing an effective tax rate of 26.2%, whereas the effective tax rate was 23.7% for the same period in 2023. The variances in income tax expense and effective tax rates are the results of different profit allocation coming from countries in which the Corporation operates which are taxable at varying rates, non-deductible expenses, and valuation allowances adjustments.

### 6.6 NET EARNINGS AND ADJUSTED NET EARNINGS

| in thousands of dollars, except number of shares and per-share amounts | Q3 2024 | Q3 2023 | YTD 2024 | YTD 2023 |
|---|---|---|---|---|
| Net earnings | **$13,026** | $12,054 | **$35,034** | $26,882 |
| Strategic initiatives expenses | **5,413** | 880 | **16,059** | 1,130 |
| Other expenses (income) | **47** | - | **(380)** | 3,157 |
| Income tax related to strategic initiatives and other expenses (income)[1] | **(1,446)** | (236) | **(4,330)** | (1,108) |
| Adjusted net earnings*[2] | **$17,040** | $12,698 | **$46,383** | $30,061 |
| **In $ per share** | | | | |
| Diluted net earnings | **$0.18** | $0.18 | **$0.49** | $0.41 |
| Strategic initiatives and other expenses (income) net of income tax[1] | **0.06** | 0.01 | **0.16** | 0.05 |
| Adjusted net earnings*[2] | **$0.24** | $0.19 | **$0.65** | $0.46 |
| Diluted weighted average number of shares | **71,811,980** | 65,353,751 | **71,442,982** | 64,928,613 |

* Non-IFRS measures are described in section 3 and reconciled in this section

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

[2] As a result of the presentation of the distinct line strategic initiatives expenses and the change in the definition of adjusted EBITDA and adjusted net earnings, Q3 quarterly and year-to-date 2023 figures were restated.

For the quarter, net earnings were $13.0M or $0.18 per share on a diluted basis, compared to $12.1M or $0.18 per share for the same period in 2023. The increase in net earnings was mainly due to higher adjusted EBITDA and lower net finance costs, partially offset by strategic initiative expenses and higher net income tax expense. For the nine-month period ended September 30, 2024, net earnings stood at $35.0M, or $0.49 per share on a diluted basis, compared to $26.9M or $0.41 for the same period in 2023. The increase in net earnings and net earnings per share on a diluted basis was attributable to the same factors as listed above for the quarter.

For the quarter, adjusted net earnings were $17.0M or $0.24 per share on a diluted basis, compared to $12.7M or $0.19 per share for the same period in 2023. For the nine-month period ended September 30, 2024, adjusted net earnings stood at $46.4M, or $0.65 per share on a diluted basis, compared to $30.1M or $0.46 for the same period in 2023.

## 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 | 2024 Q3 | 2024 Q2 | 2024 Q1 | 2023 Q4 | 2023 Q3 | 2023 Q2 | 2023 Q1 | 2022 Q4 |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | $861,261 | **$213,634** | $221,344 | $209,444 | $216,839 | $210,094 | $198,396 | $211,625 | $212,100 |
| Gross Margin | 36.2% | **37.0%** | 37.5% | 36.0% | 34.3% | 34.5% | 33.8% | 34.0% | 31.2% |
| Operating Income | $82,208 | **$22,040** | $22,604 | $17,721 | $19,843 | $20,622 | $16,226 | $15,459 | $19,843 |
| Adjusted EBITDA* | $153,468 | **$41,737** | $41,945 | $34,681 | $35,105 | $34,484 | $29,272 | $31,214 | $33,310 |
| Adjusted EBITDA Margin* | 17.8% | **19.5%** | 19.0% | 16.6% | 16.2% | 16.4% | 14.8% | 14.7% | 15.7% |
| Net earnings | $45,993 | **$13,026** | $10,961 | $11,047 | $10,959 | $12,054 | $8,789 | $6,039 | $11,258 |
| Net earnings per share - diluted | $0.65 | **$0.18** | $0.15 | $0.16 | $0.16 | $0.18 | $0.14 | $0.09 | $0.18 |
| Dividend declared per share | $0.521 | **$0.131** | $0.130 | $0.130 | $0.130 | $0.130 | $0.130 | $0.130 | $0.130 |

* Non-IFRS measures are described and reconciled in section 3

The Corporation experiences seasonal variations in its business. In terms of revenues, excluding the impact of acquisitions and divestitures, the first half of the year is typically weaker than the second half of the year.

# 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.

The credit facilities are available for general corporate purposes and for financing business acquisitions. Under the revolving facility, the Corporation is required, among other conditions, to respect certain covenants on a consolidated basis. Management reviews compliance with these covenants in conjunction with quarterly filing requirements under its revolving facility. All covenants were met as at September 30, 2024.

| in thousands of dollars | **September 30, 2024** | December 31, 2023 |
|---|---|---|
| Total amount available under the revolving facility | **$450,000** | $450,000 |
| Amount drawn under the revolving facility | **(257,867)** | (279,039) |
| Outstanding letters of credit | **(3,212)** | (1,752) |
| Available credit facilities* | **$188,921** | $169,209 |
| Cash and cash equivalents | **58,290** | 54,076 |
| Available funds* | **$247,211** | $223,285 |
| Current assets | **$339,101** | $337,708 |
| Current liabilities | **171,949** | 170,543 |
| Working capital* | **$167,152** | $167,165 |
| Ratio of current assets to current liabilities | **1.97** | 1.98 |

* Non-IFRS measures are described in section 3 and reconciled in this section

## 8.2 NET DEBT

As at September 30, 2024, the Corporation had a net debt position of $259.1M, compared to $269.9M as of December 31, 2023. The decrease in net debt of $10.8M is mainly driven by a reimbursement on the revolving facility of $25.7M, partially offset by a new lease contract of $8.8M relating to a new warehousing and distribution center located in the greater Toronto area, the renewal of the lease for the main manufacturing location in the United Kingdom and the increase in the USD currency against CAD.

| in thousands of dollars | **September 30, 2024** | December 31, 2023 |
|---|---|---|
| Amount drawn under the revolving facility | **$257,867** | $279,039 |
| Notes payable related to business acquisitions | **2,425** | 1,769 |
| Outstanding letters of credit | **3,212** | 1,752 |
| Lease liabilities | **53,868** | 41,404 |
| Total debt* | **$317,372** | $323,964 |
| Less: Cash and cash equivalents | **(58,290)** | (54,076) |
| Net debt* | **$259,082** | $269,888 |
| Trailing twelve months adjusted EBITDA* | **153,468** | 130,075 |
| Ratio of net debt to adjusted EBITDA* | **1.69** | 2.07 |

* Non-IFRS measures are described in section 3 and reconciled both in this section and in section 3

# 9. Liquidity

| in thousands of dollars | Q3 2024 | Q3 2023 | YTD 2024 | YTD 2023 |
|---|---|---|---|---|
| Cash flows related to operating activities before net changes in non-cash operating items | **$30,480** | $26,899 | **$80,993** | $62,713 |
| Net changes in non-cash operating items | **5,324** | (1,567) | **4,904** | (21,186) |
| Cash flows related to operating activities | **35,804** | 25,332 | **85,897** | 41,527 |
| Cash flows related to investing activities | **(5,920)** | (4,541) | **(14,888)** | (1,342) |
| Cash flows related to financing activities | **(15,396)** | (20,685) | **(67,592)** | (42,037) |
| Unrealized foreign exchange impact on cash held in foreign currencies | **128** | 1,061 | **797** | (750) |
| Net change in cash | **$14,616** | $1,167 | **$4,214** | $(2,602) |

## 9.1 OPERATING ACTIVITIES

For the quarter, cash flows related to operating activities before net changes in non-cash operating items reached $30.5M, versus $26.9M for the same period of 2023, mainly explained by higher EBITDA generated partially offset by higher strategic initiatives expenses. Net changes in non-cash operating items increased liquidity by $5.3M, compared to a decrease of $1.6M a year earlier. The increase in 2024 was driven by reduced trade receivables and prepaid expenses and other current assets, partially offset by higher inventories and lower deferred revenues, while 2023 was unfavorably impacted by trade receivables and prepaid expenses and other current assets, partially offset by decreased inventories and higher trade payables. As a result, cash generated from operating activities in Q3 2024 stood at $35.8M, compared to $25.3M for the same period in 2023.

For the nine-month period ended September 30, 2024, cash flows related to operating activities before net changes in non-cash operating items reached $81.0M, versus $62.7M for the same period in 2023, mainly explained by the same factors mentioned above for the quarter. Net changes in non-cash operating items increased liquidity by $4.9M, compared to a decrease of $21.2M a year earlier, due to improved levels in trade receivables and payables, lower increases in inventories and prepaid expenses and other current assets, partially offset by reduced deferred revenues. As a result, cash generated from operating activities stood at $85.9M, compared to $41.5M for the same period in 2023.

## 9.2 INVESTING ACTIVITIES

For the quarter, cash flow used in investing activities was $5.9M compared to $4.5M in 2023, mostly due to the disbursement of $6.0M for fixed and intangible assets in 2024, comparable to $4.6M in 2023.

For the nine-month period ended September 30, 2024, cash used in investing activities was $14.9M compared to $1.3M in 2023. In 2024, the Corporation disbursed $7.1M for business acquisition activities, mainly related to Matot. The Corporation also received $6.6M from the divestiture of Van-Action and Freedom Motors in 2024, while it received $12.4M from the divestiture of the Norwegian operations in 2023. Conversely, disbursements of $14.4M for fixed and intangible assets were made in 2024, comparable to $13.8M in 2023.

## 9.3 FINANCING ACTIVITIES

For the quarter, cash used in financing activities was $15.4M compared to $20.7M in 2023. The variation is mainly explained by a reimbursement on the revolving facility of $3.3M compared to $91.0M in 2023 following net proceeds from the issuance of common shares of $88.3M. The Corporation also received $4.2M from the proceeds of the exercise of stock options, and paid $2.6M less in interest.

For the nine-month period ended September 30, 2024, cash used in financing activities was $67.6M compared to $42.0M in 2023. The year-to-date variation is also explained by a reimbursement on the revolving facility of $25.7M compared to $81.7M in 2023 following the net proceeds from the issuance of common shares as stated above. The Corporation also received $6.3M from the proceeds of the exercise of stock options and paid $5.1M less in interest.

### 9.4 DIVIDENDS

The aggregate monthly dividends declared in the third quarter and nine months of 2024 totaled $9.4M and $27.8M, respectively, compared to $8.7M and $25.4M for the same periods of 2023. The dividends paid totaled $9.2M and $27.7M in 2024 respectively, compared to $8.4M and $25.1M in 2023, mainly explained by the increased number of shares outstanding. As at September 30, 2024, 71,365,841 shares were issued and outstanding, compared to 70,939,393 as at September 30, 2023.

### 9.5 STOCK OPTIONS

As at November 6, 2024, 3,552,423 stock options were outstanding with exercise prices ranging from $11.06 to $22.05.

## 10. Governance

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

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.

## 11. Material Accounting Policies and Estimates

**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, the inventory provisions, the capitalization of intangible assets and the measurement of lease obligations.

**New Accounting Standard Not Yet Adopted**

The following new amendment to standards and interpretations has not been applied in preparing the interim condensed financial statements as at September 30, 2024. The Corporation is currently evaluating the impact of this standard amendment on its consolidated financial statements.

**IFRS 18 *Presentation and Disclosure in Financial Statements***
On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. The standard introduces new required subtotals in the statement of earnings and disclosure requirements for management-defined performance measures. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Early adoption is permitted.

## 12. Risks and Uncertainties

Savaria is engaged in an industry exposed to various risks and uncertainties. The Corporation's operating results and financial position could be adversely affected by each of the risks and uncertainties described in its 2023 annual Management Discussion and Analysis Report, which are incorporated herein by reference:

- Economic Conditions
- Operating Results
- Financing
- Acquisitions
- Currency Fluctuations
- Market and Competition
- Catastrophic Events, Natural Disasters, Severe Weather and Disease
- Healthcare Reimbursement
- Property Rights
- Credit Risk
- Interest Rates Fluctuations
- Price Variation
- Dependence on Key Personnel
- Dependence on Key Distributors
- Dependence on Key Suppliers
- Laws and Regulations
- Product Liability
- Litigation
- Information Systems and Cybersecurity

## 13. Environmental, Social and Governance ("ESG") Values

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

By delivering products and solutions that promote accessibility, health, and wellness, improving operational efficiencies and resource usage, and engaging our employees and stakeholders, we'll create a stronger, more resilient business that will continue to be an industry leader while delivering positive social change.

We recognize this work requires long-term vision, planning, and collaboration, yet also must be grounded in clear actions and an ongoing commitment to transparency.

To that end, on April 17, 2024, Savaria published its first ESG report for the fiscal year ended December 31, 2023. Through this report, Savaria discloses its strategy and initiatives on ESG matters that are important to its stakeholders, and where it sees an opportunity to have a positive and meaningful influence. This inaugural ESG report represents an important milestone for Savaria and provides a baseline for measuring our future performance. The 2023 ESG report can be found under the investor relations section of our website at savaria.com.

## 14. Outlook

Savaria expects to deliver approximately $1.0 billion in revenue and a 20% adjusted EBITDA margin in 2025. These targets will be achieved through continued strong demand in both the *Accessibility* and *Patient Care* segments and the completion of *Savaria One*, the Corporation's multi-year, company-wide, sales and operations program designed to unlock the full potential of the business.

The expected benefits from *Savaria One* will be realized through:

- Sales initiatives focused on market share growth and pricing optimization;
- Operational and production improvements to increase capacity and throughput;
- Procurement and supply chain efficiencies and streamlining;
- Investments in research and development to enhance existing products and develop new ones.

In relation to *Savaria One*, the Corporation plans to record an average of $5.0 million in strategic initiative expenses per quarter through 2024 and at the beginning of 2025, and anticipates increasing financial and operational benefits to be realized on a sequential quarterly basis. Depending on the performance of *Savaria One*, the Corporation could record an additional $15.0 million in fees in 2025, resulting in total costs for the entire project of $40.0 to $45.0 million, as we continue toward our record revenue and adjusted EBITDA margin targets for 2025.

Savaria will also continue to evaluate potential tuck-in acquisitions to replace some or all of the lost revenue from the divestitures of Van-Action, Freedom Motors and the Norwegian 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.

2024

SAVARIA CORPORATION

# Interim Condensed Consolidated Financial Statements

As at September 30, 2024

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

savaria

**SAVARIA CORPORATION**

**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*(in thousands of Canadian dollars - Unaudited)*

| | Note | September 30, 2024 | December 31, 2023 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **$ 58,290** | $ 54,076 |
| Trade and other receivables | | **106,789** | 114,701 |
| Income taxes receivable | | **2,489** | 2,772 |
| Derivative financial instruments | *12* | **5,119** | 2,202 |
| Inventories | | **152,573** | 143,859 |
| Prepaid expenses and other current assets | | **13,841** | 12,560 |
| Assets held for sale | | **-** | 7,538 |
| **Total current assets** | | **339,101** | 337,708 |
| **Non-current assets** | | | |
| Derivative financial instruments | *12* | **324** | 6,171 |
| Fixed assets | | **63,246** | 60,856 |
| Right-of-use assets | | **51,725** | 39,966 |
| Intangible assets | | **207,860** | 213,986 |
| Goodwill | | **426,860** | 414,275 |
| Other long-term assets | | **785** | 811 |
| Deferred tax assets | | **37,446** | 27,800 |
| **Total non-current assets** | | **788,246** | 763,865 |
| **Total assets** | | **$ 1,127,347** | $ 1,101,573 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | **$ 108,483** | $ 101,201 |
| Dividend payable | | **3,208** | 3,072 |
| Income taxes payable | | **4,640** | 6,161 |
| Deferred revenues | | **39,002** | 41,873 |
| Derivative financial instruments | *12* | **7** | 2,935 |
| Current portion of long-term debt | *5* | **1,996** | 1,170 |
| Current portion of lease liabilities | *6* | **10,742** | 8,776 |
| Provisions | | **3,871** | 3,868 |
| Liabilities directly associated with the assets held for sale | | **-** | 1,487 |
| **Total current liabilities** | | **171,949** | 170,543 |
| **Non-current liabilities** | | | |
| Long-term debt | *5* | **256,050** | 276,807 |
| Lease liabilities | *6* | **43,126** | 32,628 |
| Long-term provisions | | **6,455** | 6,314 |
| Other long-term liabilities | | **16,723** | 13,925 |
| Income taxes payable | | **-** | 156 |
| Derivative financial instruments | *12* | **3,140** | - |
| Deferred tax liabilities | | **53,449** | 52,200 |
| **Total non-current liabilities** | | **378,943** | 382,030 |
| **Total liabilities** | | **550,892** | 552,573 |
| **Equity** | | | |
| Share capital | *7* | **559,486** | 551,355 |
| Contributed surplus | | **10,161** | 9,570 |
| Accumulated other comprehensive income (loss) | | **2,764** | (8,748) |
| Retained earnings (deficit) | | **4,044** | (3,177) |
| **Total equity** | | **576,455** | 549,000 |
| **Total liabilities and equity** | | **$ 1,127,347** | $ 1,101,573 |

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

**SAVARIA CORPORATION**

**INTERIM CONSOLIDATED STATEMENTS OF EARNINGS**

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

| | Note | Three months ended September 30, | | | | Nine months ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | **2024** | | 2023 | | **2024** | | 2023 |
| **Revenue** | *13* | **$** | **213,634** | $ | 210,094 | **$** | **644,422** | $ | 620,115 |
| **Cost of sales** | | | **134,514** | | 137,534 | | **406,934** | | 408,417 |
| **Gross profit** | | | **79,120** | | 72,560 | | **237,488** | | 211,698 |
| **Operating expenses** | | | | | | | | | |
| Selling and administrative expenses | | | **51,620** | | 51,058 | | **159,444** | | 155,104 |
| Strategic initiatives expenses | *8* | | **5,413** | | 880 | | **16,059** | | 1,130 |
| Other expenses (income) | *9* | | **47** | | - | | **(380)** | | 3,157 |
| **Total operating expenses** | | | **57,080** | | 51,938 | | **175,123** | | 159,391 |
| **Operating income** | | | **22,040** | | 20,622 | | **62,365** | | 52,307 |
| **Net finance costs** | *10* | | **4,379** | | 5,512 | | **14,900** | | 17,054 |
| **Earnings before income tax** | | | **17,661** | | 15,110 | | **47,465** | | 35,253 |
| Income tax expense | | | **4,635** | | 3,056 | | **12,431** | | 8,371 |
| **Net earnings** | | **$** | **13,026** | $ | 12,054 | **$** | **35,034** | $ | 26,882 |
| **Earnings per share:** | | | | | | | | | |
| Basic | | **$** | **0.18** | $ | 0.18 | **$** | **0.49** | $ | 0.41 |
| Diluted | | **$** | **0.18** | $ | 0.18 | **$** | **0.49** | $ | 0.41 |
| Basic weighted average number of shares | | | **71,128,617** | | 65,145,434 | | **71,020,962** | | 64,713,235 |
| Diluted weighted average number of shares | | | **71,811,980** | | 65,353,751 | | **71,442,982** | | 64,928,613 |

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

*(in thousands of Canadian dollars - Unaudited)*

| | Three months ended September 30, 2024 | 2023 | Nine months ended September 30, 2024 | 2023 |
|---|---|---|---|---|
| **Net earnings** | **$ 13,026** | $ 12,054 | **$ 35,034** | $ 26,882 |
| **Items that will not be reclassified subsequently to net earnings or items that are directly reclassified to retained earnings:** | | | | |
| Remeasurement of defined benefit pension plan obligations, net of tax | **-** | - | **-** | 14 |
| **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 | **407** | 53 | **(1,726)** | (394) |
| Net change on translation of financial statements of foreign operations | **12,801** | (9,894) | **18,694** | (4,100) |
| Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges, net of tax | **106** | (49) | **128** | 34 |
| Net change in net investment hedges, net of tax | **(2,271)** | 1,960 | **(5,584)** | 66 |
| **Other comprehensive income (loss)** | **11,043** | (7,930) | **11,512** | (4,380) |
| **Total comprehensive income** | **$ 24,069** | $ 4,124 | **$ 46,546** | $ 22,502 |

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

## SAVARIA CORPORATION

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**Periods of nine months ended September 30, 2024 and 2023**
*(in thousands of Canadian dollars - Unaudited)*

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Share capital | | | | | |
| | Number | Amount | Contributed surplus | Accumulated other comprehensive income (loss) | Retained earnings (deficit) | Total equity |
| **Balance at January 1** | **70,942,726** | **$ 551,355** | **$ 9,570** | **$ (8,748)** | **$ (3,177)** | **$ 549,000** |
| **Net earnings** | **-** | **-** | **-** | **-** | **35,034** | **35,034** |
| Stock-based compensation | - | - | 2,039 | - | - | **2,039** |
| Exercise of stock options (Note 7) | 423,115 | 8,131 | (1,448) | - | - | **6,683** |
| Dividends on common shares (Note 7) | - | - | - | - | (27,813) | **(27,813)** |
| **Total transactions with shareholders** | **423,115** | **8,131** | **591** | **-** | **(27,813)** | **(19,091)** |
| **Other comprehensive income** | **-** | **-** | **-** | **11,512** | **-** | **11,512** |
| **Balance at September 30** | **71,365,841** | **$ 559,486** | **$ 10,161** | **$ 2,764** | **$ 4,044** | **$ 576,455** |

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Share capital | | | | | |
| | Number | Amount | Contributed surplus | Accumulated other comprehensive income (loss) | Retained earnings (deficit) | Total equity |
| **Balance at January 1** | **64,433,986** | **$ 456,413** | **$ 8,241** | **$ (8,772)** | **$ (2,913)** | **$ 452,969** |
| **Net earnings** | **-** | **-** | **-** | **-** | **26,882** | **26,882** |
| Issuance of common shares in relation to a public offering and a private placement (Note 7) | 6,346,850 | 92,029 | - | - | - | **92,029** |
| Share issue costs, net of tax (Note 7) | - | - | - | - | (3,414) | **(3,414)** |
| Stock-based compensation | - | - | 1,563 | - | - | **1,563** |
| Exercise of stock options (Note 7) | 158,557 | 2,866 | (630) | - | - | **2,236** |
| Dividends on common shares (Note 7) | - | - | - | - | (25,428) | **(25,428)** |
| **Total transactions with shareholders** | **6,505,407** | **94,895** | **933** | **-** | **(28,842)** | **66,986** |
| **Other comprehensive income (loss)** | **-** | **-** | **-** | **(4,380)** | **(14)** | **(4,394)** |
| **Balance at September 30** | **70,939,393** | **$ 551,308** | **$ 9,174** | **$ (13,152)** | **$ (4,887)** | **$ 542,443** |

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

## SAVARIA CORPORATION

### INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

*(in thousands of Canadian dollars - Unaudited)*

| | Note | Three months ended September 30, 2024 | Three months ended September 30, 2023 | Nine months ended September 30, 2024 | Nine months ended September 30, 2023 |
|---|---|---|---|---|---|
| **Cash flows related to operating activities** | | | | | |
| Net earnings | | **$ 13,026** | $ 12,054 | **$ 35,034** | $ 26,882 |
| Adjustments for: | | | | | |
| Depreciation of fixed assets | | **2,487** | 2,082 | **6,858** | 6,264 |
| Depreciation of right-of-use assets | | **3,078** | 2,532 | **8,496** | 7,450 |
| Amortization of intangible assets | | **7,906** | 7,753 | **22,926** | 23,099 |
| Income tax expense | | **4,635** | 3,056 | **12,431** | 8,371 |
| Loss (gain) on business divestitures | *9* | **-** | - | **(879)** | 1,358 |
| Stock-based compensation | | **766** | 615 | **2,039** | 1,563 |
| Non-cash movements on financial instruments | *10* | **(2,193)** | (703) | **(280)** | (703) |
| Loss (gain) on the sale and write-off of fixed assets and intangible assets | | **35** | (18) | **45** | 20 |
| Unrealized foreign exchange loss (gain) | | **2,932** | 2,742 | **1,823** | (3,859) |
| Interest and amortization of financing costs | *10* | **4,950** | 6,669 | **14,715** | 18,903 |
| Income tax paid | | **(7,142)** | (9,883) | **(22,215)** | (26,635) |
| | | **30,480** | 26,899 | **80,993** | 62,713 |
| Net changes in non-cash operating items | *11* | **5,324** | (1,567) | **4,904** | (21,186) |
| **Net cash related to operating activities** | | **35,804** | 25,332 | **85,897** | 41,527 |
| **Cash flows related to investing activities** | | | | | |
| Business acquisitions | *4 & 5* | **-** | - | **(7,137)** | (194) |
| Proceeds from business divestitures | | **-** | - | **6,646** | 12,387 |
| Proceeds from sale of fixed assets | | **34** | 81 | **50** | 253 |
| Additions to fixed assets | | **(3,885)** | (2,303) | **(8,722)** | (7,305) |
| Increase in intangible assets | | **(2,069)** | (2,319) | **(5,725)** | (6,483) |
| **Net cash related to investing activities** | | **(5,920)** | (4,541) | **(14,888)** | (1,342) |
| **Cash flows related to financing activities** | | | | | |
| Repayment of lease obligations | *6* | **(3,424)** | (2,616) | **(9,133)** | (8,343) |
| Net change in the revolving facility | *5* | **(3,311)** | (90,987) | **(25,653)** | (81,686) |
| Interest paid | | **(3,598)** | (6,233) | **(11,395)** | (16,475) |
| Transaction costs related to the revolving facility | | **-** | (940) | **-** | (940) |
| Proceeds from the issuance of common shares in relation to a public offering and a private placement, net of transaction fees | | **-** | 88,317 | **-** | 88,317 |
| Proceeds from exercise of stock options | *7* | **4,177** | 163 | **6,266** | 2,236 |
| Dividends paid on common shares | *7* | **(9,240)** | (8,389) | **(27,677)** | (25,146) |
| **Net cash related to financing activities** | | **(15,396)** | (20,685) | **(67,592)** | (42,037) |
| Unrealized foreign exchange impact on cash held in foreign currencies | | **128** | 1,061 | **797** | (750) |
| **Net change in cash** | | **14,616** | 1,167 | **4,214** | (2,602) |
| Cash - Beginning of period | | **43,674** | 40,956 | **54,076** | 44,725 |
| **Cash - End of period** | | **$ 58,290** | $ 42,123 | **$ 58,290** | $ 42,123 |

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

## 1. Nature of Activities and Corporate Information

Savaria Corporation is domiciled in Canada. The interim condensed consolidated financial statements of the Corporation as at and for the periods ended September 30, 2024 and 2023 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 two reportable segments: *Accessibility* and *Patient Care* as described in Note 13 - 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

The interim condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34.

These interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Corporation and the notes thereto for the year ended on December 31, 2023. These interim condensed financial statements have not been the subject of a review or an audit by the Corporation's auditors; they were approved by the Board of Directors on November 6, 2024.

### B) 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 for 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, inventory provisions, the capitalization of intangible assets and the measurement of lease obligations.

## 3. Material Accounting Policies

The interim condensed consolidated financial statements have been prepared following the same accounting policies used in the audited annual consolidated financial statements for the year ended December 31, 2023.

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

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

## 3. Material Accounting Policies (continued)

### New Accounting Standard Not Yet Adopted

The following new amendment to standards and interpretations has not been applied in preparing the interim condensed financial statements as at September 30, 2024. The Corporation is currently evaluating the impact of this standard amendment on its consolidated financial statements.

### IFRS 18 *Presentation and Disclosure in Financial Statements*

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. The standard introduces new required subtotals in the statement of earnings and disclosure requirements for management-defined performance measures. IFRS 18 applies for annual reporting periods beginning on or after January 1, 2027. Early adoption is permitted.

## 4. Business Acquisition

### D.A. Matot, Inc.

On April 5, 2024, the Corporation acquired the dumbwaiter and material lift assets of D.A. Matot, Inc. ("Matot") for a net purchase price of approximately $7,750,000 (US$5,700,000). Matot is a leading North American supplier of lifts used for the movement of goods in commercial and industrial applications. Dumbwaiters and material lifts are used in a wide range of activities, including within hospital and healthcare facilities, the hospitality sector, and a variety of retail and industrial settings.

The transaction was considered as a business combination and accounted for using the acquisition method. The purchased assets were mainly intangible assets and goodwill and have been allocated to the *Accessibility* reportable segment. The allocation of the purchase price was finalized during the quarter and the goodwill amounted to $1,765,000 (US$1,300,000), and will be non-deductible for tax purposes.

## 5. Long-term Debt

| | **September 30, 2024** | December 31, 2023 |
|---|---|---|
| Revolving Facility [1] | **$ 255,621** | $ 276,208 |
| Notes payable related to business acquisitions | **2,425** | 1,769 |
| | **$ 258,046** | **$ 277,977** |
| Less: Current portion | **1,996** | 1,170 |
| | **$ 256,050** | **$ 276,807** |

[1] Net of deferred financing costs of $2,246,000 (2023 - $2,831,000).

### Revolving Facility

The Corporation has a revolving facility as follows:

- Amount available of $450,000,000 in Canadian dollar (or in US dollar, euro or British pound equivalent);
- The revolving facility comes to maturity on August 15, 2027;
- Interest is payable on a monthly basis. The applicable interest rate on the revolving facility is based on the credit rating assigned to the Corporation. According to the current credit rating, the rate is either the CORRA or SOFR, plus 1.75% or 1.55%, respectively, or the Canadian prime rate or US base rate, plus 0.45%, before the impact of the cross-currency swaps;
- As at September 30, 2024, an amount of $190,804,000 in US dollars was drawn on the revolving facility.

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

## 5. Long-term Debt (continued)

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

| | | 2024 |
|---|---|---|
| Balance at January 1 | $ | 277,977 |
| Net change in the revolving facility | | (25,653) |
| Note payable related to a business acquisition | | 815 |
| Note paid related to a previous business acquisition | | (202) |
| Amortization of deferred financing costs | | 586 |
| Impact of the change in foreign exchange rates | | 4,523 |
| | $ | 258,046 |
| Less: Current portion | | 1,996 |
| **Balance at September 30** | **$** | **256,050** |

## 6. Lease Liabilities

Reconciliation of movements of lease liabilities:

| | | 2024 |
|---|---|---|
| Balance at January 1 | $ | 41,404 |
| New leases | | 11,194 |
| Modifications | | 8,320 |
| Repayment of lease obligations | | (9,133) |
| Interest on lease liabilities (Note 10) | | 1,495 |
| Disposal through business divestitures | | 2 |
| Impact of the change in foreign exchange rates | | 586 |
| | $ | 53,868 |
| Less: Current portion | | 10,742 |
| **Balance at September 30** | **$** | **43,126** |

## 7. Share Capital

### A) Share Capital and Contributed Surplus

During the first nine months of 2024, the Corporation issued 423,115 common shares (2023-158,557) at an average price of $15.79 per share (2023-$14.10) following the exercise of stock options. These exercises resulted in an increase in share capital of $8,131,000 (2023-$2,866,000) and a decrease in contributed surplus of $1,448,000 (2023-$630,000).The average closing price of the Corporation's shares on the exercise dates of options exercised during 2024 was $19.40 (2023-$16.49).

On September 15, 2023, the Corporation issued 4,363,100 common shares via a public offering and 1,983,750 common shares via a concurrent private placement with Caisse de dépôt et placement du Québec ("CDPQ"), both at a price of $14.50, for aggregate gross proceeds of $92,029,000, which included the full exercise of the over-allotment option granted to the underwriters of the offering and the additional subscription option granted to CDPQ. Net proceeds after transaction costs of $4,645,000 were $87,384,000. Transaction fees after tax amounted to $3,414,000.

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

## 7. Share Capital (continued)

### A) Share Capital and Contributed Surplus (continued)

The following table presents the reconciliation of outstanding stock options as at September 30, 2024 and 2023:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price | Number of options | Weighted average exercise price |
| Outstanding at January 1 | **3,117,450** | **$ 15.86** | 3,216,064 | $ 16.02 |
| Granted | **979,921** | **16.38** | 185,779 | 16.12 |
| Exercised | **(423,115)** | **15.79** | (158,557) | 14.10 |
| Expired and forfeited | **(105,166)** | **17.18** | (144,169) | 16.05 |
| **Outstanding at September 30** | **3,569,090** | **$ 15.98** | **3,099,117** | **$ 16.08** |

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

| | **2024** |
|---|---|
| Number of options granted | **979,921** |
| Risk-free interest rate [1] | **3.44%** |
| Expected dividend yield [1] | **3.16%** |
| Expected volatility [1] | **32%** |
| Expected term | **4-6 years** |

[1] Weighted average

### B) Dividends

The following dividends were declared and paid by the Corporation:

| | Nine months ended September 30, **2024** | 2023 |
|---|---|---|
| Dividends declared | **$ 27,813** | $ 25,428 |
| Amount declared per share in cents | **39.1** | 39.0 |
| Dividends paid | **$ 27,677** | $ 25,146 |
| Amount paid per share in cents | **39.0** | 39.0 |

## 8. Strategic Initiatives Expenses

In 2023, the Corporation initiated a two-year strategic plan called *Savaria One* to optimize sales and operations. Strategic initiative expenses are predominantly related to consulting fees.

## 9. Other Expenses (Income)

Other expenses (income) encompass items of financial performance which the Corporation believes should be separately identified in the consolidated statement of earnings to assist in understanding its operating financial performance.

Business acquisition costs pertain to transaction costs incurred related to business purchases (successful or not). Business integration costs pertain to costs incurred to integrate newly acquired businesses.

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

## 9. Other Expenses (Income) (continued)

On February 1st, 2024, Savaria sold all of the issued and outstanding shares of its wholly-owned subsidiaries, Van-Action and Freedom Motors, to Driverge Canada, a subsidiary of Driverge Vehicle Innovations, LLC. The net gain of $879,000 from these divestitures was recorded in other expenses (income) as of September 30, 2024.

In 2023, Savaria sold all of the issued and outstanding shares of its wholly-owned subsidiary Handicare AS, based in Norway, to Drive AS, a subsidiary of Cognia AS. The divestiture of Handicare AS resulted in a net loss of $1,358,000 as of September 30, 2023.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Business acquisition costs | **$ -** | $ - | **$ 208** | $ - |
| Business integration costs | **47** | - | **291** | 1,799 |
| Loss (gain) on business divestitures | **-** | - | **(879)** | 1,358 |
| | **$ 47** | **$ -** | **$ (380)** | **$ 3,157** |

## 10. Net Finance Costs

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Interest on long-term debt | **$ 4,199** | $ 5,932 | **$ 12,594** | $ 16,881 |
| Interest on lease liabilities | **548** | 379 | **1,495** | 1,106 |
| Other interests and bank charges | **85** | 42 | **191** | 252 |
| Deferred financing costs and accretion expenses | **203** | 358 | **626** | 916 |
| Interest income | **(167)** | (192) | **(369)** | (670) |
| Net loss (gain) on foreign currency exchange | **1,704** | (304) | **643** | (728) |
| Net gain on financial instruments (Note 12) | **(2,184)** | - | **(229)** | - |
| Ineffective portion of changes in fair value of net investment hedges | **(9)** | (703) | **(51)** | (703) |
| | **$ 4,379** | **$ 5,512** | **$ 14,900** | **$ 17,054** |

## 11. Net Changes in Non-cash Operating Items

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Trade and other receivables | **$ 6,408** | $ (4,458) | **$ 10,019** | $ (10,904) |
| Inventories | **(2,797)** | 1,979 | **(6,654)** | (13,007) |
| Prepaid expenses and other current assets | **4,027** | (1,726) | **(408)** | (4,366) |
| Other long-term assets | **9** | (71) | **(16)** | (61) |
| Trade and other payables | **(766)** | 2,413 | **3,814** | 1,009 |
| Deferred revenues | **(1,530)** | (18) | **(3,668)** | 4,914 |
| Provisions | **(332)** | (68) | **(241)** | 789 |
| Other long-term liabilities | **305** | 382 | **2,058** | 440 |
| | **$ 5,324** | **$ (1,567)** | **$ 4,904** | **$ (21,186)** |

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

## 12. Derivative Financial Instruments

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

| | **September 30, 2024** | December 31, 2023 |
|---|---|---|
| **Current assets** | | |
| Foreign exchange contracts | **$ 984** | $ 1,714 |
| Interest rate swaps | **-** | 488 |
| Cross-currency swaps | **4,135** | - |
| | **$ 5,119** | **$ 2,202** |
| **Non-current assets** | | |
| Foreign exchange contracts | **$ 324** | $ 930 |
| Cross-currency swaps | **-** | 5,241 |
| | **$ 324** | **$ 6,171** |
| **Current liabilities** | | |
| Cross-currency swaps | **$ 7** | $ 2,935 |
| **Non-current liabilities** | | |
| Cross-currency swaps | **$ 3,140** | $ - |

All of these derivative financial instruments are Level 2. The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rates swaps and cross-currency swaps is calculated as the present value of estimated future cash flows over the remaining term of the contracts and based on market data (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. The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values. The carrying amount of the long-term debt approximates its fair values since it bears interest at variable rates.

During the first quarter, the Corporation entered into forward exchange contracts and cross-currency swaps in expectation of the settlement of some of its cross-currency swaps in 2024 and 2025. As at September 30, 2024 a net gain of $229,000 was recorded in financial expenses related to the change in fair value through earnings of these instruments.

## 13. Reportable Segments

### Information About the Reportable Segments

For the purpose of financial reporting, the business is structured into two reportable segments according to their respective addressable markets. The *Accessibility* segment includes the designing, manufacturing, distribution and installation of a wide portfolio of accessibility products including commercial and home elevators, stairlifts, platform lifts and dumbwaiters, for personal, residential or commercial applications. It also sells a wide variety of wheelchair accessible motor vehicles and adapted for people with special needs. The *Patient Care* segment includes the designing, manufacturing, distribution, and installation of ceiling lifts, patient transfer slings and accessories, floor lifts, standing aids, bathing equipment, medical beds, therapeutic support surfaces and pressure management products used in healthcare facilities and in home care settings.

The Corporation's management assesses the performance of the reportable segments based on revenue and adjusted EBITDA. Adjusted EBITDA is defined as earnings before net finance costs, taxes, depreciation and amortization, strategic initiatives expenses, other expenses (income) and stock-based compensation expense. Head office costs pertain to salaries and costs related to centralized functions, such as finance and legal, which are not allocated to segments.

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

## 13. Reportable Segments (continued)

### Information About the Reportable Segments (continued)

| | Three months ended September 30, | | | |
|---|---|---|---|---|
| | **Accessibility** | **Patient Care** | **Head Office** | **Total** |
| **2024** | | | | |
| Revenue | **$ 169,769** | **$ 43,865** | **$ -** | **$ 213,634** |
| Adjusted EBITDA | **$ 36,217** | **$ 7,627** | **$ (2,107)** | **$ 41,737** |
| Stock-based compensation | **-** | **-** | **766** | **$ 766** |
| Strategic initiatives expenses | **3,378** | **930** | **1,105** | **$ 5,413** |
| Other expenses (income) | **91** | **-** | **(44)** | **$ 47** |
| Depreciation and amortization expense | **10,270** | **2,192** | **1,009** | **$ 13,471** |
| **Operating income** | **$ 22,478** | **$ 4,505** | **$ (4,943)** | **$ 22,040** |
| 2023 | | | | |
| Revenue | $ 166,262 | $ 43,832 | $ - | **$ 210,094** |
| Adjusted EBITDA [1] | $ 29,881 | $ 6,140 | $ (1,537) | **$ 34,484** |
| Stock-based compensation | - | - | 615 | **$ 615** |
| Strategic initiatives expenses | 21 | 71 | 788 | **$ 880** |
| Other expenses | - | - | - | **$ -** |
| Depreciation and amortization expense | 9,148 | 2,094 | 1,125 | **$ 12,367** |
| **Operating income** | **$ 20,712** | **$ 3,975** | **$ (4,065)** | **$ 20,622** |

[1] As a result of the presentation of the distinct line strategic initiatives expenses and the change in the definition of adjusted EBITDA, Q3 2023 quarterly and year-to-date figures were restated.

| | Nine months ended September 30, | | | |
|---|---|---|---|---|
| | **Accessibility** | **Patient Care** | **Head Office** | **Total** |
| **2024** | | | | |
| Revenue | **$ 503,585** | **$ 140,837** | **$ -** | **$ 644,422** |
| Adjusted EBITDA | **$ 99,959** | **$ 24,866** | **$ (6,462)** | **$ 118,363** |
| Stock-based compensation | **-** | **-** | **2,039** | **$ 2,039** |
| Strategic initiatives expenses | **10,948** | **1,891** | **3,220** | **$ 16,059** |
| Other expenses (income) | **(764)** | **-** | **384** | **$ (380)** |
| Depreciation and amortization expense | **28,893** | **6,246** | **3,141** | **$ 38,280** |
| **Operating income** | **$ 60,882** | **$ 16,729** | **$ (15,246)** | **$ 62,365** |
| 2023 | | | | |
| Revenue | $ 479,684 | $ 140,431 | $ - | **$ 620,115** |
| Adjusted EBITDA [1] | $ 75,280 | $ 25,216 | $ (5,526) | **$ 94,970** |
| Stock-based compensation | - | - | 1,563 | **$ 1,563** |
| Strategic initiatives expenses | 21 | 71 | 1,038 | **$ 1,130** |
| Other expenses | 1,670 | 130 | 1,357 | **$ 3,157** |
| Depreciation and amortization expense | 27,153 | 6,311 | 3,349 | **$ 36,813** |
| **Operating income** | **$ 46,436** | **$ 18,704** | **$ (12,833)** | **$ 52,307** |

[1] As a result of the presentation of the distinct line strategic initiatives expenses and the change in the definition of adjusted EBITDA, Q3 2023 quarterly and year-to-date figures were restated.

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

## 13. Reportable Segments (continued)

### Disaggregation of Revenue

| | Three months ended September 30, | | |
|---|---|---|---|
| | **Accessibility** | **Patient Care** | **Total** |
| **2024** | | | |
| **Revenue by region** | | | |
| Canada | **$ 21,786** | **$ 16,153** | **$ 37,939** |
| United States | **70,858** | **25,276** | **96,134** |
| Europe and rest of world | **77,125** | **2,436** | **79,561** |
| | **$ 169,769** | **$ 43,865** | **$ 213,634** |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | **$ 152,569** | **$ 38,818** | **$ 191,387** |
| Services provided over time | **17,200** | **5,047** | **22,247** |
| | **$ 169,769** | **$ 43,865** | **$ 213,634** |
| 2023 | | | |
| **Revenue by region** | | | |
| Canada | $ 20,562 | $ 13,847 | **$ 34,409** |
| United States | 64,150 | 27,554 | **91,704** |
| Europe and rest of world | 81,550 | 2,431 | **83,981** |
| | **$ 166,262** | **$ 43,832** | **$ 210,094** |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | $ 152,494 | $ 38,454 | **$ 190,948** |
| Services provided over time | 13,768 | 5,378 | **19,146** |
| | **$ 166,262** | **$ 43,832** | **$ 210,094** |

| | Nine months ended September 30, | | |
|---|---|---|---|
| | **Accessibility** | **Patient Care** | **Total** |
| **2024** | | | |
| **Revenue by region** | | | |
| Canada | **$ 65,989** | **$ 46,703** | **$ 112,692** |
| United States | **205,148** | **86,662** | **291,810** |
| Europe and rest of world | **232,448** | **7,472** | **239,920** |
| | **$ 503,585** | **$ 140,837** | **$ 644,422** |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | **$ 454,277** | **$ 124,345** | **$ 578,622** |
| Services provided over time | **49,308** | **16,492** | **65,800** |
| | **$ 503,585** | **$ 140,837** | **$ 644,422** |
| 2023 | | | |
| **Revenue by region** | | | |
| Canada | $ 57,663 | $ 46,712 | **$ 104,375** |
| United States | 181,089 | 86,207 | **267,296** |
| Europe and rest of world | 240,932 | 7,512 | **248,444** |
| | **$ 479,684** | **$ 140,431** | **$ 620,115** |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | $ 438,800 | $ 122,963 | **$ 561,763** |
| Services provided over time | 40,884 | 17,468 | **58,352** |
| | **$ 479,684** | **$ 140,431** | **$ 620,115** |

**SAVARIA CORPORATION**
4350 Highway 13 Laval QC H7R 6E9 Canada
450.681.5655 800.931.5655 **savaria.com**