SAVARIA CORPORATION

Management's Report

For the Three and Six-Month Periods Ended June 30, 2015

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 and six-month periods ended June 30, 2015 in comparison with that for the corresponding periods of fiscal 2014. It also provides a comparison of its statements of financial position as at June 30, 2015 and as at December 31, 2014. 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 second quarter 2015 and accompanying notes, and with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2014. 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 auditor of the Corporation.

This management's report was prepared as at August 6, 2015. Additional information, including the Annual Information Form, is available on SEDAR's website at www.sedar.com.

2. Forward-Looking Statements and Disclaimer

Certain statements in this management's report may be forward-looking. Forward-looking statements involve known and unknown risks, uncertainties or other factors that may cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The reader is warned against the risk of giving excessive credibility to these forward-looking statements.

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. Reconciliation between net income and 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 Corporation is North America's leader in the accessibility industry. The diversity of its product line, which includes a complete range of stairlifts, platform lifts, and residential and commercial elevators, enables Savaria to stand out by proposing an integrated and customized solution, one of the most comprehensive on the market, to facilitate the movement of its customers with mobility challenges. Savaria's operations in China have experienced a significant growth, and collaboration of the latter with the other Canadian facilities increases its competitive advantage in the market. Headquartered in Laval, Quebec, the Corporation has five other facilities, including a 125,000-square-foot plant in Brampton, Ontario, a 70,000-square-foot plant in Montreal, Quebec, a 75,000-square-foot plant in Huizhou, China, and two sales offices in London, Ontario, and Calgary, Alberta. On February 24, 2015, the Corporation presented an offer to purchase a building in Laval, and it was accepted by the seller. The Corporation plans to move its headquarters into that building during first quarter 2016, along with its Montreal plant operated by the subsidiary Van-Action.

Operating segments of the Corporation

The Corporation manages its operations under two operating segments, the main one being the *Accessibility* segment. These segments are structured according to the market segments they address.

- ***Accessibility* segment (84 % of revenue in 2014)**

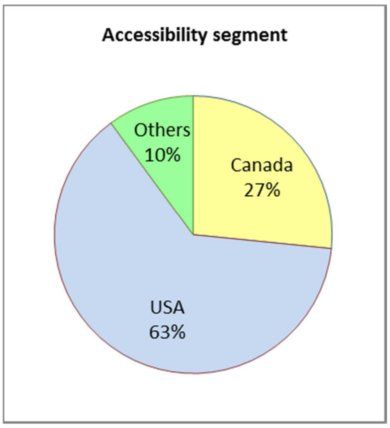
The *Accessibility* segment designs, manufactures, distributes and installs accessibility products such as stairlifts for both straight and curved stairs, vertical and inclined platform lifts and elevators for home and commercial use. The products are manufactured, assembled and customized at the Brampton (Ontario) plant, and are offered through a network of some 300 active retailers, which are primarily located in North America. The Huizhou (China) plant is the main supplier of parts and components for the Brampton subsidiary; also, it assembles product components and finished products mainly for the benefit of the Corporation and for the sale of products on the Asian and European markets. This segment also includes operations that came from the acquisition of Silver Cross in the third quarter of 2014, consisting of the operation of a franchise network through which new and recycled accessibility equipment is sold, and of a lead generation program to capture and distribute leads on potential customers to close to 100 affiliates in North America.

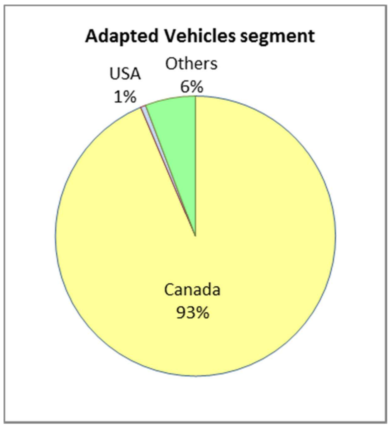
- ***Adapted Vehicles* segment (16 % of revenue in 2014)**

The *Adapted Vehicles* segment converts and adapts minivans through the Van-Action and Freedom Motors subsidiaries located in Montreal (Quebec) and Brampton (Ontario). They offer models with rear entry, side entry or dual entry for people with mobility challenges. Via a ramp and a lowered floor, they make vans accessible to wheelchairs. They can be for personal use or commercial use (taxis).

Revenue breakdown per segment per region

For the first six months of fiscal 2015, Savaria's total revenue was recorded in the United States (55%), Canada (36%) and, to a lesser extent, outside North America (9%). Revenue breakdown per region by segment is as follows:





Revenue for the first six months of fiscal 2015 amounts to $38.4 million ("M") for the *Accessibility* segment and $6.3 M for the *Adapted Vehicles* segment, for total revenue of $44.7 M. In this report, unless specifically mentioned, the analysis covers both segments.

The Corporation employs some 430 employees and its shares are listed on the Toronto Stock Exchange under the symbol SIS.

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 number of people requiring accessibility products will therefore steadily grow as the population continues to age.

According to a 2011 Canadian census, 5 million people – representing 14.4% of Canada's population – were 65 years and older compared with 3.9 million or 12.6% just a decade earlier. These numbers are expected to continue rising with a projected 8.4 million people – or 20.8% of Canada's population – 65 years and older by 2026. Similar trends are noticed in the United States. A 2011 U.S. census indicated that 40 million people – representing 12.8% of the U.S. population – was 65 years and older compared with 34 million or 12% a decade earlier. Projections for the year 2025 indicate that 65 million people – representing 18.7% of the U.S. population – are expected to be 65 years and older.

Consequently, the number of people requiring accessibility equipment 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 twenty-four 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 2011 censuses as above, 92% 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.

Alternatively, 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. What's more, 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 the leader of the North American market for personal mobility products. Distribute the most extensive line of products designed to increase personal mobility; that line of products 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 revenues and optimize purchasing power.

Our Mission

To design, engineer, manufacture and market high-quality reliable and customized accessibility products and elevators that improve personal well-being and mobility. To always provide a business culture and environment based on customer-driven principles, teamwork and mutual respect.

Our Strategy

To keep and secure its position as the leader of the North American market for personal mobility products, Savaria executes several strategies.

Firstly, Savaria regularly develops and markets new products, providing its 400 active distributors and affiliates and its Canadian direct sales centres with the most extensive product selection in the industry.

Achievements:

- Design of a new vehicle conversion, based on the frame of the Ram ProMaster, carrying up to 7 passengers, including three in wheelchairs, which will be introduced to market during Q3 2015.
- Design of a new stairlift for straight stairs which is an improved version of our existing *SL-1000* model, addressing different needs, which will also be introduced to market during Q3 2015.

Secondly, 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:

- Acquisition, in September 2014, of the operating assets of Silver Cross, allowing Savaria to strengthen the sale of its products across Canada, mostly in the Toronto area: firstly, as a franchisor, through its franchisees and the operation of its corporate store in Oakville, Ontario, and secondly, by the operation of a lead generation program to capture and distribute leads to close to 400 dealers and affiliates in North America. Savaria also sees an opportunity to grow the number of franchisees in Canada as well as the leads identification program, which will enhance the business of Savaria dealers and its franchisees and affiliates.

Thirdly, Savaria actively stays at the cutting edge of technology, to remain competitive and to optimize its business processes.

Achievements:

- Launch of *Quote Builder* in early 2014, a cloud-based quotation, drawing and ordering system for its dealer network. The leading edge system provides a competitive advantage for the Corporation as well as its dealers by improving the efficiency of its order processing, reducing errors and providing immediate quotes to dealers and their customers.
- Launch of two tablet apps: a configurator for the curved stairlift *Stairfriend* and a technical support document management system.

Fourthly, Savaria constantly strives to optimize its cost structure to increase profitability.

Achievements:

- Transfer of several production lines of accessibility products to the Savaria Huizhou subsidiary in China; the most recent being that of the *V-1504 Vertical Platform Lift*.
- Increase of raw material purchases from Asia, at 49% of Brampton purchases in 2014, compared to 41% in 2013.

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. Second-Quarter 2015 Highlights

Revenue up 11.1%

For Q2 2015, revenue is up $2.4 M, at $24.4 M, compared with $22 M for same quarter previous year.

Operating income up 19.7%

Operating income is up $508,000, at $3.1 M, for Q2 2015, compared to $2.6 M same quarter previous year.

Net income up 39.1%

Net income is up $604,000, at $2.15 M, for Q2 2015, compared to $1.5 M same quarter previous year.

EBITDA up 30.6%

The Corporation generated an EBITDA of $3.5 M for Q2 2015 compared to $2.7 M same quarter previous year, an increase of $825,000. Reconciliation between net income and EBITDA is provided in Section 8, *Summary of Quarterly Results*.

Dividend

In Q2 2015, the Board of Directors declared a quarterly dividend of 4 cents ($0.04) per common share, in accordance with its dividend policy.

Private placement

During the second quarter, the Corporation completed a private placement resulting in the issuance of 2,875,000 shares and net proceeds of $13.5 M (refer to *Available Sources of Financing* in section 10).

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)	**2015**		2014				2013	
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Revenue	**$24,422**	$20,234	$21,497	$21,747	$21,977	$17,688	$19,120	$20,019
Gross margin as a % of revenue	***30.5%***	*30%*	*30.9%*	*31.2%*	*30.6%*	*29.2%*	*28.7%*	*29.6%*
Operating costs [1]	**$4,373**	$4,281	$4,357	$4,384	$4,135	$3,689	$4,110	$3,506
As a % of revenue	***17.9%***	*21.2%*	*20.3%*	*20.2%*	*18.8%*	*20.9%*	*21.5%*	*17.5%*
Operating income	**$3,087**	$1,790	$2,304	$2,408	$2,579	$1,474	$1,375	$2,420
As a % of revenue	***12.6%***	*8.8%*	*10.7%*	*11.1%*	*11.7%*	*8.3%*	*7.2%*	*12.1%*
Gain (loss) on foreign exchange	**$(29)**	$603	$264	$372	$(315)	$309	$236	$(128)
Net income	**$2,150**	$1,575	$1,714	$1,926	$1,546	$1,205	$1,125	$1,517
Earnings per share – diluted	**$0.07**	$0.05	$0.06	$0.07	$0.05	$0.05	$0.05	$0.07
EBITDA [2]	**$3,523**	$2,858	$3,032	$3,214	$2,698	$2,220	$2,045	$2,690
EBITDA per share – diluted	**$0.11**	$0.09	$0.10	$0.11	$0.10	$0.09	$0.09	$0.11
Dividend declared per share	**$0.04**	$0.04	$0.04	$0.035	$0.035	$0.13	$0.02	$0.02
Weighted average number of common shares outstanding–diluted	**32,265**	30,194	29,875	29,807	28,871	23,748	23,855	23,524

[1] "Operating costs" include: administrative expenses, selling expenses, engineering expenses and research and development expenses

[2] Reconciliation of EBITDA with net income provided in the following table

In 2013 and 2014, the Corporation achieved record-breaking revenue every quarter compared to corresponding quarter previous year, and this continues with the same momentum in 2015 with record revenue for the first two quarters. This increase in sales is primarily due to Savaria launching new products on the market and to the favourable variation of the effective exchange rate of the US dollar against the Canadian dollar.

While gross margin averaged 29.4% in 2013, it increased slightly during fiscal 2014 to 30.5%, and it is at 30.3% for the first six months of 2015. The high level of revenue and the cost reductions due to the relocation of the Brampton operations to a new building in 3rd quarter of 2012 explain the increase in gross margin since 2013.

Quarterly operating costs, which averaged $3.8 M or 19.9% of revenue in 2013, were slightly up in terms of dollars in 2014, at an average of $4.1 M, whereas they are stable in terms of percentage of revenue. Average operating costs are up in terms of dollars for the first six months of 2015, at an average of $4.3 M, whereas they are down in terms of percentage of revenue, at 19.4%. Quarterly operating costs are higher since the second quarter of 2014 due to an increase in sales force and travel expenses, and the recording of a provision for bonuses in 3rd and 4th quarters of 2014. Since that third quarter, adding to this is the impact of the acquisition of Silver Cross.

At $2.8 M, average quarterly EBITDA for fiscal 2014 had increased compared to the average quarterly EBITDA for fiscal 2013 of $2.4 M, whereas the quarterly EBITDA of 2015 outperforms these averages.

Reconciliation of EBITDA with Net Income

As mentioned in Section 3, although EBITDA is not recognized according to IFRS, it is used by management, investors and analysts to assess the Corporation's financial and operating performance.

Reconciliation between net income and EBITDA is provided in the table below.

(in thousands of dollars – unaudited)	**2015**		2014				2013	
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3
Net income	**$2,150**	$1,575	$1,714	$1,926	$1,546	$1,205	$1,125	$1,517
Plus:								
Interest on long-term debt	**147**	146	146	134	144	136	135	147
Interest expense and banking fees	**44**	43	70	69	29	22	36	45
Income tax expense	**774**	662	685	703	591	422	319	591
Depreciation of fixed assets	**255**	250	241	257	244	240	230	220
Amortization of intangible assets	**210**	215	223	177	190	197	204	178
Less:								
Interest Income	**57**	33	47	52	46	2	4	8
EBITDA	**$3,523**	$2,858	$3,032	$3,214	$2,698	$2,220	$2,045	$2,690

The following section provides a detailed analysis of operating results for second quarter of 2015, in comparison with the same quarter of 2014 and results for the first six months of 2015. The detailed analysis of prior quarters is provided in the interim reports for fiscal 2015, 2014 and 2013, available on SEDAR's website at www.sedar.com.

9. Operating Results

Certain data on results for second quarter and for first six months of 2015 and 2014 are presented in the following tables.

Gross margin

(in thousands of dollars, except percentages – unaudited)	3 Months			6 Months		
	2015	2014	Change	**2015**	2014	Change
Revenue	**$24,422**	$21,977	11.1%	**$44,656**	$39,665	12.6%
Cost of sales	**$16,962**	$15,263	11.1%	**$31,125**	$27,788	12%
Gross margin	**$7,460**	$6,714	11.1%	**$13,531**	$11,877	13.9%
As a % of revenue	***30.5%***	*30.6%*	*n/a*	***30.3%***	*29.9%*	*n/a*

Revenue for the 2nd quarter of 2015 is up by $2.4 M or 11.1% compared to revenue recorded for same quarter previous year. This increase includes a favourable variation of foreign exchange to the amount of $1.1 M, stemming mainly from the *Accessibility* segment. Taking this positive variation into account, revenue for the *Accessibility* segment is up 13%, from $18.6 M for the 2nd quarter of 2014 to $21 M for the 2nd quarter of 2015, while revenue for the *Adapted Vehicles* segment is stable at $3.4 M.

Revenue for the first six months of 2015 is up by $5 M or 12.6% compared to same period previous year. This increase includes a favourable variation of foreign exchange to the amount of $1.8 M. Revenue for the *Accessibility* segment is up 15.1% or $5 M, while revenue for the *Adapted Vehicles* segment is stable at $6.3 M.

Breakdown of sales by geographical region

(as a percentage of sales, unaudited)	3 months			6 months		
	2015	2014	Change	**2015**	2014	Change
Canada	**35.6 %**	37.1 %	(1.5)	**36 %**	38.2 %	(2.2)
United States	**54.6 %**	53.6 %	1	**54.5 %**	51.6 %	2.9
Other regions	**9.8 %**	9.3 %	0.5	**9.5 %**	10.2 %	(0.7)

Gross margin is up by $746,000 for the 2nd quarter of 2015 and up by $1.7 M for the first six months, compared to the corresponding periods of 2014. In percentage of revenue, gross margin is stable at around 30.5% for the 2nd quarter of 2015 whereas it is up for the first six months, from 29.9% in 2014 to 30.3% in 2015. The proportion of purchases from the subsidiary Savaria Huizhou and other suppliers in Asia is up, representing 53% of purchases of raw materials of the subsidiary Savaria Concord for the first six months of 2015, compared to 49% for fiscal 2014. Note that 85% of the total value of purchases from Asia is from the subsidiary Savaria Huizhou (2014: 86%).

Operating Income

(in thousands of dollars, except percentages - unaudited)	3 Months			6 Months		
	2015	2014	Change	**2015**	2014	Change
Operating costs	**$4,373**	$4,135	5.8%	**$8,654**	$7,824	10.6%
As a % of revenue	***17.9%***	*18.8%*	*n/a*	***19.4%***	*19.7%*	*n/a*
Operating income	**$3,087**	$2,579	19.7%	**$4,877**	$4,053	20.3%
As a % of revenue	***12.6%***	*11.7%*	*n/a*	***10.9%***	*10.2%*	*n/a*

The proportion of operating costs relative to revenue decreased slightly in the 2nd quarter and in the first six months of 2015 compared to the same periods in 2014, from 18.8% and 19.7% respectively in 2014 to 17.9% and 19.4% respectively in 2015. In terms of dollars, operating costs increased by $238,000 in the 2nd quarter and $830,000 in the first six months compared to the same periods in 2014, due mainly to the addition of the Silver Cross operations (+$200,000 in the 2nd quarter and +$428,000 in the first six months), acquired in 3rd quarter 2014, and to an increase in the sales force and sales costs (+$85,000 in the 2nd quarter and +$346,000 in the first six months).

The combined effect of the favourable change in gross margin and the unfavourable change in operating costs results in a positive effect on operating income of $508,000 in the 2nd quarter and $824,000 in the first six months compared to the same periods in 2014.

Net Income

(in thousands of dollars, except percentages - unaudited)	3 Months			6 Months		
	2015	2014	Change	**2015**	2014	Change
Net finance income (costs)	**$(163)**	$(442)	63.1%	**$284**	$(289)	198%
Income before income tax	**$2,924**	$2,137	36.8%	**$5,161**	$3,764	37.1%
Income tax expense	**$774**	$591	31%	**$1,436**	$1,013	41.8%
Net income	**$2,150**	$1,546	39.1%	**$3,725**	$2,751	35.4%
As a % of revenue	***8.8%***	*7%*	*n/a*	***8.3%***	*6.9%*	*n/a*
EBITDA	**$3,523**	$2,698	30.6%	**$6,381**	$4,918	29.7%
As a % of revenue	***14.4%***	*12.3%*	*n/a*	***14.3%***	*12.4%*	*n/a*

The favourable variation of $279,000 and $573,000 of net finance income in the 2nd quarter and first six months of 2015 respectively compared to same periods of 2014 is primarily due to a favourable variation in foreign exchange gains and losses of $286,000 and $580,000 respectively. Gains and losses on foreign exchange are mostly attributable to the end-of-period translation of monetary items denominated in U.S dollars.

The effective income tax rate of 27.8% for the first six months of 2015 is higher than the effective income tax rate of 26.9% for same period previous year and to the combined statutory corporate rate of 25.8%, mainly due to a tax withholding on the repatriation of funds from the Chinese subsidiary in the 1st quarter of 2015.

Net income and EBITDA increased for the 2nd quarter and first six months of 2015 compared to corresponding periods of 2014, with respective increases of $604,000 and $974,000 for Net income and $825,000 and $1.5 M for EBITDA.

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*.

As at June 30, 2015, the Corporation held foreign exchange contracts totaling $53 M U.S. for a hedging period up to May 31, 2018, at a weighted average rate of 1.0986. At the end of the quarter, the unrealized loss on the foreign exchange contracts amounted to $7.9 M. This amount is reflected on the statement of financial position under *Derivative financial instruments* of Current and Non-current liabilities and is included in the *Accumulated other comprehensive income* balance (see *Available Sources of Financing* in Section 10 for details).

Hedging of interest rates

The Corporation signed a financing agreement in April 2012 comprising of two long-term debts for a total of $16.6 M. Since those debts bear interest at variable rates, the Corporation decided to enter into interest rate swap agreements to minimize its risk related to changes in interest rates. Therefore, it has signed a first swap related to an original capital amount of $7 M with a fixed interest rate of 3.48%, and a second swap related to an original capital amount of $9.6 M with a fixed interest rate of 3.58%, both for a 5-year period. Those rates include a stamping fee of 1.5%.

As with 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 June 30, 2015, the unrealized loss on the interest rate swaps amounts to $220,000. This amount is reflected on the statement of financial position under *Derivative financial instruments* of Current and Non-current liabilities and is included in the *Accumulated other comprehensive income* balance.

10. Financial Position

Changes between Statements of Financial Position

The following table shows the key changes in the statements of financial position between June 30, 2015 and December 31, 2014, along with the principal explanations of such changes:

(in thousands of dollars, except percentages and explanations of changes)	**June 30, 2015 (unaudited)**	December 31, 2014	Change	Principal causes of the changes
Current assets				
Cash	**$28,821**	$16,280	$12,541	Net proceeds of $13,500 following the conclusion of a private placement.
Inventories	**$18,591**	$16,694	$1,897	Increase in inventory at the Brampton plant (+$1,300) due to an increase in revenue, to the impact of higher exchange rates for the US dollar in relation to the Canadian dollar and the increase in minimum inventory levels since purchases from faraway regions, in this specific case Asia, have increased, and at the China (+$330) and Van-Action plants (+$171).

(in thousands of dollars, except percentages and explanations of changes)	**June 30, 2015 (unaudited)**	December 31, 2014	Change	Principal causes of the changes
Inventory turnover rate [1]	**3.56**	3.65	(2.5)%	See "Inventories" just above.
Prepaid expenses	**$1,170**	$635	$535	Period of the year requiring disbursements in advance (taxes and insurance).
Non-current assets				
Deposit on purchase of fixed assets	**$509**	$23	$486	Deposit paid in relation to the purchase of a building in Laval.
Deferred tax assets	**$4,233**	$3,157	$1,076	Deferred taxes on the change in Accumulated other comprehensive income (+$723) and on transaction fees related to a private placement (+$206).
Current liabilities				
Trade and other payables	**$10,770**	$9,677	$1,093	Increase in the exchange rate used for the conversion of U.S. dollar denominated payables (+$379), increase in trade payables related to the increase in inventories (+$968) and decrease in salaries and benefits payable (-$309).
Derivative financial instruments	**$3,832**	$2,295	$1,537	Unfavourable change in unrealized losses on interest rate swaps related to the current portion of long-term debt (+$48) and in unrealized losses on foreign exchange contracts maturing in the next twelve months (+$1,500).
Current portion of long-term debt	**$2,815**	$2,833	$(18)	See explanations under *Long-term debt*.

[1] Based on the average of the four last quarters

(in thousands of dollars, except percentages and explanations of changes)	**June 30, 2015 (unaudited)**	December 31, 2014	Change	Principal causes of the changes
Non-current liabilities				
Long-term debt	**$11,404**	$12,521	$(1,117)	Normal repayment of the debt (-$948), repayment of a note payable related to a 2014 acquisition (-$275), new debt (+$31) and other minor changes (includes the change in current portion of long-term debt).
Derivative financial instruments	**$4,301**	$2,991	$1,310	Unfavourable change in unrealized losses on interest rate swaps related to the non-current portion of long-term debt (+$24) and in unrealized losses on foreign exchange contracts maturing after the next twelve months (+$1,300).
Equity	**$49,828**	$36,456	$13,372	Net income (+$3,700), share issuance in relation to a private placement, net of transaction fees and related taxes (refer to section 10 *Available Sources of Financing* for details) (+$13,800), exercise of share purchase options (+$164), declaration of dividends (-$2,500) and change in Accumulated other comprehensive income (-$1,900).
Working capital	**$39,878**	$27,638	$12,240	Increase is mainly due to the conclusion of the private placement in the 2nd quarter (+$13,500).
Current ratio	**2.91**	2.49	16.9%	See above.

As at June 30, 2015, Savaria benefited from a sound financial position, with total assets of $87.3 M, compared with $71.4 M as at December 31, 2014, and total liabilities of $37.5 M, compared with $35 M as at December 31, 2014.

Available Sources of Financing

(in thousands of dollars - unaudited)	**June 30, 2015**	December 31, 2014
Credit facilities:		
Authorized	**$7,500**	$7,500
Loans	**(125)**	(2,000)
Unused credit	**7,375**	5,500
Cash	**28,946**	18,280
Total	**$36,321**	$23,780

As shown above, the Corporation had total available funds of $36.3 M as at June 30, 2015. This provides it with the flexibility to meet its potential obligations in the near term and to benefit from investment opportunities.

On May 13, 2015, the Corporation completed a bought deal private placement of 2,875,000 common shares at a price of $5.00 per share, for gross proceeds to Savaria of $14.4 M and proceeds net of transaction fees of $13.5 M. The common shares issued are subject to a statutory hold period which expires on September 14, 2015.

The Corporation minimizes its exposure to fluctuations in interest rates by keeping most of its debt at fixed rate using swap agreements (see *Coverage of interest rates* in section 9).

Furthermore, the Corporation can incur potential risks of loss on foreign exchange contracts for up to a maximum of $6.4 M over a maximum hedging period of 36 months; this maximum amount has been increased to $8.6 M in July 2015. This amount is the maximum amount of unrealized losses, as defined by the bank, that foreign exchange contracts held by the Corporation can represent at one time; however, beyond an amount of $4.8 M ($7.1 M since July 2015), the bank could realize the collateralized security to cover such risk. As at June 30, 2015, an amount of $2.2 M is reserved as surety to cover unrealised losses on foreign exchange forward contracts.

Since December 31, 2014, the Corporation's total net debt to invested capital ratio is nil, as its cash exceeds its long-term debt.

Other Data and Ratios

(in thousands of dollars, except per-share amounts - unaudited)	**June 30, 2015**	December 31, 2014	Change
Book value per share	**$1.53**	$1.23	24.4%
Cash per share	**$0.89**	$0.55	61.8%
Market capitalization	**$196,630**	$128,563	52.9%

Book value and Cash per share are up as at June 30, 2015 compared to December 31, 2014, due to the impact of the private placement on equity and on cash, partially offset by dividend declarations in the first six months of 2015 and by the unfavourable variation in equity following the increase of the negative amount in *Accumulated other comprehensive loss* primarily related to the unfavourable variation in fair value of foreign exchange contracts. Market capitalization is also up due to the issuance of shares for said private placement and to an increase in the value of the common shares of the Corporation, which went from $4.35 as at December 31, 2014 to $6.04 as at June 30, 2015.

11. Cash Flows

The following table presents certain cash flow data for second quarter and for first six months of 2015 and 2014.

(in thousands of dollars – unaudited)	3 Months			6 Months		
	2015	2014	Change	**2015**	2014	Change
Net cash from operating activities	**$1,102**	$1,608	(31.5)%	**$4,129**	$3,288	25.6%
Net cash used in investing activities	**$(776)**	$(354)	(119)%	**$(1,256)**	$(424)	196%
Net cash from financing activities	**$11,591**	$12,904	(10.2)%	**$9,668**	$12,189	(20.7)%

The Corporation's cash flows from operating activities are down $506,000 for the 2nd quarter and up by $841,000 for the first six months over the corresponding periods of previous year. This is mainly due to a favourable variation from operations (+$926,000 for the quarter, +$1.9 M for the first six months), offset by higher tax payments (-$377,000 for the quarter, -$951,000 for the first six months). Adding to this for the quarter: the negative impact of the increase as at June 30, 2015 of the Trade and other receivables (-$872,000).

Cash flows used in investing activities is up by $422,000 in 2nd quarter and $832,000 in the first six months of 2015 compared to same periods previous year. These variations are primarily due to an increase in additions and deposits on acquisitions of fixed assets (-$391,000 for the quarter, -$592,000 for the first six months) and intangible assets (-$240,000 for the first six months).

In regard to financing activities, cash flows used in financing activities is up $1.3 M in 2nd quarter 2015 and $2.5 M in the first six months of 2015 compared to same periods previous year. These variations are mainly due to higher net proceeds of $ 4 M in April 2014 following a private placement, partially offset by a decrease in dividend payments (+$2.8 M for the quarter, +$1.6 M for the first six months).

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 and the measurement of financial instruments, including derivatives. 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 operation's 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) Changes in accounting policies adopted during first six months

The following new standards and amendments to standards and interpretations have been applied in preparing the interim condensed consolidated financial statements as at June 30, 2015:

- *Annual Improvements to IFRS* (2010-2012) and (2011-2013) cycles

None of these amendments had a significant impact on the financial statements.

(C) New standards and interpretations not yet adopted

The following new standards and amendments to standards and interpretations, not yet adopted, have not been applied in preparing the condensed consolidated interim financial statements as at June 30, 2015.

- IFRS 9 - *Financial Instruments*
- IFRS 15 - *Revenue from Contracts with Customers*
- *Annual Improvements to IFRS* (2012-2014) cycle
- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)*
- *Disclosure initiative: amendments to IAS 1*

Further information on the adopted and future accounting modifications are available in Note 3 of the consolidated financial statements as at December 31, 2014 and the condensed consolidated interim financial statements as at June 30, 2015.

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 2014 annual Management's Report, an evaluation has been conducted to measure the effectiveness of controls and procedures as of December 31, 2014 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 2014 annual Management's Report, management has evaluated the effectiveness of internal control over financial reporting as of December 31, 2014.

Changes to Internal Control over Financial Reporting

No changes in the Corporation's internal control over financial reporting occurred during the first six months of 2015 that materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

14. Off-Balance Sheet Arrangements

Savaria did not enter into any off-balance sheet arrangements during the first six months of 2015.

15. Related Party Transactions

The Corporation recorded an amount of $46,000 ($39,000 in 2014) for accounting and tax services rendered by an entity whose officer is a director and the chief financial officer of the Corporation.

The Corporation signed a lease with an entity owned by a director and the President and Chief Executive Officer of the Corporation. Under the terms of the lease, an amount of $13,000 ($13,000 in 2014) was paid to that company during the first six months of 2015. The lease expires in October 2016, and the total remaining commitment is $34,000.

The terms and conditions attached to the above transactions reflect market conditions.

16. 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 2014 annual management's report, which refer to the following:

- Exchange rates
- Interest rates
- Prices
- Credit
- Liquidity
- Economic conditions
- Warranties
- Tax credits
- Deferred tax assets
- Competition
- Dependence on the U.S. market
- Environment
- Lawsuits

17. Outlook

Savaria continued its growth in 2014 and we believe that 2015 will be further along the same lines. Given the aging population, the demand for accessibility products will continue to grow. In order to maintain our position as the leader in our industry, our strategy is to regularly introduce new products to address customers' needs. This will materialize once again by the introduction to market of a new stairlift for straight staircases and a new adapted vehicle model in the third quarter of 2015. This new vehicle, based on the frame of the Ram ProMaster, will carry up to 7 persons, including three in wheelchairs.

The synergies with Silver Cross, our recent acquisition, will materialize in 2015 and will allow us to increase our EBITDA through additional sales of accessibility equipment on top of revenue from royalties and from the sale of leads.

Our financial strength allows us to stay abreast of business opportunities that may arise in the accessibility market, such as strategic acquisitions, and to further product development to expand our products offering. In such a promising business environment, for fiscal 2015 we expect revenue to reach about $92 million, and EBITDA to be in the $13.5-$14.5 million bracket.

August 6, 2015