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Quarterly
REPORT

SAVARIA CORPORATION

Quarterly Report

for the three month period ended March 31, 2018

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SAVARIA CORPORATION

Management's Report

For the Three-Month Period Ended March 31, 2018

Contents

1. Basis of Presentation

This management's report is designed to assist the reader in better understanding the business of Savaria Corporation, its business context, its strategies, its risk factors and its key financial results. It notably discusses the Corporation's financial position and operating results for the three-month period ended March 31, 2018, in comparison with that for the corresponding period of fiscal 2017. It also provides a comparison of its statements of financial position as at March 31, 2018 and December 31, 2017. Unless otherwise indicated, the terms "the Corporation", "Savaria", "We" and "Our" refer to Savaria Corporation and its subsidiaries.

Prepared in accordance with *National Instrument 51-102 – Continuous Disclosure Obligations*, this report should be read in conjunction with the unaudited condensed consolidated interim financial statements for the first quarter 2018 and accompanying notes, and with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2017 and the Management's Report for the same period. Unless otherwise indicated, all amounts are expressed in Canadian dollars and all amounts in tables are in thousands of dollars, except per share amounts.

The financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and the management's report have been reviewed by Savaria's Audit Committee and approved by its Board of Directors and not reviewed by the Corporation's auditor.

This management's report was prepared as at May 10, 2018. Additional information, including the Annual Information Form, are available on SEDAR's website at www.sedar.com.

2. Forward-Looking Statements

This MD&A includes certain statements that are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe", "could", "should", "intend", "expect", "estimate", "assume" and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at May 10, 2018, which are not guarantees of the future performance of Savaria or its industry, and involve known and unknown risks and uncertainties that may cause Savaria's or the industry's outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetization, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

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

The foregoing risks and uncertainties include the risks set forth under "Risks and Uncertainties" in our 2017 Annual Management Discussion and Analysis as well as other risks detailed from time to time in reports filed by Savaria with securities regulators in Canada.

3. Compliance with International Financial Reporting Standards

The Corporation's financial statements have been prepared in accordance with IFRS. However, the Corporation uses non-IFRS measures such as EBITDA, EBITDA per share, working capital, current ratio, book value per share, cash per share and total net debt to invested capital ratio for analysis purposes to measure its financial performance. EBITDA means earnings before interest, income taxes, depreciation and amortization ("EBITDA") while EBITDA per share means EBITDA per average diluted number of common shares outstanding. Adjusted EBITDA means EBITDA as defined above before realized and unrealized business acquisition costs, the value adjustment on acquired inventories and the compensation expense on share options granted, while adjusted EBITDA per share means adjusted EBITDA per average diluted number of common shares outstanding. The Corporation uses adjusted EBITDA because it believes that it is a meaningful measure of its operating performance without the effects of acquisition costs. Reconciliation between net income and EBITDA and adjusted EBITDA is provided in section 8, *Summary of Quarterly Results*. Working capital is defined as the result of current assets less current liabilities while the current ratio is defined as the result of current assets divided by current liabilities. Book value per share corresponds to the result of shareholders' equity divided by the number of shares outstanding at the end of each quarter and cash per share corresponds to the result of cash divided by the number of shares outstanding at the end of each period.

Total net debt to invested capital ratio is the result of the total of long-term debt less the net result of cash and bank loans ("numerator") divided by the total of shareholders' equity and the numerator.

Although management, investors and analysts use these measures to evaluate the Corporation's financial and operating performance, they have no standardized definition in accordance with IFRS and should not be regarded as an alternative to financial information prepared in accordance with IFRS. These measures may therefore not be comparable to similar measures reported by other companies.

4. Business Overview

Savaria is one of North America's leaders in the accessibility industry. It provides accessibility solutions for the physically challenged to increase their comfort, their mobility and their independence. The diversity of its product line, one of the most comprehensive on the market, includes stairlifts, wheelchair lifts, ceiling lifts, residential and commercial elevators and the conversion and adaptation of vehicles. The Corporation entered the Medical Products and Surfaces market through the acquisition of Span-America Medical Systems, Inc. ("Span") in June 2017 (see the *Span Segment* below for details).

The Corporation, whose headquarters along with a vehicle conversion plant are located in Laval, Quebec, in a 57,000-square-foot building, also has a 125,000-square-foot plant in Brampton, Ontario, a 75,000-square-foot plant in Huizhou, China, a 27,000-square-foot plant in Toronto, Ontario as well as 11 sales offices and retail stores throughout Canada and one sales office in Baltimore, Maryland in the USA. Following the acquisitions of Span and Master Lifts Australia Pty Ltd ("Master Lifts"), the Corporation now also has a 188,000-square-foot plant in Greenville, South Carolina, a 50,000-square-foot plant in Beamsville, Ontario and a 19,000-square-foot plant in Brisbane, Australia.

Operating Segments of the Corporation

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

- ***Accessibility* Segment (49% of Revenue in the 1st quarter of 2018; 60% of Revenue in 2017)**

Through its *Accessibility* segment, Savaria designs, manufactures, distributes and installs accessibility products such as stairlifts for both straight and curved stairs, vertical and inclined wheelchair lifts and elevators for home and commercial use. The products are manufactured, assembled and customized at the Brampton, Ontario, plant and are offered through a network of some 400 retailers, which are primarily located in North America. Through the acquisition of Premier Lifts, Inc. ("Premier Lifts") and Master Lifts in 2017, Savaria has expanded its direct sales territory of residential elevators to the Baltimore-Washington area and its sales territory of accessibility products to Australia. The Huizhou, China, plant is the main supplier of parts and components for the Brampton plant; also, it assembles product components and finished products mainly for the benefit of the Corporation and for the sale of products on the Asian, European and Australian markets. Operation of this Chinese subsidiary allows Savaria to obtain competitive pricing on its purchases. Through its Silver Cross division, the Corporation operates a network of franchises and corporate stores in which new and recycled accessibility equipment is sold.

- ***Adapted Vehicles* Segment (12% of Revenue in the 1st quarter of 2018; 15% of Revenue in 2017)**

Through its *Adapted Vehicles* segment, Savaria converts and adapts minivans to facilitate the transport of mobility challenged people via its Van-Action (2005) Inc. (Laval, Quebec) and Freedom Motors Inc. (Toronto, Ontario) subsidiaries. Its Silver Cross Automotive Inc. subsidiary distributes converted vehicles in the Ontario, Alberta and British Columbia retail markets. The product line-up includes models with rear entry, side entry or dual entry. By adding a ramp and lowering the floor, minivans become accessible to people in wheelchairs. They can be used for personal or commercial purposes.

- ***Span* Segment (39% of Revenue in the 1st quarter of 2018; 25% of Revenue between the acquisition of June 16, 2017 and December 31, 2017)**

The Corporation entered the Medical Products and Surfaces market through the acquisition of Span-America Medical Systems, Inc. (Span) (Greenville, South Carolina) in June 2017. Through this new segment, the Corporation designs, manufactures and markets a comprehensive selection of therapeutic support surfaces and other pressure management products for the medical market, such as patient positioners that help patients sit and avoid falling over as well as skin care products and polyurethane foam mattress overlays. These products are designed to aid in the prevention and treatment of pressure ulcers and are targeted at the seniors' market. Pressure management products made up 59% of total Span revenue in the 1st quarter of 2018.

Through its wholly owned subsidiary Span Medical Products Canada Inc. (Beamsville, Ontario), Span also manufactures and markets medical beds as well as related in-room furnishings. Medical beds and related products made up 25% of total Span revenue in the 1st quarter of 2018.

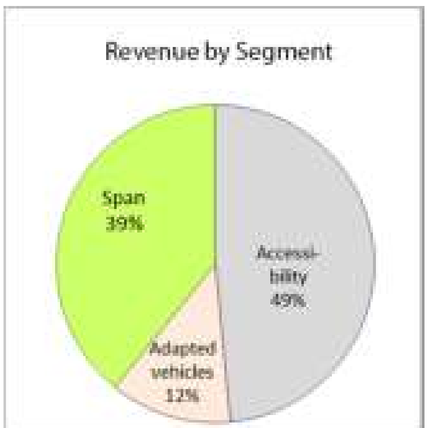
Medical products are sold primarily in North America to customers in the major segments of the health care market, including long-term care facilities, acute care hospitals and home health care providers.

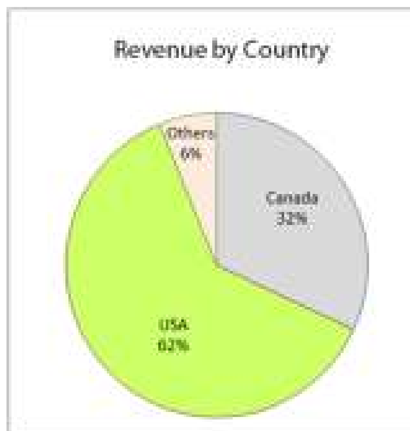
Span manufactures and markets traditional and memory foam mattress overlays and pillows sold to various retail customers in the U.S. market by its consumer products distributor. Consumer sales made up 10% of total Span revenue in the 1st quarter of 2018.

Lastly, Span manufactures and markets certain products for the industrial market, mainly foam products, which are sold to a variety of sectors, including the automotive, packaging and water sports equipment industries. Its largest industrial customers manufacture automobiles and specialty packaging products. Most of the industrial products are made to order according to customer specifications and are sold primarily in the southeastern United States. Industrial products made up 6% of total Span revenue in the 1st quarter of 2018.

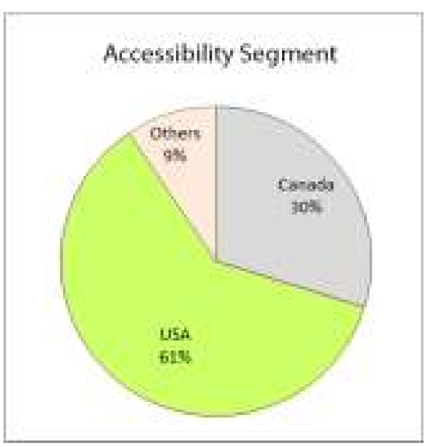
Revenue Breakdown per Segment per Country

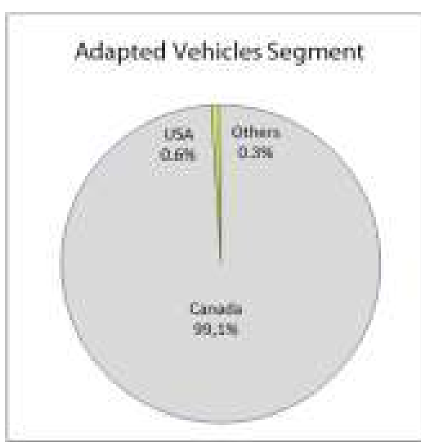
During the first quarter of 2018, Savaria's total revenue was recorded in the United States (62%), Canada (32%) and, to a lesser extent, outside North America (6%). Revenue breakdown per segment and country is as follows:

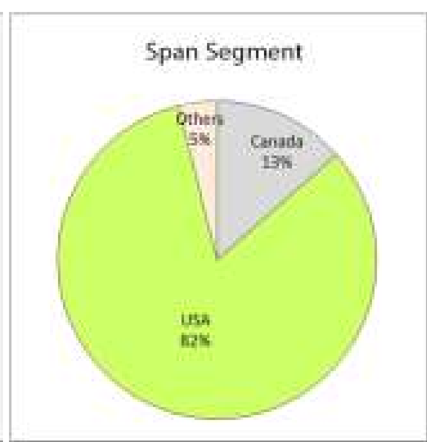




Revenue breakdown per country for the three segments is as follows:







Revenue for first quarter 2018 amounts to $27.9 million ("M") for the *Accessibility* segment, $22.1 M for the *Span* segment and $7 M for the *Adapted Vehicles* segment and, for total revenue of $56.6 M, taking into account consolidation eliminations of $0.4 M. In this report, unless specifically mentioned, the analysis covers the three segments.

The Corporation employs some 800 employees and its shares are listed on the Toronto Stock Exchange under the symbol "SIS".

Operations in Foreign Exchange

The Corporation is subject to foreign currency fluctuations from the conversion of revenue, expenses, assets and liabilities of its foreign operations and from commercial transactions denominated mainly in U.S. dollars. Transactions denominated in foreign currencies are initially recorded at the functional currency rate of exchange in effect at the date of the transactions, excluding the impact of forward foreign exchange contracts, while the statement of income of foreign operations is converted at the average exchange rate for the period.

The foreign exchange rates used to convert assets and liabilities into Canadian dollars were as follows, as at:

	March 31, 2018 unaudited)	December 31, 2017
USD (Canadian equivalent of U.S. $1)	**1.2900**	1.2571

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

	Quarters ended March 31 (unaudited)	
	2018	2017
USD (Canadian equivalent of U.S. $1)	**1.2647**	1.3238

The Corporation uses foreign exchange contracts to reduce the risks related to currency fluctuations, so the variations in the rates presented above may not be representative of the actual impact of exchange rates on financial results (see *Hedging of Foreign Exchange Rates* in section 9 for details).

5. Business Context

A Fast-Growing Market due to the Aging of the Population

Equipment designed for the accessibility market is sold to wheelchair users and to elderly people with mobility challenges for whom stairs and raised building entrances are major obstacles. The Span pressure management products and medical beds are most commonly used in long-term care facilities and, to a lesser extent, in home care settings. These products are well positioned to benefit from the expected growth in the aging population in North America. The number of people requiring accessibility products, pressure management products and medical beds will therefore steadily grow as the population continues to age.

According to a 2016 Canadian census, 5.9 million people – representing 16.9% of Canada's population – were 65 years and older compared with 5 million or 14.4% at the last census in 2011. These numbers are expected to continue rising, with a projected 10.4 million people – or 24% of Canada's population – 65 years and older by 2031 and 12 million – or 26% by 2061. Similar trends, although less pronounced, are noticed in the United States. The population aged 65 and over has increased from 36.2 million in 2004 to 46.2 million in 2014 (a 28% increase) and is projected to increase to 82.3 million – or 21.7% of the population by 2040 and to 98 million by 2060.

Consequently, the number of people requiring accessibility equipment, pressure management products and medical beds will grow, for several reasons. Firstly, the older population is growing and people's life expectancy increasing. According to an *Organisation for Economic Co-operation and Development* ("OECD") study titled *Health at a Glance 2013*, some 24 countries now have an average life expectancy of 80 years and over. Secondly, seniors are increasingly well-off and will hence have the means to adapt their own homes in order to remain there. Based on the same 2016 Canadian census as above and the 2010 U.S. census, 93% of Canadians and 96% of Americans 65 years and older lived in private households or dwellings with the balance living in collective dwellings. Finally, the family structure and care of aging people are changing, increasingly requiring accessibility equipment to be installed in these people's homes and public buildings and increasing the need for medical beds and pressure management products in home care settings.

In addition, Statistics Canada indicates that 7.2% of Canadians of all ages currently suffer from some type of mobility disability. Similarly, 6.9% of Americans suffer some form of ambulatory disability. In keeping with the aging of the population, the proportion of people with disabilities is expected to increase in the coming years.

These fundamental changes will definitely have a major impact on the demand for accessibility products. In addition, because of the aging population and high cost of living in institutions for people with mobility challenges, various public and private organizations in both the United States and Canada could reimburse the cost of such devices, as is common today in some European countries.

Along with demographic factors, the demand for accessibility products is also affected by economic conditions and the strength of home and institutional construction.

Since most of the Corporation's products are custom-made, large-scale manufacturing and imports are not a serious threat. Although competing products are of a high quality and sold at competitive prices, Savaria stands apart for its operational flexibility, the reliability and safety of its products and the quality of its after-sales service.

The retail market, meanwhile, is highly fragmented. There are over a thousand resellers of accessibility products in North America.

6. Vision, Mission and Strategy

Our Vision

Remain a leader in the global market for personal mobility products. Distribute the most extensive line of products designed to increase personal mobility and comfort, having the reputation of being the safest and most durable on the market. Develop and maintain a customer-driven culture, which recognizes and respects the needs and desires of our customers, end users and employees. Strategically expand around the world in order to grow revenue and optimize purchasing power.

Our Mission

To design, engineer, manufacture and market the most comprehensive high-quality reliable and customized line of products that improves personal comfort, mobility and independence. To always provide a business culture and environment based on customer-driven principles, teamwork and mutual respect.

Our Strategy

To strengthen its predominant position in the personal mobility products market, Savaria executes several strategies.

- Savaria regularly develops and markets new products, providing the most extensive product selection in the industry to its 400 active distributors and its Canadian, American and Australian direct sales centers.

Achievement:

- Design of a new product line of ceiling lifts which is in development at our research and development center in Magog, Quebec.

- Savaria stays abreast of business opportunities in the accessibility market, such as strategic acquisitions, that would give it the opportunity to extend its range of products, to acquire new brands, or to increase revenue of its existing products.

Achievements:

- Purchase of the assets of Master Lifts in December 2017. This acquisition provides Savaria with a national sales platform to gain access to the Australian market by leveraging Master Lifts' national sales network.
- Signature in August 2017 of an agreement to purchase, in 3 phases, the assets of Visilift LLC ("Visilift"). This acquisition will allow Savaria to add round and octagonal panoramic glass or acrylic elevators, the *Vuelift* elevator, to its line of residential elevators.
- Purchase of Span in June 2017. This transaction contributes to Savaria reaching its long-term strategic growth objectives by penetrating a strategic market in a key territory for Savaria and had the following key benefits:
  - Further diversified Savaria's accessibility portfolio with highly complementary products, providing customers with a complete comfort and mobility offering.
  - Significantly strengthened Savaria's ability to penetrate government and institutional accounts given Span's vast U.S. sales infrastructure and deep client relationships.
  - Opened the door to market its new ceiling lifts product line, through Span's established distribution channels.
  - Enhanced Savaria's production footprint with extensive U.S.-based manufacturing capabilities and additional production capacity in Ontario.
  - The 188,000-square-foot facility in Greenville also provides Savaria with the flexibility to manufacture locally certain accessibility products for sale into the U.S. market.

- Savaria actively stays at the cutting edge of technology, to remain competitive and to provide its customers innovative tools, allowing it to optimize its business processes and to simplify the work of its dealers.

- Lastly, Savaria constantly strives to optimize its cost structure to increase profitability and production capacity.

Achievement:

- Acquisition in July 2017 of a 27,000-square-foot building in Toronto, Ontario, to consolidate the *Adapted Vehicles* activities of that region under one roof and free up space in the Brampton, Ontario plant for the *Accessibility* activities which are growing.

The Corporation is exposed to various business risks which could have an impact on its ability to maintain its current market share and profitability, as well as to achieve its short-term and long-term strategic objectives. These risks are described in section 16, *Risks and Uncertainties*.

7. First-Quarter 2018 Highlights

First-quarter results reached unprecedented levels for a 1st quarter in terms of Revenue, Operating Income and Adjusted EBITDA.

Revenue up 78.7%: For the 1st quarter of 2018, revenue is up $24.9 M, at $56.6 M, compared to $31.7 M same quarter previous year.

Operating income up 18.4%: Operating income is up $853,000, at $5.5 M for the 1st quarter of 2018, compared to $4.6 M same quarter previous year.

Net income up 13%: Net income is up $435,000, at $3.8 M, for the 1st quarter of 2018, compared to $3.3 M same quarter previous year.

Adjusted EBITDA up 51.5%: The Corporation's adjusted EBITDA amounted to $7.9 M for the 1st quarter of 2018 compared to $5.2 M same quarter previous year, an increase of $2.7 M. Reconciliation between net income and adjusted EBITDA is provided in section 8, *Summary of Quarterly Results*.

8. Summary of Quarterly Results

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

(in thousands, except per-share amounts and percentages – unaudited)	2018	2017 [7]				2016 [7]		
	Quarter 1	Quarter 4[3]	Quarter 3	Quarter 2[4]	Quarter 1[5]	Quarter 4	Quarter 3	Quarter 2[6]
Revenue	**$56,592**	$55,249	$56,988	$39,841	$31,663	$30,986	$32,440	$30,086
Gross margin as a % of revenue	***33.1%***	*36.3%*	*34.9%*	*32.9%*	*34.3%*	*35.9%*	*34.4%*	*32.6%*
Operating expenses [1]	**$12,888**	$13,318	$12,778	$7,399	$6,177	$6,094	$6,254	$5,285
% of revenue	***22.8%***	*24.1%*	*22.4%*	*18.6%*	*19.5%*	*19.7%*	*19.3%*	*17.6%*
Operating income	**$5,496**	$6,589	$6,932	$4,472	$4,643	$4,999	$4,865	$3,856
% of revenue	***9.7%***	*11.9%*	*12.2%*	*11.2%*	*14.7%*	*16.1%*	*15%*	*12.8%*
Gain (loss) on foreign exchange	**$103**	$46	$(334)	$(129)	$(94)	$311	$197	$95
Net income	**$3,772**	$8,335	$4,812	$2,764	$3,337	$3,740	$3,415	$2,763
Earnings per share – diluted	**$0.09**	$0.20	$0.11	$0.07	$0.09	$0.10	$0.09	$0.08
EBITDA [2]	**$7,352**	$9,073	$9,017	$4,935	$5,104	$5,835	$5,577	$4,418
Adjusted EBITDA [2]	**$7,924**	$9,537	$9,604	$6,745	$5,229	$5,986	$5,721	$5,167
Adjusted EBITDA per share – diluted	**$0.19**	$0.24	$0.23	$0.17	$0.14	$0.16	$0.15	$0.14
Dividend declared per share	**$0.09**	$0.09	$0.10	$0.07	$0.07	$0.07	$0.05	$0.05

(1) Operating expenses include administrative, selling, engineering and research and development expenses.

(2) Reconciliation of EBITDA and adjusted EBITDA with net income provided in the table that follows.

(3) The results include the acquisition of Master Lifts, effective on December 14, 2017.

(4) The results include the acquisition of Span, effective on June 16, 2017.

(5) The results include the acquisition of Premier Lifts, effective on February 10, 2017.

(6) The results include the acquisition of SHHC, effective on May 31, 2016.

(7) Revenue and Gross margin as a % of revenue for 2017 have been restated in order to reflect the change in presentation related to freight revenue in accordance with IFRS 15. However, 2016 numbers have not been restated. See subsection 12B) *New accounting standards and interpretations adopted during first three months.*

The acquisitions in recent years, coupled with organic growth, have generated record revenue from quarter to quarter. The significant increase in sales in the 3rd and 4th quarters of 2017 is mainly due to the acquisition of Span in June 2017, whereas the activities acquired from Premier Lifts in February 2017 and from Master Lifts in December 2017 also contributed in the increase, although in a lesser extent. The steady growth in revenue is also due to Savaria launching new products and to an increase in sales of certain existing products.

The upward trend in gross margin since the 3rd quarter of 2016 is mainly due to the mix of sales and to the high level of revenue allowing for better coverage of fixed costs. Span's acquisition in June 2017 also contributed to the increase in gross margin percentage. However, in the 1st quarter of 2018, the margin in this segment decreased from 34.5% to 31.5% compared to the 4th quarter of 2017.

Operating expenses are up since the 2nd quarter of 2017 mainly because of the impact of the previously mentioned acquisitions and the amortization of the intangible assets related to those acquisitions. Average operating expenses are at 18.9% of revenue in 2016, 21.6% of revenue in 2017 and 22.8% in the 1st quarter of 2018. Excluding the amortization of the intangible assets related to the acquisitions, operating expenses would have been at 21.3% of revenue.

Twelve-month adjusted EBITDA's of 2017 and 2016 are at an average of 17% of revenue, whereas it is at 14% of revenue in the 1st quarter of 2018.

Reconciliation of EBITDA and Adjusted EBITDA with Net Income

As mentioned in section 3, although EBITDA and adjusted EBITDA are not recognized measures according to IFRS, they are used by management, investors and analysts to assess the Corporation's financial and operating performance. Reconciliation between net income and EBITDA and adjusted EBITDA is provided in the table below.

(in thousands – unaudited)	**2018**	2017				2016		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Net income	**$3,772**	$8,335	$4,812	$2,764	$3,337	$3,740	$3,415	$2,763
Plus: Interest costs	**406**	503	399	152	182	187	247	195
Income tax expense (recovery)	**1,335**	(2,286)	1,386	1,510	1,147	1,510	1,512	1,054
Depreciation of fixed assets	**650**	613	774	444	368	353	336	295
Amortization of intangible assets	**1,192**	1,911	1,662	211	187	172	179	172
Less: Interest income	**3**	3	16	146	117	127	112	61
EBITDA	**$7,352**	$9,073	$9,017	$4,935	$5,104	$5,835	$5,577	$4,418
Stock-based compensation	**215**	315	277	212	86	104	94	93
Business acquisition costs, realized and unrealized	**357**	149	199	1,263	39	47	50	656
Value adjustment on acquired inventories	-	-	111	335	-	-	-	-
Adjusted EBITDA	**$7,924**	$9,537	$9,604	$6,745	$5,229	$5,986	$5,721	$5,167

The following section provides a detailed analysis of operating results for the 1st quarter of 2018, in comparison with the same quarter of 2017. The detailed analysis of prior quarters is provided in the interim reports for fiscal 2017 and 2016, available on SEDAR's website at www.sedar.com.

9. Operating Results

Segment Results

Certain financial data on the Corporation's three operating segments for the 1st quarter of 2018 and 2017 and as at March 31, 2018 compared to December 31, 2017 is presented in the following table. For more information on the segments, refer to subsection *Operating Segments of the Corporation* in section 4.

(in thousands of dollars, except for percentages - unaudited)	**2018**	2017	Change
Revenue			
Accessibility	**$27,852**	$24,538	13.5%
Adapted vehicles	**7,013**	7,217	(2.8)%
Span	**22,144**	-	100%
Consolidation eliminations	**(417)**	(92)	(353)%
Total	**$56,592**	$31,663	78.7%
EBITDA			
Accessibility	**$4,911**	$4,662	5.3%
% of revenue	***17.6%***	*19%*	*n/a*
Adapted vehicles	**$505**	$708	(28.7)%
% of revenue	***7.2%***	*9.8%*	*n/a*
Span	**$2,518**	$-	100%
% of revenue	***11.4%***	*-%*	*n/a*
Head Office	**$(582)**	$(266)	(119)%
Total	**$7,352**	$5,104	44%
% of revenue	***13%***	*16.1%*	*n/a*
Adjusted EBITDA			
Accessibility	**$5,258**	$4,702	11.8%
% of revenue	***18.9%***	*19.2%*	*n/a*
Adapted vehicles	**$505**	$708	(28.7)%
% of revenue	***7.2%***	*9.8%*	*n/a*
Span	**$2,518**	$-	100%
% of revenue	***11.4%***	*-%*	*n/a*
Head Office	**$(357)**	$(181)	(97.2)%
Total	**$7,924**	$5,229	51.5%
% of revenue	***14%***	*16.5%*	*n/a*

Revenue of the *Accessibility* segment is up \$3.3 M, from \$24.5 M for the 1st quarter of 2017 to \$27.9 M for the 1st quarter of 2018. This increase in revenue mainly results from the addition of the activities of Premier Lifts in the February 2017 and those of Master Lifts in the 4th quarter 2017. Revenue for the *Adapted Vehicles* segment is slightly down by 2.8% in 1st quarter of 2018 compared to 1st quarter 2017, at \$7 M. The newly created *Span* segment, resulting from the acquisition of Span on June 16, 2017, contributed \$22.1 M to 1st quarter 2018 revenue. This result is in line with the Corporation's expectations and is up 11.6% compared to same quarter previous year.

At \$5.3 M in the 1st quarter of 2018 compared to \$4.7 M in the corresponding quarter of 2017, the increase in adjusted EBITDA of the *Accessibility* segment is in line with the sales increase of that segment, at 11.8% or

$556,000. However, although of lesser importance, adjusted EBITDA for the *Adapted Vehicles* segment is down 28.7% or $203,000, from $708,000 in the 1st quarter of 2017 to $505,000 in the 1st quarter of 2018. This decrease is mainly due to the sales mix - more chassis sales and less conversion revenue - and also to the general decline in revenue for the 1st quarter of 2018 compared to that of 2017. The *Span* segment contributed $2.5 M to adjusted EBITDA for the 1st quarter of 2018.

(in thousands of dollars, except for percentages)	**As at March 31, 2018 (unaudited)**	As at December 31, 2017 (recast (1))	Change
Assets			
Accessibility	**$111,597**	$106,910	4.4%
Adapted vehicles	**21,556**	20,890	3.2%
Span	**126,218**	122,207	3.3%
Head Office	**154,580**	151,900	1.8%
Consolidation eliminations	**(187,901)**	(181,226)	(3.7)%
Total assets	**$226,050**	$220,681	2.4%

(1) Recast following the adjustment of the purchase price allocation of the 2017 business acquisitions.

Accessibility segment's assets are up 4.4% or $4.7 M as at March 31, 2018 compared to December 31, 2017, mainly due to an increase in inventories in anticipation of the peak season (+$2.7 M), prepaid expenses given the period of the year that requires certain prepayments (+$460,000) and fixed assets (+$335,000). *Adapted Vehicles* segment's assets are up 3.2% or $666,000 mainly due to an increase in cash (+$1.4 M), partially offset by lower inventories (-$867,000). *Span* segment's assets are up 3.3% or $4 M due to an increase in trade and other receivables (+$2.4 M) related to an increase in revenue in the 1st quarter of 2018 compared to the 4th quarter of 2017, inventories (+$883,000) and goodwill (+$1.4 M) due to the increase in the end-of-period exchange rate (+$925,000) and an adjustment to the purchase price allocation (+$465,000), partially offset by a decrease in cash (-$889,000).

Certain data on consolidated results for the 1st quarter of 2018 and 2017 are presented in the following tables.

Gross Margin

(in thousands of dollars, except percentages - unaudited)	**2018**	2017	Change
Revenue	**$56,592**	$31,663	78.7%
Cost of sales	**$37,863**	$20,818	81.9%
Gross margin	**$18,729**	$10,845	72.7%
% of revenue	***33.1%***	*34.3%*	*n/a*

Revenue for the 1st quarter of 2018 is up by $24.9 M or 78.7%, from $31.7 M in 2017 to $56.6 M in 2018. The addition of Span's activities in the 2nd quarter of 2017 contributed $22.1 M to revenue increase.

Gross margin is up by $7.9 M for the 1st quarter of 2018 compared to the corresponding period of 2017. As a percentage of revenue, it decreased from 34.3% to 33.1% for the same period due to a lower contribution by Span to the consolidated gross margin. Indeed, Span's percentage of gross margin was lower than the consolidated gross margin's without Span's operations.

The purchase volume from Asia allows us to maintain our direct costs at a competitive level. The proportion of purchases made by the subsidiary Savaria Concord from the subsidiary Savaria Huizhou and other suppliers in Asia in the 1st quarter of 2018 was at 51% of raw material purchases (2017-57%).

Breakdown of Revenue by Country

(as a percentage of sales -unaudited)	**2018**	2017	Change
Canada	**32%**	42.8%	(10.8)
United States	**61.8%**	52.7%	9.1
Other country	**6.2%**	4.5%	1.7

Operating Income

(in thousands of dollars, except percentages - unaudited)	**2018**	2017	Change
Operating costs	**$12,888**	$6,177	109%
% of revenue	***22.8%***	*19.5%*	*n/a*
Other net expenses	**$345**	$25	1280%
Operating income	**$5,496**	$4,643	18.4%
% of revenue	***9.7%***	*14.7%*	*n/a*

The proportion of operating expenses relative to revenue increased in the 1st quarter of 2018 compared to the same period in 2017, from 19.5% to 22.8%. In terms of dollars, operating expenses increased by $6.7 M for the same period, partly due to the acquisition of Premier Lifts during the 1st quarter of 2017, of Span during the 2nd quarter of 2017 and of Master Lifts during the 4th quarter of 2017, including an amortization expense of intangible assets related to the acquisitions of $841,000. Were it not for these acquisitions, operating expenses would have increased by $667,000. This increase is mainly due to an increase in engineering and research and development expense (+$357,000), in stock-based compensation expense (+$130,000) and head office remuneration (+$103,000).

Other net expenses in the 1st quarter of 2018 includes acquisition expenses of $357,000 compared to $39,000 during same quarter previous year.

The combined effect of the favourable change in gross margin and the unfavourable changes in operating expenses and other expenses results in an increase in operating income of $853,000 for the 1st quarter of 2018 compared to the same period in 2017.

Net Income

(in thousands of dollars, except percentages - unaudited)	**2018**	2017	Change
Net finance costs	**$389**	$159	145%
Income before income tax	**$5,107**	$4,484	13.9%
Income tax expense	**$1,335**	$1,147	16.4%
Net income	**$3,772**	$3,337	13%
% of revenue	***6.7%***	*10.5%*	*n/a*
EBITDA	**$7,352**	$5,104	44%
% of revenue	***13%***	*16.1%*	*n/a*
Adjusted EBITDA	**$7,924**	$5,229	51.5%
% of revenue	***14%***	*16.5%*	*n/a*

The unfavourable variation of $230,000 of net finance costs for the 1st quarter of 2018 compared to the same period of 2017 is mainly due to an increase in interest expense on long-term debt of $261,000 and a decrease in interest income of $114,000, partially offset by a favourable variation in net foreign exchange gains of $197,000 (see *Operations in Foreign Exchange* in section 4).

The effective income tax rates of 26.1% for the 1st quarter of 2018 has slightly increased compared to the rate of 25.6% for the same quarter previous year.

Net income is up $435,000 for the 1st quarter of 2018 compared to the same period previous year. Span's positive impact amounts to $293,000 of this variation. Adjusted EBITDA is up $2.7 M in the 1st quarter of 2018 compared to the same period in 2017; Span's positive impact amounts to $2.5 M of this variation.

Hedging of Foreign Exchange Rates

In conformity with the hedging policy adopted by the Board of Directors, the Corporation uses foreign exchange contracts to reduce the risks related to currency fluctuations. It applies hedge accounting, which allows the recognition of gains, losses, revenues and expenses from derivative financial instruments in the same period as those related to the hedged item. Foreign exchange contracts are presented at their fair value in the statement of financial position according to their maturity date. Unrealized gains and losses not recognized as net income are recorded in *Accumulated other comprehensive income*. At the contract maturity, gains and losses are reclassified against revenue in net earnings.

As at March 31, 2018, the Corporation held foreign exchange contracts totaling $60.5 M U.S. for a hedging period up to February 2022, at a weighted average rate of 1.2905. As at March 31, 2018, the unrealized gain on the foreign exchange contracts amounted to $844,000 before deferred taxes and is reflected on the statement of financial position under *Derivative financial instruments* of Current and Non-current assets and Current liabilities and is included in the *Accumulated other comprehensive income* balance.

The Corporation designates its US dollar denominated debt as a hedge for its net investment in its new *Span* subsidiary in the United States. This accounting treatment allows the Corporation to offset the designated portion of foreign exchange gain (or loss) from its debt against the foreign exchange loss (or gain) of its net investment in its subsidiary Span and to present it in other comprehensive income. For the quarter ended March 31, 2018, foreign exchange gains of $404,000 ($238,000 after tax) were recorded in other comprehensive income.

Hedging of Interest Rates

Since its debts bear interest at variable rates, the Corporation decided to enter into interest rate swap agreements to minimize its risk of variation of cash flow related to changes in interest rates on a portion of its long-term debt. As at March 31, 2018, the Corporation held a first swap in Canadian dollars at an interest rate of 2.68% on a capital of $5.3 M and a second swap in US dollars at an interest rate of 3.518% on a capital of $10 M, both for 5-year periods. These rates include a 1.5% stamping fee.

Consistent with our currency hedges, the Corporation applies hedge accounting, which enables the recording of unrealized gains and losses related to the derivative financial instrument to *Accumulated other comprehensive income*, while fair value is recorded in the statement of financial position. As at March 31, 2018, the unrealized gain on the interest rate swaps is $436,000 before deferred taxes and is presented in the statement of financial position under *Derivative financial instruments* of non-current assets, and is included in *Accumulated other comprehensive income*.

10. Financial Position

Working Capital

(in thousands of dollars)	**March 31, 2018 (unaudited)**	December 31, 2017 (recast [1])	Change	
Current assets	**$79,323**	$75,363	$3,960	5.3%
Current liabilities	**$33,205**	$31,246	$1,959	6.3%
Working capital	**$46,118**	$44,117	$2,001	4.5%
Current ratio	**2.39**	2.41	(0.02)	(0.8)%

(1) Recast following the adjustment of the purchase price allocation of the 2017 business acquisitions.

Current assets increased by $4 M between December 31, 2017 and March 31, 2018, mainly due to an increase in trade and other receivables (+$1.9 M,) inventories (+$2.7 M) and prepaid expenses (+$1.2 M), offset by a decrease in cash (-$1.9 M). See subsection *Cash Flows* in section 11 for details on cash flow variations.

Current liabilities increased by $2 M between December 31, 2017 and March 31, 2018, mainly due to trade and other payables (+$1.4 M) and deferred revenue (+$299.000).

Note that the number of days required to recover accounts receivable was stable as at March 31, 2018, at 43 days, compared to December 31, 2017.

Non-current Assets and Liabilities and Equity

(in thousands of dollars)	**March 31, 2018 (unaudited)**	December 31, 2017 (recast [1])	Change	
Non-current assets	**$146,726**	$145,318	1,408 $	1%
Non-current liabilities	**$52,461**	$50,652	1,809 $	3.6%
Equity	**$140,383**	$138,783	1,600 $	1.2%

[1] Recast following the adjustment of the purchase price allocation of the 2017 business acquisitions.

Non-current assets increased by $1.4 M during the 1st quarter of 2018, due to the increase in 1) intangible assets and goodwill (+$877,000) mainly due to an increase in the exchange rate at the end of the period (+$1.7 M) offset by amortization expense (-$1.2 M), 2) fixed assets (+$791,000) and 3) deferred tax assets (+$475,000), 4) partially offset by a decrease in derivative financial instruments (-$665,000) mainly related to a change in unrealized gains on foreign exchange contracts.

Non-current liabilities increased by $1.8 M during the 1st quarter of 2018, mainly due to the increase in the non-current portion of the long-term debt (+$1.8 M).

The $1.6 M increase in equity is mainly due to the impact of net income (+$3.8 M) and the effect of the variation of the foreign exchange rates (+$1.1 M) included in accumulated other comprehensive loss offset by declared dividends (-$3.7 M).

As at March 31, 2018, Savaria benefited from a sound financial position with total assets of $226 M, compared with $220.7 M as at December 31, 2017, and total liabilities of $85.7 M, compared with $81.9 M as at December 31, 2017.

Share Information

(in thousands)	**March 31, 2018 (unaudited)**	December 31, 2017
Number of common shares issued and outstanding	**41,257**	41,250

(in thousands)	Quarters ended March 31 (unaudited)	
	2018	2017
Weighted average number of common shares outstanding used to calculate basic earnings per share	**41,254**	36,837
Weighted average number of common shares outstanding used to calculate diluted earnings per share	**42,286**	38,016

Available Sources of Financing

(in thousands of dollars)	**March 31, 2018 (unaudited)**	December 31, 2017
Credit facilities:		
Authorized	**$110,000**	$110,000
Loans	**40,572**	38,861
Unused credit	**69,428**	71,139
Gross cash	**5,830**	7,719
Total	**$75,258**	$78,858

As shown above, the Corporation had total available funds of $75.3 M as at March 31, 2018. This provides it with the flexibility to meet its potential obligations in the near term and to pursue from acquisition opportunities.

As per its financing agreement with its financial institution, a revolving line of credit totaling $110 M is at the Corporation's disposal. The agreement provides for an additional credit of $50 M, available under certain conditions. An amount of $40.6 M was drawn as at March 31, 2018. Only interest is payable monthly. This debt is presented as long-term in the consolidated statement of financial position. Also, see Section 15 *Subsequent Events*.

A process for consolidating Canadian dollars and US dollars bank accounts in Canada is in place. Under this process, any daily net debit balance is applied against the balance of the credit line while any daily net credit balance increases the balance of the credit line.

The Corporation minimizes its exposure to risks of variation of cash flow related to fluctuations in interest rates by keeping most of its debt at fixed rates using swap agreements (see *Hedging of Interest Rates* in section 9).

As at March 31, 2018, the Corporation's total net debt to invested capital ratio is 20.4% (18.8% as at December 31, 2017).

Other Data and Ratios

(in thousands of dollars, except per-share amounts - unaudited)	**March 31, 2018**	December 31, 2017	Change
Book value per share [(1)]	**$3.40**	$3.36	1.2%
Cash per share [(1)]	**$0.14**	$0.19	(26.3)%
Market capitalization	**$711,685**	$751,583	(5.3)%

(1) See definition in section 3, *Compliance with International Financial Reporting Standards*

Book value per share is up as at March 31, 2018 compared to December 31, 2017, mainly due to an increase in equity. Cash per share decreased as a result of the decrease of $1.9 M in cash position for the 1st quarter of 2018. Market capitalization is down due to a decrease in the value of the Corporation's shares, which went from $18.22 as at December 31, 2017 to $17.25 as at March 31, 2018.

11. Cash Flows

The following table presents certain cash flow data for 1st quarter of 2018 and 2017.

(in thousands of dollars - unaudited)	**2018**	2017	Change
Cash at the beginning of the periods	**$7,719**	$51,230	$(43,511)
Net cash related to operating activities	**2,131**	2,779	(648)
Net cash related to investing activities	**(1,431)**	(4,704)	3,273
Net cash related to financing activities	**(2,733)**	2,631	(5,364)
Unrealized foreign exchange gain (loss) on cash held in foreign currencies	**144**	(187)	331
Cash as at March 31	**$5,830**	$51,749	$(45,919)

The Corporation's cash flows from operating activities are down $648,000 for the 1st quarter compared to the corresponding period of the previous year. This is mainly due to an unfavourable variation in non-cash items (-$3.1 M coming mainly from inventories, trade and other receivables and prepaid expenses) partially offset by a favourable variation in net income before tax and depreciation (+$1.9 M) and tax payments (+$542,000).

Cash flow used in investing activities is down $3.3 M in the 1st quarter of 2018 compared to the same period of the previous year. This is mainly due to the absence of business acquisitions (+$4.1 M) in the first quarter of 2018 offset by higher acquisitions of fixed assets (-$833,000) in the 1st quarter of 2018 compared to the 1st quarter of 2017.

Regarding financing activities, cash flows are down $5.4 M for 1st quarter of 2018 compared to the same period of the previous year. This is mainly due to the absence of funds coming from the exercise of warrants in the 1st quarter of 2018 (-$5.7 M) and higher dividends (-$1.3 M) in the 1st quarter of 2018 partially offset by a favourable net change in long-term debt (+$2.2 M) in the 1st quarter of 2018 compared the 1st quarter of 2017.

12. Significant Accounting Policies and Estimates

(A) Accounting Estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are the goodwill, the measurement of the identifiable assets acquired during business acquisitions, the measurement of the fair value of derivative financial instruments and the warranty and inventory obsolescence provisions. Important judgements made by management when applying accounting policies that have the most significant impact on amounts recognized in the consolidated financial statements are the determination of cash-generating units, the identification of operating segments and the determination of foreign operations' functional currency.

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

(B) New accounting standards and interpretations adopted during first three months

The following new standards and amendments to standards and interpretations have been applied in preparing the interim condensed consolidated financial statements as at March 31, 2018:

- *Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)*
- IFRS 9 - *Financial Instruments*
- IFRS 15 - *Revenue from Contracts with Customers*
- IFRIC 22 - *Foreign Currency Transactions and Advance Consideration*

None of these amendments had a significant impact on the financial statements except for IFRS 15 which had an impact on the presentation of freight revenues. In line with IFRS 15, it has been determined that freight is a service distinct from the sale of goods; the amount invoiced to the customer must thus be added to revenues while the amount invoiced by the carrier must be added to the cost of sales. This change had no impact on the Corporation's net income, but it increased both its revenues and its cost of sales by the same amount. To reflect this change in the comparative results for Q1 2017, revenues and cost of sales were both increased by $537,000.

13. Internal Control over Financial Reporting

Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer of the Corporation are in charge of establishing and maintaining disclosure controls and procedures, as defined by *Multilateral Instrument 52-109* of the Canadian Securities Administrators.

As stated in the 2017 annual Management's Report, an evaluation has been conducted to measure the effectiveness of controls and procedures as of December 31, 2017 used for the preparation of reporting documents.

Internal Control over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Corporation are in charge of establishing and maintaining an adequate internal control system in regard to financial reporting.

As stated in the 2017 annual Management's Report, management has evaluated the effectiveness of internal control over financial reporting as of December 31, 2017.

Limitation on Scope of Design

The Corporation has limited the scope of its disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of its Span subsidiary, acquired not more than 365 days before the last day of the period covered by the annual filing. The Corporation elected to exclude them from the scope of certification as allowed by NI 52-109. The Corporation intends to evaluate the situation within one year of this acquisition.

Changes to Internal Control over Financial Reporting

No changes in the Corporation's internal control over financial reporting occurred during the first three months of 2018 that materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

14. Risks and Uncertainties

Savaria is engaged in an industry exposed to various risks and uncertainties. The Corporation's operating results and financial position could be adversely affected by each of the risks and uncertainties described in its 2017 annual Management's Report, which are incorporated herein by reference:

- Exchange rates
- Interest rates
- Prices
- Credit
- Liquidity
- Economic conditions
- Warranties
- Competition
- Dependence on key distributors and large customers
- Dependence on the U.S. market
- Fluctuation in raw material prices
- Laws and regulations
- Information system
- Business acquisitions and their Integration
- Tax credits
- Deferred tax assets
- Lawsuits

15. Subsequent events

On April 3, 2018, the Corporation entered onto the amended and restated credit agreement. The agreement amends and restates the original credit agreement by (i) providing the term facility of $50 M for which the funds were received on April 3, 2018; (ii) adding the option to draw in Euros; and (iii) extending the maturity date of the $110 M revolving facility by one year to April 3, 2023. The interest rate of the term facility, which is covered by an interest rate swap, is a fixed rate of 2.52% plus a stamping fee of 1.75%. Only the interest is payable on a monthly basis. The credit facilities are secured by the assets of the Corporation.

On April 12, 2018, the Corporation completed the acquisition of all of the assets of one of its independent dealers, H.E.S. Elevator Services Inc. ("H.E.S."), for a purchase price of approximately $1.4 M ($1.1 M US). H.E.S. sells, installs and services a full range of elevator and lift products within the State of Colorado and serves both the residential and commercial markets.

On May 4, 2018, the Corporation completed a bought deal financing consisting of 3,450,000 common shares at a price of $16.60 per share, for gross proceeds to the Corporation of $57.3 M, which included the full exercise of the over-allotment option granted to the underwriters of the offering and proceeds net of transaction fees of $3.1 M ($2.3 M after taxes) of $54.1 M.

16. Outlook

Savaria plans to further its growth of the last years and is optimistic over its continuing growth potential driven by the aging population and people's desire to age at home.

The development of a new product line of ceiling lifts is progressing at our research and development center in Magog, Quebec. In the United-States, these products will be distributed by the Span subsidiary, which staffs 33 sales representatives serving this market; marketing began in the first quarter of 2018.

The acquisition of Visilift will expand our elevators offering by adding a deluxe circular or octagonal elevator requiring no shaft. Sales began in the first quarter of 2018. In addition to North America, this product will be available on the international market, such as Australia, China and Europe.

In December 2017, Savaria purchased the assets of Master Lifts, a reseller of accessibility products and elevators. Master Lifts's purchases of Savaria products from our Chinese subsidiary accounted for 20% of their purchases. We plan to increase this percentage to 75% by the end of June 2018.

Savaria remains abreast of strategic acquisition opportunities that would allow it to further its growth and strengthen its key player position in the accessibility market.

Factoring in Savaria's acquisitions completed in 2017, Premier Lifts, Span and Master Lifts as well as our new *Vuelift* elevators, we forecast revenue of approximately $268 M and adjusted EBITDA in a range of $42.5-$44.5 M for fiscal 2018. These forecasts do not include the acquisition of H.E.S. in April nor the impact of any acquisitions that might take place in the remainder of 2018.

May 10, 2018

SAVARIA CORPORATION
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT MARCH 31, 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	March 31, 2018	December 31, 2017 (recast - see note 4)
Assets			
Current assets			
Cash		**$ 5,830**	$ 7,719
Trade and other receivables		**26,379**	24,483
Income taxes receivable		**177**	86
Derivative financial instruments	*11*	**394**	466
Inventories		**42,227**	39,541
Prepaid expenses		**3,689**	2,441
Deposit		**627**	627
Total current assets		**79,323**	75,363
Non-current assets			
Derivative financial instruments	*11*	**1,256**	1,921
Long-term loans		**21**	21
Fixed assets		**36,198**	35,407
Intangible assets and goodwill	*5*	**102,252**	101,375
Deposit on a business acquisition		**4,426**	4,426
Deposits on purchases of fixed assets		**126**	205
Other long-term assets		**205**	196
Deferred tax assets		**2,242**	1,767
Total non-current assets		**146,726**	145,318
Total assets		**$ 226,049**	$ 220,681
Liabilities			
Current liabilities			
Trade and other payables		**$ 23,039**	$ 21,651
Dividend payable		**1,238**	1,238
Income taxes payable		**703**	465
Deferred revenues		**5,406**	5,107
Derivative financial instruments	*11*	**368**	279
Current portion of long-term debt	*6*	**1,522**	1,552
Warranty provisions		**929**	954
Total current liabilities		**33,205**	31,246
Non-current liabilities			
Long-term debt	*6*	**40,270**	38,514
Warranty provisions		**717**	740
Other long-term liabilities		**950**	993
Income taxes payable		**639**	682
Derivative financial instruments	*11*	**2**	-
Deferred tax liabilities		**9,883**	9,723
Total non-current liabilities		**52,461**	50,652
Total liabilities		**85,666**	81,898
Equity			
Share capital	*7*	**120,425**	120,394
Contributed surplus		**3,506**	3,298
Accumulated other comprehensive loss		**(389)**	(1,691)
Retained earnings		**16,841**	16,782
Total equity		**140,383**	138,783
Total liabilities and equity		**$ 226,049**	$ 220,681

The notes on pages 8 to 18 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF NET INCOME
Periods of three months ended March 31, 2018 and 2017
(in thousands of dollars, except per share amounts - Unaudited)

	Note	**2018**	2017 (restated *)
Revenue	*12*	**$ 56,592**	$ 31,663
Cost of sales		**37,863**	20,818
Gross margin		**18,729**	10,845
Operating expenses			
Administrative		**4,601**	2,550
Selling		**6,624**	2,672
Engineering		**1,176**	674
Research and development		**487**	281
		12,888	6,177
Other expenses	*8*	**345**	25
Operating income		**5,496**	4,643
Finance income	*9*	**(106)**	(117)
Finance costs	*9*	**495**	276
Net finance costs		**389**	159
Income before income tax		**5,107**	4,484
Income tax expense		**1,335**	1,147
Net income		**$ 3,772**	$ 3,337
Earnings per share:			
Basic		**$ 0.09**	$ 0.09
Diluted		**$ 0.09**	$ 0.09

* 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.

The notes on pages 8 to 18 are an integral part of these unaudited condensed consolidated interim financial statements.

(in thousands of dollars - Unaudited)

	2018	2017
Net income	**$ 3,772**	$ 3,337
Other comprehensive income		
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	**(1,002)**	603
Deferred income tax	**256**	(155)
	(746)	448
Losses on foreign exchange contracts transferred to net income in the current period	**175**	1,240
Deferred income tax	**(45)**	(319)
	130	921
Net change in fair value of derivative financial instruments designated as cash flow hedges	**(616)**	1,369
Unrealized net gains on translation of financial statements of foreign operations	**2,156**	73
Net investment hedge, net of tax	**(238)**	-
Other comprehensive income, net of income tax	**1,302**	1,442
Total comprehensive income	**$ 5,074**	$ 4,779

The notes on pages 8 to 18 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
Period of three months ended March 31, 2017
(in thousands of dollars - Unaudited)

	2017						
	Share capital and warrants						
	Number						
	Share capital	Warrants	Amount	Contributed surplus	Accumulated other comprehensive loss	Retained earnings	Total equity
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	-	-	-	-	-	3,337	**3,337**
Other comprehensive income:							
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	-	-	-	-	448	-	**448**
Losses on foreign exchange contracts transferred to net income in the current period, net of tax	-	-	-	-	921	-	**921**
Unrealized net gains on translation of financial statements of foreign operations	-	-	-	-	73	-	**73**
Other comprehensive income	-	-	-	-	1,442	-	**1,442**
Total comprehensive income	-	-	$ -	$ -	$ 1,442	$ 3,337	**$ 4,779**
Transactions with shareholders, recorded directly in equity							
Stock-based compensation	-	-	-	86	-	-	**86**
Exercise of stock options (note 7)	100,000	-	450	(54)	-	-	**396**
Exercise of warrants (note 7)	1,333,999	(1,333,999)	5,670	-	-	-	**5,670**
Dividends on common shares (note 7)	-	-	-	-	-	(2,364)	**(2,364)**
Total transactions with shareholders	1,433,999	(1,333,999)	6,120	32	-	(2,364)	**3,788**
Balance at March 31, 2017	**37,787,946**	**532,501**	**$ 78,911**	**$ 2,619**	**$ (2,608)**	**$ 12,630**	**$ 91,552**

The notes on pages 8 to 18 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
Period of three months ended March 31, 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**
Total comprehensive income						
Net income	-	-	-	-	3,772	**3,772**
Other comprehensive income:						
Change in the fair value of derivative financial instruments designated as cash flow hedges, net of tax	-	-	-	(746)	-	**(746)**
Losses on foreign exchange contracts transferred to net income in the current period, net of tax	-	-	-	130	-	**130**
Unrealized net gains on translation of financial statements of foreign operations	-	-	-	2,156	-	**2,156**
Change in net investment hedge, net of tax	-	-	-	(238)	-	**(238)**
Other comprehensive income	-	-	-	1,302	-	**1,302**
Total comprehensive income	-	$ -	$ -	$ 1,302	$ 3,772	**$ 5,074**
Transactions with shareholders, recorded directly in equity						
Stock-based compensation	-	-	215	-	-	**215**
Exercise of stock options (note 7)	6,667	31	(7)	-	-	**24**
Dividends on common shares (note 7)	-	-	-	-	(3,713)	**(3,713)**
Total transactions with shareholders	6,667	31	208	-	(3,713)	**(3,474)**
Balance at March 31, 2018	**41,257,115**	**$ 120,425**	**$ 3,506**	**$ (389)**	**$ 16,841**	**$ 140,383**

The notes on pages 8 to 18 are an integral part of these unaudited condensed consolidated interim financial statements.

SAVARIA CORPORATION
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
Periods of three months ended March 31, 2018 and 2017
(in thousands of dollars - Unaudited)

	Note	**2018**	2017
Cash flows related to operating activities			
Net income		**$ 3,772**	$ 3,337
Adjustments for:			
Depreciation of fixed assets		**650**	368
Amortization of intangible assets		**1,192**	187
Income tax expense		**1,335**	1,147
Stock-based compensation		**215**	86
Unrealized foreign exchange losses (gains)		**(115)**	191
Finance costs	*9*	**445**	182
Others		**(74)**	(26)
		7,420	5,472
Net changes in non-cash operating items	*10*	**(3,739)**	(610)
Proceeds from long-term loans		**-**	9
Income tax paid		**(1,550)**	(2,092)
Net cash related to operating activities		**2,131**	2,779
Cash flows related to investing activities			
Business acquisitions		**-**	(4,057)
Deposits on purchases of fixed assets		**-**	(68)
Additions to fixed assets		**(1,106)**	(273)
Increase in intangible assets		**(325)**	(306)
Net cash related to investing activities		**(1,431)**	(4,704)
Cash flows related to financing activities			
Increase in long-term debt		**1,397**	-
Repayment of long-term debt		**(57)**	(907)
Interest paid		**(384)**	(164)
Proceeds from exercise of stock options		**24**	396
Proceeds from exercise of warrants		**-**	5,670
Dividends paid on common shares		**(3,713)**	(2,364)
Net cash related to financing activities		**(2,733)**	2,631
Net change in cash		**(2,033)**	706
Cash at January 1st		**7,719**	51,230
Unrealized foreign exchange gain (loss) on cash held in foreign currencies		**144**	(187)
Cash at March 31st		**$ 5,830**	$ 51,749

The notes on pages 8 to 18 are an integral part of these unaudited condensed consolidated interim financial statements.

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 March 31, 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 12 "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 May 10, 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 March 31, 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.

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.

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 the first quarter of 2017, revenue and cost of sales have both been increased by $536,918.
- 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.

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 $3,848,000 ($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 $991,000 ($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

As at March 31, 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.

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

4 . Business Acquisitions (continued)

Purchase price allocation (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 March 31, 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 March 31, 2018**	**Preliminary allocation as at Dec. 31, 2017**	**Adjustments**	**Adjusted allocation as at March 31, 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**

5 . Intangible Assets and Goodwill

	March 31, 2018	**December 31, 2017**
		(recast - see note 4)
Intangible assets	**$ 39,596**	$ 40,134
Goodwill	**59,208**	58,213
Intangible assets and goodwill from acquisitions (note 4), net of accumulated amortization and foreign exchange reevaluation	**3,448**	3,028
	$ 102,252	**$ 101,375**

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

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	1,397
Repayment of other long-term debts	(57)
Capitalized finance costs on long-term debt	11
Reversal of transactions costs related to loans repaid during the year	51
Impact of the change in foreign exchange rates on the US dollar debt	324
Balance as at March 31	$ 41,792

7 . Share Capital

During the first quarter of 2018, the Corporation issued 6,667 common shares (2017-100,000) at an average price of $3.65 per share (2017-$3.96) following the exercise of stock options. The average closing price on the exercise dates was $17.36 (2017-$11.37). These exercises resulted in an increase in share capital of $31,000 (2017-$450,000) and a decrease in contributed surplus of $7,000 (2017-$54,000). At March 31, 2018, 1,981,665 options are outstanding (2017-1,596,667) at a weighted average exercise price of $8.44 per share (2017-$5.36). During the same period, no warrants were exercised (2017-1,333,999, exchanged for the same number of common shares at a price of $4.25 per share, resulting in an increase in share capital of $5,670,000).

During the first quarter of 2018, the Corporation declared dividends totaling 9 cents per share; the same amount was paid during this period (2017-$6.5 cents per share declared and paid).

8 . Other Expenses

	Periods of three months ended March 31, 2018	2017
Business acquisition costs, realized and unrealized, related to administrative expenses	$ 357	$ 39
Others	(12)	(14)
	$ 345	$ 25

9 . Finance Income and Finance Costs

	Periods of three months ended March 31, 2018	2017
Interest income	$ 3	$ 117
Net gain on foreign currency exchange	103	-
Finance income	$ 106	$ 117
Interest on long-term debt	$ 406	$ 145
Interest and bank charges	39	37
Financing charges	50	-
Net loss on foreign currency exchange	-	94
Finance costs	$ 495	$ 276

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

10 . Net Changes in Non-cash Operating Items

	Periods of three months ended March 31, 2018	2017
Trade and other receivables	**$ (1,397)**	$ 19
Inventories	**(2,124)**	(473)
Prepaid expenses	**(1,206)**	(676)
Trade and other payables	**783**	(91)
Deferred revenues	**253**	614
Warranty provision	**(48)**	(3)
	$ (3,739)	**$ (610)**

11 . 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.

	March 31, 2018		December 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value				
Foreign exchange forward contracts	**$ 1,214**	**$ 1,214**	$ 2,185	$ 2,185
Interest rate swap agreements	**436**	**436**	202	202
	$ 1,650	**$ 1,650**	**$ 2,387**	**$ 2,387**
Liabilities carried at fair value				
Foreign exchange forward contracts	**$ 370**	**$ 370**	**$ 279**	**$ 279**
Liabilities carried at amortized cost				
Long-term debt	**$ 41,792**	**$ 41,781**	**$ 39,898**	**$ 39,884**

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

	March 31, 2018	December 31, 2017
Current assets		
Foreign exchange derivatives	**$ 394**	**$ 466**
Non-current assets		
Foreign exchange derivatives	**$ 820**	$ 1,719
Interest rate derivatives	**436**	202
	$ 1,256	**$ 1,921**
Current liabilities		
Foreign exchange derivatives	**$ 368**	**$ 279**
Non-current liabilities		
Foreign exchange derivatives	**$ 2**	**$ -**

11 . 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 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 March 31, 2018

Maturity	Type	Weighted average exchange rate	Contractual amounts (in thousands of US dollars)
0 to 12 months	Sale	**1.2853**	**$18,000**
12 to 24 months	Sale	**1.2948**	**18,000**
24 to 36 months	Sale	**1.2962**	**18,000**
36 to 47 months	Sale	**1.2774**	**6,500**
		1.2905	**$60,500**

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
37 to 40 months	Sale	1.3070	4,000
		1.2890	**$54,000**

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

11 . 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:

Maturity	Fixed interest rate	Original capital amount	Currency	Balance	
				March 31, 2018	December 31, 2017
July 2021	1.18%	$ 6,200	CA	**$ 5,290**	$ 5,413
June 2022	2.018%	$ 13,500	US	**$ 12,900**	$ 16,971

Stamping fees of 1.5% are added to the interest rates stated above.

12 . 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 March 31,

	Accessibility	Adapted Vehicles	Span	Head office	Inter-segment eliminations	Total
2018						
External revenues	**$ 27,852**	**$ 7,013**	**$ 22,144**	**$ -**	**$ (417)**	**$ 56,592**
Income (loss) before income tax, interest, depreciation and amortization	**4,911**	**505**	**2,518**	**(582)**	**-**	**7,352**
Depreciation and amortization expense	**540**	**164**	**1,034**	**104**	**-**	**1,842**
Interest expense	**12**	**-**	**859**	**394**	**(859)**	**406**
Interest income	**-**	**-**	**-**	**862**	**(859)**	**3**

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

12 . Operating Segments (continued)

Period of
three months ended March 31,

	Accessibility	Adapted Vehicles	Span	Head office	Inter-segment eliminations	Total
2017						
External revenues (restated)	$ 24,538	$ 7,217	$ -	$ -	$ (92)	$ 31,663
Income (loss) before income tax, interest, depreciation and amortization	4,662	708	-	(266)	-	5,104
Depreciation and amortization expense	348	93	-	114	-	555
Interest expense	52	6	-	124	-	182
Interest income	7	1	-	109	-	117

	Accessibility	Adapted Vehicles	Span	Head office	Inter-segment eliminations	Total
March 31, 2018						
Segment's assets	**$ 111,597**	**$ 21,556**	**$ 126,218**	**$ 154,580**	**$ (187,901)**	**$ 226,050**
Segment's liabilities	**91,880**	**12,110**	**87,824**	**81,753**	**(187,901)**	**85,666**
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

Desegregation of Revenue

Period of
three months ended March 31,

	Accessibility	Adapted Vehicles	Span	Inter-segment eliminations	Total
2018					
Revenue by country					
Canada	**$ 8,348**	**$ 6,946**	**$ 2,985**	**$ (189)**	**$ 18,090**
United States	**16,892**	**45**	**18,291**	**(228)**	**35,000**
Other countries	**2,612**	**22**	**868**	**-**	**3,502**
	$ 27,852	**$ 7,013**	**$ 22,144**	**$ (417)**	**$ 56,592**
Major categories of revenue					
Accessibility equipment	**$ 24,741**	**$ -**	**$ -**	**$ (417)**	**$ 24,324**
Installation and maintenance	**3,008**	**-**	**-**	**-**	**3,008**
Royalties	**103**	**-**	**-**	**-**	**103**
Vehicle conversions	**-**	**6,340**	**-**	**-**	**6,340**
Vehicle adaptation and maintenance	**-**	**673**	**-**	**-**	**673**
Therapeutic support surfaces	**-**	**-**	**16,682**	**-**	**16,682**
Medical beds	**-**	**-**	**5,462**	**-**	**5,462**
	$ 27,852	**$ 7,013**	**$ 22,144**	**$ (417)**	**$ 56,592**
Timing of revenue recognition					
Goods transferred at a point in time	**$ 24,844**	**$ 7,013**	**$ 22,144**	**$ (417)**	**$ 53,584**
Services transferred over time	**3,008**	**-**	**-**	**-**	**3,008**
	$ 27,852	**$ 7,013**	**$ 22,144**	**$ (417)**	**$ 56,592**

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

12 . Operating Segments (continued)

Desegregation of Revenue (continued)

Period of three months ended March 31,

	Accessibility	Adapted Vehicles	Span	Inter-segment eliminations	Total
2017					
Revenue by country (restated)					
Canada	$ 6,909	$ 6,748	$ -	$ (92)	**$ 13,565**
United States	16,676	6	-	-	**16,682**
Other countries	953	463	-	-	**1,416**
	$ 24,538	$ 7,217	$ -	$ (92)	**$ 31,663**
Major categories of revenue					
Accessibility equipment	$ 22,397	$ -	$ -	$ (92)	**$ 22,305**
Installation and maintenance	1,959	-	-	-	**1,959**
Royalties	182	-	-	-	**182**
Vehicle conversions	-	6,331	-	-	**6,331**
Vehicle adaptation and maintenance	-	886	-	-	**886**
	$ 24,538	$ 7,217	$ -	$ (92)	**$ 31,663**
Timing of revenue recognition					
Goods transferred at a point in time	$ 22,579	$ 7,217	$ -	$ (92)	**$ 29,704**
Services transferred over time	1,959	-	-	-	**1,959**
	$ 24,538	$ 7,217	$ -	$ (92)	**$ 31,663**

13 . Subsequent Events

On April 3, 2018, the Corporation entered onto the 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, which is covered by an interest rate swap, is a fixed rate of 2.52% plus a stamping fee of 1.75%. Only the interest is payable on a monthly basis. The credit facilities are secured by the assets of the Corporation.

On April 12, 2018, the Corporation completed the acquisition of all of the assets of one of its independent dealers, H.E.S. Elevator Services Inc. ("H.E.S."), for a purchase price of approximately $1,419,000 ($1,100,000 US). H.E.S. sells, installs and services a full range of elevator and lift products within the State of Colorado and serves both the residential and commercial markets.

On May 4, 2018, the Corporation completed a bought deal financing consisting of 3,450,000 common shares at a price of $16.60 per share, for gross proceeds to the Corporation of $57,270,000, which included the full exercise of the over-allotment option granted to the underwriters of the offering, and proceeds net of transaction fees of $3,128,000 ($2,299,000 after taxes) of $54,142,000.