Q1

Quarterly
REPORT

SAVARIA CORPORATION

Quarterly Report

For the Three-Month Period Ended March 31, 2020

savaria

SAVARIA CORPORATION

Management's Discussion & Analysis Report

For the Three-Month Period Ended March 31, 2020

Contents

1. Basis of Presentation

The following management's discussion and analysis ("MD&A"), dated May 12, 2020, is intended to assist readers in better understanding the business of Savaria Corporation, its business context, its strategies, its risk factors and its key financial results. It notably discusses the Corporation's financial position and operating results for the three-month period ended March 31, 2020, in comparison with that for the corresponding period of fiscal 2019. Unless otherwise indicated, the terms "Corporation", "Savaria", "we" and "our", refer to Savaria Corporation and its subsidiaries.

Prepared in accordance with *National Instrument 51-102 Respecting Continuous Disclosure Obligations,* this report should be read in conjunction with the unaudited interim condensed consolidated financial statements for the first quarter of 2020 and accompanying notes, and with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2019 and the MD&A for the same period. Unless otherwise indicated, all amounts are expressed in Canadian dollars and all amounts in tables are in thousands of dollars, except per share amounts and number of shares. Amounts in certain passages of this MD&A may be expressed in millions of Canadian dollars ("M"); however, all percentages references related to such amounts are calculated based on the thousands of Canadian dollars amount figures contained in the corresponding tables.

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

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

2. Forward-Looking Statements

This MD&A includes certain statements that are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A that 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 that the forward-looking statements in this MD&A describe our expectations as at May 12, 2020, which are not guarantees of the future performance of Savaria or its industry, and involve known and unknown risks and uncertainties that 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 combinations 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. Compliance with International Financial Reporting Standards

The Corporation's financial statements are prepared in accordance with IFRS. However, in this MD&A the following non-IFRS measures are used by the Corporation: EBITDA, adjusted EBITDA; adjusted EBITDA margin; adjusted EBITDA before Head office costs; adjusted EBITDA margin before Head office costs; adjusted net earnings; adjusted net earnings per share; adjusted net earnings excluding amortization of intangible assets related to acquisitions; adjusted net earnings excluding amortization of intangible assets related to acquisitions per share; and net interest-bearing debt to adjusted EBITDA. These measures are defined at the end of this MD&A, in the "Glossary" section. Reconciliations to IFRS measures can be found in sections 7 and 8 of this MD&A.

Although management, investors and analysts use these measures 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 may therefore not be comparable to similar measures reported by other entities.

4. Business Overview

Savaria is one of the global leaders in the accessibility industry. It provides accessibility solutions for the physically challenged to increase their comfort, their mobility and their independence. Its product line is one of the most comprehensive on the market. 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 manufactures and markets a comprehensive selection of pressure management products for the medical market, medical beds for the long-term care market, as well as an extensive line of medical equipment and solutions for the safe handling of patients. In addition, Savaria converts and adapts vehicles to be wheelchair accessible. The Corporation operates a sales network of dealers worldwide and direct sales offices in North America, Europe (Switzerland, Germany, Italy, Czech Republic, Poland and United Kingdom), Australia and China. Savaria employs approximately 1,450 people globally and its plants are located across Canada in Laval and Magog (Québec), Brampton, Beamsville and Toronto (Ontario) and Surrey (British Columbia), in the United States in Greenville (South Carolina), in Huizhou (China), in Milan (Italy) and in Newton Abbot (UK).

REPORTABLE SEGMENTS OF THE CORPORATION

The Corporation manages its operations under three reportable segments, *Accessibility, Patient Handling* and *Adapted Vehicles*. These segments are structured according to the market segments they address.

Accessibility Segment

Through the *Accessibility* segment, Savaria designs, manufactures, distributes, and installs a wide portfolio of products including stairlifts, wheelchair platform lifts for both commercial and residential applications, commercial accessibility elevators and home elevators. This segment also includes Garaventa Accessibility AG ("Garaventa Lift") acquired in August 2018, a manufacturer of similar products with reach in European markets and strength on the west coast of North America. Together Savaria and Garaventa Lift operate manufacturing facilities in North America (Brampton, Ontario and Surrey, British Columbia) and Milan, Italy. Opened in 2007, Savaria Huizhou (China) provides partial assembly services for Savaria lift products. Working closely with key Asian suppliers has yielded continuous product improvements, competitive pricing and faster lead times. Savaria and Garaventa Lift products are distributed worldwide through a network of over 500 dealers as well as 26 direct sales offices, through which the Corporation also provides maintenance services.

Patient Handling Segment

In 2016, Savaria designed and launched an innovative ceiling lift product line from a new facility in Magog, Québec. The products are designed to safely move patients from wheelchair to bed or bath areas using an overhead hoist. In June 2017, Savaria acquired Span-America Medical Systems Inc. ("Span"), makers of medical beds, therapeutic support surfaces and pressure management products used in healthcare facilities such as long-term care and nursing homes. Span has manufacturing facilities in Greenville, South Carolina (surfaces), and Beamsville, Ontario (beds). Span also sells the Savaria patient lift line into the home care and institutional sales channels through approximately 35 sales representatives in North America. On July 1, 2019, Savaria completed the acquisition of Silvalea Ltd and its sister company D-ansermed Ltd ("Silvalea"), a manufacturer of patient transfer slings and accessories, based in Newton Abbot, UK. Silvalea specializes in the design and development of challenging and complex patient transfer solutions, with an extensive catalog of over 800 sling designs. This acquisition complements our product offering and provides additional distribution channels for the *Patient Handling* segment.

Adapted Vehicles Segment

Savaria designs and builds lowered floor wheelchair accessible conversions for popular brands of minivans. Side entry access vans are built at its Van-Action (2005) Inc. division in Laval, Québec, whereas rear entry access vans are completed through Freedom Motors Inc., in Toronto, Ontario. Collectively known as the Savaria Vehicle Group, this division serves the Canadian marketplace with both personal use and commercial use designs for wheelchair passengers and drivers. Silver Cross Automotive serves as a retailer of these products along with other adaptation products in Ontario, Alberta and British Columbia.

5. Q1 2020 Highlights

- Revenue for the quarter was $88.4M, up $0.9M, or 1.1%, compared to Q1 2019.
- Gross profit was $30.1M, up $3.1M, or 11.4%, compared to Q1 2019.
- Adjusted EBITDA was $12.4M, up $1.8M, or 17.3%, compared to Q1 2019.
- Adjusted EBITDA margin stood at 14.0%, compared to 12.0% in Q1 2019.
- *Accessibility* adjusted EBITDA margin before Head office costs stood at 16.5%, compared to 13.4% in Q1 2019, mainly due to the continued realization of Garaventa Lift related synergies.
- *Patient Handling* adjusted EBITDA margin before Head office costs stood at 11.9%, compared to 10.7% in Q1 2019, as a result of a better product mix and contribution from Silvalea.
- Net earnings for the quarter were $5.5M, or $0.11 per share on a diluted basis, up 35.7% and 22.2%, respectively, compared to Q1 2019.
- Adjusted net earnings for the quarter were $7.2M, or $0.14 per share on a diluted basis, up 96.1% and 75.0%, respectively, compared to Q1 2019.
- On March 20, 2020, the Corporation provided a special $1,000 COVID-19 bonus to each of its 1,450 employees to aid in a time of need.

6. Q1 2020 Review

The Corporation generated revenue of $88.4M, up $0.9M, or 1.1%, compared to the same period in 2019, driven by business acquisition related revenue. Organically, revenue contracted mainly due to the anticipated loss of revenue from the Corporation's *Patient Handling* segment, a result of Span's exit from the low margin custom product market segment, effective Q3 2019.

Gross profit and gross margin stood at $30.1M and 34.1%, respectively, compared to $27.1M and 30.9% for the same period of 2019. The increase in both gross profit and gross margin was attributable to a combination of a better product mix stemming from both the Corporation's *Accessibility* and *Patient Handling* segments, and from the continued realization of Garaventa Lift integration-related cost synergies.

Adjusted EBITDA and adjusted EBITDA margin stood at $12.4M and 14.0%, respectively, compared to $10.5M and 12.0% for the same period in 2019. The increases in adjusted EBITDA and adjusted EBITDA margin were mainly attributable to the same factors as for the improvement in gross profit and gross margin.

OPERATIONAL REVIEW

Accessibility Segment

Revenue from the *Accessibility* segment stood at $62.6M, up $1.7M, or 2.8%, compared to the same period in 2019, due mainly to the acquisition of Florida Lifts made in Q1 2019. Organically, revenue remained flat mainly as a result of lower than anticipated revenue generation in the latter weeks of Q1 2020, a repercussion of the global COVID-19 pandemic.

Adjusted EBITDA and adjusted EBITDA margin, both before Head office costs, stood at $10.4M and 16.5%, respectively, compared to $8.2M and 13.4% for the same period in 2019. The improvements in both metrics were due, in large part, to continued anticipated Garaventa Lift related synergies.

Patient Handling Segment

Revenue from the *Patient Handling* segment stood at $21.0M, stable when compared to the same period in 2019. Silvalea acquisition related growth offset the anticipated revenue contraction attributable to the Corporation's decision to exit from Span's low margin custom products market segment, effective Q3 2019. Adjusted for the exit of custom products, organic growth in revenue would have been 3.9%.

Adjusted EBITDA and adjusted EBITDA margin, both before Head office costs, stood at $2.5M and 11.9%, respectively, compared to $2.2M and 10.7% for the same period in 2019. The improvements in both metrics were due to a better revenue product mix from Span, increased patient lift unit sales and contribution from our Silvalea acquisition made in the second half of 2019.

Adapted Vehicles Segment

Revenue generated from the Adapted Vehicles segment was $4.8M, a decrease of $0.8M, or 14.2%, when compared to the same period in 2019. Adjusted EBITDA and adjusted EBITDA margin, both before Head office costs were negligible, compared to $0.3M and 5.2% in Q1 2019.

The decrease in revenue and adjusted EBITDA when comparing Q1 2020 to Q1 2019 was due, in part, to the shutdown of the Corporation's Quebec-based manufacturing plant in the latter part of the quarter, a repercussion of the global COVID-19 pandemic. By extension, the lower revenue generated by the segment impacted its fixed cost absorption rate, resulting in a negative adjusted EBITDA margin before Head office costs.

***

Although it will be difficult to predict the economic fallout from the worldwide COVID-19 pandemic, the Corporation remains steadfast in what it can control; notably, protecting its employees and serving its customers during this difficult time.

The pandemic has negatively impacted residential sales and installations within our *Accessibility* segment and the *Adapted Vehicles* segment as a whole. However, service and maintenance revenue within the *Accessibility* segment, and medical equipment sales within the *Patient Handling* segment, have expanded. From a production perspective, the Corporation has not experienced any major disruptions as it, and its main suppliers, are considered "essential" in most geographies where they operate.

Providing a full year outlook in the midst of the current COVID-19 pandemic remains challenging. However, given the Corporation's financial liquidity and strong balance sheet, we believe our post pandemic future bodes well, as our product offering is aligned with demographics.

7. Financial Review

7.1 RESULTS OF OPERATIONS

in thousands of dollars	Q1	
	2020	2019
Revenue	**$88,419**	$87,477
Cost of sales	**58,277**	60,423
Gross Profit	**$30,142**	$27,054

in thousands of dollars, except per-share amounts	Q1	
	2020	2019
Revenue	**$88,419**	$87,477
Cost of sales[1]	**56,580**	59,209
Total operating expenses[1]	**19,482**	17,737
Adjusted EBITDA*	**$12,357**	$10,531
Stock-based compensation	**283**	321
Other net expenses (income)	**2,133**	(534)
EBITDA*	**$9,941**	$10,744
Depreciation of fixed assets and right-of-use assets	**2,359**	1,935
Amortization of intangible assets	**1,781**	1,871
Net finance costs (income)	**(1,282)**	1,553
Earnings before income tax	**$7,083**	$5,385
Income tax expense	**1,568**	1,320
Net Earnings	**$5,515**	$4,065
Basic net earnings per share	**$0.11**	$0.09
Diluted net earnings per share	**$0.11**	$0.09

* Non-IFRS measures are described in the "Glossary" section.

[1] Net of depreciation of fixed assets and right-of-use assets, amortization of intangible assets, other net expenses and stock-based compensation.

In sections 7.2 through 7.4, we review the year-over-year changes to operating results between 2020 and 2019, describing the factors affecting revenue, gross profit, expenses, adjusted EBITDA and adjusted EBITDA margin. Net finance costs, income taxes, net earnings, adjusted net earnings and adjusted net earnings excluding amortization of intangible assets related to acquisitions, are also reviewed, on a consolidated level, in sections 7.5 through 7.8.

7.2 REVENUE

The Corporation's reportable segments are: *Accessibility, Patient Handling* and *Adapted Vehicles*. The following table provides a summary of the quarter-over-quarter changes in revenue both by reportable segment and in total.

	Q1			
in thousands of dollars, except percentages	Accessibility	Patient Handling	Adapted Vehicles	Total
Revenue 2020	$62,612	$20,970	$4,837	$88,419
Revenue 2019	$60,890	$20,947	$5,640	$87,477
Net change %	2.8%	0.1%	(14.2)%	1.1%
Organic Growth (contraction)[1]	(0.3)%	(9.9)%	(14.2)%	(3.5)%
Acquisition Growth[1]	2.2%	9.4%	-	3.8%
Foreign Currency Impact[2]	0.9%	0.6%	-	0.8%
Net change %	2.8%	0.1%	(14.2)%	1.1%

[1] Organic growth (contraction) and acquisition growth are calculated based on local functional currency.
[2] Foreign currency impact represents the foreign exchange impact net of organic and acquisition growth.

7.2.1 Accessibility

Revenue from our *Accessibility* segment was $62.6M in Q1 2020, an increase of $1.7M, or 2.8%, compared to Q1 2019. Acquisition and organic growth in revenue stood at 2.2% and flat, respectively. The acquisition growth in revenue was attributable to the acquisition of Florida Lifts made on March 1, 2019. The flat organic revenue growth experienced was due to lower than anticipated revenue generation in the latter weeks of the quarter, a repercussion of the global COVID-19 pandemic.

7.2.2 Patient Handling

Revenue from our *Patient Handling* segment was $21.0M for the quarter, stable when compared to the first quarter of 2019. Acquisition growth and organic growth in revenue stood at 9.4% and negative 9.9%, respectively. Acquisition growth was generated by the Corporation's July 1, 2019 acquisition of Silvalea. Organically, revenue contracted 9.9%, mainly due to the Corporation's decision to exit from Span's low margin custom products market segment, effective Q3 2019. Adjusted for the exit of custom products, organic growth in revenue would have stood at 3.9%.

7.2.3 Adapted Vehicles

Revenue from our *Adapted Vehicles* segment was $4.8M in Q1 2020, a decrease of $0.8M, or 14.2% compared to Q1 2019. The decrease in revenue was due, in part, to the shutdown of the Corporation's Quebec-based manufacturing plant in the latter part of the quarter, a repercussion of the global COVID-19 pandemic.

7.3 GROSS MARGIN AND EXPENSES

percentage of revenue	Q1 2020	Q1 2019
Revenue	**100.0%**	100.0%
Cost of sales	**65.9%**	69.1%
Gross Margin	**34.1%**	30.9%

Cost of sales, as a percentage of revenue, decreased compared to the same period of 2019, due to a better product mix from both the Corporation's *Accessibility* and *Patient Handling* segments, as well as to the continued realization of Garaventa Lift integration-related synergies.

Improvement in gross margin for the quarter, when compared to the same period in 2019, was mainly attributable to the same factors as for the decrease in cost of sales, as a percentage of revenue, noted above.

percentage of revenue	Q1 2020	Q1 2019
Revenue	**100.0%**	100.0%
Cost of sales[1]	**64.0%**	67.7%
Total operating expenses[1]	**22.0%**	20.3%
Adjusted EBITDA*	**14.0%**	12.0%
Stock-based compensation	**0.3%**	0.4%
Other net expenses (income)	**2.5%**	(0.7)%
EBITDA*	**11.2%**	12.3%
Depreciation of fixed assets and right-of-use assets	**2.6%**	2.3%
Amortization of intangible assets	**2.0%**	2.1%
Net finance costs (income)	**(1.4)%**	1.8%
Income tax expense	**1.8%**	1.5%
Net earnings	**6.2%**	4.6%

* Non-IFRS measures are described in the "Glossary" section.

[1] Net of depreciation of fixed assets and right-of-use assets, amortization of intangible assets, other net expenses and stock-based compensation.

Total operating expenses for the quarter, as a percentage of revenue, increased over the same period of 2019. This was due, in part, to lower than anticipated revenue generation in the latter weeks of the quarter, a repercussion of the global COVID-19 pandemic. Foreign exchange, operating expenses of acquired entities and timing of certain expenses also had a negative impact.

Stock-based compensation, as a percentage of revenue, remained stable when compared to the same period in 2019.

Other net expenses (income) are items which the Corporation believes should be excluded in understanding its underlying operational financial performance and are therefore isolated in its consolidated statement of earnings.

In Q1 2020, the Corporation incurred other net expenses of $2.1M made up of business acquisition and integration expenses of $0.6M and a special COVID-19 employee assistance related payout totaling approximately $1.5M. In Q1 2019, the Corporation realized a gain on an amendment to a business purchase agreement of $1.1M, partially offset by business acquisition and integration expenses of $0.6M, resulting in an other net income of approximately $0.5M.

Depreciation of fixed assets and right-of-use assets expense, as a percentage of revenue, increased compared to 2019, mainly due to an increase in right-to-use assets (leases) between reporting periods.

Finally, amortization of intangible assets expense, as a percentage of revenue, for the quarter, remained stable compared to the same period in 2019.

7.4 ADJUSTED EBITDA BY REPORTABLE SEGMENT

	Q1 2020			
in thousands of dollars, except percentages	Accessibility	Patient Handling	Adapted Vehicles	Total
Revenue	$62,612	$20,970	$4,837	$88,419
Adjusted EBITDA*				$12,357
Head office costs				$468
Adjusted EBITDA before head office costs*	$10,356	$2,500	$(31)	$12,825
Adjusted EBITDA Margin before head office costs*	16.5%	11.9%	(0.6)%	14.5%

* Non-IFRS measures are described in the "Glossary" section.

	Q1 2019			
in thousands of dollars, except percentages	Accessibility	Patient Handling	Adapted Vehicles	Total
Revenue	$60,890	$20,947	$5,640	$87,477
Adjusted EBITDA*				$10,531
Head office costs				$193
Adjusted EBITDA before head office costs*	$8,181	$2,248	$295	$10,724
Adjusted EBITDA Margin before head office costs*	13.4%	10.7%	5.2%	12.3%

* Non-IFRS measures are described in the "Glossary" section.

Total adjusted EBITDA and consolidated adjusted EBITDA margin before Head office costs for the quarter stood at $12.8M and 14.5%, respectively, compared to $10.7M and 12.3% for the same period in 2019. Improvements in both metrics was driven by our *Accessibility* and *Patient Handling* segments.

The increase in adjusted EBITDA and adjusted EBITDA margin, both before Head office costs, pertaining to the *Accessibility* segment, was due, in large part, to the continued realization of Garaventa Lift related synergies.

The increase in adjusted EBITDA and adjusted EBITDA margin before Head office costs for the *Patient Handling* segment was attributable to a better revenue product mix from Span, increased patient lift unit sales and contribution from our Silvalea acquisition made in the second half of 2019.

The decrease in adjusted EBITDA before Head office costs for the *Adapted vehicle* segment was in line with the decrease in revenue. The decrease in adjusted EBITDA margin before Head office costs was mainly due to a reduced fixed cost absorption attributable, in part, to the shutdown of the Corporation's Quebec-based manufacturing plant in the latter part of the quarter, a repercussion of the global COVID-19 pandemic.

Head office costs for the quarter stood at $0.5M, in line with management's run-rate expectations of between $0.5M and $0.7M per quarter for 2020. The increase compared to Q1 2019 was mainly due to the expansion of functions of the corporate team, effective Q2 2019, and a realignment of performance-based incentive plans.

7.5 NET FINANCE COSTS (INCOME)

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

For the quarter, net finance costs proved positive (income), mainly due to a net foreign currency gain of $2.1M, most of which was unrealized in nature. Interest on long-term debt also decreased significantly due to repayment of the Corporation's revolving credit facility over the second half of 2019.

7.6 INCOME TAXES

For the quarter, an income tax expense of $1.6M was recorded on earnings before income taxes of $7.1M, representing an effective tax rate of 22.1%. The effective tax rate for Q1 2020 was impacted favourably as a result of the derecognition of certain deferred tax liabilities related to a past business acquisition. In the first quarter of 2019, the effective tax rate was 24.5%.

7.7 NET EARNINGS AND NET EARNINGS PER SHARE

In Q1 2020, the Corporation's net earnings were $5.5M, or $0.11 per share on a diluted basis, compared to $4.1M, or $0.09 per share on a diluted basis for the same period in 2019. The increase in net earnings and net earnings per share on a diluted basis, was mainly due to additional adjusted EBITDA generated in 2020. On a net basis, the impact of the variations in other net expenses (income), depreciation and amortization expense and net finance costs (income) was minimal. The per share metric for Q1 2020 was impacted by shares issued in Q2 2019.

Net earnings per share is a commonly used metric to measure a corporation's performance. However, management believes that in the context of a fragmented industry subject to consolidation, adjusted net earnings per share and adjusted net earnings excluding amortization of intangible assets related to acquisitions per share (due to the application of various accounting policies in relation to the allocation of purchase price to goodwill and intangible assets) are measures that should be taken into consideration to assess the Corporation's performance against its peer group. These measures are reviewed in section 7.8.

7.8 RECONCILIATION OF NET EARNINGS, ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS EXCLUDING AMORTIZATION OF INTANGIBLE ASSETS RELATED TO ACQUISITIONS

	Q1	
in thousands of dollars, except number of shares and per-share amounts	**2020**	2019
Net earnings	**$5,515**	$4,065
Other net expenses (income)	**2,133**	(534)
Income taxes related to other net expenses	**(468)**	130
Adjusted net earnings*	**$7,180**	$3,661
Adjusted net earnings per share*	**$0.14**	$0.08
Amortization of intangible assets related to acquisitions	**1,191**	1,361
Income taxes related to amortization of intangible assets related to acquisitions	**(318)**	(338)
Adjusted net earnings excluding amortization of intangible assets related to acquisitions*	**$8,053**	$4,684
Adjusted net earnings excluding amortization of intangible assets related to acquisitions per share*	**$0.16**	$0.10
Diluted weighted average number of shares	**50,938,886**	45,783,678

* Non-IFRS measures are described in the "Glossary" section.

Adjusted net earnings stood at $7.2M, or $0.14 per share in Q1 2020, increases of 96.1% and 75.0%, respectively, compared to the first quarter of 2019. The increases in these metrics were mainly due to the generation of additional adjusted EBITDA and a net foreign currency gain incurred in the period, partially offset by an increase in depreciation and amortization expense.

Adjusted net earnings excluding amortization of intangible assets related to acquisitions stood at $8.1M, or $0.16 per share in Q1 2020, increases of 71.9% and 60.0%, respectively, compared to the first quarter of 2019. The increases in these metrics were attributable to the same factors as for the increases for the corresponding metrics pertaining to adjusted net earnings, partially offset by a decrease in the amortization of intangible assets related to acquisitions.

8. Liquidity

in thousands of dollars	Q1 2020	2019
Cash flows related to operating activities	**$5,394**	$838
Cash flows related to investing activities	**(1,577)**	(8,533)
Cash flows related to financing activities	**(7,210)**	10,149
Effect of exchange rate change on cash	**1,697**	10
Net change in cash	**$(1,696)**	$2,464

8.1 OPERATING ACTIVITIES

Cash generated from operating activities in Q1 2020 stood at $5.4M, compared to $0.8M in Q1 2019. The increase in cash generated from operating activities was mainly due to higher net earnings and a favourable change in non-cash operating items.

8.2 INVESTING ACTIVITIES

For the first quarter of 2020, cash used in investing activities was $1.6M, compared to $8.5M in Q1 2019. The Corporation acquired $1.7M in fixed and intangible assets, compared to $2.8M in 2019. The Corporation also disbursed $5.7M for business acquisitions in the first quarter of 2019.

8.3 FINANCING ACTIVITIES

In Q1 2020, cash used in financing activities was $7.2M compared to a cash infusion of $10.1M during the first quarter or 2019. During the quarter, the Corporation disbursed $1.6M in lease payments and other long-term debts including interest, and paid dividends of $5.8M to shareholders. In Q1 2019, the Corporation drew $17.5M on its credit facility, disbursed $3.0M in lease payments and other long-term debts including interest, and paid dividends of $4.9M to shareholders.

8.4 NET INTEREST-BEARING DEBT TO ADJUSTED EBITDA

in thousands of dollars	March 31, 2020	December 31, 2019
Credit facility [1, 2]	**$49,178**	$49,087
Less: Cash	**(38,000)**	(39,696)
Net interest-bearing debt*	**$11,178**	$9,391
Trailing twelve months adjusted EBITDA*	**$57,451**	$55,625

* Non-IFRS measures are described in the "Glossary" section

[1] Including current portion.

[2] Net of deferred financing fees.

As at March 31, 2020, the Corporation had a net interest-bearing debt position of $11.2M and a trailing twelve-month net interest-bearing debt to adjusted EBITDA ratio of 0.2x.

8.5 DIVIDENDS

The aggregate monthly dividends declared in the first quarter of 2020 totaled $5.8M, compared to $4.8M for the same period in 2019. As at March 31, 2020, 50,633,775 shares were issued and outstanding, compared to 50,600,443 as at December 31, 2019. Dividends paid in the first quarter of 2020 amounted to $5.8M compared to $4.9M for the same period in 2019. In Q2 2019, 5,000,000 shares were issued via a bought deal private placement, explaining, in part, the increase in dividends declared and paid when comparing Q1 2020 to Q1 2019. An increase in the monthly dividend rate from $0.035 to $0.0383, effective September 2019, also had an impact on the dividend declared and dividend paid metrics.

8.6 STOCK OPTIONS

As at May 12, 2020, 2,62,171 stock options were outstanding at exercise prices ranging from $3.65 to $20.03.

8.7 CAPITAL RESOURCES

in thousands of dollars	March 31, 2020	December 31, 2019
Cash	**$38,000**	$39,696
Available credit facilities	**110,000**	110,000
Available short-term capital resources	**$148,000**	$149,696
Current assets	**$175,036**	$166,608
Current liabilities	**72,847**	67,941
Working capital	**102,189**	98,667
Current ratio	**2.40**	2.45

The Corporation believes that 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 as well as provide its shareholders with a return on their investment.

8.8 CREDIT FACILITY

The Corporation has in place, as at March 31, 2020, a credit facility with a financial institution providing for a maximum amount of $160.0M, comprised of a $50.0M term loan and a $110.0M revolver. The credit facility is available for general corporate purposes and for financing future business acquisitions. Under this credit 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 credit facility. All covenants were met as at March 31, 2020.

9. Summary of Quarterly Results

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

in thousands of dollars, except per-share amounts	Total	2020	2019				2018		
	Trailing 12 months	Q1	Q4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2
Revenue	$375,282	**$88,419**	$96,437	$96,434	$93,992	$87,477	$93,118	$72,089	$64,235
Gross Margin as a % of revenue	34.2%	**34.1%**	35.3%	33.3%	34.1%	30.9%	30.9%	33.2%	33.8%
Adjusted EBITDA*	$57,451	**$12,357**	$15,225	$15,652	$14,217	$10,531	$12,426	$9,963	$10,040
Net earnings	$27,197	**$5,515**	$8,364	$7,827	$5,491	$4,065	$4,756	$2,754	$6,376
Adjusted net earnings*	$30,296	**$7,180**	$8,834	$8,075	$6,207	$3,661	$5,203	$4,500	$5,768
Net earnings per share – diluted		**$0.11**	$0.17	$0.16	$0.11	$0.09	$0.11	$0.06	$0.14
Adjusted net earnings per share*		**$0.14**	$0.17	$0.16	$0.13	$0.08	$0.11	$0.10	$0.13
Dividend declared per share	$0.443	**$0.115**	$0.115	$0.108	$0.105	$0.105	$0.105	$0.095	$0.090

* Non-IFRS measures are described in the "Glossary" section

The Corporation experiences seasonal trends in its business. In terms of revenues, excluding the impact of acquisitions, the first quarter of the fiscal year is typically the Corporation's weakest quarter while the third quarter is usually its strongest quarter.

10. Governance

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

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the President and Chief Executive Officer and the Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal controls over financial reporting are a process designed to provide reasonable assurance regarding the reliability of financial reporting and compliance with IFRS used in the Corporation's consolidated financial statements.

There have been no significant changes in our internal control over financial reporting during the quarter ended March 31, 2020 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

11. Significant Accounting Policies and Estimates

A. ACCOUNTING ESTIMATES

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. Assumptions and estimate uncertainties that have a significant risk of resulting in a material adjustment are the measurement of the identifiable assets acquired during business combinations, the warranty provisions, the inventory obsolescence provision, the measurement of lease liabilities, the deferred tax assets, the provisions for uncertain tax treatments and the valuation of defined benefit pension plan obligations. 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, the identification of reportable segments and the determination of foreign operations' functional currency.

The uncertainties around the outbreak of the coronavirus, identified as global COVID-19 pandemic, required the use of judgements and estimates which resulted in no material impacts for the period ended March 31, 2020. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a risk of material adjustment to the carrying amounts of the following: revenue recognition, deferred tax assets, goodwill impairment, business combinations and provisions for uncertain tax treatments.

These estimates are based on management's knowledge of current events and on the measures the Corporation could take in the future. Actual results may differ from these estimates.

B. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED DURING 2020

The following new amendments to standards and interpretations have been applied in preparing the interim condensed consolidated financial statements as at March 31, 2020:

Interest rate benchmark reform

- IFRS 9 *Financial instruments*
- IAS 39 *Financial instruments: Recognition and measurement*
- IFRS 7 *Financial instruments: Disclosures*

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

12. Risks and Uncertainties

Savaria in engaged in an industry exposed to various risks and uncertainties. The Corporation's operating results and financial position could be adversely affected by each of the risks and uncertainties described in its 2019 annual Management Discussion and Analysis Report, which are incorporated herein by reference:

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

13. Outlook

Providing a full year outlook in the midst of the current COVID-19 pandemic remains challenging. However, given the Corporation's financial liquidity and strong balance sheet, we believe our post pandemic future bodes well, as our product offering is aligned with demographics.

14. Glossary

EBITDA	EBITDA is defined as earnings before net finance costs, income tax expense and depreciation & amortization. EBITDA is not an IFRS measure and does not have a standardized definition within IFRS. Investors are cautioned that EBITDA should not be considered an alternative to net earnings for the period (as determined in accordance with IFRS) as an indicator of the Corporation's performance, or an alternative to cash flows from operating, investing and financing activities as a measure of the liquidity and cash flows. The Corporation's method of calculating EBITDA may differ from the methods used by other issuers and, accordingly, the Corporation's EBITDA may not be comparable to similar measures used by other issuers.
Adjusted EBITDA	Adjusted EBITDA is defined as EBITDA before other net expenses (income) and stock-based compensation expense. Adjusted EBITDA is not an IFRS measure and does not have a standardized definition within IFRS. Investors are cautioned that adjusted EBITDA should not be considered an alternative to net earnings for the period (as determined in accordance with IFRS) as an indicator of the Corporation's performance, or an alternative to cash flows from operating, investing and financing activities as a measure of the liquidity and cash flows. The Corporation's method of calculating adjusted EBITDA may differ from the methods used by other issuers and, accordingly, the Corporation's adjusted EBITDA may not be comparable to similar measures used by other issuers.
Adjusted EBITDA Margin	Adjusted EBITDA margin is defined as adjusted EBITDA expressed as a percentage of revenue. Adjusted EBITDA margin is not an IFRS measure and does not have a standardized definition within IFRS.
Adjusted EBITDA before Head Office costs	Adjusted EBITDA before Head office costs is defined as adjusted EBITDA excluding Head office costs. Head office costs are expenses and salaries related to centralized functions, such as finance and legal, which are not allocated to reportable segments. Adjusted EBITDA before Head office costs is not an IFRS measure and does not have a standardized definition within IFRS.
Adjusted EBITDA margin before Head Office costs	Adjusted EBITDA margin before Head office costs is defined as adjusted EBITDA before Head office costs expressed as a percentage of revenue. Adjusted EBITDA margin before Head office costs is not an IFRS measure and does not have a standardized definition within IFRS.
Adjusted net earnings and adjusted net earnings per share	Adjusted net earnings is defined as net earnings excluding other net expenses (income) and the income tax effects related to these costs. Adjusted net earnings is not an IFRS measure and does not have a standardized definition within IFRS. The Corporation believes these expenses (income), which are not core operational expenses (income), should be excluded in understanding the underlying operational financial performance achieved by the Corporation. Adjusted net earnings per share is calculated using the diluted weighted average number of shares.

Adjusted net earnings excluding amortization of intangible assets related to acquisitions and adjusted net earnings excluding amortization of intangible assets related to acquisitions per share

Adjusted net earnings excluding amortization of intangible assets related to acquisitions is defined as adjusted net earnings excluding the amortization of backlogs, client lists, maintenance contracts, patents and trademarks accounted for in business combinations and the income tax effects related to this amortization. Adjusted net earnings excluding amortization of intangible assets related to acquisitions is not an IFRS measure and does not have a standardized definition within IFRS. It provides a comparative measure of the Corporation's performance in a context of significant business combinations.

Adjusted net earnings excluding amortization of intangible assets related to acquisitions per share is calculated using the diluted weighted average number of shares.

Net interest-bearing debt to adjusted EBITDA ratio

Net interest-bearing debt to adjusted EBITDA ratio is not an IFRS measure and does not have a standardized definition within IFRS. Net interest-bearing debt is defined as interest-bearing long-term debt, including current portions, net of cash. Lease liabilities are not considered as interest bearing-debt. The Corporation uses this ratio as a measure of financial leverage and is calculated on its trailing twelve month adjusted EBITDA.

2020

SAVARIA CORPORATION

Interim Condensed Consolidated Financial Statements

As at March 31, 2020

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

savaria

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars - Unaudited)

	Note		March 31, 2020		December 31, 2019
Assets					
Current assets					
Cash		$	38,000	$	39,696
Trade and other receivables			51,657		48,268
Income taxes receivable			1,779		541
Derivative financial instruments	10		27		-
Inventories			77,697		72,440
Prepaid expenses and other current assets			5,876		5,663
Total current assets			175,036		166,608
Non-current assets					
Derivative financial instruments	10		13		-
Fixed assets			47,249		46,453
Right-of-use assets	5		26,635		26,782
Intangible assets			73,824		71,443
Goodwill			126,128		119,790
Other long-term assets			1,026		1,858
Deferred tax assets			7,513		6,102
Total non-current assets			282,388		272,428
Total assets		$	457,424	$	439,036
Liabilities					
Current liabilities					
Trade and other payables		$	34,610	$	33,497
Dividend payable			1,940		1,939
Income taxes payable			420		557
Deferred revenues			26,069		22,987
Derivative financial instruments	10		1,972		470
Current portion of long-term debt	4		1,932		2,828
Current portion of lease liabilities	5		3,608		3,417
Warranty provisions			2,296		2,246
Total current liabilities			72,847		67,941
Non-current liabilities					
Long-term debt	4		49,210		49,124
Lease liabilities	5		23,598		23,784
Long-term warranty provisions			1,245		1,176
Other long-term liabilities			13,528		12,277
Income taxes payable			559		512
Derivative financial instruments	10		7,123		1,859
Deferred tax liabilities			12,177		12,307
Total non-current liabilities			107,440		101,039
Total liabilities			180,287		168,980
Equity					
Share capital			252,368		252,152
Contributed surplus			6,157		5,913
Accumulated other comprehensive income (loss)			1,857		(5,066)
Retained earnings			16,755		17,057
Total equity			277,137		270,056
Total liabilities and equity		$	457,424	$	439,036

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

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

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

	Note	Three months ended March 31, 2020	2019
Revenue	11	**$ 88,419**	$ 87,477
Cost of sales		**58,277**	60,423
Gross profit		**30,142**	27,054
Operating expenses			
Selling and administrative expenses		**22,208**	20,650
Other net expenses (income)	7	**2,133**	(534)
Total operating expenses		**24,341**	20,116
Net Finance costs (income)	8	**(1,282)**	1,553
Earnings before income tax		**7,083**	5,385
Income tax expense		**1,568**	1,320
Net Earnings		**$ 5,515**	$ 4,065
Earnings per share			
Basic		**$ 0.11**	$ 0.09
Diluted		**$ 0.11**	$ 0.09
Basic weighted average number of shares		**50,613,776**	45,199,335
Diluted weighted average number of shares		**50,938,886**	45,783,678

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

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars - Unaudited)

	Three months ended March 31, **2020**	2019
Net Earnings	**$ 5,515**	$ 4,065
Items that are or may be reclassified subsequently to net earnings:		
Net change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	**(4,237)**	903
Losses (gains) on foreign exchange contracts transferred to net earnings in the current period, net of tax	**221**	(70)
Net change in fair value of derivative financial instruments designated as cash flow hedges, net of tax	**(4,016)**	833
Unrealized net gains (losses) on translation of financial statements of foreign operations	**14,436**	(2,335)
Deferred costs of hedging on cross-currency swaps, net of tax	**457**	-
Net (losses) gains on cross-currency swaps and hedges of net investments in foreign operations, net of tax	**(3,954)**	636
Other comprehensive income (loss)	**6,923**	(866)
Total comprehensive income	**$ 12,438**	$ 3,199

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

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Periods of three months ended March 31, 2020 and 2019

(in thousands of Canadian dollars - Unaudited)

	2020										
	Share capital										
	Number		Amount		Contributed surplus		Accumulated other comprehensive income (loss)		Retained earnings		Total equity
Balance at January 1, 2020	**50,600,443**	**$**	**252,152**	**$**	**5,913**	**$**	**(5,066)**	**$**	**17,057**	**$**	**270,056**
Net earnings	-		-		-		-		**5,515**		**5,515**
Stock-based compensation	-		-		283		-		-		**283**
Exercise of stock options (Note 6)	33,332		216		(39)		-		-		**177**
Dividends on common shares (Note 6)	-		-		-		-		(5,817)		**(5,817)**
Total transactions with shareholders	**33,332**		**216**		**244**		**-**		**(5,817)**		**(5,357)**
Other comprehensive income (loss)	**-**		**-**		**-**		**6,923**		**-**		**6,923**
Balance at March 31, 2020	**50,633,775**	**$**	**252,368**	**$**	**6,157**	**$**	**1,857**	**$**	**16,755**	**$**	**277,137**

	2019										
	Share capital										
	Number		Amount		Contributed surplus		Accumulated other comprehensive income (loss)		Retained earnings		Total equity
Balance at January 1, 2019	**45,010,446**	**$**	**179,328**	**$**	**4,407**	**$**	**(474)**	**$**	**15,136**	**$**	**198,397**
Net earnings	-		-		-		-		**4,065**		**4,065**
Stock-based compensation	-		-		321		-		-		**321**
Exercise of stock options (Note 6)	293,333		749		(108)		-		-		**641**
Dividends on common shares (Note 6)	-		-		-		-		(4,756)		**(4,756)**
Total transactions with shareholders	**293,333**		**749**		**213**		**-**		**(4,756)**		**(3,794)**
Other comprehensive income (loss)	**-**		**-**		**-**		**(866)**		**-**		**(866)**
Balance at March 31, 2019	**45,303,779**	**$**	**180,077**	**$**	**4,620**	**$**	**(1,340)**	**$**	**14,445**	**$**	**197,802**

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

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars - Unaudited)

	Note	Three months ended March 31, 2020	2019
Cash flows related to operating activities			
Net Earnings		**$ 5,515**	$ 4,065
Adjustments for:			
Depreciation of fixed assets		**1,327**	1,371
Depreciation of right-of-use assets	5	**1,032**	564
Amortization of intangible assets		**1,781**	1,871
Income tax expense		**1,568**	1,320
Gain on amendment to business purchase agreement	7	**-**	(1,146)
Stock-based compensation		**283**	321
Gain on the sale and write-off of fixed assets		**(29)**	-
Unrealized foreign exchange gains		**(1,030)**	(483)
Interest on long-term debt and lease liabilities	8	**743**	1,270
Income tax paid		**(3,801)**	(3,533)
Others		**(55)**	45
		7,334	5,665
Net changes in non-cash operating items	9	**(1,940)**	(4,827)
Net cash related to operating activities		**5,394**	838
Cash flows related to investing activities			
Business acquisitions		**-**	(5,693)
Proceeds from sale of fixed assets		**87**	-
Additions to fixed assets		**(758)**	(2,029)
Increase in intangible assets		**(906)**	(811)
Net cash related to investing activities		**(1,577)**	(8,533)
Cash flows related to financing activities			
Repayment of long-term debt		**-**	(1,343)
Lease payments	5	**(678)**	(574)
Net change in the revolving credit facility		**-**	17,493
Interest paid		**(893)**	(1,075)
Transaction costs related to a long-term debt		**-**	(47)
Proceeds from exercise of stock options	6	**177**	641
Dividends paid on common shares	6	**(5,816)**	(4,946)
Net cash related to financing activities		**(7,210)**	10,149
Unrealized foreign exchange gain (loss) on cash held in foreign currencies		**1,697**	10
Net change in cash		**(1,696)**	2,464
Cash - Beginning of period		**39,696**	11,430
Cash - End of period		**$ 38,000**	$ 13,894

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

1 . Reporting Entity

Savaria Corporation is domiciled in Canada. The interim condensed consolidated financial statements of the Corporation as at and for the periods ended March 31, 2020 and 2019 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 three reportable segments: the *Accessibility* segment, the *Patient Handling* segment and the *Adapted Vehicles* segment as described in Note 11 "Reportable segments".

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

2 . Basis of Presentation

Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34.

These interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Corporation and the notes thereto for the year ended on December 31, 2019. These interim condensed consolidated financial statements have not been the subject of a review or an audit by the Corporation's auditors; they were approved by the Board of Directors on May 12, 2020.

3 . Significant Accounting Policies

The interim condensed consolidated financial statements have been prepared following the same accounting policies used in the audited annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of new accounting standards as outlined below.

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

Use of Judgements and Estimates

The uncertainties around the outbreak of the coronavirus, identified as global COVID-19 pandemic, required the use of judgements and estimates which resulted in no material impacts for the period ended March 31, 2020. The future impact of COVID-19 uncertainties could generate, in future reporting periods, a risk of material adjustment to the carrying amounts of the following: revenue recognition, deferred tax assets, goodwill impairment, business combinations and provisions for uncertain tax treatments.

New Accounting Standards Adopted

The following new amendments to standards and interpretations have been applied in preparing the interim condensed consolidated financial statements as at March 31, 2020.

Interest rate benchmark reform

- IFRS 9 *Financial instruments*
- IAS 39 *Financial instruments: Recognition and measurement*
- IFRS 7 *Financial instruments: Disclosures.*

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

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

4 . Long-term Debt

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

		2020
Balance at January 1	$	51,952
Consideration paid related to previous acquisitions		(958)
Capitalized finance costs on long-term debt		91
Impact of the change in foreign exchange rates		57
Balance at March 31	$	51,142
Less: Current portion		1,932
	$	49,210

The long-term debt is a financial instrument of Level 3 and the carrying amount is a reasonable approximation of it's fair value. The Term loan of the Corporation is at market conditions.

5 . Right-of-use assets and lease liabilities

Reconciliation of movements of right-of-use assets :

		2020
Balance at January 1	$	26,782
Additions		524
Modifications/terminations		(80)
Depreciation expense		(1,032)
Impact of the change in foreign exchange rates		441
Balance at March 31	$	26,635

Reconciliation of movements of lease liabilities :

		2020
Balance at January 1	$	27,201
New leases		524
Modifications/terminations		(80)
Repayment of lease obligations		(678)
Interest on lease liabilities		(252)
Impact of the change in foreign exchange rates		491
Balance at March 31	$	27,206
Less: Current portion		3,608
	$	23,598

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

6 . Share Capital

During the first quarter of 2020, the Corporation issued 33,332 common shares (2019-293,333) at an average price of $5.31 per share (2019-$2.18) following the exercise of stock options. The average closing price on the exercise dates was $12.77 (2019-$13.70). These exercises resulted in an increase in share capital of $216,000 (2019-$749,000) and a decrease in contributed surplus of $39,000 (2019-$108,000). At March 31, 2020, 2,262,171 options are outstanding (2019-2,100,001) at a weighted average exercise price of $12.62 per share (2019-$11.60).

During the first quarter of 2020, the Corporation declared dividends totaling 11.5 cents (2019-10.5 cents) per share or $5,817,000 (2019-$4,756,000); an amount of 11.5 cents (2019-10.5 cents) per share or $5,816,000 (2019-$4,946,000) was paid during this period.

7 . Other Net Expenses (Income)

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

During the first quarter of 2020, the Corporation made a special COVID-19 payout of $1,000 to each employee of the Corporation in order to provide them financial assistance during a time of need. Total payout includes employer mandated payroll related government remittances.

	Three months ended March 31, 2020	Three months ended March 31, 2019
Business acquisition costs	**$ 266**	$ 288
Business integration costs	**333**	324
Gain on amendment to a business purchase agreement	**-**	(1,146)
COVID-19 employee assistance plan	**1,534**	-
	$ 2,133	**$ (534)**

8 . Net Finance Costs (Income)

	Three months ended March 31, 2020	Three months ended March 31, 2019
Interest on long-term debt	**$ 491**	$ 1,198
Interest on lease liabilities	**252**	72
Interest and bank charges	**133**	60
Financing charges	**91**	89
Interest income	**(139)**	(7)
Net (gain) loss on foreign currency exchange	**(2,110)**	141
	$ (1,282)	**$ 1,553**

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

9 . Net Changes in Non-cash Operating Items

	Three months ended March 31, 2020	2019
Trade and other receivables	**$ (1,061)**	$ 3,804
Inventories	**(3,404)**	(4,499)
Prepaid expenses and other current assets	**(94)**	(938)
Trade and other payables	**78**	(3,681)
Deferred revenues	**2,391**	511
Warranty provisions	**40**	(24)
Other long-term liabilities	**110**	-
	$ (1,940)	**$ (4,827)**

10 . Derivative Financial Instruments

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

	March 31, 2020	December 31, 2019
Current assets		
Foreign exchange derivatives	**$ 27**	$ -
Non-current assets		
Foreign exchange derivatives	**$ 13**	$ -
Current liabilities		
Foreign exchange derivatives	**$ 1,972**	$ 470
Non-current liabilities		
Foreign exchange derivatives	**$ 2,723**	$ 998
Cross-currency swaps [1]	**1,295**	-
Interest rate derivatives	**3,105**	861
	$ 7,123	**$ 1,859**

[1] On January 6, 2020, the Corporation entered into cross-currency swaps. The cross-currency swaps are accounted for as net investment hedges.

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 swap arrangements is estimated by discounting the difference between the contractual interest rate and market rates over the value of the loans. The fair value of cross-currency swaps is determined based on market data (primarily yield curves, exchange rates and interest rates) to calculate the present value of all estimated flows. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Corporation's subsidiary or counterparty when appropriate.

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

11 . Reportable Segments

Information about the reportable segments

For the purpose of financial reporting, the business is structured into three reporting segments based on the markets they serve. The *Accessibility* segment includes designing, manufacturing, distributing and installing a wide portfolio of products including stairlifts for both straight and curved stairs, vertical and inclined wheelchair platform lifts for both commercial and residential applications, commercial accessibility elevators and home elevators. The *Patient Handling* segment includes the manufacturing and distribution of a comprehensive line of therapeutic support surfaces and other pressure management products for the medical market, medical beds for the long-term care market as well as an extensive line of medical equipment and solutions for the safe handling of patients. The *Adapted Vehicles* segment consists of converting, adapting and distributing vehicles for people with mobility challenges, for personal or commercial use.

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

Sales between segments are eliminated upon consolidation.

				Three months ended March 31,
	Accessibility	**Patient Handling**	**Adapted Vehicles**	**Total**
2020				
Revenue	**$ 62,612**	**$ 20,970**	**$ 4,837**	**$ 88,419**
Adjusted EBITDA before Head office costs	**$ 10,356**	**$ 2,500**	**$ (31)**	**$ 12,825**
Head office costs				**468**
Adjusted EBITDA				**$ 12,357**
Stock-based compensation				**283**
Other net expenses (income)				**2,133**
Depreciation and amortization expense				**4,140**
Net finance costs (income)				**(1,282)**
Earnings before income tax expense				**$ 7,083**

				Three months ended March 31,
	Accessibility	**Patient Handling**	**Adapted Vehicles**	**Total**
2019				
Revenue	$ 60,890	$ 20,947	$ 5,640	**$ 87,477**
Adjusted EBITDA before Head office costs	$ 8,181	$ 2,248	$ 295	**$ 10,724**
Head office costs				**193**
Adjusted EBITDA				**$ 10,531**
Stock-based compensation				**321**
Other net expenses (income)				**(534)**
Depreciation and amortization expense				**3,806**
Net finance costs (income)				**1,553**
Earnings before income tax expense				**$ 5,385**

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

11 . Reportable Segments (continued)

Desegregation of Revenue

	Three months ended March 31,			
	Accessibility	**Patient Handling**	**Adapted Vehicles**	**Total**
2020				
Revenue by region				
Canada	**$ 11,477**	**$ 2,870**	**$ 4,642**	**$ 18,989**
United States	**36,064**	**15,329**	**192**	**51,585**
Europe	**13,430**	**977**	**3**	**14,410**
Other regions	**1,641**	**1,794**	**-**	**3,435**
	$ 62,612	**$ 20,970**	**$ 4,837**	**$ 88,419**
Major categories of revenue				
Accessibility equipment	**$ 62,612**	**$ -**	**$ -**	**$ 62,612**
Patient handling products	**-**	**20,970**	**-**	**20,970**
Vehicle conversion and adaptation	**-**	**-**	**4,837**	**4,837**
	$ 62,612	**$ 20,970**	**$ 4,837**	**$ 88,419**
Timing of revenue recognition				
Goods transferred at a point in time	**$ 51,766**	**$ 20,970**	**$ 4,837**	**$ 77,573**
Services provided over time	**10,846**	**-**	**-**	**10,846**
	$ 62,612	**$ 20,970**	**$ 4,837**	**$ 88,419**
2019				
Revenue by region				
Canada	$ 10,864	$ 3,067	$ 5,538	**$ 19,469**
United States	34,549	17,254	1	**51,804**
Europe	12,781	498	35	**13,314**
Other regions	2,696	128	66	**2,890**
	$ 60,890	**$ 20,947**	**$ 5,640**	**$ 87,477**
Major categories of revenue				
Accessibility equipment	$ 60,890	$ -	$ -	**$ 60,890**
Patient handling products	-	18,159	-	**18,159**
Custom products	-	2,788	-	**2,788**
Vehicle conversion and adaptation	-	-	5,640	**5,640**
	$ 60,890	**$ 20,947**	**$ 5,640**	**$ 87,477**
Timing of revenue recognition				
Goods transferred at a point in time	$ 52,530	$ 20,947	$ 5,640	**$ 79,117**
Services provided over time	8,360	-	-	**8,360**
	$ 60,890	**$ 20,947**	**$ 5,640**	**$ 87,477**

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