Q2

Quarterly
REPORT

SAVARIA CORPORATION

Quarterly Report

For the Three-Month and Six-Month Periods Ended June 30, 2023

savaria

SAVARIA CORPORATION

Management's Discussion & Analysis Report

For the three-month and six-month periods ended June 30, 2023

Contents

1. Basis of Presentation

The following management's discussion and analysis ("MD&A"), dated August 9, 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 six-month periods ended June 30, 2023, in comparison to the corresponding periods of fiscal 2022. 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 and the MD&A for the same period. Unless otherwise indicated, all amounts are expressed in Canadian dollars. Amounts in certain passages of this MD&A may be expressed in millions of Canadian dollars ("M"); however, all percentage references related to such amounts are calculated based on the thousands of Canadian dollars amount figures contained in the corresponding tables.

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

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

2. Forward-Looking Statements

This MD&A includes certain statements which are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A which is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe," "could," "should," "intend," "expect," "estimate," "assume" and other similar expressions are generally intended to identify forward-looking statements. It is important to know the forward-looking statements in this MD&A describe our expectations as at August 9, 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 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 & 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 excludes 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	2023		2022				2021	
in thousands of dollars	Trailing 12 months	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Operating Income	$69,059	**$16,226**	$15,459	$19,843	$17,531	$17,738	$8,829	$10,207	$10,382
Amortization and depreciation expense	47,977	**12,258**	12,188	11,494	12,037	12,237	13,334	12,347	14,676
Stock-based compensation	1,921	**538**	410	274	699	469	420	564	563
Other expenses	5,613	**-**	3,157	1,699	757	1,025	1,839	6,132	692
Adjusted EBITDA*	$124,570	**$29,022**	$31,214	$33,310	$31,024	$31,469	$24,422	$29,250	$26,313

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

	Q2 2023			
in thousands of dollars, except percentages	Accessibility [1]	Patient Care	Head Office	**Total**
Operating Income	$12,091	$7,391	$(3,256)	**$16,226**
Amortization and depreciation expense	9,277	1,860	1,121	**$12,258**
Stock-based compensation	-	-	538	**$538**
Other expenses	-	-	-	**-**
Adjusted EBITDA*	$21,368	$9,251	$(1,597)	**$29,022**
Adjusted EBITDA Margin*	14.2%	19.4%	n/a	**14.6%**
	Q2 2022			
Operating Income	$17,302	$4,317	$(3,881)	**$17,738**
Amortization and depreciation expense	8,673	2,125	1,439	**$12,237**
Stock-based compensation	-	-	469	**$469**
Other expenses	559	256	210	**$1,025**
Adjusted EBITDA*	$26,534	$6,698	$(1,763)	**$31,469**
Adjusted EBITDA Margin*	17.9%	15.3%	n/a	**16.4%**

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

[1] As a result of the change in the composition of the reportable segments, the information from previous periods was restated, refer to section 4.1

in thousands of dollars, except percentages	Accessibility [1]	Patient Care	Head Office	Total
		YTD 2023		
Operating Income	$25,724	$14,729	$(8,768)	**$31,685**
Amortization and depreciation expense	18,005	4,217	2,224	**$24,446**
Stock-based compensation	-	-	948	**$948**
Other expenses	1,670	130	1,357	**$3,157**
Adjusted EBITDA*	$45,399	$19,076	$(4,239)	**$60,236**
Adjusted EBITDA Margin*	14.5%	19.7%	n/a	**14.7%**
		YTD 2022		
Operating Income	$29,393	$6,279	$(9,105)	**$26,567**
Amortization and depreciation expense	17,206	4,903	3,462	**$25,571**
Stock-based compensation	-	-	889	**$889**
Other expenses	995	862	1,007	**$2,864**
Adjusted EBITDA*	$47,594	$12,044	$(3,747)	**$55,891**
Adjusted EBITDA Margin*	16.4%	14.1%	n/a	**14.9%**

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

[1] As a result of the change in the composition of the reportable segments, the information from previous periods was restated, refer to section 4.1

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.

AVAILABLE CREDIT FACILITIES AND AVAILABLE FUNDS

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. 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 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.

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.

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 two business 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. It also converts and adapts a wide variety of motor vehicles to make them wheelchair accessible and adapted for people with special needs. 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 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 dealer network worldwide.

As at August 9, 2023, Savaria's workforce totaled approximately 2,250 employees worldwide.

4.1 REPORTABLE SEGMENTS OF THE CORPORATION

Prior to the sale of Handicare AS in March 2023, the Corporation managed and reported its business under three operating segments, *Accessibility*, *Patient Care* and *Adapted Vehicles*, each of which was a reportable segment for financial reporting purposes.

Effective April 1, 2023, the Corporation consolidated its reporting structure and combined the remaining operations of the *Adapted Vehicles* segment within the *Accessibility* segment as they share similar economic characteristics given that the products of each segment are accessibility-related.

Moving forward, the business is now structured into two reportable segments, *Accessibility* and *Patient Care* according to their respective addressable markets. As a result of this change, the information from previous periods was restated.

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 lowered-floor wheelchair accessible conversions for selected brands of minivans, either for personal, residential or commercial applications. Savaria operates manufacturing facilities in Canada (Laval, Brampton, Toronto 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 30 company-owned direct sales offices, through which the Corporation also provides installation, repair and maintenance services. The Handicare vehicle division which was sold in Q1 2023 previously served the Norwegian marketplace and was mainly focused on commercial adaptations for emergency services including police, fire and rescue, and paramedics vehicles.

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. 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 the reportable segments, by region, for the six-month period ended June 30:

in thousands of dollars, except percentages	YTD 2023					
	Accessibility		Patient Care		Total	
Canada	**$37,101**	**11.8%**	**$32,865**	**34.0%**	**$69,966**	**17.1%**
United States	**116,939**	**37.3%**	**58,653**	**60.7%**	**175,592**	**42.8%**
Europe and others	**159,382**	**50.9%**	**5,081**	**5.3%**	**164,463**	**40.1%**
Total	**$313,422**	**100.0%**	**$96,599**	**100.0%**	**$410,021**	**100.0%**

	YTD 2022					
	Accessibility		Patient Care		Total	
Canada	$32,810	11.3%	$32,582	38.1%	$65,392	17.4%
United States	94,782	32.7%	47,412	55.4%	142,194	37.9%
Europe and others	162,480	56.0%	5,531	6.5%	168,011	44.7%
Total	**$290,072**	**100.0%**	**$85,525**	**100.0%**	**$375,597**	**100.0%**

5. Financial Highlights

in thousands of dollars, except per-share amounts	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenue	**$198,396**	$192,061	**$410,021**	$375,597
Gross Profit	**67,105**	65,582	**139,138**	124,103
Operating income	**$16,226**	$17,738	**$31,685**	$26,567
Adjusted EBITDA*	**$29,022**	$31,469	**$60,236**	$55,891
Adjusted EBITDA margin*	**14.6%**	16.4%	**14.7%**	14.9%
Net earnings	**8,789**	8,125	**14,828**	13,472
Adjusted net earnings*	**8,789**	8,890	**17,176**	15,656
Diluted net earnings per share	**$0.14**	$0.13	**$0.23**	$0.21
Adjusted net earnings per share*	**$0.14**	$0.14	**$0.27**	$0.24

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

Q2 2023 HIGHLIGHTS

- Revenue for the quarter was $198.4M, up $6.3M or 3.3%, compared to Q2 2022, due to organic growth of 3.4% coming from both segments and a positive foreign exchange impact of 3.8%, partially offset by the divestiture of the Norway operations.
    - *Accessibility* organic growth stood at 2.8% while the growth in North America reached 12.1%
    - *Patient Care* organic growth stood at 5.3%
- Gross profit was $67.1M, up $1.5M or 2.3%, compared to Q2 2022, representing 33.8% of revenue compared to 34.1% in Q2 2022.
- Operating income was $16.2M, down $1.5M or 8.5%, compared to Q2 2022, representing 8.2% of revenue compared to 9.2% in Q2 2022.
- Adjusted EBITDA was $29.0M, down $2.4M or 7.8%, compared to Q2 2022.
- Adjusted EBITDA margin stood at 14.6%, down 180 bps compared to 16.4% in Q2 2022.
- *Accessibility* adjusted EBITDA was $21.4M, a decrease of $5.2M or 19.5% compared to Q2 2022.

- *Patient Care* adjusted EBITDA was $9.3M, an increase of $2.6M or 38.1% compared to Q2 2022.
- Net earnings and adjusted net earnings for the quarter were $8.8M, or $0.14 per share on a diluted basis, compared to respectively $8.1M or $0.13 and $8.9M or $0.14 per share on a diluted basis in Q2 2022.

6. Financial Review

6.1 REVENUE

During the quarter, the Corporation generated revenue of $198.4M, up $6.3M or 3.3%, compared to the same period in 2022. The increase was due to organic growth of 3.4% and a positive foreign exchange impact of 3.8%, partially offset by the divestiture of the Norway operations.

For the six-month period ended June 30, 2023, the Corporation generated revenue of $410.0M, up $34.4M or 9.2%, compared to the same period in 2022. The increase is mainly due to organic growth of 8.3% and a positive foreign exchange impact of 2.9%. The growth was also partially offset by the aforementioned divestiture.

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

	Q2		
in thousands of dollars, except percentages	Accessibility	Patient Care	**Total**
Revenue 2023	$150,624	$47,772	**$198,396**
Revenue 2022	$148,191	$43,870	**$192,061**
Net change %	1.6%	8.9%	**3.3%**
Organic Growth[1]	2.8%	5.3%	**3.4%**
Acquisition/divestiture Impact[2]	(5.1)%	0.0%	**(3.9)%**
Foreign Currency Impact[3]	3.9%	3.6%	**3.8%**
Net change %	1.6%	8.9%	**3.3%**

[1] Organic growth represents the revenue growth 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 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	**Total**
Revenue 2023	$313,422	$96,599	**$410,021**
Revenue 2022	$290,072	$85,525	**$375,597**
Net change %	8.1%	12.9%	**9.2%**
Organic Growth[1]	8.1%	9.1%	**8.3%**
Acquisition/divestiture Impact[2]	(2.6)%	0.0%	**(2.0)%**
Foreign Currency Impact[3]	2.6%	3.8%	**2.9%**
Net change %	8.1%	12.9%	**9.2%**

[1] Organic growth represents the revenue growth 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 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 $150.6M for the quarter, an increase of $2.4M or 1.6%, compared to the same period in 2022. The increase in revenue was related to organic growth of 2.8% driven by continued strong demand in both the residential and commercial sectors, in North America (12.1%), price increases and cross-selling synergies with Handicare. The growth was also driven by a positive foreign exchange impact of 3.9%, mainly coming from the USD, EUR and GBP currencies. This was partially offset by the divestiture of the Norway business as well as decreased production and delivery of stairlift products in Europe during April and May due to the implementation of a new ERP system.

For the six-month period ended June 30, 2023, revenue from our *Accessibility* segment was $313.4M, an increase of $23.4M, or 8.1%, compared to the same period in 2022. The increase in revenue was related to organic growth of 8.1%, driven by the same factors listed above for the quarter and also to a positive foreign exchange impact of 2.6%. The growth was also partially offset by the divestiture of Norway and the impact of the system implementation in Europe.

6.1.2 Patient Care

Revenue from our *Patient Care* segment was $47.8M for the quarter, an increase of $3.9M or 8.9%, compared to the same period in 2022. The increase in revenue was related to organic growth of 5.3% explained by new contracts signed with healthcare facilities, cross-selling synergies with Handicare and pricing initiatives. The growth was also driven by a positive foreign exchange impact of 3.6% coming from the USD currency.

For the six-month period ended June 30, 2023, revenue from our *Patient Care* segment was $96.6M, an increase of $11.1M, or 12.9%, compared to the same period in 2022. The increase in revenue was related to organic growth of 9.1% driven by the same factors listed above for the quarter and a positive foreign exchange impact of 3.8%.

6.2 GROSS PROFIT AND OPERATING INCOME

	Q2				YTD			
in thousands of dollars, except per-share amounts and % revenue	**2023**		2022		**2023**		2022	
Revenue	**$198,396**		$192,061		**$410,021**		$375,597	
Cost of sales	**131,291**	**66.2%**	126,479	65.9%	**270,883**	**66.1%**	251,494	67.0%
Gross Profit	**$67,105**	**33.8%**	$65,582	34.1%	**$139,138**	**33.9%**	$124,103	33.0%
Selling and administrative expenses	**50,879**	**25.6%**	46,819	24.4%	**104,296**	**25.4%**	94,672	25.2%
Other expenses	**-**	**-**	1,025	0.5%	**3,157**	**0.8%**	2,864	0.7%
Operating income	**$16,226**	**8.2%**	$17,738	9.2%	**$31,685**	**7.7%**	$26,567	7.1%
Net finance costs	**4,507**	**2.3%**	6,436	3.3%	**11,542**	**2.8%**	7,811	2.1%
Earnings before income tax	**$11,719**	**5.9%**	$11,302	5.9%	**$20,143**	**4.9%**	$18,756	5.0%
Income tax expense	**2,930**	**1.5%**	3,177	1.7%	**5,315**	**1.3%**	5,284	1.4%
Net Earnings	**$8,789**	**4.4%**	$8,125	4.2%	**$14,828**	**3.6%**	$13,472	3.6%
Adjusted EBITDA*	**$29,022**	**14.6%**	$31,469	16.4%	**$60,236**	**14.7%**	$55,891	14.9%
Basic net earnings per share	**$0.14**		$0.13		**$0.23**		$0.21	
Diluted net earnings per share	**$0.14**		$0.13		**$0.23**		$0.21	

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

For the quarter, the increase in gross profit of $1.5M when compared to the same period in 2022, was mainly attributable to additional revenue and favorable foreign exchange rates used in the conversion of the results of subsidiaries. The decrease in gross margin is mainly due to the aforementioned system implementation and by year-over-year inflationary impacts in Europe, partially offset by greater profitability coming from the *Patient Care* segment and North American entities in the *Accessibility* segment, due to better cost absorption, favorable product mix and improved pricing. For the six-month period ended June 30, 2023, gross margin benefited from the first quarter favorable impact despite the unfavorable factors described above for the second quarter, when compared to the same period in 2022.

For the quarter, selling and administrative expenses as a percentage of revenue were higher by 120 bps, mainly explained by higher selling and administrative personnel expenses to support planned revenue volume in 2023 when compared to Q2 2022. For the six-month period ended June 30, 2023, selling and administrative expenses as a percentage of revenue were slightly higher by 20 bps, when compared to the same period in 2022.

For the quarter, the Corporation didn't incur other expenses while $1.0M was incurred in the same period in 2022. Year-to-date amount totaled $3.2M compared to $2.9M in 2022. In 2023, these expenses consisted mainly of integration costs in connection with Handicare and the loss on the divestiture of Norway for $1.4M while in 2022, they consisted mainly of integration costs.

Consequently, operating income stood at $16.2M for the quarter, a decrease of $1.5M when compared to $17.7M for the same period in 2022, with a year-to-date amount totaling $31.7M compared to $26.6M in 2022. For the quarter, the decrease was mainly attributable to the impact of higher selling and administrative expenses as a percentage of revenue, while year-to-date the increase was mainly due to the additional revenue contribution, despite higher other expenses.

6.3 ADJUSTED EBITDA

Adjusted EBITDA and adjusted EBITDA margin for the quarter stood at $29.0M and 14.6%, respectively, compared to $31.5M and 16.4% for the same period in 2022. The reduced profitability is mainly explained by the aforementioned decrease in gross margin and higher selling and administrative expenses as a percentage of revenue. The Corporation's *Patient Care* segment adjusted EBITDA margin increased versus the prior year period due to improvements in gross margins, while the adjusted EBITDA margin from the *Accessibility* segment was lower in Europe.

For the six-month period ended June 30, 2023, adjusted EBITDA and adjusted EBITDA margin stood at $60.2M and 14.7%, respectively, compared to $55.9M and 14.9% for the same period in 2022. The year-to-date decrease in adjusted EBITDA margin is due to reduced profitability in the second quarter, driven by the aforementioned factors.

Head office costs for the three-month and six-month periods ended June 30, 2023 stood at $1.6M and $4.2M respectively. The first quarter was unfavorably impacted by one-off professional fees.

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	Head Office	**Total**
		Q2 2023		
Revenue	$150,624	$47,772	n/a	**$198,396**
Adjusted EBITDA*	$21,368	$9,251	$(1,597)	**$29,022**
Adjusted EBITDA Margin*	14.2%	19.4%	n/a	**14.6%**
		Q2 2022		
Revenue	$148,191	$43,870	n/a	**$192,061**
Adjusted EBITDA*	$26,534	$6,698	$(1,763)	**$31,469**
Adjusted EBITDA Margin*	17.9%	15.3%	n/a	**16.4%**
		YTD 2023		
Revenue	$313,422	$96,599	n/a	**$410,021**
Adjusted EBITDA*	$45,399	$19,076	$(4,239)	**$60,236**
Adjusted EBITDA Margin*	14.5%	19.7%	n/a	**14.7%**
		YTD 2022		
Revenue	$290,072	$85,525	n/a	**$375,597**
Adjusted EBITDA*	$47,594	$12,044	$(3,747)	**$55,891**
Adjusted EBITDA Margin*	16.4%	14.1%	n/a	**14.9%**

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

6.3.1 Accessibility

For the quarter, *Accessibility* adjusted EBITDA and adjusted EBITDA margin stood at $21.4M and 14.2%, respectively, compared to $26.5M and 17.9% for the same period in 2022. The decrease in adjusted EBITDA and adjusted EBITDA margin was mainly due to the system implementation in Europe, causing production and delivery issues, year-over-year inflationary impacts resulting in higher material and labour costs and to a lower extent the divestiture of the Norway operations, partially offset by better cost absorption from greater revenues in North America.

For the six-month period ended June 30, 2023, adjusted EBITDA and adjusted EBITDA margin stood at $45.4M and 14.5%, respectively, compared to $47.6M and 16.4% for the same period in 2022.

6.3.2 Patient Care

For the quarter, *Patient Care* adjusted EBITDA and adjusted EBITDA margin stood at $9.3M and 19.4%, respectively, compared to $6.7M and 15.3% for the same period in 2022. The increase in adjusted EBITDA and adjusted EBITDA margin was mainly due to the increase in revenues and improvements in gross margin mainly explained by better cost absorption, product mix, pricing initiatives and synergies with Handicare.

For the six-month period ended June 30, 2023, adjusted EBITDA and adjusted EBITDA margin stood at $19.1M and 19.7%, respectively, compared to $12.0M and 14.1% for the same period in 2022.

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 $4.5M compared to $6.4M for the same period in 2022. Interest on long-term debt increased by $2.6M when compared to 2022, due to higher market interest rates. Net finance costs were also impacted by a net foreign currency gain of $1.7M compared to a net loss of $2.5M in 2022, most of which was unrealized in nature.

For the six-month period ended June 30, 2023, net finance costs were $11.5M compared to $7.8M for the same period in 2022. The increase in net finance costs was mainly due to higher interest on long-term debt, along with a foreign currency gain of $0.4M when compared to a loss of $1.8M in 2022, most of which was unrealized in nature. Also, the Corporation incurred a gain on the ineffective portion of changes in fair value of net investment hedges of $0.8M in 2022 which was not repeated in 2023.

6.5 INCOME TAXES

For the quarter, an income tax expense of $2.9M was recorded on earnings before income taxes of $11.7M, representing an effective tax rate of 25.0% compared to an income tax expense of $3.2M and an effective tax rate of 28.1% for the same period in 2022. For the six-month period ended June 30, 2023, an income tax expense of $5.3M was recorded on earnings before taxes of $20.1M, representing an effective tax rate of 26.4%, whereas the effective tax rate was 28.2% for the same period in 2022. 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 ADJUSTED NET EARNINGS

in thousands of dollars, except number of shares and per-share amounts	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Net earnings	**$8,789**	$8,125	**$14,828**	$13,472
Other expenses	**-**	1,025	**3,157**	2,864
Income tax related to other expenses[1]	**-**	(260)	**(809)**	(680)
Adjusted net earnings*	**$8,789**	$8,890	**$17,176**	$15,656
In $ per share				
Diluted net earnings	**$0.14**	$0.13	**$0.23**	$0.21
Other expenses net of income tax[1]	**-**	0.01	**0.04**	0.03
Adjusted net earnings*	**$0.14**	$0.14	**$0.27**	$0.24
Diluted weighted average number of shares	**64,797,135**	64,489,238	**64,719,889**	64,510,442

* 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

For the quarter, the Corporation's net earnings were $8.8M or $0.14 per share on a diluted basis, compared to $8.1M or $0.13 per diluted share for the same period in 2022. The slight increase in net earnings and net earnings per share was mainly due to lower net finance costs despite the decrease in adjusted EBITDA. For the six-month period ended June 30, 2023, the Corporation's net earnings stood at $14.8M, or $0.23 per share on a diluted basis, compared to $13.5M or $0.21 per diluted share for the same period in 2022. The increase in net earnings and net earnings per share on a diluted basis was attributable to the increase in adjusted EBITDA partially offset by higher net finance costs.

For the quarter, the Corporation's adjusted net earnings were $8.8M or $0.14 per share on a diluted basis, compared to $8.9M or $0.14 per diluted share for the same period in 2022. For the six-month period ended June 30, 2023, the Corporation's net earnings stood at $17.2M, or $0.27 per share on a diluted basis, compared to $15.7M or $0.24 per diluted share for the same period in 2022.

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	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3
Revenue	$823,515	**$198,396**	$211,625	$212,100	$201,394	$192,061	$183,536	$189,529	$180,758
Gross Margin as a % of revenue	32.7%	**33.8%**	34.0%	31.2%	31.8%	34.1%	31.9%	31.5%	32.4%
Operating Income	$69,059	**$16,226**	$15,459	$19,843	$17,531	$17,738	$8,829	$10,207	$10,382
Adjusted EBITDA*	$124,570	**$29,022**	$31,214	$33,310	$31,024	$31,469	$24,422	$29,250	$26,313
Net earnings	$36,667	**$8,789**	$6,039	$11,258	$10,581	$8,125	$5,347	$945	$4,757
Net earnings per share - diluted	$0.57	**$0.14**	$0.09	$0.18	$0.16	$0.13	$0.08	$0.02	$0.07
Dividend declared per share	$0.517	**$0.130**	$0.130	$0.130	$0.127	$0.125	$0.125	$0.125	$0.122

* 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 fiscal year is typically its weakest period 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.

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 June 30, 2023.

in thousands of dollars	**June 30, 2023**	December 31, 2022
Total amount available under the revolving credit facility	**$400,000**	$400,000
Amount drawn under the revolving credit facility	**(319,717)**	(317,485)
Outstanding letters of credit	**(1,749)**	(1,559)
Available credit facilities*	**$78,534**	$80,956
Cash and cash equivalents	**40,956**	44,725
Available funds*	**$119,490**	$125,681
Current assets	**$323,394**	$327,314
Current liabilities	**171,115**	182,439
Working capital*	**$152,279**	$144,875
Ratio of current assets to current liabilities	**1.89**	1.79

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

8.2 NET DEBT

As at June 30, 2023, the Corporation had a net debt position of $372.9M, compared to $369.4M as of December 31, 2022. The increase in net debt of $3.4M is mainly driven by lower cash and cash equivalents in Europe.

in thousands of dollars	**June 30, 2023**	December 31, 2022
Amount drawn under the revolving credit facility and term loan facility	**$369,717**	$367,485
Notes payable related to business acquisitions	**1,765**	1,940
Outstanding letters of credit	**1,749**	1,559
Lease liabilities	**40,604**	43,190
Total debt*	**$413,835**	$414,174
Less: Cash and cash equivalents	**(40,956)**	(44,725)
Net debt*	**$372,879**	$369,449
Trailing twelve months adjusted EBITDA*[1]	**124,570**	120,225
Ratio of net debt to adjusted EBITDA*	**2.99**	3.07

* Non-IFRS measures are described in section 3 and reconciled both in this section and section 3
[1] Including 9 months of Handicare AS adjusted EBITDA

9. Liquidity

in thousands of dollars	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Cash flows related to operating activities before net changes in non-cash operating items	**$17,710**	$29,324	**$35,814**	$45,058
Net changes in non-cash operating items	**(17,500)**	(14,673)	**(19,619)**	(17,405)
Cash flows related to operating activities	**210**	14,651	**16,195**	27,653
Cash flows related to investing activities	**(4,548)**	(4,922)	**3,199**	(9,730)
Cash flows related to financing activities	**(15,019)**	(9,279)	**(21,352)**	(36,431)
Unrealized foreign exchange effect on cash held in foreign currencies	**(2,046)**	(35)	**(1,811)**	(668)
Net change in cash	**$(21,403)**	$415	**$(3,769)**	$(19,176)

9.1 OPERATING ACTIVITIES

For the quarter, cash flows related to operating activities before net changes in non-cash operating items reached $17.7M, versus $29.3M in the same period in 2022. The decrease mainly reflects the lower EBITDA of the Corporation and higher income tax paid. Net changes in non-cash operating items reduced liquidity by $17.5M, compared to $14.7M a year earlier, mainly impacted by increased inventories in Europe. As a result, cash generated from operating activities in Q2 2023 stood at $0.2M, compared to $14.7M in the same period in 2022.

For the six-month period ended June 30, 2023, cash flows related to operating activities before net changes in non-cash operating items reached $35.8M, versus $45.1M in the same period in 2022. Net changes in non-cash operating items reduced liquidity by $19.6M, compared to $17.4M a year earlier. As a result, cash generated from operating activities stood at $16.2M, compared to $27.7M in the same period in 2022.

9.2 INVESTING ACTIVITIES

For the quarter, cash used in investing activities was $4.5M compared to $4.9M in 2022. The Corporation disbursed $4.6M for fixed and intangible assets in 2023, compared to $4.9M in 2022.

For the six-month period ended June 30, 2023, cash received from investing activities was $3.2M compared to cash used of $9.7M in 2022. In 2023, net cash received from the Norway divestiture totaled $12.4M, while the Corporation disbursed $1.4M for the acquisition of Ultron in 2022. Conversely, disbursements of $9.2M for fixed and intangible assets were done in 2023, compared to $8.5M in 2022.

9.3 FINANCING ACTIVITIES

For the quarter, cash used in financing activities was $15.0M compared to $9.3M in 2022. The variation is mainly explained by a drawing of $0.8M on the credit facility compared to $3.8M a year earlier and higher interest paid of $2.7M in 2023.

For the six-month period ended June 30, 2023, cash used in financing activities was $21.4M compared to $36.4M in 2022. The main movements in 2023 include a drawing on the credit facility for $9.3M compared to a reimbursement of $11.7M in 2022 and higher interest paid of $5.3M.

9.4 DIVIDENDS

The aggregate monthly dividends declared and paid in the second quarter and six months of 2023 totaled $8.4M and $16.8M, respectively, compared to $8.1M and $16.1M for the same period in 2022. As at June 30, 2023, 64,580,654 shares were issued and outstanding, compared to 64,378,153 as at June 30, 2022.

9.5 STOCK OPTIONS

As at August 9, 2023, 3,087,451 stock options were outstanding at 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. 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 have been applied in preparing the interim condensed consolidated financial statements as at June 30, 2023.

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.

The adoption of these new amendments to standards has not had a material impact on the interim financial statements.

12. Risks and Uncertainties

Savaria is engaged in an industry exposed to various risks and uncertainties. The Corporation's operating results and financial position could be adversely affected by each of the risks and uncertainties described in its 2022 annual Management Discussion and Analysis Report, which are incorporated herein by reference:

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

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

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.

Following the completion of its first ESG materiality assessment, Savaria undertook a project to measure, baseline and better understand its global energy consumption through a comprehensive carbon footprint calculation of its Scope 1 and Scope 2 greenhouse gas emissions. The data gleaned from this study will help guide future energy efficiency initiatives.

Moreover, Savaria is also in the process of finalizing its ESG governance structure, and has formed an executive management committee responsible for steering the firm's overall ESG strategy. To that end, the committee has engaged external consultants to help it design and implement a global ESG KPI reporting structure and system for Savaria. As part of this mandate, the committee will develop an action plan to identify and close any gaps in assessing Savaria's preparedness to meet its ESG reporting obligations ahead of potential upcoming regulations.

14. Outlook

Savaria is expecting revenue growth of approximately 8-10%, when normalizing for the impact of the Norwegian auto division divesture, with an adjusted EBITDA margin 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 initiatives, and strong demand.

- Successful integration of Handicare and progress toward achieving the next strategic phase of synergies 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:* Aging population and 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 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.

2023

SAVARIA CORPORATION

Interim Condensed Consolidated Financial Statements

As at June 30, 2023

(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	June 30, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		**$ 40,956**	$ 44,725
Trade and other receivables		**109,279**	99,450
Income taxes receivable		**2,685**	2,769
Derivative financial instruments	*10*	**566**	369
Inventories		**157,082**	144,261
Prepaid expenses and other current assets		**12,826**	11,542
Assets held for sale		**-**	24,198
Total current assets		**323,394**	327,314
Non-current assets			
Derivative financial instruments	*10*	**8,901**	10,926
Fixed assets		**59,728**	59,168
Right-of-use assets		**39,506**	41,796
Intangible assets		**224,814**	236,941
Goodwill		**410,034**	412,236
Other long-term assets		**745**	721
Deferred tax assets		**25,098**	20,861
Total non-current assets		**768,826**	782,649
Total assets		**$ 1,092,220**	$ 1,109,963
Liabilities			
Current liabilities			
Trade and other payables		**$ 99,625**	$ 99,171
Dividend payable		**2,796**	2,790
Income taxes payable		**7,696**	11,723
Deferred revenues		**45,240**	40,801
Derivative financial instruments	*10*	**2,342**	587
Current portion of long-term debt	*5*	**1,169**	1,165
Current portion of lease liabilities		**8,149**	8,159
Provisions		**4,098**	3,815
Liabilities directly associated with the assets held for sale		**-**	14,228
Total current liabilities		**171,115**	182,439
Non-current liabilities			
Long-term debt	*5*	**368,328**	365,717
Lease liabilities		**32,455**	35,031
Long-term provisions		**5,908**	5,277
Other long-term liabilities		**9,340**	9,176
Income taxes payable		**280**	286
Derivative financial instruments	*10*	**-**	1,676
Deferred tax liabilities		**54,861**	57,392
Total non-current liabilities		**471,172**	474,555
Total liabilities		**642,287**	656,994
Equity			
Share capital	*6*	**459,081**	456,413
Contributed surplus		**8,594**	8,241
Accumulated other comprehensive income (loss)		**(12,880)**	(8,772)
Retained earnings (deficit)		**(4,862)**	(2,913)
Total equity		**449,933**	452,969
Total liabilities and equity		**$ 1,092,220**	$ 1,109,963

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 June 30,		Six months ended June 30,	
		2023	2022	**2023**	2022
Revenue	*11*	**$ 198,396**	$ 192,061	**$ 410,021**	$ 375,597
Cost of sales		**131,291**	126,479	**270,883**	251,494
Gross profit		**67,105**	65,582	**139,138**	124,103
Operating expenses					
Selling and administrative expenses		**50,879**	46,819	**104,296**	94,672
Other expenses	*7*	**-**	1,025	**3,157**	2,864
Total operating expenses		**50,879**	47,844	**107,453**	97,536
Operating income		**16,226**	17,738	**31,685**	26,567
Net Finance costs	*8*	**4,507**	6,436	**11,542**	7,811
Earnings before income tax		**11,719**	11,302	**20,143**	18,756
Income tax expense		**2,930**	3,177	**5,315**	5,284
Net Earnings		**$ 8,789**	$ 8,125	**$ 14,828**	$ 13,472
Earnings per share:					
Basic		**$ 0.14**	$ 0.13	**$ 0.23**	$ 0.21
Diluted		**$ 0.14**	$ 0.13	**$ 0.23**	$ 0.21
Basic weighted average number of shares		**64,538,432**	64,344,264	**64,498,154**	64,280,765
Diluted weighted average number of shares		**64,797,135**	64,489,238	**64,719,889**	64,510,442

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars - Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	**2023**	2022
Net Earnings	**$ 8,789**	$ 8,125	**$ 14,828**	$ 13,472
Items that will not be reclassified subsequently to net earnings or items that are directly reclassed 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	**761**	24	**314**	720
Net change on translation of financial statements of foreign operations, net of tax	**(11,929)**	(8,700)	**(6,135)**	(25,559)
Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges, net of tax	**(72)**	(20)	**11**	(236)
Net change in net investment hedges, net of tax	**3,582**	1,570	**1,688**	5,877
Other comprehensive income (loss)	**(7,658)**	(7,126)	**(4,108)**	(19,198)
Total comprehensive income (loss)	**$ 1,131**	$ 999	**$ 10,720**	$ (5,726)

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 six months ended June 30, 2023 and 2022

(in thousands of Canadian dollars - Unaudited)

	2023					
	Share capital			Accumulated other comprehensive income (loss)	Retained earnings (deficit)	
	Number	Amount	Contributed surplus			Total equity
Balance at January 1	**64,433,986**	**$ 456,413**	**$ 8,241**	**$ (8,772)**	**$ (2,913)**	**$ 452,969**
Net earnings	**-**	**-**	**-**	**-**	**14,828**	**14,828**
Stock-based compensation	-	-	948	-	-	**948**
Exercise of stock options (Note 6)	146,668	2,668	(595)	-	-	**2,073**
Dividends on common shares (Note 6)	-	-	-	-	(16,763)	**(16,763)**
Total transactions with shareholders	**146,668**	**2,668**	**353**	**-**	**(16,763)**	**(13,742)**
Other comprehensive income (loss)	**-**	**-**	**-**	**(4,108)**	**(14)**	**(4,122)**
Balance at June 30	**64,580,654**	**$ 459,081**	**$ 8,594**	**$ (12,880)**	**$ (4,862)**	**$ 449,933**

	2022					
	Share capital			Accumulated other comprehensive income (loss)	Retained earnings (deficit)	
	Number	Amount	Contributed surplus			Total equity
Balance at January 1	**64,212,154**	**$ 452,967**	**$ 7,003**	**$ (19,762)**	**$ (5,608)**	**$ 434,600**
Net earnings	**-**	**-**	**-**	**-**	**13,472**	**13,472**
Stock-based compensation	-	-	889	-	-	**889**
Exercise of stock options (Note 6)	165,999	2,677	(460)	-	-	**2,217**
Dividends on common shares (Note 6)	-	-	-	-	(16,088)	**(16,088)**
Total transactions with shareholders	**165,999**	**2,677**	**429**	**-**	**(16,088)**	**(12,982)**
Other comprehensive income (loss)	**-**	**-**	**-**	**(19,198)**	**-**	**(19,198)**
Balance at June 30	**64,378,153**	**$ 455,644**	**$ 7,432**	**$ (38,960)**	**$ (8,224)**	**$ 415,892**

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars - Unaudited)

		Three months ended June 30,		Six months ended June 30,	
	Note	**2023**	2022	**2023**	2022
Cash flows related to operating activities					
Net Earnings		**$ 8,789**	$ 8,125	**$ 14,828**	$ 13,472
Adjustments for:					
Depreciation of fixed assets		**2,230**	2,182	**4,182**	3,981
Depreciation of right-of-use assets		**2,527**	2,562	**4,918**	5,194
Amortization of intangible assets		**7,501**	7,493	**15,346**	16,396
Income tax expense		**2,930**	3,177	**5,315**	5,284
Loss on a business divestiture	*7*	**-**	-	**1,358**	-
Stock-based compensation		**538**	469	**948**	889
Ineffective portion of changes in fair value of net investment hedges	*8*	**-**	-	**-**	(768)
Loss (gain) on the sale and write-off of fixed assets and intangible assets		**28**	(20)	**38**	(28)
Unrealized foreign exchange (gain) loss		**(4,656)**	4,908	**(6,601)**	297
Interest and amortization of financing costs	*8*	**6,342**	3,756	**12,234**	6,640
Income tax paid		**(8,519)**	(3,328)	**(16,752)**	(6,299)
		17,710	29,324	**35,814**	45,058
Net changes in non-cash operating items	*9*	**(17,500)**	(14,673)	**(19,619)**	(17,405)
Net cash related to operating activities		**210**	14,651	**16,195**	27,653
Cash flows related to investing activities					
Business acquisitions	*5*	**-**	-	**(194)**	(1,383)
Proceeds from a business divestiture	*7*	**-**	-	**12,387**	-
Proceeds from sale of fixed assets		**94**	26	**172**	161
Additions to fixed assets		**(2,735)**	(2,444)	**(5,002)**	(3,917)
Increase in intangible assets		**(1,907)**	(2,504)	**(4,164)**	(4,591)
Net cash related to investing activities		**(4,548)**	(4,922)	**3,199**	(9,730)
Cash flows related to financing activities					
Net repayment of other long-term debt		**-**	-	**-**	(293)
Repayment of lease obligations		**(2,805)**	(2,810)	**(5,727)**	(5,655)
Net change in the revolving credit facility	*5*	**811**	3,782	**9,301**	(11,691)
Interest paid		**(5,631)**	(2,901)	**(10,242)**	(4,926)
Proceeds from exercise of stock options	*6*	**989**	699	**2,073**	2,217
Dividends paid on common shares	*6*	**(8,383)**	(8,049)	**(16,757)**	(16,083)
Net cash related to financing activities		**(15,019)**	(9,279)	**(21,352)**	(36,431)
Unrealized foreign exchange impact on cash held in foreign currencies		**(2,046)**	(35)	**(1,811)**	(668)
Net change in cash		**(21,403)**	415	**(3,769)**	(19,176)
Cash - Beginning of period		**62,359**	43,903	**44,725**	63,494
Cash - End of period		**$ 40,956**	$ 44,318	**$ 40,956**	$ 44,318

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 June 30, 2023 and 2022 comprise the accounts of Savaria Corporation and its wholly owned subsidiaries (together referred to as the "Corporation" or as "Savaria"). Savaria is a global leader in the accessibility industry. It provides accessibility solutions for the elderly and physically challenged to increase their comfort, their mobility and their independence. The activities of the Corporation are divided into two reportable segments: *Accessibility* and *Patient Care* as described in Note 11 - 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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34.

These interim condensed 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, 2022. 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 August 9, 2023.

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 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.

3. Significant Accounting Policies

The interim condensed consolidated financial statements have been prepared following the same accounting policies used in the audited annual consolidated financial statements for the year ended December 31, 2022.

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. Significant Accounting Policies (continued)

New Accounting Standards Adopted

The following new amendment to standards and interpretations have been applied in preparing the interim condensed consolidated financial statements as at June 30, 2023.

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.

The adoption of these new amendments to standards has not had a material impact on the interim financial statements.

4. Business Acquisition

Business Acquisitions realized during the previous 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 purchased assets were mainly fixed assets, intangible assets and goodwill. The goodwill has been allocated to the *Accessibility* reportable segment as applicable and is non-deductible for tax purposes.

5. Long-term debt

	June 30, 2023	December 31, 2022
Revolving Credit Facility [1]	**$ 317,775**	$ 315,014
Term Loan Facility [1]	**49,957**	49,928
Notes payable related to business acquisitions	**1,765**	1,940
	$ 369,497	**$ 366,882**
Less: Current portion	**1,169**	1,165
	$ 368,328	**$ 365,717**

[1] Net of deferred financing costs of respectively $1,942,000 and $43,000 (2022 - $2,471,000 and $72,000).

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 June 30, 2023, the rate was banker's acceptance rate, plus 2.00%, before the impact of the interest rate swap. This term Loan Facility comes to maturity on April 3, 2024. The Corporation has the right and intends to renew the facility before its maturity date.

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

5. Long-term debt (continued)

Revolving Credit Facility

The Corporation has a credit facility as follows:

- Amount available of $400,000,000; in Canadian dollar (or in US dollar, euro or British pound equivalent);
- As at June 30, 2023, an amount of $241,336,000 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 SOFR, plus 2.00% or 2.10%, or the Canadian prime rate or U.S. base rate, plus 1.00%, before the impact of the cross-currency swaps.

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

		2023
Balance at January 1	**$**	**366,882**
Net change in the revolving credit facility		**9,301**
Note paid related to a previous acquisition		**(194)**
Amortization of capitalized deferred financing costs (Note 8)		**558**
Impact of the change in foreign exchange rates		**(7,050)**
	$	**369,497**
Less: Current portion		**1,169**
Balance at June 30	**$**	**368,328**

6. Share Capital

During the first six months of 2023, the Corporation issued 146,668 common shares (2022-165,999) at an average price of $14.13 per share (2022-$13.36) following the exercise of stock options. These exercises resulted in an increase in share capital of $2,668,000 (2022-$2,677,000) and a decrease in contributed surplus of $595,000 (2022-$460,000). The average closing price of the Corporation's shares on the exercise dates of options exercised during 2023 was $16.43 (2022-$16.45).

		2023				**2022**
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Outstanding at January 1	**3,216,064**	**$**	**16.02**	2,307,175	$	15.99
Granted	**165,779**		**16.08**	589,388		16.68
Exercised	**(146,668)**		**14.13**	(165,999)		13.36
Forfeited	**(135,835)**		**17.04**	(80,000)		17.30
Outstanding at June 30	**3,099,340**	**$**	**16.06**	**2,650,564**	**$**	**16.27**

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

6. Share Capital (continued)

The following dividends were declared and paid by the Corporation:

	Six months ended June 30, 2023	2022
Dividends declared	**$ 16,763**	$ 16,088
Amount declared per share in cents	**26.0**	25.0
Dividends paid	**$ 16,757**	$ 16,083
Amount paid per share in cents	**26.0**	25.0

7. Other Expenses

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

On March 16, 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 included in other expenses as of June 30, 2023.

	Three months ended June 30, 2023	2022	Six months ended June 30, 2023	2022
Business acquisition costs	**$ -**	$ -	**$ -**	$ 26
Business integration costs	**-**	1,025	**1,799**	2,838
Loss on a business divestiture	**-**	-	**1,358**	-
	$ -	**$ 1,025**	**$ 3,157**	**$ 2,864**

8. Net Finance Costs

	Three months ended June 30, 2023	2022	Six months ended June 30, 2023	2022
Interest on long-term debt	**$ 5,690**	$ 3,090	**$ 10,949**	$ 5,378
Interest on lease liabilities	**373**	387	**727**	704
Other interests and bank charges	**103**	204	**210**	204
Amortization of deferred financing costs	**279**	279	**558**	558
Interest income	**(245)**	(25)	**(478)**	(53)
Net (gain) loss on foreign currency exchange	**(1,693)**	2,501	**(424)**	1,788
Ineffective portion of changes in fair value of net investment hedges	**-**	-	**-**	(768)
	$ 4,507	**$ 6,436**	**$ 11,542**	**$ 7,811**

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

9. Net Changes in Non-cash Operating Items

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Trade and other receivables	**$ (7,200)**	$ 2,245	**$ (6,446)**	$ 2,068
Inventories	**(6,234)**	(9,740)	**(14,986)**	(22,434)
Prepaid expenses and other current assets	**81**	(7)	**(2,640)**	2,209
Other long-term assets	**81**	(65)	**10**	694
Trade and other payables	**(6,980)**	(8,923)	**(1,404)**	(2,813)
Deferred revenues	**2,255**	1,927	**4,932**	3,130
Provisions	**474**	17	**857**	(174)
Other long-term liabilities	**23**	(127)	**58**	(85)
	$ (17,500)	**$ (14,673)**	**$ (19,619)**	**$ (17,405)**

10. Derivative Financial Instruments

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

	June 30, 2023	**December 31, 2022**
Current assets		
Foreign exchange contracts	**$ 493**	$ 369
Cross-currency swaps	**73**	-
	$ 566	**$ 369**
Non-current assets		
Foreign exchange contracts	**$ 299**	$ 167
Interest rate swaps	**1,209**	1,499
Cross-currency swaps	**7,393**	9,260
	$ 8,901	**$ 10,926**
Current liabilities		
Foreign exchange contracts	**$ 134**	$ 587
Cross-currency swaps	**2,208**	-
	$ 2,342	**$ 587**
Non-current liabilities		
Cross-currency swaps	**$ -**	$ 1,676

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.

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

11. Reportable Segments

Information about the reportable segments

Prior to the sale of Handicare AS in March 2023 (refer to note 7), the Corporation managed and reported its business under three operating segments, *Accessibility*, *Patient Care* and *Adapted Vehicles*, each of which was a reportable segment for financial reporting purposes.

Effective April 1, 2023, the Corporation consolidated its reporting structure and combined the remaining operations of the *Adapted Vehicles* segment within the *Accessibility* segment as they share similar economic characteristics given that the products of each segment are accessibility-related.

Moving forward, the business is now structured into two reportable segments according to their respective addressable markets. The *Accessibility* segment includes the designing, manufacturing, distributing and installing of a wide portfolio of accessibility products including commercial and home elevators, stairlifts, platform lifts and wheelchair lowered-floor accessible conversions for selected brands of minivans, either for personal, residential or commercial applications. The presentation of this segment was reviewed to include all accessibility products, including vehicles. 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.

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, net of other expenses 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.

Sales between segments are eliminated upon consolidation.

				Three months ended June 30,
	Accessibility [1]	**Patient Care**	**Head Office**	**Total**
2023				
Revenue	**$ 150,624**	**$ 47,772**	**$ -**	**$ 198,396**
Adjusted EBITDA	**$ 21,368**	**$ 9,251**	**$ (1,597)**	**$ 29,022**
Stock-based compensation				**538**
Other expenses				**-**
Depreciation and amortization expense				**12,258**
Operating income				**$ 16,226**
2022				
Revenue	$ 148,191	$ 43,870	$ -	**$ 192,061**
Adjusted EBITDA	$ 26,534	$ 6,698	$ (1,763)	**$ 31,469**
Stock-based compensation				**469**
Other expenses				**1,025**
Depreciation and amortization expense				**12,237**
Operating income				**$ 17,738**

[1] As a result of the change in the composition of the reportable segments, the information from previous periods was restated.

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

11. Reportable Segments (continued)

Information about the reportable segments (continued)

Six months ended June 30,

	Accessibility [1]	Patient Care	Head Office	Total
2023				
Revenue	**$ 313,422**	**$ 96,599**	**$ -**	**$ 410,021**
Adjusted EBITDA	**$ 45,399**	**$ 19,076**	**$ (4,239)**	**$ 60,236**
Stock-based compensation				**948**
Other expenses				**3,157**
Depreciation and amortization expense				**24,446**
Operating income				**$ 31,685**
2022				
Revenue	$ 290,072	$ 85,525	$ -	**$ 375,597**
Adjusted EBITDA	$ 47,594	$ 12,044	$ (3,747)	**$ 55,891**
Stock-based compensation				**889**
Other expenses				**2,864**
Depreciation and amortization expense				**25,571**
Operating income				**$ 26,567**

[1] As a result of the change in the composition of the reportable segments, the information from previous periods was restated.

Disaggregation of Revenue

Three months ended June 30,

	Accessibility [1]	Patient Care	Total
2023			
Revenue by region			
Canada	**$ 18,573**	**$ 14,122**	**$ 32,695**
United States	**59,999**	**31,225**	**91,224**
Europe and others	**72,052**	**2,425**	**74,477**
	$ 150,624	**$ 47,772**	**$ 198,396**
Timing of revenue recognition			
Goods transferred at a point in time	**$ 137,380**	**$ 41,440**	**$ 178,820**
Services provided over time	**13,244**	**6,332**	**19,576**
	$ 150,624	**$ 47,772**	**$ 198,396**
2022			
Revenue by region			
Canada	$ 17,494	$ 14,747	**$ 32,241**
United States	53,847	25,903	**79,750**
Europe and others	76,850	3,220	**80,070**
	$ 148,191	**$ 43,870**	**$ 192,061**
Timing of revenue recognition			
Goods transferred at a point in time [2]	$ 134,058	$ 39,505	**$ 173,563**
Services provided over time [2]	14,133	4,365	**18,498**
	$ 148,191	**$ 43,870**	**$ 192,061**

[1] As a result of the change in the composition of the reportable segments, the information from previous periods was restated.
[2] Adjustments to comparative figures in the timing of revenue recognition between the *Accessibility* and *Patient Care* segments.

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

11. Reportable Segments (continued)

Disaggregation of Revenue (continued)

	Six months ended June 30,		
	Accessibility [1]	**Patient Care**	**Total**
2023			
Revenue by region			
Canada	**$ 37,101**	**$ 32,865**	**$ 69,966**
United States	**116,939**	**58,653**	**175,592**
Europe and others	**159,382**	**5,081**	**164,463**
	$ 313,422	**$ 96,599**	**$ 410,021**
Timing of revenue recognition			
Goods transferred at a point in time	**$ 286,306**	**$ 84,509**	**$ 370,815**
Services provided over time	**27,116**	**12,090**	**39,206**
	$ 313,422	**$ 96,599**	**$ 410,021**
2022			
Revenue by region			
Canada	$ 32,810	$ 32,582	**$ 65,392**
United States	94,782	47,412	**142,194**
Europe and others	162,480	5,531	**168,011**
	$ 290,072	**$ 85,525**	**$ 375,597**
Timing of revenue recognition			
Goods transferred at a point in time [2]	$ 263,235	$ 76,828	**$ 340,063**
Services provided over time [2]	26,837	8,697	**35,534**
	$ 290,072	**$ 85,525**	**$ 375,597**

[1] As a result of the change in the composition of the reportable segments, the information from previous periods was restated.
[2] Adjustments to comparative figures in the timing of revenue recognition between the *Accessibility* and *Patient Care* segments.

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