

ANNEXE 51-102F4

DÉCLARATION D'ACQUISITION D'ENTREPRISE

1. IDENTIFICATION DE LA SOCIÉTÉ

1.1 Dénomination et adresse de la Société

Savaria Corporation (“**Savaria**”)
4350, autoroute Chomedey
Laval (Québec)
H7R 6E9

1.2 Membre de la haute direction

Hélène Bernier
Vice-présidente, Finance
450-624-1851
heleneb@savaria.com

2. DÉTAILS DE L'ACQUISITION

2.1 Nature de l'entreprise acquise

Garaventa Accessibility AG (“Garaventa Lift”) fabrique une gamme étendue de plates-formes élévatrices pour fauteuils roulants, inclinées, verticales et portables, pour les personnes à mobilité réduite. Il fabrique aussi une gamme complète d'ascenseurs résidentiels et d'ascenseurs commerciaux à usage limité/utilisation limitée (ULUL).

2.2 Date d'acquisition

31 août 2018.

2.3 Contrepartie

L'acquisition de Garaventa Lift a été réalisée en contrepartie d'un montant total de 74 millions de francs suisses (ou 100 millions de dollars canadiens), en numéraire, sous réserve des ajustements habituels après la clôture, lesquels ont été réglés à l'aide des fonds en caisse de Savaria et par un retrait de sa facilité de crédit renouvelable.

2.4 Effets sur la situation financière

Savaria n'a actuellement aucun projet ou proposition de changement important dans ses activités d'affaires ou les activités d'affaires de la compagnie acquise qui peuvent avoir un impact significatif sur la performance financière ou la situation financière de Savaria.

2.5 Évaluations antérieures

Sans objet.

2.6 Parties à l'opération

Aucune personne informée ou ayant des liens avec Savaria n'était partie à l'acquisition.

2.7 Date de la déclaration

13 novembre 2018.

3. ÉTATS FINANCIERS

Les états financiers suivants sont inclus comme partie intégrante de cette déclaration d'acquisition d'entreprise :

Annexe A Les états financiers consolidés audités (en CHF et disponibles en anglais seulement) de Garaventa Lift, qui comprennent les états consolidés de la situation financière au 31 décembre 2017 et au 31 décembre 2016 et les états consolidés du résultat net, du résultat global, des variations des capitaux propres et des flux de trésorerie pour les années closes à ces dates, et les notes afférentes.

Annexe B Les états financiers consolidés non audités (en CHF et disponibles en anglais seulement) de Garaventa Lift pour la période de six mois close le 30 juin 2018, et les notes afférentes.

Annexe C Les états financiers consolidés *pro forma* non audités de Savaria, qui comprennent (i) l'état consolidé de la situation financière *pro forma* au 30 juin 2018 (ii) les états consolidés du résultat net *pro forma* pour la période de six mois close le 30 juin 2018 et pour l'exercice clos le 31 décembre 2017, ainsi que les notes afférentes (iii) le résultat net par action *pro forma* basé sur les états financiers consolidés *pro forma* non audités mentionnés ci-dessus en (i) et (ii).

Les auditeurs de Garaventa Lift ont donné leur consentement à inclure leur rapport d'audit faisant partie des états financiers consolidés audités de Garaventa Lift inclus dans l'Annexe A de cette déclaration d'acquisition d'entreprise.

ANNEXE A

**États financiers consolidés audités de Garaventa Lift
pour l'exercice clos le 31 décembre 2017**



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To the Board of Directors of

GARAVENTA ACCESSIBILITY AG, Arth

Basle, 13 November 2018

Independent auditor's report on the audit of the consolidated financial statements

Opinion

In accordance with the terms of our engagement, we have audited the consolidated financial statements of GARAVENTA ACCESSIBILITY AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2017 and the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of change in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code) and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://www.expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

EY & Young Ltd



Edgar Christen
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Philippe Wenger
(Qualified
Signature)

Licensed audit expert

Enclosure

- ▶ Consolidated financial statements

GARAVENTA ACCESSIBILITY AG, Arth

Consolidated Financial Statements

for the year ended 31 December 2017

Consolidated Balance Sheet

(in CHF)

	<u>Note</u>	31.12.2017	31.12.2016	01.01.2016
ASSETS				
Cash		5'987'562	10'143'972	6'527'620
Trade and other receivables	4	14'023'817	14'171'985	10'981'186
Inventories	5	15'566'302	14'213'079	13'821'532
Derivatives		535'691	-	-
Contract asset	6	502'480	351'241	543'186
Prepaid expenses		886'297	2'621'898	2'179'584
Current assets		37'502'148	41'502'173	34'053'109
Fixed assets	7	15'743'365	7'228'263	4'319'015
Intangible assets	7	941'976	465'403	371'396
Deferred tax assets	18	772'614	1'283'290	1'178'894
Non-current assets		17'457'955	8'976'956	5'869'306
Total assets		54'960'103	50'479'129	39'922'414
LIABILITIES AND EQUITY				
Short term bank loan	9	77'497	41	52'197
Trade and other payables	8	7'468'349	4'540'665	3'510'747
Contract liability	6	5'701'149	4'784'625	4'245'298
Deferred revenues		918'299	844'843	886'249
Accruals		2'164'399	4'976'816	3'614'118
Income taxes payable / accruals		178'083	-	792'000
Short-term provisions	10	825'452	1'229'334	1'102'428
Other current financial liabilities	9	729'317	591'985	587'731
Current liabilities		18'062'545	16'968'309	14'790'768
Long term debt	9	7'721'620	11'232'760	9'165'809
Provisions	10	6'463'668	6'384'456	6'304'608
Non-current liabilities		14'185'288	17'617'216	15'470'417
Total liabilities		32'247'833	34'585'525	30'261'185
Share capital	11	2'173'799	2'173'799	1'976'181
Treasury shares	11	-1'477'911	-1'678'011	-1'678'011
Surplus		12'589'389	13'401'166	10'598'784
Retained earnings		9'426'993	1'996'650	-1'235'724
Equity		22'712'270	15'893'604	9'661'230
Total liabilities and equity		54'960'103	50'479'129	39'922'414

Consolidated Income Statement

For the year ended 31.12.2017

(in CHF)

	<u>Note</u>	2017	2016
REVENUE			
Revenue	12	83'733'854	79'758'613
Cost of materials		35'436'745	33'036'364
Personnel expense	13	32'567'560	30'363'144
Other operating expense	14	11'569'139	12'599'551
Depreciation of fixed assets	7	1'086'567	1'116'082
Amortisation of intangible assets	7	177'046	155'486
Operating expenses		80'837'057	77'270'626
Other operating income	15	4'031'094	1'308'026
Operating Profit		6'927'892	3'796'012
Finance income	16	1'064'033	145'064
Finance expense	16	-434'121	-406'627
Profit before taxes		7'557'804	3'534'449
Income tax expense	18	1'077'358	975'837
Net Profit		6'480'445	2'558'612

Consolidated Statement of Comprehensive Income

For the year ended 31.12.2017

(in CHF)

	<u>Note</u>	2017	2016
Net profit		6'480'445	2'558'612
Other comprehensive income - may be reclassified into the income statement in the future			
- exchange differences on translation of foreign operations		<u>812'804</u>	<u>536'470</u>
Net other comprehensive income that may be reclassified into the income statement in the future		812'804	536'470
Other comprehensive income - not to be reclassified to the income statement in the future			
- remeasurement gains on defined benefit plan	22	140'200	199'300
- taxes relating to remeasurement gains on defined benefit plan	16	<u>-33'303</u>	<u>-62'007</u>
Net other comprehensive income - not to be reclassified to the income statement in the future		106'897	137'293
Total other comprehensive income for the year net of tax		919'701	673'763
Total comprehensive income for the year net of tax		<u>7'400'147</u>	<u>3'232'375</u>

Consolidated Cash Flow Statement

For the year ended 31.12.2017

(in CHF)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
Cash flow from operating activities			
Net income before tax		7'557'804	3'534'449
Adjustments to reconcile net income before tax to net cash flows			
Depreciation of financial assets		1'033'791	1'116'082
Amortisation of intangible assets		177'046	155'486
Gain on sales of assets	15	-3'814'203	-342'389
Finance income / expense		-203'462	387'254
Change in provisions		-155'695	705'934
Change in trade and other receivables		148'168	-1'886'574
Change in inventory		-1'353'223	-1'008'434
Change in prepaid expenses		1'735'601	-693'416
Change in contract assets		-151'239	191'945
Change in contract liabilities		916'524	539'327
Change in trade and other payables		634'168	-647'399
Change in accruals		-445'445	2'258'454
Income tax paid		-388'599	-1'872'233
Interest paid		-405'770	-466'761
Net cash from operating activities		<u>5'285'465</u>	<u>1'971'722</u>
Cash flows from investing activities			
Purchases of fixed assets	7	-10'001'467	-4'352'273
Disposals of fixed assets	7	4'919'000	1'529'000
Purchases of intangible assets	7	-653'620	-288'159
Net cash from investing activities		<u>-5'736'087</u>	<u>-3'111'432</u>
Cash flows from financing activities			
Repayment of / proceeds from short- and long-term debt		-3'391'784	2'040'591
Issue of shares		-	3'000'000
Sales of treasury shares	11/23	119'305	-
Dividends paid		-615'661	-
Net Cash from financing activities		<u>-3'888'140</u>	<u>5'040'591</u>
Exchange rate differences		182'352	-284'529
Net change in cash		<u>-4'156'410</u>	<u>3'616'352</u>
Cash as at 1.1.		<u>10'143'972</u>	<u>6'527'620</u>
Cash as at 31.12.		5'987'562	10'143'972

Cash includes cash on hand and balances in checking accounts at banks. There are no cash equivalents in the books.

Consolidated Statement of Changes in Equity

(in CHF)

	Share capital	Surplus	Treasury shares	Retained earnings	Total
Opening balance 1.1.2016	1'976'181	10'598'784	-1'678'011	-1'235'724	9'661'230
Net Income	-	-	-	2'558'612	2'558'612
Total other comprehensive income	-	-	-	673'763	673'763
Share capital increase	197'618	2'802'382	-	-	3'000'000
Change in treasury shares	-	-	-	-	-
Closing balance 31.12.2016	2'173'799	13'401'166	-1'678'011	1'996'650	15'893'604
Opening balance 1.1.2017	2'173'799	13'401'166	-1'678'011	1'996'650	15'893'604
Net Income	-	-	-	6'480'445	6'480'445
Total other comprehensive income	-	-	-	919'701	919'701
Dividends	-	-645'857	-	30'196	-615'661
Change in treasury shares	-	-165'920	200'100	-	34'180
Closing balance 31.12.2017	2'173'799	12'589'389	-1'477'911	9'426'993	22'712'270

Notes to the Consolidated Financial Statements

01 – Reporting Entity

GARAVENTA ACCESSIBILITY AG ("GAAG") is a company domiciled in Switzerland. The address of its registered office is Tennmattstrasse 15, 6410 Goldau. The consolidated financial statements of GAAG as at and for the year ended December 31, 2017 comprise the accounts of GAAG and its subsidiaries (together referred to as the "corporation").

The financial statements for the year ended 31 December 2017 were authorised for issue by the CFO of the company on 12. November 2018.

The activities of the corporation consist of manufacturing, installing and distributing vertical lifts and stairlifts for people with mobility challenges.

02 – Basis of Presentation

A) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

B) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis with the exception of derivative financial instruments which are measured at fair value (see note 3)

C) Functional and presentation currency

These consolidated financial statements are presented in Swiss Francs, which is also GAAG's functional currency.

D) Use of estimates and judgements

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

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

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are:

(i) taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The corporation decided not to capitalise tax losses carried forward.

(ii) defined benefit plan

The corporation operates employee benefit plans for its staff that are classified as defined benefit plans under IFRS. These defined benefit plans are measured annually, which requires the use of various assumptions. Differences between the actual outcomes and the assumptions, particularly as to the discount rate for future obligations and as to life expectancy, may have effects on the defined benefit obligation and thus on the financial position of the Group. The effect of the most important assumptions on the net present value of the obligation is presented in note 22.

(iii) capitalised development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 December 2017, the carrying amount of capitalised development costs was CHF 929'261 (2016: CHF 447'910).

(iv) revenue recognition

The corporation concluded that revenue from equipment installation is to be recognised over time. Beginning at the point of installation, as with the start of the installation, the corporation's performance does not create an asset with an alternative use to the corporation. And the corporation has an enforceable right to payment for the performance completed to date.

The corporation recognises revenue based on installation progress by assessing which lifts are in the installation phase and how much of the installation work has been performed (output method).

E) First-time adoption of IFRS

These financial statements, for the year ended 31 December 2017, have been prepared based on IFRS accounting standards for the first time. For the periods up to and including the year ended 31 December 2017, the corporation prepared its financial statements in accordance with Swiss GAAP FER ("FER"). Accordingly, the corporation has prepared financial statements that comply with IFRS applicable as at 31 December 2017, together with the comparative period data for the year ended 31 December 2016, as described in the summary of significant accounting policies. In preparing the financial statements, the corporation's opening balance sheet was prepared as at 1 January 2016, the corporation's date of transition to IFRS. This note explains the principal adjustments made by the corporation in restating its Swiss GAAP FER financial statements, including balance sheet as at 1 January 2016 and the financial statements for the year ended 31 December 2017. The reason for the preparation of these IFRS financial statements is the acquisition of the Garaventa Group by Savaria Corp. in August 2018.

(i) Impact on the opening balance sheet and last financial statements:

Besides the adjustment of the presentation structure the following revaluations were applied:

- a) The effect of the early adoption of IFRS 15 results in the following revaluations:
 - **revenue recognition** IFRS 15 = CHF 1'563'732 (CHF 1'051'436 in 2016)
 - adjustment in intercompany profit = CHF 608'373 (CHF 457'913 in 2016)
- b) The corporation has entered a **currency forward derivative** financial instrument which in accordance with IFRS has to be accounted at fair value. Under FER the currency hedge impact was an off-balance sheet item. The amount recognized as at the date of transition is CHF 151'065.
- c) The corporation has **pension plans** in place that must be accounted for as defined benefit plans in accordance with IAS 19. Under FER pension liabilities were not recorded in the company's books as pensions are managed by separate legally independent foundations. Based on actuarial valuations, the amount recognized as at the date of transition is CHF 5'566'000.
- d) The corporation has a **share-based payment plan** in place which in accordance to IFRS is deemed to be a cash-settled plan. Accordingly, a liability of CHF 283'810 has to be recognised as at the date of transition. Under FER treasury shares sold to employees under the employee share plan are not disclosed.
- e) Revenue recognition correction relating to **maintenance contracts**
- f) **Deferred taxes** on adjustments a) to e)

(ii) Impact on balance sheet as of 01.01.2016

	<u>Note</u>	01.01.2016		01.01.2016
ASSETS		(FER)	(Adjustments)	(IFRS)
Cash		6'527'620	-	6'527'620
Trade and other receivables		10'981'186	-	10'981'186
Inventories	(a)	15'330'882	-1'509'350	13'821'532
Derivatives			-	-
Contract asset		543'186	-	543'186
Prepaid expenses		2'179'584	-	2'179'584
Current assets		35'562'458	-1'509'350	34'053'109
Fixed assets		4'319'015	-	4'319'015
Intangible assets		371'396	-	371'396
Deferred tax assets	(f)	-987'265	2'166'159	1'178'894
Non-current assets		3'703'146	2'166'159	5'869'306
Total assets		39'265'605	656'810	39'922'414
LIABILITIES AND EQUITY				
Short term bank loan		52'197	-	52'197
Trade and other payables		3'510'747	-	3'510'747
Contract liability		4'245'298	-	4'245'298
Deferred revenues	(e)		886'249	886'249
Accruals		3'330'308	-	3'330'308
Income taxes payable / accruals		792'000	-	792'000
Short-term provisions		1'102'428	-	1'102'428
Other current financial liabilities	(b)(d)	152'856	434'875	587'731
Current liabilities		13'185'834	1'321'124	14'506'958
Long term debt		9'165'809	-	9'165'809
Provisions	(c)	1'022'417	5'566'000	6'588'417
Non-current liabilities		10'188'226	5'566'000	15'754'226
Total liabilities		23'374'060	6'887'125	30'261'185
Share capital		1'976'181	-	1'976'181
Treasury shares		-1'678'011	-	-1'678'011
Surplus		10'598'784	-	10'598'784
Retained earnings		4'994'590	-6'230'315	-1'235'724
Equity		15'891'544	-6'230'315	9'661'230
Total liabilities and equity		39'265'605	656'810	39'922'414

(iii) Impact on financial statements as of 31.12.2017

	<u>Note</u>	31.12.2017		31.12.2017
ASSETS		(FER)	(Adjustments)	(IFRS)
Cash		5'987'562	-	5'987'562
Trade and other receivables		14'023'817	-	14'023'817
Inventories	(a)	17'738'407	-2'172'105	15'566'302
Derivatives	(b)		535'691	535'691
Contract asset	(a)		502'480	502'480
Prepaid expenses		886'297	-	886'297
Current assets		38'636'082	-1'133'934	37'502'148
Fixed assets		15'743'365	-	15'743'365
Intangible assets		941'976	-	941'976
Deferred tax assets	(f)	-1'182'100	1'954'713	772'614
Non-current assets		15'503'242	1'954'713	17'457'955
Total assets		54'139'325	820'779	54'960'103
LIABILITIES AND EQUITY				
Short term bank loan		77'497	-	77'497
Trade and other payables		7'468'349	-	7'468'349
Contract liability		5'701'149	-	5'701'149
Deferred revenues	(e)		918'299	918'299
Accruals		2'164'399	-	2'164'399
Income taxes payable / accruals		178'083	-	178'083
Short-term provisions		825'452	-	825'452
Other current financial liabilities	(d)	218'567	510'750	729'317
Current liabilities		16'633'496	1'429'049	18'062'545
Long term debt		7'721'620	-	7'721'620
Provisions	(c)	980'768	5'482'900	6'463'668
Non-current liabilities		8'702'388	5'482'900	14'185'288
Total liabilities		25'335'884	6'911'949	32'247'833
Share capital		2'173'799	-	2'173'799
Treasury shares		-1'477'911	-	-1'477'911
Surplus		13'230'816	-641'427	12'589'389
Retained earnings		14'876'736	-5'449'743	9'426'993
Equity		28'803'440	-6'091'170	22'712'270
Total liabilities and equity		54'139'325	820'779	54'960'103

	<u>Note</u>	2017 (FER)	(Reclass)	(Adjustm)	31.12.2017 (IFRS)
REVENUE					
Revenue	(a)(e)	84'576'844	-769'534	-73'456	83'733'854
Cost of materials	(a)	35'938'176	-769'534	268'102	35'436'745
Personnel expense	(c)(d)	32'492'997		74'563	32'567'560
Other operating expense		11'569'139		-	11'569'139
Depreciation of fixed assets		1'086'567		-	1'086'567
Amortisation of intangible assets		177'046		-	177'046
Operating expenses		81'263'926	-769'534	342'665	80'837'057
Other operating income		4'031'094		-	4'031'094
Operating Profit		7'344'013	-	-416'121	6'927'892
Finance income	(b)	454'800		609'232	1'064'033
Finance expense	(c)	-408'921		-25'200	-434'121
Profit before taxes		7'389'892	-	167'911	7'557'804
Income tax expense	(f)	658'262		419'096	1'077'358
Net Profit		6'731'630	-	-251'184	6'480'445

(iv) Impact on cash flow

The difference between Swiss GAAP FER and IFRS are related to valuation and disclosure. As these differences are non-cash relevant the impact on the cash flow statement is not significant.

03 – Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS statement of financial position for the purpose of the transition to IFRS, unless otherwise indicated.

The following accounting standards have been applied from the date of transition to IFRS - 1 January 2016:

- IFRS 9 - Financial instruments
- IFRS 15 - Revenue from contracts with customers

For accounting standards not yet adapted see section (O)

A) Basis of consolidation

All subsidiaries are entities owned at 100% by the corporation. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. When relevant the accounting policies of subsidiaries have been changed to align them with the policies adopted by the corporation.

<u>Subsidiaries</u>	<u>2017</u>	<u>2016</u>
Garaventa Liftech AG, Küssnacht	100%	100%
Garaventa Canada Ltd., Vancouver (CA)	100%	100%
Garaventa Lift GmbH, Köln (D)	100%	100%
Rigert AG, Küssnacht	100%	100%
Garaventa Lift (Shanghai) Co., Ltd (CN)	100%	100%
Garaventa Lift Polska Sp., Zo.o., (PL)	100%	100%
Garaventa Lift s.r.o., Prag (CZ)	100%	100%
Garaventa Coswatt S.r.l., Lainate (I)	100%	100%
Garaventa Lift S.r.l., Lainate (I)	100%	100%
Garaventa USA Inc., Antioch (US)	100%	100%
Garaventa Lift Colombia S.A.S., Cali (CO)	100%	100%

Intercompany balances and transactions, and any unrealized revenue and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

B) Foreign currency

(i) Foreign currency transactions

The functional currency of Group companies is generally the currency used in the primary economic environment in which they operate. Transactions in foreign currencies are translated at the exchange rate that applied on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

For consolidation purposes, the annual financial statements of Group companies that are reported in foreign currencies are translated into Swiss francs as follows: balance sheet at year-end rates, and the income statement, statement of comprehensive income, and cash flow statement at average rates or at the spot rate for significant transactions. The change in accumulated exchange differences from the translation of foreign companies is reported in other comprehensive income. If a foreign operation is disposed, the component of other comprehensive income relating to that particular foreign operation is reclassified to the income statement.

The exchange rates for the most significant foreign currencies are:

		<u>CAD</u>	<u>EUR</u>	<u>USD</u>
2016	Opening	0.7134	1.0820	0.9901
	Year-end	0.7575	1.0718	0.9687
2017	Year-end	0.7785	1.1686	0.9758

C) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(1) Financial assets

Financial assets are classified, at initial recognition, and subsequently measured either at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model for managing them.

Garaventa initially measures its financial assets at amortised costs, considering

- Garaventa's main financial assets comprise of cash and cash equivalents and accounts receivables
- trade receivables do not contain a significant financing component
- financial assets are held with the objective to collect the contractual cash flow
- all assets are expected to generate cash flows that are solely payments of principal and interest on the principal amount

Garaventa also engages in derivative financial instruments (currency hedge). These are recognised at fair value through profit and loss.

(2) Financial liabilities

Financial liabilities include trade and other payables, loans and bank overdrafts.

Financial liabilities are classified at amortised cost using the effective interest rate method (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

<u>Balance sheet position</u>	<u>Classification</u>
Financial assets	
Cash	amortised cost
Trade and other receivable	amortised cost
Derivatives	fair value through profit and loss
Financial liabilities	
Short-term bank loans	amortised cost
Long-term debt	amortised cost
Trade and other payables	amortised cost

(D) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects. When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity.

(E) Fixed Assets

(i) Recognition and measurement

Items of fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of fixed assets have different useful lives, they are accounted for as separate items (major components) of fixed assets.

Gains and losses on disposal of an item of fixed assets are determined by comparing the proceeds from disposal with the carrying amount of fixed assets and are recognized within other income (costs) in net income.

(ii) Depreciation

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

Depreciation is recognized in net income on a straight-line basis over the estimated useful life of each part of an item of fixed assets, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful life unless it is reasonably certain that the corporation will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

· Major components related to the building	10 years
· Machinery and equipment	5 to 10 years
· Office furniture	10 years
· Rolling stock / vehicles	5 to 10 years
· Computer hardware	5 years
· Leasehold	Term of the leases

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

(F) Intangible Assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognized in net income as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the corporation intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in net income as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Other intangible assets

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

Amortization is recognized in net income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are 5 years.

(G) Inventories

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

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

(H) Employee Benefits

(i) Defined benefit plans

Garaventa has defined benefit plans which are covered by funds from separate legal entities. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net income in the periods during which services are rendered by employees.

The aggregate of the present value of the defined benefit obligation and the fair value of plan assets for each plan is recognized in the balance sheet as a net defined benefit liability or a net defined benefit asset. The defined benefit obligation is determined annually by independent actuaries using the projected unit credit method. Employee contributions are recognized in the period in which the related service is rendered.

Plan assets are not available to the Group's creditors.

Pension costs consist of three elements:

- service costs, which are part of the personnel expenses
- net interest, which are recorded in the financial result
- remeasurements, which result from the actuarial valuation and are recorded in other comprehensive income.

(ii) Share-based payment transactions

As part of the Employee Share Program, the Board of the company grants to some members of the management team the possibility to purchase company shares with a 10% discount. The discount is recognised as personnel expense. Garaventa commits to repurchase the shares at the annually assessed share price (cash settlement). The obligation to repurchase is recognised at the point of sales with a corresponding liability.

(I) Provisions

A provision is recognized if, as a result of a past event, the corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are (re)assessed at every balance sheet date.

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

(J) Revenues from contracts with customers

Revenue is recognized as the control of goods or services is transferred to the customer. This can occur at a point in time or over time.

Revenue recognized for new installations and modernization is reported net of progress payments received as a net contract asset or net contract liability.

A receivable is recognized once the Group has an unconditional right to payment. Rights to payment are considered as unconditional once all performance obligations in a contract are satisfied.

The corporation distinguishes four different types of performance obligations:

(i) Goods sold to end-customers (Lifts)

A performance obligation typically represents an installation or modernization of a single unit (elevator or escalator). The performance obligation is considered to be satisfied upon installation and handover of the units to the customer.

The transaction price is based on contracts, payments are based on milestones. Final invoices are generally due in 30-90 days.

Revenue is recognized by performance obligation progressively over time, beginning with the start of installation and based on the output method. The output method is based on progress or completion status of the installation work performed by the field force.

(i) Goods sold to dealers (Lifts)

A performance obligation typically represents sale of a single unit (elevator or escalator) or components and spare parts. The performance obligation is considered to be satisfied upon handover of the units/parts to the dealer.

Revenue is recognized at the time the performance obligation is satisfied.

(ii) Repairs & spares

Income from other customer contracts, particularly repairs, is recognized as revenue at the date when they are performed. The transaction value is based on offers or price lists, payment is either due on advance or within 30-90 days.

(iii) Maintenance service

Maintenance is sold via a separate contract or can be included in the equipment sale contract (as free maintenance for 1-2 years). The transaction price is based on the contract or an allocation of the equipment sales price (based on the stand-alone selling pricing) and payment is due 30-90 days after contract is signed.

Maintenance performance obligation is generally provided periodically and revenue is therefore recognized over time on a straight-line basis.

(K) Lease Payments

Payments made under operating leases are recognized in net income on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(L) Finance Income and Finance Costs

Finance income comprises interest income on funds invested, fair value gain on financial assets at fair value through net income, and gains/expenses on currency hedges recognised in net income. Interest income is recognized as it occurs in net income, using the effective interest method.

Finance costs comprise interest expense on bank loans and long-term debt, fair value loss on financial assets at fair value through net income, impairment losses recognized on financial assets, and losses on ineffective portion of hedging instruments that are recognized in net income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in net income using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(M) Income Tax

(i) Current income taxes

Current income taxes are determined on the basis of the results for the reporting year, taking account of national tax laws in the relevant jurisdictions. Additional tax payments or tax refunds that are expected to be made or have been made for previous years are considered.

(ii) Deferred taxes

Deferred taxes are recognized in accordance with the liability method. The income tax effects of temporary differences between the balance sheet values that are relevant for the consolidated financial statements and the tax base are recognized accordingly.

Deferred tax assets from unused tax loss carry forwards, as well as deductible temporary differences, are recognized if it is probable that the corresponding tax benefits can be realized. Forecasts serve as the basis for this assessment.

(N) Impairment

(i) Impairment of financial assets

For trade receivables and contract assets, the corporation applies a simplified approach in calculating expected credit losses (“ECLs”). Therefore, the corporation does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The corporation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(i) Impairment of non-financial assets

The corporation assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the corporation estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(O) New Accounting Standards and Interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective and have not been applied in preparing these consolidated financial statements.

IFRS 16 - Leases

On January 13, 2016 the IASB issued IFRS 16 Leases . The new standard is effective for years beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 Leases .

The corporation intends to adopt IFRS 16 in its consolidated financial statements for the year beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

IFRIC 23 - Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments . The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

The corporation intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the Interpretation has not yet been determined.

04 – Trade and Other Receivables

	31.12.2017	31.12.2016	01.01.2016
Trade receivables	13'650'860	13'696'205	11'902'620
Less: Allowance for expected credit losses	<u>-1'405'031</u>	<u>-1'406'725</u>	<u>-1'273'324</u>
	12'245'829	12'289'480	10'629'296
Other receivables	<u>1'777'988</u>	<u>1'882'504</u>	351'890
	<u>14'023'817</u>	<u>14'171'985</u>	<u>10'981'186</u>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. These terms apply to all performance obligations.

Trade and other receivables are reported at nominal value less allowance for expected credit loss.

The allowance for expected credit loss is based on internal assessments of collectability based on ageing, dunning activities and other information. Based on experience, an additional provision of 2% on the residual outstanding amount was established in line with the expected credit loss model as per IFRS 9.

Other receivables represent VAT, Insurance and other short-term deposits.

(A) Ageing analysis

		31.12.2017		31.12.2016		01.01.2016	
		<u>Bal.</u>	<u>Allow.</u>	<u>Bal.</u>	<u>Allow.</u>	<u>Bal.</u>	<u>Allow.</u>
Trade receivables age in days:	<30	6'495'589	-110'425	6'163'417	-104'778	5'356'142	-94'818
	31 - 60	2'713'202	-46'124	2'814'018	-47'838	2'445'442	-43'291
	61 - 90	1'148'013	-19'516	1'638'635	-27'857	1'424'009	-25'209
	91 - 360	1'979'693	-149'322	2'523'052	-708'281	2'192'586	-640'951
	>360	<u>1'314'364</u>	<u>-1'079'643</u>	<u>557'083</u>	<u>-517'970</u>	<u>484'117</u>	<u>-468'732</u>
	Total	<u>13'650'860</u>	<u>-1'405'031</u>	<u>13'696'205</u>	<u>-1'406'724</u>	<u>11'902'296</u>	<u>-1'273'000</u>

(B) Allowance for expected credit losses

	31.12.2017	31.12.2016
Balance as at 1 January	1'409'725	1'273'324
Provisions used for credit losses	-33'323	-162'070
Provisions released	-174'506	-177'874
Additional allowance for expected credit losses	137'874	453'398
Movement in exchange rates	<u>65'261</u>	<u>22'947</u>
Balance as at 31 December	<u>1'405'031</u>	<u>1'409'725</u>

The corporation's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 20.

05 – Inventory

	31.12.2017	31.12.2016	01.01.2016
Raw materials and components	10'486'619	9'321'609	9'023'936
Work in progress	1'571'014	1'039'100	1'608'395
Finished goods	<u>3'042'392</u>	<u>3'678'650</u>	<u>2'992'693</u>
Net Inventory	15'100'025	14'039'359	13'625'024
Prepayments for inventory	<u>466'277</u>	<u>173'720</u>	<u>196'508</u>
Total Inventory	<u>15'566'302</u>	<u>14'213'079</u>	<u>13'821'532</u>

Inventories include a valuation adjustment of CHF 292'727 (2017), CHF 102'862 (2016) and CHF 245'549 (2015).

The inventory adjustment relates to items with a slow rate of turnover and technically obsolete items.

Raw materials, sub-assembly components and changes in work in process and finished goods recognized as cost of materials amounted to CHF 28'740'921 (2017), CHF 27'728'414 (2016) and CHF 27'743'646 (2015)

066 – Contract Assets and Liabilities

	31.12.2017	31.12.2016	01.01.2016
Contract assets	502'480	351'241	543'186
Contract liabilities	5'701'149	4'784'625	4'245'298

Contract assets are initially recognised for revenue earned from installation services as receipt of consideration is conditional on successful completion of installation. Upon completion of installation and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. Contract assets change based on the number of installations which are ongoing at the balance sheet date.

Contract liabilities include mile-stone payments received from customers. The outstanding balances of these accounts increased due to the business growth and an increased number of construction sites which are delayed in accepting the equipment installation. The increase of payments received (2017: CHF 916'524, 2016: CHF 539'327) does not correspond with the increase in contract assets, as contracts could not be started, but rather with the increase in inventory.

07 – Fixed and Intangible Assets

	Land & Buildings	Machinery & Equipm.	Computer	Vehicles	Vehicles leased	Total Fixed Assets	Intangible Assets
Cost Value							
Opening 1.1.2016	3'808'727	1'394'518	213'066	714'112	501'500	6'205'791	1'066'925
Additions	3'487'115	26'510	231'235	409'920	198'061	4'352'841	288'159
Disposals	797'504	349'889	301'861	187'079	195'968	1'832'301	-
Currency adj.	-	24'875	9'710	36'603	-	21'438	39'638
Closing value 31.12.2016	6'498'338	1'046'264	273'982	973'556	503'593	8'747'768	1'315'446
Accumulated Depreciation							
Opening 1.1.2016	2'226'998	91'008	905'489	68'899	405'359	1'886'776	695'528
Depreciation	51'983	440'302	275'016	248'062	100'719	1'116'082	155'485
Disposal	462'822	208'273	301'861	187'076	195'968	1'356'000	-
Currency adj.	-	127'352	-	-	-	127'352	971
Closing value 31.12.2016	1'816'159	195'685	932'334	129'885	310'110	1'519'506	850'043
Net value 31.12.2016	4'682'179	850'579	658'352	843'671	193'483	7'228'263	465'403
Cost Value							
Opening 1.1.2017	6'498'338	1'046'264	273'982	973'556	503'593	8'747'768	1'315'446
Additions	7'182'823	1'905'679	366'708	391'614	153'724	10'000'548	652'327
Disposals	1'801'163	832'494	24'156	144'431	-	2'753'932	-
Currency adj.	289'002	347'092	210'092	59'411	-	905'596	32'306
Closing value 31.12.2017	12'169'000	2'466'541	326'973	1'280'150	657'317	16'899'981	2'000'079
Accumulated Depreciation							
Opening 1.1.2017	1'816'159	195'685	932'334	129'885	310'110	1'519'505	850'043
Depreciation	363'706	231'619	127'799	224'858	85'809	1'033'791	177'047
Disposal	1'088'515	446'167	25'765	140'271	-	1'649'189	-
Currency adj.	3'065	160'500	78'043	10'900	-	252'508	31'013
Closing value 31.12.2017	1'094'414	141'637	700'727	225'372	395'919	1'156'616	1'058'103
Net value 31.12.2017	11'074'586	2'324'904	1'027'700	1'054'778	261'398	15'743'365	941'976

Intangible assets are comprised on the following components:

	31.12.2017	31.12.2016	01.01.2016
Capitalized development costs	929'261	447'910	394'823
Concession rights	12'716	17'493	23'427
Total intangible assets	941'976	465'403	371'396

08 – Trade and Other Payables

	31.12.2017	31.12.2016	01.01.2016
Trade payables	4'463'446	3'829'278	2'750'345
Sales and withholding tax payables	649'254	5'130	-
Social security and pension funds payable	478'785	1'397	-
Other current liabilities	<u>1'876'865</u>	<u>704'860</u>	<u>760'402</u>
	<u>7'468'349</u>	<u>4'540'665</u>	<u>3'510'747</u>

The corporation's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 20.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-60-day terms
- Other payables are non-interest bearing and have an average term of six months

09 – Financial Debt

This note provides information about the contractual terms of the corporation's interest-bearing long-term debt, which is measured at amortized cost.

	31.12.2017	31.12.2016	01.01.2016
<u>Current portion</u>			
Bank overdrafts	77'497	41	52'197
Finance lease liability	218'567	178'652	152'856
Liability employee share program	510'750	341'775	283'810
Derivative financial Instruments	-	71'558	151'065
	<u>806'815</u>	<u>592'026</u>	<u>639'928</u>
<u>Non-current portion</u>			
Long-term bank loans	2'729'624	6'261'192	4'280'400
Shareholder loan	4'744'001	4'744'001	4'744'001
Finance lease liability	247'995	227'567	141'408
	<u>7'721'620</u>	<u>11'232'760</u>	<u>9'165'809</u>
Long-term bank loan details:			
Banker's acceptance with interest at prime plus 2.5%	3'500'000	6'000'000	6'000'000
Interim facility with interest at prime plus 0.75%	-	2'265'600	2'265'600
Prime rate	3.20%	2.70%	2.70%
Shareholder loan details:			
Subordinated loan	4'744'001	4'744'001	4'744'001
Interest rate	3.10%	3.10%	3.10%

10 - Provisions

	<u>Note</u>	31.12.2017	31.12.2016	01.01.2016
Other non-current provisions		980'768	768'756	738'608
Defined benefit obligation	26	<u>5'482'900</u>	<u>5'615'700</u>	<u>5'566'000</u>
Total provisions		<u>6'463'668</u>	<u>6'384'456</u>	<u>6'304'608</u>
Warranty provisions		825'452	1'229'334	1'102'428
Short-term provisions		<u>825'452</u>	<u>1'229'334</u>	<u>1'102'428</u>

Warranty provision

During the normal course of its business, the corporation assumes the cost of certain components in replacement of defective components under warranties offered on its products. The warranties cover generally a period of 12 months. The provision is based on estimates made from historical warranty data associated with similar products and services. Nevertheless, conditions may change and a significant amount may need to be recorded.

	31.12.2017	31.12.2016
Balance 1.1.	1'229'334	1'102'428
Increase	281'591	1'051'000
Release	-404'962	-51'000
Usage	-301'990	-893'000
Currency adjustments	<u>21'479</u>	<u>19'906</u>
Balance 31.12.	<u>825'452</u>	<u>1'229'334</u>

Other non-current provision

Other non-current provisions relate to indemnity obligations in Italy.

	31.12.2017	31.12.2016
Balance 1.1.	768'756	738'608
Increase	136'140	37'000
Currency adjustments	<u>75'873</u>	<u>-6'852</u>
Balance 31.12.	<u>980'768</u>	<u>768'756</u>

11 – Share Capital and other Components of Equity

A) Share Capital

	31.12.2017	31.12.2016	01.01.2016
Balance Opening	2'173'799	1'976'181	1'976'181
Issued	-	197'618	-
Balance Closing	<u>2'173'799</u>	<u>2'173'799</u>	<u>1'976'181</u>

The company issued 2'173'799 registered shares with a nominal value of CHF 1.-- per share. The above schedule represents movement in share numbers and share capital value.

Dividends paid in 2016 = CHF 645'857 or CHF 0.30 per share.

B) Treasury / Own Shares

<u>Number of Shares:</u>	31.12.2017	31.12.2016	01.01.2016
Balance Opening	121'595	121'595	121'595
Sale of shares to employees	-14'500	-	-
Balance Closing	<u>107'095</u>	<u>121'595</u>	<u>121'595</u>
<u>Value of Shares:</u>			
Balance Opening	1'678'011	1'678'011	1'678'011
Sale of shares to employees	-200'100	-	-
Balance Closing	<u>1'477'911</u>	<u>1'678'011</u>	<u>1'678'011</u>

12 - Revenue

	2017	2016
Sales	83'733'854	79'758'613
Gain on disposals of assets	3'814'203	993'219
Other operating income	216'891	314'807
Total revenue	<u>87'764'949</u>	<u>81'066'638</u>

Disaggregated revenue information

Revenue from contracts with customers by ...		31.12.2017	31.12.2016
... Product type	Lifts	70'345'611	66'791'009
	Repairs & spares	9'287'411	9'173'307
	Maintenance service	4'100'832	3'794'296
	Total	<u>83'733'854</u>	<u>79'758'613</u>
... Revenue recognition	Point in Time	39'348'322	38'381'937
	Over Time	44'385'532	41'376'676
	Total	<u>83'733'854</u>	<u>79'758'613</u>
... Region	Switzerland	15'331'939	14'853'264
	Europe	19'581'179	17'970'376
	Americas	48'163'033	46'353'038
	Asia	657'704	581'934
	Total	<u>83'733'854</u>	<u>79'758'613</u>

13 – Personnel Expenses

	<u>Note</u>	2017	2016
Wages and salaries		28'247'554	26'578'401
Social security cost		3'327'244	3'088'023
Cost of defined benefit plans		525'700	596'600
Cost of share-based benefits	19	92'363	4'825
Other personnel expenses		374'699	95'295
		<u>32'567'560</u>	<u>30'363'144</u>

14 – Operating Expenses

	2017	2016
Building and office leases	1'433'171	1'592'391
Utilities and waste expenses	424'221	98'241
Maintenance and repair expenses	777'709	1'577'282
Marketing expenses	1'780'834	1'538'858
Vehicles expenses	2'062'354	1'732'484
Research and development expenses	204'145	141'009
Administration expenses	4'024'385	3'620'828
Insurance expenses	275'843	174'983
ICT expenses	1'415'867	261'887
Own work capitalised	-487'676	-
Change of provisions for warranties	-450'474	922'187
Change of other provisions	-32'326	939'401
Change of other provisions	141'085	-
Total operating expenses	<u>11'569'139</u>	<u>12'599'551</u>

15 – Other Operating Income

	2017	2016
Gain on sale of assets	3'814'203	993'219
Other operating income	216'891	314'807
Total other operating income	<u>4'031'094</u>	<u>1'308'026</u>

The gains on sales of assets relate to property sold in Canada (2017) and Switzerland (2016)

16 – Finance Income and Expenses

	2017	2016
Interest income	3'151	6'511
Gain on derivatives	609'233	-
Net gain on foreign currency exchange	<u>451'650</u>	<u>138'552</u>
Finance income	<u>1'064'033</u>	<u>145'064</u>
Interest on long-term debt	171'972	169'155
Loss on derivatives	-	88'846
Interest expense and bank charges	252'627	140'629
Interest on finance lease	<u>9'523</u>	<u>7'997</u>
Finance expenses	<u>434'121</u>	<u>406'627</u>

The interest income 2017 is generated by the change in the currency hedge (see also note 20). CHF 609'233 (2016: expense of CHF 88'846) are attributable to the revaluation of the open currency contracts.

17 – Related parties

Transactions with key management personnel

A) Employee Stock Plan 2009

The company sold under the Employee Stock Plan 2009 shares to key management personnel with an obligation to buy back these shares. The total repurchase obligation amounts to CHF 510'751. See also note 19

Last sale of shares to employees

- year	2017	
- number of shares	14'500	
- value	119'305	
- sales condition	10%	discount, blocked for 3 years

Last repurchase of shares from employees

- year	2014	
- number of shares	16'000	
- value	172'880	

B) Key management personnel compensation

	31.12.2017	31.12.2016
Personnel expenses	361'000	361'828
Interest payments	147'000	147'000
Service payments	66'000	169'000

No share-based benefit payments; no extraordinary contribution to pension funds (only salary related employer contributions).

The Personnel expenses comprises short term employee benefits as well as contributions to post-employment benefit arrangements.

18 – Income Tax

	2017	2016
Net income before tax	7'557'804	3'534'449
Current income tax expense	556'868	1'273'286
Deferred tax expense / income	520'490	297'448
Net income after tax	6'480'445	2'558'612
Average expected tax rate	24%	16%

The average tax rate is dependent on the mix of net income from different subsidiaries with different tax rates.

Tax expense expected	1'823'811	571'540
Effect of non-recognition of tax loss carryforwards	78'955	524'081
Non-tax deductible income / expenses	-964'695	74'034
Other taxes	652	4'000
Other adjustments	138'636	-197'818
Tax expense booked	1'077'358	975'837
Average effective tax rate	14%	28%

Deferred tax by category

	31.12.2017	31.12.2016	01.01.2016
Trade and other receivables	112'878	214'641	61'465
Inventory	614'457	438'874	461'949
Fixed assets	-246'692	119'618	130'485
Intangible assets	167'720	206'816	78'489
Derivative financial instruments	-141'958	18'963	40'032
Financial assets	-971'425	867'571	715'464
Deferred revenue / accruals	163'400	261'951	284'696
Short-term provisions	192'559	215'803	53'874
Provisions	881'675	913'432	1'044'339
Net deferred tax asset	772'614	1'283'290	1'178'894

Reconciliation of net deferred tax asset

	2017	2016
Deferred tax asset (net)	1'283'290	1'178'894
Tax expense in the income statement of the period	-520'490	297'448
Tax expense during the period recognised in OCI	33'303	-62'007
Currency impact	-23'490	-131'046
Deferred tax closing balance	772'614	1'283'290

Tax losses carried forward

Tax losses carried forward are not recognised as deferred tax assets.

Tax losses carried forward	2017		2016		01.01.2016	
	Tax loss	Tax effect	Tax loss	Tax effect	Tax loss	Tax effect
0-1 year	-	-	-	-	-	-
1-5 years	6'786'000	681'690	6'859'000	664'155	11'309'000	1'095'000
> 5 years	5'698'103	1'118'748	5'079'689	1'231'953	5'059'000	1'227'000
Total tax losses unrecognised	12'484'103	1'800'438	11'938'689	1'896'108	11'938'689	2'322'000

19 – Share-based Payments

Since 2010 the management of Garaventa Accessibility Group has the possibility to acquire a limited number of registered shares of the company at a preferential price. 14'500 shares were sold to employees in 2017 (2016: no shares)

Based on the company's obligation to repurchase the shares under the Employee Stock Plan 2009, the following liability has been accounted for:

	<u>2017</u>		<u>2016</u>		<u>01.01.2016</u>	
	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>	<u>#</u>	<u>Amount</u>
Barred shares held by employees	22'500	225'331	22'500	180'940	16'500	128'297
Non-barred shares held by employees	<u>28'500</u>	<u>285'420</u>	<u>20'000</u>	<u>160'835</u>	<u>20'000</u>	<u>155'512</u>
	<u>51'000</u>	<u>510'751</u>	<u>42'500</u>	<u>341'775</u>	<u>36'500</u>	<u>283'810</u>

The sales price for treasury shares is determined based on the net book value of the shares (Swiss GAAP FER). The sales price increased from CHF 8.04 in 2016 to CHF 10.01 in 2017 and with it the valuation of the repurchasing obligation. A corresponding repurchasing provision is included in other long-term liabilities (see note 10).

In connection with the acquisition of Garaventa by Savaria Corp. the repurchasing obligation was transferred to Savaria Corp.

The repurchasing obligation established amounted to CHF 510'751 (2017), 341'775 (2016) and 283'810 (2015).

20 – Financial Risk and Capital Management

(The Group is exposed to a variety of general and industry-specific risks. The most significant financial risks to which it is exposed are market risks (including interest rate risks, foreign currency risks, and price risks), liquidity risks, and credit risks. These risks can have a material impact on the Group's financial position, results of operations, and cash flows.

(2) Credit risk

Credit risk is the risk that a financial loss may arise if a counterparty is unable or unwilling to fulfil its contractual payment obligations. Cash and cash equivalents are held or issued by financial institutions with a superior-quality credit rating. Thus, the corporation considers that the risk of non-performance of such financial institutions is negligible.

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

(3) Liquidity risk

Liquidity risk is defined as the risk that the Group encounters difficulties in meeting its obligations on time or at a reasonable price. Management assesses its liquidity risk on an ongoing basis to ensure that it has sufficient liquidity to meet its obligations. To ensure the availability of sufficient liquidity to meet current obligations, the Corporation maintains similar payment terms with its customers as it has with its suppliers.

Garaventa had the following net working capital at its disposal:

	31.12.2017	31.12.2016	01.01.2016
Current assets	37'502'148	41'502'173	34'053'109
Current liabilities	<u>-18'062'545</u>	<u>-16'968'309</u>	<u>-14'790'768</u>
Net working capital	<u>19'439'603</u>	<u>24'533'865</u>	<u>19'262'340</u>

(4) Market risk

In the course of its normal business activities, the Group is exposed to market risks arising mainly from changes in interest rates and foreign currency exchange rates.

The Group's assets and liabilities associated with pension plans are not included in the following quantitative and qualitative information.

(i) Currency risk

The Group uses the Swiss franc as its reporting currency. It is exposed to foreign currency exchange movements, primarily in EUR, CAD and USD.

This risk is categorized as transaction risk due to income and expenses in currencies other than the local reporting currency, or as translation risk arising from the consolidation of the financial statements of Group companies in Swiss francs.

The majority of income and expenses from operating activities are incurred in local currencies. Where transactions in foreign currencies occur, these are managed either through matching the invoicing currency to the source currency of the cost of materials, or by hedging through currency forward contracts.

The main exposure arises in the Canadian operation versus the US dollar. The company has entered into the purchase of forward foreign exchange contracts with the Canadian chartered bank to fix the purchase price on buying USD against CAD to settle personnel costs. Any gain or loss on the currency hedge is disclosed in the balance sheet, any change is recognised in profit and loss. The company does not hold or issue financial instruments or derivatives for trading or speculative purposes.

	31.12.2017	31.12.2016	01.01.2016
Outstanding forward exchange contracts	18	23	8
Duration	< 1 year	< 1 year	< 1 year
Estimated fair value gain	CAD 688'106		
Estimated fair value loss		CAD 94'466	CAD 211'754

Foreign currency sensitivity:

The following table (values in CHF) demonstrates the sensitivity to a 1 cent change in exchange rate of EUR, CAD and USD versus CHF, with all other variables held constant. The impact on profit before tax is due to the currency hedge being adjusted through income statement.

	31.12.2017			31.12.2016		
	<u>EUR</u>	<u>CAD</u>	<u>USD</u>	<u>EUR</u>	<u>CAD</u>	<u>USD</u>
Cash	2'976	6'617	46'218	-	-	-
Trade And Other Receivables	3'393'474	6'594'742	2'074'232	3'274'146	6'347'233	2'121'543
Short Term Bank Loan	2'341'278	-72'763	-	-41	-	-
Trade And Other Payables	-2'655'936	-2'312'844	-653'874	-1'650'676	-945'779	-139'511
Long Term Debt	-	-2'724'750	-118'033	-	-6'261'192	-
Total monetary items	3'081'792	1'491'002	1'348'544	1'623'430	-859'739	1'982'032
increase in 1 cent vs CHF						
- balance sheet exposure	26'372	19'152	13'820	15'147	-11'350	19'464
- net profit exposure		-6'881			-945	

IFRS require all financial instruments which are held at fair value, and all reported fair values, to be categorized into three classes (or "levels") according to whether the fair values are based on quoted prices in active markets (Level 1), on models using other observable market data (Level 2), or on models using unobservable inputs (Level 3).

The only financial instruments that the Garaventa Accessibility recognized at fair value were derivatives held for currency hedging. The measurement of the derivatives falls into Level 2 of the fair value measurement hierarchy under IFRS 13.

(ii) Interest rate risks

Interest rate risks result from changes in interest rates that can negatively affect the Group's financial position, results of operations, and cash flows. Fluctuations in interest rates lead to changes in the interest costs and interest income of variable interest-bearing assets and liabilities.

Garaventa is exposed to interest rate risks arising from cash, bank loans and long-term debt. Cash and short-term bank loans/overdrafts expose the group to the risk of variability in cash flows due to changes in interest rates, whereas long-term loans issued at fixed rates expose the Corporation to the risk of variability in fair value due to changes in interest rates.

	31.12.2017	31.12.2016	01.01.2016
Cash	5'987'562	10'143'972	6'527'620
Short term bank loan	77'497	41	52'197
Long term debt	7'721'620	11'232'760	9'165'809

Garaventa's sensitivity to interest rate changes is limited.

- Cash and short-term bank loans/overdrafts impact the income side. The current interests are at historically low rates.
- The relevant interest rates on long-term loans are fixed.

The group reviews on a regular basis its exposure to interest rate risks and examines the renewal and refinancing options that are available to it in order to minimize this risk. There are no derivative instruments in place.

(iii) Price risk

The Corporation's products include a large number of components manufactured by numerous suppliers around the world. The price of such components can vary and affect the Corporation's profit margins. However, the Corporation's flexible business model enables it to change supplier if required in order to minimize this risk.

Garaventa does not use derivative products on the price of materials.

(5) Changes in liabilities arising from financing activities

	01.01.2017	Cash flows	Fx movement	New leases	31.12.2017
Current interest-bearing loans and borrowings	41	77'457			77'497
Current obligation under finance leases	178'652	-61'823		101'738	218'567
Non-current interest-bearing loans and borrowings	11'005'193	-3'391'784	-139'784		7'473'625
Non-current obligation under finance leases	227'567	-	-	20'428	247'995
	11'411'453	-3'376'150	-139'784	122'166	8'017'685

	01.01.2016	Cash flows	Fx movement	New leases	31.12.2016
Current interest-bearing loans and borrowings	52'197	-52'156			41
Current obligation under finance leases	152'856	-51'040		76'836	178'652
Non-current interest-bearing loans and borrowings	9'024'401	2'040'591	-59'799		11'005'193
Non-current obligation under finance leases	141'408	-	-	86'159	227'567
	9'370'862	1'937'395	-59'799	162'995	11'411'453

(6) Capital management

For the purpose of the Group's capital management, capital includes issued capital, share surpluses and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and adjusts in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017 and 2016.

	31.12.2017	31.12.2016	01.01.2016
Short term bank loan	77'497	41	52'197
Trade and other payables	7'468'349	4'540'665	3'510'747
Other current financial liabilities	729'317	591'985	587'731
Long term debt	7'721'620	11'232'760	9'165'809
Cash	-5'987'562	-10'143'972	-6'527'620
Net debt	10'009'222	6'221'479	6'788'864
Equity	22'712'270	15'893'604	9'661'230
Equity and net debt	32'721'492	22'115'083	16'450'093
Gearing ratio	31%	28%	41%

(7) Cash flow impact

As at 31 December 2017	on demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total	Carrying amount
Short term bank loan	77'497					77'497	77'497
Trade and other payables		5'591'485	1'876'865			7'468'350	7'468'349
Other current financial liabilities		72'712	656'175	247'995		976'882	729'317
Long term debt		58'603	175'809	937'648	8'351'557	9'523'617	7'721'620

As at 31 December 2016	on demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total	Carrying amount
Short term bank loan	41					41	41
Trade and other payables		3'835'805	704'860			4'540'665	4'540'665
Other current financial liabilities		79'587	512'398	227'567		819'552	591'985
Long term debt		79'029	237'087	1'264'465	13'004'978	14'585'559	11'232'760

As at 1 January 2016	on demand	Less than 3 months	3 to 12 months	1 to 5 years	>5 years	Total	Carrying amount
Short term bank loan	52'197					52'197	52'197
Trade and other payables		275'345	760'402			3'510'747	3'510'747
Other current financial liabilities		93'250	494'481	141'408		3'510'747	587'731
Long term debt		65'659	196'976	1'050'539	10'337'575	11'650'749	9'165'809

21 – Commitments

Operational lease

Non-cancellable operating lease rentals (mainly offices, parking, cars) are payable as follows:

	<u>2017</u>		<u>2016</u>	
	Minimum Payments	NPV of Payments	Minimum Payments	NPV of Payments
Less than 1 year	923'149	918'568	843'696	839'519
Between 1 and 5 years	1'786'372	1'746'306	1'732'615	1'687'993
More than 5 years	81'967	78'378	169'364	161'947
	<u>2'791'488</u>	<u>2'743'252</u>	<u>2'745'675</u>	<u>2'689'459</u>

The Corporation concluded lease agreements for the rental of its premises and entered into operating leases for rolling stock and equipment. The building leases run for remaining periods between 6 and 66 months, with most leases having an option to renew after that date.

Finance lease

The corporation has finance lease for cars.

	2017		2016	
	<i>Minimum payments</i>	<i>NPV of payments</i>	<i>Minimum payments</i>	<i>NPV of payments</i>
Within one year	218'137	217'594	178'652	178'652
Between 1 and 5 years	247'995	244'628	227'567	227'567
More than 5 years	-	-	-	-
Total	466'132	462'221	406'219	406'219
Carrying amount in fixed assets	261'398		193'483	

22 – Pension Plans

The Group has three funded defined benefit plans in Switzerland. These plans are managed by a separate legal entity "ALSA PK, unabhängige Sammelstiftung" (thereafter referred to as "Pension Fund"). The governing bodies of these entities have an obligation to act in the interests of the plan participants and are also responsible for the investment strategy.

These pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which states that pension plans are to be managed by independent, separate legal entities. It also stipulates that a pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives.

Plan participants are insured against the financial consequences of old age, disability, and death. The insurance benefits are subject to regulations, with the BVG specifying the minimum benefits that are to be provided. The employer and employees pay contributions to the pension plan. If a plan is underfunded, various measures can be taken, such as a reduction in benefits by altering the conversion rates or increasing current contributions. The BVG states how the employer and employees have to jointly fund potential restructurings.

The Pension Fund has the legal structure of a foundation. All actuarial risks are borne by the foundation.

They consist of demographic risks (primarily life expectancy) and financial risks (primarily the discount rate, future increases in salaries/wages, and the return on plan assets) and are regularly assessed by the Board of Trustees. In addition, an actuarial report is drawn up annually in accordance with BVG requirements.

The Board of Trustees defines the investment strategy as often as necessary and at least once annually. When defining the investment strategy, it takes account of the foundation's objectives, benefit obligations, and risk capacity. The investment strategy is defined on the basis of a long-term target asset structure. The aim is to ensure that plan assets and liabilities are aligned in the medium and long term and actuarial risks are reinsured.

	31.12.2017	31.12.2016	01.01.2016
Fair value of plan assets	13'206'900	12'287'100	10'311'400
Present value of defined benefit obligation	<u>18'689'800</u>	<u>17'902'800</u>	<u>15'877'400</u>
Plan deficit	<u>-5'482'900</u>	<u>-5'615'700</u>	<u>-5'566'000</u>

The main driver behind the change in the plan deficit are the remeasurements (change in experience assumptions and change in financial assumptions).

The plan assets are managed by the Pension Fund and valued at market price consisting of the following asset classes:

	31.12.2017	31.12.2016	01.01.2016
Shares and alternative classes	6'396'117	5'599'189	4'229'727
Bonds	1'751'240	2'102'306	2'296'342
Property	3'967'363	3'442'819	2'683'020
Cash/outstanding debits	<u>1'092'180</u>	<u>1'142'686</u>	<u>1'102'311</u>
	13'206'900	12'287'000	10'311'400

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

Garaventa Accessibility does not invest the plan assets directly but only through investment funds offered by insurance companies or banks. Garaventa Accessibility has no influence of any kind on the investment decisions of the fund managers.

	31.12.2017	31.12.2016
<u>Cost of the defined benefit plan</u>		
Service cost	525'700	596'600
Net interest on employee benefits	<u>25'200</u>	<u>22'200</u>
Total pension expense recorded in income statement	<u>550'900</u>	<u>618'800</u>
<u>Remeasurement of employee benefit</u>		
change in demographic assumptions	0	0
change in financial assumptions	-5'600	242'300
experience estimates	<u>-227'100</u>	<u>-17'800</u>
	<u>-232'700</u>	<u>224'500</u>
<u>Change in fair value of plan assets</u>		
Opening Balance 1.1.	12'287'100	10'311'400
Contribution to the fund	543'500	369'800
Benefits paid	-65'000	768'700
Interest income	56'300	43'600
Return on plan assets	-92'500	423'800
Plan member contribution	<u>477'500</u>	<u>369'800</u>
Closing Balance 31.12.	<u>13'206'900</u>	<u>12'287'100</u>
	31.12.2017	31.12.2016
<u>Change in fair value of defined benefit obligation</u>		
Opening Balance 1.1.	17'902'800	15'877'400
Service costs	525'700	596'600
Benefits paid by the plan	-65'000	768'700
Interest cost	81'500	65'800
Remeasurements	-232'700	224'500
Plan member contribution	<u>477'500</u>	<u>369'800</u>
Closing Balance 31.12.	<u>18'689'800</u>	<u>17'902'800</u>
Plan participants		
Active	77	77
Retired	<u>5</u>	<u>4</u>
Total	<u>82</u>	<u>81</u>
<u>Significant actuarial assumption</u>		
Discount rate	0.45%	0.40%
increase in salaries/wages	1.00%	0.80%

The discount rate and the future increase in salaries/wages were identified as significant assumptions.

A change in actuarial assumption would result in an impact on the defined benefit (net) obligation:

- 0.5% increase in the discount rate
- 0.5% increase in the expected salaries/wages growth rate

The sensitivity analysis is based on reasonable possible changes as at the end of the reporting year. Each change in a significant actuarial assumption was analysed separately as part of the test. Interdependencies were not considered.

Effect on future cash flow

The following are the expected payments or contributions to the defined benefit plan in future years:

	31.12.2017	31.12.2016
within next 12 months	76'400	50'200
between 2 and 5 years	297'100	194'700
between 5 and 10 years	329'800	226'000
beyond 10 years	<u>-</u>	<u>-</u>
	703'300	470'900

Pension maturity

The average duration of the defined benefit obligation as at 31 December 2017 was between 6.8 years and 11.8 years (depending on the plan).

23 – Subsequent Events

In September 2018 Management decided to close the China operation. The close will take effect in 2019, the financial implication of that decision is currently being evaluated.

ANNEXE B

**États financiers consolidés non audités intermédiaires de Garaventa Lift
pour la période de six mois close le 30 juin 2018**

GARAVENTA ACCESSIBILITY AG, Arth

Consolidated
Interim Financial Statements
(condensed, unaudited)

for the six months ended 30 June 2018

Consolidated Interim Balance Sheet

(in CHF)

	<u>Note</u>	30.06.2018	31.12.2017
ASSETS		(unaudited)	
Cash		5'336'774	5'987'562
Trade and other receivables		14'970'415	14'023'817
Inventories		15'968'079	15'566'302
Derivatives		-	535'691
Contract asset		598'643	502'480
Prepaid expenses		478'190	886'297
Current assets		37'352'100	37'502'148
Fixed assets	4	14'819'553	15'743'365
Intangible assets	4	1'125'605	941'976
Deferred tax assets		1'184'005	772'614
Non-current assets		17'129'163	17'457'955
Total assets		54'481'263	54'960'103
LIABILITIES AND EQUITY			
Short term bank loan		146'137	77'497
Trade and other payables		7'824'760	7'468'349
Contract liability		6'099'619	5'701'149
Deferred revenues		977'480	918'299
Accruals		2'483'338	2'164'399
Income taxes payable / accruals		163'666	178'083
Short-term provisions		814'481	825'452
Other current financial liabilities		28'056	729'317
Current liabilities		18'537'536	18'062'545
Long term debt		8'373'567	7'721'620
Provisions		6'540'251	6'463'668
Non-current liabilities		14'913'818	14'185'288
Total liabilities		33'451'354	32'247'833
Share capital	5	2'173'799	2'173'799
Treasury shares	5	-1'477'911	-1'477'911
Surplus		13'230'816	12'589'389
Retained earnings		7'103'205	9'426'993
Equity		21'029'909	22'712'270
Total liabilities and equity		54'481'263	54'960'103

Consolidated Interim Income Statement

For the six months ended 30 June 2018

(in CHF)

	<u>Note</u>	2018 (unaudited)	2017 (unaudited)
Revenue	6	43'394'347	37'798'824
Cost of materials		19'222'664	14'782'233
Personnel expense		17'927'177	16'016'565
Other operating expense		6'216'911	6'652'549
Depreciation of fixed assets		953'334	516'896
Amortisation of intangible assets		175'371	88'524
Operating expenses		44'495'457	38'056'768
Other operating income	7	189'286	4'153'304
Operating Profit		-911'824	3'895'360
Finance income		171'696	610'518
Finance expense		-733'822	-335'142
Profit before taxes		-1'473'949	4'170'736
Income tax expense		178'271	839'173
Net Profit		-1'652'220	3'331'563

Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2018

(in CHF)

	2018	2017
	(unaudited)	(unaudited)
Net profit	-1'652'220	3'331'563
Other comprehensive income - may be reclassified into the income statement in the future		
- exchange differences on translation of foreign operations	<u>-540'891</u>	<u>580'880</u>
Net other comprehensive income that may be reclassified into the income statement in the future	-540'891	580'880
Other comprehensive income - not to be reclassified to the income statement in the future		
Net other comprehensive income - not to be reclassified to the income statement in the future	-	-
Total other comprehensive income for the year net of tax	-540'891	580'880
Total comprehensive income for the year net of tax	-2'193'111	3'912'443

Consolidated Interim Cash Flow Statement

For the six months 30 June 2018

(in CHF)

	<u>Note</u>	2018	2017
		(unaudited)	(unaudited)
Cash flow from operating activities			
Net income before tax		-1'473'949	4'020'003
Adjustments to reconcile net income before tax to net cash flows:			
Depreciation of financial assets		953'334	516'896
Amortisation of intangible assets		175'371	88'524
Gain on sales of assets	7	-27'210	-3'787'897
Finance income / expense		320'511	21'472
Change in provisions		-445'138	-47'142
Change in trade and other receivables		-946'599	-898'943
Change in inventory		-401'777	-2'158'460
Change in prepaid expenses		408'107	-1'062'136
Change in contract assets		-96'162	-151'239
Change in contract liabilities		398'470	1'628'594
Change in other current assets		535'691	-535'691
Change in trade and other payables		356'411	1'032'960
Change in accruals		378'119	-1'050'052
Income tax paid		-192'688	-624'926
Interest received / paid		-186'185	-208'130
Net cash from operating activities		-243'694	-3'216'166
Cash flows from investing activities			
Additions to fixed assets	4	-497'412	319'245
Disposals of fixed assets	4	41'131	2'753'932
Additions to intangible assets	4	-359'102	-90'081
Net cash from investing activities		-815'382	2'983'096
Cash flows from financing activities			
Repayment of / proceeds from short- and long-term debt		-667'589	-1'547'655
Issue of shares		651'947	-
Net Cash from financing activities		-15'642	-1'547'655
Exchange rate differences		423'931	-39'917
Net change in cash		-650'788	-1'820'642
Cash as at 1.1.		<u>5'987'562</u>	<u>10'143'972</u>
Cash as at 30.06.		5'336'774	8'323'330

Consolidated Interim Statement of Changes in Equity

For the six months 30 June 2018

(in CHF, unaudited)

	Share capital	Surplus	Treasury shares	Retained earnings	Total
Opening balance 1.1.2017	2'173'799	13'401'166	-1'678'011	1'996'650	15'893'604
Net Income				3'331'563	3'331'563
Other comprehensive income	-	-	-	580'880	580'880
Dividends	-	-645'857	-	30'196	-615'661
Change in treasury shares	-	-165'920	200'100	-	34'180
Closing balance 30.06.2017	2'173'799	12'589'389	-1'477'911	5'939'290	19'224'567
Opening balance 1.1.2018	2'173'799	12'589'389	-1'477'911	9'426'993	22'712'270
Net Income				-1'652'220	-1'652'220
Other comprehensive income	-	-	-	-540'891	-2'193'111
Change in repurchasing obligation	-	641'427	-	-130'677	510'750
Closing balance 30.6.2018	2'173'799	13'230'816	-1'477'911	7'103'205	21'029'909

Condensed Notes to the Interim Financial Statements

01 – Reporting Entity

GARAVENTA ACCESSIBILITY AG ("GAAG") is a company domiciled in Switzerland. The address of its registered office is Tennmattstrasse 15, 6410 Goldau. The interim condensed consolidated financial statements of GAAG as at and for the period ended 30 June 2018 comprise the accounts of GAAG and its subsidiaries (together referred to as the "Corporation").

The interim condensed financial statements for the six months ended 30 June 2018 were authorised for issue by the CFO of the company on 12. November 2018.

The activities of the Corporation consist of manufacturing, installing and distributing vertical lifts and stairlifts for people with mobility challenges.

02 – Basis of Presentation

A) Statement of compliance

The interim condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the corporation's annual consolidated financial statements as at 31 December 2017.

B) Functional and presentation currency

These consolidated financial statements are presented in Swiss Francs, which is also GAAG's functional currency.

03 – Significant Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

04 – Fixed and Intangible Assets

	Land & Buildings	Machinery & Equipm.	Computer	Vehicles	Vehicles leased	Total Fixed Assets	Intangible Assets
Cost Value							
Opening 1.1.2017	5'300'158	6'585'220	3'179'384	2'166'274	503'593	17'734'629	1'315'446
Additions	-	306'134	274'610	527'362	107'476	1'215'581	-
Disposals	-657'365	-130'845	-5'538	-344'183	-	-1'137'931	-
Currency adj.	160'495	120'142	210'092	-32'467	-	458'261	27'582
Closing value 30.06.2017	4'803'288	6'880'650	3'658'548	2'316'986	611'069	18'270'541	1'343'028
Accumulated Depreciation							
Opening 1.1.2017	768'233	5'375'304	2'693'532	1'359'187	310'110	-10'506'366	-850'043
Depreciation	-181'853	-115'810	-63'900	-112'429	-42'905	-516'896	-88'524
Disposal	219'122	16'924	74'431	-	-	310'476	-
Currency adj.	-45'438	-69'295	-20'024	3'088	-	-131'669	62'498
Closing value 30.06.2016	-776'401	-5'543'486	-2'703'024	-1'468'528	-353'015	-10'844'454	-876'068
	4'531'925	1'209'916	485'852	807'087	193'483	7'228'263	
Net value 30.06.2017	4'026'886	1'337'165	955'523	848'458	258'055	7'426'087	466'960
Cost Value							
Opening 1.1.2018	12'169'000	2'466'541	326'973	1'280'150	657'317	16'899'981	2'000'079
Additions	-66'354	248'570	42'071	273'124	-	497'412	359'102
Disposals	-	-2'167	-	-49'119	-115'524	-166'810	-
Currency adj.	-369'032	-171'896	-75'754	-22'105	-	-638'787	-13'345
Closing value 30.06.2018	11'733'614	2'541'050	293'290	1'482'050	541'793	16'591'796	2'345'836
Accumulated Depreciation							
Opening 1.1.2018	-1'094'414	-141'637	700'727	-225'372	-395'919	-1'156'616	-1'058'103
Depreciation	-174'066	-376'130	-148'382	-213'718	-41'000	-953'295	-175'371
Disposal	-	1'773	-	39'652	111'425	152'850	-
Currency adj.	2'049	111'007	59'436	12'326	-	184'818	13'243
Closing value 30.06.2018	-1'266'432	-404'987	611'781	-387'111	-325'494	-1'772'243	-1'220'231
Net value 30.06.2018	10'467'182	2'136'062	905'071	1'094'938	216'299	14'819'553	1'125'605

Intangible assets are comprised of the following components:

	30.06.2018	30.06.2017
Capitalized development costs	1'116'163	451'856
Concessions and rights	9'442	15'105
Total intangible assets	1'125'605	466'960

05 - Revenue

Disaggregated revenue information

		2018 (Jan-Jun)	2017 (Jan-Jun)
Revenue from contracts with customers by ...			
... Product type	Lifts	36'720'830	31'755'153
	Repairs & spares	4'532'215	4'192'488
	Maintenance service	2'141'302	1'851'182
	Total	<u>43'394'347</u>	<u>37'798'824</u>
... Revenue recognition	Point in Time	21'089'605	17'762'473
	Over Time	22'304'742	20'036'351
	Total	<u>43'394'347</u>	<u>37'798'824</u>
... Region	Switzerland	7'432'172	6'921'087
	Europe	10'275'047	8'839'263
	Americas	25'322'306	21'741'577
	Asia	364'821	296'898
	Total	<u>43'394'347</u>	<u>37'798'824</u>

06 – Related parties

Transactions with key management personnel

A) Employee Stock Plan 2009

The company sold under the Employee Stock Plan 2009 shares to key management personnel with an obligation to buy back these shares. The total repurchase obligation amounts to CHF 0.00 (2017: CHF 510'751) as the repurchasing obligation expired after Garaventa was acquired by Savaria..

B) Key management personnel compensation

	30.06.2018	30.06.2017
Personnel expenses	145'000	180'000
Interest payments	73'500	73'500
Service payments		66'000

No share-based benefit payments; no extraordinary contribution to pension funds (only salary related employer contributions).

07 – Share-based Payments

Since 2010 the management of Garaventa Accessibility Group has the possibility to acquire a limited number of registered shares of the company at a preferential price. In 2018 no shares were sold to employees (2017: 14'500 shares).

Based on the company's obligation to repurchase the shares under the Employee Stock Plan 2009, a provision for the share repurchasing obligation was established.

The provision of CHF 510'751 (2017) was released to equity as the repurchasing obligation was transferred to Savaria Corp. after Savaria acquired the Garaventa Group.

08 – Subsequent Events

In September 2018 Management decided to close the China operation. The close will take effect in 2019, the financial implication of that decision is currently being evaluated.

ANNEXE C

SAVARIA CORPORATION
ÉTATS FINANCIERS CONSOLIDÉS PRO FORMA non audités
Pour les périodes closes les 30 juin 2018 et 31 décembre 2017

SAVARIA CORPORATION
ÉTAT CONSOLIDÉ DE LA SITUATION FINANCIÈRE PRO FORMA
 Au 30 juin 2018
 (en milliers de dollars canadiens - non audité)

		Savaria 30 juin 2018	Garaventa Lift 30 juin 2018	Ajustements pro forma	Consolidé pro forma 30 juin 2018
	<i>Notes</i>				
Actifs					
Actifs courants					
Trésorerie	3 (b)(c)(d)	73 336 \$	7 076 \$	(58 086) \$	22 326 \$
Créances et autres débiteurs	3 (c)	29 240	19 849	(714)	48 375
Créances d'impôt à recevoir		423	-	-	423
Instruments financiers dérivés		162	-	-	162
Stocks	3 (c)	45 832	21 966	(1 855)	65 943
Charges payées d'avance	3 (c)	2 869	633	(34)	3 468
Dépôt		627	-	-	627
Total des actifs courants		152 489	49 524	(60 689)	141 324
Actifs non courants					
Instruments financiers dérivés		70	-	-	70
Prêts à long terme		21	-	-	21
Immobilisations corporelles	3 (c)	37 118	19 650	(289)	56 479
Immobilisations incorporelles et goodwill	3 (b)(c)	104 165	1 493	64 435	170 093
Dépôt sur acquisitions d'entreprises		9 464	-	-	9 464
Dépôt sur acquisition d'immobilisations corporelles		23	-	-	23
Autres actifs à long terme		237	-	-	237
Actifs d'impôt différé	3 (c)	3 212	1 570	(66)	4 716
Total des actifs non courants		154 310	22 713	64 080	241 103
Total des actifs		306 799 \$	72 237 \$	3 391 \$	382 427 \$
Passifs					
Passifs courants					
Emprunts bancaires		-	194 \$	-	194 \$
Fournisseurs et autres créditeurs	3 (c)(d)	24 443	13 705	(2 558)	35 590
Dividende à payer		1 345	-	-	1 345
Passifs d'impôts exigibles		1 526	217	-	1 743
Produits différés		6 443	9 383	-	15 826
Instruments financiers dérivés		422	-	-	422
Partie courante de la dette à long terme		1 786	-	-	1 786
Provision pour garantie	3 (c)	989	540	(8)	1 521
Total des passifs courants		36 954	24 039	(2 566)	58 427
Passifs non courants					
Dette à long terme	3 (b)	59 367	11 103	34 512	104 982
Provision pour garantie		754	540	-	1 294
Autres passifs à long terme		935	8 671	-	9 606
Passifs d'impôts exigibles		639	-	-	639
Instruments financiers dérivés		934	-	-	934
Passifs d'impôt différé		9 516	-	-	9 516
Total des passifs non courants		72 145	20 314	34 512	126 971
Total des passifs		109 099	44 353	31 946	185 398
Capitaux propres					
Capital-actions	3 (b)	178 320	2 883	(2 882)	178 321
Actions du trésor	3 (b)	-	(1 960)	1 960	-
Surplus d'apport	3 (b)	3 707	17 543	(16 995)	4 255
Cumul des autres éléments du résultat global		(1 087)	-	-	(1 087)
Résultats non distribués	3 (b)(d)	16 760	9 418	(10 638)	15 540
Total des capitaux propres		197 700	27 884	(28 555)	197 029
Total des passifs et des capitaux propres		306 799 \$	72 237 \$	3 391 \$	382 427 \$

Les notes aux pages 5 à 13 font partie intégrante des états financiers consolidés pro forma non audités.

SAVARIA CORPORATION
ÉTAT CONSOLIDÉ DU RÉSULTAT NET PRO FORMA
Pour la période de six mois close le 30 juin 2018
(en milliers de dollars canadiens, sauf les montants par action - non audité)

		Savaria 30 juin 2018	Garaventa Lift 30 juin 2018	Ajustements pro forma	Consolidé pro forma 30 juin 2018
	<i>Notes</i>				
Revenus	3 (c)	120 827 \$	57 363 \$	(2 052) \$	176 138 \$
Coût des ventes	3 (c)	80 396	43 718	(2 190)	121 924
Marge brute		40 431	13 645	138	54 214
Charges opérationnelles					
Frais d'administration	3 (c)	9 330	4 234	(171)	13 393
Frais de vente	3 (c)	14 088	6 662	(308)	20 442
Frais d'ingénierie	3 (c)	2 375	2 108	(27)	4 456
Frais de recherche et développement		964	1 261	-	2 225
		26 757	14 265	(506)	40 516
Autres (revenus) charges	3 (d)(f)	(502)	590	(1 271)	(1 183)
Résultat (perte) opérationnel(le)		14 176	(1 210)	1 915	14 881
Produits financiers	3 (c)	(980)	(233)	10	(1 203)
Charges financières	3 (c)(e)(h)	1 457	970	103	2 530
Charges financières nettes		477	737	113	1 327
Résultat (perte) avant impôt		13 699	(1 947)	1 802	13 554
Charge d'impôt sur le résultat	3 (c)(i)	3 551	235	296	4 082
Résultat (perte) net(te)		10 148 \$	(2 182) \$	1 506 \$	9 472 \$
Résultat net par action					
De base	4	0,24 \$			0,21 \$
Dilué	4	0,23 \$			0,21 \$

Les notes aux pages 5 à 13 font partie intégrante des états financiers consolidés pro forma non audités.

SAVARIA CORPORATION
ÉTAT CONSOLIDÉ DU RÉSULTAT NET PRO FORMA
Pour l'exercice clos le 31 décembre 2017
(en milliers de dollars canadiens, sauf les montants par action - non audité)

		Savaria 31 décembre 2017	Garaventa Lift 31 décembre 2017	Ajustements pro forma	Consolidé pro forma 31 décembre 2017
	<i>Notes</i>				
Revenus	3 (c)	180 518 \$	110 437 \$	(5 223) \$	285 732 \$
Coût des ventes	3 (c)	116 593	80 048	(4 992)	191 649
Marge brute		63 925	30 389	(231)	94 083
Charges opérationnelles					
Frais d'administration	3 (c)	15 029	8 440	(359)	23 110
Frais de vente	3 (c)	20 162	11 128	(511)	30 779
Frais d'ingénierie	3 (c)	3 239	3 854	(52)	7 041
Frais de recherche et développement		1 242	1 645	-	2 887
		39 672	25 067	(922)	63 817
Autres charges (revenus)	3 (c)(d)(f)(g)	1 617	(3 914)	3 987	1 690
Résultat opérationnel		22 636	9 236	(3 296)	28 576
Produits financiers	3 (c)(h)	(282)	(1 304)	671	(915)
Charges financières	3 (e)(c)	1 913	572	1 516	4 001
Charges (produits) financières (financiers) nettes (nets)		1 631	(732)	2 187	3 086
Résultat avant impôt		21 005	9 968	(5 483)	25 490
Charge d'impôt sur le résultat	3 (c)(i)	1 757	1 420	(490)	2 687
Résultat net		19 248 \$	8 548 \$	(4 993) \$	22 803 \$
Résultat net par action					
De base	4	0,48 \$			0,53 \$
Dilué	4	0,47 \$			0,52 \$

Les notes aux pages 5 à 13 font partie intégrante des états financiers consolidés pro forma non audités.

SAVARIA CORPORATION

NOTES AUX ÉTATS FINANCIERS CONSOLIDÉS PRO FORMA

(les montants présentés dans les tableaux sont exprimés en milliers de dollars canadiens - non audités)

1 . Mode de présentation

L'état consolidé de la situation financière pro forma non audité au 30 juin 2018, les états consolidés du résultat net pro forma non audités pour la période de six mois se terminant le 30 juin 2018 et pour l'exercice se terminant le 31 décembre 2017 de Savaria Corporation (« Savaria » ou la « Société ») ont été préparés par la direction suite à l'acquisition de la totalité des actions de Garaventa Accessibility AG (« Garaventa Lift») en date du 31 août 2018.

De l'avis de la direction, ces états financiers consolidés tiennent compte de tous les ajustements nécessaires à une présentation fidèle conformément aux Normes internationales d'information financière («IFRS»).

Les ajustements pro forma sont fondés sur l'information disponible, sur des estimations et sur certaines hypothèses qui sont, de l'avis de la direction, raisonnables et qui sont décrites dans les notes afférentes aux états financiers consolidés pro forma non audités. Ces états financiers consolidés pro forma non audités ne tiennent pas compte des synergies ni des économies de coûts qui pourraient ou devraient résulter de la transaction. Ces états financiers consolidés ne sont fournis qu'à titre indicatif et ils ne sont pas censés représenter le rendement réel des sociétés combinées qui auraient été présentés si la transaction avait eu lieu à la date mentionnée et ils ne sont également pas censés représenter les résultats d'exploitation pour toute autre période ultérieure.

L'information fournie dans les présents états financiers consolidés pro forma est tirée des documents mentionnés ci-dessous et elle doit être lue à la lumière de ces documents, qui sont :

- a) les états financiers consolidés non audités de Savaria au 30 juin 2018 et pour la période close à cette date;
- b) les états financiers consolidés non audités de Garaventa au 30 juin 2018 et pour la période close à cette date;
- c) les états financiers consolidés audités de Savaria au 31 décembre 2017 et pour l'exercice clos à cette date; et
- d) les états financiers consolidés audités de Garaventa au 31 décembre 2017 et pour l'exercice clos à cette date.

2 . Acquisition d'une entreprise

Le 31 août 2018, Savaria a acquis la totalité des actions émises et en circulation de Garaventa Lift. L'union de Savaria et de Garaventa Lift crée un chef de file de l'industrie, avec une présence mondiale, un vaste réseau de distribution et une gamme de produits d'accessibilité la plus complète sur le marché. Garaventa Lift conçoit, fabrique, distribue et installe des équipements d'accessibilité, tels que des sièges pour escaliers droits et courbes, des plates-formes élévatrices verticales et inclinées ainsi que des ascenseurs résidentiels et commerciaux. Cette acquisition comporte plusieurs avantages clefs qui aideront Savaria à atteindre ses objectifs de croissance stratégique à long terme. Tout d'abord, elle fournit à Savaria un réseau mondial de vente avec 15 bureaux de vente supplémentaires en Amérique du Nord, en Europe et en Chine, ainsi que plus de 100 distributeurs actifs supplémentaires. Deuxièmement, elle permet à Savaria de bénéficier de sources de revenus plus diversifiées géographiquement, puisque plus de 40 % des revenus de Garaventa Lift sont générés à l'extérieur de l'Amérique du Nord, principalement en Europe. L'acquisition de Garaventa Lift offre à Savaria une flexibilité additionnelle de fabrication, avec des usines complémentaires dans l'Ouest canadien ainsi qu'en Italie. Enfin, d'importantes synergies découleront de cette transaction principalement grâce aux économies de coûts liées aux achats combinés et aux gains d'efficacité obtenus grâce à la mise en commun des activités de vente et de développement.

SAVARIA CORPORATION

NOTES AUX ÉTATS FINANCIERS CONSOLIDÉS PRO FORMA

(les montants présentés dans les tableaux sont exprimés en milliers de dollars canadiens - non audités)

2 . Acquisition d'une entreprise (suite)

La contrepartie totale est de 74 millions de francs suisses («CHF») sous réserve des ajustements post-clôture. En plus de sa trésorerie, la Société s'est appuyée sur sa ligne de crédit rotatif pour financer les sommes versées dans le cadre de la transaction.

Répartition du prix d'achat

Le tableau ci-dessous présente la répartition préliminaire du prix d'achat en fonction des meilleures informations recueillies à ce jour. Le déboursé effectué par Savaria à la date d'acquisition, compte tenu des ajustements prévus au contrat d'achat, s'est élevé à 91 222 000 \$.

	Garaventa Lift
Actifs acquis	
Actifs courants	44 352 \$
Immobilisations corporelles	20 044
Immobilisations incorporelles et goodwill	68 749
Autres actifs non courants	1 449
	134 594 \$
Passifs pris en charge	
Passifs courants	33 996
Autres passifs non courants	9 376
	43 372 \$
Juste valeur des actifs nets acquis	91 222 \$
Moins : trésorerie de l'entreprise acquise	2 630
Flux de trésorerie liés à l'acquisition	88 592 \$

L'analyse ci-dessus représente l'évaluation préliminaire qu'a faite la direction de la contrepartie totale, des actifs nets acquis et des passifs repris. La répartition de la juste valeur du prix d'achat sera achevée une fois que les valeurs de la contrepartie, des actifs et des passifs auront été définitivement déterminées. Par conséquent, la répartition de la juste valeur ci-dessus pourrait varier et la variation pourrait être importante.

Les résultats d'exploitation, y compris la charge d'amortissement réelle, pourraient différer considérablement des résultats fournis dans les présents états financiers puisque la direction n'a pas finalisé la répartition du prix d'achat en raison de la courte période qui s'est écoulée depuis l'acquisition et des estimations à établir concernant l'évaluation des justes valeurs. La Société prévoit qu'une partie du prix d'achat sera allouée aux immobilisations incorporelles, ce qui pourrait se traduire par une charge d'amortissement supplémentaire. De plus, les actifs et passifs d'impôt différé afférant aux éléments acquis et aux passifs pris en charge seront reconnus lors de la finalisation de la répartition du prix d'achat.

3 . Principales hypothèses et principaux ajustements pro forma

Aux fins de la préparation des états financiers consolidés pro forma non audités, les hypothèses significatives suivantes ont été formulées et les ajustements ci-dessous ont été effectués :

- (a) L'état consolidé de la situation financière pro forma non audité au 30 juin 2018, l'état consolidé du résultat net pro forma non audité pour la période de six mois close le 30 juin 2018 et pour l'exercice clos le 31 décembre 2017 tiennent compte de l'acquisition de Garaventa Lift comme si la transaction eue été conclue le 30 juin 2018, le 1er janvier 2018 et le 1er janvier 2017 selon le cas, respectivement.

SAVARIA CORPORATION

NOTES AUX ÉTATS FINANCIERS CONSOLIDÉS PRO FORMA

*(les montants présentés dans les tableaux sont exprimés en milliers de dollars canadiens - non audités)***3 . Principales hypothèses et principaux ajustements pro forma (suite)**

- (b) Un ajustement pro forma a été inscrit pour tenir compte de l'impact de l'enregistrement de la répartition du prix d'achat pro forma préliminaire de Garaventa Lift au 30 juin 2018.

	Répartition préliminaire
Actifs acquis	
Actifs courants	49 524 \$
Immobilisations corporelles	19 650
Autres actifs non courants	1 570
Immobilisations incorporelles et goodwill	64 195
	134 939 \$
Passifs pris en charge	
Passifs courants	24 039
Autres passifs non courants	20 314
	44 353 \$
Juste valeur des actifs nets acquis	90 586 \$
Contrepartie versée:	
Trésorerie	56 073
Utilisation de la ligne de crédit rotatif	34 513 \$
	90 586 \$

- (c) La direction a pris la décision de consolider les opérations en Chine, en réorganisant et transférant les activités de Garaventa (Shanghai) à ses installations de Savaria à Huizhou en Chine. Un ajustement pro forma a été effectué afin de soustraire l'impact de la filiale chinoise de Garaventa Lift à l'état consolidé de la situation financière ainsi qu'à l'état consolidé du résultat net.

Éléments soustraits à l'état consolidé de la situation financière liés à Garaventa Chine

	30 juin 2018
Trésorerie	579 \$
Créances et autres débiteurs	714
Stocks	1 855
Charges payées d'avance	34
Total des actifs courants	3 182 \$
Immobilisations corporelles	289
Immobilisations incorporelles et goodwill	(1 733)
Actifs d'impôt différé	66
Total des actifs non courants	(1 378) \$
Total des actifs	1 804 \$
Fournisseurs et autres créditeurs	1 796
Provision pour garantie	8
Total des passifs courants	1 804 \$

SAVARIA CORPORATION

NOTES AUX ÉTATS FINANCIERS CONSOLIDÉS PRO FORMA

(les montants présentés dans les tableaux sont exprimés en milliers de dollars canadiens - non audités)

3 . Principales hypothèses et principaux ajustements pro forma (suite)
Ajustement aux états consolidés des résultats liés à Garaventa Chine

	Périodes closes	
	30 juin 2018	31 Décembre 2017
Revenus	2 052 \$	5 223 \$
Coût des ventes	2 190	4 992
Marge brute	(138)	231
Charges opérationnelles		
Frais d'administration	171	359
Frais de vente	308	511
Frais d'ingénierie	27	52
Frais de recherche et développement	-	-
	506	922
Autres (revenus) charges	-	(75)
Perte opérationnelle	(644)	(616)
Produits financiers	(10)	(62)
Charges financières	56	83
Charges financières nettes	46	21
Perte avant impôt	(690)	(637)
Charge d'impôt sur le résultat	2	176
Perte nette	(692) \$	(813) \$

 (d) i) Ajustement aux états consolidés du résultat net relatif aux frais d'acquisition

Un ajustement pro forma a été inscrit pour éliminer les frais liés à l'acquisition de Garaventa Lift durant l'exercice clos le 31 décembre 2017, totalisant 16 000 \$ ainsi que pour la période de six mois close le 30 juin 2018, totalisant 1 271 000 \$, puisqu'ils sont non récurrents et sont directement liés à l'acquisition.

 ii) Ajustement à l'état consolidé de la situation financière au 30 juin 2018 relatif aux frais d'acquisition

Afin de tenir compte que tous les frais d'acquisition relatifs à l'acquisition de Garaventa Lift encourus à ce jour ont été déboursés au 30 juin 2018, les ajustements suivants ont été apportés aux postes concernés de la situation financière au 30 juin 2018 :

	DT (CT)
Résultats non distribués	672 000
Fournisseurs et autres créiteurs	762 000
Trésorerie	(1 434 000)

(e) Un ajustement pro forma a été inscrit pour ajouter les frais d'intérêts liés à la dette à long terme encourus depuis de l'acquisition de Garaventa Lift, totalisant 881 000 \$ pour la période de six mois close le 30 juin 2018 et 1 599 000 \$ pour l'exercice clos le 31 décembre 2017.

(f) En 2017, Garaventa Lift a vendu son installation de production située à Vancouver. Un ajustement a été apporté aux autres revenus pour renverser le gain sur la cession d'immobilisations réalisé par Garaventa Lift au 31 décembre 2017 au montant de 4 953 000 \$.

(g) En 2017, Garaventa Lift a achevé la construction du nouveau site de production à Vancouver. Un ajustement pro forma a été effectué pour éliminer les coûts liés au déménagement totalisant 1 025 000 \$, ce qui inclut 747 000 \$ en raison de l'interruption des activités et 278 000 \$ en frais de déménagement.

SAVARIA CORPORATION

NOTES AUX ÉTATS FINANCIERS CONSOLIDÉS PRO FORMA

(les montants présentés dans les tableaux sont exprimés en milliers de dollars canadiens - non audités)

3 . Principales hypothèses et principaux ajustements pro forma (suite)

- (h) Un ajustement pro forma a été effectué pour éliminer la perte (gain) de change de Garaventa Lift associé à la réévaluation de contrats de change, qui s'élevait à 722 000 \$ pour la période de six mois close le 30 juin 2018 et à (609 000 \$) pour l'exercice clos le 31 décembre 2017. Savaria utilise la comptabilité de couverture et les gains et pertes de change sont enregistrés aux autres éléments du résultat global.
- (i) Un ajustement à la charge d'impôt de 296 000 \$ pour la période de six mois close le 30 juin 2018 et de (490 000 \$) pour l'exercice clos le 31 décembre 2017 se rapportant aux ajustement pro forma d)i), e), g), et h) a été inscrit.
- (j) Les résultats de Garaventa Lift, qui sont présentés en CHF, ont été convertis en dollars canadiens en utilisant le taux de change moyen de la période en question (se référer aux tableaux de la note 3).
- (k) Bien que la société soit d'avis que des économies de coûts et d'autres synergies seront réalisées à la suite du regroupement d'entreprises, rien ne garantit que ces économies de coûts ou autre synergies seront obtenues en totalité ou en partie et, par conséquent, celles-ci n'ont pas été prises en compte dans les états consolidés du résultat net pro forma non audités.

Les tableaux ci-dessous présentent les ajustements aux états financiers consolidés de Garaventa Lift relatifs à la présentation et à la conversion des résultats en dollars canadiens.

SAVARIA CORPORATION

NOTES AUX ÉTATS FINANCIERS CONSOLIDÉS PRO FORMA

(les montants présentés dans les tableaux sont exprimés en milliers de dollars canadiens- non audités)

3 . Principales hypothèses et principaux ajustements pro forma (suite)
État consolidé de la situation financière - Garaventa Lift

au 30 juin 2018

	Consolidés en CHF	Ajustements de présentation en CHF ⁽¹⁾	Ajustements liés à la conversion de devise ⁽²⁾	Consolidés en dollars CA
Actifs				
Actifs courants				
Trésorerie	5 337 \$	- \$	1 739 \$	7 076 \$
Créances et autres débiteurs	14 970	-	4 879	19 849
Stocks	15 968	599	5 399	21 966
Actif contractuel	599	(599)	-	-
Charges payées d'avance	477	-	156	633
Total des actifs courants	37 351	-	12 173	49 524
Actifs non courants				
Immobilisations corporelles	14 820	-	4 830	19 650
Immobilisations incorporelles	1 126	-	367	1 493
Actifs d'impôt différé	1 184	-	386	1 570
Total des actifs non courants	17 130	-	5 583	22 713
Total des actifs	54 481 \$	- \$	17 756 \$	72 237 \$
Passifs				
Passifs courants				
Emprunts bancaires	146 \$	- \$	48 \$	194 \$
Fournisseurs et autres créditeurs	7 825	2 511	3 369	13 705
Couru	2 483	(2 483)	-	-
Passif contractuel	6 100	(6 100)	-	-
Passifs d'impôts exigibles	164	-	53	217
Produits différés	977	6 100	2 306	9 383
Provision pour garantie	814	(407)	133	540
Autres passifs courant	28	(28)	-	-
Total des passifs courants	18 537	(407)	5 909	24 039
Passifs non courants				
Dette à long terme	8 374	-	2 729	11 103
Provision pour garantie	-	407	133	540
Provision	6 540	(6 540)	-	-
Autres passifs à long terme	-	6 540	2 131	8 671
Total des passifs non courants	14 914	407	4 993	20 314
Total des passifs	33 451	-	10 902	44 353
Capitaux propres				
Capital-actions	2 174	-	709	2 883
Actions du trésor	(1 478)	-	(482)	(1 960)
Surplus d'apport	13 231	-	4 312	17 543
Résultats non distribués	7 103	-	2 315	9 418
Total des capitaux propres	21 030	-	6 854	27 884
Total des passifs et des capitaux propres	54 481 \$	- \$	17 756 \$	72 237 \$

⁽¹⁾ Ajustements de présentation des données historiques de Garaventa Lift afin d'aligner la présentation à celle de Savaria.

⁽²⁾ L'état consolidé de la situation financière de Garaventa Lift, initialement en CHF, a été converti en dollars canadiens au taux de clôture du 30 juin 2018 de 1,3259.

SAVARIA CORPORATION

NOTES AUX ÉTATS FINANCIERS CONSOLIDÉS PRO FORMA

(les montants présentés dans les tableaux sont exprimés en milliers de dollars canadiens - non audités)

3 . Principales hypothèses et principaux ajustements pro forma (suite)
État consolidé du résultat net - Garaventa Lift

Période de six mois close le 30 juin 2018

	Résultats Consolidés en CHF	Ajustements de présentation en CHF ⁽¹⁾	Ajustements liés à la conversion de devise ⁽²⁾	Résultats Consolidés en dollars CA
Revenus	43 394 \$	- \$	13 969 \$	57 363 \$
Coût du matériel vendu	19 223	(19 223)	-	-
Coût des ventes		33 072	10 646	43 718
Marge brute	24 171	(13 849)	3 323	13 645
Charges opérationnelles				
Frais d'administration	-	3 203	1 031	4 234
Frais de vente	-	5 040	1 622	6 662
Frais d'ingénierie	-	1 595	513	2 108
Frais de recherche et développement	-	954	307	1 261
Dépenses du personnel	17 927	(17 927)	-	-
Autres charges opérationnelles	6 217	(6 217)	-	-
Amortissement des immobilisations corporelles	953	(953)	-	-
Dépréciation des immobilisations incorporelles	175	(175)	-	-
	25 272	(14 480)	3 473	14 265
Autres (revenus) charges	(189)	635	144	590
Perte opérationnelle	(912)	(4)	(294)	(1 210)
Produits financiers	(172)	(4)	(57)	(233)
Charges financières	734	-	236	970
Charges financières nettes	562	(4)	179	737
Perte avant impôt	(1 474)	-	(473)	(1 947)
Charge d'impôt sur le résultat	178	-	57	235
Perte nette	(1 652) \$	- \$	(530) \$	(2 182) \$

⁽¹⁾ Ajustements de présentation des données historiques de Garaventa Lift afin d'aligner la présentation à celle de Savaria.

⁽²⁾ L'état consolidé du résultat net de Garaventa Lift, initialement en CHF, a été converti en dollars canadiens au taux moyen de 1,3219 pour la période de 6 mois close le 30 juin 2018.

SAVARIA CORPORATION

NOTES AUX ÉTATS FINANCIERS CONSOLIDÉS PRO FORMA

(les montants présentés dans les tableaux sont exprimés en milliers de dollars canadiens - non audités)

3 . Principales hypothèses et principaux ajustements pro forma (suite)
État consolidé du résultat net - Garaventa Lift

Pour l'exercice clos le 31 décembre 2017

	Résultats Consolidés en CHF	Ajustements de présentation en CHF (1)	Ajustement liés à la conversion de devise (2)	Résultats Consolidés en dollars CA
Revenus	83 734 \$	- \$	26 703 \$	110 437 \$
Coût du matériel vendu	35 437	(35 437)	-	-
Coût des ventes		60 693 \$	19 355	80 048
Marge brute	48 297	(25 256)	7 348	30 389
Charges opérationnelles				
Frais d'administration		6 401	2 039	8 440
Frais de vente		8 437	2 691	11 128
Frais d'ingénierie		2 922	932	3 854
Frais de recherche et développement		1 247	398	1 645
Dépenses du personnel	32 568	(32 568)	-	-
Autres charges opérationnelles	11 569	(11 569)	-	-
Amortissement des immobilisations corporelles	1 087	(1 087)	-	-
Dépréciation des immobilisations incorporelles	177	(177)	-	-
	45 401	(26 394)	6 060	25 067
Autres (revenus) charges	(4 031)	1 063	(946)	(3 914)
Résultat opérationnel	6 927	75	2 234	9 236
Produits financiers	(1 064)	75	(315)	(1 304)
Charges financières	434	-	138	572
Produits financiers nets	(630)	75	(177)	(732)
Résultat avant impôt	7 557	-	2 411	9 968
Charge d'impôt sur le résultat	1 077	-	343	1 420
Résultat net	6 480 \$	- \$	2 068 \$	8 548 \$

(1) Ajustements de présentation des données historiques de Garaventa Lift afin d'aligner la présentation à celle de Savaria.

(2) L'état consolidé du résultat net de Garaventa Lift, initialement en CHF, a été converti en dollars canadiens au taux moyen de 1,3189 pour l'exercice clos le 31 décembre 2017.

SAVARIA CORPORATION

NOTES AUX ÉTATS FINANCIERS CONSOLIDÉS PRO FORMA

*(les montants présentés dans les tableaux sont exprimés en milliers de dollars canadiens - non audités)***4 . Résultat pro forma par action**

Le tableau qui suit présente un rapprochement du résultat de base pro forma par action :

	Période de six mois close le 30 juin 2018	Exercice clos le 31 décembre 2017
Résultat net pro forma	9 472 \$	22 803 \$
Résultat de base pro forma par action :		
Nombre moyen pondéré de base d'actions ordinaires en circulation ⁽¹⁾	44 735 726	43 168 496
Résultat de base pro forma par action	0,21 \$	0,53 \$

Le tableau qui suit présente un rapprochement du résultat dilué pro forma par action :

	Période de six mois close le 30 juin 2018	Exercice clos le 31 décembre 2017
Résultat net pro forma	9 472 \$	22 803 \$
Résultat dilué pro forma par action :		
Nombre moyen pondéré dilué d'actions ordinaires en circulation ⁽¹⁾	45 642 354	44 048 827
Résultat dilué pro forma par action	0,21 \$	0,52 \$

⁽¹⁾ Le nombre d'actions pondéré a été ajusté afin de refléter l'émission de 3 450 000 actions ordinaires du 4 mai 2018 reliée à un placement par prise ferme comme si elle avait eu lieu au 1er jour des périodes couvertes par les états consolidés du résultat net.