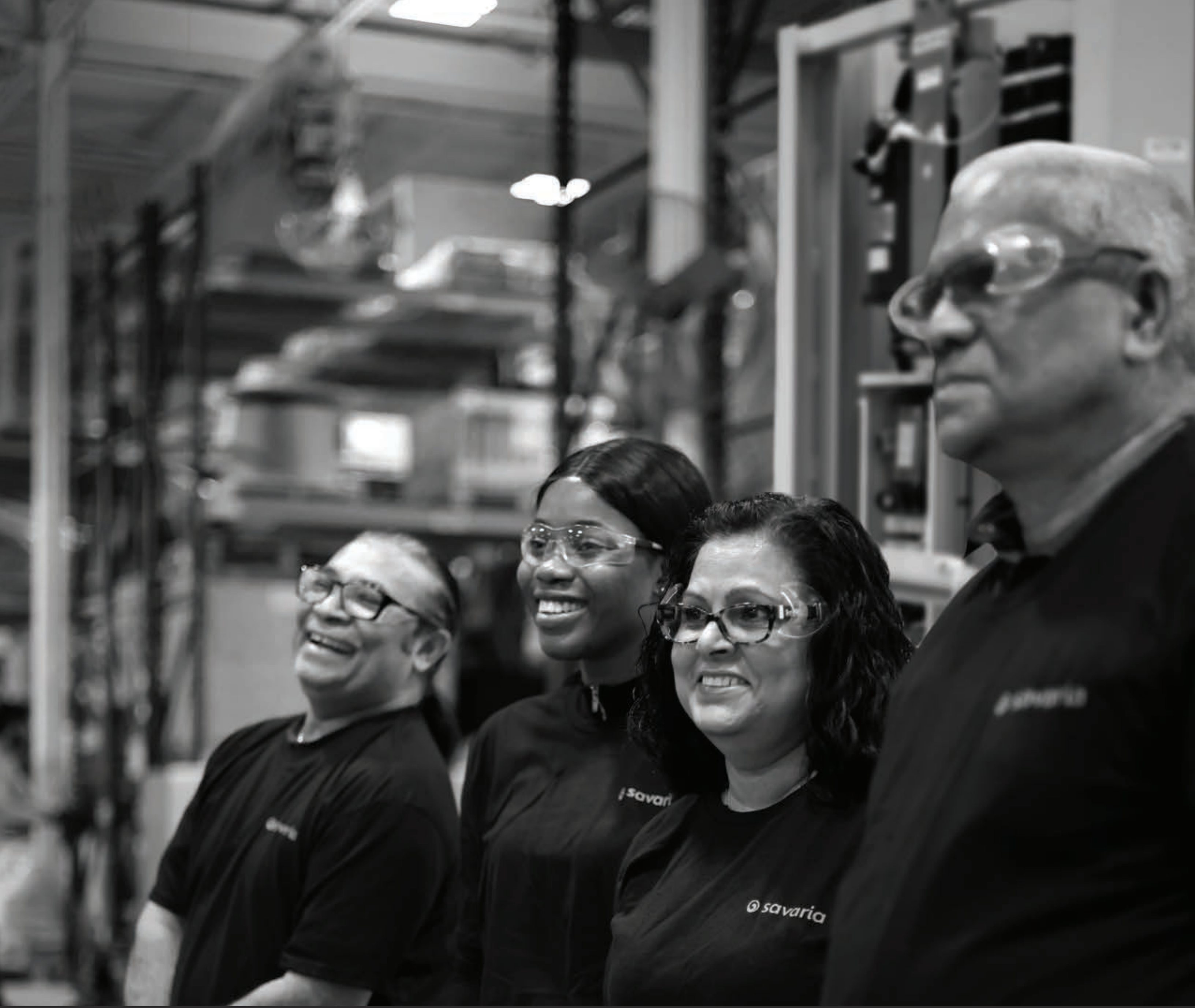
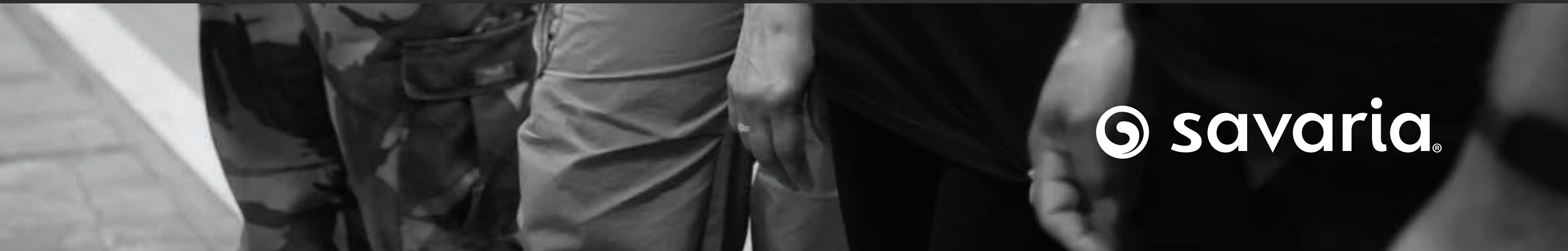


2023 / annual report

SAVARIA CORPORATION
For the fiscal year ended December 31, 2023



savaria

Message from **Marcel Bourassa**

Achieving $837 million in revenue in 2023 is fulfilling for me. As I look around at our global presence and several thousand employees dedicated to Savaria – from research and development, to production, to sales and support functions – I am grateful and proud. The work we do makes a difference in many peoples' lives and it shows in how our employees take care in what they do each day.

We implemented Savaria One in 2023, a structured approach to further integrating our worldwide sites with new-found synergies from many smaller employee-led initiatives. Now operating with two distinct business segments – Accessibility and Patient Care – we also formed a global management team to strengthen our communications and collaboration across the company.

With our accelerated growth in the past 5 years, it was important to increase our attention on unifying our vision, mission and values. We took time to listen to employees about what is important to them, what excites them to come to work, and what we can do to be better. The result is a commitment to a refined list of company values that are truly how we want to function and make decisions for our future.

2023 also marked a change for me as I announced my transition to the position of Executive Chairman as of January 2024. Savaria has been my life's work and I am excited to continue to push ahead in my new role to realize the goal of achieving approximately $1 billion in revenue by the end of 2025.

Marcel Bourassa
Executive Chairman

Message from **Sébastien Bourassa**

2023 was a busy year for Savaria as we embarked on our Savaria One journey, a program intended to maximize our global talent, improve synergies and unify our strategies. I traveled to Savaria locations around the world, meeting teams in all of our key factories to hear their ideas and see their accomplishments. I even spent several days on stairlift installations to truly experience the process in other countries.

Our facility in Mexico continued to expand with now 70 employees to assemble and ship key products to our U.S. dealer market. In our manufacturing facilities, we worked to improve process, through-put, procurement synergies and quality metrics. Employees expressed enthusiasm for creating new initiatives and being given the challenge to lead them to success.

Transitioning to my new role as President and CEO in 2024 is an exciting chapter for me. I have always been a hands-on leader – one who needs to talk to staff, see manufacturing and listen to ideas. It will remain my leadership style going forward, seeing through our Savaria One goals.

Sébastien Bourassa
President & CEO

In 2023, Savaria redefined its global **vision, mission and values.** Working with employees, the values were created to represent how we work today and also what we strive to live by as our guiding principles for the future.

vision

To empower people with mobility for life.

mission

Through innovation and expertise, Savaria provides products to improve mobility and access in daily life. We are driven to build with quality and attention to our customers' needs.

values

/ safety

We are committed to protecting the health and well-being of customers, the public and our people.

/ quality

We aspire to deliver quality products and services that are right the first time.

/ passion

What we do makes a difference, and we work with passion to do the best for our customers.

/ collaboration

We encourage collaboration to generate ideas and innovation, and value clear and open communication to create strong teamwork.

/ expertise

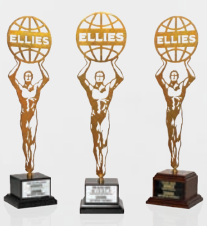
Our knowledge and experience has made us industry leaders and we actively support continuous learning for future growth.

Accessibility
North America

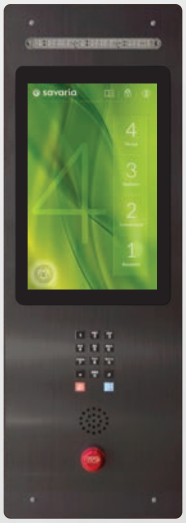
Alex Bourassa
President,
North America Accessibility

The accessibility business in North America continued its integration with Handicare, notably by consolidating all curved stairlift rail fabrication in Brampton, Ontario. This significantly reduced lead time for both production and shipping to its dealer network. Stairlifts can often be an urgent-need purchase, making the lead time a key factor for sales success.

At the industry trade show, NAEC (National Association of Elevator Contractors), Savaria once again was named the #1 accessibility supplier, with sister company Garaventa Lift taking second place. The Handicare sales staff joined the Savaria sales team under the same management to maximize the reach and market share in each territory.



The global research and development team in accessibility has mapped out a strong product roadmap for the coming years. In 2023, Savaria unveiled its new touchscreen cab operating panel, available for all traditional home elevator models in early 2024. These types of product innovations differentiate Savaria from its competitors to further strengthen the company's leadership position.

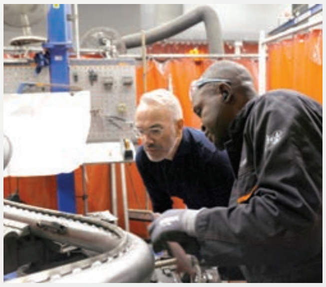


Accessibility **Europe**

Clare Brophy
President,
EURoW Accessibility

During 2023, a number of changes were implemented across factories in the UK, Netherlands and Italy including increasing automation and utilizing lean manufacturing processes. With more visual production management metrics in place, the emphasis was on increasing throughput and improving cost efficiencies. We also reduced outsourcing to develop and retain a more skilled workforce to ensure quality.

A new quality charter was developed in conjunction with our suppliers and resellers in order to deliver a superior customer experience. With our attention to continuously monitor our customers' experiences, we can act quickly to resolve any potential issues.



The stairlift production and engineering staff worked closely with the North American teams to finalize the production of all curved rail fabrication in Brampton, Ontario. In collaboration with the research and development staff, products will be added to grow the portfolio of offerings in the European market as well as offer new global products suitable to sell in all Savaria markets as we look ahead in 2024 and beyond.

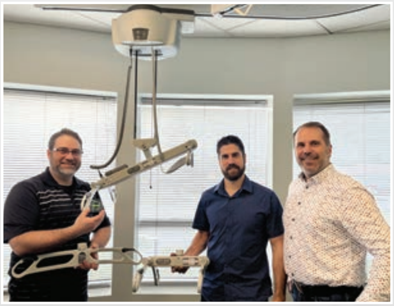
Patient **Care**

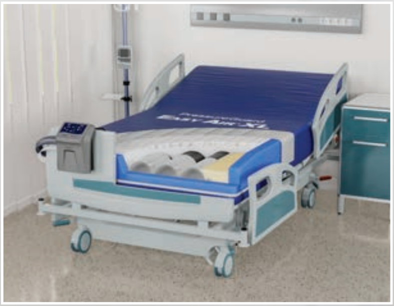
Les Teague
Group President,
Patient Care

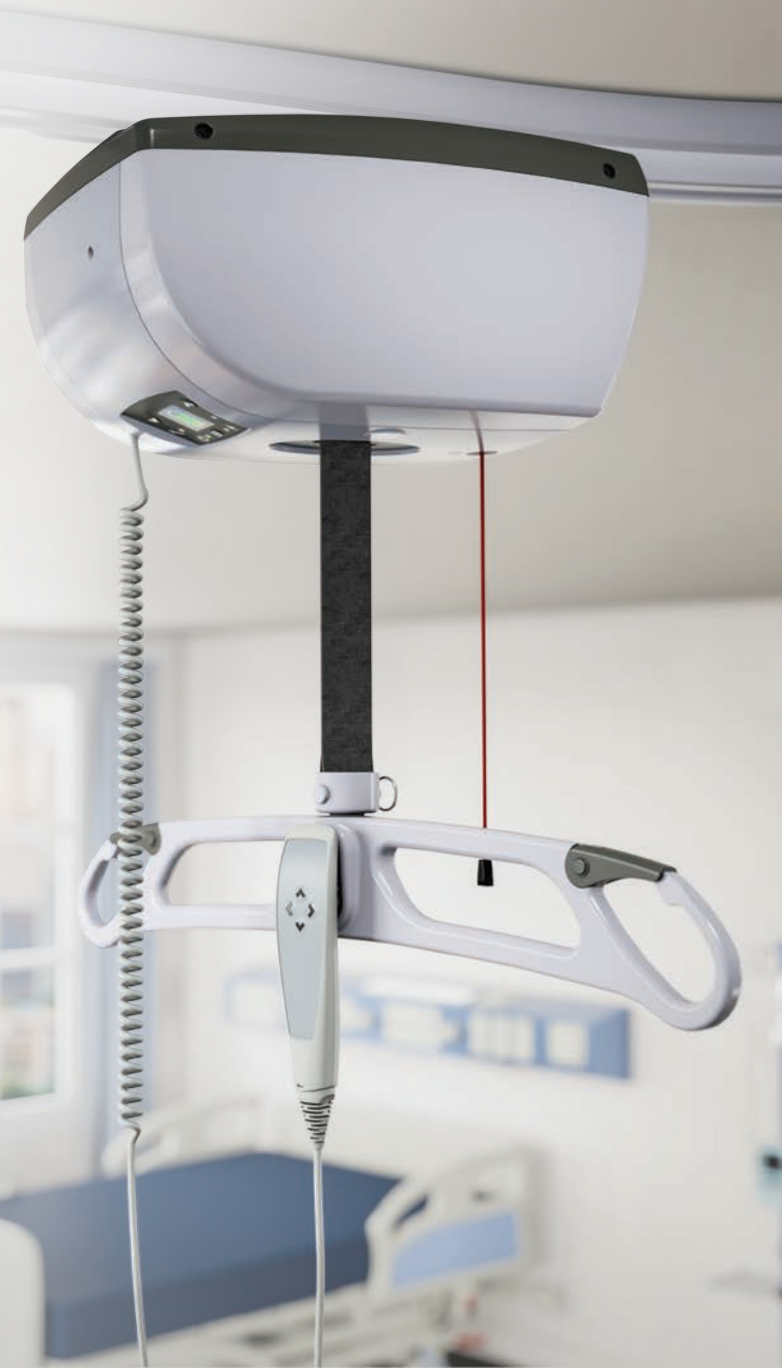
Patrick Mongeau
VP Business Development,
Patient Care

The Patient Care group successfully implemented their 2022 *Ignite* strategic plan that focused on maximizing cross-selling of products (beds, surfaces and lifts), which in turn created sales efficiencies. 2023 was the year to complete the full integration of the sales organization in the U.S., defining the markets and coverage by customer-type; Acute care, Long Term Care, and Homecare.

Savaria One initiatives in 2023 were centered around continuous improvement projects at the Patient Care manufacturing sites. Our collective activities of the past two years, have propelled us into a strong position for 2024 with our theme of *Achieve*. As we look ahead, we will focus building out our 2025-2030 product roadmap, bringing market-leading innovations to our products that answer the future needs of our customers.



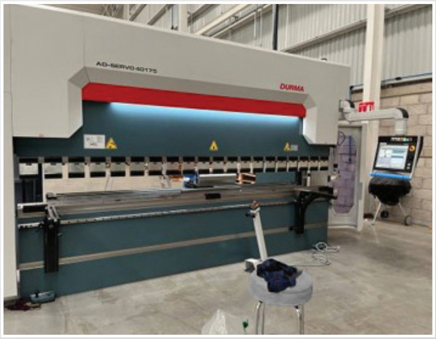


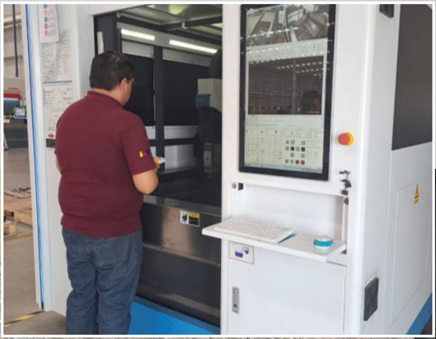


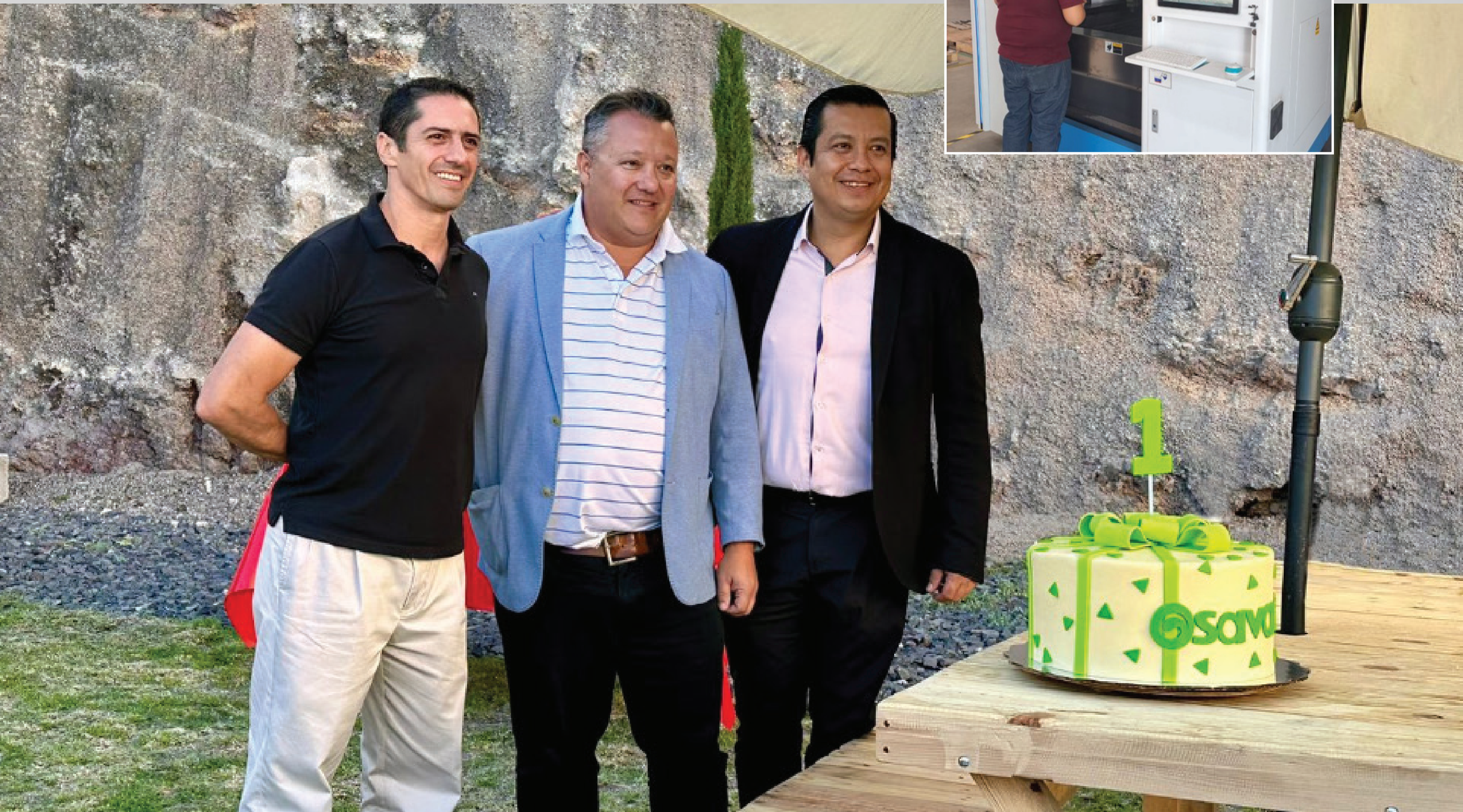
Querétaro, Savaria Mexico **Turns 1!**

In November, we celebrated the first year anniversary of the opening of Savaria Mexico. Up and running in only 7 months in 2022, this facility increases much-needed capacity for North America. Currently, Mexico produces the Savaria Multilift (vertical platform lift) as well as some Eclipse home elevators. Assemblies for various other products such as motors and elevator controllers, are also being done in Querétaro to support both Garaventa in Surrey, British Columbia and Savaria in Brampton, Ontario.

Looking ahead in 2024, the home elevator line capacity will be increased as well as added volume for metal parts fabrication.

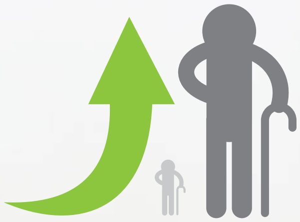






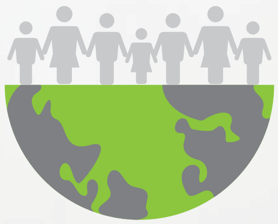
An Aging **World**

76% increase



By **2050,** the number of people over the age of **65** is expected to grow from **9.4** to **16.5** percent of the world's total population.[1]

1 billion to **2 billion**



The World Health Organization estimates that by **2050,** the world population of people over **60** will exceed **2 billion,** more than double the number in 2019.[2]

2x aged 65+ than under 5

It is projected that by **2050,** the number of individuals aged **65** years or above across the world will be **twice the number** of children under age 5 and almost equivalent to the number of children under 12 years.[3]

[1] By Martin Dewhurst, Katherine Linzer, Madeline Maud, and Christoph Sandler, McKinsey Health Institute, November 2022,
[2] World Health Organization, November 2023, [3] World Population Prospects 2022, United Nations

Bourassa Savaria Foundation

The Bourassa Savaria Foundation assisted 23 organizations in 2023, pledging a total of $265,100 in funds to other Canadian charities supporting people with disabilities and mobility impairments.

Notably, the Foundation supported Habilitas ($40,000), March of Dimes Canada ($20,000), Académie Zénith ($25,000), Spinal Cord Injury Ontario ($20,000), Fondation Réa ($20,000) and Défi sportif AlterGo ($20,000).

Donation Highlight Organization:
Défi sportif AlterGo
Défi sportif AlterGo mission is to promote adapted sport and healthy lifestyle. It contributes to the universal accessibility of sports facilities as well as that of activities and sporting events, in order to facilitate the participation of people with functional limitations.

defisportif.com

SAVARIA CORPORATION

Management's Discussion & Analysis Report

For the three-month and twelve-month periods ended December 31, 2023

Contents

1. Basis of Presentation

The following management's discussion and analysis ("MD&A"), dated March 6, 2024, is intended to assist readers to better understand Savaria Corporation, its business context, strategies, risk factors and key financial results. It notably discusses the Corporation's financial position and operating results for the three-month and twelve-month periods ended December 31, 2023, in comparison to the corresponding periods of fiscal 2022. Unless otherwise indicated, the terms "Corporation," "Savaria," "we" and "our," refer to Savaria Corporation and its subsidiaries.

Prepared in accordance with *National Instrument 51-102 Respecting Continuous Disclosure Obligations,* this report should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2023. Unless otherwise indicated, all amounts are expressed in Canadian dollars. Amounts in certain passages of this MD&A may be expressed in millions of Canadian dollars ("M"); however, all percentage references related to such amounts are calculated based on the thousands of Canadian dollars amount figures contained in the corresponding tables.

The Corporation's financial statements, prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and MD&A, have been reviewed by Savaria's Audit Committee and approved by its Board of Directors.

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

2. Forward-Looking Statements

This MD&A includes certain statements which are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A which is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe," "could," "should," "intend," "expect," "estimate," "assume" and other similar expressions are generally intended to identify forward-looking statements. It is important to know the forward-looking statements in this MD&A describe our expectations as at March 6, 2024, which are not guarantees of the future performance of Savaria or its industry, and involve known and unknown risks and uncertainties which may cause Savaria's or the industry's outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetizations, mergers, acquisitions, other business acquisitions or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

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

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

3. IFRS and Non-IFRS Measures

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

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

EBITDA

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

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

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

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

in thousands of dollars	**Total** Trailing 12 months	**2023** Q4	Q3[1]	Q2[1]	Q1	**2022** Q4	Q3	Q2	Q1	**2021** YTD
Operating Income	$72,150	**$19,843**	$20,622	$16,226	$15,459	$19,843	$17,531	$17,738	$8,829	$35,884
Amortization and depreciation expense	49,132	**12,319**	12,367	12,258	12,188	11,494	12,037	12,237	13,334	49,323
EBITDA*	121,282	**32,162**	32,989	28,484	27,647	31,337	29,568	29,975	22,163	85,207
Stock-based compensation	1,966	**403**	615	538	410	274	699	469	420	1,747
Strategic initiatives	3,148	**2,018**	880	250	-	-	-	-	-	-
Other expenses	3,679	**522**	-	-	3,157	1,699	757	1,025	1,839	13,296
Adjusted EBITDA*[1]	$130,075	**$35,105**	$34,484	$29,272	$31,214	$33,310	$31,024	$31,469	$24,422	$100,250

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

[1] As a result of the presentation of the distinct line strategic initiatives expenses and the change in the definition of adjusted EBITDA, Q2 and Q3 2023 figures were restated

in thousands of dollars, except percentages	Accessibility [1]	Patient Care	Head Office	**Total**
	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%**
	Q4 2022			
Operating Income	$17,343	$5,405	$(2,905)	**$19,843**
Amortization and depreciation expense	8,825	1,559	1,110	**$11,494**
EBITDA*	$26,168	$6,964	$(1,795)	**$31,337**
Stock-based compensation	-	-	274	**$274**
Other expenses	869	19	811	**$1,699**
Adjusted EBITDA*	$27,037	$6,983	$(710)	**$33,310**
Adjusted EBITDA Margin*	16.2%	15.3%	n/a	**15.7%**

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

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

in thousands of dollars, except percentages	Accessibility [1]	Patient Care	Head Office	Total
		YTD 2023		
Operating Income	$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%**
		YTD 2022		
Operating Income	$64,789	$15,130	$(15,978)	**$63,941**
Amortization and depreciation expense	34,533	8,902	5,667	**$49,102**
EBITDA*	$99,322	$24,032	$(10,311)	**$113,043**
Stock-based compensation	-	-	1,862	**$1,862**
Other expenses	2,240	895	2,185	**$5,320**
Adjusted EBITDA*	$101,562	$24,927	$(6,264)	**$120,225**
Adjusted EBITDA Margin*	16.5%	14.3%	n/a	**15.2%**

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

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

ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS PER SHARE

Adjusted net earnings is defined as net earnings excluding strategic initiatives expenses and other expenses and the income tax effects related to these costs. The Corporation uses adjusted net earnings and adjusted net earnings per share to measure its performance from one period to the next, without the variation caused by the impacts of the items described above. The Corporation excludes these items because they affect the comparability of its financial results and could potentially distort the analysis of trends in its business performance. The Corporation believes these measures are useful to investors because they help identify underlying trends in the business which could otherwise be masked by a) certain expenses or income that can vary from period to period and b) Strategic initiatives expenses, which are significant costs incurred in relation to *Savaria One* that could mask the actual baseline performance, as the expected benefits associated to such expenses are anticipated to occur in future periods.

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

AVAILABLE CREDIT FACILITIES AND AVAILABLE FUNDS

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

WORKING CAPITAL

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

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

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

4. Business Overview

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

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

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

As at March 6, 2024, Savaria's workforce totaled approximately 2,450 employees worldwide.

4.1 REPORTABLE SEGMENTS OF THE CORPORATION

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

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

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

Accessibility

Through the *Accessibility* segment, Savaria designs, manufactures, distributes and installs a wide portfolio of accessibility products including commercial elevators, home elevators, stairlifts, platform lifts and lowered-floor wheelchair accessible conversions for selected brands of minivans, for personal, residential or commercial applications. Savaria operates manufacturing facilities in Canada (Laval, Brampton, Toronto and Surrey), Mexico (Querétaro), Italy (Milan), the United Kingdom (Kingswinford and Birmingham), the Netherlands (Heerhugowaard) and China (Huizhou and Xiamen). Savaria products are sold worldwide through a network of 1,500 dealers as well as through 29 company-owned direct sales offices, through which the Corporation also provides installation, repair and maintenance services. The Handicare vehicle division which was sold in Q1 2023 previously served the Norwegian marketplace and was mainly focused on commercial adaptations for emergency services including police, fire and rescue, and paramedics vehicles.

Patient Care

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

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

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

	YTD 2022					
	Accessibility		Patient Care		Total	
Canada	$72,811	11.8%	$63,656	36.6%	$136,467	17.3%
United States	213,280	34.7%	100,101	57.5%	313,381	39.7%
Europe and others	329,019	53.5%	10,224	5.9%	339,243	43.0%
Total	**$615,110**	**100.0%**	**$173,981**	**100.0%**	**$789,091**	**100.0%**

5. Financial Highlights

	Q4		YTD	
in thousands of dollars, except per-share amounts	**2023**	2022	**2023**	2022
Revenue	**$216,839**	$212,100	**$836,954**	$789,091
Gross Profit	**74,322**	66,222	**286,020**	254,369
Operating income	**$19,843**	$19,843	**$72,150**	$63,941
Adjusted EBITDA*	**$35,105**	$33,310	**$130,075**	$120,225
Adjusted EBITDA margin*	**16.2%**	15.7%	**15.5%**	15.2%
Net earnings	**10,959**	11,258	**37,841**	35,311
Adjusted net earnings*	**12,848**	12,555	**42,909**	39,388
Diluted net earnings per share	**$0.16**	$0.18	**$0.57**	$0.55
Adjusted net earnings per share*	**$0.19**	$0.19	**$0.65**	$0.61

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

Q4 2023 HIGHLIGHTS

- Revenue for the quarter was $216.8M, up $4.7M or 2.2%, compared to Q4 2022, due to organic growth of 6.2% and a positive foreign exchange impact of 2.3%, partially offset by the divestiture of the Norway operations.
  - *Accessibility* organic growth stood at 9.5%, including growth of 14.0% coming from North America.
  - *Patient Care* organic contraction was 5.9%.
- Gross profit was $74.3M, up $8.1M or 12.2%, compared to Q4 2022, representing a gross margin of 34.3%, an increase of 310 bps compared to 31.2% in Q4 2022.
- Operating income was stable at $19.8M compared to Q4 2022, representing an operating margin of 9.2% compared to 9.4% in Q4 2022.
- Adjusted EBITDA was $35.1M, up $1.8M or 5.4%, compared to Q4 2022.
- Adjusted EBITDA margin stood at 16.2%, up 50 bps compared to 15.7% in Q4 2022.
- *Accessibility* adjusted EBITDA was $28.7M, an increase of $1.6M or 6.0% compared to Q4 2022.
- *Patient Care* adjusted EBITDA was $7.9M, an increase of $0.9M or 13.0% compared to Q4 2022.

- Net earnings and adjusted net earnings for the quarter were respectively $11.0M and $12.8M, or $0.16 and $0.19 per share on a diluted basis, compared to respectively $11.3M and $12.6M, or $0.18 and $0.19 per share on a diluted basis in Q4 2022.

2023 HIGHLIGHTS

- Revenue was $837.0M, up $47.9M or 6.1%, compared to 2022, due to organic growth of 6.7% and a positive foreign exchange impact of 3.2%, partially offset by the divestiture of the Norway operations.
  - *Accessibility* organic growth stood at 7.8%, including growth of 13.6% coming from North America.
  - *Patient Care* organic growth stood at 3.0%.
- Gross profit was $286.0M, up $31.7M or 12.4%, compared to 2022, representing a gross margin of 34.2%, an increase of 200 bps compared to 32.2% in 2022.
- Operating income was $72.2M, up $8.2M or 12.8%, compared to 2022, representing an operating margin of 8.6% compared to 8.1% in 2022.
- Adjusted EBITDA was $130.1M, up $9.9M or 8.2%, compared to 2022.
- Adjusted EBITDA margin stood at 15.5%, up 30 bps compared to 15.2% in 2022.
- *Accessibility* adjusted EBITDA was $103.9M, an increase of $2.4M or 2.3% compared to 2022.
- *Patient Care* adjusted EBITDA was $33.1M, an increase of $8.2M or 32.8% compared to 2022.
- Net earnings and adjusted net earnings were $37.8M and $42.9M, or $0.57 and $0.65 per share on a diluted basis, compared to respectively $35.3M and $39.4M, or $0.55 and $0.61 per share on a diluted basis in 2022.
- On September 15, 2023, the Corporation issued 6,346,850 common shares via a public offering and a concurrent private placement for net proceeds of $87.3M, which were used to reimburse long-term debt. The ratio of net debt to adjusted EBITDA now stands at 2.07 as at December 31, 2023 in comparison to 3.07 as at December 31, 2022.
- After December 31, 2023, Savaria finalized the transaction to sell the Van-Action and Freedom Motors divisions. Earlier in 2023, the Corporation disposed of its Norwegian operations. These divestments represent approximately $50M of annualized revenue.
- The Corporation started *Savaria One*, its multi-year, sales and operations program. Designed to unlock the full potential of the business, *Savaria One* encapsulates all of the Corporation's organic initiatives through to 2025 and is expected to be the major driving force toward Savaria's targets of approximately $1.0 billion in revenue and 20% adjusted EBITDA margin. For more detail, refer to section 19, "Outlook".

6. Financial Review

6.1 REVENUE

During the quarter, the Corporation generated revenue of $216.8M, up $4.7M or 2.2%, compared to the same period in 2022. The increase was due to organic growth of 6.2% and a positive foreign exchange impact of 2.3%, partially offset by the divestiture of the Norway operations.

For the twelve-month period ended December 31, 2023, the Corporation generated revenue of $837.0M, up $47.9M or 6.1%, compared to the same period in 2022. The increase was mainly due to organic growth of 6.7% and a positive foreign exchange impact of 3.2%, partially offset by the aforementioned divestiture.

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

	Q4		
in thousands of dollars, except percentages	Accessibility	Patient Care	Total
Revenue 2023	$173,666	$43,173	**$216,839**
Revenue 2022	$166,443	$45,657	**$212,100**
Net change %	4.3%	(5.4)%	**2.2%**
Organic Growth (contraction)[1]	9.5%	(5.9)%	**6.2%**
Acquisition/divestiture Impact[2]	(8.0)%	0.0%	**(6.3)%**
Foreign Currency Impact[3]	2.8%	0.5%	**2.3%**
Net change %	4.3%	(5.4)%	**2.2%**

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

	YTD		
in thousands of dollars, except percentages	Accessibility	Patient Care	Total
Revenue 2023	$653,350	$183,604	**$836,954**
Revenue 2022	$615,110	$173,981	**$789,091**
Net change %	6.2%	5.5%	**6.1%**
Organic Growth[1]	7.8%	3.0%	**6.7%**
Acquisition/divestiture Impact[2]	(4.9)%	0.0%	**(3.8)%**
Foreign Currency Impact[3]	3.3%	2.5%	**3.2%**
Net change %	6.2%	5.5%	**6.1%**

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

6.1.1 Accessibility

Revenue from our *Accessibility* segment was $173.7M for the quarter, an increase of $7.2M or 4.3%, compared to the same period in 2022. The increase in revenue was related to organic growth of 9.5% driven by strong demand in both the residential and commercial sectors in North America and Europe, price increases and cross-selling synergies with Handicare. The growth was also driven by a positive foreign exchange impact of 2.8%, mainly coming from the EUR and GBP currencies. The increase was partially offset by the divestiture of the Norway operations.

For the twelve-month period ended December 31, 2023, revenue from our *Accessibility* segment was $653.4M, an increase of $38.2M, or 6.2%, compared to the same period in 2022. The increase in revenue was related to organic growth of 7.8%, driven by North America's favorable impact related to the same factors listed above for the quarter and also to a positive foreign exchange impact of 3.3%. The growth was partially offset by the divestiture of Norway, and also the decreased production and sales in Europe during the second quarter.

6.1.2 Patient Care

Revenue from our *Patient Care* segment was $43.2M for the quarter, a decrease of $2.5M or 5.4%, compared to the same period in 2022. While the backlog remains healthy, revenue decreased due to reduced year-end spending from institutional customers, product mix and to certain large orders delivered in Q4 2022 not repeating this year. This was partially offset by a positive foreign exchange impact of 0.5%.

For the twelve-month period ended December 31, 2023, revenue from our *Patient Care* segment was $183.6M, an increase of $9.6M, or 5.5%, compared to the same period in 2022. The increase in revenue was related to organic growth of 3.0% driven by new contracts signed with healthcare facilities, cross-selling synergies with Handicare and pricing initiatives, partially offset by reduced year-end spending, the timing of certain large orders versus last year and lower bed sales. The growth was also favourably impacted by a positive foreign exchange impact of 2.5%.

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	**2023**	2022
US Dollar (USD)	**1.3247**	1.3541
Euro (EUR)	**1.4620**	1.4487
Pound Sterling (GBP)	**1.6863**	1.6370
Swiss franc (CHF)	**1.5737**	1.4642
Renminbi (RMB)	**0.1868**	0.1963

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

Canadian equivalent of a currency	**2023**	2022
US Dollar (USD)	**1.3493**	1.3015
Euro (EUR)	**1.4591**	1.3699
Pound Sterling (GBP)	**1.6778**	1.6072
Swiss franc (CHF)	**1.5021**	1.3634
Renminbi (RMB)	**0.1908**	0.1935

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, 2023, the Corporation held foreign exchange contracts totaling $60.0M USD for a hedging period up to September 2025, at a weighted average rate of 1.3668.

6.2 GROSS PROFIT AND OPERATING INCOME

in thousands of dollars, except per-share amounts and % revenue	Q4				YTD			
	2023		2022		**2023**		2022	
Revenue	**$216,839**		$212,100		**$836,954**		$789,091	
Cost of sales	**142,517**	**65.7%**	145,878	68.8%	**550,934**	**65.8%**	534,722	67.8%
Gross Profit	**$74,322**	**34.3%**	$66,222	31.2%	**$286,020**	**34.2%**	$254,369	32.2%
Selling and administrative expenses	**51,939**	**24.0%**	44,680	21.0%	**207,043**	**24.7%**	185,108	23.4%
Strategic initiatives expenses	**2,018**	**0.9%**	-	-	**3,148**	**0.4%**	-	-
Other expenses	**522**	**0.2%**	1,699	0.8%	**3,679**	**0.5%**	5,320	0.7%
Operating income	**$19,843**	**9.2%**	$19,843	9.4%	**$72,150**	**8.6%**	$63,941	8.1%
Net finance costs	**4,781**	**2.3%**	6,177	3.0%	**21,835**	**2.6%**	16,469	2.1%
Earnings before income tax	**$15,062**	**6.9%**	$13,666	6.4%	**$50,315**	**6.0%**	$47,472	6.0%
Income tax expense	**4,103**	**1.8%**	2,408	1.1%	**12,474**	**1.5%**	12,161	1.5%
Net Earnings	**$10,959**	**5.1%**	$11,258	5.3%	**$37,841**	**4.5%**	$35,311	4.5%
Adjusted EBITDA*	**$35,105**	**16.2%**	$33,310	15.7%	**$130,075**	**15.5%**	$120,225	15.2%
Basic net earnings per share	**$0.16**		$0.18		**$0.57**		$0.55	
Diluted net earnings per share	**$0.16**		$0.18		**$0.57**		$0.55	

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

For the quarter, the increase in gross profit of $8.1M when compared to the same period in 2022, was mainly attributable to improved gross margins, additional revenue, and favorable foreign exchange rates used in the conversion of the results of subsidiaries. The increase in gross margin is mainly due to greater performance from all divisions due to better cost absorption, favorable product mix and improved pricing. For the twelve-month period ended December 31, 2023, North America's gross margin benefited from similar positive factors as in the quarter when compared to the same period in 2022, while Europe results were unfavorable in the second quarter.

For the quarter, selling and administrative expenses as a percentage of revenue were higher by 300 bps when compared to the same period in 2022. Selling and administrative expenses for the quarter were in line with the year-to-date run rate as a % of sales with the effect of *Savaria One* investments. For the twelve-month period ended December 31, 2023, selling and administrative expenses as a percentage of revenue were higher by 130 bps, when compared to the same period in 2022 also as a result of investments to support *Savaria One*.

For the quarter, the Corporation incurred other expenses of $0.5M mainly related to the optimization program, compared to $1.7M in integration costs in connection with Handicare in the same period in 2022. The year-to-date amount totaled $3.7M compared to $5.3M in 2022. In 2023, these expenses consisted of integration costs for $1.8M, the loss on the divestiture of Norway for $1.4M and optimization program costs, while in 2022 they consisted mainly of integration costs. The Corporation also incurred respectively $2.0M and $3.1M for strategic initiative expenses in the quarter and year-to-date.

Consequently, operating income was stable at $19.8M for the quarter when compared to the same period in 2022, with a year-to-date amount totaling $72.2M compared to $63.9M in 2022. Year-to-date, the increase was mainly attributable to the additional revenue contribution and higher gross margins despite increased selling and administrative expenses.

6.3 ADJUSTED EBITDA

Adjusted EBITDA and adjusted EBITDA margin for the quarter stood at $35.1M and 16.2%, respectively, compared to $33.3M and 15.7% for the same period in 2022. The increased profitability is mainly explained by the aforementioned increase in gross margin, somewhat offset by higher selling and administrative expenses.

For the twelve-month period ended December 31, 2023, adjusted EBITDA and adjusted EBITDA margin stood at $130.1M and 15.5%, respectively, compared to $120.2M and 15.2% for the same period in 2022. The year-to-date increase in adjusted EBITDA margin when compared to last year is explained by the performance in *Accessibility* and *Patient Care* North America, partially offset by the reduced profitability in Europe during the second quarter.

Head office costs for the three-month and twelve-month periods ended December 31, 2023 stood at $1.4M and $7.0M respectively. The quarter was unfavorably impacted by higher incentives expenses when compared to last year.

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

	Q4 2023			
in thousands of dollars, except percentages	Accessibility	Patient Care	Head Office	**Total**
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%**
	Q4 2022			
Revenue	$166,443	$45,657	n/a	**$212,100**
Adjusted EBITDA*	$27,037	$6,983	$(710)	**$33,310**
Adjusted EBITDA Margin*	16.2%	15.3%	n/a	**15.7%**
	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%**
	YTD 2022			
Revenue	$615,110	$173,981	n/a	**$789,091**
Adjusted EBITDA*	$101,562	$24,927	$(6,264)	**$120,225**
Adjusted EBITDA Margin*	16.5%	14.3%	n/a	**15.2%**

* 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 $28.7M and 16.5%, respectively, compared to $27.0M and 16.2% for the same period in 2022. The increase in adjusted EBITDA and adjusted EBITDA margin was mainly due to better cost absorption from increased revenues, as well as improved pricing.

For the twelve-month period ended December 31, 2023, adjusted EBITDA and adjusted EBITDA margin stood at $103.9M and 15.9%, respectively, compared to $101.6M and 16.5% for the same period in 2022. The margin decrease is mainly due to the second quarter weakness in Europe, inflationary impacts resulting in higher material and labour costs and was partially offset by greater profitability coming from North America.

6.3.2 Patient Care

For the quarter, *Patient Care* adjusted EBITDA and adjusted EBITDA margin stood at $7.9M and 18.3%, respectively, compared to $7.0M and 15.3% for the same period in 2022. The increase in adjusted EBITDA and adjusted EBITDA margin was mainly due to improved gross margins explained by the product mix and pricing initiatives.

For the twelve-month period ended December 31, 2023, adjusted EBITDA and adjusted EBITDA margin stood at $33.1M and 18.0%, respectively, compared to $24.9M and 14.3% for the same period in 2022. The increase in adjusted EBITDA and adjusted EBITDA margin was mainly due to the increase in revenues, especially in the first half of the year, and improvements in gross margin mainly explained by better fixed cost absorption, product mix, pricing initiatives and synergies with Handicare.

6.4 NET FINANCE COSTS

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

For the quarter, net finance costs were $4.8M compared to $6.2M for the same period in 2022. Interest on long-term debt decreased by $0.4M when compared to 2022 due to the reduced balance of debt. Net finance costs were also impacted by a foreign currency gain of $1.0M compared to a loss of $0.5M in 2022, most of which was unrealized in nature. Also, the Corporation incurred a loss on the ineffective portion of changes in fair value of net investment hedges of $0.8M.

For the twelve-month period ended December 31, 2023, net finance costs were $21.8M compared to $16.5M for the same period in 2022. The increase in net finance costs was mainly due to higher interest on long-term debt of $7.2M and the loss on the ineffective portion of changes in fair value of net investment hedges of $0.1M compared to a gain of $0.8M in 2022, partially offset by a foreign currency gain of $1.8M compared to a loss of $0.1M last year, most of which was unrealized in nature.

6.5 INCOME TAXES

For the quarter, an income tax expense of $4.1M was recorded on earnings before income taxes of $15.1M, representing an effective tax rate of 27.2%, compared to an income tax expense of $2.4M and an effective tax rate of 17.6% for the same period in 2022. For the twelve-month period ended December 31, 2023, an income tax expense of $12.5M was recorded on earnings before taxes of $50.3M, representing an effective tax rate of 24.8%, whereas the effective tax rate was 25.6% for the same period in 2022. The variance in income tax expense and effective tax rates is the result of different profit allocation coming from countries in which the Corporation operates which are taxable at varying rates, non-deductible expenses, and prior years' and valuation allowances adjustments.

6.6 NET EARNINGS AND ADJUSTED NET EARNINGS

	Q4		YTD	
in thousands of dollars, except number of shares and per-share amounts	**2023**	2022	**2023**	2022
Net earnings	**$10,959**	$11,258	**$37,841**	$35,311
Strategic initiatives expenses	**2,018**	-	**3,148**	-
Other expenses	**522**	1,699	**3,679**	5,320
Income tax related to strategic initiatives and other expenses[1]	**(651)**	(402)	**(1,759)**	(1,243)
Adjusted net earnings*	**$12,848**	$12,555	**$42,909**	$39,388
In $ per share				
Diluted net earnings	**$0.16**	$0.18	**$0.57**	$0.55
Strategic initiatives and other expenses net of income tax[1]	**0.03**	0.01	**0.08**	0.06
Adjusted net earnings*	**$0.19**	$0.19	**$0.65**	$0.61
Diluted weighted average number of shares	**71,031,225**	64,513,288	**66,476,434**	64,491,541

* Non-IFRS measures are described in section 3 and reconciled in this section
[1] Income tax is calculated at the statutory rate in the country where each expense has been incurred

For the quarter, net earnings were $11.0M or $0.16 per share on a diluted basis, compared to $11.3M or $0.18 for the same period in 2022. The decrease in net earnings was mainly due to higher income tax expenses, partially offset by lower net finance costs. The slight decrease in net earnings per share on a diluted basis is due to the increased number of shares. For the twelve-month period ended December 31, 2023, net earnings stood at $37.8M, or $0.57 per share on a diluted basis, compared to $35.3M or $0.55 for the same period in 2022. The increase in net earnings and net earnings per share on a diluted basis was attributable to higher operating income partially offset by higher net finance costs.

For the quarter, adjusted net earnings were $12.8M or $0.19 per share on a diluted basis, compared to $12.6M or $0.19 for the same period in 2022. For the twelve-month period ended December 31, 2023, adjusted net earnings stood at $42.9M, or $0.65 per share on a diluted basis, compared to $39.4M or $0.61 for the same period in 2022.

7. Summary of Quarterly Results

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

	Total	2023				2022			
in thousands of dollars, except per-share amounts	Trailing 12 months	**Q4**	Q3[1]	Q2[1]	Q1	Q4	Q3	Q2	Q1
Revenue	$836,954	**$216,839**	$210,094	$198,396	$211,625	$212,100	$201,394	$192,061	$183,536
Gross Margin	34.2%	**34.3%**	34.5%	33.8%	34.0%	31.2%	31.8%	34.1%	31.9%
Operating Income	$72,150	**$19,843**	$20,622	$16,226	$15,459	$19,843	$17,531	$17,738	$8,829
Adjusted EBITDA*[1]	$130,075	**$35,105**	$34,484	$29,272	$31,214	$33,310	$31,024	$31,469	$24,422
Net earnings	$37,841	**$10,959**	$12,054	$8,789	$6,039	$11,258	$10,581	$8,125	$5,347
Net earnings per share - diluted	$0.57	**$0.16**	$0.18	$0.14	$0.09	$0.18	$0.16	$0.13	$0.08
Dividend declared per share	$0.520	**$0.130**	$0.130	$0.130	$0.130	$0.130	$0.127	$0.125	$0.125

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

[1] As a result of the presentation of the distinct line strategic initiatives expenses and the change in the definition of adjusted EBITDA, Q2 and Q3 2023 figures were restated

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, 2023.

in thousands of dollars	**December 31, 2023**	December 31, 2022
Total amount available under the credit facilities	**$450,000**	$450,000
Amount drawn under the credit facilities	**(279,039)**	(367,485)
Outstanding letters of credit	**(1,752)**	(1,559)
Available credit facilities*	**$169,209**	$80,956
Cash and cash equivalents	**54,076**	44,725
Available funds*	**$223,285**	$125,681
Current assets	**$337,708**	$327,314
Current liabilities	**170,543**	182,439
Working capital*	**$167,165**	$144,875
Ratio of current assets to current liabilities	**1.98**	1.79

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

8.2 NET DEBT

As at December 31, 2023, the Corporation had a net debt position of $269.9M, compared to $369.4M as of December 31, 2022. The decrease in net debt of $99.6M is mainly driven by the reimbursement of long-term debt following the common shares issuance in September 2023.

in thousands of dollars	**December 31, 2023**	December 31, 2022
Amount drawn under the credit facilities	**$279,039**	$367,485
Notes payable related to business acquisitions	**1,769**	1,940
Outstanding letters of credit	**1,752**	1,559
Lease liabilities	**41,404**	43,190
Total debt*	**$323,964**	$414,174
Less: Cash and cash equivalents	**(54,076)**	(44,725)
Net debt*	**$269,888**	$369,449
Trailing twelve months adjusted EBITDA*	**130,075**	120,225
Ratio of net debt to adjusted EBITDA*	**2.07**	3.07

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

9. Liquidity

	Q4		YTD	
in thousands of dollars	**2023**	2022	**2023**	2022
Cash flows related to operating activities before net changes in non-cash operating items	**$30,714**	$30,693	**$93,427**	$104,654
Net changes in non-cash operating items	**6,377**	13,159	**(14,809)**	(13,912)
Cash flows related to operating activities	**37,091**	43,852	**78,618**	90,742
Cash flows related to investing activities	**(5,013)**	(7,625)	**(6,355)**	(21,583)
Cash flows related to financing activities	**(21,069)**	(35,914)	**(63,106)**	(83,253)
Unrealized foreign exchange effect on cash held in foreign currencies	**944**	2,051	**194**	3,579
Net change in cash, including cash balance classified as asset held-for-sale	**$11,953**	$2,364	**$9,351**	$(10,515)
Less : Cash and cash equivalent classified as asset held-for-sale	**-**	(8,254)	**-**	(8,254)
Net change in cash	**$11,953**	$(5,890)	**$9,351**	$(18,769)

9.1 OPERATING ACTIVITIES

For the quarter, cash flows related to operating activities before net changes in non-cash operating items reached $30.7M, same as the comparative period of 2022. Net changes in non-cash operating items increased liquidity by $6.4M, compared to $13.2M a year earlier mainly due to increased trade receivables. As a result, cash generated from operating activities in Q4 2023 stood at $37.1M, compared to $43.9M for the same period in 2022.

For the twelve-month period ended December 31, 2023, cash flows related to operating activities before net changes in non-cash operating items reached $93.4M, versus $104.7M for the same period in 2022, mainly explained by higher income tax paid partially offset by higher adjusted EBITDA. Net changes in non-cash operating items reduced liquidity by $14.8M, compared to $13.9M a year earlier, due to increased trade receivables partially offset by improvement and stabilization in inventories. As a result, cash generated from operating activities stood at $78.6M, compared to $90.7M for the same period in 2022.

9.2 INVESTING ACTIVITIES

For the quarter, cash used in investing activities was $5.0M compared to $7.6M in 2022. The Corporation disbursed $5.1M for fixed and intangible assets in 2023, compared to $7.6M in 2022.

For the twelve-month period ended December 31, 2023, cash used in investing activities was $6.4M compared to $21.6M in 2022. In 2023, net cash received from the Norway divestiture totaled $12.4M, while the Corporation disbursed $1.4M for the acquisition of Ultron in 2022. Conversely, disbursements of $18.9M for fixed and intangible assets were made in 2023, compared to $20.5M in 2022.

9.3 FINANCING ACTIVITIES

For the quarter, cash used in financing activities was $21.1M compared to $35.9M in 2022. The variation is mainly explained by a reimbursement on the revolving facility of $2.6M compared to $20.2M in 2022.

For the twelve-month period ended December 31, 2023, cash used in financing activities was $63.1M compared to $83.3M in 2022. The main movements in 2023 include a reimbursement on the credit facilities for $84.3M, originating from the net proceeds of $87.3M following the issuance of common shares, compared to $28.1M in 2022, and from higher interest paid of $7.6M.

9.4 DIVIDENDS

The aggregate monthly dividends declared in the fourth quarter and twelve months of 2023 totaled $9.2M and $34.6M, respectively, compared to $8.4M and $32.6M for the same periods of 2022. The dividends paid totaled $9.2M and $34.4M in 2023, respectively, compared to $8.4M and $32.5M in 2022. As at December 31, 2023, 70,942,726 shares were issued and outstanding, compared to 64,433,986 as at December 31, 2022.

9.5 STOCK OPTIONS

As at March 6, 2024, 3,650,854 stock options were outstanding with exercise prices ranging from $11.06 to $22.05.

10. Overview of the Last Three Years

in thousands of dollars	**2023**	2022	2021
Revenue	**$836,954**	$789,091	$660,983
Gross Margin	**34.2%**	32.2%	32.6%
Operating income	**72,150**	63,941	35,884
Adjusted EBITDA*	**130,075**	120,225	100,250
Net earnings	**37,841**	35,311	11,535
Earnings per share - diluted	**0.57**	0.55	0.19
Dividend declared per share	**0.520**	0.507	0.487
Total assets	**1,101,573**	1,109,963	1,110,368
Total non-current liabilities	**382,030**	474,555	507,407

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

The increase in revenue and adjusted EBITDA, from 2021 through to 2023, was mainly due to the organic growth of the Corporation during these years.

The gross margin was stable in 2021 and 2022, while the increase in 2023 is due to better cost absorption, favorable product mix and improved pricing.

The reduced net earnings in 2021 are mainly due to the increase in other expenses and amortization on intangibles following the acquisition of Handicare, partially offset by the adjusted EBITDA generated by the acquired business. The increase in 2022 through 2023 is explained by higher adjusted EBITDA, partially offset by higher net finance costs.

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, 2023, 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, 2023.

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

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

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

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

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, 2023. The Corporation is currently evaluating the impact of these standard amendments on its consolidated financial statements.

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

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 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 will also need 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.

13. Off-Balance Sheet Arrangements

The Corporation did not enter into any off-balance sheet arrangements during fiscal 2023.

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 2023.

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	**$343,580**	$18,688	$35,435	$289,457
Lease liabilities	**46,083**	9,880	21,702	14,501
Derivative financial liabilities	**(8,063)**	(1,294)	(6,769)	-

16. Disposal Group Held for Sale

A) Disposal Group Held for Sale Presented for the Fiscal Year

In November 2023, management committed to a plan to sell all of the issued and outstanding shares of its wholly-owned subsidiaries, Van-Action and Freedom Motors, reported under its *Accessibility* segment. On December 22, 2023, Savaria signed a sale and purchase agreement with Driverge Canada, a subsidiary of Driverge Vehicle Innovations, LLC, pursuant to which it would acquire Van-Action and Freedom Motors, subject to customary closing conditions. On February 1st, 2024, the transaction closed.

i) Impairment Test Relating to the Disposal Group Held for Sale

No impairment for write-downs of the disposal group was needed as the carrying amount as of December 31, 2023, was lower than its estimated fair value less costs to sell.

ii) Assets and Liabilities of Disposal Group Held for Sale

As of December 31, 2023, the assets and liabilities held for sale were stated at the lesser of the net book value and fair value less cost to sell and comprised the following:

	December 31, 2023
Trade and other receivables	$ 919
Inventories	3,775
Fixed assets	517
Intangible assets	1,689
Other assets	638
Assets held for sale	**$ 7,538**
Trade and other payables	$ 1,259
Other liabilities	228
Liabilities directly associated with the assets held for sale	**$ 1,487**

B) Disposal Group Held for Sale Presented for the Previous Fiscal Year

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. As of December 31, 2022, the assets and liabilities held for sale were stated at the less of the net book value and fair value less cost to sell and presented as Assets and Liabilities held for sale in the balance sheet. Refer to Note 21 in the consolidated financial statements for the impact of the transaction presented in the current period net earnings.

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, such as the global COVID-19 pandemic, or fear of any of the foregoing, could adversely impact us by causing operating or supply chain delays and disruptions, 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 doubtful accounts, which allowance is based on our best estimate as to the probability of collecting uncertain accounts. Uncertainty regarding the collection of accounts may derive from various indicators, including deterioration in the creditworthiness of a client or an abnormal delay in payment of past-due invoices.

INTEREST RATE FLUCTUATIONS

Our interest rate risk arises from our 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.

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

Moreover, Savaria is also in the process of finalizing its ESG governance structure, and has formed an executive management committee responsible for steering the firm's overall ESG strategy. To that end, the committee has engaged external consultants to help it design and implement a global ESG KPI reporting structure and system for

Savaria. As part of this mandate, the committee will develop an action plan to identify and close any gaps in assessing Savaria's preparedness to meet its ESG reporting obligations ahead of potential upcoming regulations.

19. Outlook

Savaria expects continued strong demand in the *Accessibility* and *Patient Care* segments.

- For *Accessibility:* Long-term trend of people's desire to age in place.
- For *Patient Care:* Aging population and greater government investment in healthcare infrastructure.

In 2023, the Corporation started *Savaria One*, its multi-year, company-wide, sales and operations program designed to unlock the full potential of the business. Through *Savaria One*, the Corporation is identifying, prioritizing, and executing initiatives to capitalize on opportunities and synergies from acquisitions and drive commercial and operational excellence. The program is focused on amplifying and accelerating current initiatives, as well as identifying incremental opportunities across six key areas of the business: sales growth, pricing, operations, procurement, working capital and SG&A.

Savaria One encapsulates all of the Corporation's organic initiatives through to 2025, and is expected to be the major driving force toward Savaria's targets of approximately $1.0 billion in revenue and 20% adjusted EBITDA margin.

Realization of expected benefits from *Savaria One* includes:

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

The Corporation plans to record an average of $5.0 million in strategic initiative expenses per quarter through 2024 and at the beginning of 2025 related to *Savaria One,* and anticipates increasing financial and operational benefits on a sequential quarterly basis, as the Corporation continues toward its record revenue and adjusted EBITDA margin targets for 2025.

Savaria will also continue to evaluate potential tuck-in acquisitions to replace some or all of the lost revenue following the divestiture of Van-Action, Freedom Motors and the Norwegian vehicle adaptation businesses.

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.

The Corporation plans to provide further detail on its *Savaria One* program at its investor day on April 9, 2024.

2023

SAVARIA CORPORATION

Consolidated Financial Statements

As at December 31, 2023 and 2022

savaria

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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, 2023 and December 31, 2022
- 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, 2023 and December 31, 2022, 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.

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, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

Description of the matter

We draw attention to Note 2(d), Note 3(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. Judgments, such as interpretations of laws, treaties and regulations in each jurisdiction are also required by management in determining the deferred income tax balances and income tax expense.

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

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

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

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

Other Information

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

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

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

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

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

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

KPMG LLP*

Montréal, Canada

March 6, 2024

*CPA auditor, public accountancy permit No. A131681

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

These consolidated financial statements have been prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and necessarily include some amounts that are based on management's best estimates and judgements.

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

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

The consolidated financial statements as at December 31, 2023 and 2022 and for the years then ended have been audited by the auditors appointed by the shareholders, KPMG LLP.

Sébastien Bourassa
President and Chief Executive Officer

Stephen Reitknecht, CPA, CA
Chief Financial Officer

Laval (Québec) Canada
March 6, 2024

SAVARIA CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

	Note	December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents		**$ 54,076**	$ 44,725
Trade and other receivables	5	**114,701**	99,450
Income taxes receivable		**2,772**	2,769
Derivative financial instruments	26	**2,202**	369
Inventories	6	**143,859**	144,261
Prepaid expenses and other current assets	7	**12,560**	11,542
Assets held for sale	31	**7,538**	24,198
Total current assets		**337,708**	327,314
Non-current assets			
Derivative financial instruments	26	**6,171**	10,926
Fixed assets	8	**60,856**	59,168
Right-of-use assets	13	**39,966**	41,796
Intangible assets	9	**213,986**	236,941
Goodwill	9	**414,275**	412,236
Other long-term assets		**811**	721
Deferred tax assets	23	**27,800**	20,861
Total non-current assets		**763,865**	782,649
Total assets		**$ 1,101,573**	$ 1,109,963
Liabilities			
Current liabilities			
Trade and other payables	10	**$ 101,201**	$ 99,171
Dividend payable		**3,072**	2,790
Income taxes payable		**6,161**	11,723
Deferred revenues	11	**41,873**	40,801
Derivative financial instruments	26	**2,935**	587
Current portion of long-term debt	12	**1,170**	1,165
Current portion of lease liabilities	13	**8,776**	8,159
Provisions	14	**3,868**	3,815
Liabilities directly associated with the assets held for sale	31	**1,487**	14,228
Total current liabilities		**170,543**	182,439
Non-current liabilities			
Long-term debt	12	**276,807**	365,717
Lease liabilities	13	**32,628**	35,031
Long-term provisions	14	**6,314**	5,277
Other long-term liabilities	15	**13,925**	9,176
Income taxes payable		**156**	286
Derivative financial instruments	26	**-**	1,676
Deferred tax liabilities	23	**52,200**	57,392
Total non-current liabilities		**382,030**	474,555
Total liabilities		**552,573**	656,994
Equity			
Share capital	17	**551,355**	456,413
Contributed surplus		**9,570**	8,241
Accumulated other comprehensive income (loss)	16	**(8,748)**	(8,772)
Retained earnings (deficit)		**(3,177)**	(2,913)
Total equity		**549,000**	452,969
Total liabilities and equity		**$ 1,101,573**	$ 1,109,963

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, 2023	2022
Revenue	*28*	**$ 836,954**	$ 789,091
Cost of sales		**550,934**	534,722
Gross profit		**286,020**	254,369
Operating expenses			
Selling and administrative expenses		**207,043**	185,108
Strategic initiatives expenses	*20*	**3,148**	-
Other expenses	*21*	**3,679**	5,320
Total operating expenses		**213,870**	190,428
Operating income		**72,150**	63,941
Net finance costs	*22*	**21,835**	16,469
Earnings before income tax		**50,315**	47,472
Income tax expense	*23*	**12,474**	12,161
Net earnings		**$ 37,841**	$ 35,311
Earnings per share:			
Basic		**$ 0.57**	$ 0.55
Diluted		**$ 0.57**	$ 0.55
Basic weighted average number of shares		**66,282,943**	64,337,514
Diluted weighted average number of shares		**66,476,434**	64,491,541

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars)

	Note	Twelve months ended December 31, **2023**	2022
Net earnings		**$ 37,841**	$ 35,311
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	*18 & 23*	**(2,107)**	4,887
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	*23*	**1,244**	(590)
Net change on translation of financial statements of foreign operations	*23*	**1,776**	15,411
Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges, net of tax	*23*	**83**	(255)
Net change in net investment hedges, net of tax	*23*	**(972)**	(8,463)
Other comprehensive income		**24**	10,990
Total comprehensive income		**$ 37,865**	$ 46,301

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended December 31, 2023 and 2022

(in thousands of Canadian dollars)

	2023					
	Share capital			Accumulated other	Retained	
	Number	Amount	Contributed surplus	comprehensive income (loss)	earnings (deficit)	Total equity
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**

	2022					
	Share capital			Accumulated other	Retained	
	Number	Amount	Contributed surplus	comprehensive income (loss)	earnings (deficit)	Total equity
Balance at January 1	**64,212,154**	**$ 452,967**	**$ 7,003**	**$ (19,762)**	**$ (5,608)**	**$ 434,600**
Net earnings	**-**	**-**	**-**	**-**	**35,311**	**35,311**
Stock-based compensation (Note 25)	-	-	1,862	-	-	**1,862**
Exercise of stock options (Note 25)	221,832	3,446	(624)	-	-	**2,822**
Dividends on common shares (Note 17)	-	-	-	-	(32,616)	**(32,616)**
Total transactions with shareholders	**221,832**	**3,446**	**1,238**	**-**	**(32,616)**	**(27,932)**
Other comprehensive income (loss) (Note 16)	**-**	**-**	**-**	**10,990**	**-**	**10,990**
Balance at December 31	**64,433,986**	**$ 456,413**	**$ 8,241**	**$ (8,772)**	**$ (2,913)**	**$ 452,969**

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

SAVARIA CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars)

	Note	Twelve months ended December 31, 2023	2022
Cash flows related to operating activities			
Net earnings		**$ 37,841**	$ 35,311
Adjustments for:			
Depreciation of fixed assets	*8*	**8,461**	8,053
Depreciation of right-of-use assets	*13*	**10,061**	10,567
Amortization of intangible assets	*9*	**30,610**	30,482
Income tax expense	*23*	**12,474**	12,161
Loss on a business divestiture	*21*	**1,388**	-
Stock-based compensation	*25*	**1,966**	1,862
Ineffective portion of changes in fair value of net investment hedges	*22 & 26*	**97**	(768)
Loss on the sale and write-off of fixed assets and intangible assets		**9**	665
Unrealized foreign exchange gain		**(3,094)**	(107)
Interest and amortization of financing costs	*22*	**24,015**	16,792
Income tax paid		**(30,401)**	(10,364)
		93,427	104,654
Net changes in non-cash operating items	*24*	**(14,809)**	(13,912)
Net cash related to operating activities		**78,618**	90,742
Cash flows related to investing activities			
Business acquisition	*12*	**(194)**	(1,383)
Proceeds from a business divestiture	*21 & 31b*	**12,387**	-
Proceeds from sale of fixed assets		**314**	322
Additions to fixed assets		**(10,802)**	(11,509)
Increase in intangible assets		**(8,060)**	(9,013)
Net cash related to investing activities		**(6,355)**	(21,583)
Cash flows related to financing activities			
Net repayment of other long-term debt	*12*	**-**	(357)
Repayment of lease obligations	*13*	**(11,282)**	(11,187)
Net change in the credit facilities	*12*	**(84,274)**	(28,117)
Interest paid		**(21,498)**	(13,913)
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		**2,276**	2,822
Dividends paid on common shares	*17*	**(34,361)**	(32,501)
Net cash related to financing activities		**(63,106)**	(83,253)
Unrealized foreign exchange impact on cash held in foreign currencies		**194**	3,579
Net change in cash		**9,351**	(10,515)
Less : Cash and cash equivalent classified as asset held-for-sale		**-**	(8,254)
Cash - Beginning of period		**44,725**	63,494
Cash - End of period		**$ 54,076**	$ 44,725

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, 2023 and 2022 comprise the accounts of Savaria Corporation and its wholly owned subsidiaries (together referred to as the "Corporation" or as "Savaria"). Savaria is 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 as issued by the International Accounting Standards Board.

These consolidated financial statements were approved by the Board of Directors on March 6, 2024.

B) Basis of Measurement

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

C) Functional and Presentation Currency

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

D) Use of Estimates and Judgements

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

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

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

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

3. Material Accounting Policies (continued)

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

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 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 impairment loss. The allowance is based on the Corporation's best estimate of the change in the risk of a default occurring over the expected life of the receivables. Change in the risk of a default may arise from various indicators, including a deterioration in the creditworthiness of a client or an abnormal delay in payment of past-due invoices. Management regularly reviews client accounts, ensures that past-due accounts are followed up and evaluates the relevance of its allowance for impairment loss. Impairment is charged to an allowance account for as long as management considers that there is a possibility of collecting the amount owed. Once all collection procedures are exhausted, the loss is charged directly against the carrying amount of trade receivables.

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

ii) Financial Liabilities

Financial liabilities are classified into the following categories:

Financial Liabilities Measured at Amortized Cost

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.

Financial Liabilities Measured at Fair Value

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.

3. Material Accounting Policies (continued)

C) Financial Instruments (continued)

iii) Derivative Financial Instruments and Hedging Relationships (continued)

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.

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.

3. Material Accounting Policies (continued)

C) Financial Instruments (continued)

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.

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:

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

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

3. Material Accounting Policies (continued)

F) Goodwill and Intangible Assets (continued)

ii) Research and Development

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.

iii) Other Intangible Assets

Intangible assets consist of the items listed below.

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

Amortization is calculated 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:

• Trademarks and patents	3 to 20 years
• Customer relationships and contracts	5 to15 years
• Software	2 to 7 years
• Internally developed intangible assets	3 to 7 years

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

3. Material Accounting Policies (continued)

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.

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 and in that case, is tested at the operating segment level of the Corporation.

3. Material Accounting Policies (continued)

I) Impairment (continued)

ii) Non-Financial Assets (continued)

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.

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

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

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation, and 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.

3. Material Accounting Policies (continued)

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 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 an end-user customer and the installation and equipment are procured in a single contract, the relative stand-alone revenue related to the equipment is recognized when the product arrives on site and is ready to be installed. 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.

iii) Revenues from the Conversion and Adaptation of Vehicles

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

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.

Foreign currency and impairment recognized on the ineffective portion of hedging instruments gains and losses are reported on a net basis as either finance income or finance cost depending on whether movements are in a net gain or net loss position.

3. Material Accounting Policies (continued)

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.

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 segments’ 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, 2023.

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

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

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

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

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, 2023. The Corporation is currently evaluating the impact of these standard amendments on its consolidated financial statements.

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

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

3. Material Accounting Policies (continued)

Q) New Accounting Standards (continued)

II) New Accounting Standards Not Yet Adopted (continued)

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 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 will also need 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.

4. Business Acquisition

Business Acquisition Realized During the Previous Fiscal Year

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

The acquisition of Ultron has been accounted for using the acquisition method. Ultron has been consolidated from the acquisition date. The purchased assets comprised mainly fixed assets, intangible assets and goodwill. The goodwill has been allocated to the *Accessibility* reportable segment and is non-deductible for tax purposes. As at December 31, 2023, the remaining balance payable of $799,000 was presented in long-term debt.

5. Trade and Other Receivables

	December 31, 2023	December 31, 2022
Trade receivables	**$ 108,152**	$ 95,970
Less: allowance for credit losses	**(6,299)**	(4,785)
	$ 101,853	$ 91,185
Sales tax recoverable	**7,404**	5,841
Other receivables	**5,444**	2,424
	$ 114,701	**$ 99,450**

6. Inventories

	December 31, 2023	December 31, 2022
Raw materials and subassembly components	**$ 106,715**	$ 105,473
Work in progress	**4,625**	3,471
Finished goods	**32,519**	35,317
	$ 143,859	**$ 144,261**

In 2023, raw materials, subassembly components and changes in work in progress and finished goods recognized as cost of sales amounted to $383,803,000 (2022-$341,352,000). Write-downs and reversals related to inventories are included in cost of sales.

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

6. Inventories (continued)

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

	2023	2022
Balance at January 1	**$ 4,155**	$ 3,101
Write-down to net realizable value	**3,881**	1,904
Reversal of write-downs	**(79)**	-
Provisions used	**(465)**	(855)
Disposal through business divestiture	**25**	-
Reclassification to assets held for sale	**-**	(16)
Effect of movements in exchange rates	**50**	21
Balance at December 31	**$ 7,567**	**$ 4,155**

7. Prepaid Expenses and Other Current Assets

	December 31, 2023	December 31, 2022
Prepaid expenses	**$ 12,367**	$ 11,025
Short-term deposits	**193**	517
	$ 12,560	**$ 11,542**

8. Fixed Assets

	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 (Note 31)	-	(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 (Note 31)	-	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**

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

9. Intangible Assets and Goodwill

	Trademarks and patents	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 (Note 31)	(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 (Note 31)	-	-	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**

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

9. Intangible Assets and Goodwill (continued)

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

Intangible Assets

The remaining amortization periods of individual material intangible assets are:

- Trademarks and patents: 13 to 17 years
- Customer relationships and contracts: 7 to 8 years.

Goodwill

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

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

	December 31, 2023	December 31, 2022
Accessibility	**$ 310,675**	$ 307,186
Patient Care	**103,600**	105,050
	$ 414,275	**$ 412,236**

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

Similarly to 2022, values in use in 2023 have been determined by discounting the future cash flows generated from the CGUs. The calculations of the values in use are based on the following key assumptions:

- Cash flows are projected over a period of five years with a terminal value based on past experience and actual operating results using a perpetuity growth rate of 2.5% (2022-2.5%) for the CGU of *Accessibility* and 2.0% (2022-2.0%) for the CGU of *Patient Care*;
- The anticipated annual revenue growth included in the cash flow projections are based on the business plan;

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

9. Intangible Assets and Goodwill (continued)

Goodwill (continued)

- A discount rate is applied in determining the recoverable amount of the unit, 12.90% (2022-13.20%) for the CGU of *Accessibility* and 14.50% (2022-14.70%) for the CGU of *Patient Care*. The discount rate used is based on an industry weighted average cost of capital, which is based on a possible range of debt leveraging of 35.0% (2022- 47.5%) at a market interest rate of 5.4% (2022- 5.3%);
- 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, 2023	December 31, 2022
Trade and accrued liabilities	**$ 76,000**	$ 74,649
Salaries and other benefits payable	**23,854**	22,653
Sales tax payable	**1,347**	1,869
	$ 101,201	**$ 99,171**

11. Deferred Revenue

	2023	2022
Balance at January 1	**$ 40,801**	$ 37,314
Increase through business acquisitions	**-**	100
Change related to current operations	**1,331**	2,072
Reclassification to assets held for sale	**(111)**	-
Effect of movements in exchange rates	**(148)**	1,315
Balance at December 31	**$ 41,873**	**$ 40,801**

12. Long-term Debt

	December 31, 2023	December 31, 2022
Revolving Facility [1]	**$ 276,208**	$ 315,014
Term Loan Facility [1]	**-**	49,928
Notes payable related to business acquisitions	**1,769**	1,940
	$ 277,977	**$ 366,882**
Less: Current portion	**1,170**	1,165
	$ 276,807	**$ 365,717**

[1] Net of deferred financing costs of $2,831,000 and nil respectively (2022 - $2,471,000 and $72,000).

<u>Credit Facilities</u>

Term Loan Facility

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

Revolving Facility

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

- Amount available was increased from $400,000,000 to $450,000,000, in Canadian dollar (or in US dollar, euro or British pound equivalent);
- The term was extended and comes to maturity on August 15, 2027;

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

12. Long-term Debt (continued)

Credit Facilities (continued)

Revolving Facility (continued)

- Other terms and conditions remain the same. Interest is payable on a monthly basis. The applicable interest rate on the revolving facility is based on the leverage level assigned to the Corporation. According to the current credit rating, the rate is either the CDOR or SOFR, plus 1.70% or 1.80%, or the Canadian prime rate or US base rate, plus 0.70%, before the impact of the interest rate and cross-currency swaps.
- As at December 31, 2023, amounts of $68,886,000 in CA dollars and $158,646,000 in US dollars were drawn on the revolving facility.

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

	2023	2022
Balance at January 1	**$ 366,882**	$ 379,991
Net change in the credit facilities	**(84,274)**	(28,117)
Increase through business acquisition	**-**	296
Note payable related to an acquisition	**-**	1,011
Note paid related to a previous acquisition	**(194)**	-
Repayment of other long-term debts	**-**	(357)
Amortization of deferred financing costs	**1,025**	1,117
Deferred financing costs related to the amended revolving facility	**(1,314)**	-
Impact of the change in foreign exchange rates	**(4,148)**	12,941
	$ 277,977	**$ 366,882**
Less: Current portion	**1,170**	1,165
Balance at December 31	**$ 276,807**	**$ 365,717**

13. Right-of-use Assets and Lease Liabilities

Reconciliation of movements of right-of-use assets:

				Total	
	Buildings	**Rolling stock**	**Other**	**2023**	2022
Balance at January 1	$ 37,476	$ 4,131	$ 189	**$ 41,796**	$ 51,248
Additions	2,095	4,620	1,003	**7,718**	5,306
Increase through business acquisitions	-	-	-	**-**	403
Modifications/terminations	495	(129)	-	**366**	(329)
Depreciation expense	(7,530)	(2,320)	(211)	**(10,061)**	(10,567)
Reclassification to assets held for sale	-	-	(8)	**(8)**	(4,524)
Impact of the change in foreign exchange rates	48	100	7	**155**	259
Balance at December 31	**$ 32,584**	**$ 6,402**	**$ 980**	**$ 39,966**	**$ 41,796**

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

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

Reconciliation of movements of lease liabilities:

	2023	2022
Balance at January 1	**$ 43,190**	$ 52,350
New leases	**7,178**	4,789
Increase through business acquisitions	**-**	403
Modifications/terminations	**366**	(329)
Repayment of lease obligations	**(11,282)**	(11,187)
Interest on lease liabilities (Note 22)	**1,508**	1,467
Disposal through business divestiture	**382**	-
Reclassification to liabilities directly associated with the assets held for sale	**(9)**	(4,533)
Impact of the change in foreign exchange rates	**71**	230
	$ 41,404	**$ 43,190**
Less: Current portion	**8,776**	8,159
Balance at December 31	**$ 32,628**	**$ 35,031**

The incremental borrowing rates applied to lease liabilities recognized at December 31, 2023 ranged between 2.12% and 12.10% (2022-2.12% to 7.68%), maturing between January 2024 and November 2034.

Contractual undiscounted cash flow for lease liabilities:

	2023	2022
Less than one year	**$ 9,880**	$ 9,003
One to four years	**21,702**	19,982
More than four years	**14,501**	17,770
Total undiscounted cash flows	**$ 46,083**	**$ 46,755**

14. Provisions

				Total	
	Warranty	**Asset retirement obligation**	**Other provisions**	**2023**	2022
Balance at January 1	$ 5,749	$ 2,235	$ 1,108	**$ 9,092**	$ 10,791
Change in provisions arising during the year	7,735	-	453	**8,188**	1,728
Increase through business acquisitions	-	-	-	**-**	22
Interest accretion expense	-	96	-	**96**	49
Utilized amounts	(6,196)	(34)	(22)	**(6,252)**	(723)
Reversals of unused amounts	(797)	-	(97)	**(894)**	(2,695)
Reclassification to liabilities directly associated with the assets held for sale	(108)	-	-	**(108)**	(89)
Impact of the change in foreign exchange rates	11	37	12	**60**	9
	$ 6,394	**$ 2,334**	**$ 1,454**	**$ 10,182**	**$ 9,092**
Less: Current portion				**3,868**	3,815
Balance at December 31				**$ 6,314**	**$ 5,277**

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.

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

15. Other Long-term Liabilities

	December 31, 2023	December 31, 2022
Defined benefit obligation (Note 18)	$ 3,008	$ 639
Employee indemnity fund	1,876	1,682
Deferred revenue	8,464	6,268
Deferred compensation	427	436
Other	150	151
	$ 13,925	$ 9,176

16. Accumulated Other Comprehensive Income (Loss)

	December 31, 2023	December 31, 2022
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	$ 3,972	$ 6,079
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	2,308	1,064
Translation of financial statements of foreign operations	(4,580)	(6,356)
Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges, net of tax	(52)	(135)
Net investment hedges, net of tax	(10,396)	(9,424)
	$ (8,748)	$ (8,772)

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:

	Twelve months ended December 31, 2023	2022
Dividends declared	$ 34,643	$ 32,616
Amount declared per share in cents	52.0	50.7
Dividends paid	$ 34,361	$ 32,501
Amount paid per share in cents	52.0	50.5

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

18. Personnel Expenses

	Twelve months ended December 31, 2023	2022
Wages and salaries	**$ 202,570**	$ 181,965
Employment benefits	**27,464**	24,577
Contributions to defined contribution plans	**5,818**	4,863
Contributions to defined benefit plans	**355**	1,018
Stock-based compensation (Note 25)	**1,966**	1,862
	$ 238,173	**$ 214,285**

Defined Benefit Plans

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

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

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.

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

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

18. Personnel Expenses (continued)

Defined Benefit Obligations

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

	December 31, 2023	December 31, 2022
Fair value of plan assets	**$ 23,173**	$ 22,232
Defined benefit obligations	**(26,181)**	(22,871)
Plan deficit	**$ (3,008)**	**$ (639)**

Allocation of the Fair Value of Pension Plan Assets

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

	December 31, 2023	December 31, 2022
Quoted equity securities [1]	**$ 10,082**	$ 8,849
Quoted debt securities [1]	**4,008**	3,735
Property [2]	**8,643**	8,737
Cash and cash equivalents [1]	**440**	911
	$ 23,173	**$ 22,232**

[1] Quoted in active markets - Level 1 fair value
[2] Derived from observable market data - Level 2 fair value

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

Cost of Defined Benefit Pension Plans

	Twelve months ended December 31, **2023**	2022
Current service cost	**$ 338**	$ 816
Curtailments	**(19)**	-
Net interest expense	**8**	161
Expense recognized in net earnings	**$ 327**	**$ 977**
Remeasurement		
Actuarial variances on defined benefit obligation	**$ 2,869**	$ (5,943)
Return on plan assets in excess of interest income	**(413)**	110
Remeasurement recognized in other comprehensive income	**$ 2,456**	**$ (5,833)**

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

18. Personnel Expenses (continued)

Change in the Fair Value of Plan Assets

	2023	2022
Balance at January 1	**$ 22,232**	$ 27,149
Contributions by the Corporation	**568**	697
Benefits paid	**(2,425)**	(2,495)
Interest income	**269**	532
Return on plan assets	**413**	(110)
Participant contributions	**487**	485
Reclassification to assets held for sale	**-**	(4,946)
Effect of movements in exchange rates	**1,629**	920
Balance at December 31	**$ 23,173**	**$ 22,232**

Change in the Fair Value of Plan Defined Benefit Obligations

	2023	2022
Balance at January 1	**$ 22,871**	$ 33,702
Current service cost	**338**	816
Benefits paid	**(2,425)**	(2,495)
Interest cost	**277**	693
Curtailments	**(19)**	-
Actuarial remeasurement:		
changes in experience assumptions	**4,471**	680
changes in financial assumptions	**(1,602)**	(6,623)
Participant contributions	**487**	485
Reclassification to liabilities directly associated with the assets held for sale	**-**	(5,583)
Effect of movements in exchange rates	**1,783**	1,196
Balance at December 31	**$ 26,181**	**$ 22,871**

Significant Actuarial Assumptions

	2023	2022
Discount rate	**1.50%**	2.30%
Rate of increase in compensation	**1.00%**	1.00%

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

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

	December 31, 2023		December 31, 2022	
	Increase	**Decrease**	Increase	Decrease
Impact of a 0.5% change in the discount rate	**$ (1,710)**	**$ 1,923**	$ (1,370)	$ 1,530
Impact of a 0.5% change in the rate of compensation	**$ 329**	**$ (346)**	$ 209	$ (229)

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

Projected Benefit Payment in the Next Year

The Corporation expects to contribute $616,000 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, 2023 is between 7 and 10 years.

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

19. Depreciation and Amortization Expenses

	Twelve months ended December 31, 2023	2022
Depreciation and amortization expense recognized in cost of sales	**$ 18,725**	$ 17,521
Depreciation and amortization expense recognized in selling and administrative expenses	**30,407**	31,581
Amortization of deferred financing costs	**1,025**	1,117
	$ 50,157	**$ 50,219**

20. Strategic Initiatives Expenses

In the year ended December 31, 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 and have been separately presented in the consolidated statement of earnings given the significance of the balance.

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 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.

	Twelve months ended December 31, 2023	2022
Business acquisition costs	**$ -**	$ 25
Business integration costs	**1,799**	5,295
Optimization program costs	**492**	-
Loss on a business divestiture	**1,388**	-
	$ 3,679	**$ 5,320**

22. Net Finance Costs

	Twelve months ended December 31, 2023	2022
Interest on long-term debt	**$ 21,378**	$ 14,208
Interest on lease liabilities	**1,508**	1,467
Other interests and bank charges	**362**	771
Deferred financing costs and accretion expenses	**1,129**	1,117
Interest income	**(873)**	(426)
Net (gain) loss on foreign currency exchange	**(1,766)**	100
Ineffective portion of changes in fair value of net investment hedges	**97**	(768)
	$ 21,835	**$ 16,469**

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

23. Income Taxes

	Twelve months ended December 31, **2023**	2022
Current tax expense		
Current year	**$ 24,140**	$ 19,320
Adjustment for prior years	**69**	392
	$ 24,209	**$ 19,712**
Deferred tax benefit		
Origination and reversal of temporary differences	**$ (13,840)**	$ (8,670)
Change in unrecognized deductible temporary differences	**2,105**	1,119
	$ (11,735)	**$ (7,551)**
Total income tax expense	**$ 12,474**	**$ 12,161**

Tax Recognized in Other Comprehensive Income

	Twelve months ended December 31, 2023			Twelve months ended December 31, 2022		
	Before tax	**Tax benefit (expense)**	**Net of tax**	Before tax	Tax benefit (expense)	Net of tax
Remeasurement of defined benefit pension plan obligations	**$ (2,518)**	**$ 411**	**$ (2,107)**	$ 5,833	$ (946)	$ 4,887
Net change in derivative financial instruments designated as cash flow hedges	**1,463**	**(385)**	**1,078**	905	(253)	652
Gain (loss) on foreign exchange contracts transferred to net income in the current year	**223**	**(57)**	**166**	(1,672)	430	(1,242)
Net change in the translation of financial statements of foreign operations	**1,776**	**-**	**1,776**	15,681	(270)	15,411
Net investment hedge and cost of hedging reserve	**(884)**	**(5)**	**(889)**	(9,384)	666	(8,718)
	$ 60	**$ (36)**	**$ 24**	**$ 11,363**	**$ (373)**	**$ 10,990**

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

23. Income Taxes (continued)

Reconciliation of Effective Tax Rate

	Twelve months ended December 31, 2023		Twelve months ended December 31, 2022	
Net earnings		$ 37,841		$ 35,311
Total income tax expense		12,474		12,161
Earnings before income tax		$ 50,315		$ 47,472
Tax using the Corporation's domestic tax rate	26.5%	$ 13,333	26.5%	$ 12,580
Permanent differences	(1.7)%	(867)	(3.5)%	(1,660)
Income tax withheld on the repatriation of funds from a foreign subsidiary	-	-	0.5%	259
Impact of differences in tax rates of other jurisdictions	(0.5)%	(254)	(1.7)%	(810)
Impact of change of tax rates	0.8%	416	0.9%	404
Non-deductible stock-based compensation	1.0%	521	1.0%	493
Foreign exchange losses (gains) deductible at 50%	(0.1)%	(60)	0.5%	216
Change in unrecognized temporary differences	4.2%	2,105	2.4%	1,119
Use of unrecognized tax losses	(4.1)%	(2,074)	(0.6)%	(301)
Prior years' adjustments	(0.7)%	(329)	0.8%	392
Other	(0.6)%	(317)	(1.2)%	(531)
	24.8%	$ 12,474	25.6%	$ 12,161

Unused Tax Losses

The Corporation has unused non-capital tax losses in the amount of $132,514,000 (2022-$119,995,000) of which $46,220,000 has not been recognized (2022-$55,139,000). From these losses, $2,079,000 (2022-$1,767,000) are expiring in the following years:

Year of expiry	December 31, 2023	December 31, 2022
2024	$ 177	$ 163
2025	$ -	$ 694
2026	$ 75	$ 28
2027	$ 196	$ 240
2028 and after	$ 1,631	$ 90
No expiry	$ 44,141	$ 53,372

Tax benefits of $22,317,000 (2022-$16,584,000) have been recorded related to unused non-capital tax losses, including $7,551,000 (2022-$5,345,000) from foreign subsidiaries. The Corporation also has $42,000 (2022-$4,510,000) of unrecognized capital losses and deductible temporary differences that may be carried forward indefinitely. As at December 31, 2023, 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.

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

23. Income Taxes (continued)

Recognized Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recorded as follows:

		December 31,		December 31,		December 31,
	2023	2022	**2023**	2022	**2023**	2022
	Assets		**Liabilities**		**Net**	
Losses carried forward	**$ 22,849**	$ 16,584	**$ -**	$ -	**$ 22,849**	$ 16,584
Internally developed intangible assets	**-**	-	**(2,461)**	(2,775)	**(2,461)**	(2,775)
Non-deductible provisions (including warranty and inventory)	**4,321**	4,035	**(202)**	(995)	**4,119**	3,040
Fixed and intangible assets, and goodwill	**2,944**	3,569	**(54,227)**	(58,986)	**(51,283)**	(55,417)
Investment tax credits	**65**	65	**-**	-	**65**	65
Unrealized foreign exchange gain or loss, foreign exchange contracts and interest rate swaps	**305**	1,192	**(1,130)**	(1,154)	**(825)**	38
Financing expenses	**2,742**	2,427	**(750)**	(674)	**1,992**	1,753
Financial assets	**-**	-	**(740)**	(1,052)	**(740)**	(1,052)
Obligations related to the defined benefit pension plans	**532**	271	**-**	-	**532**	271
Right-of-use assets (lease liabilities)	**8,022**	8,514	**(7,663)**	(8,199)	**359**	315
Inventory and other temporary differences	**1,084**	982	**(91)**	(335)	**993**	647
Tax assets (liabilities)	**$ 42,864**	**$ 37,639**	**$ (67,264)**	**$ (74,170)**	**$ (24,400)**	**$ (36,531)**
Tax offset	**(15,064)**	(16,778)	**15,064**	16,778	**-**	-
Net tax assets (liabilities)	**$ 27,800**	**$ 20,861**	**$ (52,200)**	**$ (57,392)**	**$ (24,400)**	**$ (36,531)**

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

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

23. Income Taxes (continued)

Movement in Recognized Deferred Tax Assets and Liabilities During the 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 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 (lease liabilities)	**315**	**17**	**-**	**-**	**-**	**27**	**359**
Inventory and other temporary differences	**647**	**394**	**-**	**-**	**(86)**	**38**	**993**
	$ (36,531)	**$ 11,735**	**$ (94)**	**$ 1,243**	**$ (323)**	**$ (430)**	**$ (24,400)**

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

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

24. Net Changes in Non-cash Operating Items

	Twelve months ended December 31, 2023	2022
Trade and other receivables	**$ (12,161)**	$ 505
Inventories	**(4,632)**	(19,641)
Prepaid expenses and other current assets	**(2,246)**	6,193
Other long-term assets	**(52)**	681
Trade and other payables	**(55)**	(3,139)
Deferred revenues	**1,331**	2,072
Provisions	**1,076**	(1,665)
Other long-term liabilities	**1,930**	1,082
	$ (14,809)	**$ (13,912)**

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, 2023, 3,976,823 options could still be granted by the Corporation (2022-3,227,335).

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, 2023	2022
Number of options granted	**365,779**	1,362,388
Risk-free interest rate [1]	**3.45%**	2.62%
Expected dividend yield [1]	**3.59%**	3.36%
Expected volatility [1]	**35%**	31%
Expected term	**4-6 years**	4-6 years

[1] Weighted average

The estimated fair value of the options granted in 2023 is $1,199,000 (2022-$4,096,000). This amount is amortized and charged to earnings as the rights to exercise are vested.

A total of 1,375,143 stock options (2022-1,504,003) were excluded from the calculation of the diluted earnings per share as they were anti-dilutive.

In 2023, compensation expense in the amount of $1,966,000 (2022-$1,862,000) on options granted to employees and directors has been recognized in administrative expenses and credited to contributed surplus. The average closing price of the Corporation's shares on the exercise dates of options exercised during 2023 was $16.46 (2022-$16.03).

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

25. Stock-based Compensation (continued)

			2023			2022
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Outstanding at January 1	**3,216,064**	**$**	**16.02**	2,307,175	$	15.99
Granted	**365,779**		**14.71**	1,362,388		15.83
Exercised	**(161,890)**		**14.28**	(221,832)		12.87
Expired and forfeited	**(302,503)**		**17.02**	(231,667)		17.50
Outstanding at December 31	**3,117,450**	**$**	**15.86**	**3,216,064**	**$**	**16.02**
Exercisable at December 31	**920,865**	**$**	**15.19**	**811,850**	**$**	**15.41**

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

					2023
			Options outstanding		**Options exercisable**
Exercise price range	**Number of options**	**Weighted average remaining contractual life**	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
$		(in years)	$		$
11.06 to 14.65	**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**

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

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

26. Financial Instruments

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

	December 31, 2023	December 31, 2022
Current assets		
Foreign exchange contracts	**$ 1,714**	$ 369
Interest rate swaps	**488**	-
	$ 2,202	**$ 369**
Non-current assets		
Foreign exchange contracts	**$ 930**	$ 167
Interest rate swaps	**-**	1,499
Cross-currency swaps	**5,241**	9,260
	$ 6,171	**$ 10,926**
Current liabilities		
Foreign exchange contracts	**$ -**	$ 587
Cross-currency swaps	**2,935**	-
	$ 2,935	**$ 587**
Non-current liabilities		
Cross-currency swaps	**$ -**	$ 1,676

Fair Values Versus Carrying Amounts

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

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.

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

26. Financial Instruments (continued)

A) Financial Risk Management (continued)

Risk Management Framework (continued)

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, 2023, no single customer represented 10% or more of the revenues of the Corporation, or 10% or more of the related accounts receivable.

Impairment Loss Allowance

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

	December 31, 2023		December 31, 2022	
	Gross	**Allowance**	Gross	Allowance
Current, 0-60 days	**$ 87,354**	**$ 187**	$ 78,713	$ 746
Past due, 61-90 days	**5,652**	**1,216**	5,384	312
Past due, over 90 days	**15,146**	**4,896**	11,873	3,727
	$ 108,152	**$ 6,299**	**$ 95,970**	**$ 4,785**

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

	2023	2022
Balance at January 1	**$ 4,785**	$ 3,976
Increase in the allowance for credit losses	**3,467**	2,411
Receivables recovered or written off	**(1,965)**	(1,705)
Reclassification to assets held for sale	**(5)**	(34)
Effect of movements in exchange rates	**17**	137
Balance at December 31	**$ 6,299**	**$ 4,785**

C) Liquidity Risk

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

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

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.

						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)	$ -	$ -

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

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

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:

				2023
Maturity	**Type**	**Weighted average exchange rate**		**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**

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

No ineffectiveness has been recorded in net earnings in relation to cash flow hedges since the sources of the ineffectiveness are not significant. In 2023, the change in value of the hedging instruments in the amount of $(2,472,000) (2022-$1,637,000), 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, $(223,000) (2022-$1,672,000) 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.

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

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, 2023		December 31, 2022	
	EUR '000	**USD '000**	EUR '000	USD '000
Cash and cash equivalents	**$ (11,429)**	**$ (19,536)**	$ (4,967)	$ (4,363)
Trade and other receivables	**21**	**11,549**	-	7,773
Trade and other payables	**(290)**	**(3,493)**	(91)	(1,715)
Long-term debt	**-**	**(158,646)**	-	(140,820)
Total monetary items denominated in US dollars and euros	**$ (11,698)**	**$ (170,126)**	**$ (5,058)**	**$ (139,125)**

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, 2023		December 31, 2022	
	EUR '000	**USD '000**	EUR '000	USD '000
Increase (decrease) in net earnings	**$ (86)**	**$ 357**	$ (37)	$ 310
Increase in other comprehensive income	**3,279**	**1,169**	3,113	899
Net exposure	**$ 3,193**	**$ 1,526**	**$ 3,076**	**$ 1,209**

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					**December 31,**	
Maturity	**Fixed interest rate**	**Stamping fees**	**Initial nominal value**	**Currency**	**2023**	2022
April 2024	2.42%	1.70%	$ 50,000	CAD	**$ 50,000**	$ 50,000

These fixed rate interest rate swaps were designated as hedging for accounting purposes to hedge the interest rate risk on the variable rate Term Loan extinguished in August 2023 and pursued on the Revolving Facility. The fair value of the fixed rate interest rate swaps, before deferred income taxes of $129,000 as at December 31, 2023 ($(397,000) as at December 31, 2022), is as follows:

	December 31,	
	2023	2022
Unrealized gain on interest rate swap agreements applicable to the long-term debt	**$ 488**	$ 1,499

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

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 2023, the change in value of the hedging instruments in the amount of $(1,011,000) (2022-$2,541,000), 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. During the year, $1,207,000 (2022-$1,230,000) was transferred to net earnings in financial expenses on interest rate swaps, before tax.

After considering the effect of hedging, the only variable rate monetary item that could have an effect on net earnings following a variation in interest rates is the revolving facility, which has a balance of $279,039,000 as at December 31, 2023 ($317,485,000 as at December 31, 2022). One percent fluctuation on interest rate would impact the annual interest expense by $2,358,000.

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, as the hedging instruments. The Corporation is hedging the net investment to the extent of the cross-currency swap and of the synthetic debt principal. Ineffectiveness of $97,000 (2022-$(768,000)) has been recorded in net earnings in Net finance costs in relation to cross-currency swaps.

						December 31, Fair value	
Maturity	**Currency**	**Notional**	**Fixed CAD equivalent**	**Receive rate**	**Pay rate**	**2023**	2022
April 2024	CHF	$ 12,000	$ 16,032	4.17%	1.82%	**$ (2,890)**	$ (1,676)
April 2024	EUR	$ 5,000	$ 7,245	4.17%	2.10%	**$ (45)**	$ 61

						December 31, Fair value	
Maturity	**Currency**	**Notional**	**EUR equivalent**	**Receive rate**	**Pay rate**	**2023**	2022
April 2025	USD	$ 92,320	$ 80,000	USD-SOFR	EURIBOR -0.02%	**$ 5,241**	$ 9,199

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, 2023	2022
Cash and cash equivalents	**$ (54,076)**	$ (44,725)
Long-term debt, including current portion	**277,977**	366,882
	$ 223,901	**$ 322,157**
Equity	**549,000**	452,969
Total capital structure	**$ 772,901**	**$ 775,126**

26. Financial Instruments (continued)

E) Capital Management (continued)

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

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

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

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

27. Commitments

The Corporation 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 it's *Savaria One* initiative, the Corporation is committed under a service agreement for a total of $24,000,000 payable over the next 18 months. The agreement also contains additional fees payable conditional on the achievement of specified financial outcomes.

28. Reportable Segments

Information About the Reportable Segments

Prior to the sale of Handicare AS in March 2023 (refer to notes 21 and 31b), the Corporation managed and reported its business under three operating segments, *Accessibility*, *Patient Care* and *Adapted Vehicles*, each of which was a reportable segment for financial reporting purposes.

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

Moving forward, the business is now structured into two reportable segments according to their respective addressable markets. The *Accessibility* segment includes the designing, manufacturing, distribution and installation of a wide portfolio of accessibility products including commercial and home elevators, stairlifts, platform lifts and wheelchair lowered-floor accessible conversions for selected brands of minivans, for personal, residential or commercial applications. The *Patient Care* segment includes the designing, manufacturing, distribution, and installation of ceiling lifts, patient transfer slings and accessories, floor lifts, standing aids, bathing equipment, medical beds, therapeutic support surfaces and pressure management products used in healthcare facilities and in home care settings.

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

Sales between segments are eliminated upon consolidation.

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

28. Reportable Segments (continued)

Information About the Reportable Segments (continued)

	Twelve months ended December 31,			
	Accessibility [1]	**Patient Care**	**Head Office**	**Total**
2023				
Revenue	**$ 653,350**	**$ 183,604**	**$ -**	**$ 836,954**
Adjusted EBITDA	**$ 103,938**	**$ 33,104**	**$ (6,967)**	**$ 130,075**
Stock-based compensation				**1,966**
Strategic initiatives expenses				**3,148**
Other expenses				**3,679**
Depreciation and amortization expense				**49,132**
Operating income				**$ 72,150**
2022				
Revenue	$ 615,110	$ 173,981	$ -	$ 789,091
Adjusted EBITDA	$ 101,562	$ 24,927	$ (6,264)	$ 120,225
Stock-based compensation				1,862
Other expenses				5,320
Depreciation and amortization expense				49,102
Operating income				**$ 63,941**

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

Disaggregation of Revenue

	Twelve months ended December 31,		
	Accessibility [1]	**Patient Care**	**Total**
2023			
Revenue by region			
Canada	**$ 79,813**	**$ 62,034**	**$ 141,847**
United States	**247,830**	**111,351**	**359,181**
Europe and others	**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**
2022			
Revenue by region			
Canada	$ 72,811	$ 63,656	**$ 136,467**
United States	213,280	100,101	**313,381**
Europe and others	329,019	10,224	**339,243**
	$ 615,110	**$ 173,981**	**$ 789,091**
Timing of revenue recognition			
Goods transferred at a point in time [2]	$ 561,894	$ 155,579	**$ 717,473**
Services provided over time [2]	53,216	18,402	**71,618**
	$ 615,110	**$ 173,981**	**$ 789,091**

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

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

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, **2023**	2022
Short-term employee benefits	**$ 7,464**	$ 6,406
Stock-based compensation	**1,014**	1,049
	$ 8,478	**$ 7,455**

B) Key Management Personnel and Directors Transactions

Key management personnel and Directors control approximately 20% (2022-22%) of the voting shares of the Corporation.

31. Disposal Group Held for Sale

A) Disposal Group Held for Sale Presented for the Fiscal Year

In November 2023, management committed to a plan to sell all of the issued and outstanding shares of its wholly-owned subsidiaries, Van-Action and Freedom Motors, reported under its *Accessibility* segment. On December 22, 2023, Savaria signed a sale and purchase agreement with Driverge Canada, a subsidiary of Driverge Vehicle Innovations, LLC, pursuant to which it would acquire Van-Action and Freedom Motors, subject to customary closing conditions. On February 1st, 2024, the transaction closed.

i) Impairment Test Relating to the Disposal Group Held for Sale

No impairment for write-downs of the disposal group was needed as the carrying amount as of December 31, 2023, was lower than its estimated fair value less costs to sell.

ii) Assets and Liabilities of Disposal Group Held for Sale

As of December 31, 2023, the assets and liabilities held for sale were stated at the lesser of the net book value and fair value less cost to sell and comprised the following:

	December 31, 2023
Trade and other receivables	**$ 919**
Inventories	**3,775**
Fixed assets	**517**
Intangible assets	**1,689**
Other assets	**638**
Assets held for sale	**$ 7,538**
Trade and other payables	**$ 1,259**
Other liabilities	**228**
Liabilities directly associated with the assets held for sale	**$ 1,487**

31. Disposal Group Held for Sale (continued)

B) Disposal Group Held for Sale Presented for the Previous Fiscal Year

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. As of December 31, 2022, the assets and liabilities held for sale were stated at the lesser of the net book value and fair value less cost to sell and presented as Assets and Liabilities held for sale in the consolidated balance sheet. Refer to Note 21 for the impact of the transaction presented in the current period net earnings.

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