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Quarterly
REPORT

SAVARIA CORPORATION

Quarterly Report

For the Three-Month Period Ended March 31, 2024

savaria®

SAVARIA CORPORATION

Management's Discussion & Analysis Report

For the three-month period ended March 31, 2024

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1. Basis of Presentation

The following management's discussion and analysis ("MD&A"), dated May 8, 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 period ended March 31, 2024, in comparison to the corresponding period of fiscal 2023. Unless otherwise indicated, the terms "Corporation," "Savaria," "we" and "our," refer to Savaria Corporation and its subsidiaries.

Prepared in accordance with *National Instrument 51-102 Respecting Continuous Disclosure Obligations,* this report should be read in conjunction with the unaudited interim condensed consolidated financial statements for the period ended March 31, 2024 as well as the audited consolidated financial statements and accompanying notes for the year ended December 31, 2023, and the MD&A for the same period. Unless otherwise indicated, all amounts are expressed in Canadian dollars. Amounts in certain passages of this MD&A may be expressed in millions of Canadian dollars ("M"); however, all percentage references related to such amounts are calculated based on the thousands of Canadian dollars amount figures contained in the corresponding tables.

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

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

2. Forward-Looking Statements

This MD&A includes certain statements which are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A which is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe," "could," "should," "intend," "expect," "estimate," "assume" and other similar expressions are generally intended to identify forward-looking statements. It is important to know the forward-looking statements in this MD&A describe our expectations as at May 8, 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 or income 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.

	Total	2024	2023				2022		
in thousands of dollars	Trailing 12 months	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Operating Income	$74,412	**$17,721**	$19,843	$20,622	$16,226	$15,459	$19,843	$17,531	$17,738
Amortization and depreciation expense	49,206	**12,262**	12,319	12,367	12,258	12,188	11,494	12,037	12,237
EBITDA*	123,618	**29,983**	32,162	32,989	28,484	27,647	31,337	29,568	29,975
Stock-based compensation	2,146	**590**	403	615	538	410	274	699	469
Strategic initiatives expenses	8,447	**5,299**	2,018	880	250	-	-	-	-
Other (income) expenses	(669)	**(1,191)**	522	-	-	3,157	1,699	757	1,025
Adjusted EBITDA*	$133,542	**$34,681**	$35,105	$34,484	$29,272	$31,214	$33,310	$31,024	$31,469

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

	Q1 2024			
in thousands of dollars, except percentages	Accessibility	Patient Care	Head Office	**Total**
Operating Income	$15,505	$6,496	$(4,280)	**$17,721**
Amortization and depreciation expense	9,162	2,008	1,092	**$12,262**
EBITDA*	$24,667	$8,504	$(3,188)	**$29,983**
Stock-based compensation	-	-	590	**$590**
Strategic initiatives expenses	4,435	565	299	**$5,299**
Other (income) expenses	(1,551)	-	360	**$(1,191)**
Adjusted EBITDA*	$27,551	$9,069	$(1,939)	**$34,681**
Adjusted EBITDA Margin*	17.2%	18.5%	n/a	**16.6%**
	Q1 2023			
Operating Income	$13,633	$7,338	$(5,512)	**$15,459**
Amortization and depreciation expense	8,728	2,357	1,103	**$12,188**
EBITDA*	$22,361	$9,695	$(4,409)	**$27,647**
Stock-based compensation	-	-	410	**$410**
Other expenses	1,670	130	1,357	**$3,157**
Adjusted EBITDA*	$24,031	$9,825	$(2,642)	**$31,214**
Adjusted EBITDA Margin*	14.8%	20.1%	n/a	**14.7%**

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

ADJUSTED NET EARNINGS AND ADJUSTED NET EARNINGS PER SHARE

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

4. Business Overview

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

Savaria designs, manufactures, distributes and installs accessibility equipment, such as stairlifts for straight and curved stairs, vertical and inclined wheelchair lifts and elevators for home and commercial use. 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 five 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 May 8, 2024, Savaria's workforce totaled approximately 2,400 employees worldwide.

4.1 REPORTABLE SEGMENTS OF THE CORPORATION

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

Accessibility

Through the *Accessibility* segment, Savaria designs, manufactures, distributes and installs a wide portfolio of accessibility products including commercial elevators, home elevators, stairlifts and platform lifts, for personal, residential or commercial applications. It also sells a wide variety of wheelchair accessible motor vehicles adapted for people with special needs. Savaria operates manufacturing facilities in Canada (Brampton, 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 28 company-owned direct sales offices, through which the Corporation also provides installation, repair and maintenance services. The Van-Action and Freedom Motors subsidiaries, which were sold on February 1st, 2024, previously manufactured lowered-floor wheelchair accessible conversions for selected brands of minivans.

Patient Care

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

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

	Q1 2024					
in thousands of dollars, except percentages	Accessibility		Patient Care		Total	
Canada	**$18,009**	**11.2%**	**$15,475**	**31.6%**	**$33,484**	**16.0%**
United States	**64,109**	**40.0%**	**30,965**	**63.1%**	**95,074**	**45.4%**
Europe and others	**78,285**	**48.8%**	**2,601**	**5.3%**	**80,886**	**38.6%**
Total	**$160,403**	**100.0%**	**$49,041**	**100.0%**	**$209,444**	**100.0%**

	Q1 2023					
	Accessibility		Patient Care		Total	
Canada	$18,528	11.4%	$18,743	38.4%	$37,271	17.6%
United States	56,940	35.0%	27,428	56.2%	84,368	39.9%
Europe and others	87,330	53.6%	2,656	5.4%	89,986	42.5%
Total	**$162,798**	**100.0%**	**$48,827**	**100.0%**	**$211,625**	**100.0%**

5. Financial Highlights

in thousands of dollars, except per-share amounts	Q1 2024	Q1 2023
Revenue	**$209,444**	$211,625
Gross Profit	**75,394**	72,033
Operating income	**$17,721**	$15,459
Adjusted EBITDA*	**$34,681**	$31,214
Adjusted EBITDA margin*	**16.6%**	14.7%
Net earnings	**11,047**	6,039
Adjusted net earnings*	**13,751**	8,387
Diluted net earnings per share	**$0.16**	$0.09
Adjusted net earnings per share*	**$0.19**	$0.13

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

Q1 2024 HIGHLIGHTS

- Revenue for the quarter was $209.4M, down $2.2M or 1.0%, compared to Q1 2023, mainly due to the divestitures of Van-Action, Freedom Motors and the Norway operations, partially offset by organic growth of 2.6% and a positive foreign exchange impact of 0.7%.
    - *Accessibility* organic growth stood at 3.3%, including growth of 11.0% coming from North America.
    - *Patient Care* organic growth stood at 0.5%.
- Gross profit was $75.4M, up $3.4M or 4.7%, compared to Q1 2023, representing a gross margin of 36.0%, an increase of 200 bps compared to 34.0% in Q1 2023.
- Operating income was $17.7M, up $2.3M or 14.6%, compared to Q1 2023, representing an operating margin of 8.5% compared to 7.3% in Q1 2023.
- Adjusted EBITDA was $34.7M, up $3.5M or 11.1%, compared to Q1 2023.
- Adjusted EBITDA margin stood at 16.6%, up 190 bps compared to 14.7% in Q1 2023.
- *Accessibility* adjusted EBITDA was $27.6M, an increase of $3.5M or 14.6% compared to Q1 2023.
- *Patient Care* adjusted EBITDA was $9.1M, a decrease of $0.8M or 7.7% compared to Q1 2023.
- Net earnings and adjusted net earnings for the quarter were $11.0M and $13.8M, respectively, or $0.16 and $0.19 per share on a diluted basis, compared to $6.0M and $8.4M, respectively, or $0.09 and $0.13 per share on a diluted basis in Q1 2023.
- On February 1st, 2024, Savaria finalized the transaction to sell its Van-Action and Freedom Motors subsidiaries. These divestments represented approximately $15M of annualized revenue.
- On April 8, 2024, the Corporation acquired the dumbwaiter and material lift assets of D.A. Matot, Inc. ("Matot") for a total purchase price of approximately $8,150,000 ($US 6,000,000). Matot is a leading North American supplier of lifts used for the movement of goods in commercial and industrial applications. Dumbwaiters and material lifts are used in a wide range of activities, including within hospital and healthcare facilities, the hospitality sector, and a variety of retail and industrial settings.

6. Financial Review

6.1 REVENUE

During the quarter, the Corporation generated revenue of $209.4M, down $2.2M or 1.0%, compared to the same period in 2023. The decrease was mainly due to the divestitures of Van-Action, Freedom Motors and the Norway operations, partially offset by organic growth of 2.6% and a positive foreign exchange impact of 0.7%.

The following table provides a summary of quarterly variances in revenue both by reportable segment and in total.

	Q1		
in thousands of dollars, except percentages	Accessibility	Patient Care	**Total**
Revenue 2024	$160,403	$49,041	**$209,444**
Revenue 2023	$162,798	$48,827	**$211,625**
Net change %	(1.5)%	0.4%	**(1.0)%**
Organic Growth[1]	3.3%	0.5%	**2.6%**
Acquisition/divestiture Impact[2]	(5.6)%	0.0%	**(4.3)%**
Foreign Currency Impact[3]	0.8%	(0.1)%	**0.7%**
Net change %	(1.5)%	0.4%	**(1.0)%**

[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 $160.4M for the quarter, a decrease of $2.4M or 1.5%, compared to the same period in 2023. The decrease in revenue was mainly related to the divestitures of Van-Action, Freedom Motors, and the Norway operations. The organic growth of 3.3% was mainly driven by strong demand in both the residential and commercial sectors and price increases in North America. The growth stood at 11.0% in North America, while Europe had a decline of 3.4%. Growth was also driven by a positive foreign exchange impact of 0.8%, mainly coming from the EUR and GBP currencies.

6.1.2 Patient Care

Revenue from our *Patient Care* segment was $49.0M for the quarter, an increase of $0.2M or 0.4%, compared to the same period in 2023. Revenue increased in the United States while in Canada, certain large construction projects delivered in Q1 2023 did not repeat this year, coupled with reduced government spending, resulted in a decline in the first quarter. This increase was slightly offset by a negative foreign exchange impact of 0.1%.

6.2 GROSS PROFIT AND OPERATING INCOME

in thousands of dollars, except per-share amounts and % revenue	Q1 2024		2023	
Revenue	**$209,444**		$211,625	
Cost of sales	**134,050**	**64.0%**	139,592	66.0%
Gross Profit	**$75,394**	**36.0%**	$72,033	34.0%
Selling and administrative expenses	**53,565**	**25.6%**	53,417	25.2%
Strategic initiatives expenses	**5,299**	**2.5%**	-	-
Other (income) expenses	**(1,191)**	**(0.6)%**	3,157	1.5%
Operating income	**$17,721**	**8.5%**	$15,459	7.3%
Net finance costs	**3,133**	**1.5%**	7,035	3.3%
Earnings before income tax	**$14,588**	**7.0%**	$8,424	4.0%
Income tax expense	**3,541**	**1.7%**	2,385	1.1%
Net Earnings	**$11,047**	**5.3%**	$6,039	2.9%
Adjusted EBITDA*	**$34,681**	**16.6%**	$31,214	14.7%
Basic net earnings per share	**$0.16**		$0.09	
Diluted net earnings per share	**$0.16**		$0.09	

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

For the quarter, the increase in gross profit of $3.4M when compared to the same period in 2023, was mainly attributable to improved gross margins in both segments due to favorable product mix, improved pricing and favorable cost of material.

For the quarter, selling and administrative expenses as a percentage of revenue were slightly higher by 40 bps when compared to the same period in 2023. Selling and administrative expenses for the quarter were in line with the beginning of the year expectations as a % of sales with the effect of *Savaria One* investments.

For the quarter, the Corporation realized a net gain of $1.2M presented in other (income) expenses mainly related to the divestitures of Van-Action and Freedom Motors, compared to a $3.2M loss on the divestiture of the Norway operations and integration costs in connection with Handicare in the same period in 2023. The Corporation also incurred $5.3M in strategic initiative expenses in the quarter.

Consequently, operating income was $17.7M for the quarter, an increase of $2.3M when compared to the same period in 2023. The increase was mainly attributable to higher gross margins and the gain on the divestitures in comparison to a loss last year, partially offset by strategic initiatives expenses.

6.3 ADJUSTED EBITDA

Adjusted EBITDA and adjusted EBITDA margin for the quarter stood at $34.7M and 16.6%, respectively, compared to $31.2M and 14.7% for the same period in 2023. The increased profitability is mainly explained by the aforementioned increase in gross margins.

Head office costs for the three-month periods ended March 31, 2024 stood at $1.9M versus $2.6M for the same period in 2023. Last year quarter was unfavorably impacted by one-off professional fees.

The following tables provide a summary of quarterly adjusted EBITDA, by reportable segment and in total.

in thousands of dollars, except percentages	Accessibility	Patient Care	Head Office	Total
Q1 2024				
Revenue	$160,403	$49,041	n/a	**$209,444**
Adjusted EBITDA*	$27,551	$9,069	$(1,939)	**$34,681**
Adjusted EBITDA Margin*	17.2%	18.5%	n/a	**16.6%**
Q1 2023				
Revenue	$162,798	$48,827	n/a	**$211,625**
Adjusted EBITDA*	$24,031	$9,825	$(2,642)	**$31,214**
Adjusted EBITDA Margin*	14.8%	20.1%	n/a	**14.7%**

* 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 $27.6M and 17.2%, respectively, compared to $24.0M and 14.8% for the same period in 2023. The increase in adjusted EBITDA and adjusted EBITDA margin was mainly due to favorable product mix, improved pricing and favorable cost of material for both regions. The adjusted EBITDA margin for North America rose to 19.7% this quarter, while the margin in Europe increased to 12.7%, both improving by approximately 2% from a year ago.

6.3.2 Patient Care

For the quarter, *Patient Care* adjusted EBITDA and adjusted EBITDA margin stood at $9.1M and 18.5%, respectively, compared to $9.8M and 20.1% for the same period in 2023. The decrease in adjusted EBITDA and adjusted EBITDA margin was mainly due to an unfavorable product mix on certain projects versus last year and higher selling expenses, partially offset by pricing initiatives.

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 $3.1M compared to $7.0M for the same period in 2023. Interest on long-term debt decreased by $1.0M when compared to 2023 due to the reduced balance of debt. Net finance costs were also favorably impacted by a foreign currency gain of $2.8M compared to a loss of $1.3M in 2023, most of which was unrealized in nature. Partially offsetting this gain, the Corporation incurred a loss on financial instruments of $1.2M.

6.5 INCOME TAXES

For the quarter, an income tax expense of $3.5M was recorded on earnings before income taxes of $14.6M, representing an effective tax rate of 24.3%, compared to an income tax expense of $2.4M and an effective tax rate of 28.3% for the same period in 2023. The variance in income tax expense and effective tax rates is the result of different profit allocations coming from countries in which the Corporation operates which are taxable at varying rates, non-deductible expenses and other elements.

6.6 NET EARNINGS AND ADJUSTED NET EARNINGS

in thousands of dollars, except number of shares and per-share amounts	Q1 2024	Q1 2023
Net earnings	**$11,047**	$6,039
Strategic initiatives expenses	**5,299**	-
Other (income) expenses	**(1,191)**	3,157
Income tax related to strategic initiatives and other (income) expenses[1]	**(1,404)**	(809)
Adjusted net earnings*	**$13,751**	$8,387
In $ per share		
Diluted net earnings	**$0.16**	$0.09
Strategic initiatives and other (income) expenses net of income tax[1]	**0.03**	0.04
Adjusted net earnings*	**$0.19**	$0.13
Diluted weighted average number of shares	**71,213,393**	64,642,997

* 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 $6.0M or $0.09 per share for the same period in 2023. The increase in net earnings and net earnings per share was mainly due to higher adjusted EBITDA and lower net finance costs, partially offset by strategic initiative expenses and higher net income tax expense.

For the quarter, adjusted net earnings were $13.8M or $0.19 per share on a diluted basis, compared to $8.4M or $0.13 per share for the same period in 2023.

7. Summary of Quarterly Results

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

in thousands of dollars, except per-share amounts	Total Trailing 12 months	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2
Revenue	$834,773	**$209,444**	$216,839	$210,094	$198,396	$211,625	$212,100	$201,394	$192,061
Gross Margin	34.7%	**36.0%**	34.3%	34.5%	33.8%	34.0%	31.2%	31.8%	34.1%
Operating Income	$74,412	**$17,721**	$19,843	$20,622	$16,226	$15,459	$19,843	$17,531	$17,738
Adjusted EBITDA*	$133,542	**$34,681**	$35,105	$34,484	$29,272	$31,214	$33,310	$31,024	$31,469
Net earnings	$42,849	**$11,047**	$10,959	$12,054	$8,789	$6,039	$11,258	$10,581	$8,125
Net earnings per share - diluted	$0.64	**$0.16**	$0.16	$0.18	$0.14	$0.09	$0.18	$0.16	$0.13
Dividend declared per share	$0.520	**$0.130**	$0.130	$0.130	$0.130	$0.130	$0.130	$0.127	$0.125

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

The Corporation experiences seasonal variations in its business. In terms of revenues, excluding the impact of acquisitions and divestitures, the first half of the year is typically weaker than the second half of the year.

8. Financial Position

8.1 CAPITAL RESOURCES

The Corporation believes its cash flows from operating activities, combined with its available short-term capital resources, will enable it to support its growth strategy, working capital requirements and planned capital expenditures.

The credit facilities are available for general corporate purposes and for financing business acquisitions. Under the revolving facility, the Corporation is required, among other conditions, to respect certain covenants on a consolidated basis. Management reviews compliance with these covenants in conjunction with quarterly filing requirements under its revolving facility. All covenants were met as at March 31, 2024.

in thousands of dollars	**March 31, 2024**	December 31, 2023
Total amount available under the revolving facility	**$450,000**	$450,000
Amount drawn under the revolving facility	**(271,280)**	(279,039)
Outstanding letters of credit	**(1,789)**	(1,752)
Available credit facilities*	**$176,931**	$169,209
Cash and cash equivalents	**53,675**	54,076
Available funds*	**$230,606**	$223,285
Current assets	**$329,130**	$337,708
Current liabilities	**171,191**	170,543
Working capital*	**$157,939**	$167,165
Ratio of current assets to current liabilities	**1.92**	1.98

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

8.2 NET DEBT

As at March 31, 2024, the Corporation had a net debt position of $271.1M, compared to $269.9M as of December 31, 2023. The slight increase in net debt of $1.2M is mainly driven by a lease contract of $8.8M relating to a new warehousing and distribution center located in the greater Toronto area and the increase in the USD currency against CAD, partially offset by a reimbursement on the revolving facility of $13.5M.

in thousands of dollars	**March 31, 2024**	December 31, 2023
Amount drawn under the revolving facility	**$271,280**	$279,039
Notes payable related to business acquisitions	**1,580**	1,769
Outstanding letters of credit	**1,789**	1,752
Lease liabilities	**50,161**	41,404
Total debt*	**$324,810**	$323,964
Less: Cash and cash equivalents	**(53,675)**	(54,076)
Net debt*	**$271,135**	$269,888
Trailing twelve months adjusted EBITDA*	**133,542**	130,075
Ratio of net debt to adjusted EBITDA*	**2.03**	2.07

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

9. Liquidity

in thousands of dollars	Q1 2024	2023
Cash flows related to operating activities before net changes in non-cash operating items	**$23,830**	$18,104
Net changes in non-cash operating items	**2,702**	(2,119)
Cash flows related to operating activities	**26,532**	15,985
Cash flows related to investing activities	**2,381**	7,747
Cash flows related to financing activities	**(29,580)**	(6,333)
Unrealized foreign exchange impact on cash held in foreign currencies	**266**	235
Net change in cash	**$(401)**	$17,634

9.1 OPERATING ACTIVITIES

For the quarter, cash flows related to operating activities before net changes in non-cash operating items reached $23.8M, versus $18.1M for the same period of 2023, explained by higher EBITDA generated. Net changes in non-cash operating items increased liquidity by $2.7M, compared to a decrease of $2.1M a year earlier. The increase in 2024 was driven by decreased accounts receivables and increased payables offset by higher inventories. As a result, cash generated from operating activities in Q1 2024 stood at $26.5M, compared to $16.0M for the same period in 2023.

9.2 INVESTING ACTIVITIES

For the quarter, cash flow related to investing activities was $2.4M compared to $7.7M in 2023. In 2024, the Corporation received $6.4M from the divestiture of Van-Action and Freedom Motors, while it received $12.4M from the divestiture of the Norwegian operations in 2023. The Corporation also disbursed $3.8M for fixed and intangible assets in 2024, compared to $4.5M in 2023.

9.3 FINANCING ACTIVITIES

For the quarter, cash used in financing activities was $29.6M compared to $6.3M in 2023. The variation is mainly explained by a reimbursement on the revolving facility of $13.5M compared to proceeds of $8.5M in 2023.

9.4 DIVIDENDS

The aggregate monthly dividends declared and paid in the first quarter of 2024 totaled $9.2M, compared to $8.4M for the same period of 2023. As at March 31, 2024, 70,951,059 shares were issued and outstanding, compared to 64,513,987 as at March 31, 2023.

9.5 STOCK OPTIONS

As at May 8, 2024, 3,662,521 stock options were outstanding with exercise prices ranging from $11.06 to $22.05.

10. Governance

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

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

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

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

11. Material Accounting Policies and Estimates

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 provisions, the capitalization of intangible assets and the measurement of lease obligations.

12. Risks and Uncertainties

Savaria is engaged in an industry exposed to various risks and uncertainties. The Corporation's operating results and financial position could be adversely affected by each of the risks and uncertainties described in its 2023 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
- Healthcare Reimbursement
- Property Rights
- Credit Risk
- Interest Rates Fluctuations
- Price Variation
- Dependence on Key Personnel
- Dependence on Key Distributors
- Dependence on Key Suppliers
- Laws and Regulations
- Product Liability
- Litigation
- Information Systems and Cybersecurity

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

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

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

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

To that end, on April 17, 2024, Savaria published its first ESG report for the fiscal year ended December 31, 2023. Through this report, Savaria discloses its strategy and initiatives on ESG matters that are important to its stakeholders, and where it sees an opportunity to have a positive and meaningful influence. This inaugural ESG report represents an important milestone for Savaria and provides a baseline for measuring our future performance. The 2023 ESG report can be found under the investor relations section of our website at savaria.com.

14. Outlook

Savaria expects to deliver approximately $1.0 billion in revenue and 20% adjusted EBITDA margin in 2025. These targets will be achieved through continued strong demand in the *Accessibility* and *Patient Care* segments and completion of *Savaria One*, its multi-year, company-wide, sales and operations program designed to unlock the full potential of the business.

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.

2024

SAVARIA CORPORATION

Interim Condensed Consolidated Financial Statements

As at March 31, 2024

(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, 2024**	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents		**$ 53,675**	$ 54,076
Trade and other receivables		**112,944**	114,701
Income taxes receivable		**903**	2,772
Derivative financial instruments	*11*	**700**	2,202
Inventories		**148,322**	143,859
Prepaid expenses and other current assets		**12,586**	12,560
Assets held for sale		**-**	7,538
Total current assets		**329,130**	337,708
Non-current assets			
Derivative financial instruments	*11*	**8,269**	6,171
Fixed assets		**61,159**	60,856
Right-of-use assets		**48,840**	39,966
Intangible assets		**209,215**	213,986
Goodwill		**416,405**	414,275
Other long-term assets		**859**	811
Deferred tax assets		**31,066**	27,800
Total non-current assets		**775,813**	763,865
Total assets		**$ 1,104,943**	$ 1,101,573
Liabilities			
Current liabilities			
Trade and other payables		**$ 104,700**	$ 101,201
Dividend payable		**3,072**	3,072
Income taxes payable		**5,073**	6,161
Deferred revenues		**41,970**	41,873
Derivative financial instruments	*11*	**2,239**	2,935
Current portion of long-term debt	*4*	**1,174**	1,170
Current portion of lease liabilities	*5*	**9,072**	8,776
Provisions		**3,891**	3,868
Liabilities directly associated with the assets held for sale		**-**	1,487
Total current liabilities		**171,191**	170,543
Non-current liabilities			
Long-term debt	*4*	**269,050**	276,807
Lease liabilities	*5*	**41,089**	32,628
Long-term provisions		**6,333**	6,314
Other long-term liabilities		**14,475**	13,925
Income taxes payable		**159**	156
Derivative financial instruments	*11*	**1,317**	-
Deferred tax liabilities		**50,847**	52,200
Total non-current liabilities		**383,270**	382,030
Total liabilities		**554,461**	552,573
Equity			
Share capital	*6*	**551,483**	551,355
Contributed surplus		**10,140**	9,570
Accumulated other comprehensive income (loss)		**(9,795)**	(8,748)
Retained earnings (deficit)		**(1,346)**	(3,177)
Total equity		**550,482**	549,000
Total liabilities and equity		**$ 1,104,943**	$ 1,101,573

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

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

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

	Note	Three months ended March 31, 2024	2023
Revenue	*12*	**$ 209,444**	$ 211,625
Cost of sales		**134,050**	139,592
Gross profit		**75,394**	72,033
Operating expenses			
Selling and administrative expenses		**53,565**	53,417
Strategic initiatives expenses	*7*	**5,299**	-
Other (income) expenses	*8*	**(1,191)**	3,157
Total operating expenses		**57,673**	56,574
Operating income		**17,721**	15,459
Net finance costs	*9*	**3,133**	7,035
Earnings before income tax		**14,588**	8,424
Income tax expense		**3,541**	2,385
Net earnings		**$ 11,047**	$ 6,039
Earnings per share:			
Basic		**$ 0.16**	$ 0.09
Diluted		**$ 0.16**	$ 0.09
Basic weighted average number of shares		**70,944,948**	64,457,875
Diluted weighted average number of shares		**71,213,393**	64,642,997

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

(in thousands of Canadian dollars - Unaudited)

	Three months ended March 31, 2024	2023
Net earnings	**$ 11,047**	$ 6,039
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	**-**	14
Items that are or may be reclassified subsequently to net earnings:		
Net change in derivative financial instruments designated as cash flow hedges, net of tax	**(1,617)**	(447)
Net change on translation of financial statements of foreign operations	**2,730**	5,794
Costs of hedging reserve on net change in cross-currency swaps designated in net investment hedges, net of tax	**48**	83
Net change in net investment hedges, net of tax	**(2,208)**	(1,894)
Other comprehensive income	**(1,047)**	3,550
Total comprehensive income	**$ 10,000**	$ 9,589

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

SAVARIA CORPORATION

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Periods of three months ended March 31, 2024 and 2023

(in thousands of Canadian dollars - Unaudited)

	2024					
	Share capital			Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total equity
	Number	Amount	Contributed surplus			
Balance at January 1	**70,942,726**	**$ 551,355**	**$ 9,570**	**$ (8,748)**	**$ (3,177)**	**$ 549,000**
Net earnings	**-**	**-**	**-**	**-**	**11,047**	**11,047**
Stock-based compensation	-	-	590	-	-	**590**
Exercise of stock options (Note 6)	8,333	128	(20)	-	-	**108**
Dividends on common shares (Note 6)	-	-	-	-	(9,216)	**(9,216)**
Total transactions with shareholders	**8,333**	**128**	**570**	**-**	**(9,216)**	**(8,518)**
Other comprehensive income (loss)	**-**	**-**	**-**	**(1,047)**	**-**	**(1,047)**
Balance at March 31	**70,951,059**	**$ 551,483**	**$ 10,140**	**$ (9,795)**	**$ (1,346)**	**$ 550,482**

	2023					
	Share capital			Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Total equity
	Number	Amount	Contributed surplus			
Balance at January 1	**64,433,986**	**$ 456,413**	**$ 8,241**	**$ (8,772)**	**$ (2,913)**	**$ 452,969**
Net earnings	**-**	**-**	**-**	**-**	**6,039**	**6,039**
Stock-based compensation	-	-	410	-	-	**410**
Exercise of stock options (Note 6)	80,001	1,316	(232)	-	-	**1,084**
Dividends on common shares (Note 6)	-	-	-	-	(8,377)	**(8,377)**
Total transactions with shareholders	**80,001**	**1,316**	**178**	**-**	**(8,377)**	**(6,883)**
Other comprehensive income (loss)	**-**	**-**	**-**	**3,550**	**(14)**	**3,536**
Balance at March 31	**64,513,987**	**$ 457,729**	**$ 8,419**	**$ (5,222)**	**$ (5,265)**	**$ 455,661**

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

(in thousands of Canadian dollars - Unaudited)

	Note	Three months ended March 31, 2024	2023
Cash flows related to operating activities			
Net earnings		**$ 11,047**	$ 6,039
Adjustments for:			
Depreciation of fixed assets		**2,137**	1,952
Depreciation of right-of-use assets		**2,681**	2,391
Amortization of intangible assets		**7,444**	7,845
Income tax expense		**3,541**	2,385
(Gain) loss on a business divestiture	*8*	**(1,323)**	1,358
Stock-based compensation		**590**	410
Ineffective portion of changes in fair value of net investment hedges	*9*	**(34)**	-
Net loss on financial instruments	*9*	**1,246**	-
Loss on the sale and write-off of fixed assets and intangible assets		**5**	10
Unrealized foreign exchange gain		**(1,301)**	(1,945)
Interest and amortization of financing costs	*9*	**4,869**	5,892
Income tax paid		**(7,072)**	(8,233)
		23,830	18,104
Net changes in non-cash operating items	*10*	**2,702**	(2,119)
Net cash related to operating activities		**26,532**	15,985
Cash flows related to investing activities			
Business acquisition	*4*	**(202)**	(194)
Proceeds from a business divestiture		**6,404**	12,387
Proceeds from sale of fixed assets		**11**	78
Additions to fixed assets		**(2,031)**	(2,267)
Increase in intangible assets		**(1,801)**	(2,257)
Net cash related to investing activities		**2,381**	7,747
Cash flows related to financing activities			
Repayment of lease obligations		**(2,901)**	(2,922)
Net change in the revolving facility	*4*	**(13,544)**	8,490
Interest paid		**(4,027)**	(4,611)
Proceeds from exercise of stock options	*6*	**108**	1,084
Dividends paid on common shares	*6*	**(9,216)**	(8,374)
Net cash related to financing activities		**(29,580)**	(6,333)
Unrealized foreign exchange impact on cash held in foreign currencies		**266**	235
Net change in cash		**(401)**	17,634
Cash - Beginning of period		**54,076**	44,725
Cash - End of period		**$ 53,675**	$ 62,359

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

1. Nature of Activities and Corporate Information

Savaria Corporation is domiciled in Canada. The interim condensed consolidated financial statements of the Corporation as at and for the periods ended March 31, 2024 and 2023 comprise the accounts of Savaria Corporation and its wholly owned subsidiaries (together referred to as the "Corporation" or as "Savaria"). Savaria is one of the global leaders in the accessibility industry. It provides accessibility solutions for the elderly and physically challenged to increase their comfort, their mobility and their independence. The activities of the Corporation are divided into two reportable segments: *Accessibility* and *Patient Care* as described in Note 12 - Reportable segments.

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

2. Basis of Presentation

A) Statement of Compliance

The interim condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34.

These interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Corporation and the notes thereto for the year ended on December 31, 2023. These interim condensed financial statements have not been the subject of a review or an audit by the Corporation's auditors; they were approved by the Board of Directors on May 8, 2024.

B) Use of Estimates and Judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and for 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 provisions, the capitalization of intangible assets and the measurement of lease obligations.

3. Material 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, 2023.

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

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

4. Long-term Debt

	March 31, 2024	December 31, 2023
Revolving Facility [1]	$ 268,644	$ 276,208
Notes payable related to business acquisitions	1,580	1,769
	$ 270,224	$ 277,977
Less: Current portion	1,174	1,170
	$ 269,050	$ 276,807

[1] Net of deferred financing costs of $2,636,000 (2023 - $2,831,000).

Revolving Facility

The Corporation has a revolving facility as follows:

- Amount available of $450,000,000 in Canadian dollar (or in US dollar, euro or British pound equivalent);
- The revolving facility comes to maturity on August 15, 2027;
- Interest is payable on a monthly basis. The applicable interest rate on the revolving facility is based on the credit rating assigned to the Corporation. According to the current credit rating, the rate is either the CDOR or SOFR, plus 1.70% or 1.80%, respectively, 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 March 31, 2024, amounts of $25,879,000 in CA dollars and $180,887,000 in US dollars were drawn on the revolving facility.

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

	2024
Balance at January 1	$ 277,977
Net change in the revolving facility	(13,544)
Note paid related to a previous business acquisition	(202)
Amortization of deferred financing costs	195
Impact of the change in foreign exchange rates	5,798
	$ 270,224
Less: Current portion	1,174
Balance at March 31	$ 269,050

5. Lease Liabilities

Reconciliation of movements of lease liabilities:

	2024
Balance at January 1	$ 41,404
New leases	8,783
Modifications	2,299
Repayment of lease obligations	(2,901)
Interest on lease liabilities (Note 9)	424
Disposal through business divestiture	2
Impact of the change in foreign exchange rates	150
	$ 50,161
Less: Current portion	9,072
Balance at March 31	$ 41,089

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

6. Share Capital

A) Share Capital and Contributed Surplus

During the first three months of 2024, the Corporation issued 8,333 common shares (2023-80,001) at an average price of $12.86 per share (2023-$13.55) following the exercise of stock options. These exercises resulted in an increase in share capital of $128,000 (2023-$1,316,000) and a decrease in contributed surplus of $20,000 (2023-$232,000). The average closing price of the Corporation's shares on the exercise dates of options exercised during 2024 was $16.57 (2023-$16.27).

The following table presents the reconciliation of outstanding stock options as at March 31, 2024 and 2023:

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at January 1	**3,117,450**	**$ 15.86**	3,216,064	$ 16.02
Granted	**627,571**	**15.53**	74,639	15.54
Exercised	**(8,333)**	**12.86**	(80,001)	13.55
Expired and forfeited	**(65,833)**	**15.52**	(84,167)	17.75
Outstanding at March 31	**3,670,855**	**$ 15.82**	**3,126,535**	**$ 16.03**

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

	2024
Number of options granted	**627,571**
Risk-free interest rate [1]	**3.38%**
Expected dividend yield [1]	**3.40%**
Expected volatility [1]	**31%**
Expected term	**4-6 years**

[1] Weighted average

B) Dividends

The following dividends were declared and paid by the Corporation:

	Three months ended March 31, **2024**	2023
Dividends declared	**$ 9,216**	$ 8,377
Amount declared per share in cents	**13.0**	13.0
Dividends paid	**$ 9,216**	$ 8,374
Amount paid per share in cents	**13.0**	13.0

7. Strategic Initiatives Expenses

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

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

8. Other (Income) Expenses

Other (income) 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.

On February 1st, 2024, Savaria sold all of the issued and outstanding shares of its wholly-owned subsidiaries, Van-Action and Freedom Motors, to Driverge Canada, a subsidiary of Driverge Vehicle Innovations, LLC. The net gain of $1,323,000 from these divestitures was recorded in other (income) expenses as of March 31, 2024.

In 2023, Savaria sold all of the issued and outstanding shares of its wholly-owned subsidiary Handicare AS, based in Norway, to Drive AS, a subsidiary of Cognia AS. The divestiture of Handicare AS resulted in a net loss of $1,358,000 as of March 31, 2023.

	Three months ended March 31,	
	2024	2023
Business acquisition costs	**$ 132**	$ -
Business integration costs	**-**	1,799
(Gain) loss on businesses divestitures	**(1,323)**	1,358
	$ (1,191)	**$ 3,157**

9. Net Finance Costs

	Three months ended March 31,	
	2024	2023
Interest on long-term debt	**$ 4,234**	$ 5,259
Interest on lease liabilities	**424**	354
Other interests and bank charges	**15**	107
Deferred financing costs and accretion expenses	**211**	279
Interest income	**(187)**	(233)
Net (gain) loss on foreign currency exchange	**(2,776)**	1,269
Net loss on financial instruments	**1,246**	-
Ineffective portion of changes in fair value of net investment hedges	**(34)**	-
	$ 3,133	**$ 7,035**

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

10. Net Changes in Non-cash Operating Items

	Three months ended March 31, 2024	2023
Trade and other receivables	**$ 2,516**	$ 754
Inventories	**(3,289)**	(8,752)
Prepaid expenses and other current assets	**91**	(2,721)
Other long-term assets	**(25)**	(71)
Trade and other payables	**2,852**	5,576
Deferred revenues	**40**	2,677
Provisions	**(49)**	383
Other long-term liabilities	**566**	35
	$ 2,702	**$ (2,119)**

11. Derivative Financial Instruments

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

	March 31, 2024	December 31, 2023
Current assets		
Foreign exchange contracts	**$ 581**	$ 1,714
Interest rate swaps	**119**	488
	$ 700	**$ 2,202**
Non-current assets		
Foreign exchange contracts	**$ 309**	$ 930
Cross-currency swaps	**7,960**	5,241
	$ 8,269	**$ 6,171**
Current liabilities		
Cross-currency swaps	**$ 2,239**	$ 2,935
Non-current liabilities		
Foreign exchange contracts	**$ 1,059**	$ -
Cross-currency swaps	**258**	-
	$ 1,317	**$ -**

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

During the quarter, the Corporation entered into forward exchange contracts and cross-currency swaps in expectation of the upcoming settlement of some of its cross-currency swaps in 2024 and 2025. As of March 31, 2024, a net loss of $1,246,000 was recorded in financial expenses related to the change in fair value through earnings of these instruments.

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

12. Reportable Segments

Information about the reportable segments

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

The Corporation's management assesses the performance of the reportable segments based on revenue and adjusted EBITDA. Adjusted EBITDA is defined as earnings before net finance costs, taxes, depreciation and amortization, strategic initiatives expenses, other (income) 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.

				Three months ended March 31,
	Accessibility	**Patient Care**	**Head Office**	**Total**
2024				
Revenue	**$ 160,403**	**$ 49,041**	**$ -**	**$ 209,444**
Adjusted EBITDA	**$ 27,551**	**$ 9,069**	**$ (1,939)**	**$ 34,681**
Stock-based compensation				**590**
Strategic initiatives expenses				**5,299**
Other (income) expenses				**(1,191)**
Depreciation and amortization expense				**12,262**
Operating income				**$ 17,721**
2023				
Revenue	$ 162,798	$ 48,827	$ -	**$ 211,625**
Adjusted EBITDA	$ 24,031	$ 9,825	$ (2,642)	**$ 31,214**
Stock-based compensation				**410**
Other expenses				**3,157**
Depreciation and amortization expense				**12,188**
Operating income				**$ 15,459**

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

12. Reportable Segments (continued)

Disaggregation of Revenue

	Three months ended March 31,		
	Accessibility	**Patient Care**	**Total**
2024			
Revenue by region			
Canada	**$ 18,009**	**$ 15,475**	**$ 33,484**
United States	**64,109**	**30,965**	**95,074**
Europe and others	**78,285**	**2,601**	**80,886**
	$ 160,403	**$ 49,041**	**$ 209,444**
Timing of revenue recognition			
Goods transferred at a point in time	**$ 145,121**	**$ 43,374**	**$ 188,495**
Services provided over time	**15,282**	**5,667**	**20,949**
	$ 160,403	**$ 49,041**	**$ 209,444**
2023			
Revenue by region			
Canada	$ 18,528	$ 18,743	**$ 37,271**
United States	56,940	27,428	**84,368**
Europe and others	87,330	2,656	**89,986**
	$ 162,798	**$ 48,827**	**$ 211,625**
Timing of revenue recognition			
Goods transferred at a point in time	$ 148,926	$ 43,069	**$ 191,995**
Services provided over time	13,872	5,758	**19,630**
	$ 162,798	**$ 48,827**	**$ 211,625**

13. Subsequent Event

On April 8, 2024, the Corporation acquired the dumbwaiter and material lift assets of D.A. Matot, Inc. ("Matot") for a total purchase price of approximately $8,150,000 ($US 6,000,000). Matot is a leading North American supplier of lifts used for the movement of goods in commercial and industrial applications. Dumbwaiters and material lifts are used in a wide range of activities, including within hospital and healthcare facilities, the hospitality sector, and a variety of retail and industrial settings.

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