Q3

Quarterly
REPORT

SAVARIA CORPORATION

Quarterly Report

For the Three-Month and Nine-Month Periods Ended September 30, 2023

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SAVARIA CORPORATION

Management's Discussion & Analysis Report

For the three-month and nine-month periods ended September 30, 2023

Contents

1. Basis of Presentation

The following management's discussion and analysis ("MD&A"), dated November 1, 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 nine-month periods ended September 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 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 1, 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 and amortization. Investors are cautioned that EBITDA should not be considered an alternative to operating income or net earnings for the period as an indicator of the Corporation's performance, or an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flow. Management uses EBITDA to assess the operating performance of our business. The Corporation also believes this measure is commonly used by investors and analysts to measure a company's ability to service debt and to meet other payment obligations, or as a common valuation measurement. The Corporation excludes among others depreciation and amortization expense, which is non-cash in nature and can vary significantly depending upon accounting methods or non-operating factors.

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

Adjusted EBITDA is defined as EBITDA before other expenses and stock-based compensation expense. Investors are cautioned that adjusted EBITDA should not be considered an alternative to operating income or net earnings for the period as an indicator of the Corporation's performance, or an alternative to cash flows from operating, investing and financing activities as a measure of liquidity and cash flow. Management uses adjusted EBITDA, among other measures, to assess the operating performance of the 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 which could otherwise mask the underlying trends in the business.

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

in thousands of dollars	**Total** Trailing 12 months	2023 **Q3**	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Operating Income	$72,150	**$20,622**	$16,226	$15,459	$19,843	$17,531	$17,738	$8,829	$10,207
Amortization and depreciation expense	48,307	**12,367**	12,258	12,188	11,494	12,037	12,237	13,334	12,347
EBITDA*	120,457	**32,989**	28,484	27,647	31,337	29,568	29,975	22,163	22,554
Stock-based compensation	1,837	**615**	538	410	274	699	469	420	564
Other expenses	4,856	**-**	-	3,157	1,699	757	1,025	1,839	6,132
Adjusted EBITDA*	$127,150	**$33,604**	$29,022	$31,214	$33,310	$31,024	$31,469	$24,422	$29,250

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

in thousands of dollars, except percentages	Accessibility [1]	Patient Care	Head Office	**Total**
		Q3 2023		
Operating Income	$20,733	$4,046	$(4,157)	**$20,622**
Amortization and depreciation expense	9,148	2,094	1,125	**$12,367**
EBITDA*	$29,881	$6,140	$(3,032)	**$32,989**
Stock-based compensation	-	-	615	**$615**
Other expenses	-	-	-	**-**
Adjusted EBITDA*	$29,881	$6,140	$(2,417)	**$33,604**
Adjusted EBITDA Margin*	18.0%	14.0%	n/a	**16.0%**
		Q3 2022		
Operating Income	$18,053	$3,446	$(3,968)	**$17,531**
Amortization and depreciation expense	8,502	2,440	1,095	**$12,037**
EBITDA*	$26,555	$5,886	$(2,873)	**$29,568**
Stock-based compensation	-	-	699	**$699**
Other expenses	376	14	367	**$757**
Adjusted EBITDA*	$26,931	$5,900	$(1,807)	**$31,024**
Adjusted EBITDA Margin*	17.0%	13.8%	n/a	**15.4%**

* 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	$46,457	$18,775	$(12,925)	**$52,307**
Amortization and depreciation expense	27,153	6,311	3,349	**$36,813**
EBITDA*	$73,610	$25,086	$(9,576)	**$89,120**
Stock-based compensation	-	-	1,563	**$1,563**
Other expenses	1,670	130	1,357	**$3,157**
Adjusted EBITDA*	$75,280	$25,216	$(6,656)	**$93,840**
Adjusted EBITDA Margin*	15.7%	18.0%	n/a	**15.1%**
		YTD 2022		
Operating Income	$47,446	$9,725	$(13,073)	**$44,098**
Amortization and depreciation expense	25,708	7,343	4,557	**$37,608**
EBITDA*	$73,154	$17,068	$(8,516)	**$81,706**
Stock-based compensation	-	-	1,588	**$1,588**
Other expenses	1,371	876	1,374	**$3,621**
Adjusted EBITDA*	$74,525	$17,944	$(5,554)	**$86,915**
Adjusted EBITDA Margin*	16.6%	14.0%	n/a	**15.1%**

* 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 the business which 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 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 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 credit facilities, 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 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 worldwide dealer network.

As at November 1, 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.

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, 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 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 the reportable segments, by region, for the nine-month period ended September 30:

	YTD 2023					
in thousands of dollars, except percentages	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 others	**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%**

	YTD 2022					
	Accessibility		Patient Care		Total	
Canada	$52,862	11.8%	$47,048	36.7%	$99,910	17.3%
United States	154,358	34.4%	73,587	57.3%	227,945	39.5%
Europe and others	241,447	53.8%	7,689	6.0%	249,136	43.2%
Total	**$448,667**	**100.0%**	**$128,324**	**100.0%**	**$576,991**	**100.0%**

5. Financial Highlights

	Q3		YTD	
in thousands of dollars, except per-share amounts	**2023**	2022	**2023**	2022
Revenue	**$210,094**	$201,394	**$620,115**	$576,991
Gross Profit	**72,560**	64,044	**211,698**	188,147
Operating income	**$20,622**	$17,531	**$52,307**	$44,098
Adjusted EBITDA*	**$33,604**	$31,024	**$93,840**	$86,915
Adjusted EBITDA margin*	**16.0%**	15.4%	**15.1%**	15.1%
Net earnings	**12,054**	10,581	**26,882**	24,053
Adjusted net earnings*	**12,054**	11,177	**29,230**	26,833
Diluted net earnings per share	**$0.18**	$0.16	**$0.41**	$0.37
Adjusted net earnings per share*	**$0.18**	$0.18	**$0.45**	$0.42

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

Q3 2023 HIGHLIGHTS

- Revenue for the quarter was $210.1M, up $8.7M or 4.3%, compared to Q3 2022, due to organic growth of 4.1% and a positive foreign exchange impact of 4.7%, partially offset by the divestiture of the Norway operations.
  - *Accessibility* organic growth stood at 5.1%, including 9.0% growth coming from North America.
  - *Patient Care* organic growth was relatively flat.

- Gross profit was $72.6M, up $8.5M or 13.3%, compared to Q3 2022, representing a gross margin of 34.5%, compared to 31.8% in Q3 2022.

- Operating income was $20.6M, up $3.1M or 17.6%, compared to Q3 2022, representing an operating margin of 9.8% compared to 8.7% in Q3 2022.

- Adjusted EBITDA was $33.6M, up $2.6M or 8.3%, compared to Q3 2022.

- Adjusted EBITDA margin stood at 16.0%, up 60 bps compared to 15.4% in Q3 2022.

- *Accessibility* adjusted EBITDA was $29.9M, an increase of $3.0M or 11.0% compared to Q3 2022.

- *Patient Care* adjusted EBITDA was $6.1M, an increase of $0.2M or 4.1% compared to Q3 2022.

- Net earnings and adjusted net earnings for the quarter were both $12.1M, or $0.18 per share on a diluted basis, compared to respectively $10.6M and $11.2M, or $0.16 and $0.18 per share on a diluted basis in Q3 2022.

- On September 15, 2023, the Corporation issued 6,346,850 common shares via a public offering and a concurrent private placement for net proceeds of $87.4M, which were used to reimburse long-term debt. The ratio of net debt to adjusted EBITDA now stands at 2.28 in comparison of 3.07 as at December 31, 2022.

6. Financial Review

6.1 REVENUE

During the quarter, the Corporation generated revenue of $210.1M, up $8.7M or 4.3%, compared to the same period in 2022. The increase was due to organic growth of 4.1% and a positive foreign exchange impact of 4.7%, partially offset by the divestiture of the Norway operations.

For the nine-month period ended September 30, 2023, the Corporation generated revenue of $620.1M, up $43.1M or 7.5%, compared to the same period in 2022. The increase was mainly due to organic growth of 6.9% and a positive foreign exchange impact of 3.6%, 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.

	Q3		
in thousands of dollars, except percentages	Accessibility	Patient Care	**Total**
Revenue 2023	$166,262	$43,832	**$210,094**
Revenue 2022	$158,595	$42,799	**$201,394**
Net change %	4.8%	2.4%	**4.3%**
Organic Growth[1]	5.1%	0.3%	**4.1%**
Acquisition/divestiture Impact[2]	(5.7)%	0.0%	**(4.5)%**
Foreign Currency Impact[3]	5.4%	2.1%	**4.7%**
Net change %	4.8%	2.4%	**4.3%**

[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	$479,684	$140,431	**$620,115**
Revenue 2022	$448,667	$128,324	**$576,991**
Net change %	6.9%	9.4%	**7.5%**
Organic Growth[1]	7.1%	6.2%	**6.9%**
Acquisition/divestiture Impact[2]	(3.8)%	0.0%	**(3.0)%**
Foreign Currency Impact[3]	3.6%	3.2%	**3.6%**
Net change %	6.9%	9.4%	**7.5%**

[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 $166.3M for the quarter, an increase of $7.7M or 4.8%, compared to the same period in 2022. The increase in revenue was related to organic growth of 5.1% driven by continued strong demand in both the residential and commercial sectors in North America, price increases and cross-selling synergies with Handicare. The growth was also driven by a positive foreign exchange impact of 5.4%, mainly coming from the USD, EUR and GBP currencies. The increase was partially offset by the divestiture of the Norway business.

For the nine-month period ended September 30, 2023, revenue from our *Accessibility* segment was $479.7M, an increase of $31.0M, or 6.9%, compared to the same period in 2022. The increase in revenue was related to organic growth of 7.1%, driven by the same factors listed above for the quarter and also to a positive foreign exchange impact of 3.6%. The growth was partially offset by the divestiture of Norway, and also the decreased production and sales in Europe during the second quarter caused by the ERP system implementation.

6.1.2 Patient Care

Revenue from our *Patient Care* segment was $43.8M for the quarter, an increase of $1.0M or 2.4%, compared to the same period in 2022. Organic revenue was relatively flat due to the timing of certain large orders and lower bed sales in the quarter. However, there was a positive foreign exchange impact of 2.1% coming from the strengthening of the USD currency versus the CAD.

For the nine-month period ended September 30, 2023, revenue from our *Patient Care* segment was $140.4M, an increase of $12.1M, or 9.4%, compared to the same period in 2022. The increase in revenue was related to organic growth of 6.2% driven by new contracts signed with healthcare facilities, cross-selling synergies with Handicare and pricing initiatives, partially offset by the timing of certain large orders and lower bed sales in the current quarter. The growth was also favourably impacted by a positive foreign exchange impact of 3.2%.

6.2 GROSS PROFIT AND OPERATING INCOME

in thousands of dollars, except per-share amounts and % revenue	Q3				YTD			
	2023		2022		**2023**		2022	
Revenue	**$210,094**		$201,394		**$620,115**		$576,991	
Cost of sales	**137,534**	**65.5%**	137,350	68.2%	**408,417**	**65.9%**	388,844	67.4%
Gross Profit	**$72,560**	**34.5%**	$64,044	31.8%	**$211,698**	**34.1%**	$188,147	32.6%
Selling and administrative expenses	**51,938**	**24.7%**	45,756	22.7%	**156,234**	**25.2%**	140,428	24.3%
Other expenses	**-**	**-**	757	0.4%	**3,157**	**0.5%**	3,621	0.7%
Operating income	**$20,622**	**9.8%**	$17,531	8.7%	**$52,307**	**8.4%**	$44,098	7.6%
Net finance costs	**5,512**	**2.6%**	2,481	1.2%	**17,054**	**2.7%**	10,292	1.7%
Earnings before income tax	**$15,110**	**7.2%**	$15,050	7.5%	**$35,253**	**5.7%**	$33,806	5.9%
Income tax expense	**3,056**	**1.5%**	4,469	2.2%	**8,371**	**1.4%**	9,753	1.7%
Net Earnings	**$12,054**	**5.7%**	$10,581	5.3%	**$26,882**	**4.3%**	$24,053	4.2%
Adjusted EBITDA*	**$33,604**	**16.0%**	$31,024	15.4%	**$93,840**	**15.1%**	$86,915	15.1%
Basic net earnings per share	**$0.18**		$0.16		**$0.41**		$0.37	
Diluted net earnings per share	**$0.18**		$0.16		**$0.41**		$0.37	

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

For the quarter, the increase in gross profit of $8.5M when compared to the same period in 2022, was mainly attributable to improved gross margins, additional revenue, and favorable foreign exchange rates used in the conversion of the results of subsidiaries. The increase in gross margin is mainly due to greater performance from the North American divisions in the *Accessibility* and *Patient Care* segments due to better cost absorption, favorable product mix and improved pricing. For the nine-month period ended September 30, 2023, the gross margin benefited from similar positive factors as listed above for the quarter when compared to the same period in 2022 , despite the unfavorable impact of the ERP implementation in Europe in the second quarter.

For the quarter, selling and administrative expenses as a percentage of revenue were higher by 200 bps when compared to the same period in 2022, mainly explained by consulting fees, and training and other costs associated with the *Savaria One* project as well as higher selling and administrative personnel expenses to support higher planned revenue volumes. For the nine-month period ended September 30, 2023, selling and administrative expenses as a percentage of revenue were higher by 90 bps, when compared to the same period in 2022.

For the quarter, the Corporation did not incur any other expenses while $0.8M were incurred in the same period in 2022. The year-to-date amount totaled $3.2M compared to $3.6M 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 $20.6M for the quarter, an increase of $3.1M when compared to $17.5M for the same period in 2022, with a year-to-date amount totaling $52.3M compared to $44.1M in 2022. For the quarter and year-to-date, the increase was mainly attributable to the additional revenue contribution and higher gross margins.

6.3 ADJUSTED EBITDA

Adjusted EBITDA and adjusted EBITDA margin for the quarter stood at $33.6M and 16.0%, respectively, compared to $31.0M and 15.4% for the same period in 2022. The increased profitability is mainly explained by the aforementioned increase in gross margin, somewhat offset by higher selling and administrative expenses.

For the nine-month period ended September 30, 2023, adjusted EBITDA and adjusted EBITDA margin stood at $93.8M and 15.1%, respectively, compared to $86.9M and 15.1% for the same period in 2022. The year-to-date adjusted EBITDA margin was stable when compared to last year due to reduced profitability in the second quarter within the *Accessibility* segment, owing to the negative impact of the ERP implementation in Europe.

Head office costs for the three-month and nine-month periods ended September 30, 2023 stood at $2.4M and $6.7M respectively. The third quarter was unfavorably impacted by $0.9M of *Savaria One* costs which year-to-date totaled $1.6M.

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

	Q3 2023			
in thousands of dollars, except percentages	Accessibility	Patient Care	Head Office	**Total**
Revenue	$166,262	$43,832	n/a	**$210,094**
Adjusted EBITDA*	$29,881	$6,140	$(2,417)	**$33,604**
Adjusted EBITDA Margin*	18.0%	14.0%	n/a	**16.0%**
	Q3 2022			
Revenue	$158,595	$42,799	n/a	**$201,394**
Adjusted EBITDA*	$26,931	$5,900	$(1,807)	**$31,024**
Adjusted EBITDA Margin*	17.0%	13.8%	n/a	**15.4%**
	YTD 2023			
Revenue	$479,684	$140,431	n/a	**$620,115**
Adjusted EBITDA*	$75,280	$25,216	$(6,656)	**$93,840**
Adjusted EBITDA Margin*	15.7%	18.0%	n/a	**15.1%**
	YTD 2022			
Revenue	$448,667	$128,324	n/a	**$576,991**
Adjusted EBITDA*	$74,525	$17,944	$(5,554)	**$86,915**
Adjusted EBITDA Margin*	16.6%	14.0%	n/a	**15.1%**

* 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 $29.9M and 18.0%, respectively, compared to $26.9M and 17.0% for the same period in 2022. The increase in adjusted EBITDA and adjusted EBITDA margin was mainly due to better cost absorption from increased revenues in North America, as well as improved pricing.

For the nine-month period ended September 30, 2023, adjusted EBITDA and adjusted EBITDA margin stood at $75.3M and 15.7%, respectively, compared to $74.5M and 16.6% for the same period in 2022. The decrease is mainly due to the second quarter ERP system implementation issues in Europe, inflationary impacts resulting in higher material and labour costs and, to a lower extent, to the divestiture of the Norway operations in Europe, partially offset by greater profitability coming from North America.

6.3.2 Patient Care

For the quarter, *Patient Care* adjusted EBITDA and adjusted EBITDA margin stood at $6.1M and 14.0%, respectively, compared to $5.9M and 13.8% for the same period in 2022. The slight increase in adjusted EBITDA and adjusted EBITDA margin was mainly due the slight increase in revenues and improved gross margins.

For the nine-month period ended September 30, 2023, adjusted EBITDA and adjusted EBITDA margin stood at $25.2M and 18.0%, respectively, compared to $17.9M and 14.0% for the same period in 2022. The increase in adjusted EBITDA and adjusted EBITDA margin was mainly due to the increase in revenues, especially in the first half of the year, and improvements in gross margin mainly explained by better fixed cost absorption, product mix, pricing initiatives and synergies with Handicare.

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 $5.5M compared to $2.5M for the same period in 2022. Interest on long-term debt increased by $2.0M when compared to 2022, due to higher market interest rates. Net finance costs were also impacted by a lower foreign currency gain of $0.3M compared to $2.2M 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 $0.7M.

For the nine-month period ended September 30, 2023, net finance costs were $17.1M compared to $10.3M for the same period in 2022. The increase in net finance costs was mainly due to higher interest on long-term debt of $7.6M, partially offset by higher interest income and higher foreign currency gain, most of which was unrealized in nature.

6.5 INCOME TAXES

For the quarter, an income tax expense of $3.1M was recorded on earnings before income taxes of $15.1M, representing an effective tax rate of 20.2%, compared to an income tax expense of $4.5M and an effective tax rate of 29.7% for the same period in 2022. For the nine-month period ended September 30, 2023, an income tax expense of $8.4M was recorded on earnings before taxes of $35.3M, representing an effective tax rate of 23.7%, whereas the effective tax rate was 28.8% for the same period in 2022. The variance in income tax expense and 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' 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 2023	Q3 2022	YTD 2023	YTD 2022
Net earnings	**$12,054**	$10,581	**$26,882**	$24,053
Other expenses	**-**	757	**3,157**	3,621
Income tax related to other expenses[1]	**-**	(161)	**(809)**	(841)
Adjusted net earnings*	**$12,054**	$11,177	**$29,230**	$26,833
In $ per share				
Diluted net earnings	**$0.18**	$0.16	**$0.41**	$0.37
Other expenses net of income tax[1]	**-**	0.02	**0.04**	0.05
Adjusted net earnings*	**$0.18**	$0.18	**$0.45**	$0.42
Diluted weighted average number of shares	**65,353,751**	64,466,506	**64,928,613**	64,507,643

* 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, net earnings were $12.1M or $0.18 per share on a diluted basis, compared to $10.6M or $0.16 for the same period in 2022. The increase in net earnings and net earnings per share was mainly due to higher operating income and lower income taxes, slightly offset by higher net finance costs. For the nine-month period ended September 30, 2023, net earnings stood at $26.9M, or $0.41 per share on a diluted basis, compared to $24.1M or $0.37 for the same period in 2022. The increase in net earnings and net earnings per share on a diluted basis was attributable to same factors mentioned for the quarter.

For the quarter, adjusted net earnings were $12.1M or $0.18 per share on a diluted basis, compared to $11.2M or $0.18 for the same period in 2022. For the nine-month period ended September 30, 2023, adjusted net earnings stood at $29.2M, or $0.45 per share on a diluted basis, compared to $26.8M or $0.42 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 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Revenue	$832,215	**$210,094**	$198,396	$211,625	$212,100	$201,394	$192,061	$183,536	$189,529
Gross Margin as a % of revenue	33.4%	**34.5%**	33.8%	34.0%	31.2%	31.8%	34.1%	31.9%	31.5%
Operating Income	$72,150	**$20,622**	$16,226	$15,459	$19,843	$17,531	$17,738	$8,829	$10,207
Adjusted EBITDA*	$127,150	**$33,604**	$29,022	$31,214	$33,310	$31,024	$31,469	$24,422	$29,250
Net earnings	$38,140	**$12,054**	$8,789	$6,039	$11,258	$10,581	$8,125	$5,347	$945
Net earnings per share - diluted	$0.59	**$0.18**	$0.14	$0.09	$0.18	$0.16	$0.13	$0.08	$0.02
Dividend declared per share	$0.520	**$0.130**	$0.130	$0.130	$0.130	$0.127	$0.125	$0.125	$0.125

* 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, 2023.

in thousands of dollars	**September 30, 2023**	December 31, 2022
Total amount available under the credit facilities	**$450,000**	$450,000
Amount drawn under the credit facilities	**(286,904)**	(367,485)
Outstanding letters of credit	**(1,771)**	(1,559)
Available credit facilities*	**$161,325**	$80,956
Cash and cash equivalents	**42,123**	44,725
Available funds*	**$203,448**	$125,681
Current assets	**$330,599**	$327,314
Current liabilities	**172,692**	182,439
Working capital*	**$157,907**	$144,875
Ratio of current assets to current liabilities	**1.91**	1.79

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

8.2 NET DEBT

As at September 30, 2023, the Corporation had a net debt position of $290.2M, compared to $369.4M as of December 31, 2022. The decrease in net debt of $79.2M is mainly driven by the reimbursement of long-term debt following the common shares issuance in September 2023.

in thousands of dollars	**September 30, 2023**	December 31, 2022
Amount drawn under the credit facilities	**$286,904**	$367,485
Notes payable related to business acquisitions	**1,756**	1,940
Outstanding letters of credit	**1,771**	1,559
Lease liabilities	**41,922**	43,190
Total debt*	**$332,353**	$414,174
Less: Cash and cash equivalents	**(42,123)**	(44,725)
Net debt*	**$290,230**	$369,449
Trailing twelve months adjusted EBITDA*	**127,150**	120,225
Ratio of net debt to adjusted EBITDA*	**2.28**	3.07

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

9. Liquidity

in thousands of dollars	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Cash flows related to operating activities before net changes in non-cash operating items	**$26,899**	$28,903	**$62,713**	$73,961
Net changes in non-cash operating items	**(1,567)**	(9,666)	**(21,186)**	(27,071)
Cash flows related to operating activities	**25,332**	19,237	**41,527**	46,890
Cash flows related to investing activities	**(4,541)**	(4,228)	**(1,342)**	(13,958)
Cash flows related to financing activities	**(20,685)**	(10,908)	**(42,037)**	(47,339)
Unrealized foreign exchange effect on cash held in foreign currencies	**1,061**	2,196	**(750)**	1,528
Net change in cash	**$1,167**	$6,297	**$(2,602)**	$(12,879)

9.1 OPERATING ACTIVITIES

For the quarter, cash flows related to operating activities before net changes in non-cash operating items reached $26.9M, versus $28.9M for the same period in 2022. The slight decrease mainly reflects the impact of higher income tax paid. Net changes in non-cash operating items reduced liquidity by $1.6M, compared to $9.7M a year earlier. This improvement is mainly due to a stabilization of inventory levels. As a result, cash generated from operating activities in Q3 2023 stood at $25.3M, compared to $19.2M for the same period in 2022.

For the nine-month period ended September 30, 2023, cash flows related to operating activities before net changes in non-cash operating items reached $62.7M, versus $74.0M for the same period in 2022, explained by the same factors of the quarter. Net changes in non-cash operating items reduced liquidity by $21.2M, compared to $27.1M a year earlier, again benefiting from a lower inventory increase. As a result, cash generated from operating activities stood at $41.5M, compared to $46.9M for the same period in 2022.

9.2 INVESTING ACTIVITIES

For the quarter, cash used in investing activities was $4.5M compared to $4.2M in 2022. The Corporation disbursed $4.6M for fixed and intangible assets in 2023, compared to $4.4M in 2022.

For the nine-month period ended September 30, 2023, cash used in investing activities was $1.3M compared to $14.0M 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 $13.8M for fixed and intangible assets were made in 2023, compared to $12.9M in 2022.

9.3 FINANCING ACTIVITIES

For the quarter, cash used in financing activities was $20.7M compared to $10.9M in 2022. The variation is mainly explained by a reimbursement of $91.0M on the credit facilities following net proceeds from the issuance of common shares of $88.3M, as well as higher interest paid of $2.2M in 2023.

For the nine-month period ended September 30, 2023, cash used in financing activities was $42.0M compared to $47.3M in 2022. The main movements in 2023 include a reimbursement on the credit facilities for $81.7M compared to $8.0M in 2022, the net proceeds from the issuance of common shares of $88.3M in the current quarter and higher interest paid of $7.5M.

9.4 DIVIDENDS

The aggregate monthly dividends declared in the third quarter and nine months of 2023 totaled $8.7M and $25.4M, respectively, compared to $8.2M and $24.2M for the same periods of 2022. The dividends paid totaled $8.4M and $25.1M in 2023, respectively, compared to $8.1M and $24.1M in 2022. As at September 30, 2023, 70,939,393 shares were issued and outstanding, compared to 64,398,986 as at September 30, 2022.

9.5 STOCK OPTIONS

As at November 1, 2023, 2,999,117 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. 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 September 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 and 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 divestiture, with an adjusted EBITDA margin of approximately 16% in fiscal 2023, based on the following assumptions:

- Organic growth coming from both 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 September 30, 2023

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

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars - Unaudited)

	Note	September 30, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		**$ 42,123**	$ 44,725
Trade and other receivables		**114,072**	99,450
Income taxes receivable		**2,967**	2,769
Derivative financial instruments	*10*	**1,233**	369
Inventories		**155,491**	144,261
Prepaid expenses and other current assets		**14,713**	11,542
Assets held for sale		**-**	24,198
Total current assets		**330,599**	327,314
Non-current assets			
Derivative financial instruments	*10*	**11,210**	10,926
Fixed assets		**60,197**	59,168
Right-of-use assets		**40,636**	41,796
Intangible assets		**219,033**	236,941
Goodwill		**411,100**	412,236
Other long-term assets		**822**	721
Deferred tax assets		**30,946**	20,861
Total non-current assets		**773,944**	782,649
Total assets		**$ 1,104,543**	$ 1,109,963
Liabilities			
Current liabilities			
Trade and other payables		**$ 103,791**	$ 99,171
Dividend payable		**3,072**	2,790
Income taxes payable		**4,738**	11,723
Deferred revenues		**45,675**	40,801
Derivative financial instruments	*10*	**1,865**	587
Current portion of long-term debt	*5*	**1,167**	1,165
Current portion of lease liabilities		**8,464**	8,159
Provisions		**3,920**	3,815
Liabilities directly associated with the assets held for sale		**-**	14,228
Total current liabilities		**172,692**	182,439
Non-current liabilities			
Long-term debt	*5*	**284,525**	365,717
Lease liabilities		**33,458**	35,031
Long-term provisions		**5,967**	5,277
Other long-term liabilities		**9,651**	9,176
Income taxes payable		**287**	286
Derivative financial instruments	*10*	**3**	1,676
Deferred tax liabilities		**55,517**	57,392
Total non-current liabilities		**389,408**	474,555
Total liabilities		**562,100**	656,994
Equity			
Share capital	*6*	**551,308**	456,413
Contributed surplus		**9,174**	8,241
Accumulated other comprehensive income (loss)		**(13,152)**	(8,772)
Retained earnings (deficit)		**(4,887)**	(2,913)
Total equity		**542,443**	452,969
Total liabilities and equity		**$ 1,104,543**	$ 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 September 30,				Nine months ended September 30,			
			2023		2022		**2023**		2022
Revenue	*11*	**$**	**210,094**	$	201,394	**$**	**620,115**	$	576,991
Cost of sales			**137,534**		137,350		**408,417**		388,844
Gross profit			**72,560**		64,044		**211,698**		188,147
Operating expenses									
Selling and administrative expenses			**51,938**		45,756		**156,234**		140,428
Other expenses	*7*		**-**		757		**3,157**		3,621
Total operating expenses			**51,938**		46,513		**159,391**		144,049
Operating income			**20,622**		17,531		**52,307**		44,098
Net Finance costs	*8*		**5,512**		2,481		**17,054**		10,292
Earnings before income tax			**15,110**		15,050		**35,253**		33,806
Income tax expense			**3,056**		4,469		**8,371**		9,753
Net Earnings		**$**	**12,054**	$	10,581	**$**	**26,882**	$	24,053
Earnings per share:									
Basic		**$**	**0.18**	$	0.16	**$**	**0.41**	$	0.37
Diluted		**$**	**0.18**	$	0.16	**$**	**0.41**	$	0.37
Basic weighted average number of shares			**65,145,434**		64,385,097		**64,713,235**		64,315,542
Diluted weighted average number of shares			**65,353,751**		64,466,506		**64,928,613**		64,507,643

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,		Nine months ended September 30,	
	2023	2022	**2023**	2022
Net Earnings	**$ 12,054**	$ 10,581	**$ 26,882**	$ 24,053
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	**53**	(2,033)	**(394)**	(1,313)
Net change on translation of financial statements of foreign operations, net of tax	**(9,894)**	8,895	**(4,100)**	(16,664)
Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges, net of tax	**(49)**	48	**34**	(188)
Net change in net investment hedges, net of tax	**1,960**	(5,580)	**66**	297
Other comprehensive income (loss)	**(7,930)**	1,330	**(4,380)**	(17,868)
Total comprehensive income (loss)	**$ 4,124**	$ 11,911	**$ 22,502**	$ 6,185

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, 2023 and 2022

(in thousands of Canadian dollars - Unaudited)

	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 6)	6,346,850	92,029	-	-	-	**92,029**
Share issue costs, net of tax (Note 6)	-	-	-	-	(3,414)	**(3,414)**
Stock-based compensation	-	-	1,563	-	-	**1,563**
Exercise of stock options (Note 6)	158,557	2,866	(630)	-	-	**2,236**
Dividends on common shares (Note 6)	-	-	-	-	(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**

	2022					
	Share capital					
	Number	Amount	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total equity
Balance at January 1	**64,212,154**	**$ 452,967**	**$ 7,003**	**$ (19,762)**	**$ (5,608)**	**$ 434,600**
Net earnings	**-**	**-**	**-**	**-**	**24,053**	**24,053**
Stock-based compensation	-	-	1,588	-	-	**1,588**
Exercise of stock options (Note 6)	186,832	2,963	(507)	-	(32)	**2,424**
Dividends on common shares (Note 6)	-	-	-	-	(24,248)	**(24,248)**
Total transactions with shareholders	**186,832**	**2,963**	**1,081**	**-**	**(24,280)**	**(20,236)**
Other comprehensive income (loss)	**-**	**-**	**-**	**(17,868)**	**-**	**(17,868)**
Balance at September 30	**64,398,986**	**$ 455,930**	**$ 8,084**	**$ (37,630)**	**$ (5,835)**	**$ 420,549**

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, 2023	2022	Nine months ended September 30, 2023	2022
Cash flows related to operating activities					
Net Earnings		**$ 12,054**	$ 10,581	**$ 26,882**	$ 24,053
Adjustments for:					
Depreciation of fixed assets		**2,082**	2,063	**6,264**	6,044
Depreciation of right-of-use assets		**2,532**	2,645	**7,450**	7,839
Amortization of intangible assets		**7,753**	7,329	**23,099**	23,725
Income tax expense		**3,056**	4,469	**8,371**	9,753
Loss on a business divestiture	*7*	**-**	-	**1,358**	-
Stock-based compensation		**615**	699	**1,563**	1,588
Ineffective portion of changes in fair value of net investment hedges	*8*	**(703)**	-	**(703)**	(768)
Loss (gain) on the sale and write-off of fixed assets and intangible assets		**(18)**	146	**20**	118
Unrealized foreign exchange loss (gain)		**2,742**	(2,221)	**(3,859)**	(1,924)
Interest and amortization of financing costs	*8*	**6,669**	4,610	**18,903**	11,250
Income tax paid		**(9,883)**	(1,418)	**(26,635)**	(7,717)
		26,899	28,903	**62,713**	73,961
Net changes in non-cash operating items	*9*	**(1,567)**	(9,666)	**(21,186)**	(27,071)
Net cash related to operating activities		**25,332**	19,237	**41,527**	46,890
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		**81**	141	**253**	302
Additions to fixed assets		**(2,303)**	(2,708)	**(7,305)**	(6,625)
Increase in intangible assets		**(2,319)**	(1,661)	**(6,483)**	(6,252)
Net cash related to investing activities		**(4,541)**	(4,228)	**(1,342)**	(13,958)
Cash flows related to financing activities					
Net repayment of other long-term debt		**-**	(64)	**-**	(357)
Repayment of lease obligations		**(2,616)**	(2,703)	**(8,343)**	(8,358)
Net change in the credit facilities	*5*	**(90,987)**	3,737	**(81,686)**	(7,954)
Interest paid		**(6,233)**	(4,031)	**(16,475)**	(8,957)
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	*6*	**88,317**	-	**88,317**	-
Proceeds from exercise of stock options	*6*	**163**	207	**2,236**	2,424
Dividends paid on common shares	*6*	**(8,389)**	(8,054)	**(25,146)**	(24,137)
Net cash related to financing activities		**(20,685)**	(10,908)	**(42,037)**	(47,339)
Unrealized foreign exchange impact on cash held in foreign currencies		**1,061**	2,196	**(750)**	1,528
Net change in cash		**1,167**	6,297	**(2,602)**	(12,879)
Cash - Beginning of period		**40,956**	44,318	**44,725**	63,494
Cash - End of period		**$ 42,123**	$ 50,615	**$ 42,123**	$ 50,615

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, 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 November 1, 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 September 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

	September 30, 2023	December 31, 2022
Revolving Facility [1]	**$ 283,936**	$ 315,014
Term Loan Facility [1]	**-**	49,928
Notes payable related to business acquisitions	**1,756**	1,940
	$ 285,692	**$ 366,882**
Less: Current portion	**1,167**	1,165
	$ 284,525	**$ 365,717**

[1] Net of deferred financing costs of respectively $2,968,000 and nil (2022 - $2,471,000 and $72,000).

Credit Facilities

Term Loan Facility

On August 15, 2023, the Corporation settled its term loan facility by withdrawing $50,000,000 from its revolving facility and recognized the remaining deferred financing costs of $38,000 in net finance costs.

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

5. Long-term debt (continued)

Credit Facilities (continued)

Revolving Facility

On August 15, 2023, the Corporation amended and restated its existing revolving facility as follows:

- Amount available was increased from $400,000,000 to $450,000,000 in Canadian dollar (or in US dollar, euro or British pound equivalent);
- The term was extended by 2 years and comes to maturity on August 15, 2027;
- Other terms and conditions remain the same. 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 banker's acceptance rate or SOFR, plus 2.25% or 2.35%, or the Canadian prime rate or U.S. base rate, plus 1.25%, before the impact of the interest rate and cross-currency swaps.
- As at September 30, 2023, an amount of $211,297,000 in US dollars had been drawn on the revolving facility.

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 credit facilities		**(81,686)**
Note paid related to a previous acquisition		**(194)**
Amortization and impairment of deferred financing costs		**828**
Deferred financing costs related to the amended revolving facility		**(1,253)**
Impact of the change in foreign exchange rates		**1,115**
	$	**285,692**
Less: Current portion		**1,167**
Balance at September 30	**$**	**284,525**

6. Share Capital

During the first nine months of 2023, the Corporation issued 158,557 common shares (2022-186,832) at an average price of $14.10 per share (2022-$13.15) following the exercise of stock options. These exercises resulted in an increase in share capital of $2,866,000 (2022-$2,963,000) and a decrease in contributed surplus of $630,000 (2022-$507,000). The average closing price of the Corporation's shares on the exercise dates of options exercised during 2023 was $16.49 (2022-$16.29).

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.

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

			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	**185,779**		**16.12**	1,337,388		15.84
Exercised	**(158,557)**		**14.10**	(186,832)		13.15
Expired and forfeited	**(144,169)**		**16.05**	(80,000)		17.30
Outstanding at September 30	**3,099,117**	**$**	**16.08**	**3,377,731**	**$**	**16.06**

(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:

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Dividends declared	**$ 25,428**	$ 24,248
Amount declared per share in cents	**39.0**	37.5
Dividends paid	**$ 25,146**	$ 24,137
Amount paid per share in cents	**39.0**	37.5

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 September 30, 2023.

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Business acquisition costs	**$ -**	$ -	**$ -**	$ 26
Business integration costs	**-**	757	**1,799**	3,595
Loss on a business divestiture	**-**	-	**1,358**	-
	$ -	**$ 757**	**$ 3,157**	**$ 3,621**

8. Net Finance Costs

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Interest on long-term debt	**$ 5,932**	$ 3,952	**$ 16,881**	$ 9,330
Interest on lease liabilities	**379**	379	**1,106**	1,083
Other interests and bank charges	**42**	179	**252**	383
Deferred financing costs and accretion expenses	**358**	279	**916**	837
Interest income	**(192)**	(151)	**(670)**	(204)
Net gain on foreign currency exchange	**(304)**	(2,157)	**(728)**	(369)
Ineffective portion of changes in fair value of net investment hedges	**(703)**	-	**(703)**	(768)
	$ 5,512	**$ 2,481**	**$ 17,054**	**$ 10,292**

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

9. Net Changes in Non-cash Operating Items

	Three months ended September 30, 2023	2022	Nine months ended September 30, 2023	2022
Trade and other receivables	**$ (4,458)**	$ (6,524)	**$ (10,904)**	$ (4,456)
Inventories	**1,979**	(5,156)	**(13,007)**	(27,590)
Prepaid expenses and other current assets	**(1,726)**	(448)	**(4,366)**	1,761
Other long-term assets	**(71)**	86	**(61)**	780
Trade and other payables	**2,413**	401	**1,009**	(2,412)
Deferred revenues	**(18)**	843	**4,914**	3,973
Provisions	**(68)**	218	**789**	44
Other long-term liabilities	**382**	914	**440**	829
	$ (1,567)	**$ (9,666)**	**$ (21,186)**	**$ (27,071)**

10. Derivative Financial Instruments

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

	September 30, 2023	**December 31, 2022**
Current assets		
Foreign exchange contracts	**$ 31**	$ 369
Interest rate swaps	**882**	-
Cross-currency swaps	**320**	-
	$ 1,233	**$ 369**
Non-current assets		
Foreign exchange contracts	**$ -**	$ 167
Interest rate swaps	**-**	1,499
Cross-currency swaps	**11,210**	9,260
	$ 11,210	**$ 10,926**
Current liabilities		
Foreign exchange contracts	**$ -**	$ 587
Cross-currency swaps	**1,865**	-
	$ 1,865	**$ 587**
Non-current liabilities		
Foreign exchange contracts	**$ 3**	$ -
Cross-currency swaps	**-**	1,676
	$ 3	**$ 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 *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, 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 September 30,			
	Accessibility [1]	**Patient Care**	**Head Office**	**Total**
2023				
Revenue	**$ 166,262**	**$ 43,832**	**$ -**	**$ 210,094**
Adjusted EBITDA	**$ 29,881**	**$ 6,140**	**$ (2,417)**	**$ 33,604**
Stock-based compensation				**615**
Other expenses				**-**
Depreciation and amortization expense				**12,367**
Operating income				**$ 20,622**
2022				
Revenue	$ 158,595	$ 42,799	$ -	**$ 201,394**
Adjusted EBITDA	$ 26,931	$ 5,900	$ (1,807)	**$ 31,024**
Stock-based compensation				**699**
Other expenses				**757**
Depreciation and amortization expense				**12,037**
Operating income				**$ 17,531**

[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)

	Nine months ended September 30,			
	Accessibility [1]	**Patient Care**	**Head Office**	**Total**
2023				
Revenue	**$ 479,684**	**$ 140,431**	**$ -**	**$ 620,115**
Adjusted EBITDA	**$ 75,280**	**$ 25,216**	**$ (6,656)**	**$ 93,840**
Stock-based compensation				**1,563**
Other expenses				**3,157**
Depreciation and amortization expense				**36,813**
Operating income				**$ 52,307**
2022				
Revenue	$ 448,667	$ 128,324	$ -	**$ 576,991**
Adjusted EBITDA	$ 74,525	$ 17,944	$ (5,554)	**$ 86,915**
Stock-based compensation				**1,588**
Other expenses				**3,621**
Depreciation and amortization expense				**37,608**
Operating income				**$ 44,098**

[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 September 30,		
	Accessibility [1]	**Patient Care**	**Total**
2023			
Revenue by region			
Canada	**$ 20,562**	**$ 13,847**	**$ 34,409**
United States	**64,150**	**27,554**	**91,704**
Europe and others	**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**
2022			
Revenue by region			
Canada	$ 20,052	$ 14,466	**$ 34,518**
United States	59,576	26,175	**85,751**
Europe and others	78,967	2,158	**81,125**
	$ 158,595	**$ 42,799**	**$ 201,394**
Timing of revenue recognition			
Goods transferred at a point in time [2]	$ 146,106	$ 38,103	**$ 184,209**
Services provided over time [2]	12,489	4,696	**17,185**
	$ 158,595	**$ 42,799**	**$ 201,394**

[1] As a result of the change in the composition of the reportable segments, the information from previous periods was restated.
[2] Adjustment to comparative figures in timing of revenue recognition between goods transferred at a point in time and services provided over time within 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)

	Nine months ended September 30,		
	Accessibility [1]	**Patient Care**	**Total**
2023			
Revenue by region			
Canada	**$ 57,663**	**$ 46,712**	**$ 104,375**
United States	**181,089**	**86,207**	**267,296**
Europe and others	**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**
2022			
Revenue by region			
Canada	$ 52,862	$ 47,048	**$ 99,910**
United States	154,358	73,587	**227,945**
Europe and others	241,447	7,689	**249,136**
	$ 448,667	**$ 128,324**	**$ 576,991**
Timing of revenue recognition			
Goods transferred at a point in time [2]	$ 409,341	$ 114,931	**$ 524,272**
Services provided over time [2]	39,326	13,393	**52,719**
	$ 448,667	**$ 128,324**	**$ 576,991**

[1] As a result of the change in the composition of the reportable segments, the information from previous periods was restated.
[2] Adjustment to comparative figures in timing of revenue recognition between goods transferred at a point in time and services provided over time within the *Accessibility* and *Patient Care* segments.

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