



SAVARIA CORPORATION
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT JUNE 30, 2018
(Unaudited and not reviewed by the Corporation's independent auditors)

SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(in thousands of dollars - Unaudited)



	Note	June 30, 2018	December 31, 2017
			(recast - see note 4)
Assets			
Current assets			
Cash		\$ 73,336	\$ 7,719
Trade and other receivables		29,240	24,483
Income taxes receivable		423	86
Derivative financial instruments	12	162	466
Inventories		45,832	39,541
Prepaid expenses		2,869	2,441
Deposit		627	627
Total current assets		152,489	75,363
Non-current assets			
Derivative financial instruments	12	70	1,921
Long-term loans		21	21
Fixed assets		37,118	35,407
Intangible assets and goodwill	5	104,165	101,375
Deposit on a business acquisition	14	9,464	4,426
Deposits on purchases of fixed assets		23	205
Other long-term assets		237	196
Deferred tax assets		3,212	1,767
Total non-current assets		154,310	145,318
Total assets		\$ 306,799	\$ 220,681
Liabilities			
Current liabilities			
Trade and other payables		\$ 24,443	\$ 21,651
Dividend payable		1,345	1,238
Income taxes payable		1,526	465
Deferred revenues		6,443	5,107
Derivative financial instruments	12	422	279
Current portion of long-term debt	6	1,786	1,552
Warranty provisions		989	954
Total current liabilities		36,954	31,246
Non-current liabilities			
Long-term debt	6	59,367	38,514
Warranty provisions		754	740
Other long-term liabilities		935	993
Income taxes payable		639	682
Derivative financial instruments	12	934	-
Deferred tax liabilities		9,516	9,723
Total non-current liabilities		72,145	50,652
Total liabilities		109,099	81,898
Equity			
Share capital	7	178,320	120,394
Contributed surplus		3,707	3,298
Accumulated other comprehensive loss		(1,087)	(1,691)
Retained earnings		16,760	16,782
Total equity		197,700	138,783
Total liabilities and equity		\$ 306,799	\$ 220,681

The notes on pages 8 to 22 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF NET INCOME
(in thousands of dollars, except per share amounts - Unaudited)



	Note	Periods of three months ended June 30,		Periods of six months ended June 30,	
		2018	2017 (restated *)	2018	2017 (restated *)
Revenue	13	\$ 64,235	\$ 39,841	\$ 120,827	\$ 71,504
Cost of sales		42,533	26,718	80,396	47,536
Gross margin		21,702	13,123	40,431	23,968
Operating expenses					
Administrative		4,729	3,186	9,330	5,736
Selling		7,464	3,356	14,088	6,028
Engineering		1,199	622	2,375	1,296
Research and development		477	235	964	516
		13,869	7,399	26,757	13,576
Other (income) expenses	8	(847)	1,252	(502)	1,277
Operating income		8,680	4,472	14,176	9,115
Finance income	9	(874)	(146)	(980)	(263)
Finance costs	9	962	344	1,457	620
Net finance costs		88	198	477	357
Income before income tax		8,592	4,274	13,699	8,758
Income tax expense		2,216	1,510	3,551	2,657
Net income		\$ 6,376	\$ 2,764	\$ 10,148	\$ 6,101
Earnings per share:	10				
Basic		\$ 0.15	\$ 0.07	\$ 0.24	\$ 0.16
Diluted		\$ 0.14	\$ 0.07	\$ 0.23	\$ 0.16

* The Corporation adopted IFRS 15 on January 1, 2018. The impact on comparative results following the adoption of this standard is described in Note 3.

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SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
(in thousands of dollars - Unaudited)


	Note	Periods of three months ended June 30,		Periods of six months ended June 30,	
		2018	2017	2018	2017
Net income		\$ 6,376	\$ 2,764	\$ 10,148	\$ 6,101
Other comprehensive income (loss)					
Items that are or may be reclassified subsequently to income or loss:					
Change in the fair value of derivative financial instruments designated as cash flow hedges		(2,228)	1,553	(3,230)	2,156
Deferred income tax		574	(400)	830	(555)
		(1,654)	1,153	(2,400)	1,601
Losses on foreign exchange contracts transferred to net income in the current period		327	1,098	502	2,338
Deferred income tax		(84)	(282)	(129)	(601)
		243	816	373	1,737
Gains on interest rate swap agreements transferred to net income in the current period		(503)	-	(503)	-
Deferred income tax	12	133	-	133	-
		(370)	-	(370)	-
Net change in fair value of derivative financial instruments designated as cash flow hedges		(1,781)	1,969	(2,397)	3,338
Unrealized net gains (losses) on translation of financial statements of foreign operations		1,330	(104)	3,485	(31)
Net investment hedge, net of tax		(245)	-	(484)	-
Other comprehensive income (loss), net of income tax		(696)	1,865	604	3,307
Total comprehensive income		\$ 5,680	\$ 4,629	\$ 10,752	\$ 9,408

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SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 Period of six months ended June 30, 2017
 (in thousands of dollars - Unaudited)



	2017						
	Share capital and warrants			Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total equity
	Number		Amount				
	Share capital	Warrants		Amount			
Balance at January 1, 2017	36,353,947	1,866,500	\$ 72,791	\$ 2,587	\$ (4,050)	\$ 11,657	\$ 82,985
Total comprehensive income							
Net income	-	-	-	-	-	6,101	6,101
Other comprehensive income:							
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	-	-	-	-	1,601	-	1,601
Losses on foreign exchange contracts transferred to net income in the current period, net of tax	-	-	-	-	1,737	-	1,737
Unrealized net gains on translation of financial statements of foreign operations	-	-	-	-	(31)	-	(31)
Other comprehensive income	-	-	-	-	3,307	-	3,307
Total comprehensive income	-	-	\$ -	\$ -	\$ 3,307	\$ 6,101	\$ 9,408
Transactions with shareholders, recorded directly in equity							
Shares issued in relation to a private placement (note 7)	2,760,000	-	38,364	-	-	-	38,364
Share issue costs, net of tax (note 7)	-	-	-	-	-	(1,406)	(1,406)
Stock-based compensation	-	-	-	298	-	-	298
Exercise of stock options (note 7)	196,667	-	890	(123)	-	-	767
Exercise of warrants (note 7)	1,866,500	(1,866,500)	7,933	-	-	-	7,933
Dividends on common shares (note 7)	-	-	-	-	-	(5,037)	(5,037)
Total transactions with shareholders	4,823,167	(1,866,500)	47,187	175	-	(6,443)	40,919
Balance at June 30, 2017	41,177,114	-	\$ 119,978	\$ 2,762	\$ (743)	\$ 11,315	\$ 133,312

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SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
 Period of six months ended June 30, 2018
 (in thousands of dollars - Unaudited)



	2018					
	Share capital		Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total equity
	Number	Amount				
Balance at January 1, 2018	41,250,448	\$ 120,394	\$ 3,298	\$ (1,691)	\$ 16,782	\$ 138,783
<u>Total comprehensive income</u>						
Net income	-	-	-	-	10,148	10,148
Other comprehensive income:						
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	-	-	-	(2,400)	-	(2,400)
Losses on foreign exchange contracts transferred to net income in the current period, net of tax	-	-	-	373	-	373
Gains on interest rate swap agreements transferred to net income in the current period	-	-	-	(370)	-	(370)
Unrealized net gains on translation of financial statements of foreign operations	-	-	-	3,485	-	3,485
Change in net investment hedge, net of tax	-	-	-	(484)	-	(484)
Other comprehensive income	-	-	-	604	-	604
Total comprehensive income	-	\$ -	\$ -	\$ 604	\$ 10,148	\$ 10,752
<u>Transactions with shareholders, recorded directly in equity</u>						
Shares issued in relation to a placement (note 7)	3,450,000	57,270	-	-	-	57,270
Share issue costs, net of tax (note 7)	-	-	-	-	(2,529)	(2,529)
Stock-based compensation	-	-	510	-	-	510
Exercise of stock options (note 7)	135,001	656	(101)	-	-	555
Dividends on common shares (note 7)	-	-	-	-	(7,641)	(7,641)
Total transactions with shareholders	3,585,001	57,926	409	-	(10,170)	48,165
Balance at June 30, 2018	44,835,449	\$ 178,320	\$ 3,707	\$ (1,087)	\$ 16,760	\$ 197,700

The notes on pages 8 to 22 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(in thousands of dollars - Unaudited)



Periods of
three months ended June 30, Periods of
six months ended June 30,

Note	2018	2017	2018	2017
Cash flows related to operating activities				
Net income	\$ 6,376	\$ 2,764	\$ 10,148	\$ 6,101
Adjustments for:				
Depreciation of fixed assets	709	444	1,359	812
Amortization of intangible assets	1,203	211	2,395	398
Income tax expense	2,216	1,510	3,551	2,657
Stock-based compensation	295	212	510	298
Unrealized foreign exchange losses (gains)	(74)	383	(189)	574
Finance costs	891	152	1,336	334
Others	(49)	4	(123)	(22)
	11,567	5,680	18,987	11,152
Net changes in non-cash operating items	(3,032)	(1,997)	(6,771)	(2,607)
Proceeds from long-term loans	-	3	-	12
Income tax paid	(1,524)	(1,175)	(3,074)	(3,267)
Net cash related to operating activities	7,011	2,511	9,142	5,290
Cash flows related to investing activities				
Business acquisitions	(1,058)	(98,339)	(1,058)	(102,396)
Deposit on a business acquisition	(5,038)	-	(5,038)	-
Deposits on purchases of fixed assets	-	(3,823)	-	(3,891)
Additions to fixed assets	(1,147)	(491)	(2,253)	(764)
Increase in intangible assets	(940)	(558)	(1,265)	(864)
Net cash related to investing activities	(8,183)	(103,211)	(9,614)	(107,915)
Cash flows related to financing activities				
Increase in long-term debt	50,000	35,333	50,000	35,333
Repayment of long-term debt	(30,786)	(15,129)	(29,446)	(16,036)
Interest paid	(732)	(77)	(1,116)	(241)
Transaction costs related to a long-term debt	(387)	(706)	(387)	(706)
Proceeds from the issuance of common shares in relation to a placement, net of transaction fees	53,830	36,452	53,830	36,452
Proceeds from exercise of stock options	531	371	555	767
Proceeds from exercise of warrants	-	2,263	-	7,933
Dividends paid on common shares	(3,821)	(2,673)	(7,534)	(5,037)
Net cash related to financing activities	68,635	55,834	65,902	58,465
Net change in cash	67,463	(44,866)	65,430	(44,160)
Cash at the beginning of the period	5,830	51,749	7,719	51,230
Unrealized foreign exchange gain (loss) on cash held in foreign currencies	43	(110)	187	(297)
Cash at the end of the period	\$ 73,336	\$ 6,773	\$ 73,336	\$ 6,773

The notes on pages 8 to 22 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Tabular amounts are expressed in thousands of dollars - Unaudited)

1 . Reporting Entity

Savaria Corporation is a company domiciled in Canada. The address of its registered office is 4350 Chomedey Highway, Laval, Québec. The condensed consolidated interim financial statements of the Corporation as at and for the periods ended June 30, 2018 and 2017 comprise the accounts of Savaria Corporation and its wholly owned subsidiaries (together referred to as the "Corporation" or as "Savaria"). Savaria is one of North America's leaders in the accessibility industry. It provides accessibility solutions for the elderly and physically challenged to increase their comfort, their mobility and their independence. The activities of the Corporation are divided into three operating segments: the *Accessibility* segment, the *Adapted Vehicles* segment and the *Span* segment as described in note 13 "Operating Segments". The Corporation realizes approximately 66% of its revenue outside of Canada, mainly in the United States.

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2017 are available upon request from the Corporation's registered office, at www.savaria.com or on SEDAR's website at www.sedar.com.

2 . Basis of Presentation

Statement of Compliance

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

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Corporation and the notes thereto for the year ended on December 31, 2017. These condensed consolidated interim financial statements have not been the subject of a review or an audit by the Corporation's auditors; they were approved by the Board of Directors on August 8, 2018.

3 . Significant Accounting Policies

The condensed consolidated interim financial statements have been prepared following the same accounting policies used in the annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of new accounting standards as outlined below.

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

New Accounting Standards Adopted

The following new standards, and amendments to standards and interpretations have been applied in preparing the condensed consolidated interim financial statements as at June 30, 2018. The adoption of these new standards has not had a material impact on the financial statements.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

On June 20, 2016, the IASB issued amendments to IFRS 2, *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. As a practical simplification, the amendments can be applied prospectively.

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Tabular amounts are expressed in thousands of dollars - Unaudited)

3 . Significant Accounting Policies (continued)

New Accounting Standards Adopted (continued)

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)(continued)

The amendments provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

IFRS 9 - Financial Instruments

In July 2014, the IASB issued the complete IFRS 9 (IFRS 9 (2014)). IFRS 9 must be applied retrospectively with some exemptions. Prior-period restatement is not required and is permitted only if the information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured at amortized cost based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new "expected credit loss" model for calculating impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness. However it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

IFRS 9 (2014) presents a few differences with IFRS 9 (2013), early adopted by the Corporation on April 1, 2014. The adoption of this new standard has not had a material impact on the condensed consolidated interim financial statements.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*. IFRS 15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRS.

At contract inception, the Corporation shall assess the goods and services promised in a contract with a customer and shall identify as a performance obligation each promise to transfer to the customer either (i) a good or service (or a bundle of goods and services) that is distinct; or (ii) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Tabular amounts are expressed in thousands of dollars - Unaudited)

3 . Significant Accounting Policies (continued)

IFRS 15 - Revenue from Contracts with Customers (continued)

For each performance obligation identified, the Corporation shall determine at contract inception, according to the moment when control of the good or service is transferred, whether it satisfies the performance obligation over time or at a point in time. If the Corporation does not meet the criteria listed below, this implies that the performance obligation will be satisfied at a point in time. The Corporation transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Corporation's performance as it performs;
- the Corporation's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- 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 performance completed to date.

Adoption of this standard has the following impact:

- Freight revenue and expense: the Corporation used to book the net of freight revenue and expense in its cost of sales since it generally invoiced customers the same amount as it was charged by freight companies. In line with IFRS 15, it has been determined that freight is a service that is distinct from the sale of goods; amounts charged to customers must, therefore, be booked among revenue while amounts charged by freight companies must be booked in cost of sales. This change has had no impact on the Corporation's net income, but it has increased both revenue and cost of sales in the same amount. In order to take into account this change on the comparative results for 2017, revenue and cost of sales have both been increased by \$707,000 for the second quarter and by \$1,244,000 for the first half of the year.
- Vehicle conversion and adaptation revenue: the Corporation used to book vehicle conversion and adaptation revenue on customer-owned vehicles at the time of delivery of the product. In line with IFRS 15, it has been determined that these revenues must be recognized over time according to the advancement of work. This change has had no significant impact on the Corporation's revenue or net income.
- Maintenance revenue: the Corporation used to book revenue related to maintenance contracts on a straight-line basis over the contract period. In line with IFRS 15, it has been determined that these revenues must be booked based on when each maintenance service is provided. This change has had no significant impact on the Corporation's revenue or net income.
- Initial franchise fees and renewal fees: the Corporation used to book revenue from initial franchise fees at the start of the franchise's activities or at the renewal date, whichever applied. In line with IFRS 15, it has been determined that these revenues provide access to the franchisor's intellectual property and must, therefore, be spread over the period covered by the agreement. This change has had no significant impact on the Corporation's revenue or net income.

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

On December 8, 2016, the IASB issued IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*. The Interpretation clarifies which date should be used for translation when a foreign currency transaction involves an advance payment or receipt.

The Interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which the Corporation initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Tabular amounts are expressed in thousands of dollars - Unaudited)

3 . Significant Accounting Policies (continued)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration (continued)

The Interpretation has been applied prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized on or after the beginning of the reporting period in which the Corporation first applied the Interpretation, which is January 1, 2018.

4 . Business Acquisitions

(i) Span-America Medical Systems, Inc.

On June 16, 2017, the Corporation acquired the shares of Span-America Medical Systems, Inc. ("Span"). Span manufactures and markets a comprehensive line of therapeutic support surfaces and other pressure management products for the medical market, medical beds for the long-term care market as well as foam mattress overlays and pillows for the consumer market and certain products for the industrial market, mainly foam products. This acquisition delivers three key benefits that will help Savaria achieve its long-term strategic growth objectives. Firstly, it adds a complementary product line to its accessibility portfolio. Secondly, it provides it with a new distribution channel into the institutional and government markets, which will complement its existing dealer network and Silver Cross retail outlets. Finally, it increases its US presence, allowing it to be closer to its customer base.

The total consideration amounts to \$107,204,000 (\$81,019,000 US) paid on the date of acquisition. Acquisition related costs amounting to \$1,273,000, have been included in other expenses in 2017. In addition to its cash on hand, the Corporation drew from the Corporation's revolving credit facility and a private placement to finance the purchase price payable under this transaction.

The purchased assets are mainly cash, accounts receivable, inventories, fixed and intangible assets, and goodwill; the latter arising from the synergies between Savaria and Span. The goodwill has been allocated to the *Span* operating segment and will be non-deductible for tax purposes.

(ii) Master Lifts Pty Ltd

On December 14, 2017, the Corporation acquired the assets of Master Lifts Pty Ltd ("Master Lifts") by way of its newly created subsidiary Savaria (Australia) Pty Ltd. Master Lifts is a leading elevator dealer based in Brisbane, Australia. The acquisition of Master Lifts provides Savaria with a national sales platform to gain access to the Australian market. The total consideration amounts to \$3,830,000 (\$3,910,000 AU), having a fair value of \$3,816,000 (\$3,849,000 AU), of which \$2,857,000 (\$2,910,000 AU) has been paid on the date of acquisition and \$973,000 (\$1,000,000 AU), having a fair value of \$959,000 (\$967,000 AU), will be payable over a two-year period upon the achievement of certain annual performance metrics. The fair value of the contingent consideration has been established according to the income approach, which is based on an estimate of the amounts and timing of projected cash flows. Acquisition related costs amounting to \$386,000, of which \$167,000 have been recorded in 2017 and \$219,000 in the first quarter of 2018, have been included in other expenses. The amounts paid came from the Corporation's revolving credit facility.

The purchased assets are mainly inventories, fixed and intangible assets, and goodwill; the latter arising from the synergies between Savaria and Master Lifts and the additional sales of accessibility products that will result from them. The goodwill will be allocated to the *Accessibility* operating segment.

Purchase price allocation of acquisitions completed in 2017

As at June 30, 2018, the Corporation has finalized the allocation of the consideration paid between the identifiable net assets and the goodwill of the Span acquisition, but has not finalized Master Lifts' since the information required to confirm the fair value of certain assets and liabilities has not been obtained yet. The Corporation will finalize the allocation of the consideration paid as it obtains further information.

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Tabular amounts are expressed in thousands of dollars - Unaudited)

4 . Business Acquisitions (continued)

Purchase price allocation of acquisitions completed in 2017 (continued)

The following table presents the preliminary allocation of the consideration paid as presented as at December 31, 2017, the adjustments made in the first quarter of 2018 as well as the allocation as at June 30, 2018. In conformity with IFRS 3, *Business Combinations*, the acquisitions have been accounted for using the acquisition method and the adjustments to the purchase price allocation for the evaluation period have been booked as at December 31, 2017 (recast).

	Span			Master Lifts		
	Preliminary allocation as at Dec. 31, 2017	Adjustments	Final allocation as at June 30, 2018	Preliminary allocation as at Dec. 31, 2017	Adjustments	Adjusted allocation as at June 30, 2018
Assets acquired						
Current assets	\$ 31,722	\$ -	\$ 31,722	\$ 1,510	\$ -	\$ 1,510
Fixed assets	12,406	-	12,406	157	-	157
Intangible assets and goodwill	-	-	-	3,028	420	3,448
Intangible assets :						
Trademarks	9,195	-	9,195	-	-	-
Client lists	28,350	-	28,350	-	-	-
Backlog of orders	925	-	925	-	-	-
Patents	986	-	986	-	-	-
Goodwill	47,734	465	48,199	-	-	-
Other non-current assets	198	-	198	-	-	-
	\$ 131,516	\$ 465	\$ 131,981	\$ 4,695	\$ 420	\$ 5,115
Liability assumed						
Current liabilities	9,020	-	9,020	1,005	-	1,005
Other long-term liabilities	301	726	1,027	42	-	42
Deferred tax liabilities	14,991	(261)	14,730	-	252	252
	\$ 24,312	\$ 465	\$ 24,777	\$ 1,047	\$ 252	\$ 1,299
Fair value of net assets acquired	\$ 107,204	\$ -	\$ 107,204	\$ 3,648	\$ 168	\$ 3,816
Less:						
Cash in acquired business	8,865	-	8,865	-	-	-
Contingent consideration payable	-	-	-	791	168	959
Consideration given	\$ 98,339	\$ -	\$ 98,339	\$ 2,857	\$ -	\$ 2,857

Purchase price allocation of the acquisition completed in 2018

H.E.S. Elevator Services Inc.

On April 12, 2018, the Corporation acquired the assets of H.E.S. Elevator Services Inc. ("H.E.S.") by way of its subsidiary Savaria USA Inc. H.E.S. is an elevator dealer based in Denver, Colorado. This acquisition will complement the asset purchase of luxury elevator maker, Visilift, in Colorado, and will help strengthen our direct sales and installation presence in this market. The total consideration amounts to \$1,321,000 (\$1,040,000 US), of which \$1,058,000 (\$840,000 US) has been paid on the date of acquisition and \$263,000 (\$200,000 US) will be payable twelve months after the date of acquisition. Acquisition related costs amounting to \$40,000, of which \$25,000 have been recorded in the first quarter and \$15,000 in the second quarter of 2018, have been included in other expenses. The amounts paid came from the Corporation's available cash on hand.

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Tabular amounts are expressed in thousands of dollars - Unaudited)

4 . Business Acquisitions (continued)

Purchase price allocation of the acquisition completed in 2018 (continued)

The purchased assets are mainly accounts receivable, inventories, fixed and intangible assets, and goodwill; the latter arising from the synergies between Savaria and H.E.S. and the additional sales of accessibility products that will result from them. The goodwill has been allocated to the *Accessibility* operating segment. As at June 30, 2018, the Corporation hadn't finalized the allocation of the consideration paid between the identifiable net assets and the goodwill of this business acquisition. The information required to confirm the fair value of certain assets and liabilities has not been obtained yet. The Corporation will finalize the allocation of the consideration paid as it obtains further information. The following table presents the preliminary allocation of the consideration paid according to the information gathered to date. In conformity with IFRS 3, *Business combinations*, the acquisition has been accounted for using the acquisition method.

	2018
Assets acquired	
Current assets	\$ 456
Fixed assets	180
Intangible assets and goodwill	1,016
	\$ 1,652
Liabilities assumed	
Current liabilities	313
Deferred tax liability	281
	\$ 594
Fair value of net assets acquired and cash flows related to the acquisitions	\$ 1,058

The following table provides the revenue and net income contributions of the business acquisition that has taken place in 2018, from the date of acquisition and those estimated as if the acquisition had occurred on January 1, 2018. These estimates were prepared using historical information obtained from the acquiree and do not reflect the acquisition costs nor the benefits of integration activities, synergies and changes to historical transactions that may have resulted had the acquisition actually occurred on January 1, 2018. Estimated amounts are not necessarily indicative of the results of operations of the acquired business that would have resulted had the acquisition actually occurred on January 1, 2018, nor the results that may be obtained in the future.

	Since the date of acquisition		Since January 1 st	
	Revenue	Net income	Revenue	Net income
H.E.S.	\$ 567	\$ 36	\$ 1,431	\$ 79

5 . Intangible Assets and Goodwill

	June 30, 2018	December 31, 2017
Intangible assets	\$ 40,005	\$ 40,134
Goodwill	59,932	58,213
Intangible assets and goodwill from acquisitions (note 4), net of accumulated amortization and foreign exchange reevaluation	4,228	3,028
	\$ 104,165	\$ 101,375

SAVARIA CORPORATION**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS***(Tabular amounts are expressed in thousands of dollars - Unaudited)***5 . Intangible Assets and Goodwill (continued)****Goodwill**

	June 30, 2018	December 31, 2017
Balance at January 1	\$ 58,213	(recast - see note 4) \$ 9,156
Business acquisitions	-	51,049
Effect of movements in exchange rates	1,719	(1,992)
Balance at the end of the period	\$ 59,932	\$ 58,213

6 . Long-term Debt

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

	2018
Balance as at January 1	\$ 40,066
Net increase in the revolving credit facility	(23,961)
Increase in other long-term debts	50,009
Increase through a business combination	281
Repayment of other long-term debts	(5,485)
Capitalized finance costs on long-term debt	17
Transaction costs related to loans	(387)
Reversal of transactions costs related to loans repaid during the year	122
Impact of the change in foreign exchange rates on the US dollar debt	491
Balance as at June 30	\$ 61,153

On April 3, 2018, the Corporation entered into an amended and restated credit agreement. The agreement amends and restates the original credit agreement by (i) providing the term facility of \$50,000,000 for which the funds were received on April 3, 2018; (ii) adding the option to draw in euros; and (iii) extending by one year the maturity date of the \$110,000,000 revolving facility to April 3, 2023. The interest rate of the term facility is covered by an interest rate swap (note 12). Only the interest is payable on a monthly basis. The credit facility is secured by the assets of the Corporation.

7 . Share Capital

During the first half of 2018, the Corporation issued 135,001 common shares (2017-196,667) at an average price of \$4.10 per share (2017-\$3.90) following the exercise of stock options. The average closing price on the exercise dates was \$16.68 (2017-\$13.19). These exercises resulted in an increase in share capital of \$656,000 (2017-\$890,000) and a decrease in contributed surplus of \$101,000 (2017-\$123,000). At June 30, 2018, 2,148,331 options are outstanding (2017-2,009,999) at a weighted average exercise price of \$9.92 per share (2017-\$8.08). During the same period, no warrants were exercised (2017-1,866,500, exchanged for the same number of common shares at a price of \$4.25 per share, resulting in an increase in share capital of \$7,933,000).

During the first half of 2018, the Corporation declared dividends totaling 18 cents per share; the same amount per share was paid during this period (2017-\$13 cents per share declared and paid).

On May 4, 2018, the Corporation completed a bought deal financing consisting of 3,450,000 common shares (private bought deal of 2,760,000 common shares in 2017) at a price of \$16.60 per share (\$13.90 in 2017), for gross proceeds to the Corporation of \$57,270,000 (\$38,364,000 in 2017), and proceeds net of transaction fees of \$3,440,000 (\$1,912,000 in 2017) of \$53,830,000 (\$36,452,000 in 2017). Transaction fees after tax amount to \$2,529,000 (\$1,406,000 in 2017).

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Tabular amounts are expressed in thousands of dollars - Unaudited)
8 . Other (Income) Expenses

	Periods of three months ended June 30,		Periods of six months ended June 30,	
	2018	2017	2018	2017
Business acquisition costs, realized and unrealized, related to administrative expenses	\$ 763	\$ 1,263	\$ 1,120	\$ 1,302
Proceeds from an insurance claim	(1,611)	-	(1,611)	-
Others	1	(11)	(11)	(25)
	\$ (847)	\$ 1,252	\$ (502)	\$ 1,277

9 . Finance Income and Finance Costs

	Note	Periods of three months ended June 30,		Periods of six months ended June 30,	
		2018	2017	2018	2017
Interest income		\$ 155	\$ 146	\$ 158	\$ 263
Net gain on foreign currency exchange		216	-	319	-
Gain on a financial instrument	12	503	-	503	-
Finance income		\$ 874	\$ 146	\$ 980	\$ 263
Interest on long-term debt		\$ 813	\$ 117	\$ 1,219	\$ 262
Interest and bank charges		78	35	117	72
Financing charges		71	63	121	63
Net loss on foreign currency exchange		-	129	-	223
Finance costs		\$ 962	\$ 344	\$ 1,457	\$ 620

10 . Earnings per Share

The following table presents a reconciliation of basic and diluted earnings per share:

	Periods of three months ended June 30,		Periods of six months ended June 30,	
	2018	2017	2018	2017
Net income	\$ 6,376	\$ 2,764	\$ 10,148	\$ 6,101
Basic earnings per share:				
Basic weighted average number of common shares outstanding	43,617,671	39,658,364	42,435,726	38,247,656
Basic earnings per share	\$ 0.15	\$ 0.07	\$ 0.24	\$ 0.16
Diluted earnings per share:				
Basic weighted average number of common shares outstanding	43,617,671	39,658,364	42,435,726	38,247,656
Effect of potentially dilutive common shares	878,343	983,088	906,628	892,600
Diluted weighted average number of common shares outstanding	44,496,014	40,641,452	43,342,354	39,140,256
Diluted earnings per share	\$ 0.14	\$ 0.07	\$ 0.23	\$ 0.16

At June 30, 2018, 320,000 options for the period of three months and none for the period of six months (2017-250,000 and 510,000) have been excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

The average market value of the Corporation's shares for purposes of calculating the dilutive effect of stock options is based on quoted market prices for the period during which the options were outstanding.

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11 . Net Changes in Non-cash Operating Items

	Periods of three months ended June 30,		Periods of six months ended June 30,	
	2018	2017	2018	2017
Trade and other receivables	\$ (2,557)	\$ (3,506)	\$ (3,954)	\$ (3,487)
Inventories	(3,374)	827	(5,498)	354
Prepaid expenses	811	572	(395)	(104)
Trade and other payables	1,309	598	2,092	507
Deferred revenues	682	(480)	935	134
Warranty provision	97	(8)	49	(11)
	\$ (3,032)	\$ (1,997)	\$ (6,771)	\$ (2,607)

12 . Financial Instruments
Fair values versus carrying amounts

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	June 30, 2018		December 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value			(recast - see note 4)	
Foreign exchange forward contracts	\$ 232	\$ 232	\$ 2,185	\$ 2,185
Interest rate swap agreements	-	-	202	202
	\$ 232	\$ 232	\$ 2,387	\$ 2,387
Liabilities carried at fair value				
Foreign exchange forward contracts	\$ 1,050	\$ 1,050	\$ 279	\$ 279
Interest rate swap agreements	306	306	-	-
	\$ 1,356	\$ 1,356	\$ 279	\$ 279
Liabilities carried at amortized cost				
Long-term debt	\$ 61,153	\$ 61,141	\$ 40,066	\$ 40,052

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

	June 30, 2018	December 31, 2017
Current assets		
Foreign exchange derivatives	\$ 162	\$ 466
Non-current assets		
Foreign exchange derivatives	\$ 70	\$ 1,719
Interest rate derivatives	-	202
	\$ 70	\$ 1,921
Current liabilities		
Foreign exchange derivatives	\$ 422	\$ 279
Non-current liabilities		
Foreign exchange derivatives	\$ 628	\$ -
Interest rate derivatives	306	-
	\$ 934	\$ -

SAVARIA CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Tabular amounts are expressed in thousands of dollars - Unaudited)

12 . Financial Instruments (continued)

Fair values versus carrying amounts (continued)

All of these financial instruments are Level 2, except for long-term debt which is Level 3. The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of interest rate swap arrangements is estimated by discounting the difference between the contractual interest rate and market rates over the value of the loans. Fair value of long-term debt is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Corporation's subsidiary or counterparty when appropriate.

Risk Management

Currency risk

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

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

The following tables summarize the characteristics of the foreign exchange contracts:

As at June 30, 2018

Maturity	Type	Weighted average exchange rate	Contractual amounts (in thousands of US dollars)
0 to 12 months	Sale	1.3012	\$18,000
12 to 24 months	Sale	1.2969	18,000
24 to 36 months	Sale	1.2933	18,000
36 to 47 months	Sale	1.2799	16,500
		1.2931	\$70,500

As at December 31, 2017

Maturity	Type	Weighted average exchange rate	Contractual amounts (in thousands of US dollars)
0 to 12 months	Sale	1.2654	\$18,000
12 to 24 months	Sale	1.2982	18,000
24 to 36 months	Sale	1.3024	14,000
36 to 40 months	Sale	1.3070	4,000
		1.2890	\$54,000

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(Tabular amounts are expressed in thousands of dollars - Unaudited)
12 . Financial Instruments (continued)
Interest rate risk

The Corporation's interest rate risk arises from cash and long-term debt. Cash and borrowings issued at variable rates expose the Corporation to the risk of variance in cash flows due to changes in interest rates.

The Corporation analyzes its interest risk exposure on a continual basis and examines its renewal and refinancing options in order to minimize risks.

The Corporation has entered into the following interest rate swap agreements in order to minimize its risk to a variation in interest rates on a portion of its long-term borrowings. Two interest rate swap agreements were terminated during the second quarter of 2018 as it was no longer probable that the related borrowings would continue to exist. Hedge accounting has been discontinued and the cash flow hedge reserve for which future cash flows are no longer expected to be realized, in the amount of \$503,000, has been reversed to net income under Finance income.

Maturity	Fixed interest rate	Stamping fees	Original capital amount	Currency	Balance	
					June 30, 2018	December 31, 2017
July 2021	1.18%	1.50%	\$ 6,200	CA	\$ -	\$ 5,413
June 2022	2.018%	1.50%	\$ 13,500	US	\$ -	\$ 16,971
April 2023	2.52%	1.75%	\$ 50,000	CA	\$ 50,000	\$ -

13 . Operating Segments
Information about the operating segments

For the purpose of financial reporting, the business is structured into three reporting segments based on the markets they serve. The *Accessibility* segment includes manufacturing and distributing residential and commercial accessibility equipment for people with mobility challenges as well as the operation of a network of franchisees and corporate stores through which new and recycled accessibility equipment is sold. The *Adapted Vehicles* segment consists of converting, adapting and distributing vehicles for people with mobility challenges, for personal or commercial use. The *Span* segment includes the manufacturing and distribution of a comprehensive line of therapeutic support surfaces and other pressure management products for the medical market, medical beds for the long-term care market as well as foam mattress overlays and pillows for the consumer market and certain products for the industrial market, mainly foam products.

Period of
three months ended June 30,

	Accessibility	Adapted Vehicles	Span	Head office	Inter-segment eliminations	Total
2018						
External revenues	\$ 33,536	\$ 7,276	\$ 24,126	\$ -	\$ (703)	\$ 64,235
Income (loss) before income tax, interest, depreciation and amortization	7,803	600	3,868	(1,109)	-	11,162
Depreciation and amortization expense	594	144	1,069	105	-	1,912
Interest expense	7	-	903	790	(887)	813
Interest income	1	-	-	1,041	(887)	155

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(Tabular amounts are expressed in thousands of dollars - Unaudited)
13 . Operating Segments (continued)
Information about the operating segments (continued)

	Period of three months ended June 30,					
	Accessibility	Adapted Vehicles	Span	Head office	Inter-segment eliminations	Total
2017						
External revenues (restated) *	\$ 29,495	\$ 7,038	\$ 3,428	\$ -	\$ (120)	\$ 39,841
Income (loss) before income tax, interest, depreciation and amortization	5,652	576	108	(1,401)	-	4,935
Depreciation and amortization expense	377	99	66	113	-	655
Interest expense	21	-	-	96	-	117
Interest income	10	-	-	136	-	146
	Periods of six months ended June 30,					
	Accessibility	Adapted Vehicles	Span	Head office	Inter-segment eliminations	Total
2018						
External revenues	\$ 61,388	\$ 14,289	\$ 46,270	\$ -	\$ (1,120)	\$ 120,827
Income (loss) before income tax, interest, depreciation and amortization	13,061	1,105	6,386	(2,038)	-	18,514
Depreciation and amortization expense	1,134	308	2,103	209	-	3,754
Interest expense	19	-	1,762	1,184	(1,746)	1,219
Interest income	1	-	-	1,903	(1,746)	158
2017						
External revenues (restated) *	\$ 54,033	\$ 14,255	\$ 3,428	\$ -	\$ (212)	\$ 71,504
Income (loss) before income tax, interest, depreciation and amortization	10,314	1,285	108	(1,668)	-	10,039
Depreciation and amortization expense	725	192	66	227	-	1,210
Interest expense	46	-	-	216	-	262
Interest income	17	1	-	245	-	263
	Accessibility	Adapted Vehicles	Span	Head office	Inter-segment eliminations	Total
June 30, 2018						
Segment's assets	\$ 122,496	\$ 21,645	\$ 130,184	\$ 224,295	\$ (191,821)	\$ 306,799
Segment's liabilities	96,739	11,869	90,734	101,578	(191,821)	109,099
December 31, 2017 (recast - see note 4)						
Segment's assets	\$ 106,910	\$ 20,890	\$ 122,207	\$ 151,900	\$ (181,226)	\$ 220,681
Segment's liabilities	91,590	11,717	79,285	80,532	(181,226)	81,898

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13 . Operating Segments (continued)
Desegregation of Revenue

 Periods of
three months ended June 30,

	Accessibility	Adapted Vehicles	Span	Inter-segment eliminations	Total
2018					
Revenue by country					
Canada	\$ 9,082	\$ 7,247	\$ 2,874	\$ (246)	\$ 18,957
United States	21,613	29	20,643	(457)	41,828
Other countries	2,842	-	608	-	3,450
	\$ 33,537	\$ 7,276	\$ 24,125	\$ (703)	\$ 64,235
Major categories of revenue					
Accessibility equipment	\$ 29,913	\$ -	\$ -	\$ (689)	\$ 29,224
Installation and maintenance	3,517	-	-	-	3,517
Royalties	107	-	-	-	107
Vehicle conversions	-	6,252	-	-	6,252
Vehicle adaptation and maintenance	-	1,024	-	-	1,024
Therapeutic support surfaces	-	-	18,513	-	18,513
Medical beds	-	-	5,612	(14)	5,598
	\$ 33,537	\$ 7,276	\$ 24,125	\$ (703)	\$ 64,235
Timing of revenue recognition					
Goods transferred at a point in time	\$ 30,020	\$ 7,276	\$ 24,125	\$ (703)	\$ 60,718
Services transferred over time	3,517	-	-	-	3,517
	\$ 33,537	\$ 7,276	\$ 24,125	\$ (703)	\$ 64,235
2017					
Revenue by country (restated) *					
Canada	\$ 8,571	\$ 6,796	\$ 402	\$ (120)	\$ 15,649
United States	18,256	27	2,888	-	21,171
Other countries	2,668	215	138	-	3,021
	\$ 29,495	\$ 7,038	\$ 3,428	\$ (120)	\$ 39,841
Major categories of revenue					
Accessibility equipment	\$ 26,857	\$ -	\$ -	\$ (120)	\$ 26,737
Installation and maintenance	2,460	-	-	-	2,460
Royalties	178	-	-	-	178
Vehicle conversions	-	6,131	-	-	6,131
Vehicle adaptation and maintenance	-	907	-	-	907
Therapeutic support surfaces	-	-	2,733	-	2,733
Medical beds	-	-	695	-	695
	\$ 29,495	\$ 7,038	\$ 3,428	\$ (120)	\$ 39,841
Timing of revenue recognition					
Goods transferred at a point in time	\$ 27,035	\$ 7,038	\$ 3,428	\$ (120)	\$ 37,381
Services transferred over time	2,460	-	-	-	2,460
	\$ 29,495	\$ 7,038	\$ 3,428	\$ (120)	\$ 39,841

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13 . Operating Segments (continued)
Desegregation of Revenue (continued)

	Periods of six months ended June 30,				
	Accessibility	Adapted Vehicles	Span	Inter-segment eliminations	Total
2018					
Revenue by country					
Canada	\$ 17,430	\$ 14,193	\$ 5,859	\$ (435)	\$ 37,047
United States	38,505	74	38,934	(685)	76,828
Other countries	5,454	22	1,476	-	6,952
	\$ 61,389	\$ 14,289	\$ 46,269	\$ (1,120)	\$ 120,827
Major categories of revenue					
Accessibility equipment	\$ 54,654	\$ -	\$ -	\$ (1,106)	\$ 53,548
Installation and maintenance	6,525	-	-	-	6,525
Royalties	210	-	-	-	210
Vehicle conversions	-	12,592	-	-	12,592
Vehicle adaptation and maintenance	-	1,697	-	-	1,697
Therapeutic support surfaces	-	-	35,195	-	35,195
Medical beds	-	-	11,074	(14)	11,060
	\$ 61,389	\$ 14,289	\$ 46,269	\$ (1,120)	\$ 120,827
Timing of revenue recognition					
Goods transferred at a point in time	\$ 54,864	\$ 14,289	\$ 46,269	\$ (1,120)	\$ 114,302
Services transferred over time	6,525	-	-	-	6,525
	\$ 61,389	\$ 14,289	\$ 46,269	\$ (1,120)	\$ 120,827
2017					
Revenue by country (restated) *					
Canada	\$ 15,480	\$ 13,544	\$ 402	\$ (212)	\$ 29,214
United States	34,932	33	2,888	-	37,853
Other countries	3,621	678	138	-	4,437
	\$ 54,033	\$ 14,255	\$ 3,428	\$ (212)	\$ 71,504
Major categories of revenue					
Accessibility equipment	\$ 49,254	\$ -	\$ -	\$ (212)	\$ 49,042
Installation and maintenance	4,419	-	-	-	4,419
Royalties	360	-	-	-	360
Vehicle conversions	-	12,462	-	-	12,462
Vehicle adaptation and maintenance	-	1,793	-	-	1,793
Therapeutic support surfaces	-	-	2,733	-	2,733
Medical beds	-	-	695	-	695
	\$ 54,033	\$ 14,255	\$ 3,428	\$ (212)	\$ 71,504
Timing of revenue recognition					
Goods transferred at a point in time	\$ 49,614	\$ 14,255	\$ 3,428	\$ (212)	\$ 67,085
Services transferred over time	4,419	-	-	-	4,419
	\$ 54,033	\$ 14,255	\$ 3,428	\$ (212)	\$ 71,504

* The Corporation adopted IFRS 15 on January 1, 2018. The impact on comparative results following the adoption of this standard is described in Note 3.

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14 . Subsequent Events

On July 10, 2018, Savaria announced that it has entered into an agreement with Garaventa Accessibility AG ("Garaventa") pursuant to which Savaria would acquire all of the issued and outstanding shares of Garaventa, for a total purchase price of approximately \$97,813,000 (CHF 74,000,000). Established in 1978 as the accessibility division of the former Garaventa Holding AG (now the Doppelmayr/Garaventa Group), Garaventa manufactures a wide range of wheelchair lifts, including inclined platform lifts, vertical platform lifts and portable wheelchair lifts for persons with disabilities. It also manufactures a full suite of residential elevators and commercial limited use, limited application (LULA) elevators. This acquisition will be accounted for in accordance with IFRS 3, *Business combinations*. The Corporation paid a deposit of \$5,038,000 (CHF 3,750,000) during the second quarter of 2018.

On July 20, 2018, the Corporation completed the acquisition of Visilift, LLC ("Visilift"), which manufactures and markets round and octagonal panoramic glass or acrylic elevators for the residential market; it had paid a deposit towards the acquisition in August 2017. The total consideration amounts to \$6,396,000 (\$5,000,000 US) of which \$4,426,000 (\$3,500,000 US) has been paid on the date of the agreement and \$1,970,000 (\$1,500,000 US) will be paid upon the completion of certain closing conditions. In addition to the Purchase Price, Visilift will have the opportunity to earn an additional payment of \$3,940,000 (\$3,000,000 US) upon achieving certain performance metrics over a three-year period.