

savaria®



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Accessibility

2024

annual report

SAVARIA CORPORATION

For the fiscal year ended
December 31 2024

savaria®



As I traveled to our global facilities in 2024, I saw firsthand the impact of our Savaria One project on daily operations across every factory.

With over 200 initiatives focused on enhancing efficiency and fostering synergies, we achieved meaningful improvements—both large and small—culminating in a substantial year-over-year increase in adjusted EBITDA growth of 24%.

Collaboration, one of our core corporate values, continues to be a driving force behind our success, connecting our 2,500 employees worldwide. A prime example is the upcoming launch of our Luma through-the-floor lift. Designed as a practical alternative to a stairlift, Luma offers an elegant mobility solution for the aging population. Thanks to our R&D team's innovative approach and close collaboration with our international sales leaders, Luma will be available globally in 2025.

Looking ahead, I anticipate Savaria One will further strengthen our overall effectiveness in 2025. With more finely tuned operations, we are well-positioned to drive growth in both our Accessibility and Patient Care segments.

Message from
Sébastien Bourassa

President & CEO



Savaria enjoys success today in part due to our agility to adjust to market conditions.

We operate many facilities around the world, and while this can add management complexity at times, it also provides us remarkable flexibility for manufacturing and distribution. As we face new and unprecedented challenges of geopolitics, we know that there is no stopping the aging population and their needs to stay mobile. It is on us to evolve and change to meet those needs and to maintain our position of leadership.

Over the past year, Savaria One has added more strength to our capabilities and even if things are not always easy, we find solutions and we remain strong. In 2025, I do not see that changing. We collaborate, we innovate, we work as a team and we work with passion to persevere.

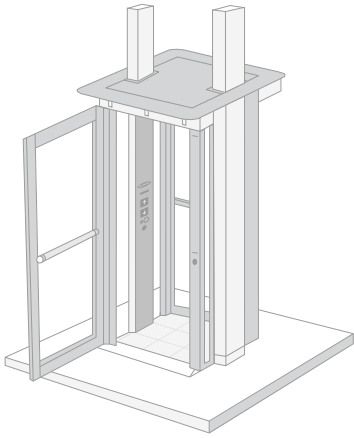


Message from
Marcel Bourassa

Executive Chairman

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North America Accessibility



In 2024, our key factories in Surrey and Brampton saw significant productivity gains driven by Savaria One initiatives.

By optimizing production layouts and reinforcing lean manufacturing practices, we enhanced efficiency across operations. Following the acquisition of Matot in early 2024,

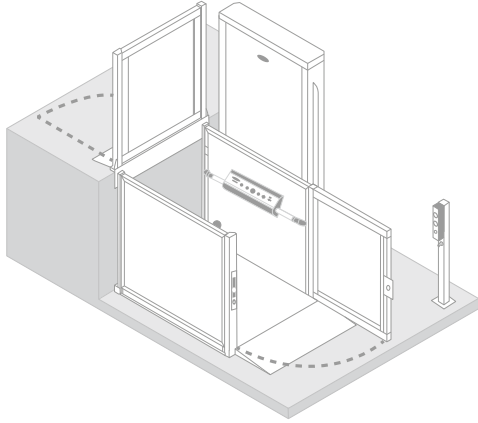
we expanded Brampton's capabilities to include dumbwaiters and material lifts production, allowing dealers to seamlessly quote and order Matot products through our Quote Builder system. To further streamline logistics, we established a finished goods warehouse in Mississauga, Ontario, reducing congestion in Brampton and improving elevator and lift shipment efficiencies.

Innovation remained at the forefront, with the launch of our Touchscreen operating panel and a new luxury flush-mount door for our home elevator line. At the annual NAEC industry show, we reinforced our market presence by exhibiting Garaventa and Savaria together while introducing Access+, a new tiered dealer sales incentive program designed to strengthen partnerships and drive growth.

LOOKING AHEAD TO 2025

We are excited to introduce the Luma Lift, a beautifully designed, intuitive mobility solution expected to drive incremental sales and expand our reach in the accessibility market.





In 2024, our focus in Europe was on driving efficiency improvements to deliver immediate benefits while establishing a more sustainable structure for this highly competitive region.

A key step in this transformation was the reorganization of our management team, beginning with the appointment of Clare Brophy as President of the group, followed by over 50 additional management realignments to enhance leadership effectiveness.

Our productivity initiatives led to a 20% increase in field service calls, enabling us to better serve customers without adding costs. The ERP system implemented in 2023 proved its value in 2024 by automating tasks, improving KPI tracking, and optimizing service routes for greater operational efficiency.

Procurement gains were achieved through strategic supplier renegotiations and enhanced analytics for global sourcing and synergistic buying. Additionally, we improved our productivity in key factories by strengthening internal expertise, improving workforce stability and shift efficiency.

Looking ahead to 2025, Europe will introduce two new products under the Savaria brand: the Luma Lift and a European code-compliant Savaria Multilift vertical platform lift. Meanwhile, Handicare is expanding beyond its stairlift heritage and will now be marketed as Handicare by Savaria, positioning the brand for greater market share and diversification.

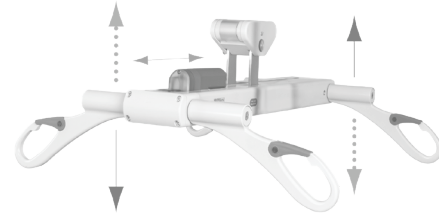
IN 2025

Europe will introduce, under the Savaria brand, a European code-compliant Savaria® Multilift vertical platform lift.



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Patient Care



In 2024, we integrated our brands of Span, Handicare and Savaria into “Savaria Patient Care”.

Our new web site showcases our breadth of the portfolio to meet the market needs in long term care, acute care and home care settings. We expanded our clinical training content including adding substantial digital content. The M-series Savaria clinical fixed lifts launched and replaced older Handicare legacy models, continuing our strong reputation for innovation in this category. Adding connectivity features for wifi and bluetooth and anti-microbial strapping enhanced this product line, already known for exceptional reliability in the field.

Savaria One initiatives in Patient Care yielded reductions of paint usage with a paint recycling system, and we also improved our assembly line cycle times with a rebalanced schedule. Procurement improvements reduced costs of raw materials including foam for our therapeutic mattresses.

GROWTH IN 2025

Patient Care experienced an outstanding fourth quarter and is focused on continuing a strong momentum for efficiency as well as sales growth in 2025.

The Boom of Boomers

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2024 marked the year where every baby boomer could be counted in the “60 plus” demographic.



It's a cohort of 18 birth years (1946-1964) representing the largest generation of births (76 million in the U.S. alone, with the eldest boomers turning 80 in 2026¹). They hold the most wealth of any generation and in 2030, all of them are eligible to retire.

It is well known that people want to stay in their own homes as long as possible, bringing tremendous opportunity for products and services to make that happen. In the U.S., 95% of baby boomers live in private homes² and in Canada, this figure is 93%³.

With age comes increased demand for home accessibility solutions and patient care products—the very areas where we excel. Home elevators, through-the-floor lifts, and stairlifts provide much-needed mobility, allowing all residents to navigate multi-level homes safely. Meanwhile, our patient care products, such as ceiling lifts and medical beds support both individuals and caregivers, enabling safer home care and outfitting institutional facilities such as hospitals and long term care.

As the baby boomer generation continues to age, the demand for reliable, high-quality accessibility and care solutions will only grow. By providing innovative, easy-to-use products that enhance safety and independence, we are well-positioned to serve this expanding market and drive long-term growth.

76m

the largest generation of births

2030

the year every baby boomer is at least 65

over 90%

of baby boomers live in private homes

¹ U.S. Census Bureau, ² Harvard Joint Center for Housing Studies, 2023, ³ Statistics Canada

Bourassa Savaria
FOUNDATION

10 YEARS



2024 marked the 10th anniversary of the Bourassa Savaria Foundation.

Each year since its creation the Foundation has grown its contribution amounts.

Over \$282,000 was gifted in 2024, with some highlights including:



Habilitas

\$100,000 over 5 years

Every Child Has a Right to Play campaign for the construction of an inclusive playground for the Mackay Centre and Philip E. Layton schools in the greater Montreal area.



Neil Squire Society

\$8000, Giving Tuesday

Hacking for Holidays campaign. This cross-Canada campaign funds adaptations for toys, making them easier for kids with disabilities to use.



Helping Kids with Physical Disabilities Succeed

Easter Seals Ontario

\$20,000

Equipment Funding Program. The Foundation is proud to support this organization's program that aims to remove barriers, promotes personal growth, and fosters a sense of belonging for those with disabilities.

Management's Discussion & Analysis Report

For the three-month and twelve-month periods ended December 31, 2024

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1. Basis of Presentation

The following management's discussion and analysis ("MD&A"), dated March 5, 2025, is intended to assist readers to better understand Savaria Corporation, its business context, strategies, risk factors and key financial results. It notably discusses the Corporation's financial position and operating results for the three-month and twelve-month periods ended December 31, 2024, in comparison to the corresponding periods of fiscal 2023. Unless otherwise indicated, the terms "Corporation," "Savaria," "we" and "our," refer to Savaria Corporation and its subsidiaries.

Prepared in accordance with *National Instrument 51-102 Respecting Continuous Disclosure Obligations*, this report should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2024. Unless otherwise indicated, all amounts are expressed in Canadian dollars. Amounts in certain passages of this MD&A may be expressed in millions of Canadian dollars ("M"); however, all percentage references related to such amounts are calculated based on the thousands of Canadian dollars amount figures contained in the corresponding tables.

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

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

2. Forward-Looking Statements

This MD&A includes certain statements which are “forward-looking statements” within the meaning of the securities laws of Canada. Any statement in this MD&A which is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words “believe,” “could,” “should,” “intend,” “expect,” “estimate,” “assume” and other similar expressions are generally intended to identify forward-looking statements. It is important to know the forward-looking statements in this MD&A describe our expectations as at March 5, 2025, which are not guarantees of the future performance of Savaria or its industry, and involve known and unknown risks and uncertainties which may cause Savaria’s or the industry’s outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetizations, mergers, acquisitions, other business acquisitions or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

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

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

3. IFRS and Non-IFRS Measures

The Corporation’s financial statements are prepared in accordance with IFRS. However, in this MD&A the following non-IFRS measures and non-IFRS ratios are used by the Corporation: EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDA per share, adjusted net earnings, adjusted net earnings per share, available credit facilities, available funds, working capital, total debt, net debt and ratio of net debt to adjusted EBITDA. Reconciliations to IFRS measures and ratios can be found in sections 3, 6 and 8 of this MD&A.

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

EBITDA

EBITDA is defined as earnings before net finance costs, income tax expense and depreciation and amortization. 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 depreciation and amortization expense, which is non-cash in nature and can vary significantly depending upon accounting methods or non-operating factors and net finance cost to eliminate the impact on earnings derived from non-operational activities. 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.

ADJUSTED EBITDA, ADJUSTED EBITDA MARGIN AND ADJUSTED EBITDA PER SHARE

Adjusted EBITDA is defined as EBITDA before other expenses or income, strategic initiatives expenses and stock-based compensation expense. Management uses adjusted EBITDA, adjusted EBITDA margin and adjusted EBITDA per share, among other measures, to assess the operating performance of the business. The Corporation also believes these measures are commonly used by investors and analysts to measure a company's ability to service debt and to meet other payment obligations, or as a common valuation measurement. The Corporation excludes depreciation and amortization expense as well as stock-based compensation expense, which are non-cash in nature and can vary significantly depending upon accounting methods or non-operating factors. Furthermore, the Corporation excludes a) Other expenses or income that can vary from period to period and which could otherwise mask the underlying trends in the business and b) Strategic initiatives expenses, which are significant costs incurred in relation to *Savaria One* that could mask the actual baseline performance, as the costs are only for the duration of the project and incurred prior to any perpetual benefits realized or pending realization. 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.

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

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

in thousands of dollars	Total Trailing 12 months	2024				2023			
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Operating Income	\$84,137	\$21,772	\$22,040	\$22,604	\$17,721	\$19,843	\$20,622	\$16,226	\$15,459
Amortization and depreciation expense	52,189	13,909	13,471	12,547	12,262	12,319	12,367	12,258	12,188
EBITDA*	136,326	35,681	35,511	35,151	29,983	32,162	32,989	28,484	27,647
Stock-based compensation	2,756	717	766	683	590	403	615	538	410
Strategic initiatives expenses	21,579	5,520	5,413	5,347	5,299	2,018	880	250	-
Other expenses (income)	569	949	47	764	(1,191)	522	-	-	3,157
Adjusted EBITDA*	\$161,230	\$42,867	\$41,737	\$41,945	\$34,681	\$35,105	\$34,484	\$29,272	\$31,214
Adjusted EBITDA per share*	\$2.25	\$0.59	\$0.58	\$0.59	\$0.49	\$0.49	\$0.53	\$0.45	\$0.48
Diluted weighted average number of shares	71,651,011	72,357,117	71,811,980	71,405,637	71,213,393	71,031,225	65,353,751	64,797,135	64,642,997
Adjusted EBITDA Margin*	18.6%	19.2%	19.5%	19.0%	16.6%	16.2%	16.4%	14.8%	14.7%

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

in thousands of dollars, except percentages	Q4 2024			
	Accessibility	Patient Care	Head Office	Total
Operating Income	\$17,975	\$9,355	\$(5,558)	\$21,772
Amortization and depreciation expense	10,557	2,347	1,005	\$13,909
EBITDA*	\$28,532	\$11,702	\$(4,553)	\$35,681
Stock-based compensation	-	-	717	\$717
Strategic initiatives expenses	4,431	23	1,066	\$5,520
Other expenses	383	515	51	\$949
Adjusted EBITDA*	\$33,346	\$12,240	\$(2,719)	\$42,867
Adjusted EBITDA Margin*	19.6%	23.1%	n/a	19.2%
	Q4 2023			
Operating Income	\$17,809	\$5,896	\$(3,862)	\$19,843
Amortization and depreciation expense	9,216	1,973	1,130	\$12,319
EBITDA*	\$27,025	\$7,869	\$(2,732)	\$32,162
Stock-based compensation	-	-	403	\$403
Strategic initiatives expenses	1,176	19	823	\$2,018
Other expenses	457	-	65	\$522
Adjusted EBITDA*	\$28,658	\$7,888	\$(1,441)	\$35,105
Adjusted EBITDA Margin*	16.5%	18.3%	n/a	16.2%

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

in thousands of dollars, except percentages	YTD 2024			
	Accessibility	Patient Care	Head Office	Total
Operating Income	\$78,857	\$26,084	\$(20,804)	\$84,137
Amortization and depreciation expense	39,450	8,593	4,146	\$52,189
EBITDA*	\$118,307	\$34,677	\$(16,658)	\$136,326
Stock-based compensation	-	-	2,756	\$2,756
Strategic initiatives expenses	15,379	1,914	4,286	\$21,579
Other expenses (income)	(381)	515	435	\$569
Adjusted EBITDA*	\$133,305	\$37,106	\$(9,181)	\$161,230
Adjusted EBITDA Margin*	19.8%	19.1%	n/a	18.6%
	YTD 2023			
Operating Income	\$64,245	\$24,600	\$(16,695)	\$72,150
Amortization and depreciation expense	36,369	8,284	4,479	\$49,132
EBITDA*	\$100,614	\$32,884	\$(12,216)	\$121,282
Stock-based compensation	-	-	1,966	\$1,966
Strategic initiatives expenses	1,197	90	1,861	\$3,148
Other expenses	2,127	130	1,422	\$3,679
Adjusted EBITDA*	\$103,938	\$33,104	\$(6,967)	\$130,075
Adjusted EBITDA Margin*	15.9%	18.0%	n/a	15.5%

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

ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS PER SHARE

Adjusted net earnings is defined as net earnings excluding other expenses or income, strategic initiatives expenses and the related income tax effects. The Corporation uses adjusted net earnings and adjusted net earnings per share to measure its performance from one period to the next, without the variation caused by the impacts of the items described above. The Corporation excludes these items because they affect the comparability of its financial results and could potentially distort the analysis of trends in its business performance. The Corporation excludes a) Other expenses or income that can vary from period to period and which could otherwise mask the underlying trends in the business and b) Strategic initiatives expenses, which are significant costs incurred in relation to Savaria One that could mask the actual baseline performance, as the costs are only for the duration of the project and incurred prior to any perpetual benefits realized or pending realization.

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

AVAILABLE CREDIT FACILITIES AND AVAILABLE FUNDS

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

WORKING CAPITAL

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

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

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

4. Business Overview

Savaria is one of the global leaders in the accessibility industry, providing solutions for the elderly and physically challenged to improve their comfort, mobility and independence. The Corporation has one of the most comprehensive product lines in the industry, split into two reportable segments, *Accessibility* and *Patient Care*.

Savaria designs, manufactures, distributes and installs accessibility equipment, such as elevators for home and commercial use, stairlifts for straight and curved stairs, vertical and inclined wheelchair lifts and dumbwaiters. In addition, Savaria manufactures and markets a comprehensive selection of pressure management products, medical beds, as well as an extensive line of medical equipment and solutions for the safe movement of patients, such as transfer, lifting and repositioning aids.

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

As at March 5, 2025, Savaria's workforce totaled approximately 2,500 employees worldwide.

4.1 REPORTABLE SEGMENTS OF THE CORPORATION

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

Accessibility

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

Patient Care

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

The following tables provide the revenue of Savaria by reportable segment and by region, for the twelve-month period ended December 31:

in thousands of dollars, except percentages	YTD 2024					
	Accessibility		Patient Care		Total	
Canada	\$88,397	13.1%	\$66,080	34.1%	\$154,477	17.8%
United States	274,031	40.7%	117,445	60.6%	391,476	45.1%
Europe and rest of world	311,450	46.2%	10,359	5.3%	321,809	37.1%
Total	\$673,878	100.0%	\$193,884	100.0%	\$867,762	100.0%

	YTD 2023					
	Accessibility		Patient Care		Total	
Canada	\$79,813	12.2%	\$62,034	33.8%	\$141,847	17.0%
United States	247,830	37.9%	111,351	60.6%	359,181	42.9%
Europe and rest of world	325,707	49.9%	10,219	5.6%	335,926	40.1%
Total	\$653,350	100.0%	\$183,604	100.0%	\$836,954	100.0%

5. Financial Highlights

in thousands of dollars, except per-share amounts	Q4		YTD	
	2024	2023	2024	2023
Revenue	\$223,340	\$216,839	\$867,762	\$836,954
Gross Profit	84,224	74,322	321,712	286,020
Operating income	\$21,772	\$19,843	\$84,137	\$72,150
Adjusted EBITDA*	\$42,867	\$35,105	\$161,230	\$130,075
Adjusted EBITDA margin*	19.2%	16.2%	18.6%	15.5%
Net earnings ¹	14,333	10,959	48,510	37,841
Adjusted net earnings* ¹	19,269	12,848	64,795	42,909
Diluted net earnings per share ¹	\$0.20	\$0.16	\$0.68	\$0.57
Adjusted net earnings per share* ¹	\$0.26	\$0.19	\$0.90	\$0.65

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

¹ The annual year-to-date amounts for 2024 reflect adjustments made for Q1, Q2 and Q3 2024 between net finance costs and other comprehensive income, as detailed and explained in Section 7.

Q4 2024 HIGHLIGHTS

- Revenue was \$223.3M, up \$6.5M or 3.0%, compared to Q4 2023, mainly due to organic growth of 0.9% and a positive foreign exchange impact of 2.1%. The revenue contribution from the acquisition of Matot was fully offset by the divestitures of Van-Action and Freedom Motors.
 - Accessibility* experienced negative organic growth of 4.0%, including a contraction of 7.8% in Europe partially offset by a slight increase of 0.1% in North America.
 - Patient Care* achieved organic revenue growth of 20.6%.
- Gross profit was \$84.2M, up \$9.9M or 13.3%, compared to Q4 2023, representing a gross margin of 37.7%, an increase of 340 bps compared to 34.3% in Q4 2023.
- Operating income was \$21.8M, up \$1.9M or 9.7%, compared to Q4 2023, representing an operating margin of 9.7% compared to 9.2% in Q4 2023.
- Adjusted EBITDA* was \$42.9M, up \$7.8M or 22.1%, representing \$0.59 per share, up \$0.10, when compared to Q4 2023.
- Adjusted EBITDA margin* stood at 19.2% up 300 bps compared to 16.2% in Q4 2023.
 - Accessibility* adjusted EBITDA was \$33.3M or 19.6%, an increase of \$4.7M or 16.4% compared to Q4 2023.
 - Patient Care* adjusted EBITDA was \$12.2M or 23.1%, an increase of \$4.4M or 55.2% compared to Q4 2023.
- Net earnings and adjusted net earnings* were \$14.3M and \$19.3M, respectively, or \$0.20 and \$0.26 per share on a diluted basis, compared to \$11.0M and \$12.8M, respectively, or \$0.16 and \$0.19 per share on a diluted basis in Q4 2023.

2024 HIGHLIGHTS

- Revenue was \$867.8M, up \$30.8M or 3.7%, compared to 2023, mainly due to organic growth of 3.7% and a positive foreign exchange impact of 1.4%, partially offset by the aforementioned divestitures, as well as the divestiture of the operations in Norway, net of the acquisition of Matot.
 - Accessibility* organic growth stood at 3.4%, including growth of 8.4% coming from North America and partially offset by a contraction of 2.5% in Europe.
 - Patient Care* organic revenue increased by 4.5%.
- Gross profit was \$321.7M, up \$35.7M or 12.5%, compared to 2023, representing a gross margin of 37.1%, an increase of 290 bps compared to 34.2% in 2023.

- Operating income was \$84.1M, up \$12.0M or 16.6%, compared to 2023, representing an operating margin of 9.7% compared to 8.6% in 2023.
- Adjusted EBITDA* was \$161.2M, up \$31.2M or 24.0%, representing \$2.25 per share, up \$0.30, when compared to 2023.
- Adjusted EBITDA margin* stood at 18.6% up 310 bps compared to 15.5% in 2023.
 - *Accessibility* adjusted EBITDA was \$133.3M or 19.8%, an increase of \$29.4M or 28.3% compared to 2023.
 - *Patient Care* adjusted EBITDA was \$37.1M or 19.1%, an increase of \$4.0M or 12.1% compared to 2023.
- Net earnings and adjusted net earnings* were \$48.5M and \$64.8M, respectively, or \$0.68 and \$0.90 per share on a diluted basis, compared to \$37.8M and \$42.9M, respectively, or \$0.57 and \$0.65 per share on a diluted basis in 2023.
- The ratio of net debt to adjusted EBITDA* stood at 1.63 in comparison to 2.07 as at December 31, 2023.
- Available funds* of \$242.8M to support working capital, investments and growth opportunities.

6. Financial Review

6.1 REVENUE

During the quarter, the Corporation generated revenue of \$223.3M, up \$6.5M or 3.0%, compared to the same period in 2023. The increase was mainly due to organic growth of 0.9% and a positive foreign exchange impact of 2.1%. The revenue contribution from the acquisition of Matot was fully offset by the divestitures of Van-Action and Freedom Motors.

For the twelve-month period ended December 31, 2024, the Corporation generated revenue of \$867.8M, up \$30.8M or 3.7%, compared to the same period in 2023. The increase is mainly due to organic growth of 3.7% and a positive foreign exchange impact of 1.4%. The growth was partially offset by the aforementioned divestitures, as well as the divestiture of the operations in Norway in 2023, net of the acquisition of Matot.

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

in thousands of dollars, except percentages	Q4		
	Accessibility	Patient Care	Total
Revenue 2024	\$170,293	\$53,047	\$223,340
Revenue 2023	\$173,666	\$43,173	\$216,839
Net change %	(1.9)%	22.9%	3.0%
Organic growth (contraction) ¹	(4.0)%	20.6%	0.9%
Acquisition/divestiture impact ²	0.0%	0.0%	0.0%
Foreign currency impact ³	2.1%	2.3%	2.1%
Net change %	(1.9)%	22.9%	3.0%

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

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

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

in thousands of dollars, except percentages	YTD		
	Accessibility	Patient Care	Total
Revenue 2024	\$673,878	\$193,884	\$867,762
Revenue 2023	\$653,350	\$183,604	\$836,954
Net change %	3.1%	5.6%	3.7%
Organic growth ¹	3.4%	4.5%	3.7%
Acquisition/divestiture impact ²	(1.8)%	0.0%	(1.4)%
Foreign currency impact ³	1.5%	1.1%	1.4%
Net change %	3.1%	5.6%	3.7%

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 last 12 months and is calculated based on local functional currency.

³ Foreign currency impact represents the foreign exchange impact unrelated to organic growth and acquisition/divestiture.

6.1.1 Accessibility

Revenue from our Accessibility segment was \$170.3M for the quarter, a decrease of \$3.4M or 1.9%, compared to the same period in 2023. The decrease in revenue was due to an overall organic contraction of 4.0% consisting of a contraction of 7.8% in Europe and a 0.1% growth in North America. The revenue contraction in Europe is mainly due to the Corporation's focus on higher margin contracts in a competitive environment. North America was able to deliver constant revenues in a more difficult market in the United States. Both regions continue to remain focused on profitable growth. The revenue decrease was compensated by a positive foreign exchange impact of 2.1%, mainly coming from

the GBP, EUR and USD currencies. In addition, the revenues from the acquisition of Matot offset the decrease from the divestitures of Van-Action and Freedom Motors operations.

For the twelve-month period ended December 31, 2024, revenue from our *Accessibility* segment was \$673.9M, an increase of \$20.5M, or 3.1%, compared to the same period in 2023. The increase in revenue was related to organic growth of 3.4%, derived from growth of 8.4% in North America and a contraction of 2.5% in Europe, supported by price increases and improved lead times in both regions, and also to a positive foreign exchange impact of 1.5%. The growth was partially offset by the divestitures of Van-Action, Freedom Motors and the Norway vehicle operations, net of the acquisition of Matot.

6.1.2 Patient Care

Revenue from our Patient Care segment was \$53.0M for the quarter, an increase of \$9.9M or 22.9% compared to the same period in 2023. North America delivered a very strong quarter, with increased medical bed frame and mattress revenues, as well as ceiling lift packages sold, mainly due to increased projects realized in the long-term care build activity. The increase in growth was supported by a positive foreign exchange impact of 2.3%.

For the twelve-month period ended December 31, 2024, revenue from our Patient Care segment was \$193.9M, an increase of \$10.3M, or 5.6%, compared to the same period in 2023. The increase in revenue was mainly driven by a positive organic growth of 4.5%, with the strong finish of the year, explained by similar factors listed above for the quarter and a positive foreign exchange impact of 1.1%.

6.1.3 Foreign Exchange

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

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

Canadian equivalent of a currency	2024	2023
US Dollar (USD)	1.4371	1.3247
Euro (EUR)	1.4927	1.4620
Pound Sterling (GBP)	1.8014	1.6863
Swiss franc (CHF)	1.5879	1.5737
Renminbi (RMB)	0.1969	0.1868

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

Canadian equivalent of a currency	2024	2023
US Dollar (USD)	1.3699	1.3493
Euro (EUR)	1.4818	1.4591
Pound Sterling (GBP)	1.7506	1.6778
Swiss franc (CHF)	1.5562	1.5021
Renminbi (RMB)	0.1905	0.1908

In conformity with the hedging policy adopted by the Board of Directors, the Corporation uses USD foreign exchange contracts to reduce the risks related to currency fluctuations. Therefore, the variations in the rates presented above may not be representative of the actual impact of exchange rates on our financial results. As at December 31, 2024, the Corporation held foreign exchange contracts totaling \$42.0M USD for a hedging period up to March 2026, at a weighted average rate of 1.3656.

6.2 GROSS PROFIT AND OPERATING INCOME

in thousands of dollars, except per-share amounts and % revenue	Q4				YTD			
	2024		2023		2024		2023	
Revenue	\$223,340		\$216,839		\$867,762		\$836,954	
Cost of sales	139,116	62.3%	142,517	65.7%	546,050	62.9%	550,934	65.8%
Gross Profit	\$84,224	37.7%	\$74,322	34.3%	\$321,712	37.1%	\$286,020	34.2%
Selling and administrative expenses	55,983	25.1%	51,939	24.0%	215,427	24.8%	207,043	24.7%
Strategic initiatives expenses	5,520	2.5%	2,018	0.9%	21,579	2.5%	3,148	0.4%
Other expenses	949	0.4%	522	0.2%	569	0.1%	3,679	0.5%
Operating income	\$21,772	9.7%	\$19,843	9.2%	\$84,137	9.7%	\$72,150	8.6%
Net finance costs ¹	2,406	1.0%	4,781	2.3%	18,472	2.1%	21,835	2.6%
Earnings before income tax	\$19,366	8.7%	\$15,062	6.9%	\$65,665	7.6%	\$50,315	6.0%
Income tax expense ¹	5,033	2.3%	4,103	1.8%	17,155	2.0%	12,474	1.5%
Net Earnings ¹	\$14,333	6.4%	\$10,959	5.1%	\$48,510	5.6%	\$37,841	4.5%
Adjusted EBITDA*	\$42,867	19.2%	\$35,105	16.2%	\$161,230	18.6%	\$130,075	15.5%
Basic net earnings per share ¹	\$0.20		\$0.16		\$0.68		\$0.57	
Diluted net earnings per share ¹	\$0.20		\$0.16		\$0.68		\$0.57	

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

¹ The annual year-to-date amounts for 2024 reflect adjustments made for Q1, Q2 and Q3 2024 between net finance costs and other comprehensive income, as detailed and explained in Section 7.

For the quarter, the increase in gross profit of \$9.9M when compared to the same period in 2023, is attributable to improved gross margins in both segments due to operating leverage, improved pricing, and lower material costs. For the twelve-month period ended December 31, 2024, gross margin benefited from the same impacts as listed for the quarter, when compared to the same period in 2023.

For the quarter, selling and administrative expenses as a percentage of revenue were higher by 110 bps when compared to the same period in 2023 mainly due to increased short-term incentives. For the twelve-month period ended December 31, 2024, selling and administrative expenses in dollars increased, and as a percentage of revenue were slightly higher by 10 bps, when compared to the same period in 2023, reflecting investments made under *Savaria One*.

For the quarter, the Corporation incurred \$0.9M in other expenses including \$0.4M in integration costs for the business acquisition of Matot and \$0.5M for an optimization program. In addition, \$5.5M was incurred in strategic initiative expenses in the quarter. For the twelve-month period ended December 31, 2024, the Corporation had other expenses of \$0.6M mainly related to the acquisition and integration costs of Matot, and the optimization program, partially offset by the gain on the divestitures of Van-Action and Freedom Motors, compared to \$3.7M, made up of \$1.8M of integration costs for Handicare, \$0.5M for an optimization program and the loss on the divestiture of Norway vehicle operations in 2023. In addition, the Corporation also incurred \$21.6M in strategic initiative expenses year-to-date, compared to \$3.1M last year, reflecting a full year of costs in relation to *Savaria One*.

Consequently, operating income was \$21.8M for the quarter, an increase of \$1.9M when compared to \$19.8M for the same period in 2023, with a year-to-date amount of \$84.1M compared to \$72.2M in 2023. Quarterly and year-to-date, the increase was mainly attributable to the additional revenue contribution and higher gross margins while partially offset by increased strategic initiatives expenses.

6.3 ADJUSTED EBITDA

Adjusted EBITDA and adjusted EBITDA margin for the quarter stood at \$42.9M and 19.2%, respectively, compared to \$35.1M and 16.2% for the same period in 2023. The increased profitability is mainly explained by the aforementioned increase in gross margin for both segments.

For the twelve-month period ended December 31, 2024, adjusted EBITDA and adjusted EBITDA margin stood at \$161.2M and 18.6%, respectively, compared to \$130.1M and 15.5% for the same period in 2023. The year-to-date increase in adjusted EBITDA and adjusted EBITDA margin when compared to the prior year is explained by the performance in all segments, including both regions in *Accessibility*.

Head office costs for the three-month and twelve-month periods ended December 31, 2024 stood at \$2.7M and \$9.2M respectively. These costs are in line with management's expectations for the year.

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

in thousands of dollars, except percentages	Q4 2024			
	Accessibility	Patient Care	Head Office	Total
Revenue	\$170,293	\$53,047	n/a	\$223,340
Adjusted EBITDA*	\$33,346	\$12,240	\$(2,719)	\$42,867
Adjusted EBITDA Margin*	19.6%	23.1%	n/a	19.2%
	Q4 2023			
Revenue	\$173,666	\$43,173	n/a	\$216,839
Adjusted EBITDA*	\$28,658	\$7,888	\$(1,441)	\$35,105
Adjusted EBITDA Margin*	16.5%	18.3%	n/a	16.2%
	YTD 2024			
Revenue	\$673,878	\$193,884	n/a	\$867,762
Adjusted EBITDA*	\$133,305	\$37,106	\$(9,181)	\$161,230
Adjusted EBITDA Margin*	19.8%	19.1%	n/a	18.6%
	YTD 2023			
Revenue	\$653,350	\$183,604	n/a	\$836,954
Adjusted EBITDA*	\$103,938	\$33,104	\$(6,967)	\$130,075
Adjusted EBITDA Margin*	15.9%	18.0%	n/a	15.5%

* 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 \$33.3M and 19.6%, respectively, compared to \$28.7M and 16.5% for the same period in 2023. The increase in adjusted EBITDA and adjusted EBITDA margin was mainly due to improved pricing on products delivered, and lower material costs for both geographical regions. The adjusted EBITDA margin for both North America and Europe increased, in line with the performance in the previous quarters and materially improved from a year ago.

For the twelve-month period ended December 31, 2024, adjusted EBITDA and adjusted EBITDA margin stood at \$133.3M and 19.8%, respectively, compared to \$103.9M and 15.9% for the same period in 2023. The increase in the margin is mainly explained by the factors mentioned above for the quarter as well as increased revenue. On a year-to-date basis, the adjusted EBITDA margin for North America improved, while the margin considerably increased in Europe.

6.3.2 Patient Care

For the quarter, *Patient Care* adjusted EBITDA and adjusted EBITDA margin stood at \$12.2M and 23.1%, respectively, compared to \$7.9M and 18.3% for the same period in 2023. The increase in both measures was mainly due to higher revenue, pricing initiatives, favorable product mix on certain projects versus last year and lower material costs, partially offset by higher selling expenses.

For the twelve-month period ended December 31, 2024, adjusted EBITDA and adjusted EBITDA margin stood at \$37.1M and 19.1%, respectively, compared to \$33.1M and 18.0% for the same period in 2023. The increase in both metrics is mainly explained by the factors mentioned above for the favorable fourth quarter.

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 \$2.4M compared to \$4.8M for the same period in 2023. Interest on long-term debt decreased by \$1.1M when compared to 2023 due to the reduced balance of debt and a reduction in variable interest rates. Net finance costs were favorably impacted by a foreign currency gain of \$2.2M compared to a gain of \$1.0M in 2023, most of which was unrealized in nature. In 2023, the Corporation also incurred a loss on the ineffective portion of changes in fair value of net investment hedges of \$0.8M.

For the twelve-month period ended December 31, 2024, net finance costs were \$18.5M compared to \$21.8M for the same period in 2023. The decrease in net finance costs was mainly due to lower interest on long-term debt of \$5.4M as stated above, partially offset by higher interest on lease liabilities and a net foreign currency gain of \$1.6M compared to a gain of \$1.8M in 2023, most of which was unrealized in nature. The Corporation also incurred a net loss on financial instruments of \$0.8M.

6.5 INCOME TAXES

For the quarter, an income tax expense of \$5.0M was recorded on earnings before income taxes of \$19.4M, representing an effective tax rate of 26.0%, compared to an income tax expense of \$4.1M and an effective tax rate of 27.2% for the same period in 2023. For the twelve-month period ended December 31, 2024, an income tax expense of \$17.2M was recorded on earnings before taxes of \$65.7M, representing an effective tax rate of 26.1%, whereas the effective tax rate was 24.8% for the same period in 2023. The variances in income tax expense and effective tax rates are the results of different profit allocation coming from countries in which the Corporation operates which are taxable at varying rates, non-deductible expenses, valuation allowances adjustments and withholding tax on repatriation from a foreign subsidiary.

6.6 NET EARNINGS AND ADJUSTED NET EARNINGS

in thousands of dollars, except number of shares and per-share amounts	Q4		YTD	
	2024	2023	2024	2023
Net earnings ²	\$14,333	\$10,959	\$48,510	\$37,841
Strategic initiatives expenses	5,520	2,018	21,579	3,148
Other expenses	949	522	569	3,679
Income tax related to strategic initiatives and other expenses ¹	(1,533)	(651)	(5,863)	(1,759)
Adjusted net earnings* ²	\$19,269	\$12,848	\$64,795	\$42,909
In \$ per share				
Diluted net earnings ²	\$0.20	\$0.16	\$0.68	\$0.57
Strategic initiatives and other expenses net of income tax ¹	0.06	0.03	0.22	0.08
Adjusted net earnings* ²	\$0.26	\$0.19	\$0.90	\$0.65
Diluted weighted average number of shares	72,357,117	71,031,225	71,651,011	66,476,434

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

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

² The annual year-to-date amounts for 2024 reflect adjustments made for Q1, Q2 and Q3 2024 between net finance costs and other comprehensive income, as detailed and explained in Section 7.

For the quarter, net earnings were \$14.3M or \$0.20 per share on a diluted basis, compared to \$11.0M or \$0.16 per share for the same period in 2023. The increase in net earnings was mainly due to higher adjusted EBITDA and lower net finance costs, partially offset by strategic initiative expenses and higher net income tax expense. For the twelve-month period ended December 31, 2024, net earnings stood at \$48.5M, or \$0.68 per share on a diluted basis, compared to \$37.8M or \$0.57 for the same period in 2023. The increase in net earnings and net earnings per share on a diluted basis was attributable to the same factors as listed above for the quarter.

For the quarter, adjusted net earnings were \$19.3M or \$0.26 per share on a diluted basis, compared to \$12.8M or \$0.19 per share for the same period in 2023. For the twelve-month period ended December 31, 2024, adjusted net earnings stood at \$64.8M, or \$0.90 per share on a diluted basis, compared to \$42.9M or \$0.65 for the same period in 2023.

7. Summary of Quarterly Results

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

in thousands of dollars, except per-share amounts	Total	2024				2023			
	Trailing 12 months	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$867,762	\$223,340	\$213,634	\$221,344	\$209,444	\$216,839	\$210,094	\$198,396	\$211,625
Gross Margin	37.1%	37.7%	37.0%	37.5%	36.0%	34.3%	34.5%	33.8%	34.0%
Operating Income	\$84,137	\$21,772	\$22,040	\$22,604	\$17,721	\$19,843	\$20,622	\$16,226	\$15,459
Adjusted EBITDA*	\$161,230	\$42,867	\$41,737	\$41,945	\$34,681	\$35,105	\$34,484	\$29,272	\$31,214
Adjusted EBITDA Margin*	18.6%	19.2%	19.5%	19.0%	16.6%	16.2%	16.4%	14.8%	14.7%
Net earnings ¹	\$48,510	\$14,333	\$11,165	\$11,383	\$11,629	\$10,959	\$12,054	\$8,789	\$6,039
Net earnings per share - diluted ¹	\$0.68	\$0.20	\$0.16	\$0.16	\$0.16	\$0.16	\$0.18	\$0.14	\$0.09
Dividend declared per share	\$0.526	\$0.135	\$0.131	\$0.130	\$0.130	\$0.130	\$0.130	\$0.130	\$0.130

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

¹ As a result of the change in the presentation of a financial instrument between net finance costs and other comprehensive income, Q1, Q2 and Q3 2024 figures were restated. The impact on Q1 figures were (\$0.8M) on net finance costs and \$0.2M on income tax expense, for net impact on earnings of (\$0.6M). The impact on Q2 figures were (\$0.6M) on net finance costs and \$0.2M on income tax expense, for net impact on earnings of (\$0.4M). The impact on Q3 figures were \$2.5M on net finance costs and (\$0.7M) on income tax expense, for net impact on earnings of \$1.9M.

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 December 31, 2024.

in thousands of dollars	December 31, 2024	December 31, 2023
Total amount available under the revolving facility	\$450,000	\$450,000
Amount drawn under the revolving facility	(239,112)	(279,039)
Outstanding letters of credit	(3,301)	(1,752)
Available credit facilities*	\$207,587	\$169,209
Cash and cash equivalents	35,242	54,076
Available funds*	\$242,829	\$223,285
Current assets	\$325,721	\$337,708
Current liabilities	179,747	170,543
Working capital*	\$145,974	\$167,165
Ratio of current assets to current liabilities	1.81	1.98

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

8.2 NET DEBT

As at December 31, 2024, the Corporation had a net debt position of \$262.7M, compared to \$269.9M as of December 31, 2023. The decrease in net debt of \$7.2M is mainly driven by a reimbursement on the revolving facility of \$60.0M, partially offset by less cash and cash equivalents applied against the facility, a new lease contract of \$8.8M relating to a new warehousing and distribution center located in the greater Toronto area, the renewal of the lease for the main manufacturing location in the United Kingdom and the increase in the USD currency against CAD.

in thousands of dollars	December 31, 2024	December 31, 2023
Amount drawn under the revolving facility	\$239,112	\$279,039
Notes payable related to business acquisitions	2,472	1,769
Outstanding letters of credit	3,301	1,752
Lease liabilities	53,088	41,404
Total debt*	\$297,973	\$323,964
Less: Cash and cash equivalents	(35,242)	(54,076)
Net debt*	\$262,731	\$269,888
Trailing twelve months adjusted EBITDA*	161,230	130,075
Ratio of net debt to adjusted EBITDA*	1.63	2.07

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

9. Liquidity

in thousands of dollars	Q4		YTD	
	2024	2023	2024	2023
Cash flows related to operating activities before net changes in non-cash operating items	\$33,045	\$30,714	\$114,038	\$93,427
Net changes in non-cash operating items	1,161	6,377	6,065	(14,809)
Cash flows related to operating activities	34,206	37,091	120,103	78,618
Cash flows related to investing activities	(5,738)	(5,013)	(20,626)	(6,355)
Cash flows related to financing activities	(50,404)	(21,069)	(117,996)	(63,106)
Unrealized foreign exchange impact on cash held in foreign currencies	(1,112)	944	(315)	194
Net change in cash	\$(23,048)	\$11,953	\$(18,834)	\$9,351

9.1 OPERATING ACTIVITIES

For the quarter, cash flows related to operating activities before net changes in non-cash operating items reached \$33.0M, versus \$30.7M for the same period of 2023, mainly explained by higher EBITDA generated partially offset by higher strategic initiatives expenses. Net changes in non-cash operating items increased liquidity by \$1.2M, compared to an increase of \$6.4M a year earlier. The increase in 2024 was driven by reduced inventories and higher trade payables, partially offset by higher trade receivables and lower provisions and deferred revenues, while 2023 was favorably impacted by reduced inventories and prepaid expenses and other current assets, partially offset by higher trade receivables and lower trade payables and deferred revenues. As a result, cash generated from operating activities in Q4 2024 stood at \$34.2M, compared to \$37.1M for the same period in 2023.

For the twelve-month period ended December 31, 2024, cash flows related to operating activities before net changes in non-cash operating items reached \$114.0M, versus \$93.4M for the same period in 2023, mainly explained by the same factors mentioned above for the quarter. Net changes in non-cash operating items increased liquidity by \$6.1M, compared to a decrease of \$14.8M a year earlier, due to improved levels in trade receivables and payables, lower increases in inventories and prepaid expenses and other current assets, partially offset by reduced deferred revenues. As a result, cash generated from operating activities stood at \$120.1M, compared to \$78.6M for the same period in 2023.

9.2 INVESTING ACTIVITIES

For the quarter, cash flow used in investing activities was \$5.7M compared to \$5.0M in 2023, mostly due to the disbursement of \$5.7M for fixed and intangible assets in 2024, comparable to \$5.1M in 2023.

For the twelve-month period ended December 31, 2024, cash used in investing activities was \$20.6M compared to \$6.4M in 2023. In 2024, the Corporation disbursed \$7.1M for business acquisition activities, mainly related to Matot. The Corporation also received \$6.6M from the divestiture of Van-Action and Freedom Motors, while it received \$12.4M from the divestiture of the Norwegian operations in 2023. Conversely, disbursements of \$20.2M for fixed and intangible assets were made in 2024, comparable to \$18.9M in 2023.

9.3 FINANCING ACTIVITIES

For the quarter, cash used in financing activities was \$50.4M compared to \$21.1M in 2023. The variation is mainly explained by a reimbursement on the revolving facility of \$34.3M compared to \$2.6M in 2023. The Corporation also received \$0.8M from the proceeds of the exercise of stock options, and paid \$0.9M less in interest.

For the twelve-month period ended December 31, 2024, cash used in financing activities was \$118.0M compared to \$63.1M in 2023. The year-to-date variation is also explained by a reimbursement on the revolving facility of \$60.0M compared to \$84.3M in 2023 following the net proceeds from the issuance of common shares. The Corporation also received \$7.1M from the proceeds of the exercise of stock options and paid \$6.0M less in interest.

9.4 DIVIDENDS

The aggregate monthly dividends declared in the fourth quarter and twelve months of 2024 totaled \$9.6M and \$37.5M, respectively, compared to \$9.2M and \$34.6M for the same periods of 2023. The dividends paid in the fourth quarter and twelve months of 2024 totaled \$9.6M and \$37.3M respectively, compared to \$9.2M and \$34.4M in 2023, mainly explained by the increased number of shares outstanding year-over-year. The increase in the dividend rate from \$0.0433 to \$0.045, effective September 2024, also contributed to the increase in dividends paid and declared in 2024. As at December 31, 2024, 71,402,507 shares were issued and outstanding, compared to 70,942,726 as at December 31, 2023.

9.5 STOCK OPTIONS

As at March 5, 2025, 4,334,111 stock options were outstanding with exercise prices ranging from \$11.06 to \$22.28.

10. Overview of the Last Three Years

in thousands of dollars, except per-share amounts	2024	2023	2022
Revenue	\$867,762	\$836,954	\$789,091
Gross Margin	37.1%	34.2%	32.2%
Operating income	84,137	72,150	63,941
Adjusted EBITDA*	161,230	130,075	120,225
Net earnings	48,510	37,841	35,311
Earnings per share - diluted	0.68	0.57	0.55
Dividend declared per share	0.526	0.520	0.507
Total assets	1,114,209	1,101,573	1,109,963
Net debt*	262,731	269,888	369,449

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

The increase in revenue from 2022 through to 2024, was mainly due to the organic growth of the Corporation during these years, the acquisition of Matot in 2024 and was partially offset by the divestitures of the Norway operations in 2023 and Van-Action and Freedom Motors in 2024.

The gross margin and adjusted EBITDA increased from 2022 to 2024 due to better cost absorption, favorable product mix and improved pricing.

The increase in net earnings through the years is mainly due to the increase in higher adjusted EBITDA, partially offset by strategic initiatives expenses in 2023 and 2024.

11. Governance

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

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

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

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

At December 31, 2024, Savaria's management, including the CEO and the CFO, conducted an evaluation of the effectiveness of the Corporation's DC&P and ICFR as defined under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings and concluded that the design and operation of the Corporation's DC&P and ICFR were effective.

12. Material 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, the inventory obsolescence provisions, the capitalization of intangible assets and the measurement of lease obligations.

B. New Accounting Standards

i) New Accounting Standards Adopted

The following new amendments to standards and interpretations have been applied in preparing the consolidated financial statements as at December 31, 2024. Adopting these amendments had no significant impact on the Corporation's financial statements.

IFRS 16 Leases - Lease Liability in Sale and Leaseback

Amendments introduce a new accounting model which impacts how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction.

IAS 1 Presentation of Financial Statements

Amendments to Classification of Liabilities as Current or Non-current: clarifies classification of liabilities as current or non-current.

IAS 7 Statement of Cash Flows & IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

Amendments introduce new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable investors to assess the impact of these arrangements on the company's liabilities, cash flows and exposure to liquidity risk. The new disclosure also needs to include the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

ii) New Accounting Standards Not Yet Adopted

The following new amendments to standards and interpretations have not been applied in preparing the consolidated financial statements as at December 31, 2024. The Corporation is currently evaluating the impact of these standard amendments on its consolidated financial statements.

IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosure: Amendments to the Classification and Measurement of Financial Instruments*

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments, which amend IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. The standard amendments clarify the recognition and derecognition date of certain financial assets and liabilities. Also, they clarify the treatment of non-recourse financial assets and contractually linked instruments and they introduce additional disclosures for financial assets and liabilities with contractual terms that reference a contingent event, and equity instruments classified at fair value through other comprehensive income. The amendments are effective for years beginning on or after January 1, 2026.

IFRS 18 *Presentation and Disclosure in Financial Statements*

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

13. Off-Balance Sheet Arrangements

The Corporation did not enter into any off-balance sheet arrangements during fiscal 2024.

14. Related Party Transactions

Other than compensation to key management and directors as disclosed in note 30 to the consolidated financial statements, the Corporation did not enter into any significant transactions with any related party during fiscal 2024.

15. Contractual Obligations

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

in thousands of dollars	Total	Less than one year	One to four years	More than four years
Long-term debt including current-portion and interest	\$273,075	\$14,236	\$258,839	\$-
Lease liabilities	57,898	12,462	28,527	16,909
Derivative financial instruments	(10,880)	(8,526)	(2,354)	-

Also, as part of its *Savaria One* initiative, the Corporation is committed under a service agreement for a total of \$17.0M payable over the next 12 months.

16. Subsequent Event

On February 1, 2025, the President of the United States issued three executive orders to impose new tariffs on imports originating from Canada, Mexico and China. These orders are stating to add 25% duty on imports into the United States of Canadian and Mexican-origin products and additional 10% duty on Chinese-origin products. The orders in regard to Canada and Mexico were originally suspended for a one-month period and were put in application on March 4, 2025. On the same date, an additional 10% on imports from China into the United States was put in application on top of the additional 10% already announced on February 1, 2025.

The Corporation is assessing the impacts of these tariffs and other retaliatory tariffs on its business as this situation evolves.

17. Risks and Uncertainties

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

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

ECONOMIC CONDITIONS

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

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

OPERATING RESULTS

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

FINANCING

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

ACQUISITIONS

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

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

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

CURRENCY FLUCTUATION

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

MARKET AND COMPETITION

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

CATASTROPHIC EVENTS, NATURAL DISASTERS, SEVERE WEATHER AND DISEASE

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

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

HEALTHCARE REIMBURSEMENT

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

PROPERTY RIGHTS

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

CREDIT RISK

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

INTEREST RATE FLUCTUATIONS

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

PRICE VARIATION

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

DEPENDENCE ON KEY PERSONNEL

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

DEPENDENCE ON KEY DISTRIBUTORS

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

DEPENDENCE ON KEY SUPPLIERS

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

LAWS AND REGULATIONS

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

PRODUCT LIABILITY

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

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

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

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

LITIGATION

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

INFORMATION SYSTEM / CYBERSECURITY

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

18. Environmental, Social and Governance (“ESG”) Values

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

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

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

Savaria is working towards the publication of its 2024 ESG report, which will provide additional sustainability related disclosures and an update on the Company's ongoing ESG strategy and initiatives. Until then, Savaria's 2023 ESG report can be found under the investor relations section of our website at savaria.com.

19. Outlook

Savaria's fiscal 2025 forecast projects revenue of approximately \$925M, with an adjusted EBITDA margin between 17% and 20%. We anticipate revenue growth of 5-8%, driven by volume and price increases, new product launches, and favorable foreign exchange effects across the *Accessibility* and *Patient Care* segments. However, given the current macro environment and potential tariff impacts, we have tempered our growth expectations.

Despite these geopolitical uncertainties, the completion of *Savaria One* positions us well to sustain profitability. Structural improvements have enhanced production capacity, increased operational efficiencies, and generated meaningful cost savings through streamlined procurement.

As one of the global leaders in the accessibility industry with extensive operations in Canada and the United States, Savaria is assessing its supply chain and evaluating strategies to optimize its North American manufacturing footprint. These efforts aim to maintain competitiveness and ensure continued service for our valued dealer partners.

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

2024

SAVARIA CORPORATION

Consolidated Financial Statements

As at December 31, 2024 and 2023



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Canada
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Savaria Corporation

Opinion

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

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of earnings for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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



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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

Description of the matter

We draw attention to Note 2 (D), Note 3 (O) and Note 23 to the financial statements. The Entity conducts business internationally and therefore files income tax returns in numerous tax jurisdictions. Evaluation of the deferred income tax balances and income tax expense must take into consideration the tax rates enacted and substantively enacted in each jurisdiction, which can be subject to change. Judgements, such as interpretations of laws, treaties and regulations in each jurisdiction are also required by management in determining the consolidated deferred income tax balances and income tax expense.

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

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

- assessing the Entity's judgments relating to the interpretation of the laws, treaties and regulations in the relevant jurisdictions by reading the Entity's correspondence with the relevant tax authorities and any third-party advice obtained by the Entity;



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- identifying changes in tax laws in relevant jurisdictions and evaluating the appropriateness of the Entity's interpretation of the impact of the changes on the deferred income tax balances and income tax expense by performing an independent assessment based on our understanding and interpretation of tax laws;
- evaluating the appropriateness of the Entity's deferred income tax balances by comparing prior year tax estimates to actual tax returns filed and by reconciling the deferred income tax balances to the underlying temporary differences; and
- testing the reconciliation of the effective tax rate.

Other Information

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

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Annual Report 2024".

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

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

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

We have nothing to report in this regard.

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

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

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Montréal, Canada

March 5, 2025

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

These consolidated financial statements have been prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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

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

The consolidated financial statements as at December 31, 2024 and 2023 and for the years then ended have been audited by KPMG LLP.

A handwritten signature in black ink, appearing to read 'Sébastien Bourassa'.

Sébastien Bourassa
President and Chief Executive Officer

A handwritten signature in black ink, appearing to read 'Stephen Reitknecht'.

Stephen Reitknecht, CPA
Chief Financial Officer

Laval (Québec) Canada
March 5, 2025

	<i>Note</i>	December 31, 2024	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents		\$ 35,242	\$ 54,076
Trade and other receivables	5	112,441	114,701
Income taxes receivable		4,577	2,772
Derivative financial instruments	26	13,272	2,202
Inventories	6	146,203	143,859
Prepaid expenses and other current assets	7	13,986	12,560
Assets held for sale		-	7,538
Total current assets		325,721	337,708
Non-current assets			
Derivative financial instruments	26	-	6,171
Fixed assets	8	64,660	60,856
Right-of-use assets	13	50,553	39,966
Intangible assets	9	201,557	213,986
Goodwill	9	429,977	414,275
Other long-term assets		867	811
Deferred tax assets	23	40,874	27,800
Total non-current assets		788,488	763,865
Total assets		\$ 1,114,209	\$ 1,101,573
Liabilities			
Current liabilities			
Trade and other payables	10	\$ 110,640	\$ 101,201
Dividend payable		3,208	3,072
Income taxes payable		5,914	6,161
Deferred revenues	11	36,717	41,873
Derivative financial instruments	26	6,648	2,935
Current portion of long-term debt	12	2,046	1,170
Current portion of lease liabilities	13	11,066	8,776
Provisions	14	3,508	3,868
Liabilities directly associated with the assets held for sale		-	1,487
Total current liabilities		179,747	170,543
Non-current liabilities			
Long-term debt	12	237,488	276,807
Lease liabilities	13	42,022	32,628
Long-term provisions	14	5,916	6,314
Other long-term liabilities	15	18,514	13,925
Income taxes payable		-	156
Derivative financial instruments	26	2,302	-
Deferred tax liabilities	23	52,953	52,200
Total non-current liabilities		359,195	382,030
Total liabilities		538,942	552,573
Equity			
Share capital	17	560,002	551,355
Contributed surplus		11,283	9,570
Accumulated other comprehensive income (loss)	16	(3,901)	(8,748)
Retained earnings (deficit)		7,883	(3,177)
Total equity		575,267	549,000
Total liabilities and equity		\$ 1,114,209	\$ 1,101,573

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

SAVARIA CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS

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



	Note	Twelve months ended December 31,	
		2024	2023
Revenue	28	\$ 867,762	\$ 836,954
Cost of sales		546,050	550,934
Gross profit		321,712	286,020
Operating expenses			
Selling and administrative expenses		215,427	207,043
Strategic initiatives expenses	20	21,579	3,148
Other expenses	21	569	3,679
Total operating expenses		237,575	213,870
Operating income		84,137	72,150
Net finance costs	22	18,472	21,835
Earnings before income tax		65,665	50,315
Income tax expense	23	17,155	12,474
Net earnings		\$ 48,510	\$ 37,841
Earnings per share:			
Basic		\$ 0.68	\$ 0.57
Diluted		\$ 0.68	\$ 0.57
Basic weighted average number of shares		71,113,848	66,282,943
Diluted weighted average number of shares		71,651,011	66,476,434

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

	<i>Note</i>	Twelve months ended December 31,	
		2024	2023
Net earnings		\$ 48,510	\$ 37,841
Items that will not be reclassified subsequently to net earnings or items that are directly reclassified to retained earnings:			
Remeasurement of defined benefit pension plan obligations, net of tax	<i>16, 18 & 23</i>	(622)	(2,107)
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	<i>16 & 23</i>	(4,313)	1,244
Net change on translation of financial statements of foreign operations, net of tax	<i>16 & 23</i>	25,206	1,776
Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges, net of tax	<i>16 & 23</i>	74	83
Net change in net investment hedges, net of tax	<i>16 & 23</i>	(15,498)	(972)
Other comprehensive income		4,847	24
Total comprehensive income		\$ 53,357	\$ 37,865

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

SAVARIA CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended December 31, 2024 and 2023

(in thousands of Canadian dollars)

	2024					
	Share capital		Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total equity
	Number	Amount				
Balance at January 1	70,942,726	\$ 551,355	\$ 9,570	\$ (8,748)	\$ (3,177)	\$ 549,000
Net earnings	-	-	-	-	48,510	48,510
Stock-based compensation, net of tax (Note 25)	-	-	3,283	-	-	3,283
Exercise of stock options (Note 25)	459,781	8,647	(1,570)	-	-	7,077
Dividends on common shares (Note 17)	-	-	-	-	(37,450)	(37,450)
Total transactions with shareholders	459,781	8,647	1,713	-	(37,450)	(27,090)
Other comprehensive income (Note 16)	-	-	-	4,847	-	4,847
Balance at December 31	71,402,507	\$ 560,002	\$ 11,283	\$ (3,901)	\$ 7,883	\$ 575,267

	2023					
	Share capital		Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total equity
	Number	Amount				
Balance at January 1	64,433,986	\$ 456,413	\$ 8,241	\$ (8,772)	\$ (2,913)	\$ 452,969
Net earnings	-	-	-	-	37,841	37,841
Issuance of common shares in relation to a public offering and a private placement (Note 17)	6,346,850	92,029	-	-	-	92,029
Share issue costs, net of tax (Note 17)	-	-	-	-	(3,448)	(3,448)
Stock-based compensation (Note 25)	-	-	1,966	-	-	1,966
Exercise of stock options (Note 25)	161,890	2,913	(637)	-	-	2,276
Dividends on common shares (Note 17)	-	-	-	-	(34,643)	(34,643)
Total transactions with shareholders	6,508,740	94,942	1,329	-	(38,091)	58,180
Other comprehensive income (loss) (Note 16)	-	-	-	24	(14)	10
Balance at December 31	70,942,726	\$ 551,355	\$ 9,570	\$ (8,748)	\$ (3,177)	\$ 549,000

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

		Twelve months ended December 31,	
	Note	2024	2023
Cash flows related to operating activities			
Net earnings		\$ 48,510	\$ 37,841
Adjustments for:			
Depreciation of fixed assets	8	9,368	8,461
Depreciation of right-of-use assets	13	11,690	10,061
Amortization of intangible assets	9	31,131	30,610
Income tax expense	23	17,155	12,474
Loss (gain) on business divestitures	21	(879)	1,388
Stock-based compensation	25	2,756	1,966
Non-cash movements on financial instruments	22 & 26	904	97
Loss on the sale and write-off of fixed assets and intangible assets		163	9
Unrealized foreign exchange loss (gain)		3,472	(3,094)
Interest and amortization of financing costs	22	18,959	24,015
Income tax paid		(29,191)	(30,401)
		114,038	93,427
Net changes in non-cash operating items	24	6,065	(14,809)
Net cash related to operating activities		120,103	78,618
Cash flows related to investing activities			
Business acquisitions	4 & 12	(7,137)	(194)
Proceeds from business divestitures	21	6,646	12,387
Proceeds from sale of fixed assets		19	314
Additions to fixed assets		(11,938)	(10,802)
Increase in intangible assets		(8,216)	(8,060)
Net cash related to investing activities		(20,626)	(6,355)
Cash flows related to financing activities			
Repayment of lease obligations	13	(12,333)	(11,282)
Net change in the revolving facility	12	(59,955)	(84,274)
Interest paid		(15,471)	(21,498)
Transaction costs related to the revolving facility		-	(1,305)
Proceeds from the issuance of common shares in relation to a public offering and a private placement, net of transaction fees	17	-	87,338
Proceeds from exercise of stock options		7,077	2,276
Dividends paid on common shares	17	(37,314)	(34,361)
Net cash related to financing activities		(117,996)	(63,106)
Unrealized foreign exchange impact on cash held in foreign currencies		(315)	194
Net change in cash		(18,834)	9,351
Cash - Beginning of the year		54,076	44,725
Cash - End of the year		\$ 35,242	\$ 54,076

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

1. Nature of Activities and Corporate Information

Savaria Corporation is domiciled in Canada. The consolidated financial statements of the Corporation as at and for the years ended December 31, 2024 and 2023 comprise the accounts of Savaria Corporation and its wholly owned subsidiaries (together referred to as the "Corporation" or as "Savaria"). Savaria is one of the global leaders in the accessibility industry. It provides accessibility solutions for the elderly and physically challenged to increase their comfort, their mobility and their independence. The activities of the Corporation are divided into two reportable segments: *Accessibility* and *Patient Care* as described in Note 28 - Reportable segments.

The common shares of the Corporation are listed under the trading symbol "SIS" on the Toronto Stock Exchange.

2. Basis of Presentation**A) Statement of Compliance**

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

These consolidated financial statements were approved by the Board of Directors on March 5, 2025.

B) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis, except for the following items: assets and liabilities acquired in a business acquisition, derivative financial instruments, lease liabilities, defined benefit obligations and share-based payment transactions, as described below in note 3.

C) Functional and Presentation Currency

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

D) Use of Estimates and Judgements

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

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

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

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

3. Material Accounting Policies

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

A) Basis of Consolidation

All subsidiaries are wholly owned entities controlled by the Corporation.

Principal Subsidiaries

Savaria Concord Lifts Inc.

Savaria USA Inc.

Span-America Medical Systems, Inc

Span Medical Products Canada ULC

Garaventa (Canada) Ltd.

Garaventa USA, Inc.

Handicare Stairlifts B.V.

Handicare Accessibility Ltd

Handicare USA LLC

Handicare Canada Ltd

Savaria Mexico S.A de CV

Intercompany balances and transactions are eliminated in preparing the consolidated financial statements.

B) Foreign Currency

i) Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Corporation's subsidiaries at exchange rates on the dates of the transactions. On each reporting date, monetary items denominated in a foreign currency are translated using the exchange rate prevailing on that date, and non monetary items that are measured at historical cost are not adjusted. Exchange differences are recognized in net earnings in the period during which they occur.

ii) Foreign Operations

The assets and liabilities of foreign operations whose functional currency is not the Canadian dollar are translated to Canadian dollars at exchange rates at the reporting date. The revenue and expenses of foreign operations are translated to Canadian dollars at the average exchange rate for the period. Foreign currency differences are recognized in other comprehensive income in the cumulative translation account.

C) Financial Instruments

i) Financial Assets

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

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

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

Financial Assets Measured at Amortized Cost

Financial assets are subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, when:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and/or interest.

3. Material Accounting Policies (continued)**C) Financial Instruments (continued)****i) Financial Assets (continued)****Financial Assets Measured at Amortized Cost (continued)**

The Corporation currently classifies its cash and cash equivalents, trade and other receivables as financial assets measured at amortized cost. Trade receivables are presented on the consolidated statements of financial position net of an allowance for expected credit losses. Management regularly reviews client accounts, ensures that past-due accounts are followed up and evaluates the relevance of its allowance for expected credit losses. Impairment is charged to an allowance account for as long as management considers that there is a possibility of collecting the amount owed.

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

ii) Financial Liabilities

The Corporation currently classifies its trade and accrued liabilities, long-term debt as well as other long-term liabilities as financial liabilities measured at amortized cost.

Other than derivative financial instruments, there are no other financial liabilities measured fair value.

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

iii) Derivative Financial Instruments and Hedging Relationships

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

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

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

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

3. Material Accounting Policies (continued)**C) Financial Instruments (continued)****iii) Derivative Financial Instruments and Hedging Relationships (continued)****Cash Flow Hedges**

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

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

Net Investment Hedge

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

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

Cost of Hedging Reserve

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

iv) Fair Value Measurements

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. Some of the Corporation pension plan assets are level 1;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly including inputs and quoted prices in markets that are not considered to be active. The Corporation's derivative financial instruments and long-term debt are level 2;
- Level 3 – Inputs that are not based on observable market data.

3. Material Accounting Policies (continued)**D) Share Capital**

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

E) Fixed Assets**i) Recognition and Measurement**

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

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

ii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value.

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

The estimated useful lives are as follows:

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

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

F) Goodwill and Intangible Assets**i) Goodwill**

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

Goodwill is not amortized, rather it is tested for impairment annually, and when an event or circumstance occurs that could indicate that it might be impaired.

ii) Internally Developed Intangible Assets

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

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

3. Material Accounting Policies (continued)**F) Goodwill and Intangible Assets (continued)****iii) Other Intangible Assets**

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

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

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

- | | |
|--|---------------|
| • Internally developed intangible assets | 3 to 7 years |
| • Trademarks, patents and others | 3 to 20 years |
| • Customer relationships and contracts | 5 to 15 years |
| • Software | 2 to 7 years |

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

iv) Determination of Fair Values

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

G) Assets Held for Sale

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

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

H) Inventories

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

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

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

3. Material Accounting Policies (continued)**I) Impairment****i) Financial Assets**

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

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

ii) Non-Financial Assets

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

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less selling costs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

For the purposes of goodwill impairment testing, goodwill acquired in a business acquisition is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. Each CGU or group of CGUs to which goodwill is allocated must represent the lowest level at which the goodwill is monitored for internal management purposes may not be larger than an operating segment.

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

J) Employee Benefits**i) Defined Benefit Plans**

A defined benefit plan is a post-employment benefit plan under which an entity undertakes to pay future benefits to its employees. Plan expenses and obligations are determined based on actuarial valuations.

3. Material Accounting Policies (continued)**J) Employee Benefits (continued)****i) Defined Benefit Plans (continued)**

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

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

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

ii) Share-based Payment Transactions

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

K) Leases

The Corporation leases many assets which are mostly properties and vehicles.

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

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

L) Provisions

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

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

M) Revenue from Contracts with Customers

Revenue is recognized when the Corporation has transferred to the customer the control over the goods or services provided as stated in the agreed-upon contract. Revenue from the sale of goods is measured at the

3. Material Accounting Policies (continued)**M) Revenue from Contracts with Customers (continued)**

fair value of consideration received, net of refunds, discounts, rebates and other fees paid to customers. Given that most of the products are custom-made, generally goods may not be returned.

i) Equipment Sold

Equipment sold consists of, but not limited to, elevators, stairlifts and platform lifts, in the *Accessibility* segment and ceiling lifts, therapeutic support surfaces, slings and medical beds, in the *Patient Care* segment, which can be sold to dealers or to end-users, including through direct stores, where an installation component can be attached.

When equipment is sold with an installation component to end-users and the installation and equipment are procured in a single contract, the relative stand-alone revenue related to the equipment is recognized when the product arrives on site and is ready to be installed. When the sale of equipment does not have an installation component, revenue is recognized when the control of the goods is transferred to the customer, which in the majority of cases takes place when the product arrives at the customer's location.

ii) Installation and Maintenance Contracts

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

N) Net Finance Costs

Finance income comprises interest income on funds invested and fair value gain on financial assets at fair value through net earnings. Interest income is recognized as it accrues in net earnings, using the effective interest method.

Finance costs comprise interest expense on bank indebtedness, long-term debt and lease liabilities, fair value loss on financial assets at fair value through net earnings, deferred financing costs and accretion expenses and impairment losses recognized on financial assets through net earnings.

O) Income Tax

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

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

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

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

3. Material Accounting Policies (continued)**P) Segment Reporting**

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

Q) New Accounting Standards**I) New Accounting Standards Adopted**

The following new amendments to standards and interpretations have been applied in preparing the consolidated financial statements as at December 31, 2024. Adopting these amendments had no significant impact on the Corporation's financial statements.

IFRS 16 Leases - Lease Liability in Sale and Leaseback

Amendments introduce a new accounting model which impacts how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction.

IAS 1 Presentation of Financial Statements

Amendments to Classification of Liabilities as Current or Non-current: clarifies classification of liabilities as current or non-current.

IAS 7 Statement of Cash Flows & IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

Amendments introduce new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable investors to assess the impact of these arrangements on the company's liabilities, cash flows and exposure to liquidity risk. The new disclosure also needs to include the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement.

II) New Accounting Standards Not yet Adopted

The following new amendments to standards and interpretations have not been applied in preparing the consolidated financial statements as at December 31, 2024. The Corporation is currently evaluating the impact of these standard amendments on its consolidated financial statements.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosure - Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments, which amend IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. The standard amendments clarify the recognition and derecognition date of certain financial assets and liabilities. Also, they clarify the treatment of non-recourse financial assets and contractually linked instruments and they introduce additional disclosures for financial assets and liabilities with contractual terms that reference a contingent event, and equity instruments classified at fair value through other comprehensive income. The amendments are effective for years beginning on or after January 1, 2026.

IFRS 18 Presentation and Disclosure in Financial Statements

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

SAVARIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

4. Business Acquisition

Business Acquisition Realized During the Fiscal Year

D.A. Matot, Inc.

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

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

5. Trade and Other Receivables

	December 31, 2024	December 31, 2023
Trade receivables	\$ 103,690	\$ 108,152
Less: allowance for credit losses	(5,829)	(6,299)
	\$ 97,861	\$ 101,853
Sales tax recoverable	9,764	7,404
Other receivables	4,816	5,444
	\$ 112,441	\$ 114,701

6. Inventories

	December 31, 2024	December 31, 2023 ¹
Raw materials and subassembly components	\$ 109,936	\$ 104,681
Work in progress	2,349	2,293
Finished goods	33,918	36,885
	\$ 146,203	\$ 143,859

¹ The comparative information for the year ended December 31, 2023 were recast to reflect the correction for immaterial errors in the presentation of raw material and subassembly components (previously presented in 2023-\$106,715), work in progress (previously presented in 2023-\$4,625) and finished goods (previously presented in 2023-\$32,519), with no impact on the total inventories presented in the statement of financial position.

In 2024, raw materials, subassembly components and changes in work in progress and finished goods recognized as cost of sales amounted to \$374,594,000 (2023-\$383,803,000). Write-downs and reversals of write-downs are included in cost of sales.

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

	2024	2023
Balance at January 1	\$ 7,567	\$ 4,155
Write-down to net realizable value	3,153	3,881
Reversal of write-downs	(716)	(79)
Provisions used	(1,574)	(465)
Disposal through business divestiture	-	25
Effect of movements in exchange rates	237	50
Balance at December 31	\$ 8,667	\$ 7,567

SAVARIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts are expressed in thousands of Canadian dollars, except share data)
7. Prepaid Expenses and Other Current Assets

	December 31, 2024	December 31, 2023
Prepaid expenses	\$ 12,955	\$ 12,367
Other current assets	1,031	193
	\$ 13,986	\$ 12,560

8. Fixed Assets

	Land	Building and leasehold improvement	Machinery, equipment and furniture	Rolling stock	Computer hardware	Total
Cost						
As at December 31, 2023	\$ 7,329	\$ 37,088	\$ 41,971	\$ 8,416	\$ 3,745	\$ 98,549
Additions	-	1,456	7,250	2,314	918	11,938
Additions through business acquisitions (Note 4)	-	-	136	-	-	136
Disposals	-	(7)	(332)	(826)	(157)	(1,322)
Disposal through business divestiture	-	-	(14)	(10)	-	(24)
Effect of movements in exchange rates	53	1,292	935	353	224	2,857
As at December 31, 2024	\$ 7,382	\$ 39,829	\$ 49,946	\$ 10,247	\$ 4,730	\$ 112,134
Accumulated depreciation						
As at December 31, 2023	\$ -	\$ (12,882)	\$ (17,540)	\$ (5,225)	\$ (2,046)	\$ (37,693)
Depreciation expense	-	(2,568)	(4,912)	(1,158)	(730)	(9,368)
Disposals	-	3	149	812	140	1,104
Effect of movements in exchange rates	-	(557)	(564)	(213)	(183)	(1,517)
As at December 31, 2024	\$ -	\$ (16,004)	\$ (22,867)	\$ (5,784)	\$ (2,819)	\$ (47,474)
Net carrying amount as at December 31, 2024	\$ 7,382	\$ 23,825	\$ 27,079	\$ 4,463	\$ 1,911	\$ 64,660

SAVARIA CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts are expressed in thousands of Canadian dollars, except share data)
8. Fixed Assets (continued)

	Land	Building and leasehold improvement	Machinery, equipment and furniture	Rolling stock	Computer hardware	Total
Cost						
As at December 31, 2022	\$ 7,343	\$ 35,085	\$ 37,661	\$ 7,414	\$ 2,749	\$ 90,252
Additions	-	2,362	5,791	1,739	1,212	11,104
Disposals	-	(76)	(588)	(193)	(56)	(913)
Disposal through business divestiture	-	-	(9)	-	-	(9)
Reclassification to assets held for sale	-	(162)	(1,129)	(498)	(226)	(2,015)
Effect of movements in exchange rates	(14)	(121)	245	(46)	66	130
As at December 31, 2023	\$ 7,329	\$ 37,088	\$ 41,971	\$ 8,416	\$ 3,745	\$ 98,549
Accumulated depreciation						
As at December 31, 2022	\$ -	\$ (10,870)	\$ (14,172)	\$ (4,583)	\$ (1,459)	\$ (31,084)
Depreciation expense	-	(2,347)	(4,321)	(1,105)	(688)	(8,461)
Disposals	-	106	223	149	18	496
Reclassification to assets held for sale	-	154	835	304	205	1,498
Effect of movements in exchange rates	-	75	(105)	10	(122)	(142)
As at December 31, 2023	\$ -	\$ (12,882)	\$ (17,540)	\$ (5,225)	\$ (2,046)	\$ (37,693)
Net carrying amount as at December 31, 2023	\$ 7,329	\$ 24,206	\$ 24,431	\$ 3,191	\$ 1,699	\$ 60,856

9. Intangible Assets and Goodwill

	Trademarks, patents and others	Customer relationships and contracts	Software	Internally developed intangible assets	Goodwill	Total
Cost						
As at December 31, 2023	\$ 83,248	\$ 192,138	\$ 9,264	\$ 45,849	\$ 414,275	\$ 744,774
Additions	-	-	1,765	6,460	-	8,225
Additions through business acquisitions (Note 4)	4,728	513	-	-	1,765	7,006
Disposals	-	(5,878)	(36)	(3,412)	-	(9,326)
Disposal through business divestiture	-	-	-	(45)	-	(45)
Effect of movements in exchange rates	2,251	6,095	224	938	13,937	23,445
As at December 31, 2024	\$ 90,227	\$ 192,868	\$ 11,217	\$ 49,790	\$ 429,977	\$ 774,079
Accumulated amortization						
As at December 31, 2023	\$ (17,198)	\$ (71,114)	\$ (5,941)	\$ (22,260)	\$ -	\$ (116,513)
Amortization expense	(4,545)	(18,570)	(1,520)	(6,496)	-	(31,131)
Disposals	-	5,878	15	3,325	-	9,218
Effect of movements in exchange rates	(620)	(2,638)	(168)	(693)	-	(4,119)
As at December 31, 2024	\$ (22,363)	\$ (86,444)	\$ (7,614)	\$ (26,124)	\$ -	\$ (142,545)
Net carrying amount as at December 31, 2024	\$ 67,864	\$ 106,424	\$ 3,603	\$ 23,666	\$ 429,977	\$ 631,534

SAVARIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

9. Intangible Assets and Goodwill (continued)

	Trademarks, patents and others	Customer relationships and contracts	Software	Internally developed intangible assets	Goodwill	Total
Cost						
As at December 31, 2022	\$ 82,710	\$ 191,066	\$ 8,402	\$ 43,082	\$ 412,236	\$ 737,496
Additions	-	-	677	7,200	-	7,877
Disposals	-	-	-	(208)	-	(208)
Disposal through business divestiture	-	-	(13)	-	-	(13)
Reclassification to assets held for sale	(41)	-	(26)	(4,869)	-	(4,936)
Effect of movements in exchange rates	579	1,072	224	644	2,039	4,558
As at December 31, 2023	\$ 83,248	\$ 192,138	\$ 9,264	\$ 45,849	\$ 414,275	\$ 744,774
Accumulated amortization						
As at December 31, 2022	\$ (12,832)	\$ (52,723)	\$ (4,359)	\$ (18,405)	\$ -	\$ (88,319)
Amortization expense	(4,216)	(18,313)	(1,350)	(6,731)	-	(30,610)
Disposals	-	-	-	119	-	119
Reclassification to assets held for sale	-	-	26	3,221	-	3,247
Effect of movements in exchange rates	(150)	(78)	(258)	(464)	-	(950)
As at December 31, 2023	\$ (17,198)	\$ (71,114)	\$ (5,941)	\$ (22,260)	\$ -	\$ (116,513)
Net carrying amount as at December 31, 2023	\$ 66,050	\$ 121,024	\$ 3,323	\$ 23,589	\$ 414,275	\$ 628,261

Intangible Assets

The remaining amortization periods of individual material intangible assets are:

- Trademarks, patents and others: 12 to 16 years
- Customer relationships and contracts: 6 to 7 years.

Goodwill

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

	December 31, 2024	December 31, 2023
Accessibility	\$ 320,182	\$ 310,675
Patient Care	109,795	103,600
	\$ 429,977	\$ 414,275

The Corporation completed the annual impairment test as of September 30 of the 2024 and 2023 fiscal years and the recoverable amounts have been determined to be higher than their carrying amounts for the group of CGUs of *Accessibility* and *Patient Care*.

Similarly to 2023, the basis on which the group of CGU's recoverable amount has been determined is the value in use methodology. The determination of the value in use was based on the following key assumptions:

- Cash flows are projected over a period of five years with a terminal value based on past experience and actual operating results using a perpetuity growth rate of 2.5% (2023-2.5%) for the group of CGUs of *Accessibility* and 2.0% (2023-2.0%) for the group of CGUs of *Patient Care*;
- The anticipated annual revenue growth included in the cash flow projections are based on the business plan;

SAVARIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

9. Intangible Assets and Goodwill (continued)

Goodwill (continued)

- A post-tax discount rate is applied in determining the recoverable amount, 11.10% (2023-12.90%) for the group of CGUs of *Accessibility* and 13.20% (2023-14.50%) for the group of CGUs of *Patient Care*. The post-tax discount rates were estimated based on the Corporation's past experience and the average weighted average cost of capital of the industry, adjusted for the different risk profiles of the individual group of CGUs;
- The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

10. Trade and Other Payables

	December 31, 2024	December 31, 2023 ¹
Trade and accrued liabilities	\$ 85,083	\$ 78,670
Salaries and other benefits payable	24,329	21,184
Sales tax payable	1,228	1,347
	\$ 110,640	\$ 101,201

¹ The comparative information for the year ended December 31, 2023 were recast to reflect the correction for immaterial errors in the presentation of trade and accrued liabilities (previously presented in 2023-\$76,000) and salaries and other benefits payable (previously presented in 2023-\$23,854), with no impact on the total trade and other payables presented in the statement of financial position.

11. Deferred Revenue

	2024	2023
Balance at January 1	\$ 41,873	\$ 40,801
Net change related to current operations	(6,762)	1,331
Reclassification to assets held for sale	-	(111)
Effect of movements in exchange rates	1,606	(148)
Balance at December 31	\$ 36,717	\$ 41,873

12. Long-term Debt

	December 31, 2024	December 31, 2023
Revolving Facility ¹	\$ 237,062	\$ 276,208
Notes payable related to business acquisitions	2,472	1,769
	\$ 239,534	\$ 277,977
Less: Current portion	2,046	1,170
	\$ 237,488	\$ 276,807

¹ Net of deferred financing costs of \$2,050,000 (2023 - \$2,831,000).

Credit Facilities

Revolving Facility

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

- Amount available of \$450,000,000, in Canadian dollar (or in US dollar, euro or British pound equivalent);
- The term was extended and comes to maturity on August 15, 2027;
- Interest is payable on a monthly basis. The applicable interest rate on the revolving facility is based on the leverage level assigned to the Corporation. According to the current credit rating, the rate is either the CORRA or SOFR, plus 1.75% or 1.55%, respectively, or the Canadian prime rate or US base rate, plus 0.45%, before the impact of the cross-currency swaps;

SAVARIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

12. Long-term Debt (continued)

Credit Facilities (continued)

Revolving Facility (continued)

- As at December 31, 2024, amounts of \$35,465,000 in CA dollars and \$141,704,000 in US dollars were drawn on the revolving facility.

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

	2024	2023
Balance at January 1	\$ 277,977	\$ 366,882
Net change in the revolving facility	(59,955)	(84,274)
Note payable related to a business acquisition	815	-
Note paid related to a previous business acquisition	(202)	(194)
Amortization of deferred financing costs	781	1,025
Deferred financing costs related to the amended revolving facility	-	(1,314)
Impact of the change in foreign exchange rates	20,118	(4,148)
	\$ 239,534	\$ 277,977
Less: Current portion	2,046	1,170
Balance at December 31	\$ 237,488	\$ 276,807

13. Right-of-use Assets and Lease Liabilities

Reconciliation of movements of right-of-use assets:

	Buildings	Rolling stock	Other	2024	Total 2023
Balance at January 1	\$ 32,584	\$ 6,402	\$ 980	\$ 39,966	\$ 41,796
Additions	8,842	3,565	905	13,312	7,718
Modifications/terminations	8,176	8	(25)	8,159	366
Depreciation expense	(8,339)	(2,980)	(371)	(11,690)	(10,061)
Reclassification to assets held for sale	-	-	-	-	(8)
Impact of the change in foreign exchange rates	540	275	(9)	806	155
Balance at December 31	\$ 41,803	\$ 7,270	\$ 1,480	\$ 50,553	\$ 39,966

Reconciliation of movements of lease liabilities:

	2024	2023
Balance at January 1	\$ 41,404	\$ 43,190
New leases	12,933	7,178
Modifications/terminations	8,159	366
Repayment of lease obligations	(12,333)	(11,282)
Interest on lease liabilities (Note 22)	2,090	1,508
Disposal through business divestiture	2	382
Reclassification to liabilities directly associated with the assets held for sale	-	(9)
Impact of the change in foreign exchange rates	833	71
	\$ 53,088	\$ 41,404
Less: Current portion	11,066	8,776
Balance at December 31	\$ 42,022	\$ 32,628

The incremental borrowing rates applied to lease liabilities recognized at December 31, 2024 ranged between 1.88% and 12.10% (2023-2.12% to 12.10%), maturing between January 2025 and September 2034.

SAVARIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

13. Right-of-use Assets and Lease Liabilities (continued)

Contractual undiscounted cash flow for lease liabilities:

	2024	2023
Less than one year	\$ 12,462	\$ 9,880
One to four years	28,527	21,702
More than four years	16,909	14,501
Total undiscounted cash flows	\$ 57,898	\$ 46,083

14. Provisions

	Warranty	Asset retirement obligation	Other provisions	2024	Total 2023
Balance at January 1	\$ 6,394	\$ 2,334	\$ 1,454	\$ 10,182	\$ 9,092
Change in provisions arising during the year	5,822	-	498	6,320	8,188
Interest accretion expense	-	131	-	131	96
Utilized amounts	(5,914)	-	(428)	(6,342)	(6,252)
Reversals of unused amounts	(884)	-	(349)	(1,233)	(894)
Reclassification to liabilities directly associated with the assets held for sale	-	-	-	-	(108)
Impact of the change in foreign exchange rates	179	157	30	366	60
	\$ 5,597	\$ 2,622	\$ 1,205	\$ 9,424	\$ 10,182
Less: Current portion				3,508	3,868
Balance at December 31				\$ 5,916	\$ 6,314

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

15. Other Long-term Liabilities

	December 31, 2024	December 31, 2023
Defined benefit obligation (Note 18)	\$ 4,237	\$ 3,008
Employee indemnity fund	2,067	1,876
Deferred revenue	12,002	8,464
Deferred compensation	-	427
Other	208	150
	\$ 18,514	\$ 13,925

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

16. Accumulated Other Comprehensive Income (Loss)

	December 31, 2024	December 31, 2023
Items that will not be reclassified subsequently to net earnings or items that are directly reclassified to retained earnings:		
Remeasurement of defined benefit pension plan obligations, net of tax	\$ 3,350	\$ 3,972
Items that are or may be reclassified subsequently to net earnings		
Fair value of derivative financial instruments designated as cash flow hedges, net of tax	(2,005)	2,308
Translation of financial statements of foreign operations, net of tax	20,626	(4,580)
Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges, net of tax	22	(52)
Net investment hedges, net of tax	(25,894)	(10,396)
	\$ (3,901)	\$ (8,748)

17. Share Capital

A) Share Capital

Unlimited number of common shares with voting rights, participating and without par value

Unlimited number of first preferred shares without par value and issuable in series

Unlimited number of second preferred shares without par value and issuable in series

On 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 \$4,691,000 were \$87,338,000. Transaction fees after tax amounted to \$3,448,000.

B) Dividends

The following dividends were declared and paid by the Corporation:

	2024	Twelve months ended December 31, 2023
Dividends declared	\$ 37,450	\$ 34,643
Amount declared per share in cents	52.6	52.0
Dividends paid	\$ 37,314	\$ 34,361
Amount paid per share in cents	52.5	52.0

18. Personnel Expenses

	2024	Twelve months ended December 31, 2023
Wages and salaries	\$ 217,343	\$ 201,464
Employment benefits	28,522	27,464
Contributions to defined contribution plans	6,423	5,818
Contributions to defined benefit plans	718	355
Optimization program costs	515	492
Stock-based compensation (Note 25)	2,756	1,966
	\$ 256,277	\$ 237,559

18. Personnel Expenses (continued)**Defined Benefit Plans**

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

In Switzerland, pension plans are governed in accordance with the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans ("BVG"), which states that pension plans must be managed by independent legal entities. Furthermore, the BVG stipulates that the plans' Board of Trustees must be composed of an equal number of employee and employer representatives.

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

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

Defined Benefit Obligations

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

	December 31, 2024	December 31, 2023
Fair value of plan assets	\$ 24,097	\$ 23,173
Defined benefit obligations	(28,334)	(26,181)
Plan deficit	\$ (4,237)	\$ (3,008)

Allocation of the Fair Value of Pension Plan Assets

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

	December 31, 2024	December 31, 2023
Quoted equity securities ¹	\$ 10,482	\$ 10,082
Quoted debt securities ¹	4,169	4,008
Property ²	8,988	8,643
Cash and cash equivalents ¹	458	440
	\$ 24,097	\$ 23,173

¹ Quoted in active markets - Level 1 fair value

² Derived from observable market data - Level 2 fair value

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

SAVARIA CORPORATION
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(Tabular amounts are expressed in thousands of Canadian dollars, except share data)
18. Personnel Expenses (continued)
Cost of Defined Benefit Pension Plans

	Twelve months ended December 31,	
	2024	2023
Current service cost	\$ 613	\$ 338
Curtailments	74	(19)
Net interest expense	36	8
Expense recognized in net earnings	\$ 723	\$ 327
Remeasurement		
Actuarial variances on defined benefit obligation	\$ 1,425	\$ 2,869
Return on plan assets in excess of interest income	(655)	(413)
Remeasurement recognized in other comprehensive income	\$ 770	\$ 2,456

Change in the Fair Value of Plan Assets

	2024	2023
Balance at January 1	\$ 23,173	\$ 22,232
Contributions by the Corporation	650	568
Benefits paid	(1,496)	(2,425)
Interest income	350	269
Return on plan assets	655	413
Participant contributions	543	487
Effect of movements in exchange rates	222	1,629
Balance at December 31	\$ 24,097	\$ 23,173

Change in the Fair Value of Plan Defined Benefit Obligations

	2024	2023
Balance at January 1	\$ 26,181	\$ 22,871
Current service cost	613	338
Benefits paid	(1,496)	(2,425)
Interest cost	386	277
Curtailments	74	(19)
Actuarial remeasurement:		
changes in experience assumptions	(153)	4,471
changes in financial assumptions	1,578	(1,602)
Participant contributions	543	487
Effect of movements in exchange rates	608	1,783
Balance at December 31	\$ 28,334	\$ 26,181

Actuarial Assumptions

	2024	2023
Discount rate	0.90%	1.50%
Rate of increase in compensation	1.00%	1.00%

SAVARIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

18. Personnel Expenses (continued)

Actuarial Assumptions (continued)

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

	December 31, 2024		December 31, 2023	
	Increase	Decrease	Increase	Decrease
Impact of a 0.5% change in the discount rate	\$ (1,593)	\$ 1,860	\$ (1,710)	\$ 1,923
Impact of a 0.5% change in the rate of compensation	\$ 243	\$ (276)	\$ 329	\$ (346)

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

Projected Benefit Payment in the Next Year

The Corporation expects to contribute \$707,000 to its defined benefit pension plans in the next year.

Maturity of Pension Plans

The average duration of the defined benefit obligation as at December 31, 2024 is between 12 and 15 years.

19. Depreciation and Amortization Expenses

	Twelve months ended December 31,	
	2024	2023
Depreciation and amortization expense recognized in cost of sales	\$ 20,564	\$ 18,725
Depreciation and amortization expense recognized in selling and administrative expenses	31,625	30,407
Amortization of deferred financing costs	781	1,025
	\$ 52,970	\$ 50,157

20. Strategic Initiatives Expenses

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

21. Other Expenses

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

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

Optimization program costs pertain to costs incurred in order to improve the efficiency of operations activities across the business and is comprised mainly of employee termination expenses.

On February 1, 2024, Savaria sold all of the issued and outstanding shares of its wholly-owned subsidiaries, Van-Action and Freedom Motors, to Driverge Canada, a subsidiary of Driverge Vehicle Innovations, LLC. The net gain of \$879,000 from these divestitures was recorded as other income within the caption as of December 31, 2024.

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 \$1,388,000 included in other expenses as of December 31, 2023.

SAVARIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

21. Other Expenses (continued)

	Twelve months ended December 31,	
	2024	2023
Business acquisition costs	\$ 258	\$ -
Business integration costs	675	1,799
Optimization program costs	515	492
Loss (gain) on business divestitures	(879)	1,388
	\$ 569	\$ 3,679

22. Net Finance Costs

	Twelve months ended December 31,	
	2024	2023
Interest on long-term debt	\$ 15,956	\$ 21,378
Interest on lease liabilities	2,090	1,508
Other interests and bank charges	683	362
Amortization of deferred financing costs and accretion expenses	913	1,129
Interest income	(492)	(873)
Net gain on foreign currency exchange	(1,582)	(1,766)
Net loss on financial instruments	841	-
Ineffective portion of changes in fair value of net investment hedges	63	97
	\$ 18,472	\$ 21,835

23. Income Taxes

	Twelve months ended December 31,	
	2024	2023
Current tax expense		
Current year	\$ 27,745	\$ 24,140
Adjustment for prior years	(313)	69
	\$ 27,432	\$ 24,209
Deferred tax benefit		
Origination and reversal of temporary differences	\$ (11,069)	\$ (11,766)
Change in unrecognized temporary differences	1,297	2,105
Recognition of unrecognized tax losses used to reduce current taxes	(505)	(2,074)
	\$ (10,277)	\$ (11,735)
Total income tax expense	\$ 17,155	\$ 12,474

SAVARIA CORPORATION
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(Tabular amounts are expressed in thousands of Canadian dollars, except share data)
23. Income Taxes (continued)
Tax Recognized in Other Comprehensive Income

	Twelve months ended December 31, 2024			Twelve months ended December 31, 2023		
	Before tax	Tax benefit (expense)	Net of tax	Before tax	Tax benefit (expense)	Net of tax
Remeasurement of defined benefit pension plan obligations	\$ (771)	\$ 149	\$ (622)	\$ (2,518)	\$ 411	\$ (2,107)
Net change in derivative financial instruments designated as cash flow hedges	(5,947)	1,569	(4,378)	1,463	(385)	1,078
Gain on foreign exchange contracts transferred to net income in the current year	85	(20)	65	223	(57)	166
Net change in the translation of financial statements of foreign operations	23,986	1,220	25,206	1,776	-	1,776
Net investment hedge and cost of hedging reserve	(15,025)	(399)	(15,424)	(884)	(5)	(889)
	\$ 2,328	\$ 2,519	\$ 4,847	\$ 60	\$ (36)	\$ 24

Reconciliation of Effective Tax Rate

	Twelve months ended December 31, 2024		Twelve months ended December 31, 2023	
Net earnings		\$ 48,510		\$ 37,841
Total income tax expense		17,155		12,474
Earnings before income tax		\$ 65,665		\$ 50,315
Tax using the Corporation's domestic tax rate	26.5%	\$ 17,401	26.5%	\$ 13,333
Permanent differences	(1.8)%	(1,205)	(1.8)%	(927)
Income tax withheld on the repatriation of funds from a foreign subsidiary	1.1%	725	—%	—
Impact of differences in tax rates of other jurisdictions	(1.4)%	(901)	(0.5)%	(254)
Impact of change of tax rates	-%	12	0.8%	416
Non-deductible stock-based compensation	0.8%	527	1.0%	521
Change in unrecognized temporary differences	2.0%	1,297	4.2%	2,105
Recognition of unrecognized tax losses used to reduce current taxes	(0.8)%	(505)	(4.1)%	(2,074)
Prior years' adjustments	(0.6)%	(411)	(0.7)%	(329)
Other	0.3%	215	(0.6)%	(317)
	26.1%	\$ 17,155	24.8%	\$ 12,474

SAVARIA CORPORATION

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

23. Income Taxes (continued)

Unused Tax Losses

The Corporation has unused non-capital tax losses in the amount of \$149,806,000 (2023-\$132,514,000) of which \$55,603,000 has not been recognized (2023-\$46,220,000). Such unrecognized losses expire as follows :

Year of expiry	December 31, 2024	December 31, 2023
2026	\$ 77	\$ -
2027	\$ 204	\$ 75
2028	\$ 148	\$ 196
2029 and after	\$ 4,324	\$ 1,631
No expiry	\$ 50,850	\$ 44,141

Tax benefits of \$24,552,000 (2023-\$22,317,000) have been recorded related to unused non-capital tax losses, including \$8,572,000 (2023-\$7,551,000) from foreign subsidiaries. The Corporation has also unused capital losses in Canada in the amount of \$42,000 (2023-\$4,058,000).

As at December 31, 2024, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries because the Corporation controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

Recognized Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recorded as follows:

	December 31,		December 31,		December 31,	
	2024	2023	2024	2023	2024	2023
	Assets		Liabilities		Net	
Losses carried forward	\$ 24,552	\$ 22,849	\$ -	\$ -	\$ 24,552	\$ 22,849
Internally developed intangible assets	-	-	(2,419)	(2,461)	(2,419)	(2,461)
Non-deductible provisions (including warranty and inventory)	5,144	4,321	(109)	(202)	5,035	4,119
Fixed and intangible assets, and goodwill	10,883	2,944	(54,970)	(54,227)	(44,087)	(51,283)
Investment tax credits	-	65	-	-	-	65
Unrealized foreign exchange gain or loss, foreign exchange contracts and interest rate swaps	2,205	305	(1,481)	(1,130)	724	(825)
Financing expenses	1,688	2,742	(543)	(750)	1,145	1,992
Financial assets	-	-	(769)	(740)	(769)	(740)
Obligations related to the defined benefit pension plans	608	532	-	-	608	532
Right-of-use assets	-	-	(8,925)	(7,663)	(8,925)	(7,663)
Lease liabilities	9,563	8,022	-	-	9,563	8,022
Inventory and other temporary differences	2,603	1,084	(109)	(91)	2,494	993
Tax assets (liabilities)	\$ 57,246	\$ 42,864	\$ (69,325)	\$ (67,264)	\$ (12,079)	\$ (24,400)
Tax offset	(16,372)	(15,064)	16,372	15,064	-	-
Net tax assets (liabilities)	\$ 40,874	\$ 27,800	\$ (52,953)	\$ (52,200)	\$ (12,079)	\$ (24,400)

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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23. Income Taxes (continued)
Movement in Recognized Deferred Tax Assets and Liabilities During the Year

	Balance January 1, 2024	Recognized in net earnings	Increase/ decrease related to business acquisitions/ divestiture	Increase related to issuance costs of options	Reclassification to assets held for sale	Recognized in other comprehensive income	Balance December 31, 2024
Losses carried forward	\$ 22,849	\$ 33	\$ -	\$ -	\$ -	\$ 1,670	\$ 24,552
Internally developed intangible assets	(2,461)	50	-	-	-	(8)	(2,419)
Non-deductible provisions (including warranty and inventory)	4,119	643	-	-	-	273	5,035
Fixed and intangible assets, and goodwill	(51,283)	8,751	-	-	-	(1,555)	(44,087)
Investment tax credits	65	(65)	-	-	-	-	-
Unrealized foreign exchange gain or loss, foreign exchange contracts and interest rate swaps	(825)	660	-	-	-	889	724
Financing expenses	1,992	(847)	-	-	-	-	1,145
Financial assets	(740)	(21)	-	-	-	(8)	(769)
Obligations related to the defined benefit pension plans	532	(84)	-	-	-	160	608
Right-of-use assets	(7,662)	(1,207)	-	-	-	(56)	(8,925)
Lease liabilities	8,021	1,482	-	-	-	60	9,563
Inventory and other temporary differences	993	882	(86)	527	-	178	2,494
	\$ (24,400)	\$ 10,277	\$ (86)	\$ 527	\$ -	\$ 1,603	\$ (12,079)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Tabular amounts are expressed in thousands of Canadian dollars, except share data)
23. Income Taxes (continued)
Movement in Recognized Deferred Tax Assets and Liabilities During the Previous Year

	Balance January 1, 2023	Recognized in net earnings	Increase/decrease related to business acquisitions/divestiture	Increase related to issuance costs of shares and options	Reclassification to liabilities directly associated with the assets held for sale	Recognized in other comprehensive income	Balance December 31, 2023
Losses carried forward	\$ 16,584	\$ 6,983	\$ -	\$ -	\$ (695)	\$ (23)	\$ 22,849
Internally developed intangible assets	(2,775)	(115)	-	-	429	-	(2,461)
Non-deductible provisions (including warranty and inventory)	3,040	1,195	-	-	(30)	(86)	4,119
Fixed and intangible assets, and goodwill	(55,417)	4,457	(94)	-	59	(288)	(51,283)
Investment tax credits	65	-	-	-	-	-	65
Unrealized foreign exchange gain or loss, foreign exchange contracts and interest rate swaps	38	(417)	-	-	-	(446)	(825)
Financing expenses	1,753	(1,004)	-	1,243	-	-	1,992
Financial assets	(1,052)	383	-	-	-	(71)	(740)
Obligations related to the defined benefit pension plans	271	(158)	-	-	-	419	532
Right-of-use assets	(8,199)	563	-	-	2	(28)	(7,662)
Lease liabilities	8,514	(546)	-	-	(2)	55	8,021
Inventory and other temporary differences	647	394	-	-	(86)	38	993
	\$ (36,531)	\$ 11,735	\$ (94)	\$ 1,243	\$ (323)	\$ (430)	\$ (24,400)

SAVARIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

24. Net Changes in Non-cash Operating Items

	Twelve months ended December 31,	
	2024	2023
Trade and other receivables	\$ 5,101	\$ (12,161)
Inventories	933	(4,632)
Prepaid expenses and other current assets	(403)	(2,246)
Other long-term assets	(8)	(52)
Trade and other payables	5,862	(55)
Deferred revenues	(6,831)	1,331
Provisions	(1,261)	1,076
Other long-term liabilities	2,672	1,930
	\$ 6,065	\$ (14,809)

25. Stock-based Compensation

The Corporation has a stock option plan for its directors, members of management and employees, under which the Board of Directors may grant options to purchase common shares of the Corporation at an exercise price established by the Board. The exercise price is the closing price of the day preceding the option grant date. Options generally vest between one and five years from the date of grant and must be exercised within a maximum of six years, except in the event of retirement, termination of employment or death. Exercised options are settled in shares. At December 31, 2024, 3,190,661 options could still be granted by the Corporation (2023-3,976,823).

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

	Twelve months ended December 31,	
	2024	2023
Number of options granted	1,439,921	365,779
Risk-free interest rate ¹	3.31%	3.45%
Expected dividend yield ¹	2.90%	3.59%
Expected volatility ¹	31%	35%
Expected term	4-6 years	4-6 years

¹ Weighted average

The estimated fair value of the options granted in 2024 is \$6,200,000 (2023-\$1,199,000). This amount is amortized and charged to earnings as the rights to exercise are vested.

A total of 990,502 stock options (2023-1,375,143) were excluded from the calculation of the diluted earnings per share as they were anti-dilutive.

In 2024, compensation expense in the amount of \$2,756,000 (2023-\$1,966,000) on options granted to employees and directors has been recognized in selling and administrative expenses and credited to contributed surplus. The average closing price of the Corporation's shares on the exercise dates of options exercised during 2024 was \$19.66 (2023-\$16.46).

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25. Stock-based Compensation (continued)

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	3,117,450	\$ 15.86	3,216,064	\$ 16.02
Granted	1,439,921	18.27	365,779	14.71
Exercised	(459,781)	15.49	(161,890)	14.28
Expired and forfeited	(148,000)	16.71	(302,503)	17.02
Outstanding at December 31	3,949,590	\$ 16.75	3,117,450	\$ 15.86
Exercisable at December 31	903,423	\$ 15.26	920,865	\$ 15.19

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

2024					
Exercise price range	Options outstanding			Options exercisable	
	Number of options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average exercise price
\$		(in years)	\$		\$
11.06 to 14.65	772,027	2.8	12.78	467,690	12.59
15.10 to 16.89	1,563,044	4.2	15.59	124,473	16.21
17.53 to 22.28	1,614,519	3.9	19.78	311,260	18.89
11.06 to 22.28	3,949,590	3.8	16.75	903,423	15.26

2023					
Exercise price range	Options outstanding			Options exercisable	
	Number of options	Weighted average remaining contractual life	Weighted average exercise price	Number of options	Weighted average exercise price
\$		(in years)	\$		\$
11.06 to 14.65	1,001,807	3.3	12.77	519,794	12.83
15.10 to 16.89	1,121,641	4.1	15.72	170,569	16.61
17.53 to 22.05	994,002	3.2	19.14	230,502	19.45
11.06 to 22.05	3,117,450	3.6	15.86	920,865	15.19

SAVARIA CORPORATION

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26. Financial Instruments

The table below shows the presentation of the derivative financial instruments in the consolidated statement of financial position.

	December 31, 2024	December 31, 2023
Current assets		
Foreign exchange contracts	\$ -	\$ 1,714
Interest rate swaps	-	488
Cross-currency swaps	13,272	-
	\$ 13,272	\$ 2,202
Non-current assets		
Foreign exchange contracts	\$ -	\$ 930
Cross-currency swaps	-	5,241
	\$ -	\$ 6,171
Current liabilities		
Foreign exchange contracts	\$ 6,648	\$ -
Cross-currency swaps	-	2,935
	\$ 6,648	\$ 2,935
Non-current liabilities		
Foreign exchange contracts	\$ 148	\$ -
Cross-currency swaps	2,154	-
	\$ 2,302	\$ -

Fair Values

The only financial instruments of the Corporation that are measured at fair value on a recurring basis subsequent to their initial recognition are derivative financial instruments and all of these derivative financial instruments are Level 2. The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rate swaps and cross-currency swaps is calculated as the present value of estimated future cash flows over the remaining term of the contracts and based on market data (primarily yield curves, interest rates, and exchange rates for cross-currency swaps). Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Corporation's subsidiary or counterparty when appropriate. The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values due to their short-term maturities. The carrying amount of the long-term debt approximate its fair values since it bears interest at variable rates.

A) Financial Risk Management

Overview

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

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

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

Risk Management Framework

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

26. Financial Instruments (continued)**A) Financial Risk Management (continued)****Risk Management Framework (continued)**

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

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

B) Credit Risk

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

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

The Corporation's Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. As at December 31, 2024, no single customer represented 10% or more of the revenues of the Corporation, or 10% or more of the related accounts receivable.

Allowance for Expected Credit Losses

The aging of trade receivables at the reporting date is as follows:

	December 31, 2024		December 31, 2023	
	Gross	Allowance	Gross	Allowance
Current, 0-60 days	\$ 85,796	\$ 309	\$ 87,354	\$ 187
Past due, 61-90 days	3,666	982	5,652	1,216
Past due, over 90 days	14,228	4,538	15,146	4,896
	\$ 103,690	\$ 5,829	\$ 108,152	\$ 6,299

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

	2024	2023
Balance at January 1	\$ 6,299	\$ 4,785
Increase in the allowance for credit losses	2,171	3,467
Receivables recovered or written off	(2,862)	(1,965)
Reclassification to assets held for sale	-	(5)
Effect of movements in exchange rates	221	17
Balance at December 31	\$ 5,829	\$ 6,299

C) Liquidity Risk

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

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26. Financial Instruments (continued)
C) Liquidity Risk (continued)

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

	2024					
	Carrying amount	Contractual cash flow	1 year	2 to 3 years	4 to 5 years	Over 5 years
Non-derivative financial liabilities						
Trade and other payables	\$ 110,640	\$ 110,640	\$ 110,640			
Dividend payable	3,208	3,208	3,208			
Long-term debt including current portion and interests	239,534	273,075	14,236	258,839	-	-
	\$ 353,382	\$ 386,923	\$ 128,084	\$ 258,839	\$ -	\$ -
Derivative financial liabilities						
Foreign exchange forward contracts						
Outflow	\$ 6,796	\$ 109,948	\$ 105,711	\$ 4,237	\$ -	\$ -
Inflow	-	(103,152)	(99,062)	(4,090)	-	-
Cross-currency swaps						
Outflow	-	201,437	121,892	79,545	-	-
Inflow	(11,118)	(219,113)	(137,067)	(82,046)	-	-
	\$ (4,322)	\$ (10,880)	\$ (8,526)	\$ (2,354)	\$ -	\$ -
2023						
	Carrying amount	Contractual cash flow	1 year	2 to 3 years	4 to 5 years	Over 5 years
Non-derivative financial liabilities						
Trade and other payables	\$ 101,201	\$ 101,201	\$ 101,201			
Dividend payable	3,072	3,072	3,072			
Long-term debt including current portion and interests	277,977	343,580	18,688	35,435	289,457	-
	\$ 382,250	\$ 447,853	\$ 122,961	\$ 35,435	\$ 289,457	\$ -
Derivative financial liabilities						
Foreign exchange forward contracts						
Outflow	\$ -	\$ 79,362	\$ 55,578	\$ 23,784	\$ -	\$ -
Inflow	(2,644)	(82,006)	(57,291)	(24,715)	-	-
Cross-currency swaps						
Outflow	-	148,930	30,842	118,088	-	-
Inflow	(2,306)	(153,977)	(30,051)	(123,926)	-	-
Interest rate swaps						
Outflow	-	303	303	-	-	-
Inflow	(488)	(675)	(675)	-	-	-
	\$ (5,438)	\$ (8,063)	\$ (1,294)	\$ (6,769)	\$ -	\$ -

26. Financial Instruments (continued)**D) Market Risk****i) Currency Risk**

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

Management has implemented a policy to manage foreign exchange risk against the Corporation's functional currency. The objective of the policy is to minimize the risks related to foreign currency transactions, more specifically in US dollars, in order to protect gross margin from significant foreign currency fluctuations and to avoid management speculation on currency values. The Corporation manages this risk exposure by entering into foreign exchange forward contracts. Pursuant to the policy, between 40% to 75% of anticipated net inflows in US dollars can be hedged.

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

Maturity	Type	Weighted average exchange rate	2024	
				Nominal amounts
				USD '000
0 to 12 months	Sale	1.3658	\$	39,000
12 to 15 months	Sale	1.3630		3,000
		1.3656	\$	42,000
Maturity	Type	Weighted average exchange rate	2023	
				Nominal amounts
				USD '000
0 to 12 months	Sale	1.3641	\$	42,000
12 to 21 months	Sale	1.3730		18,000
		1.3668	\$	60,000

No ineffectiveness has been recorded in net earnings in relation to cash flow hedges since the sources of the ineffectiveness are not significant. In 2024, the change in value of the hedging instruments in the amount of \$5,196,000 (2023-\$2,472,000), utilized for calculating the ineffective portion of the hedging relationship used to cover foreign exchange risks, was identical to the change in value of these items recognized in other comprehensive income. During the year, \$(85,000) (2023-\$223,000) was transferred to net earnings on forward exchange contracts, before tax.

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

26. Financial Instruments (continued)**D) Market Risk (continued)****i) Currency Risk (continued)****Sensitivity Analysis**

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

	December 31, 2024		December 31, 2023	
	EUR '000	USD '000	EUR '000	USD '000
Cash and cash equivalents	\$ 5,297	\$ (2,989)	\$ (11,429)	\$ (19,536)
Trade and other receivables	61	9,620	21	11,549
Trade and other payables	(1,003)	(5,529)	(290)	(3,493)
Long-term debt	-	(141,704)	-	(158,646)
Total monetary items denominated in US dollars and euros	\$ 4,355	\$ (140,602)	\$ (11,698)	\$ (170,126)

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

	December 31, 2024		December 31, 2023	
	EUR '000	USD '000	EUR '000	USD '000
Increase (decrease) in net earnings	\$ 32	\$ 317	\$ (86)	\$ 357
Increase in other comprehensive income	2,432	1,174	3,279	1,169
Net exposure	\$ 2,464	\$ 1,491	\$ 3,193	\$ 1,526

ii) Interest Rate Risk

The Corporation's interest rate risk arises from cash and long-term debt. Cash and borrowings issued at variable rates expose the Corporation to the risk of variance in cash flows due to changes in interest rates, whereas long-term loans and borrowings issued at fixed rates expose the Corporation to the risk of variability in fair value due to changes in interest rates. The Corporation analyzes its interest risk exposure on a continual basis and examines its renewal and refinancing options in order to minimize risks.

Interest rate swaps	Maturity	Fixed interest rate	Stamping fees	Initial nominal value	Currency	December 31,	
						2024	2023
	April 2024	2.42%	1.70%	\$ 50,000	CAD	\$ -	\$ 50,000

These fixed rate interest rate swaps, terminated during 2024, were designated as hedging for accounting purposes to hedge the interest rate risk on the variable rate Term Loan extinguished in August 2023 and pursued on the Revolving Facility. The Corporation also uses a synthetic CAD-USD cross-currency swap to hedge the foreign currency and interest rate risks of a USD-denominated debt under the Revolving Facility (refer to the Net Investments Hedges section). The fair value of the fixed rate interest rate swaps, before deferred income taxes of \$129,000 as at December 31, 2023, was as follows:

	December 31,	
	2024	2023
Unrealized gain on interest rate swap agreements applicable to the long-term debt	\$ -	\$ 488

26. Financial Instruments (continued)**D) Market Risk (continued)****ii) Interest Rate Risk (continued)**

No ineffectiveness has been recorded in net earnings in relation to cash flow hedges since the sources of the ineffectiveness are not significant. In 2024, the change in value of the hedging instruments in the amount of \$(488,000) (2023-\$1,011,000), used for calculating the ineffective portion of the hedging relationship used to cover interest rate risks, was identical to the change in value of these items recognized in other comprehensive income. In 2024, \$373,000 (2023-\$1,207,000) was transferred to net earnings in financial expenses on interest rate swaps, before tax.

iii) Net Investments Hedges

The Corporation hedges a portion of its net investments in its European operations that have the euro or the Swiss franc as their functional currencies. The foreign currency exposure being hedged arises from the fluctuation in spot exchange rates between the euro, the Swiss franc and the Canadian dollar, which causes the amount of the net investment to vary. The Corporation mitigates the foreign currency risk arising from the subsidiary's net assets with cross-currency swaps. The Corporation uses cross-currency swaps, a combination of a USD-EUR cross-currency swap and a US dollar-denominated debt to form a synthetic euro-denominated debt, and a synthetic CHF-CAD cross-currency swap, as the hedging instruments. The CHF-USD cross-currency swap that the Corporation entered into during the year, was designated into two hedging relationships simultaneously: i) the synthetic CHF-CAD cross-currency swap portion was designated as a net investment hedge and (ii) the synthetic CAD-USD cross-currency swap portion designated as an interest-rate hedge as mentioned above. The Corporation is hedging the net investment to the extent of the cross-currency swap and of the synthetic debt principal. Ineffectiveness of \$63,000 (2023-\$97,000) has been recorded in net earnings in Net finance costs in relation to cross-currency swaps.

Maturity	Currency	Notional	Fixed CAD equivalent	CAD receive rate	Foreign currency pay rate	December 31, Fair value	
						2024	2023
April 2024	CHF	\$ 12,000	\$ 16,032	4.17%	1.82%	\$ -	\$ (2,890)
April 2024	EUR	\$ 5,000	\$ 7,245	4.17%	2.10%	\$ -	\$ (45)

Maturity	Currency	Notional	Fixed USD equivalent	USD receive rate	CHF pay rate	December 31, Fair value	
						2024	2023
April 2026	CHF	\$ 11,000	\$ 10,884	SOFR	1.28%	\$ (2,154)	\$ -

Maturity	Currency	Notional	USD equivalent	USD receive rate	EUR pay rate	December 31, Fair value	
						2024 ¹	2023
April 2025	EUR	\$ 80,000	\$ 92,320	SOFR	EURIBOR -0.02%	\$ 13,272	\$ 5,241

¹ In January 2024, the Corporation changed its risk management strategy and as a result discontinued prospectively a EUR40 million portion of its European operations net investment hedge. Changes in the fair value of this EUR40 million portion of the USD-EUR cross-currency is therefore now presented through net loss on financial instruments in net finance costs.

26. Financial Instruments (continued)**E) Capital Management**

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

	December 31,	
	2024	2023
Cash and cash equivalents	\$ (35,242)	\$ (54,076)
Long-term debt, including current portion	239,534	277,977
	\$ 204,292	\$ 223,901
Shareholder's equity	575,267	549,000
Total capital structure	\$ 779,559	\$ 772,901

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

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

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

Furthermore, the Corporation has pledged most of its assets as guarantee on its credit facilities.

27. Commitments

The Corporation's commitments mainly relate to lease agreements for the rental of its premises. The minimum lease payments related to the Corporation's lease commitments have been recognized as lease liabilities in the consolidated statement of financial position. The details are presented in Note 13 - Right-of-use assets and lease liabilities. As part of its *Savaria One* initiative, the Corporation is committed under a service agreement for a total of \$17,000,000 payable over the next 12 months.

28. Reportable Segments**Information About the Reportable Segments**

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

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

SAVARIA CORPORATION
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28. Reportable Segments (continued)
Information About the Reportable Segments (continued)

	Twelve months ended December 31,			
	Accessibility	Patient Care	Head Office	Total
2024				
Revenue	\$ 673,878	\$ 193,884	\$ -	\$ 867,762
Adjusted EBITDA	\$ 133,305	\$ 37,106	\$ (9,181)	\$ 161,230
Stock-based compensation	-	-	2,756	2,756
Strategic initiatives expenses	15,379	1,914	4,286	21,579
Other expenses	(381)	515	435	569
Depreciation and amortization expense	39,450	8,593	4,146	52,189
Operating income	\$ 78,857	\$ 26,084	\$ (20,804)	\$ 84,137
2023				
Revenue	\$ 653,350	\$ 183,604	\$ -	\$ 836,954
Adjusted EBITDA	\$ 103,938	\$ 33,104	\$ (6,967)	\$ 130,075
Stock-based compensation	-	-	1,966	1,966
Strategic initiatives expenses	1,197	90	1,861	3,148
Other expenses	2,127	130	1,422	3,679
Depreciation and amortization expense	36,369	8,284	4,479	49,132
Operating income	\$ 64,245	\$ 24,600	\$ (16,695)	\$ 72,150

Disaggregation of Revenue and Information about Geographical Areas

	Twelve months ended December 31,		
	Accessibility	Patient Care	Total
2024			
Revenue by region			
Canada	\$ 88,397	\$ 66,080	\$ 154,477
United States	274,031	117,445	391,476
Europe and rest of world	311,450	10,359	321,809
	\$ 673,878	\$ 193,884	\$ 867,762
Timing of revenue recognition			
Goods transferred at a point in time	\$ 606,397	\$ 171,432	\$ 777,829
Services provided over time	67,481	22,452	89,933
	\$ 673,878	\$ 193,884	\$ 867,762
2023			
Revenue by region			
Canada	\$ 79,813	\$ 62,034	\$ 141,847
United States	247,830	111,351	359,181
Europe and rest of world	325,707	10,219	335,926
	\$ 653,350	\$ 183,604	\$ 836,954
Timing of revenue recognition			
Goods transferred at a point in time	\$ 595,857	\$ 161,165	\$ 757,022
Services provided over time	57,493	22,439	79,932
	\$ 653,350	\$ 183,604	\$ 836,954

SAVARIA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

29. Contingencies

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

30. Related Parties

A) Key Management Personnel and Directors Compensation

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

	Twelve months ended December 31,	
	2024	2023
Short-term employee benefits	\$ 10,141	\$ 7,464
Stock-based compensation	1,749	1,014
	\$ 11,890	\$ 8,478

B) Key Management Personnel and Directors Transactions

Key management personnel and Directors control approximately 18% (2023-20%) of the voting shares of the Corporation.

31. Subsequent Event

On February 1, 2025, the President of the United States issued three executive orders to impose new tariffs on imports originating from Canada, Mexico and China. These orders are stating to add 25% duty on imports into the United States of Canadian and Mexican-origin products and an additional 10% duty on Chinese origin products. The orders in regard to Canada and Mexico were originally suspended for a one-month period and were put in application on March 4, 2025. On the same date, an additional 10% on imports from China into the United States was put in application on top of the additional 10% already announced on February 1, 2025.

The Corporation is assessing the impacts of these tariffs and other retaliatory tariffs on its business as this situation evolves.



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