2022

AutoCanada

2022 Second Quarter Management Discussion & Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the three-month and six-month periods ended June 30, 2022

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. READER ADVISORIES

This Management's Discussion & Analysis ("MD&A") was prepared as of August 10, 2022, to assist readers in understanding AutoCanada Inc.'s (the "Company" or "AutoCanada") consolidated financial performance for the three-month period and six-month period ended June 30, 2022, and significant trends that may affect AutoCanada's future performance. The following discussion and analysis should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes (the "Interim Consolidated Financial Statements") of AutoCanada as at and for the three-month period and six-month period ended June 30, 2022, the audited annual consolidated financial statements and accompanying notes (the "Consolidated Financial Statements") of AutoCanada as at and for the year ended December 31, 2021, and the MD&A for the year ended December 31, 2021. Results are reported in Canadian dollars and have been rounded to the nearest thousand dollars, unless otherwise stated.

To provide more meaningful information, this MD&A typically refers to the operating results for the three-month period and six-month period ended June 30, 2022 of the Company, and compares these to the operating results of the Company for the three-month period and six-month period ended June 30, 2021.

This MD&A contains forward-looking statements. Please see the section "FORWARD-LOOKING STATEMENTS" for a discussion of the risks, uncertainties and assumptions used to develop our forward-looking information.

This MD&A also makes reference to certain non-GAAP measures, capital management measures, and supplementary financial measures to assist users in assessing AutoCanada's performance. Non-GAAP measures and other financial measures do not have any standard meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures are identified and described under the section 15 Non-GAAP and Other Financial Measures.

Additional information regarding our Company, including our 2021 Annual Information Form, dated March 2, 2022, is available on SEDAR at www.sedar.com and our website www.autocan.ca. Such additional information is not incorporated by reference herein, unless otherwise specified, and should not be deemed to be made part of this MD&A.

2. EXECUTIVE SUMMARY

Business Overview

Canadian Operations

AutoCanada's Canadian Operations segment currently operates 63 franchised dealerships in Canada, comprised of 25 brands, in 8 provinces. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Alfa Romeo, Chevrolet, GMC, Buick, Cadillac, Infiniti, Nissan, Hyundai, Subaru, Audi, Volkswagen, Mazda, Mercedes-Benz, BMW, MINI, Ford, Acura, Honda, Kia, and Porsche branded vehicles. In addition, AutoCanada's Canadian Operations segment currently operates 2 used vehicle dealerships supporting the Used Digital Retail Division, the RightRide division operates 10 locations, and there are 5 stand-alone collision centres within our group of 20 collision centres. In 2021, our Canadian dealerships sold approximately 72,500 new and used vehicles and processed approximately 712,000 service and collision repair orders in our 1,085 service bays.

U.S. Operations

AutoCanada's U.S. Operations segment, operating as Leader Automotive Group, currently operates 18 franchises comprised of 16 brands, in Illinois, USA. Leader Automotive Group currently sells Chevrolet, Hyundai, Kia, Subaru, Audi, Volkswagen, Mercedes-Benz, Toyota, Honda, Lincoln, Volvo, Porsche, Chrysler, Dodge, Jeep, and Ram branded vehicles. In 2021, our U.S. dealerships sold approximately 13,900 new and used vehicles and processed 117,000 service and collision repair orders in our 218 service bays.

2022 Second Quarter Key Highlights and Recent Developments

All comparisons presented below are between the three-month period ended June 30, 2022 and the three-month period ended June 30, 2021, unless otherwise indicated.

AutoCanada Key Highlights

AUTOCANADA REPORTS RECORD SECOND QUARTER RESULTS

- Revenue was $1,686.0 million as compared to $1,281.1 million in the prior year, an increase of 32% and the highest second quarter revenue reported in the Company's history
- Net income for the period was $39.1 million, which includes $10.0 million of incremental inventory writedowns, versus net income of $37.7 million in the prior year
- Adjusted EBITDA[1] was $75.6 million versus $70.5 million in the prior year, an increase of 7.2%; an increase of 11.9% as compared to prior year normalized adjusted EBITDA[1] of $67.5 million
    - Adjusted EBITDA margin[1] was 4.5% versus the normalized adjusted EBITDA margin[1] of 5.3% in the prior year, a decrease of (0.8) percentage points
- Diluted earnings per share was $1.33, an increase of $0.10 from $1.23 in the prior year
- Indebtedness of $375.0 million at the end of Q2 2022 compares to $358.5 million at the end of Q1 2022
- Net indebtedness[2] of $294.1 million at the end of Q2 2022 compares to $248.8 million at the end of Q1 2022

Executive Overview

The Company set a second quarter record as revenue reached $1,686.0 million compared to $1,281.1 million in the prior year, an increase of 31.6%. Results were driven by continued strong performance across all areas of our complete business model, in particular our finance and insurance ("F&I"), parts, service and collision repair ("PS&CR") business operations, continued improvements from our U.S. Operations, and contributions from our acquisitions as identified in Section 5 Acquisitions, Divestitures, Relocations and Real Estate.

Net income for the period was $39.1 million, which includes an incremental charge of $10.0 million in our Canadian Operations for the writedown of used vehicle inventory to net realizable value, as compared to $37.7 million in Q2 2021. Diluted earnings per share was $1.33, an increase of $0.10 from $1.23 in the prior year.

Adjusted EBITDA for the period was $75.6 million as compared to $70.5 million reported in Q2 2021, an improvement of 7.2%. Prior year results include $3.0 million of government assistance related to COVID. Excluding these typically non-recurring income items in the prior year, adjusted EBITDA of $75.6 million compares to normalized adjusted EBITDA of $67.5 million in the prior year, a normalized improvement of 11.9%. Adjusted EBITDA margin of 4.5% compares to 5.5% in the prior year, a decrease of (1.0) percentage points ("ppts"), and a decrease of (0.8) ppts as compared to normalized adjusted EBITDA margin of 5.3% in the prior year.

Gross profit increased by $61.4 million to $279.3 million, an increase of 28.2%, as compared to prior year. This increase was largely driven by the increases of $30.7 million from F&I and $22.6 million from PS&CR. F&I gross profit per retail unit average[3] increased to $3,458, up 24.7% or $684 per unit. Gross profit percentage[3] was 16.6% in the quarter and was impacted by the incremental $10.0 million writedown of used vehicle inventory to net realizable value; this compares to 17.0% in the prior year. Used retail vehicles[3] sales increased by 4,469 units, up 33.7%, to 17,740, and contributed to the consolidated used to new retail units ratio[3] moving to 1.80 from 1.31. Used vehicle sales volume contributed to our strong F&I and PS&CR gross profit performance.

Our U.S. Operations continue to demonstrate strong growth and contributed $42.9 million of gross profit, an increase of $13.0 million or 43.6% as compared to prior year. This improvement in gross profit was propelled by gains from F&I and PS&CR, resulting in a gross profit percentage of 17.3%.

---

[1] *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of these non-GAAP measures.*

[2] *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this capital management measures.*

[3] *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of these supplementary financial measures.*

Floorplan financing costs increased by $2.5 million, or 70%, to $5.9 million as compared to prior year. The increase is attributable to the combination of rising interest rates and an increase in our used vehicle inventory position. While rising interest rates are expected to impact customer affordability, we consider the availability of vehicle inventory to remain the most significant challenge to sales growth. Additionally, some of the direct impacts of rising interest rates may be offset by vehicle financing products which provide flexibility in financing terms, inclusive of incentives and term extensions. Overall, we currently do not expect interest rates to impact the pace of new and used vehicle sales due to strong levels of demand relative to limited supply. Management continues to monitor the macro environment and will adjust F&I product offerings and other aspects of the business, where necessary, to meet customer needs.

We continue to manage our new vehicle inventory as the chip shortage remains an issue and continues to impact the supply of new vehicle inventory. While we have seen positive indicators and noted gradual improvements in both the availability of inventory and product allocations, we are not anticipating a return to "normalcy" in inventory levels until late 2023 to 2024. Compensating for constrained new vehicle supply, we more than doubled our used vehicle inventory position to $699.0 million as at June 30, 2022 as compared to $309.8 million in Q2 2021. Based on our current used vehicle inventory composition and market conditions, management determined that $10.0 million writedown of incremental used vehicle inventory was required to calibrate our cost of used vehicle inventory to the changing macro environment. We will continue to assess the net realizable value of our inventory in the quarters ahead and actively manage our inventory position to ensure it remains appropriate to meet current market demand.

Net indebtedness increased by $45.3 million from March 31, 2022 to $294.1 million at the end of Q2 2022. This increase is primarily driven by the repurchase and cancellation of $25.4 million of shares under the authorized Normal Course Issuer Bid ("NCIB"), the acquisitions of Porsche Centre London and Audi Windsor dealerships, and the Burwell Auto Body collision centre. Free cash flow[4] on a trailing twelve month ("TTM") basis was $89.1 million at Q2 2022 as compared to $159.9 million in Q2 2021; the decline in free cash flow between years was driven primarily by reduced government assistance in 2021, increased cash taxes, stock based compensation related cash payments, and changes in working capital. Additionally, our net indebtedness leverage ratio[4] of 1.3x remained well below our target range at the end of Q2 2022, as compared to 0.1x in Q2 2021.

Had all of the acquisitions, completed as of Q2 2022 as identified in Section 5 Acquisitions, Divestitures, Relocations and Real Estate, occurred at July 1, 2021, consolidated pro forma net income would have been $155.3 million for the TTM ended June 30, 2022, as compared to consolidated pro forma net income of $174.8 million for the year ended December 31, 2021. Pro forma normalized adjusted EBITDA[4] would be $286.9 million for the TTM ended June 30, 2022, as compared to pro forma normalized adjusted EBITDA of $266.4 million for the year ended December 31, 2021.

We have established an acquisition pipeline, with dealerships and collision centres representing in excess of $125 million in annual revenue currently being evaluated. We are at varying stages of the acquisition process with these targets, ranging from signed letters of intent to signed purchase agreements, with the potential deals remaining subject to due diligence, OEM approvals, and other standard closing conditions. We remain well-positioned to continue to execute on our acquisition strategy in the coming quarters.

Our performance, both in Canada and U.S. Operations, continues our trend of sustainable improvement and demonstrates the efficacy of our complete business model and strategic initiatives. We remain aware that uncertainty continues to exist in the macroeconomic environment given the ongoing challenges associated with the lingering effects of the global pandemic, inflation, rising interest rates, and the Russia-Ukraine war. Uncertainties may include potential economic recessions or downturns, continued disruptions to the global automotive manufacturing supply chain, and other general economic conditions resulting in reduced demand for vehicle sales and service. We will continue to remain proactive and vigilant in assessing the impacts on our organization and remain committed to optimizing and building stability and resiliency into our business model to ensure we are able to drive industry-leading performance regardless of changing market condition.

---

[4] *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of these non-GAAP measures.*

Consolidated AutoCanada Highlights

ANOTHER RECORD SETTING SECOND QUARTER

AutoCanada delivered another record setting second quarter.

Refer to Section 5 Acquisitions, Divestitures, Relocations and Real Estate for acquisitions included in Q2 2022 results.

For the three-month period ended June 30, 2022:

- Revenue was $1,686.0 million, an increase of $405.0 million or 31.6%
- Total vehicles[5] sold were 28,115, an increase of 4,162 units or 17.4%
  - Used retail vehicles sold increased by 4,469 or 33.7%
- Net income for the period was $39.1 million (or $1.40 per basic share) versus $37.7 million (or $1.23 per diluted share), which includes $10.0 million of incremental inventory writedowns in Q2 2022
- Adjusted EBITDA, which includes $10.0 million of incremental inventory writedowns, increased by 7.2% to $75.6 million, an increase of $5.1 million
  - Adjusted EBITDA increased by 11.9% over prior year normalized adjusted EBITDA of $67.5 million, an increase of $8.0 million
  - Adjusted EBITDA on a trailing twelve month basis was $271.9 million
- Net indebtedness of $294.1 million reflected an increase of $45.3 million from Q1 2022.

Canadian Operations Highlights

TOTAL GROSS PROFIT INCREASED BY 26%

Our F&I and PS&CR segments were key drivers of the record performance in Q2 2022. F&I gross profit per retail unit average increased to $3,349, up 17.2% or $491 per unit. PS&CR gross profit increased by $17.7 million or 29.3% to $78.2 million.

Unless stated otherwise, all results for acquired businesses are included in all Canadian references in the MD&A.

For the three-month period ended June 30, 2022:

- Revenue was $1,437.9 million, an increase of 32.0%
- Used retail unit sales increased by 3,017 or 26.3%
  - Average TTM Canadian used retail unit sales per dealership per month, excluding Used Digital Retail Division dealerships[5], improved to 60, as compared to 57 in the prior year
- Used to new retail units ratio[5] increased to 1.69 from 1.48
  - TTM used to new retail ratio[5] improved to 1.56 at Q2 2022 as compared to 1.13 at Q2 2021
- F&I gross profit per retail unit average increased to $3,349, up 17.2% or $491 per unit
- Net income for the period was $31.9 million, which includes $10.0 million of incremental inventory writedowns, down (3.1)% from a net income of $33.0 million in 2021
- Adjusted EBITDA increased by 6.4% to $65.4 million, an increase of $3.9 million
  - Adjusted EBITDA increased by 9.3% over prior year normalized adjusted EBITDA of $59.9 million
  - Adjusted EBITDA margin was 4.6% as compared to normalized adjusted EBITDA margin of 5.5% in the prior year, a decrease of (0.9) ppts

[5] *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of these supplementary financial measures.*

U.S. Operations Highlights

USED RETAIL VEHICLES SOLD INCREASED BY 81%

U.S. Operations continues to improve, as demonstrated by the fifth consecutive quarter of year-over year growth in adjusted EBITDA. This growth was driven by improvements across all aspects of the business and resulted in an increase in gross profit percentage by 1.7 ppts to 17.3% and a 10.3% increase in total retail unit sales.

- Revenue was $248.1 million, an increase of 29.5%, from $191.6 million
- Used retail vehicles sold increased by 1,452 units or 81%
- F&I gross profit per retail unit average increased to $4,005 per unit, up 68.2% or $1,624 per unit
- Net income for the period increased by $2.4 million to $7.1 million from $4.7 million
    - Net income on a trailing twelve month basis was $24.5 million
- Adjusted EBITDA was $10.1 million as compared to $9.0 million, an increase of $1.1 million
    - Adjusted EBITDA increased by $2.5 million as compared to normalized adjusted EBITDA of $7.7 million for the prior year
    - Adjusted EBITDA on a trailing twelve month basis was $37.1 million

Same Store Metrics - Canadian Operations

F&I GROSS PROFIT PER RETAIL UNIT AVERAGE INCREASED TO $3,683, UP 25% OR $741 PER UNIT

The continued optimization of the Company's complete business model is highlighted by the year-over-year 10.3% improvement in gross profit, which collectively totaled $201.5 million. PS&CR performance has improved as a result of the continued recovery in kilometres driven, implementation of Business Development Centre, operational process improvements, and optimization of the PS&CR pricing strategy to maintain margins within the current macro economic conditions.

Refer to Section 19 Same Store Results Data for the definition of same store and further information.

- Revenue increased to $1,214.5 million, an increase of 14.2%
- Gross profit increased by $18.8 million or 10.3%
- Used to new retail units ratio increased to 1.59 from 1.37
    - Used retail unit sales increased by 7.3%, an increase of 772 units
- For the fifteenth consecutive quarter of year-over-year growth, F&I gross profit per retail unit average increased to $3,683, up 25.2% or $741 per unit; F&I gross profit increased to $68.2 million as compared to $54.0 million in the prior year, an increase of 26.2%
- PS&CR gross profit increased to $64.6 million, an increase of 13.7%
    - PS&CR gross profit percentage increased to 57.2% as compared to 55.5% in the prior year

Financing and Investing Activities and Other Recent Developments

ACQUISITION PIPELINE SUPPORTED BY HEALTHY BALANCE SHEET AND LIQUIDITY STRUCTURE

Net indebtedness of $294.1 million resulted in a net indebtedness leverage ratio of 1.3x. Financing and investing activities included the following:

Acquisitions

- The Company completed $78.8 million of acquisitions in Q2 2022
- On May 2, 2022, the Company acquired substantially all of the assets, including the underlying real estate, used in or relating to the Audi Windsor and Porsche Centre London dealerships, located in Windsor and London, Ontario, respectively. The acquisition further establishes our presence in the province of Ontario, increasing both brand diversity and luxury mix within our portfolio.
- On June 30, 2022, the Company acquired 100% of the shares in Burwell Auto Body Ltd., a luxury-brand focused collision centre. The acquisition expands our collision centre capacity, and allows the Company to leverage existing dealerships in Ontario.
- On August 2, 2022, the Company acquired 100% of the shares of Kelleher Ford Dealership and Collision Centre. The acquisition supports management's strategic objectives of further establishing the Company's presence in the province of Manitoba.

Non-Recourse Mortgage Financing

- On June 22 and June 30, 2022, the Company executed $32.2 million of non-recourse mortgage financings with the Bank of Nova Scotia for previously purchased properties. The non-recourse mortgages will fund land value and construction costs associated with the development of two dealerships in Maple Ridge, BC, and real estate value for two dealerships in Ontario. The underlying real estate is pledged as collateral on the non-recourse mortgage in the amount of the loan. The credit facility allows for up to $100 million of non-recourse mortgage financing. The non-recourse mortgage liability is not considered a liability for purposes of calculating our credit facility financial covenants.

Share Purchases

- The Company completed its normal course issuer bid on May 19, 2022, purchasing and cancelling 1,730,321 shares for an aggregate purchase price of $56.6 million.
- On June 28, 2022, the Company announced a Substantial Issuer Bid ("SIB") offer to purchase up to $100 million in value of its outstanding common shares at a price range of $22 to $25 per share. The offer was set to expire on August 4, 2022.
- On August 2, 2022, the Company announced an expiration date extension and a revised price range for the SIB. The SIB's price range was revised from $22 to $25 per share to $25 to $28 per share, and the expiration date was revised from August 4, 2022 to August 15, 2022.

Business Objectives and Strategic Growth Pillars

Progress Update on Business Objectives and Strategy

The Company will focus on optimizing our strategic growth pillars to create a scalable business with sustainable growth. We continue to optimize existing processes to support our dealership network.

2022 Strategic Growth Pillars	Q2 2022 Progress Update
Finance and Insurance ("F&I")	
• Dedicated F&I team leading efforts across all dealerships • Data analytics, in-house training, and incentives are key elements of success • Methodical, intentional, and consistent across all provinces and brands • High value opportunity for synergies from future acquisitions	• Same store F&I gross profit per retail unit increased to $3,683, up 25.2%; fifteenth consecutive quarter of year-over-year growth • Same store F&I gross profit increased by 26.2% to $68.2 million as compared to $54.0 million in the prior year
Used Retail Vehicles	
• Focus on used retail acts as stabilizer to business model • Additive to new vehicles to grow total retail unit sales • Counter cyclical to new vehicle sales • Key driver to incremental margins from F&I and PS&CR	• TTM Canadian used to new retail units ratio increased to 1.54 at Q2 2022 as compared to 1.13 at Q2 2021 • Average TTM Canadian used retail unit sales per dealership per month, excluding Used Digital Retail Division dealerships improved to 60, as compared to 57 in the prior year
Parts and Service	
• Key element to our long term sustainable profit improvement plan • Leverage centralized call centre (Business Development Centre or "BDC") to handle all inbound and outbound service work appointment bookings • Management focus on effective labour rate, service hours sold and customer satisfaction index • Customer retention a key focus area (tire storage, warranties, maintenance plans); factory trained technicians	• Same store PS&CR revenue up 10.2% and same store gross profit up 13.7%, year over year • Canadian service bay occupancy has increased by approximately 3 ppts when compared to the prior year. See Section 15 for supplementary financial measure • Same store service labour hours has increased by approximately 2% as compared to the prior year. See Section 15 for supplementary financial measure
RightRide	
• Emphasizes sale of used vehicles to credit-challenged customers; capex light stand-alone locations • Partners with third party financing partners, retains no credit risk • Digital sales and marketing strategy allows customers to apply for credit online and purchase a vehicle from anywhere in Canada • Integration with Used Digital Retail Division under review to create omnichannel used car platform	• Operating as stand-alone operations separate from our existing dealerships, with 8 operating locations as at Q2 2022, and 10 operating locations as at August 10, 2022. • 6 additional locations in progress (under contract due to rezoning and/or renovation); remaining locations are expected to be operational prior to end of the year. • Management anticipates between 18 and 20 stand-alone locations to be operating by end of 2022 • Management has set a longer term objective of 75 locations over the next 3 to 5 years

2022 Strategic Growth Pillars	Q2 2022 Progress Update
Used Digital Retail Division	
• Used Digital strategy complimentary to existing Complete Business Model • Seamless omnichannel buying experience for customers that supports in-store and online requirements for used vehicles • Development of national network of used vehicle dealerships through physical and online presence • Leverage AutoCanada's scale, domain expertise and existing industry relationships across Canada	• Acquired 2 used digital retail dealership locations • Dealerships acquired represent approximately 6,000 used retail units on an annualized basis.
Collision Centres	
• Dedicated leadership team driving growth by acquiring stand-alone OEM certified collision centres • Leverage geographic areas where we have multiple dealerships, enabling a "hub and spoke" model • Inherent synergies with existing dealerships, enhancing service model to entire vehicle selling and repair process • Strategy prioritizes access to OEM repair procedures, OEM certifications and OEM parts procurement	• 20 collision centres under one leadership team, including the acquisition of 5 stand-alone collision centres • Currently have certifications for 25 OEM unique brands • Management anticipates between 28 to 30 collision centres to be operating by end of 2022 • Management has set a longer term objective of 75 collision centres over the next 5 years
M&A Strategy	
• Leverage our platform to create tangible value through acquisition roll up strategy • Industry comprised of fragmented independently owned dealerships (approximately 3,300 across Canada in 2018) • Employ disciplined hurdle return framework to price transactions • Deals will add diversity by geography and OEM brands	• As of Q2 2022, completed acquisition of 18 OEM franchise dealerships, 5 collision centres, and 2 used digital retail dealerships for a total purchase price of $289 million, in the last 24 months • Continuing to develop a transaction pipeline with a number of OEM franchise dealerships and collision centres under review • Acquired Audi Windsor and Porsche Centre London on May 2, 2022, and Burwell Auto Body on June 30, 2022. • Acquired Kelleher Ford on August 2, 2022

Second Quarter Financial Information

The following table summarizes the Company's performance for the quarter:

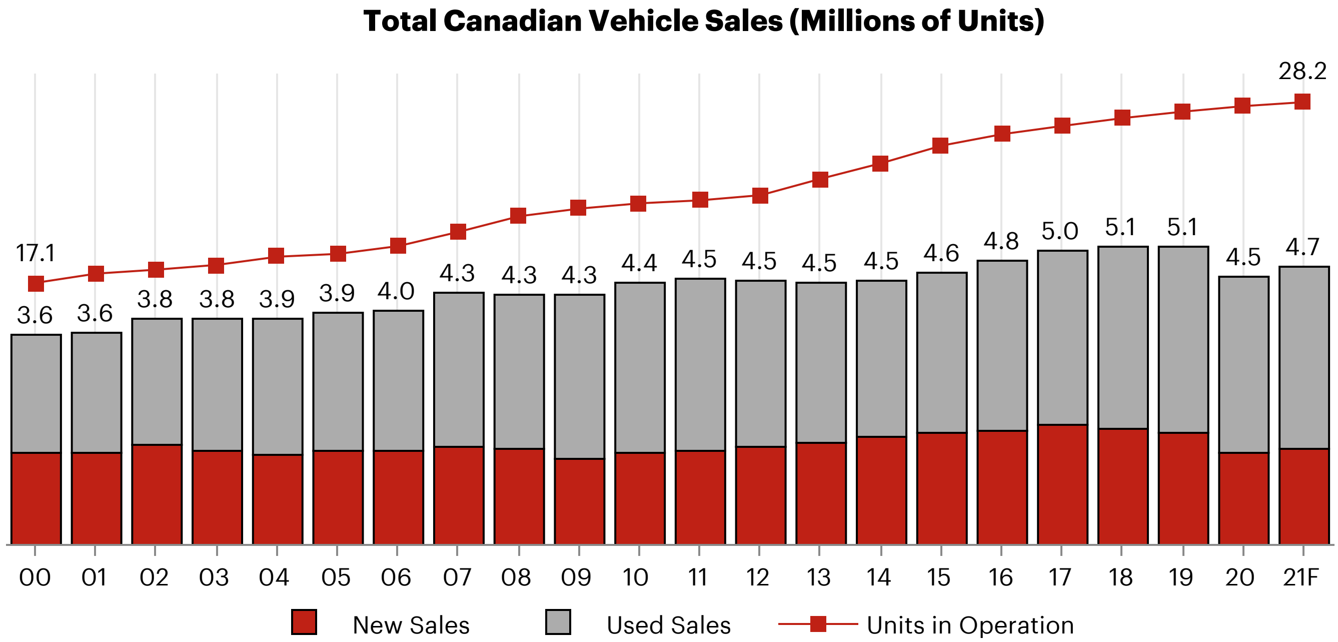
	Three Months Ended June 30		
Consolidated Operational Data	**2022**	**2021**	**% Change**
Revenue	1,686,026	1,281,055	31.6%
Gross profit	279,278	217,841	28.2%
Gross profit %	16.6%	17.0%	(0.4)%
Operating expenses	212,709	154,773	37.4%
Operating profit	69,954	66,153	5.7%
Net income for the period	39,058	37,698	3.6%
Basic net income per share attributable to AutoCanada shareholders	1.40	1.33	5.3%
Diluted net income per share attributable to AutoCanada shareholders	1.33	1.23	8.1%
Adjusted EBITDA [1]	75,561	70,491	7.2%
New retail vehicles sold (units)	9,878	10,107	(2.3)%
New fleet vehicles[2] sold (units)	497	575	(13.6)%
Total new vehicles[2] sold (units)	10,375	10,682	(2.9)%
Used retail vehicles sold (units)	17,740	13,271	33.7%
Total vehicles sold	28,115	23,953	17.4%
Same store new retail vehicles sold (units)	7,139	7,763	(8.0)%
Same store new fleet vehicles sold (units)	440	575	(23.5)%
Same store used retail vehicles sold (units)	11,371	10,599	7.3%
Same store total vehicles sold	18,950	18,937	0.1%
Same store revenue	1,214,485	1,063,275	14.2%
Same store gross profit	201,493	182,716	10.3%
Same store gross profit %	16.6%	17.2%	(0.6)%

1 *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this non-GAAP measure.*

2 *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of these supplementary financial measures.*

3. MARKET AND OUTLOOK

The Canadian Vehicle Market



Source: DesRosiers Automotive Consultants

Based on market data provided by DesRosiers, a 2% Compound Annual Growth Rate[6] ("CAGR") is noted for the period from 2000 to 2019. Due to the impact of COVID-19, the overall Canadian market for vehicle sales has noted a CAGR of 1% for the period from 2000 to 2020. In line with continued population growth, there is an anticipated continued long-term growth in year-over-year vehicle sales. The above market data provided by DesRosiers further confirms that consumers continue to buy more vehicles every year and supports our continued growth. With the overall trend of increases in total vehicle sales, the Company's strategy is to improve used retail sales in addition to its continued focus on new retail sales in order to capitalize on the anticipated growth in consumer demand.

According to DesRosiers, Seasonally Adjusted Annual Rate ("SAAR") for June 2022 decreased by (12)% to 1.45 million units as compared to 1.65 million units in June 2021. SAAR creates a base sales figure to allow for more meaningful comparison between months converting the current monthly sales to take into account seasonality of the past ten years. Due to the unique situation caused by the COVID-19 pandemic over the last two years, significant sales fluctuations throughout the year have occurred.

According to DesRosiers, the Canadian light vehicles sales forecast for 2022 ranges from 1.5 million units to 1.7 million units. Actual sales may differ materially as there continues to be a high level of uncertainty regarding the near-term and long-term impacts of COVID-19 and continued disruptions to the global automotive manufacturing supply chain impacting new vehicle inventory production resulting in limited access to inventory. In addition, there remain possibilities for other impacts on general economic conditions resulting in reduced demand for vehicle sales and service, such as the Russia-Ukraine war, inflation, and rising interest rates.

As a result of the market disruptions listed above, DesRosiers estimates upwards of 1.0 million units in sales were lost between 2020 and 2022. Considering the 2022 forecast is still not back at historical levels, when compared to the 1.9 million units sold in 2019, we anticipate the current trend of pent up demand to continue in the near future.

Regardless of the current market uncertainties, with our comprehensive and complete business model, we are well situated to continue to manage and operate through these uncertain times.

---

[6] *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

Performance vs. the Canadian New Vehicle Market

Based on market data provided by DesRosiers, the overall Canadian automotive new retail vehicle sector for the six-month periods ended June 30, 2022 decreased by (11.8)%, compared to the prior year.

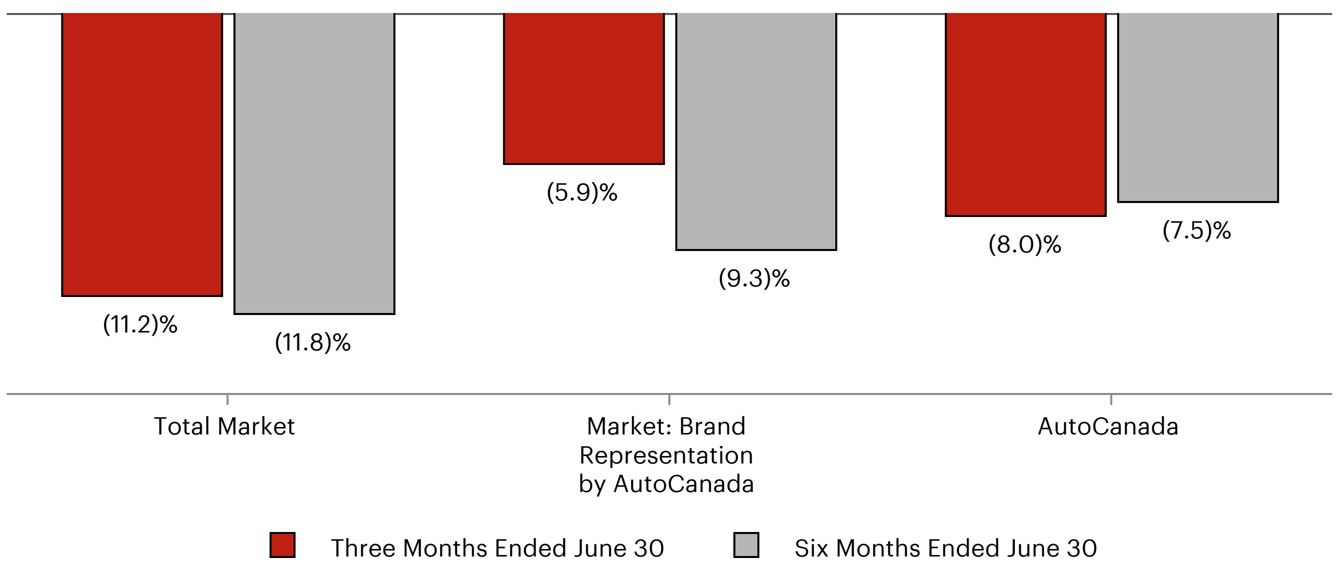
Outperformance of Canadian New Vehicle Market by 1.9 ppts on a year to date basis

For the quarter, same store new retail units decreased by (8.0)% and compares with a decrease of (5.9)% in the Canadian new vehicle market for the same store brands represented by AutoCanada, as reported by DesRosiers.

Year to date, same store new retail units decreased by (7.5)% and compares with a decrease of (9.3)% in the Canadian new vehicle market for the same store brands represented by AutoCanada, as reported by DesRosiers

The fact that the Company has outperformed the Canadian new retail market thirteen times in fifteen quarters demonstrates the effectiveness, consistency, and sustainability of our operations. Refer to prior periods MD&A for further details of our market outperformance.

New Retail Units YoY % Growth - Market vs AutoCanada Same Store Sales



Source: DesRosiers Automotive Consultants

4. RESULTS OF OPERATIONS

Second Quarter Operating Results

Same stores metrics include only Canadian dealerships which have been owned for at least two full years since acquisition. Comparisons to prior year results are impacted by acquisitions. Refer to Section 5 Acquisitions, Divestitures, Relocations and Real Estate for further details.

Revised Comparatives

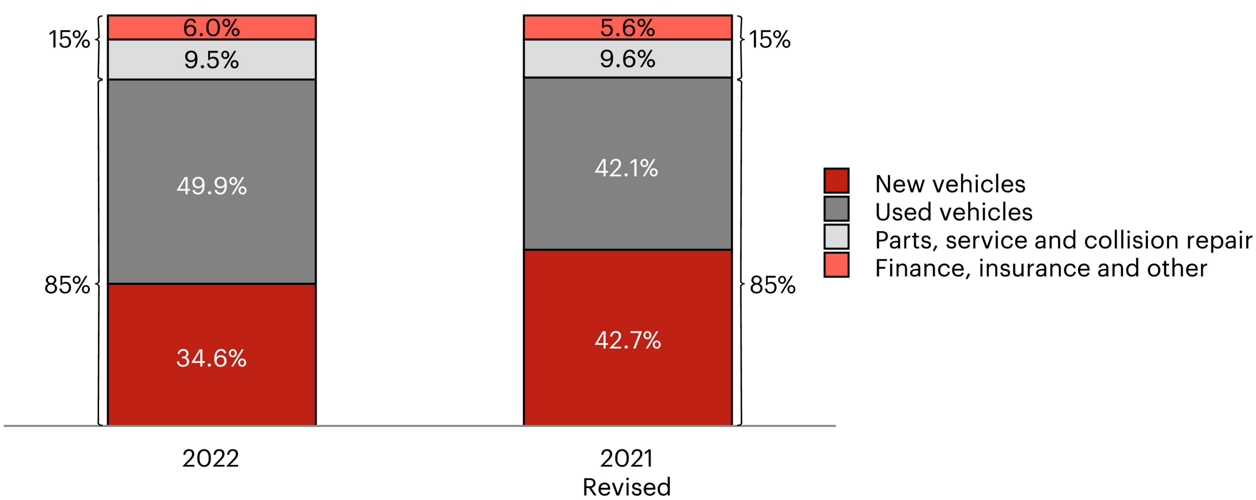
During the three-month and six-month periods ended June 30, 2021, certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations other than as described in Note 2 of the Interim Consolidated Financial Statements. Refer to Section 17 Selected Quarterly Financial Information for further details.

Revenues

The following tables summarize revenue for the three-month and six-month periods ended June 30:

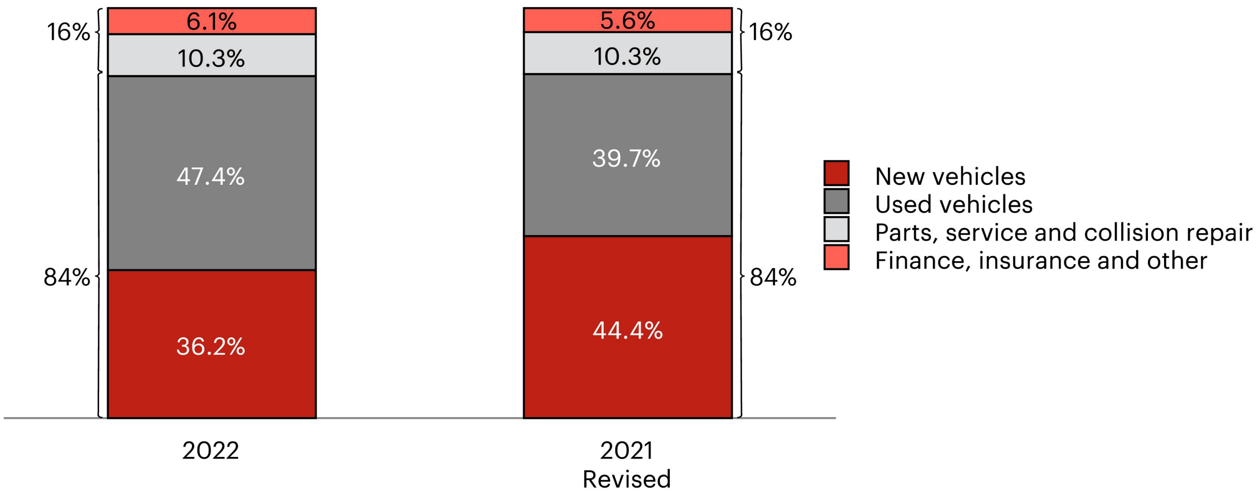
	Three Months Ended June 30			
	2022 $	**2021 $ Revised**	**Change $**	**Change %**
New vehicles	583,870	547,593	36,277	6.6%
Used vehicles	840,998	539,785	301,213	55.8%
Parts, service and collision repair	160,307	122,459	37,848	30.9%
Finance, insurance and other	100,851	71,218	29,633	41.6%
Total revenue	1,686,026	1,281,055	404,971	31.6%

Allocation of Revenue for the Three Months Ended June 30



	Six Months Ended June 30			
	2022 $	**2021 $ Revised**	**Change $**	**Change %**
New vehicles	1,095,065	998,654	96,411	9.7%
Used vehicles	1,436,512	894,707	541,805	60.6%
Parts, service and collision repair	312,316	230,886	81,430	35.3%
Finance, insurance and other	184,571	126,632	57,939	45.8%
Total revenue	3,028,464	2,250,879	777,585	34.5%

Allocation of Revenue for the Six Months Ended June 30

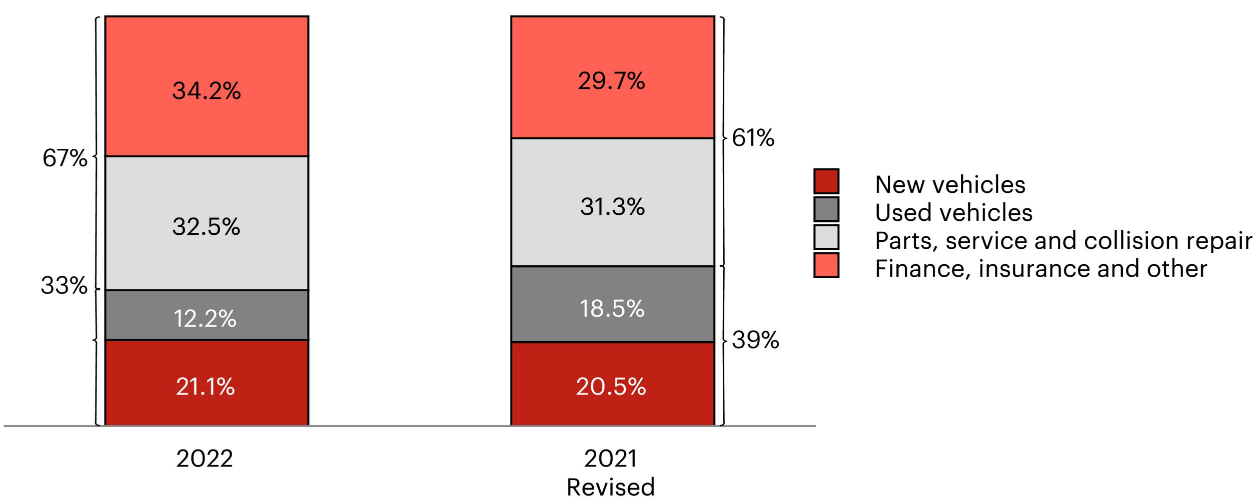


Gross Profit

The following tables summarize gross profit for the three-month and six-month periods ended June 30:

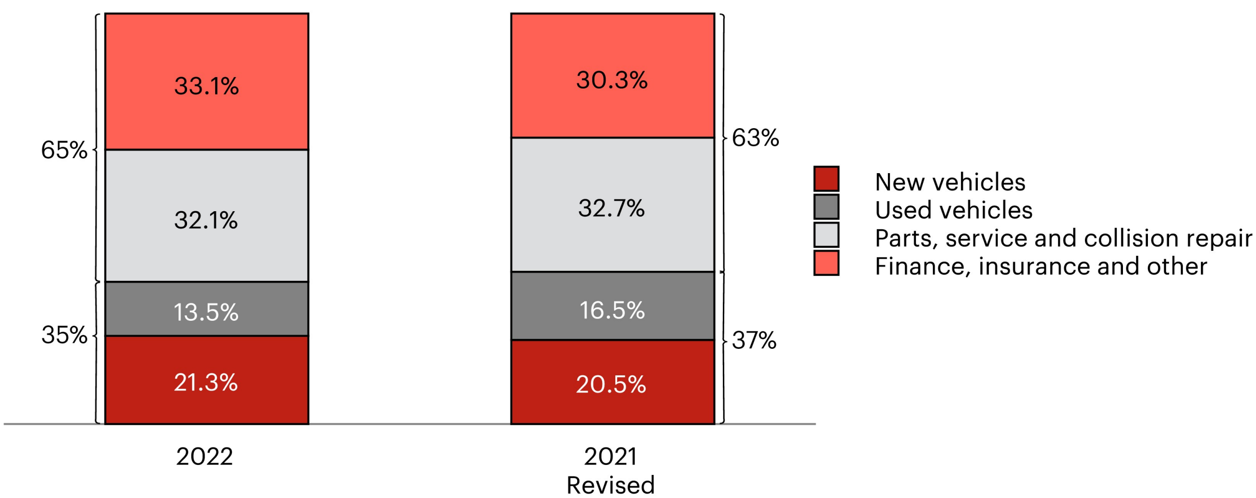
	Three Months Ended June 30			
	2022 $	**2021 $ Revised**	**Change $**	**Change %**
New vehicles	58,950	44,619	14,331	32.1%
Used vehicles	34,125	40,269	(6,144)	(15.3)%
Parts, service and collision repair	90,713	68,115	22,598	33.2%
Finance, insurance and other	95,490	64,838	30,652	47.3%
Total gross profit	279,278	217,841	61,437	28.2%

Allocation of Gross Profit for the Three Months Ended June 30



	Six Months Ended June 30			
	2022 $	2021 $ Revised	Change $	Change %
New vehicles	112,334	79,258	33,076	41.7%
Used vehicles	70,897	63,475	7,422	11.7%
Parts, service and collision repair	169,144	125,989	43,155	34.3%
Finance, insurance and other	174,242	116,755	57,487	49.2%
Total gross profit	526,617	385,477	141,140	36.6%

Allocation of Gross Profit for the Six Months Ended June 30



Gross Profit Percentages

The following tables summarize gross profit percentages for the three-month and six-month periods ended June 30:

	Three Months Ended June 30		
	2022	2021 Revised	Change ppts
New vehicles	10.1%	8.1%	2.0
Used vehicles	4.1%	7.5%	(3.4)
Parts, service and collision repair	56.6%	55.6%	1.0
Finance, insurance and other	94.7%	91.0%	3.7
Total gross profit %	16.6%	17.0%	(0.4)

For the three-months ended June 30, 2022, 15.5% of the Company's revenue generated from F&I and PS&CR contributed 66.7% of the Company's total gross profit.

	Six Months Ended June 30		
	2022	2021 Revised	Change ppts
New vehicles	10.3%	7.9%	2.4
Used vehicles	4.9%	7.1%	(2.2)
Parts, service and collision repair	54.2%	54.6%	(0.4)
Finance, insurance and other	94.4%	92.2%	2.2
Total gross profit %	17.4%	17.1%	0.3

For the six-months ended June 30, 2022, 16.4% of the Company's revenue generated from F&I and PS&CR contributed 65.2% of the Company's total gross profit.

This relationship continues to be key to a stable business model and supports management's key initiatives to further develop our higher profit margin generating divisions.

New vehicles

For the three-month period ended June 30, 2022

Consolidated Operations

New vehicle revenue increased by 6.6% with new vehicle gross profit increasing by 32.1%. New vehicle gross profit percentage increased to 10.1% as compared to 8.1% in the prior year.

New vehicle results was largely driven by the continued disruptions to the global automotive manufacturing supply chain, particularly the micro chip inventory shortage, resulting in a constrained availability of new vehicle inventory.

We continue to prioritize our OEM relationships, which includes achieving sales unit targets, Customer Satisfaction Index ("CSI"), and several other key measures as reflected within the various OEM balanced scorecards. With our strong OEM relationships and market performance, we have sufficient new vehicle inventory to maintain current sales pace.

Canadian Operations and Same Stores Results

New vehicle revenue increased by 14.4% and new vehicle gross profit percentage increased to 9.5% as compared to 8.1% in the prior year. The increase in gross profit percentage reflects a 1.4 ppts increase in same store new retail gross profit percentage, in addition to the impact of a change in vehicle mix of retail and fleet.

Same store new vehicle retail units decreased by (624) units to 7,139 units, a decrease of (8.0)% as compared to the prior year. This decrease was largely driven by the noted continued disruptions to the global automotive manufacturing supply chain resulting in a constrained availability of new vehicle inventory. Due to the reduced retail sales volume, same store new vehicle revenue remained relatively flat, while same store new retail vehicle gross profit percentage increased to 10.2% as compared 8.9% in the prior year.

U.S. Operations

New vehicle revenue decreased by (26.4)% and new vehicle gross profit increased by $2.0 million, an increase of 22.8%. New vehicle gross profit percentage increased to 13.9% as compared to 8.4% in the prior year.

The new vehicle gross profit percentage increase to 13.9% is driven by the current pronounced market demand factors including limited new vehicle inventory. Within our U.S. Operations, the strong gross profit percentage is further supported by the ability to sell new vehicles above Manufacturer's Suggested Retail Price ("MSRP"). While this level of demand is unlikely to be sustainable, with the noted improvements management has made to our fundamental operational structure and processes, we anticipate the core strength of new vehicle gross profit to remain in the future. The anticipated eventual decrease in gross profit percentage, once inventories normalize, should be offset by an increase in new retail vehicle unit sales and current levels of profitability are expected to be maintained.

These improvements are also partially attributable to the management team transition which occurred in late Q1 2021 and the resulting culture shift which included actions taken to build a strong sales team, and implementing rigorous training and processes to allow for the execution of best practices which drive sales across all segments.

For the six-month period ended June 30, 2022

Consolidated Operations

New vehicle revenue increased by 9.7% and new vehicle gross profit increased by 41.7%. Gross profit per new vehicle sold increased by $1,665 per unit.

Canadian Operations and Same Stores Results

New vehicle revenue increased by 12.9% and new vehicle gross profit increased by 32.6%.

Same stores new vehicle revenue decreased by (0.9)% and same stores new vehicle gross profit increased by 20.9%. Same store new vehicle gross profit percentage increased to 9.9% as compared to 8.1% in the prior year.

New retail units increased by 1,569 units, or 10.7%, with same stores seeing a decrease in new retail units of (1,089), or (7.5)%.

Key drivers to new vehicle sales and gross profit for the three-month period noted above also apply to year to date performance.

U.S. Operations

New vehicle revenue decreased by (6.5)% and new vehicle gross profit increased by $11.2 million, an increase of 92.5%. New vehicle gross profit percentage increased to 14.9% as compared to 7.2% in the prior year.

Key drivers to new vehicle sales and gross profit for the three-month period noted above also apply to year to date performance.

Used vehicles

For the three-month period ended June 30, 2022

Consolidated Operations

Used vehicle revenue increased by 55.8%. Used vehicle gross profit decreased by (15.3)%.

Used vehicle results were largely driven by the surge in demand for used cars as a result of the noted shortage of new vehicle inventory. While used vehicle gross profits have decreased by (15.3)%, used vehicle units have increased by 33.7% to 17,740 units. We continue to prioritize retailing of used vehicles over wholesaling used vehicles and ensure we are able to generate F&I and PS&CR gross profit, as well as provide additional opportunities for AutoCanada to develop customer loyalty and build customer retention.

While used vehicle prices have begun to moderate, used vehicle pricing remains strong relative to historical demand. We do not anticipate a sharp decrease in pricing and demand over the longer term. Management continues to actively manage our used inventory portfolio to ensure it is suited to meet market demand.

Canadian Operations and Same Stores Results

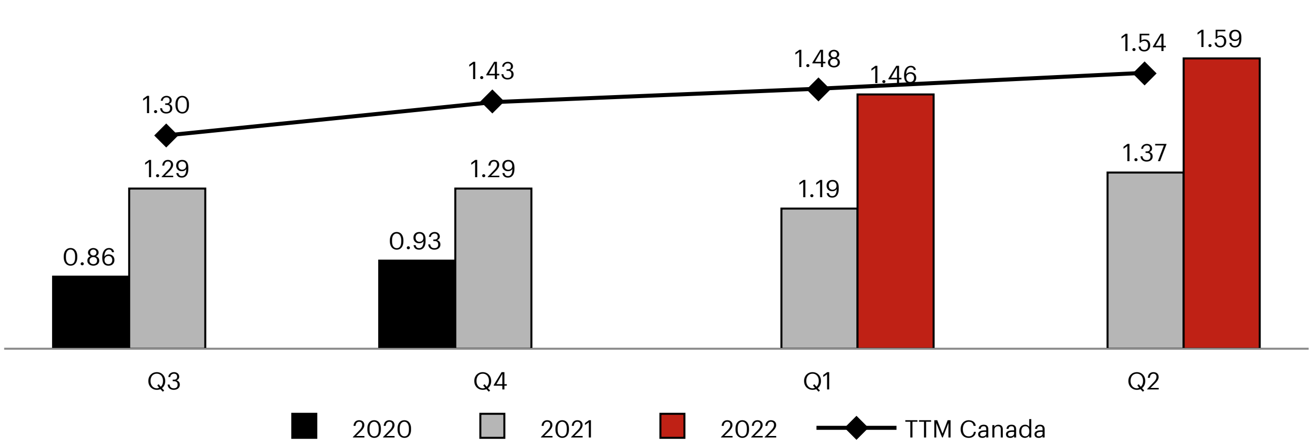
Used vehicle revenue increased by 48.6% and used vehicle gross profit decreased by (11)%. Used vehicle gross profit percentage decreased to 4.6% as compared to 7.7% in the prior year.

Same store used vehicle revenue increased by 28.0% and same store used vehicle gross profit decreased by (31.0)% to $24.8 million as compared to prior year. Same store used vehicle gross profit percentage decreased to 4.2% as compared to 7.9% in the prior year. Same store used vehicle retail units increased by 7.3% to 11,371 units.

The decrease in used vehicle gross profit was attributed to the softening used vehicle prices and the resulting incremental $10.0 million inventory writedown that management determined was prudent to calibrate our cost of used vehicle inventory for the changing macro environment. Insight into this trend is provided by the Black Book Used Vehicle Retention Index ("CBBUVRI"), which monitors the health of the used wholesale vehicle market and tracks the retained wholesale values for two to six-year-old vehicles in Canada. According to the CBBUVRI, the index decreased slightly from an all-time high at 165.0 points in March 2022 to 161.3 points in June 2022, an increase of 28.9% compared to prior year.

With our strategic build up of used vehicle inventory through Q4 2021 and Q1 2022, we were well positioned and able to meet the demand for used vehicles, as demonstrated by our same store used retail vehicle unit sales increasing by 772 units to 11,371 units and the continued improvement in our same store used to new retail unit ratio which increased to 1.59 for Q2 2022 as compared to 1.37 in the prior year.

Used to New Retail Units Ratio
(Quarterly on a Same Store basis and TTM on a Canadian basis)



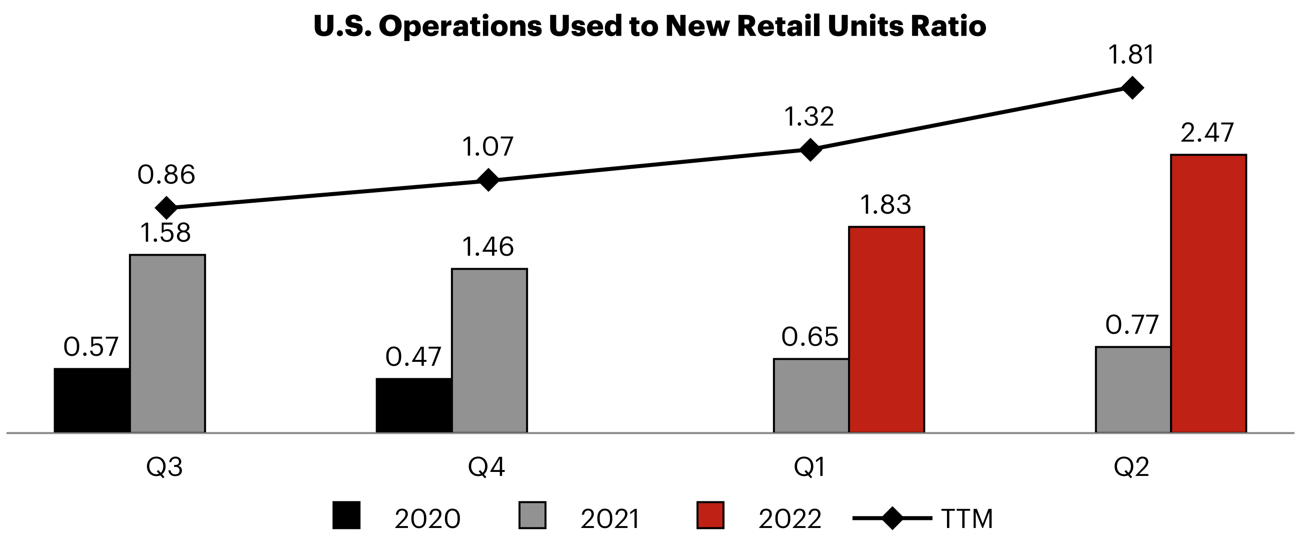
U.S. Operations

Used vehicle revenue increased by 110.6% and used vehicle gross profit decreased by (59.9)%. Used vehicle gross profit percentage decreased to 1.1% as compared to 6.0% in the prior year.

Due to strong market demand for used vehicles, management prioritized the build up of used vehicle inventory and resulted in an increase in used retail vehicles sold by 1,452 units to 3,249 units as compared to the prior year.

The dedicated used vehicle retailing process, including a more robust used vehicle inspection and reconditioning service continues to support the dealerships used retailing and buying process, and was critical to support the increase in used retail vehicles sold to 3,249 in Q2 2022, as compared to 1,797 sold in Q2 2021, an increase of 80.8%. U.S. Operations prioritized selling volume due to the aging used vehicle profile as used vehicle supply remains competitive.

The Mannheim Used Vehicle Value Index ("MUVVI") represents a seasonally adjusted measurement of used vehicle prices. The MUVVI decreased from a record high of 236.3 in January 2022 to 219.9 in June 2022. Despite the decreasing trend noted, the index continues to remain strong, with June 2022 MUVVI of 219.9 still being greater than historical MUVVI prior to and including September 2021.



For the six-month period ended June 30, 2022

Consolidated Operations

Used vehicle revenue increased by 60.6% and used vehicle gross profit increased by 11.7%. Gross margin decreased by $(531) per unit.

Canadian Operations and Same Stores Results

Used vehicle revenue increased by 49.3% and used vehicle gross profit increased by 14.5%. Used vehicle gross profit percentage decreased to 5.6% as compared to 7.3% in the prior year.

Same stores used vehicle revenue increased by 30.1%, while same stores used vehicle gross profit decreased by (9.6)%. Used vehicle gross profit percentage decreased to 5.2% as compared to 7.5% in the prior year.

Same stores used retail vehicle revenue increased by $225.2 million and used retail vehicle gross profit increased by $5.5 million. Same stores used to new retail vehicles sold ratio increased to 1.53 from 1.28.

Key drivers to used vehicle sales and gross profit for the three-month period noted above also apply to year to date performance.

U.S. Operations

Used vehicle revenue increased by 164.5% and used vehicle gross profit decreased by (23.2)%. Used vehicle gross profit percentage decreased to 1.6% as compared to 5.5% in the prior year.

Key drivers to used vehicle sales and gross profit for the three-month period noted above also apply to year to date performance.

Parts, service and collision repair

For the three-month period ended June 30, 2022

Consolidated Operations

PS&CR revenue increased by 30.9% and gross profit increased by 33.2%.

Management has continued to refine and optimize our PS&CR operational metrics, including effective labour rate, service hours sold, and customer satisfaction index. As a result of current macro economic conditions, we have a renewed focus on evaluating the PS&CR pricing matrix to maintain our margins.

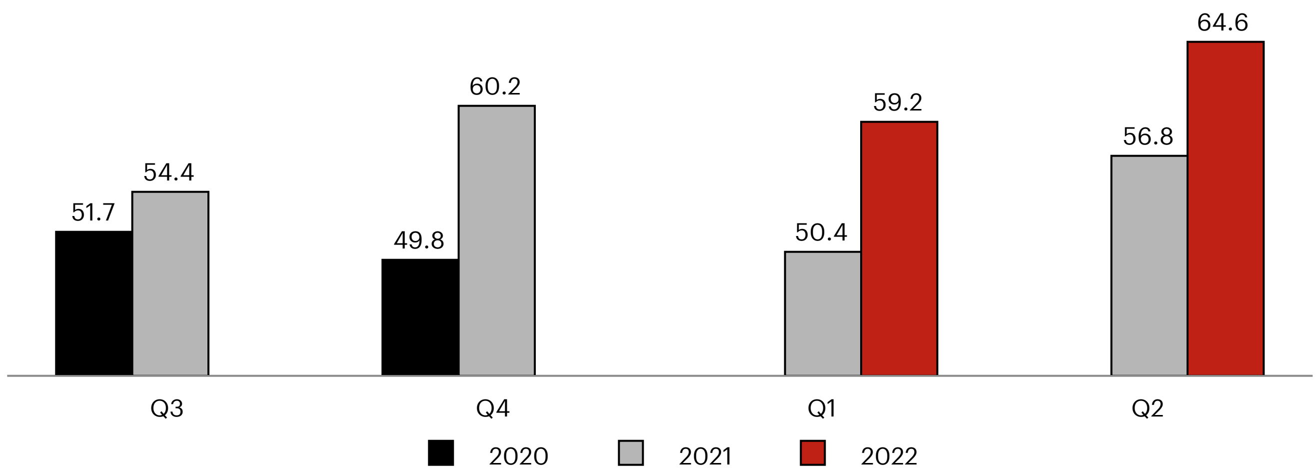
Canadian Operations and Same Stores Results

PS&CR revenue increased by 29.1% and gross profit increased by 29.3%. PS&CR gross profit percentage increased to 56.3% as compared to 56.3% in the prior year.

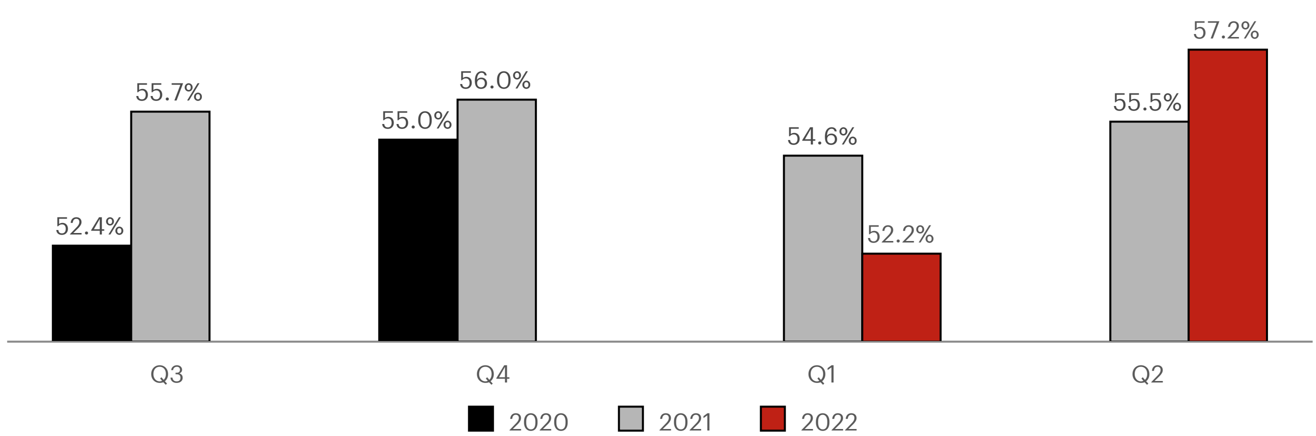
Same stores results saw PS&CR revenue increased by 10.2%, while gross profit increased by 13.7%. Same store PS&CR gross profit percentage increased to 57.2% as compared to 55.5% in the prior year. The increase in same store PS&CR gross profit percentage is largely driven by a 20.8% increase in our service and collision repair orders[7], and an increase in our service bay occupancy of approximately 3 ppts as compared to prior year.

Our BDC strategy has been implemented at all Canadian dealerships and collision centre locations, excluding recent acquisitions. Further optimization entails a number of elements including occupancy tracking, technician recruitment, and call list development for vehicle recall and overdue maintenance follow up.

Same Store Parts, Service & Collision Repair Gross Profit ($ Millions)



Same Store Parts, Service & Collision Repair Gross Profit Percentage



[7] *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

U.S. Operations

PS&CR revenue increased by 43.9% and gross profit increased by 63.9%. PS&CR gross profit percentage increased to 58.2% as compared to 51.1% in the prior year.

Similar to drivers noted in the Canadian Operations, the gradual relaxation of lockdown restrictions resulted in an overall increase in miles driven. According to the Federal Highway Administration of the U.S. Department of Transportation, for the two months ended May 2022, vehicle miles on all roads and streets increased by 3.9% as compared to the prior year. Service and collision repair orders increased by 31.4% as compared to prior year and contributed to the increases in both revenue and gross profit.

The increase in gross profit percentage is attributable to management's focus on both expanding the PS&CR teams and standardizing operations at our U.S. dealerships. In addition, we were able to accommodate increased traffic, with U.S. Operations completing 37,103 repair orders, an increase of 31.4% as compared to the prior year.

For the six-month period ended June 30, 2022

Consolidated Operations

PS&CR revenue increased by 35.3% and gross profit increased by 34.3%.

Canadian Operations and Same Stores Results

PS&CR revenue increased by 34.3% and gross profit increased by 30.8%. PS&CR gross profit percentage decreased to 53.9% as compared to 55.3% in the prior year.

Same stores results saw PS&CR revenue increased by 16.1%, while gross profit increased by 15.4%. Same store gross profit percentage decreased to 54.7% as compared to 55.0% in the prior year.

Key drivers to PS&CR sales and gross profit for the three-month period noted above also apply to year to date performance.

U.S. Operations

PS&CR revenue and gross profit increased by 42.6% and 62.5% respectively. PS&CR gross profit percentage increased to 56.0% as compared to 49.2% in the prior year.

Key drivers to PS&CR sales and gross profit for the three-month period noted above also apply to year to date performance.

Finance, insurance and other

Finance and insurance products are sold with both new and used retail vehicles.

For the three-month period ended June 30, 2022

Consolidated Operations

F&I revenue increased by 41.6% and gross profit increased by 47.3%. Gross profit per retail unit average increased by $684 per unit. Gross profit per retail unit average is also influenced by incentives and financing products offered by third party financing institutions and OEMs.

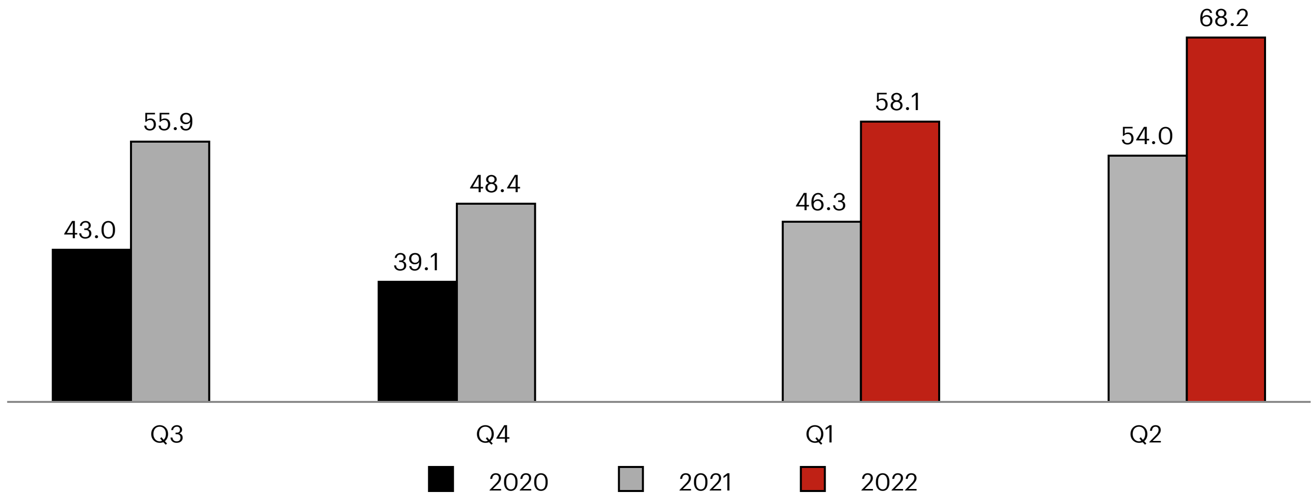
The strong foundation our F&I initiative has built and the continued optimization of our dedicated in-house training program supports the continued gross profit performance noted. The training program leverages available data and applies a rigorous approach to training our finance managers to better understand our product portfolio to cater to customer preferences. Improving our insight into customers' product preferences allows us to provide value generating products for our customers to increase value add products per deal and ultimately improve customer retention. The improvements noted have been consistently applied across all regions and brands and support the sustainability of our current performance. As we execute our acquisition strategy, our comprehensive F&I platform remains one of our greatest opportunity areas for growth and synergies.

Canadian Operations and Same Stores Results

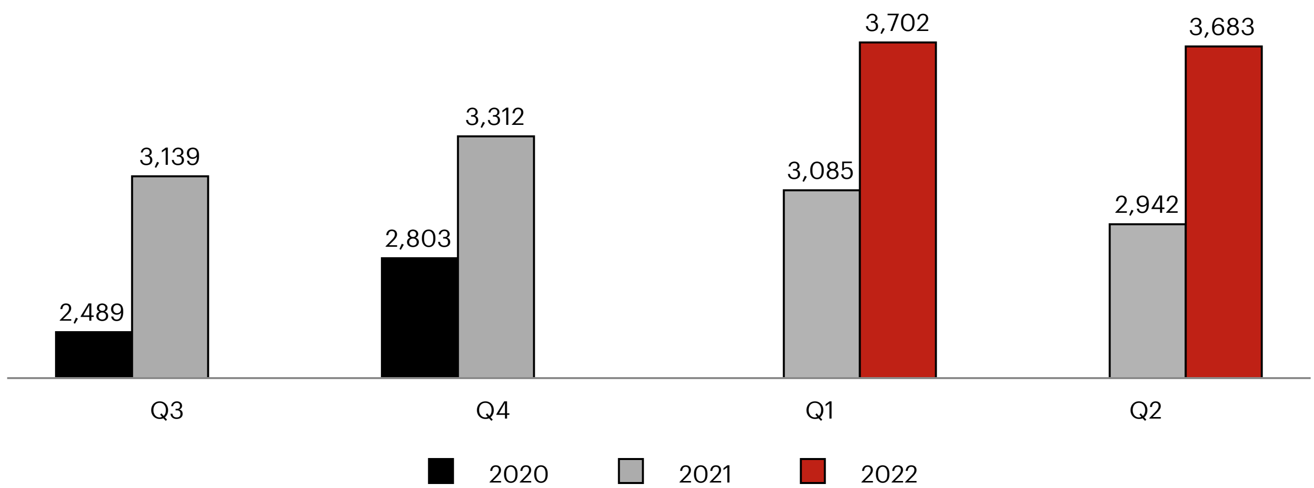
F&I revenue increased by 35.1% and gross profit increased by 40.4%. Gross profit percentage increased to 93.6% as compared to 90.1% in the prior year. Gross profit per retail unit average increased to $3,349, an increase of $491 per retail unit.

Same stores F&I revenue increased by 20.5% and gross profit increased by 26.2% to $68.2 million. Same store F&I gross profit percentage increased by 4.3 ppts to 94.2% as compared to 89.9% in the prior year. Same store gross profit per retail unit average increased to $3,683, up 25.2% or $741 per retail unit, as compared to $2,942 in the prior year.

Same Store Finance, Insurance and other Gross Profit ($ Millions)



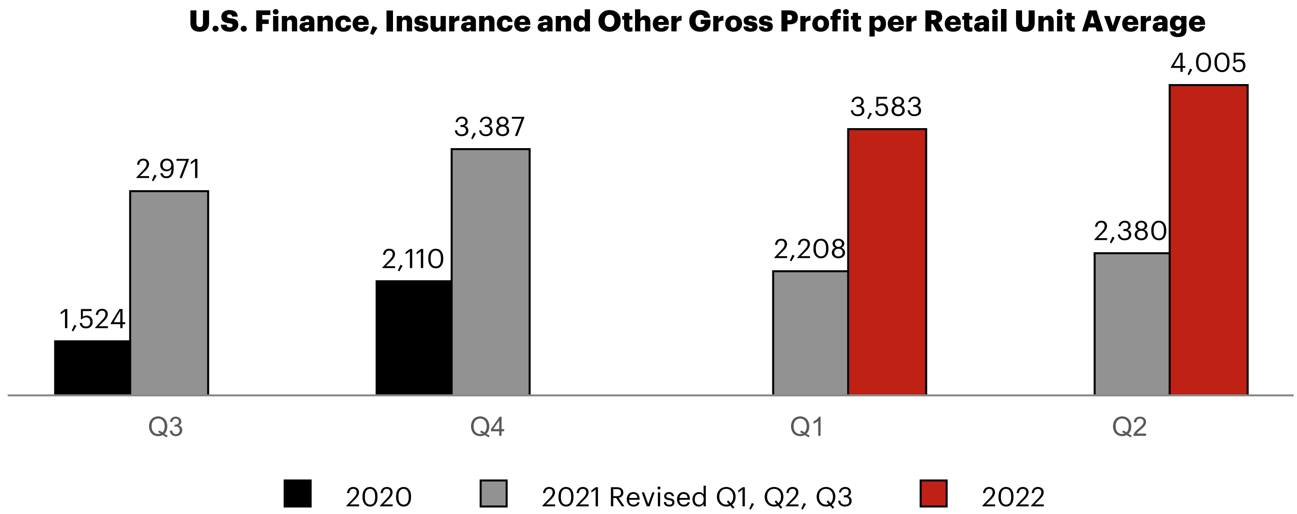
Same Store Finance, Insurance and Other Gross Profit per Retail Unit Average



U.S. Operations

F&I revenue increased by 80.3% and gross profit increased by 85.5%. Gross profit percentage increased to 99.4% as compared to 96.6% in the prior year. Gross profit per retail unit average increased to $4,005, an increase of $1,624 per retail unit.

The strong gross profit per retail unit average is largely due to management's continued focus on improving our formal F&I structure and process certifications. The formal structure and training, now in place for multiple quarters, resulted in a shift in what we consider core products and ensures that products being sold drive customer retention by providing value to our customers. Management continues to refine and optimize the processes and has resulted in improvements across all areas of the department and is a key contributor to the 85.5% growth in gross profit.



For the six-month period ended June 30, 2022

Consolidated Operations

Finance, insurance and other revenue increased by 45.8% and gross profit increased by 49.2%. Gross profit per vehicle increased by $610 per unit.

Canadian Operations and Same Stores Results

Finance, insurance and other revenue increased by 36.3% and gross profit increased by 38.9%. Gross profit percentage increased to 93.3% as compared to 91.6% in the prior year.

Same stores finance, insurance and other revenue increased by 22.5%, while gross profit increased by 25.8%. Gross profit percentage increased to 94.0% as compared to 91.5% in the prior year.

Key drivers to finance, insurance and other sales and gross profit for the three-month period noted above also apply to year to date performance.

U.S. Operations

Finance, insurance and other revenue increased by 114.2% and gross profit increased by 120.1%. Gross profit percentage increased to 99.2% as compared to 96.5% in the prior year.

Key drivers to finance, insurance and other sales and gross profit for the three-month period noted above also apply to year to date performance.

Operating expenses

Employee Costs

Employee costs are associated with employing staff both at dealerships and at AutoCanada's head office. Dealership employees are largely commission based, making employee costs primarily variable in nature. Our dealership pay structures are tied to meeting sales objectives, maintaining CSI, as well as improving gross profit and net income.

Administrative Costs

Administrative costs comprise the remaining costs of running our dealerships. Advertising, utilities, service shop consumables, information processing, insurance, and consulting costs comprise a significant portion of administrative costs. Administrative costs can be fixed, variable or semi-variable in nature. The Company operates a centralized marketing department, and an information management department that includes data analytics and information technology support, to the dealerships in order to leverage the size of the group to lower the operating costs of the dealerships.

Facility Lease and Storage Costs

Facility lease and storage costs relates to the cost of short-term ancillary and supplemental leasing arrangements that support dealership facilities.

Depreciation of Property and Equipment

Depreciation of property and equipment relates to the depreciation of the dealership assets, including buildings, machinery and equipment, leasehold improvements, company and lease vehicles, furniture, and computer hardware. Depreciation rates vary based on the nature of the asset.

Depreciation of Right-of-Use Assets

Depreciation of right-of-use assets relates to the right-of-use assets that arise upon the inception of a lease arrangement. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

The following tables summarize operating expenses:

	Three Months Ended June 30, 2022			**Three Months Ended June 30, 2021**		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Employee costs	116,765	22,845	139,610	85,590	13,575	99,165
Government assistance	—	—	—	(1,623)	(1,330)	(2,953)
Administrative costs	50,077	9,694	59,771	39,460	8,306	47,766
Facility lease and storage costs	690	—	690	381	—	381
Depreciation of property and equipment	4,609	468	5,077	3,972	295	4,267
Depreciation of right-of-use assets	6,858	703	7,561	5,519	628	6,147
Total operating expenses	178,999	33,710	212,709	133,299	21,474	154,773

	Six Months Ended June 30, 2022			**Six Months Ended June 30, 2021**		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Employee costs	220,903	43,930	264,833	159,745	22,907	182,652
Government assistance	(264)	—	(264)	(4,724)	(6,728)	(11,452)
Administrative costs	96,653	18,673	115,326	74,972	15,222	90,194
Facility lease and storage costs	1,651	—	1,651	515	—	515
Depreciation of property and equipment	8,991	826	9,817	7,717	604	8,321
Depreciation of right-of-use assets	13,617	1,375	14,992	11,196	1,295	12,491
Total operating expenses	341,551	64,804	406,355	249,421	33,300	282,721

While management considers operating expenses as a percentage of gross profit to be a good indicator of expense control, as many operating expenses are variable in nature, the Company considers operating expenses before depreciation as a percentage of gross profit [8]a more accurate measure of operating performance.

The following tables summarize operating expenses before depreciation as a percentage of gross profit and normalized operating expenses before depreciation as a percentage of gross profit[9]:

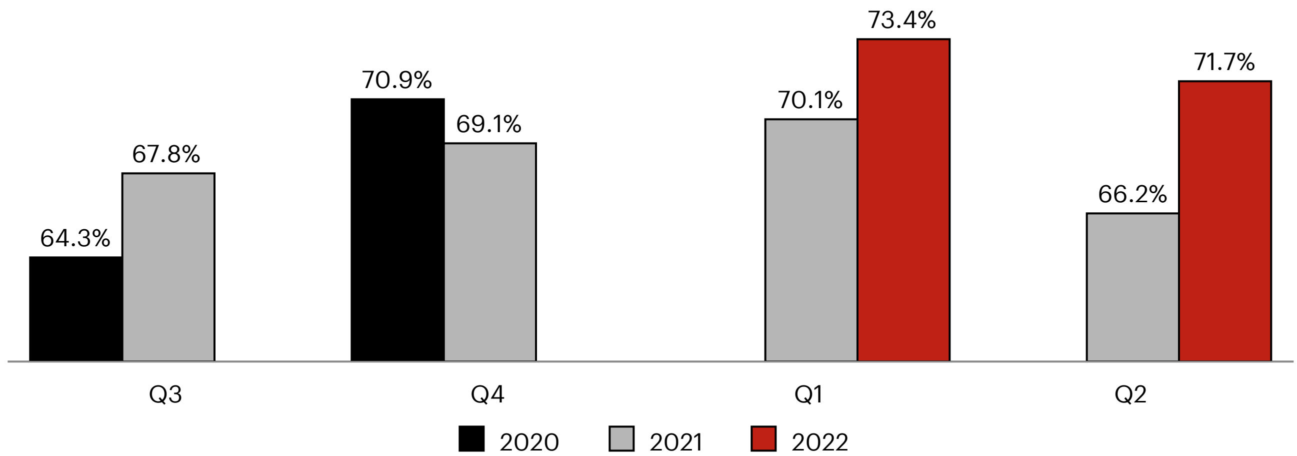
	Three Months Ended June 30, 2022			**Three Months Ended June 30, 2021**		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Operating expenses before depreciation	70.8%	75.8%	71.7%	65.8%	68.8%	66.2%
Normalized operating expenses before depreciation	70.9%	75.8%	71.6%	66.7%	73.2%	67.6%

[8] *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

[9] *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this non-GAAP measure.*

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
Operating expenses before depreciation	71.7%	76.5%	72.5%	67.8%	69.2%	67.9%
Normalized operating expenses before depreciation	71.7%	76.5%	72.5%	69.2%	84.0%	70.9%

Operating expenses before depreciation as % of Gross Profit



Total Operating Expenses

For the three-month period ended June 30, 2022

Consolidated Operations

Operating expenses before depreciation as a percentage of gross profit increased by 5.5 ppts to 71.7% and operating expenses as a percentage of gross profit increased by 5.2 ppts to 76.2%, as compared to prior year.

Operating expenses before depreciation as a percentage of gross profit increased by 4.0 ppts from normalized operating expenses before depreciation as a percentage of gross profit of 67.6% in Q2 2021, after adjusting for Canada Emergency Wage Subsidy ("CEWS") income of $1.5 million, Canada Emergency Rent Subsidy ("CERS") income of $0.1 million and the forgiveness of $1.3 million of Paycheck Protection Program ("PPP") loans received in Q2 2020 for U.S. dealerships in the prior year.

The increase in operating expenses before depreciation as a percentage of gross profit in the current period is largely attributed to the $10.0 million of incremental inventory writedowns compressing gross profit, and increased M&A activity and related costs, inclusive of the expansion of an acquisition and integration team, and executive onboarding and related costs resulting in increased operating expenses.

Operating expenses as a percentage of gross profit of 76.2% reflects the Company's continued optimization of the business model, including updated head count and pay plans to a more sustainable structure.

Canadian Operations

Operating expenses before depreciation as a percentage of gross profit increased by 5.0 ppts to 70.8% as compared to prior year. Employee costs as a percentage of gross profit[10] increased by 3.9 ppts to 49.4%.

The increase in employee costs as a percentage of gross profit in the current period is largely attributed to the $10.0 million of incremental inventory writedowns compressing gross profit, and executive onboarding and related costs resulting in increased employee expenses.

U.S. Operations

Operating expenses before depreciation as a percentage of gross profit increased by 7.0 ppts to 75.8%.

[10] *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

The increase in employee costs as a percentage of gross profit by 7.8 ppts to 53.2% is largely driven by management's strategy to both build up a strong sales team to meet strong market demand, and to transition pay plans to suit a top-performing variable pay structure. In addition, Q2 2022 reflects a full quarter of the established management team and related employee costs as the current management team joined in late Q1 2021. These investments in staffing resulted in improvements in all areas of the business and to total gross profit.

For the six-month period ended June 30, 2022

Consolidated Operations

Operating expenses before depreciation as a percentage of gross profit increased by 4.6 ppts when compared to the same period in the prior year.

Canadian Operations

Operating expenses before depreciation as a percentage of gross profit increased by 3.9 ppts when compared to the same period.

Key drivers to operating expenses for the three-month period noted above also apply to year to date performance. In addition, the Company recognized government assistance of $4.7 million for the six-months ended June 30, 2021.

U.S. Operations

Operating expenses before depreciation as a percentage of gross profit increased by 7.3 ppts when compared to the same period in the prior year.

Key drivers to operating expenses for the three-month period noted above also apply to year to date performance. In addition, the Company recognized the forgiveness of PPP loans of $6.7 million for the six-months ended June 30, 2021.

Net Income for the Period and Adjusted EBITDA

The following table summarizes Net income and Adjusted EBITDA for the three-month periods and six-month periods ended June 30:

	Three Months Ended June 30			Six Months Ended June 30		
	2022 $	2021 $	Change $	2022 $	2021 $	Change $
Net income for the period	39,058	37,698	1,360	43,380	59,032	(15,652)
Adjusted EBITDA	75,561	70,491	5,070	137,757	117,725	20,032

Net Income for the Period

Net income for the three-month period ended June 30, 2022 improved by $1.4 million, compared to prior year. The drivers of this change include:

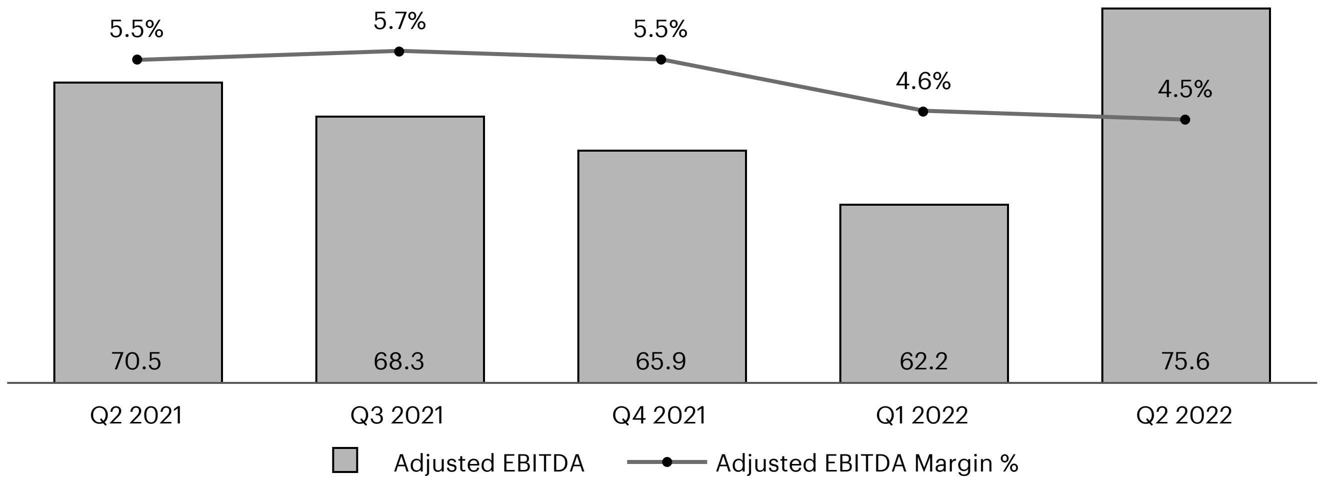
- Canadian Operations segment contributed a decrease of $(1.0) million in the second quarter, which includes $10.0 million of incremental inventory writedowns in Q2 2022
- U.S. Operations segment contributed an increase of $2.4 million in the second quarter

Adjusted EBITDA

Adjusted EBITDA for the three-month period ended June 30, 2022 increased by $5.1 million, compared to prior year.

- Adjusted EBITDA was $75.6 million as compared to normalized adjusted EBITDA of $67.5 million in the prior year, an improvement of 11.9%
- Adjusted EBITDA margin was 4.5% as compared to 5.5% in the prior year, a decrease of (1.0) ppts
    - As compared to normalized adjusted EBITDA of 5.3% in the prior year, a normalized decrease of (0.8) ppts

Adjusted EBITDA ($ Millions) and EBITDA Margin %



Finance Costs

The Company incurs finance costs on its revolving floorplan facilities, long-term indebtedness, banking arrangements, lease liabilities under IFRS 16, extinguishment of debt, and unrealized fair value changes on interest rate swaps.

The unrealized fair value changes on interest rate swaps represents the unrealized changes in derivative financial instruments held for the purpose of managing exposures to fluctuations in interest rates. Changes in the fair value of these instruments will be recorded in finance costs as the Company has not elected to apply hedge accounting to these contracts. Existing interest rate swaps of $97.2 million maturing in 2023 to 2024, and $177.8 million maturing in 2025 provides continued protection against the current rising interest rate environment. For further details, refer to Note 19 in the Interim Consolidated Financial Statements for the three-month period ended June 30, 2022.

During the three-month period ended June 30, 2022, finance costs on our revolving floorplan facilities increased by 70.3% to $5.9 million from $3.5 million, in the same period of the prior year. The increase is primarily driven by both an increase in our used vehicle floorplan levels and an increase in floorplan interest rates. As referenced above, our interest rate swap portfolio help offset the rising finance costs for $275 million of liabilities.

The following table details the finance costs during the three-month and six-month periods ended June 30:

	Three Months Ended June 30		Six Months Ended June 30	
	2022 $	2021 $	2022 $	2021 $
Finance costs:				
Interest on long-term indebtedness	6,610	5,485	13,768	10,148
Interest on lease liabilities	6,946	5,333	14,318	11,055
Loss on extinguishment of debt	—	1,128	9,860	1,128
Unrealized fair value changes on non-hedging instruments	(1,325)	(936)	(8,160)	(4,215)
Amortization of terminated hedges	817	817	1,634	1,634
Loss on extinguishment of embedded derivative	—	—	29,306	—
Unrealized fair value changes on embedded derivatives	—	(4,644)	—	(4,644)
	13,048	**7,183**	**60,726**	**15,106**
Floorplan financing	5,937	3,487	9,273	6,998
Interest rate swap settlements	752	2,449	1,870	3,388
Other finance costs	2,201	1,147	3,550	2,052
	21,938	**14,266**	**75,419**	**27,544**

Income Taxes

The following table summarizes income taxes for the three-month periods and six-month periods ended June 30:

	Three Months Ended June 30		Six Months Ended June 30	
	2022 $	2021 $	2022 $	2021 $
Current tax	13,228	12,287	22,868	17,103
Deferred tax	(3,543)	1,645	(13,646)	4,049
Total income tax expense	**9,685**	**13,932**	**9,222**	**21,152**
Effective income tax rate	19.9%	27.0%	17.5%	26.4%
Statutory income tax rate	25.5%	25.4%	25.5%	25.4%

The period-over-period change in effective rate for the three-months and six-months ended June 30, 2022 is primarily due to unrecognized deferred tax assets, and other permanent items, relative to the change in earnings.

5. ACQUISITIONS, DIVESTITURES, RELOCATIONS AND REAL ESTATE

Dealership Open Points

The retail automotive industry is a mature industry and rights to open new franchised automobile dealerships are rarely awarded by the automobile manufacturers. However, from time to time, automobile manufacturers may seek to establish new dealerships in attractive markets. The right to open a new franchised automobile dealership in a specific location granted by an automobile manufacturer to a dealer is referred to in the industry as an Open Point. Generally, a new franchised automobile dealership is fully performing within one to three years depending on the manufacturer and location.

On December 21, 2018, the Company announced that it had been awarded the right to a General Motors open point featuring the Chevrolet, Buick and GMC brands in Maple Ridge, British Columbia. On December 17, 2021, the Company acquired the dealership real estate under development in Maple Ridge, BC. The Company commenced construction in Q1 2022 and expects construction to be completed in 2023**.**

PG Klassic Autobody

On April 1, 2021, the Company acquired 100% of the shares in PG Klassic AutoBody, a collision centre located in Prince George, British Columbia.

Mark Wilson's Better Used Cars

On August 9, 2021, the Company acquired 100% of the shares in Mark Wilson's Better Used Cars, an independent used vehicle dealership in Guelph, Ontario.

Autolux MB Collision

On September 9, 2021, the Company acquired 100% of the shares in Autolux MB Collision, a luxury-brand focused collision centre located in Montreal, Quebec.

Airdrie Autobody Ltd.

On October 1, 2021, the Company acquired 100% of the shares in Airdrie Autobody Ltd., a collision centre located in Airdrie, Alberta.

Crystal Lake Chrysler Dodge Jeep Ram Inc.

On November 4, 2021, the Company acquired certain franchise rights, inventories and assets to be used in the operations of Crystal Lake Chrysler Dodge Jeep Ram, Inc., a Stellantis dealership located in Crystal Lake, Illinois, and the related dealership real estate.

Autopoint Group

On December 1, 2021 the Company acquired substantially all of the assets of eleven dealerships from the Autopoint Group. The acquisition provides geographic diversification by more than doubling AutoCanada's Ontario footprint, and provides brand diversification by adding three new brands to AutoCanada's Canadian platform.

Audi Windsor and Porsche Centre London

On May 2, 2022, the Company acquired substantially all of the assets used in or relating to the Audi Windsor and Porsche Centre London dealerships, located in Windsor and London, Ontario, respectively. The acquisition further establishes our presence in the province of Ontario, increasing both brand diversity and luxury mix within our portfolio. The acquisition included the underlying real estate for both dealerships.

Burwell Autobody

On June 30, 2022, the Company acquired 100% of the shares in Burwell Auto Body Ltd., a luxury-brand focused collision centre. The acquisition expands our collision centre capacity, and allows the Company to leverage existing dealerships in Ontario.

Kelleher Ford Dealership and Collision Centre

On August 2, 2022, the Company acquired 100% of the shares of Kelleher Ford Dealership and Collision Centre. The acquisition supports management's strategic objectives of further establishing the Company's presence in the province of Manitoba.

6. LIQUIDITY AND CAPITAL RESOURCES

Management is focused on maximizing enterprise liquidity while minimizing cost and risk within the Company’s overall strategic framework. The term liquidity refers to the speed with which a company’s assets can be converted into cash, or its ability to do so, as well as cash on hand. Liquidity risk refers to the risk we will encounter difficulty in meeting financial obligations that are settled by cash or another financial asset. Our liquidity risk may arise due to general day-to-day cash requirements and in the management of our assets, liabilities and capital resources. Liquidity risk is managed against our financial leverage to meet obligations and commitments in a balanced manner.

Our principal uses of funds are for capital expenditures, funding the future growth of the Company, servicing debt, and paying dividends to shareholders (currently suspended). While not considered principal in nature, our uses of funds have recently included the repurchase of our shares (under an NCIB or SIB). We have historically met these requirements by using cash generated from operating activities and through short-term and long-term indebtedness.

Sources of Cash

Our liquidity needs can be sourced in several ways, including: cash flow from operations, borrowings against or increases in our Credit Facility, new debt instruments, the issuance of securities from treasury, return of letters of credit or replacement of letters of credit with other types of financial security and proceeds from the sale of assets.

Credit Facilities

On December 1, 2021, the Company entered into an amended and restated $1,300 million syndicated credit agreement (“Credit Facility”) with the Bank of Nova Scotia (“Scotiabank”), the Canadian Imperial Bank of Commerce (“CIBC”), the Royal Bank of Canada (“RBC”), HSBC Bank Canada ("HSBC"), ATB Financial (“ATB”) and the Bank of Montreal (“BMO”). The Credit Facility has specified-use tranches and provides the Company with revolving credit capacity for operational and growth purposes as well as floorplan financing to assist with the purchasing of inventory. The Credit Facility includes an accordion feature that allows the Company to increase any one or more of the specified-use tranches by an aggregate amount of up to $100 million. The accordion feature specifically limits the revolving credit limit to an increase of up to $50 million. The amendment included administrative and other structural changes made to support the acquisition of Autopoint Group and planned future growth. The maturity of the Credit Facility is April 14, 2024.

The Company worked closely with its lending partners within the syndicate to develop a borrowing agreement that improves upon the superseded credit facility and which will accommodate the Company’s current and future business and financial needs.

The following table reflects the composition of that Credit Facility as well as limits, amounts drawn and unused capacity as at June 30, 2022:

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit [1]	225,000	—	225,000
Inventory floorplan financing	1,075,000	678,655	396,345
Total	1,300,000	678,655	621,345

1 *The amount drawn as presented excludes unamortized deferred financing costs.*

Amended Credit Facilities

On February 7, 2022, the Company amended the $1,300 million Credit Facility and included the addition of The Toronto-Dominion Bank ("TD") to its existing syndicate of lenders which includes Scotiabank, CIBC, RBC, HSBC, ATB, BMO, while maintaining its existing specified-use tranches and facility limits. The amendment included changes to the interest rate structure, covenants, and other administrative and structural changes to add flexibility to meet the Company's operational needs on an ongoing basis. Concurrently, the amendment was also executed to support both the issuance of the $350 million senior unsecured notes issued on February 7, 2022 and the repayment of the previous $250 million senior unsecured notes. We have reset the three-year tenor of the facility by extending the maturity of the Credit Facility to April 14, 2025.

Revolving Credit Capacity

The Credit Facility in effect at June 30, 2022 provided a total of $225 million in credit limit capacity for operational and growth purposes. The revolving credit balance is included in the calculation of the Company's leverage ratios, and the associated interest charges are added back in the Company's calculation of Adjusted EBITDA.

Floorplan Financing Capacity

The Credit Facility in effect at June 30, 2022 provided a total of $1,075 million in credit limit capacity for the purposes of floorplan financing the wholesale purchase of new, used, demonstrator and leased vehicle inventory. The wholesale flooring facilities are demand in nature and draws on the facilities are secured by the inventory that is 'floored' under the facilities. As advances are secured by vehicle inventory and characterized as demand loans, the floorplan indebtedness is classified as current on the Company's consolidated balance sheet. While floorplan financing is interest-bearing indebtedness, it is excluded in the calculation of the Company's leverage ratios given that this form of financing is standard in the retail automotive industry and deemed to be an operational necessity. Similarly, interest charges associated with floorplan financing are excluded from the interest expense added back in the Company's calculation of adjusted EBITDA.

Other Floorplan Financing

In addition to the floorplan financing provided through the Credit Facility, the Company has multiple standalone floorplan facilities with other lenders which provide inventory financing for its dealerships. The total composition of the Company's floorplan financing lenders as at June 30, 2022 is as follows:

Lender	Limit	Drawn	Available Capacity
Syndicated credit facility – floorplan	1,075,000	678,655	396,345
Other Canadian floorplan facilities	368,895	258,418	110,477
Other U.S. floorplan facility	164,297	106,100	58,197
Total	1,608,192	1,043,173	565,019

Financial Covenants

Under the terms of the Credit Facility as well as the various standalone floorplan financing facilities and OEM franchise agreements, the Company is required to comply with certain financial covenants. At June 30, 2022, we were in compliance with all of our financial covenants.

As the majority of the Company's subsidiaries are parties to the Credit Facility, the financial covenants calculated therein are generally based on the consolidated financial statements of the Company albeit with modifications and adjustments as agreed to and permitted by the participating lenders under the terms of the Credit Facility. As such, the precise inputs for the Credit Facility financial covenant calculations cannot be directly derived from the financial information available within the Company's consolidated financial statements.

The following table summarizes the Company's financial covenants under the Credit Facility:

	2022	Acquisition Increase -
Financial Covenant Ratios	**Q1 & Thereafter [1]**	**Rolling 4 Quarter Period If Elected**
Senior net funded debt to bank EBITDA	<2.50x	<3.00x
Total net funded debt to bank EBITDA	<4.00x	<4.50x
Fixed charge coverage	>1.20x	>1.20x

1 *Effective February 7, 2022, the previously established covenant relief period has been amended; the covenant thresholds in effect at December 31, 2021 are as per the terms of the amendment executed on February 7, 2022.*

Senior Net Funded Debt, as defined in the Credit Facility, is comprised of the outstanding indebtedness under the Credit Facility (inclusive of letters of credits), mortgage balance, derivative financial instruments balance, and other long-term debt, while allowing for the netting of up to $70 million of cash and cash equivalents. Total Net Funded Debt as defined in the Credit Facility approximates the Company's total indebtedness excluding non-recourse mortgage liabilities and lease liabilities, which are now recorded on the Company's balance sheet following the adoption of IFRS 16 effective January 1, 2019, while allowing for the netting of up to $70 million of cash and cash equivalents.

Per the terms of the amendment dated February 7, 2022, if at any time the Company has completed one or more acquisitions at an aggregate purchase price of at least $100 million during any rolling four quarter period, the Company can elect to increase the Total Net Funded Debt to EBITDA Ratio and the Senior Net Funded Debt to EBITDA Ratio to be 4.50:1.00 and 3.00:1.00, respectively, for a period of 4 consecutive Fiscal Quarters. After the election for increased financial covenants for any rolling four quarter period, both the Total Net Funded Debt to EBITDA ratio and the Senior Net Funded Debt to EBITDA ratio must return to their original levels for two consecutive fiscal quarters before the Company can elect to raise the financial covenants again.

The following table summarizes the Company's financial covenants under the Credit Facility as at June 30, 2022:

Credit Facility Financial Covenants	Requirement	Q2 2022
Syndicated Revolver:		
Senior net funded debt to bank EBITDA ratio	Shall not exceed 2.50	0.00
Total net funded debt to bank EBITDA ratio	Shall not exceed 4.00	1.26
Fixed charge coverage ratio	Shall not be less than 1.20	5.42

Senior Unsecured Notes - $125 million Issuance

The Company issued $125 million 8.75% Senior Unsecured Notes (the "Original Notes") on February 11, 2020 to fund a tender offer for all the then outstanding $150 million 5.625% Senior Unsecured Notes (the "Old Notes"). Through the tender offer, the Company redeemed $124 million of the outstanding $150 million Old Notes on February 13, 2020. The Company settled and extinguished the remaining $26 million outstanding Old Notes using proceeds from the Credit Facility. The Original Notes have a term of five years and mature on February 11, 2025.

The Original Notes were issued at a discounted issue price of $990.11 per $1,000 principal amount of Notes (99.011%) for an issue yield of 9.00%. Interest is payable semi-annually on February 11 and August 11 of each year the Original Notes are outstanding. The initial interest payment date for the Notes was August 11, 2020. The Company incurred issuance costs of $2.5 million, which were recorded as a deduction from the carrying amount of the long-term debt.

Senior Unsecured Notes - $125 million Add-on

On April 15, 2021, the Company issued additional $125 million aggregate principal amount of its existing 8.75% Senior Unsecured Notes (the "New Notes"), for a total outstanding $250 million Senior Unsecured Notes (collectively the "Notes"). The New Notes were issued at a premium issue price of $1,066 per $1,000 principal amount of notes (106.625%) for an issue yield of 5.595% while maturity and interest payment dates remain consistent with the Original Notes.

Senior Unsecured Notes - $350 million Issuance and $250 million Redemption

On February 7, 2022, the Company issued Senior Unsecured Notes ("the New Issuance Notes") of $350 million aggregate principal amount at 5.75%. to fund a redemption of the then outstanding $250 million Notes, to reduce the outstanding balance under its syndicated credit facility, and for general corporate purposes including acquisitions. The Company redeemed the full $250 million outstanding balance on February 10, 2022. The New Issuance Notes have a term of seven years and mature on February 7, 2029. Interest is payable semi-annually on February 7 and August 7 of each year the New Issuance Notes are outstanding. Concurrent with the redemption of the Notes, the associated embedded derivative was extinguished.

The Company can redeem all or part of the New Issuance Notes at prices set forth in the indenture for the New Issuance Notes from proceeds of an equity offering or following certain dates specified in the indenture. In addition, the New Issuance Note holders have the right to require the Company to redeem the New Issuance Notes, or a portion thereof, at the redemption prices set forth in the indenture in the event of a change of control or in the event certain asset sale proceeds are not reinvested in the time and manner specified in the indenture.

Non-Recourse Mortgage Financing

On June 22, 2022, the Company executed a non-recourse mortgage financing with the Bank of Nova Scotia for a previously purchased property in Maple Ridge, BC. The non-recourse mortgage arrangement will fund land value as well as construction costs associated with the development of two dealerships. The mortgage is comprised of three facilities with an aggregate $39.0 million limit, at a variable interest rate of prime + 1.50% (all-in rate of 5.20%). The mortgage has a three-year term, twenty-year amortization, and will require monthly interest-only payments until construction is complete.

On June 30, 2022, the Company executed a non-recourse mortgage financing with the Bank of Nova Scotia for a previously purchased property in Windsor, ON. The $7.1 million non-recourse mortgage arrangement will fund land value only. The mortgage has a five-year term with a fixed interest rate of 7.07%. The mortgage requires quarterly installments of principal and interest based on a twenty-five-year amortization, with the outstanding mortgage balance due at the end of the term.

On June 30, 2022, the Company executed a non-recourse mortgage financing with the Bank of Nova Scotia for a previously purchased property in London, ON. The $11.5 million non-recourse mortgage arrangement will fund land value only. The mortgage has a five-year term with a fixed interest rate of 7.07%. The mortgage requires quarterly installments of principal and interest based on a twenty-five-year amortization, with the outstanding mortgage balance due at the end of the term.

The underlying real estate is pledged as collateral on the non-recourse mortgage in the amount of the loan.

The Credit Facility allows for up to $100 million of non-recourse mortgage financing. The non-recourse mortgage liability is not considered a liability for purposes of calculating our Credit Facility financial covenants.

Indebtedness Summary

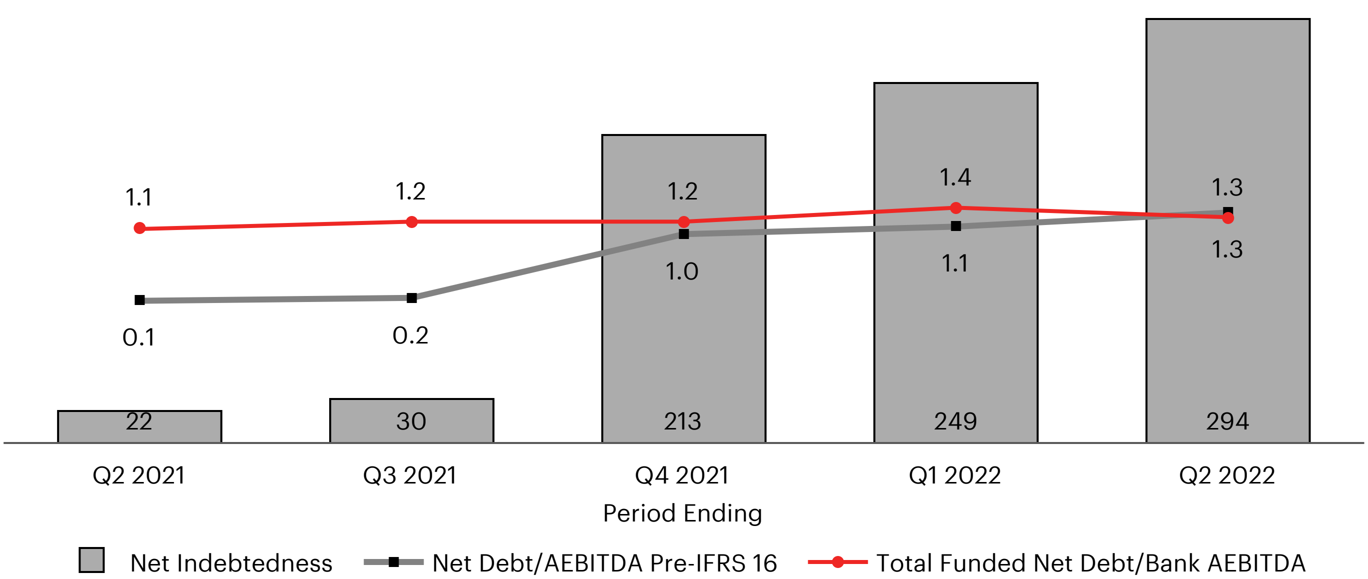
The following table summarizes the Company's indebtedness, net of unamortized deferred financing costs, and net indebtedness as at June 30, 2022:

	June 30, 2022 $	March 31, 2022 $
Syndicated credit facility – Revolving credit	(1,292)	13,886
Senior unsecured notes (including embedded derivative asset)	344,053	344,120
Non-recourse mortgages and other debt	32,280	501
Total indebtedness for net indebtedness purpose	**375,041**	**358,507**
Cash and cash equivalents	(80,991)	(109,753)
Net Indebtedness	**294,050**	**248,754**

The Company had total liquidity[11] of $306.0 million based on cash and cash equivalents and the $225.0 million available under our syndicated credit facility.

The following illustrates the Company's net indebtedness and applicable net indebtedness leverage ratios for the trailing five quarters. The Company executed its latest Credit Facility amendment on February 7, 2022. Balances shown which precede this date reflect indebtedness under previous and now superseded syndicated credit facilities:

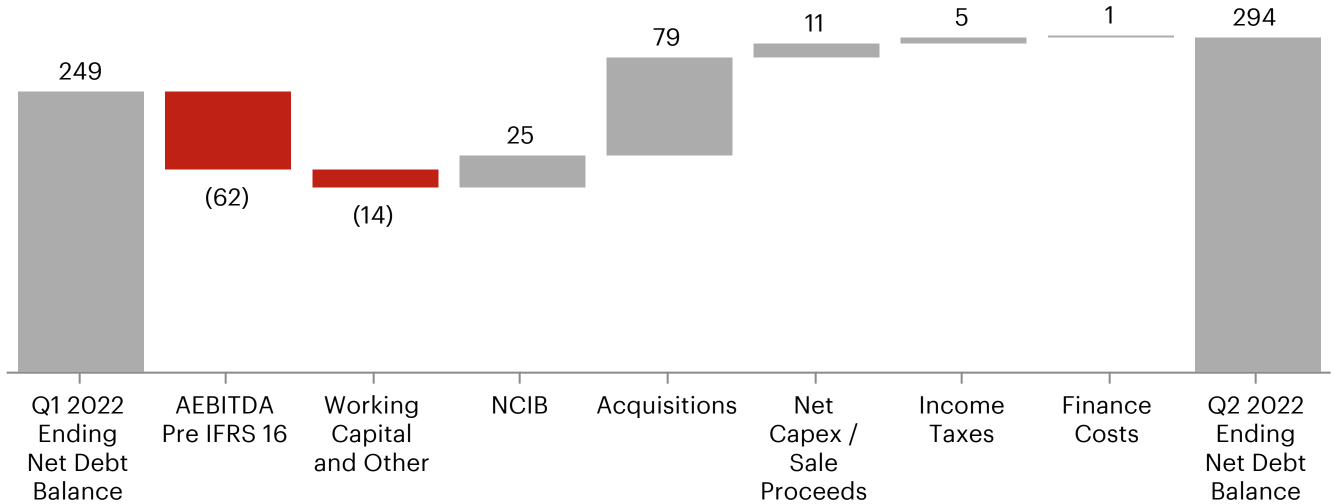
Net Indebtedness ($ Millions), Net Indebtedness Leverage and Total Funded Net Debt Bank Leverage



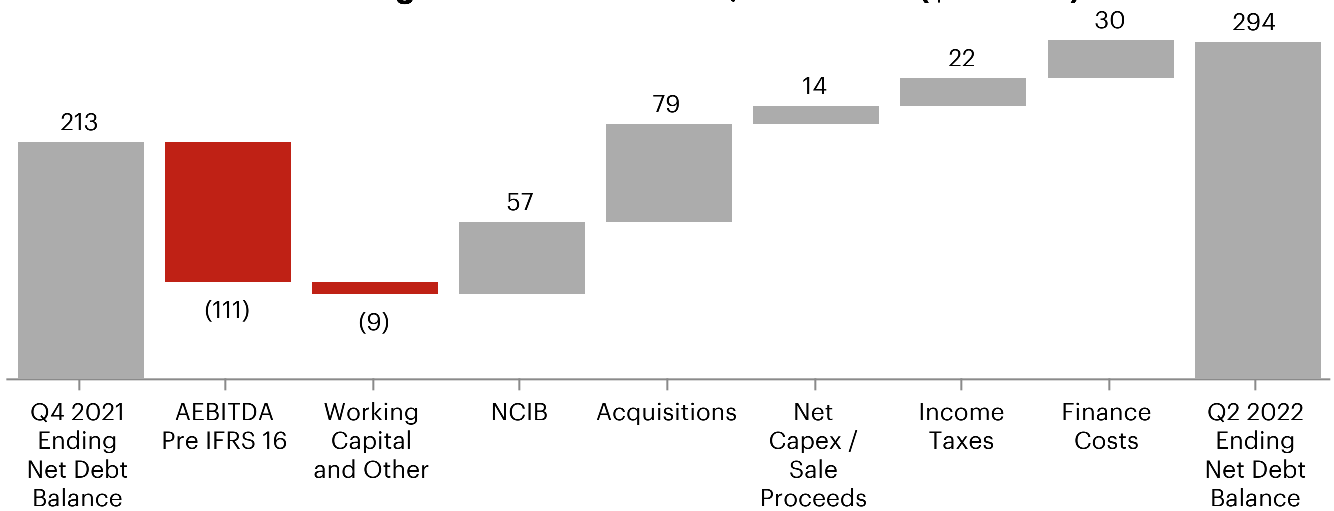
The Company ended the quarter at a net indebtedness leverage ratio of 1.3x and was well below our target leverage ratio of 2.5x to 3.0x. Strong Q2 2022 operational performance and continued efficient working capital management were the primary drivers contributing to the continued strong net debt leverage. Total Net Funded Debt to Bank EBITDA ratio of 1.3x at the end of Q2 2022 was well within our covenant threshold of 4.00x.

[11] *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

The movement of net indebtedness between Q1 2022 and Q2 2022 is highlighted in the following chart:



The movement of net indebtedness between Q4 2021 and Q2 2022 is highlighted in the following chart:

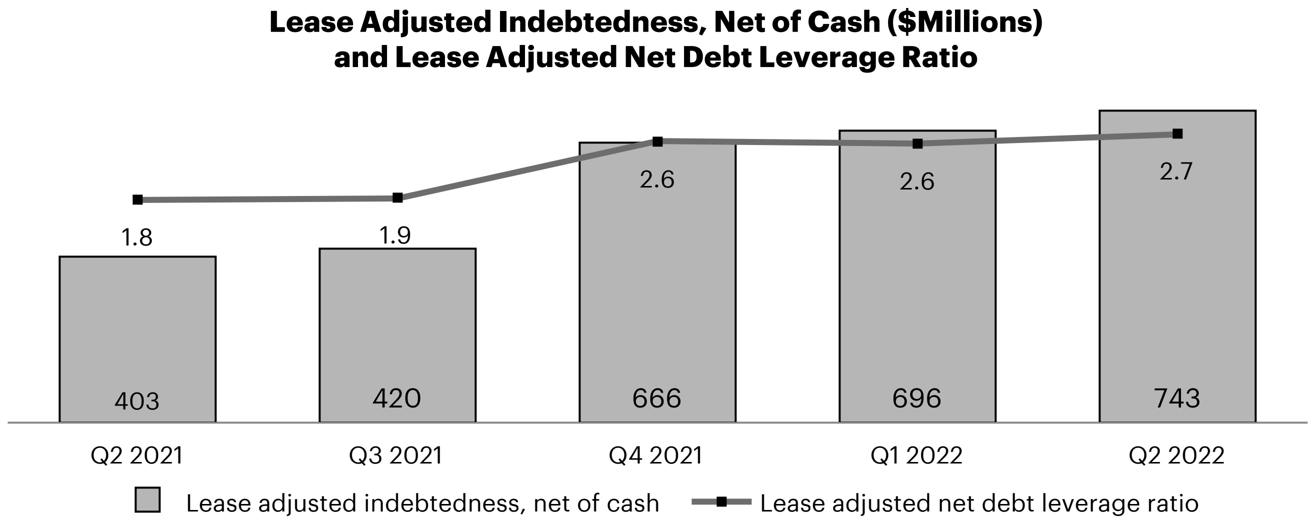


Another view the Company takes toward its indebtedness and leverage is its lease adjusted net debt leverage ratio. Lease adjusted indebtedness considers total indebtedness (inclusive of IFRS 16 lease liabilities), including amounts drawn under the Credit Facility, the New Issuance Notes and mortgage debt less cash and cash equivalents compared to adjusted EBITDA.

The Company has targeted lease adjusted net debt leverage to approximate 4.5x or better.

Lease Adjusted Net Debt Leverage	**Q2 2022**	**Q1 2022**
Syndicated Credit Facility - revolving credit	(1,292)	13,886
Senior unsecured notes (excluding embedded derivative asset)	344,053	344,120
Non-recourse mortgages and other debt	32,280	501
Lease liabilities	449,341	447,191
Total lease adjusted indebtedness	824,382	805,698
Cash and cash equivalents	(80,991)	(109,753)
Lease adjusted indebtedness, net of cash	**743,391**	**695,945**
Adjusted EBITDA - trailing twelve months	271,895	266,825
Lease adjusted net debt leverage ratio	**2.7x**	**2.6x**

The following illustrates the Company's lease adjusted net debt leverage ratios for the trailing five quarters:



Uses of Cash

Non-Growth Capital Expenditures

Non-growth capital expenditures are capital expenditures incurred to maintain existing levels of service and is largely affected by replacement and purchases of fixed operations equipment.These include the following:

- Capital expenditures to replace property and equipment
- Any costs incurred to enhance the operational life of existing property and equipment

Non-growth capital expenditures can fluctuate from period to period depending on our needs to upgrade or replace existing property and equipment.Based on the three-year average from 2019 to 2021, non-growth capital expenditures averaged $6 million on an annual basis. Given the strength of our balance sheet position, operational performance, and the growth of the Company, we expect to incur additional annual non-growth capital expenditures to support the growth in capital assets.

Growth Capital Expenditures

Growth capital expenditures are those amounts relating to the expansion of sales and service capacity. Growth expenditures are discretionary, represent cash outlays intended to provide additional future cash flows and are expected to provide benefit in future periods. Examples of growth capital expenditures include:

- Dealership relocations
- Dealership re-imaging mandated by manufacturers
- Dealership expansions
- Open point dealership construction
- Used Digital Retail Division expansion

Based on the three-year average from 2019 to 2021, growth capital expenditures averaged $13 million on an annual basis. As we develop and execute on planned capital projects to support the growth of the Company, management expects to increase growth capital expenditures over the next two years, when compared to this historical average.

The following table summarizes the Company's capital expenditures for the periods indicated and distinguishes between non-growth and growth capital expenditures:

	Three Months Ended June 30		Six Months Ended June 30	
	2022 **$**	**2021** **$**	**2022** **$**	**2021** **$**
Non-growth capital expenditures	1,617	801	3,044	1,916
Growth capital expenditures	13,846	8,505	19,339	10,360
Total capital expenditures	15,463	9,306	22,383	12,276

Capital Commitments

At June 30, 2022, the Company is committed to capital expenditure obligations in the amount of approximately $27.3 million related to dealership relocations, dealership re-imagings and dealership Open Points with expected completion of these commitments in 2023. The Company is always in conversation with OEM's to adjust spending and/or capital commitments as is deemed appropriate for changing conditions.

Dealership relocations and re-imagings are usually associated with manufacturer standards and requirements, and many manufacturers provide assistance in the form of additional incentives or contribute funding if facilities meet specified standards and requirements. We expect that certain facility upgrades and re-imaging will generate additional manufacturer incentive payments. It is also expected that certain of these capital commitments will be reimbursed by the landlords that own or will own the land.

We manage our liquidity to ensure access to sufficient funding at acceptable costs to fund our ongoing operating requirements and future capital expenditures. We expect to pay for our future capital commitments out of existing cash balances and financing through borrowings on our credit facility.

Repairs and Maintenance

Repairs and maintenance expenditures are expensed as incurred and have been deducted from earnings for the period rather than capitalized on the Company's balance sheet and amortized.

The following table summarizes the repairs and maintenance expenses incurred by the Company for the periods indicated:

	Three Months Ended June 30		Six Months Ended June 30	
	2022 $	2021 $	2022 $	2021 $
Repairs and maintenance expenditures	2,407	2,120	5,004	4,037

Working Capital

Under the franchise agreements with our OEM partners, we are required to maintain a minimum level of working capital within each individual dealership. These individual dealership requirements serve to provide the Company with a baseline liquidity target and we strive to maintain working capital in excess of the prescribed minimum thresholds.

The Company is actively focused on managing working capital through various initiatives including improved collection processes, management of payables and maximizing the utilization of inventory floorplan financing. The efficacy and effectiveness of these initiatives may be influenced by the OEM working capital framework. As such, our ability to transfer cash from subsidiaries as well as fund capital expenditures, acquisitions, dividends, or other commitments in the future may be limited if sufficient funds are not generated by the Company.

Although conceptually similar, it should be noted that working capital as defined by the OEM may not reflect working capital as determined using GAAP measures. We actively manage our working capital requirements as defined by the OEM and resulting aggregated working capital may differ when calculated under GAAP. The Company defines working capital as current assets less current liabilities as presented in the consolidated financial statements.

At current levels, working capital is sufficient to meet our ongoing commitments and operational requirements for the business.

Corporate Credit Rating

AutoCanada is rated by S&P Global Ratings ("S&P"), an independent credit rating agency.

On January 12, 2022, S&P issued a research update whereby the below changes were made:

- AutoCanada Issuer Credit Rating: 'B+' (Stable) from 'B'
- Senior Notes Rating: 'B+' from 'B'

7. RELATED PARTY TRANSACTIONS

Transactions with Companies Controlled by Directors

The Company recognizes transactions between related parties at the amounts agreed to by the related parties. The amounts owing or collectible for these services are unsecured, interest-free, and due for payment in cash within one month of the date of the transaction.

During the three-month period and six-month period ended June 30, 2022, there were transactions with companies whose partners or senior officers are Directors of the Company or related to Directors of the Company. These counterparties are:

- A business associate of the Executive Chairman who provides consulting services;
- A vehicle wholesale and export business, controlled by the Executive Chairman, that supplies used vehicle inventory to the Company;
- A firm, whose controlling partner is the Executive Chairman, that provides administrative, limited transportation, and other support services;
- A company that is controlled by a family member of the former President, which provides the sourcing of customer leads.

All significant transactions between AutoCanada and companies related to Directors were reviewed by the Company's Board of Directors ("Board") and are based on normal commercial terms and conditions. A summary of the transactions are as follows:

	Three-month period ended		Six-month period ended	
	June 30, 2022 $	June 30, 2021 $	June 30, 2022 $	June 30, 2021 $
Consulting services, administrative and other support and sourcing fees	837	500	1,407	971
Used vehicle inventory purchases	461	5,997	461	5,997
Total	1,298	6,497	1,868	6,968

8. OUTSTANDING SHARES

As at June 30, 2022, the Company had 26,562,695 common shares outstanding. Basic and diluted weighted average number of shares outstanding for the three-month period ended June 30, 2022 were 26,564,205 and 27,853,688, respectively.

As at June 30, 2022, the value of the shares held in trust, to hedge equity-based compensation plans, was $1.7 million (2021 – $6.0 million), which was comprised of 147,093 (2021 - 551,179) in shares. As at August 10, 2022, there were 26,562,695 common shares issued and outstanding.

Normal Course Issuer Bid

During the three month period ended June 30, 2022, the Company repurchased and cancelled 1,730,321 common shares (2021 - nil) under its NCIB for cash consideration of $56.6 million.

9. DIVIDENDS

In response to the effects COVID-19 is having on the business and the industry, the Board of Directors of the Company decided to suspend the quarterly dividend until further notice. Considering current market risk factors, refer to Section 13 for further details, and our capital allocation priorities, particularly our stated acquisition pipeline, the Board has decided to defer any reinstatement of a dividend until further notice.

As per the terms of the Credit Facility, we are restricted from declaring dividends and distributing cash if we are in breach of financial covenants or such dividend would result in a breach of our covenants. The Company is in compliance with its covenants in the Credit Facility.

10. FREE CASH FLOW

Free cash flow can fluctuate significantly as a result of seasonality in our business operations that occur on a quarterly basis, the resulting fluctuations in our trade receivables and inventory levels, and the timing of the payments of trade payables and revolving floorplan facilities.

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Cash provided by operating activities	64,935	7,279	10,153	13,721	68,604	20,506	20,447	54,366
Deduct:								
Purchase of non-growth property and equipment	(1,617)	(1,427)	(2,550)	(1,349)	(801)	(1,115)	(1,207)	(922)
Free cash flow	63,318	5,852	7,603	12,372	67,803	19,391	19,240	53,444
Free cash flow - TTM	89,145	93,630	107,169	118,806	159,878	144,632	131,396	177,981

Refer to Section 15, Non-GAAP and Other Financial Measures for further information regarding the composition of free cash flow as a non-GAAP measure.

Changes in non-cash working capital consist of fluctuations in the balances of trade and other receivables, inventories, finance lease receivables, assets held for sale, other current assets, trade and other payables, vehicle repurchase obligations and revolving floorplan facilities. Factors that can affect these items include seasonal sales trends, strategic decisions regarding inventory levels, the addition of new dealerships, and the day of the week on which period end cutoffs occur.

The following table summarizes the net increase (decrease) in cash due to changes in non-cash working capital for the six-month periods ended June 30, 2022 and June 30, 2021:

	Six Months Ended June 30	
	2022 $	2021 $
Trade and other receivables	(67,593)	(13,631)
Inventories	(293,800)	34,890
Other current assets	(4,747)	(2,562)
Other liabilities	(2,427)	937
Trade and other payables	21,955	46,988
Revolving floorplan facilities	330,486	(53,746)
Net change in non-cash working capital	(16,126)	12,876

11. CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICY DEVELOPMENTS

A complete listing of critical accounting policies, estimates, judgments and measurement uncertainty can be found in Notes 3, 4 and 5 of the Consolidated Financial Statements for the year ended December 31, 2021. Updates related to the Interim Consolidated Financial Statements are disclosed in Note 4.

12. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the quarter ended June 30, 2022, there were no changes in the Company’s disclosure controls or internal controls over financial reporting that materially affected, or would be reasonably likely to materially affect, such controls.

13. RISK FACTORS

We face a number of business risks that could cause our actual results to differ materially from those disclosed in this MD&A (See Section 14, Forward-Looking Statements). Investors and the public should carefully consider our business risks, other uncertainties and potential events as well as the inherent uncertainty of forward-looking statements when making investment decisions with respect to AutoCanada. If any of the business risks identified by AutoCanada were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, the trading price of our shares could decline. The impact of the COVID-19 pandemic could have a material adverse impact on our business and operations. There may be disruptions to the global automotive manufacturing supply chain, resulting in limited access to inventory. For example, many OEMs have announced production disruptions caused by a shortage of automotive microchips. If new vehicle days’ supply of inventory declines, it will impact our ability to satisfy customer demand. It is not possible to predict with certainty the duration of the microchip shortage. In addition, there may be impacts on general economic conditions resulting in reduced demand for vehicle sales and service. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business and operations. A comprehensive discussion of the known risk factors of AutoCanada and additional business risks is available in our 2021 Annual Information Form, dated March 2, 2022, available on the SEDAR website at www.sedar.com.

14. FORWARD-LOOKING STATEMENTS

Certain statements contained in the MD&A are forward-looking statements and information (collectively “forward-looking statements”, including "with respect to", "among other things", "future performance", "expense reductions" and the "Go Forward Plan"), within the meaning of the applicable Canadian securities legislation. We hereby provide cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will likely result”, “are expected to”, “will continue”, “is anticipated”, “projection”, “vision”, “goals”, “objective”, “target”, “schedules”, “outlook”, “anticipate”, “expect”, “estimate”, “could”, “should”, “plan”, “seek”, “may”, “intend”, “likely”, “will”, “believe”, “shall” and similar expressions) are not historical facts and are forward-looking and may involve estimates and assumptions and are subject to risks, uncertainties and other factors some of which are beyond our control and difficult to predict.

Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Therefore, any such forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this document.

Details of the Company’s material forward-looking statements are included in the Company’s most recent Annual Information Form. The Company’s most recent Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

15. NON-GAAP AND OTHER FINANCIAL MEASURES

Our MD&A contains certain financial measures that do not have any standardized meaning prescribed by Canadian GAAP. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned these measures should not be construed as an alternative to net earnings (loss) or to cash provided by (used in) operating, investing, financing activities, cash and cash equivalents, and indebtedness determined in accordance with Canadian GAAP, as indicators of our performance. We provide these additional non-GAAP measures, capital management measures, and supplementary financial measures to assist investors in determining our ability to generate earnings and cash provided by (used in) operating activities and to provide additional information on how these cash resources are used.

All financial measures can be presented on different basis, including differing segmentation and period of time. While management may use a subset of the underlying data (including geographic segmentation or differing time) to calculate the relevant financial measures. the underlying method of calculation as defined below does not change. See below for list of potential presentation basis:

- Canadian Operations segment: See Section 18 Segmented Operating Results Data for additional information
- U.S. Operations segment: See Section 18 Segmented Operating Results Data for additional information
- Consolidated basis
- Same store basis: See Section 19 Same Store Results Data for additional information
- Canadian Operations segment excluding Used Digital Retail Division

Non-GAAP measures, capital management measures, and supplementary financial measures referenced in the MD&A are listed and defined below.

Non-GAAP Measures

Cautionary Note Regarding Non-GAAP Measures

Adjusted EBITDA, adjusted EBITDA margin, normalized adjusted EBITDA, normalized adjusted EBITDA margin, income statement impacts and adjusted EBITDA on a pre-IFRS 16 basis, adjusted EBITDA margin on a pre-IFRS 16 basis, pro forma adjusted EBITDA, pro forma normalized adjusted EBITDA, normalized operating expenses before depreciation as a percentage of gross profit, free cash flow, net indebtedness, net indebtedness leverage ratio, and lease adjusted net debt leverage ratio are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that these non-GAAP measures should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's methods of calculating referenced non-GAAP measures may differ from the methods used by other issuers. Therefore, these measures may not be comparable to similar measures presented by other issuers.

It should be noted that certain of the financial measures described below include pro forma items estimating the impact of the acquisitions if they had occurred on the first day of the relevant period, or as of a specified date. Readers should understand that these estimates were determined by management in good faith and are not indicative of what the historical results of the businesses acquired in the acquisitions actually were for the relevant period, or what those results would have been if the acquisitions had occurred on the dates indicated, or what they will be for any future period. As a result, the pro forma financial measures may not be indicative of the Company's financial position that would have prevailed, or operating results that would have been obtained, if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. These pro forma financial measures are not a forecast or projection of future results. The actual financial position and results of operations of the Company for any period following the closing of the acquisitions will vary from the amounts set forth following pro forma financial measures, and such variation may be material.

We list and define non-GAAP measures below:

Adjusted EBITDA

Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is an indicator of a company's operating performance over a period of time and ability to incur and service debt. Adjusted EBITDA provides an indication of the results generated by our principal business activities prior to:

- Interest expense (other than interest expense on floorplan financing), income taxes, depreciation, and amortization;

- Charges that introduce volatility unrelated to operating performance by virtue of the impact of external factors (such as share-based compensation amounts attributed to certain equity issuances as a part of the Used Digital Retail Division);
- Non-cash charges (such as impairment, recoveries, gains or losses on free-standing derivatives, revaluation of contingent consideration and revaluation of redemption liabilities);
- Charges outside the normal course of business (such as restructuring, gains and losses on dealership divestitures and real estate transactions); and
- Charges that are non-recurring in nature (such as provisions for wholesale fraud and settlement income).

The Company believes adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance over a period of time.

Normalized Adjusted EBITDA

With the onset of COVID-19 during the second quarter of 2020, the impact of COVID-19 related government restrictions resulted in charges that are one-time in nature, and related government programs resulted in subsidies that are non-recurring in the future.

Normalized adjusted EBITDA is an indicator of a company's operating performance over a period of time and ability to incur and service debt, normalized for charges that are non-recurring in nature related to the pandemic such as:

- CEWS income expected to recur until the Company is no longer eligible for the subsidy;
- CERS expected to recur until the Company is no longer eligible for the subsidy; and
- One-time forgiveness of Small Business Association PPP loans.

The Company believes normalized adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance normalized for impacts related to the COVID-19 pandemic. Refer to the COVID-19 impacts section of Note 4 of the Interim Consolidated Financial Statements for the six-months ended June 30, 2022 for further details.

Pro Forma Adjusted EBITDA and Pro Forma Normalized Adjusted EBITDA

The Company believes pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA provides improved understanding of the progress of our acquisition strategy as if the acquisitions had occurred at the beginning of the period. Pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA includes management's estimate of the net income generated by our acquisitions prior to interest expense (other than interest expense on floorplan financing), income taxes, depreciation, and amortization, assuming acquisitions in the year had occurred on the first day of the 12 month period ended June 30, 2022, prior to any synergies, pursuant to the terms of the credit facilities. Pro forma adjustments estimated by management were derived from dealership financial statements. The Company's blended rate of Canadian corporate tax of 25.5% was applied to pro forma adjustments where applicable.

Refer to the Notes to the Interim Consolidated Financial Statements for the six-months ended June 30, 2022 and Section 5, Acquisitions, Divestitures, Relocations and Real Estate for further details. Refer to the MD&A for the year ended December 31, 2021 for the reconciliation of the pro forma normalized adjusted EBITDA for the year ended December 31, 2021.

Adjusted EBITDA Margin, Normalized Adjusted EBITDA margin, and Adjusted EBITDA Margin on a Pre-IFRS 16 Basis

Adjusted EBITDA margin is an indicator of a company's operating performance specifically in relation to our revenue performance. Normalized adjusted EBITDA margin is an indicator of a company's operating performance specifically in relation to our revenue performance, normalized for government programs subsidies that are non-recurring in nature related to the pandemic such as:

- CEWS income expected to recur until the Company is no longer eligible for the subsidy;
- CERS expected to recur until the Company is no longer eligible for the subsidy; and
- One-time forgiveness of Small Business Association PPP loans.

The Company believes adjusted EBITDA margin, normalized adjusted EBITDA margin and adjusted EBITDA margin on a pre-IFRS 16 basis provides improved continuity with respect to the comparison of our operating performance with retaining and growing profitability as our revenue and scale increases over a period of time.

Income Statement Impacts and Adjusted EBITDA on a Pre-IFRS 16 basis

The Company adopted IFRS 16 on January 1, 2019. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. There are also corresponding income statement impacts to net income and other comprehensive income.

The Company believes adjusted EBITDA on a pre-IFRS 16 basis provides improved continuity for purposes of comparing to our historical operating performance prior to fiscal year 2019. Our Credit Facility financial covenants are calculated and presented on a pre-IFRS 16 basis. In addition, the net indebtedness leverage ratio is calculated on a pre-IFRS 16 basis.

Adjusted EBITDA on a pre-IFRS 16 basis is calculated as adjusted EBITDA less the rental expense, fair market value rent adjustment, and step lease rent adjustment eliminated from the adoption of IFRS 16 lease liabilities accounting standards. Refer to the Notes to the Consolidated Financial Statements for the year ended December 31, 2021 for further details.

Normalized Operating Expenses Before Depreciation as a Percentage of Gross Profit

Normalized operating expenses before depreciation as a percentage of gross profit is an indicator of a company's operating performance over a period of time and ability to manage operating expenses, normalized for government programs subsidies that are non-recurring in nature related to the pandemic such as:

- CEWS income expected to recur until the Company is no longer eligible for the subsidy;
- CERS expected to recur until the Company is no longer eligible for the subsidy; and
- One-time forgiveness of Small Business Association PPP loans.

The Company believes normalized operating expenses before depreciation as a percentage of gross profit provides improved continuity with respect to the comparison of our operating performance normalized for impacts related to the COVID-19 pandemic. Refer to the COVID-19 impacts section of Note 4 of the Interim Consolidated Financial Statements for the six-months ended June 30, 2022 for further details.

Free Cash Flow

Free cash flow is a measure used by Management to evaluate the Company's performance. While the closest Canadian GAAP measure is cash provided by operating activities, free cash flow is considered relevant because it provides an indication of how much cash generated by operations is available after capital expenditures. It shall be noted that although we consider this measure to be free cash flow, financial and non-financial covenants in our credit facilities and dealer agreements may restrict cash from being available for distributions, re-investment in the Company, potential acquisitions, or other purposes. Investors should be cautioned that free cash flow may not actually be available for such purposes. References to "Free cash flow" are to cash provided by (used in) operating activities (including the net change in non-cash working capital balances) less capital expenditure (not including acquisitions of dealerships and dealership facilities). Refer to Section 10 for further details.

Net Indebtedness Leverage Ratio

Net indebtedness leverage ratio is a measure used by management to evaluate the liquidity of the Company.

The Company believes presenting the net indebtedness leverage ratio on a pre-IFRS 16 basis provides improved continuity for purposes of comparing to our historical operating performance prior to fiscal year 2019 and remains relevant while our Credit Facility financial covenants continues to be calculated and presented on a pre-IFRS 16 basis. Net indebtedness leverage ratio is calculated as net indebtedness compared to Adjusted EBITDA pre-IFRS 16 on a TTM basis.

Lease Adjusted Net Debt Leverage Ratio

Lease adjusted net debt leverage ratio is a measure used by management to evaluate the liquidity of the Company. Lease adjusted indebtedness is calculated as total indebtedness (inclusive of IFRS 16 lease liabilities), including amounts drawn under the Credit Facility, the Notes and mortgage debt less cash and cash equivalents compared to Adjusted EBITDA as reported under IFRS 16, on a TTM basis.

Capital Management Measures

We define net indebtedness, a capital management measure below:

Net Indebtedness

Net indebtedness is used by management to evaluate the liquidity of the Company.

Net indebtedness is calculated as indebtedness, net of unamortized deferred financing costs, adding back embedded derivative asset, and less cash and cash equivalents.

Supplementary Financial Measures

We list and define supplementary financial measures below:

Average Used Retail Unit Sales per Dealership per Month

Average used retail unit sales per dealership per month is used retail vehicle for the referenced period, divided by the average number of referenced dealerships owned during the referenced period, and divided by the number of months in the referenced period.

Compound Annual Growth Rate

Compound annual growth rate represents the percentage annualized increase in the overall Canadian market for vehicles sales as provided by DesRosiers for the period from 2000 to 2019.

Employee Costs as a Percentage of Gross Profit

Employee costs as a percentage of gross profit is employee costs divided by gross profit.

F&I Gross Profit Per Retail Unit Average

F&I gross profit per retail unit average is F&I gross profit divided by the total retail vehicles sold by the Company.

Gross profit percentage

Gross profit percentage is gross profit divided by revenue.

Liquidity

Liquidity is calculated by adding cash and cash equivalents and revolver facility, and less revolver balance drawn.

Net income margin

Net income margin is net income divided by revenue.

New Fleet Vehicles

New fleet vehicles represents new fleet vehicles (excluding retail vehicles) sold by the Company.

New Retail Vehicles

New retail vehicles represents new retail vehicles (excluding fleet vehicles) sold by the Company.

Operating Expenses Before Depreciation as a Percentage of Gross Profit

Operating expenses before depreciation as a percentage of gross profit is operating expenses less depreciation, divided by gross profit.

Service Bay Occupancy

Service bay occupancy is total service bay hours sold divided by total available service bay hours. Total available service bay hours is calculated by multiplying the following:

- Number of working days in the applicable period
- Assumed eight business hours
- Number of service bays during that period

Service and Collision Repair Orders

Service and collision repair orders represents total repair orders completed and sold by the Company's parts, service and collision departments and stand-alone collision centres.

Service Labour Hours

Service labour hours is total service labour hours sold in the completion of service only repair orders.

Total Retail Vehicles

Total retail vehicles represents new and used retail vehicles (excluding fleet and wholesale vehicles) sold by the Company.

Total Vehicles

Total vehicles represents total vehicles (including retail, fleet, and wholesale vehicles) sold by the Company,

Used Retail Vehicles

Used wholesale vehicles represents used wholesale vehicles (excluding retail vehicles) sold by the Company.

Used to new retail units ratio

Used to new retail units ratio is used retail vehicles divided by new retail vehicles sold by the Company.

Used Wholesale Vehicles

Used retail vehicles represents used retail vehicles (excluding wholesale vehicles) sold by the Company.

16. NON-GAAP AND OTHER FINANCIAL MEASURE RECONCILIATIONS

Adjusted EBITDA and Normalized Adjusted EBITDA

The following table illustrates adjusted EBITDA and normalized adjusted EBITDA, for the three-month period ended June 30, for the last two years of operations:

	2022	2021
Period from April 1 to June 30		
Net income for the period	39,058	37,698
Add back:		
Income tax expense	9,685	13,932
Depreciation of property and equipment	5,077	4,267
Interest on long-term indebtedness	6,610	5,485
Depreciation of right of use assets	7,561	6,147
Lease liability interest	6,946	5,333
	74,937	72,862
Add back:		
Loss on extinguishment of debt	—	1,128
Unrealized fair value changes in derivative instruments	(182)	50
Amortization of loss on terminated hedges	817	817
Unrealized foreign exchange losses	84	298
Unrealized fair value changes on embedded derivative	—	(4,644)
Gain on disposal of assets	(95)	(20)
Adjusted EBITDA	75,561	70,491
Normalizing Items:		
Less:		
Canada Emergency Wage Subsidy	—	(1,487)
Canada Emergency Rent Subsidy	—	(136)
Forgiveness of PPP loans	—	(1,330)
Normalized Adjusted EBITDA	75,561	67,538

The following table illustrates the adjusted EBITDA and normalized adjusted EBITDA for the six-month periods ended June 30, for the last two years of operations:

	2022	2021
Period from January 1 to June 30		
Net income for the period	43,380	59,032
Add back:		
Income tax expense	9,222	21,152
Depreciation of property and equipment	9,817	8,321
Interest on long-term indebtedness	13,768	10,148
Depreciation of right of use assets	14,992	12,491
Lease liability interest	14,318	11,055
	105,497	122,199
Add back:		
Loss on extinguishment of debt	9,860	1,128
Unrealized fair value changes in derivative instruments	(7,977)	(2,869)
Amortization of loss on terminated hedges	1,634	1,634
Unrealized foreign exchange (gains) losses	(184)	355
Loss on extinguishment of embedded derivative	29,306	—
Unrealized fair value changes on embedded derivative	—	(4,644)
Gain on disposal of assets	(379)	(78)
Adjusted EBITDA	137,757	117,725
Normalizing Items:		
Less:		
Canada Emergency Wage Subsidy	—	(4,388)
Canada Emergency Rent Subsidy	—	(336)
Forgiveness of PPP loans	—	(6,728)
Normalized Adjusted EBITDA	137,757	106,273

Segmented Adjusted EBITDA and Segmented Normalized Adjusted EBITDA

The following table illustrates the segmented adjusted EBITDA and normalized adjusted EBITDA, for the three-month period ended June 30, for the last two years of operations:

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from April 1 to June 30						
Net income for the period	31,938	7,120	39,058	32,968	4,730	37,698
Add back:						
Income tax expense	9,454	231	9,685	13,932	—	13,932
Depreciation of property and equipment	4,609	468	5,077	3,972	295	4,267
Interest on long-term indebtedness	5,831	779	6,610	3,009	2,476	5,485
Depreciation of right of use assets	6,858	703	7,561	5,519	628	6,147
Lease liability interest	6,130	816	6,946	4,469	864	5,333
	64,820	10,117	74,937	63,869	8,993	72,862
Add back:						
Loss on extinguishment of debt	—	—	—	1,128	—	1,128
Unrealized fair value changes in derivative instruments	(182)	—	(182)	50	—	50
Amortization of loss on terminated hedges	817	—	817	817	—	817
Unrealized foreign exchange losses	84	—	84	298	—	298
Unrealized fair value changes on embedded derivative	—	—	—	(4,644)	—	(4,644)
Gain on disposal of assets	(95)	—	(95)	(20)	—	(20)
Adjusted EBITDA	65,444	10,117	75,561	61,498	8,993	70,491
Normalizing Items:						
Less:						
Canada Emergency Wage Subsidy	—	—	—	(1,487)	—	(1,487)
Canada Emergency Rent Subsidy	—	—	—	(136)	—	(136)
Forgiveness of PPP loans	—	—	—	—	(1,330)	(1,330)
Normalized Adjusted EBITDA	65,444	10,117	75,561	59,875	7,663	67,538

The following table illustrates adjusted EBITDA and normalized adjusted EBITDA for the six-month period ended June 30, for the last two years of operations:

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from January 1 to June 30						
Net income for the period	30,932	12,448	43,380	54,012	5,020	59,032
Add back:						
Income tax expense	8,777	445	9,222	21,152	—	21,152
Depreciation of property and equipment	8,991	826	9,817	7,717	604	8,321
Interest on long-term indebtedness	11,618	2,150	13,768	5,834	4,314	10,148
Depreciation of right of use assets	13,617	1,375	14,992	11,196	1,295	12,491
Lease liability interest	12,622	1,696	14,318	9,255	1,800	11,055
	86,557	18,940	105,497	109,166	13,033	122,199
Add back:						
Loss on extinguishment of debt	9,860	—	9,860	1,128	—	1,128
Unrealized fair value changes in derivative instruments	(7,977)	—	(7,977)	(2,869)	—	(2,869)
Amortization of loss on terminated hedges	1,634	—	1,634	1,634	—	1,634
Unrealized foreign exchange (gains) losses	(184)	—	(184)	355	—	355
Loss on extinguishment of embedded derivative	29,306	—	29,306	—	—	—
Unrealized fair value changes on embedded derivative	—	—	—	(4,644)	—	(4,644)
Gain on disposal of assets	(379)	—	(379)	(78)	—	(78)
Adjusted EBITDA	118,817	18,940	137,757	104,692	13,033	117,725
Normalizing Items:						
Less:						
Canada Emergency Wage Subsidy	—	—	—	(4,388)	—	(4,388)
Canada Emergency Rent Subsidy	—	—	—	(336)	—	(336)
Forgiveness of PPP loans	—	—	—	—	(6,728)	(6,728)
Normalized Adjusted EBITDA	118,817	18,940	137,757	99,968	6,305	106,273

Pro Forma Adjusted EBITDA and Pro Forma Normalized Adjusted EBITDA Reconciliation

The following table illustrates pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA for the trailing twelve month period ended June 30, over the last two years of operations:

	2022	**2021**
Period from July 1 to June 30		
Net income for the period	151,547	123,328
Add back:		
Income tax expense	42,091	35,302
Depreciation of property and equipment	18,768	18,247
Interest on long-term indebtedness	25,520	22,086
Depreciation of right of use assets	28,921	26,592
Lease liability interest	26,325	25,140
	293,172	250,695
Add back:		
Recoveries of non-financial assets, net	(39,846)	(11,248)
Share-based compensation (Used Digital Retail Division)	—	435
Loss (gain) on redemption liabilities	14,116	(762)
Loss on extinguishment of debt	9,860	1,128
Unrealized fair value changes in derivative instruments	(12,981)	(3,469)
Amortization of loss on terminated hedges	3,268	3,268
Unrealized foreign exchange (gains) losses	(424)	221
Loss on extinguishment of embedded derivative	29,306	—
Loss on termination of lease, net	427	—
Unrealized fair value changes on embedded derivative	(24,662)	(4,644)
Gain on disposal of assets	(341)	(1,608)
Adjusted EBITDA	271,895	234,016
Normalizing items:		
Less:		
Canada Emergency Wage Subsidy	—	(2,901)
Canada Emergency Rent Subsidy	—	(200)
Forgiveness of PPP loans	—	(5,398)
Normalized Adjusted EBITDA	271,895	225,517
Pro forma items had the acquisitions occurred on July 1:		
Net income for the period	3,725	4,014
Add back:		
Income tax expense	1,202	1,296
Depreciation of property and equipment	1,106	992
Interest on long-term indebtedness	5,307	3,631
Depreciation of right of use assets	1,356	1,868
Lease liability interest	2,272	2,964
Pro Forma Adjusted EBITDA	286,863	248,781
Pro Forma Normalized Adjusted EBITDA	286,863	240,282

Quarter-to-Date Adjusted EBITDA Margin

The following table illustrates adjusted EBITDA margin for the three-month periods ended June 30, over the last two years of operations:

	2022	2021
Period from April 1 to June 30		
Adjusted EBITDA	75,561	70,491
Revenue	1,686,026	1,281,055
Adjusted EBITDA Margin	4.5%	5.5%

Quarter-to-Date Normalized Adjusted EBITDA Margin

The following table illustrates normalized adjusted EBITDA margin for the three-month periods ended June 30, over the last two years of operations:

	2022	2021
Period from April 1 to June 30		
Normalized Adjusted EBITDA	75,561	67,538
Revenue	1,686,026	1,281,055
Normalized Adjusted EBITDA Margin	4.5%	5.3%

Quarter-to-Date Adjusted EBITDA Margin on a Pre-IFRS 16 basis

The following table illustrates adjusted EBITDA margin on a pre-IFRS 16 basis for the three-month periods ended June 30, over the last two years of operations:

	2022	2021
Period from April 1 to June 30		
Adjusted EBITDA on a pre-IFRS 16 basis	62,083	59,600
Revenue	1,686,026	1,281,055
Adjusted EBITDA Margin on a Pre-IFRS 16 basis	3.7%	4.7%

Adjusted EBITDA on a Pre-IFRS 16 Basis Reconciliation

The following table illustrates segmented adjusted EBITDA on a pre-IFRS 16 basis, for the three-month periods ended June 30, over the last two years of operations:

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA	65,444	10,117	75,561	61,498	8,993	70,491
Rental expense	(11,811)	(2,224)	(14,035)	(9,742)	(2,116)	(11,858)
FMV rent adjustment	—	1,044	1,044	—	1,039	1,039
Step lease adjustment	(372)	(115)	(487)	(185)	113	(72)
Adjusted EBITDA on a pre-IFRS 16 basis	53,261	8,822	62,083	51,571	8,029	59,600

The following table illustrates segmented adjusted EBITDA on a pre-IFRS 16 basis, for the six-month periods ended June 30, over the last two years of operations:

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Adjusted EBITDA	118,817	18,940	137,757	104,692	13,033	117,725
Rental expense	(23,427)	(4,384)	(27,811)	(19,663)	(4,298)	(23,961)
FMV rent adjustment	—	2,084	2,084	—	2,095	2,095
Step lease adjustment	(624)	(127)	(751)	(272)	113	(159)
Adjusted EBITDA on a pre-IFRS 16 basis	94,766	16,513	111,279	84,757	10,943	95,700

Normalized Operating Expenses Before Depreciation as a Percentage of Gross Profit

The following table illustrates segmented normalized operating expenses before depreciation as a percentage of gross profit, for the three-month periods ended June 30, over the last two years of operations:

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Operating expenses before depreciation	167,532	32,539	200,071	123,808	20,551	144,359
Normalizing Items:						
Add back:						
Canada Emergency Wage Subsidy	—	—	—	1,487	—	1,487
Canada Emergency Rent Subsidy	—	—	—	136	—	136
Forgiveness of PPP loans	—	—	—	—	1,330	1,330
Normalized operating expenses before depreciation	167,532	32,539	200,071	125,431	21,881	147,312
Gross profit	236,357	42,921	279,278	187,945	29,896	217,841
Normalized operating expenses before depreciation as a percentage of gross profit	70.9%	75.8%	71.6%	66.7%	73.2%	67.6%

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Operating expenses before depreciation	318,943	62,603	381,546	230,508	31,401	261,909
Normalizing Items:						
Add back:						
Canada Emergency Wage Subsidy	—	—	—	4,388	—	4,388
Canada Emergency Rent Subsidy	—	—	—	336	—	336
Forgiveness of PPP loans	—	—	—	—	6,728	6,728
Normalized operating expenses before depreciation	318,943	62,603	381,546	235,232	38,129	273,361
Gross profit	444,750	81,867	526,617	340,102	45,375	385,477
Normalized operating expenses before depreciation as a percentage of gross profit	71.7%	76.5%	72.5%	69.2%	84.0%	70.9%

Free Cash Flow

The following table illustrates free cash flow for the last eight consecutive quarters. Refer to Section 10 for further details.

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Cash provided by operating activities	64,935	7,279	10,153	13,721	68,604	20,506	20,447	54,366
Deduct:								
Purchase of non-growth property and equipment	(1,617)	(1,427)	(2,550)	(1,349)	(801)	(1,115)	(1,207)	(922)
Free cash flow	63,318	5,852	7,603	12,372	67,803	19,391	19,240	53,444
Free cash flow - TTM	89,145	93,630	107,169	118,806	159,878	144,632	131,396	177,981

Lease Adjusted Net Debt Leverage Ratio Reconciliation

The following table illustrates the Company's lease adjusted net debt leverage ratio as at June 30, 2022 and December 31, 2021:

	June 30, 2022 $	December 31, 2021 $
Syndicated Credit Facility - revolving credit	(1,292)	63,842
Senior unsecured notes (excluding embedded derivative asset)	344,053	251,271
Non-recourse mortgages and other debt	32,280	101
Lease liabilities	449,341	452,817
Total lease adjusted indebtedness	824,382	768,031
Cash and cash equivalents	(80,991)	(102,480)
Lease adjusted indebtedness, net of cash	**743,391**	**665,551**
Adjusted EBITDA - trailing twelve months	271,895	251,863
Lease adjusted net debt leverage ratio	**2.7x**	**2.6x**

Net Indebtedness and Net Indebtedness Leverage Ratio Reconciliation

The following table illustrates the Company's net indebtedness and net indebtedness leverage ratio as at June 30, 2022 and March 31, 2022:

	June 30, 2022 $	March 31, 2022 $
Syndicated Credit Facility - revolving credit	(1,292)	13,886
Senior unsecured notes (including embedded derivative asset)	344,053	344,120
Non-recourse mortgages and other debt	32,280	501
Total indebtedness for net indebtedness purpose	**375,041**	**358,507**
Cash and cash equivalents	(80,991)	(109,753)
Net indebtedness	**294,050**	**248,754**
Adjusted EBITDA - pre-IFRS 16 - trailing twelve months	222,163	219,680
Net indebtedness leverage ratio	**1.3x**	**1.1x**

17. SELECTED QUARTERLY FINANCIAL INFORMATION

The following table shows the unaudited results of the Company for each of the eight most recently completed quarters. The results of operations for these periods are not necessarily indicative of the results of operations to be expected in any given comparable period.

	Q2 2022	Q1 2022	Q4 2021	Q3 2021 REVISED	Q2 2021 REVISED	Q1 2021 REVISED	Q4 2020	Q3 2020
Income Statement Data [4]								
New vehicles [7]	583,870	511,195	467,085	498,142	547,593	451,061	466,468	544,415
Used vehicles [7]	840,998	595,514	524,043	518,791	539,785	354,922	257,301	309,193
Parts, service and collision repair [7]	160,307	152,009	136,800	116,953	122,459	108,427	105,362	111,739
Finance, insurance and other [7]	100,851	83,720	67,854	72,868	71,218	55,414	46,990	51,753
Revenue	1,686,026	1,342,438	1,195,782	1,206,754	1,281,055	969,824	876,121	1,017,100
New vehicles [7]	58,950	53,384	50,632	46,525	44,619	34,639	31,199	42,230
Used vehicles [7]	34,125	36,772	38,118	39,669	40,269	23,206	19,787	29,819
Parts, service and collision repair [7]	90,713	78,431	75,917	64,748	68,115	57,874	58,109	59,056
Finance, insurance and other [7]	95,490	78,752	63,847	69,250	64,838	51,917	43,642	48,307
Gross Profit	279,278	247,339	228,514	220,192	217,841	167,636	152,737	179,412
Gross profit %	16.6%	18.4%	19.1%	18.2%	17.0%	17.3%	17.4%	17.6%
Operating expenses	212,709	193,646	170,008	159,880	154,773	127,948	119,442	125,785
Operating expenses as a % of gross profit	76.2%	78.3%	74.4%	72.6%	71.0%	76.3%	78.2%	70.1%
Operating profit	69,954	56,690	99,410	62,841	66,153	41,664	46,664	56,884
Recovery of non-financial assets	—	—	(39,846)	—	—	—	(11,248)	—
Net income	39,058	4,322	69,398	38,769	37,698	21,334	24,320	35,962
Basic net income per share attributable to AutoCanada shareholders	1.40	0.11	2.54	1.37	1.33	0.77	0.87	1.29
Diluted net income per share attributable to AutoCanada shareholders	1.33	0.10	2.38	1.27	1.23	0.71	0.81	1.23
Dividends declared per share	—	—	—	—	—	—	—	—
Adjusted EBITDA [2]	75,561	62,196	65,873	68,265	70,491	47,234	40,472	61,054
Free cash flow [2]	63,318	5,852	7,603	12,372	67,803	19,391	19,240	53,444
Operating Data [4]								
New retail vehicles sold [3]	9,878	9,052	8,204	9,255	10,107	8,233	8,623	10,750
New fleet vehicles sold [3]	497	290	199	358	575	740	964	582
Total new vehicles sold [3]	10,375	9,342	8,403	9,613	10,682	8,973	9,587	11,332
Used retail vehicles sold [3]	17,740	14,072	11,893	13,831	13,271	9,734	7,389	8,836
Total vehicles sold [3]	28,115	23,414	20,296	23,444	23,953	18,707	16,976	20,168
# of service and collision repair orders completed [3, 5]	261,671	221,632	232,373	199,870	214,149	182,869	203,086	195,004
# of dealerships at period end [6]	82	80	80	68	67	67	67	62
# of same store dealerships [1]	49	49	49	49	49	49	47	47
# of service bays at period end	1,322	1,293	1,303	1,108	1,098	1,098	1,098	1,039
Same stores revenue growth [1]	14.2%	17.2%	14.1%	15.0%	54.2%	27.8%	6.3%	(1.1)%
Same stores gross profit growth [1]	10.3%	23.2%	29.4%	18.6%	102.5%	35.0%	7.7%	17.1%

1 *Same stores revenue growth and same stores gross profit growth is calculated using franchised automobile dealerships that we have owned for at least two full years. Same stores growth is in comparison with the same quarter in the prior year.*
2 *These financial measures have been calculated as described under Section 15, Non-GAAP and Other Financial Measures.*
3 *This number includes 100% of vehicles and service and collision repair orders sold by these dealerships in which we have less than 100% investment.*
4 *The results from operations of the Company have historically been lower in the first and fourth quarters of each year, largely due to consumer purchasing patterns during the holiday season, inclement weather and the number of business days during the period. The Company's financial performance is generally not as strong during the first and fourth quarters than during the other quarters of each fiscal year, although the COVID-19 pandemic has caused disruption to the seasonal nature of the Company's operations. The extent to which COVID-19 will or may impact the seasonal nature of the Company's operations is uncertain. The timing of acquisitions may have also caused significant fluctuations in operating results from quarter to quarter.*
5 *In Q4 2020, it was determined that the number of service and collision repair orders completed were understated in previous quarters due to a previous computation error. The year-to-date balances have been corrected and we have restated the Q3 2020 quarterly balances to reflect the updated amounts.*
6 *In Q1 2021, it was determined that the number of dealerships at Q4 2020 was understated and has been restated to reflect the updated store count.*
7 *In Q4 2021, it was determined there were Revenues and Cost of sales accounts incorrectly classified between revenue streams in the first three quarters of 2021 within the U.S. Operations segment. As a result, the classification of these accounts has been corrected and we have revised the Q1, Q2, and Q3 2021 amounts. This reclassification had no impact on total gross profit.*

18. SEGMENTED OPERATING RESULTS DATA

Canadian Operations and U.S. Operations Segmented Operating Highlights

The following table shows the segmented operating results for the Company for the three-month periods ended June 30, 2022 and June 30, 2021.

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021 REVISED		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
New vehicles [2]	507,326	76,544	583,870	443,648	103,945	547,593
Used vehicles [2]	709,237	131,761	840,998	477,222	62,563	539,785
Parts, service and collision repair [2]	138,876	21,431	160,307	107,571	14,888	122,459
Finance, insurance and other [2]	82,458	18,393	100,851	61,018	10,200	71,218
Total revenue	1,437,897	248,129	1,686,026	1,089,459	191,596	1,281,055
New vehicles [2]	48,284	10,666	58,950	35,931	8,688	44,619
Used vehicles [2]	32,624	1,501	34,125	36,523	3,746	40,269
Parts, service and collision repair [2]	78,248	12,465	90,713	60,510	7,605	68,115
Finance, insurance and other [2]	77,201	18,289	95,490	54,981	9,857	64,838
Total gross profit	236,357	42,921	279,278	187,945	29,896	217,841
Employee costs	116,765	22,845	139,610	85,590	13,575	99,165
Government assistance	—	—	—	(1,623)	(1,330)	(2,953)
Administrative costs	50,077	9,694	59,771	39,460	8,306	47,766
Facility lease and storage costs	690	—	690	381	—	381
Depreciation of property and equipment	4,609	468	5,077	3,972	295	4,267
Depreciation of right-of-use assets	6,858	703	7,561	5,519	628	6,147
Total operating expenses	178,999	33,710	212,709	133,299	21,474	154,773
Operating profit before other income	57,358	9,211	66,569	54,646	8,422	63,068
Operating data						
New retail vehicles sold [1]	8,560	1,318	9,878	7,763	2,344	10,107
New fleet vehicles sold [1]	497	—	497	575	—	575
Total new vehicles sold [1]	9,057	1,318	10,375	8,338	2,344	10,682
Used retail vehicles sold [1]	14,491	3,249	17,740	11,474	1,797	13,271
Total vehicles sold [1]	23,548	4,567	28,115	19,812	4,141	23,953
# of service and collision repair orders completed [1]	224,568	37,103	261,671	185,917	28,232	214,149
# of dealerships at period end	64	18	82	50	17	67
# of service bays at period end	1,104	218	1,322	902	196	1,098

1 *This number includes 100% of vehicles and service and collision repair orders sold by dealerships in which we have less than 100% investment.*

2 *In Q4 2021, it was determined there were Revenues and Cost of sales accounts incorrectly classified between revenue streams in the first three quarters of 2021 within the U.S. Operations segment. As a result, the classification of these accounts has been corrected and we have revised the Q1, Q2, and Q3 2021 amounts. This reclassification had no impact on total gross profit.*

The following table shows the segmented operating results for the Company for the six-month periods ended June 30, 2022 and June 30, 2021.

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021 REVISED		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles [2]	938,740	156,325	1,095,065	831,376	167,278	998,654
Used vehicles [2]	1,205,849	230,663	1,436,512	807,485	87,222	894,707
Parts, service and collision repair [2]	272,817	39,499	312,316	203,183	27,703	230,886
Finance, insurance and other [2]	151,529	33,042	184,571	111,203	15,429	126,632
Total revenue	2,568,935	459,529	3,028,464	1,953,247	297,632	2,250,879
New vehicles [2]	89,038	23,296	112,334	67,155	12,103	79,258
Used vehicles [2]	67,241	3,656	70,897	58,716	4,759	63,475
Parts, service and collision repair [2]	147,019	22,125	169,144	112,371	13,618	125,989
Finance, insurance and other [2]	141,452	32,790	174,242	101,860	14,895	116,755
Total gross profit	444,750	81,867	526,617	340,102	45,375	385,477
Employee costs	220,903	43,930	264,833	159,745	22,907	182,652
Government assistance	(264)	—	(264)	(4,724)	(6,728)	(11,452)
Administrative costs	96,653	18,673	115,326	74,972	15,222	90,194
Facility lease and storage costs	1,651	—	1,651	515	—	515
Depreciation of property and equipment	8,991	826	9,817	7,717	604	8,321
Depreciation of right-of-use assets	13,617	1,375	14,992	11,196	1,295	12,491
Total operating expenses	341,551	64,804	406,355	249,421	33,300	282,721
Operating profit before other income	103,199	17,063	120,262	90,681	12,075	102,756
Operating data						
New retail vehicles sold [1]	16,180	2,750	18,930	14,611	3,729	18,340
New fleet vehicles sold [1]	787	—	787	1,314	1	1,315
Total new vehicles sold [1]	16,967	2,750	19,717	15,925	3,730	19,655
Used retail vehicles sold [1]	25,948	5,864	31,812	20,311	2,694	23,005
Total vehicles sold [1]	42,915	8,614	51,529	36,236	6,424	42,660
# of service and collision repair orders completed [1]	412,961	70,342	483,303	343,255	53,763	397,018
# of dealerships at period end	64	18	82	50	17	67
# of service bays at period end	1,104	218	1,322	902	196	1,098

1 *This number includes 100% of vehicles and service and collision repair orders sold by dealerships in which we have less than 100% investment.*

2 *In Q4 2021, it was determined there were Revenues and Cost of sales accounts incorrectly classified between revenue streams in the first three quarters of 2021 within the U.S. Operations segment. As a result, the classification of these accounts has been corrected and we have revised the Q1, Q2, and Q3 2021 amounts. This reclassification had no impact on total gross profit.*

The following tables show net income and adjusted EBITDA for three-month periods and six-month periods ended June 30, 2022 and June 30, 2021.

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Net income for the period	31,938	7,120	39,058	32,968	4,730	37,698
Adjusted EBITDA [1]	65,444	10,117	75,561	61,498	8,993	70,491

1 *For the reconciliation of these Non-GAAP measures refer to Section 16, Non-GAAP and Other Financial Measure Reconciliations.*

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Net income for the period	30,932	12,448	43,380	54,012	5,020	59,032
Adjusted EBITDA [1]	118,817	18,940	137,757	104,692	13,033	117,725

1 *For the reconciliation of these Non-GAAP measures refer to Section 16, Non-GAAP and Other Financial Measure Reconciliations.*

The following tables show the segmented operating expenses as a percentage of gross profit for the three-month periods and six-month periods ended June 30, 2022 and June 30, 2021.

	Three Months Ended June 30, 2022			Three Months Ended June 30, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses as a % of gross profit						
Employee costs	49.4%	53.2%	50.0%	45.5%	45.4%	45.5%
Government assistance	—%	—%	—%	(0.9)%	(4.4)%	(1.4)%
Administrative costs - Variable	16.8%	18.0%	17.2%	16.5%	20.0%	16.9%
Total variable expenses	66.2%	71.2%	67.2%	61.1%	61.0%	61.0%
Administrative costs - Fixed	4.3%	4.6%	4.3%	4.5%	7.8%	5.0%
Facility lease and storage costs	0.3%	—%	0.2%	0.2%	—%	0.2%
Fixed expenses before depreciation	4.6%	4.6%	4.5%	4.7%	7.8%	5.2%
Operating expenses before depreciation	70.8%	75.8%	71.7%	65.8%	68.8%	66.2%
Depreciation of property and equipment	2.0%	1.1%	1.8%	2.1%	1.0%	2.0%
Depreciation of right-of-use assets	2.9%	1.6%	2.7%	2.9%	2.1%	2.8%
Total fixed expenses	9.5%	7.3%	9.0%	9.7%	10.9%	10.0%
Total operating expenses	75.7%	78.5%	76.2%	70.8%	71.9%	71.0%

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses as a % of gross profit						
Employee costs	49.7%	53.7%	50.3%	47.0%	50.5%	47.4%
Government assistance	(0.1)%	—%	(0.1)%	(1.4)%	(14.8)%	(3.0)%
Administrative costs - Variable	16.9%	17.7%	17.2%	17.0%	24.1%	17.9%
Total variable expenses	66.5%	71.4%	67.4%	62.6%	59.8%	62.3%
Administrative costs - Fixed	4.8%	5.1%	4.8%	5.0%	9.4%	5.5%
Facility lease and storage costs	0.4%	—%	0.3%	0.2%	—%	0.1%
Fixed expenses before depreciation	5.2%	5.1%	5.1%	5.2%	9.4%	5.6%
Operating expenses before depreciation	71.7%	76.5%	72.5%	67.8%	69.2%	67.9%
Depreciation of property and equipment	2.0%	1.0%	1.9%	2.3%	1.3%	2.2%
Depreciation of right-of-use assets	3.1%	1.7%	2.8%	3.3%	2.9%	3.2%
Total fixed expenses	10.3%	7.8%	9.8%	10.8%	13.6%	11.0%
Total operating expenses	76.8%	79.2%	77.2%	73.4%	73.4%	73.3%

19. SAME STORES RESULTS DATA

Same stores is defined as a Canadian automobile dealership that has been owned for at least two full years since acquisition. The dealership is then included in the quarter thereafter, for same store analysis. The Company believes that it takes two years for an acquired dealership or Open Point to achieve normal operating results. RightRide locations are included in the same stores metrics as they are an extension of the Project 50 initiative to support Canadian dealerships in reaching credit challenged customers.

We continue to dedicate significant resources to newly acquired dealerships in order to successfully integrate acquisitions in an efficient manner. As a result, we expect to incur additional selling and administrative costs in the future in order to successfully integrate new dealerships into our model.

Number of Same Stores by Province

The following table summarizes the number of same stores for the three-month period ended June 30, 2022 by Province:

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Atlantic	Total
Stellantis	3	8	1	1	1	—	2	16
Hyundai	1	3	—	—	3	—	—	7
General Motors	1	—	3	1	—	—	—	5
Volkswagen	3	3	—	1	—	—	—	7
Nissan/Infiniti	1	3	—	—	2	—	—	6
BMW/MINI	—	—	—	—	—	2	—	2
Audi	—	—	—	1	—	—	—	1
Subaru	—	1	—	—	—	—	—	1
Mercedes-Benz	—	1	—	—	—	1	—	2
Mazda	—	—	—	—	—	1	—	1
Ford	—	—	—	—	1	—	—	1
RightRide	1	2	1	1	2	—	—	7
Total	10	21	5	5	9	4	2	56

Same Stores Revenue and Vehicles Sold

	Three Months Ended June 30			Six Months Ended June 30		
	2022	**2021**	**% Change**	**2022**	**2021**	**% Change**
Revenue source						
New vehicles - retail	420,215	415,345	1.2%	787,619	769,487	2.4%
New vehicles - fleet	23,649	28,303	(16.4)%	36,240	61,889	(41.4)%
Total new vehicles	443,864	443,648	0.0%	823,859	831,376	(0.9)%
Used vehicles - retail	429,619	314,323	36.7%	764,623	539,383	41.8%
Used vehicles - wholesale [1]	155,710	142,821	9.0%	240,697	233,569	3.1%
Total used vehicles	585,329	457,144	28.0%	1,005,320	772,952	30.1%
Parts, service and collision repair	112,890	102,421	10.2%	226,272	194,850	16.1%
Finance, insurance and other	72,402	60,062	20.5%	134,361	109,677	22.5%
Total	1,214,485	1,063,275	14.2%	2,189,812	1,908,855	14.7%
New retail vehicles sold (units)	7,139	7,763	(8.0)%	13,522	14,611	(7.5)%
New fleet vehicles sold (units)	440	575	(23.5)%	704	1,314	(46.4)%
Total new vehicles sold (units)	7,579	8,338	(9.1)%	14,226	15,925	(10.7)%
Used retail vehicles sold (units)	11,371	10,599	7.3%	20,677	18,761	10.2%
Total vehicles sold (units)	18,950	18,937	0.1%	34,903	34,686	0.6%
Total vehicles retailed (units)	18,510	18,362	0.8%	34,199	33,372	2.5%

1 *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

The following table summarizes same stores total revenue for the three-month periods and six-month periods ended June 30 by Province:

	Three Months Ended June 30			Six Months Ended June 30		
	2022	**2021**	**% Change**	**2022**	**2021**	**% Change**
British Columbia	168,015	159,329	5.5%	321,881	289,667	11.1%
Alberta	449,949	387,779	16.0%	832,087	729,772	14.0%
Saskatchewan	107,794	90,344	19.3%	193,590	170,034	13.9%
Manitoba	95,316	83,383	14.3%	168,580	150,184	12.2%
Ontario	161,567	132,781	21.7%	278,455	227,089	22.6%
Quebec	179,371	168,358	6.5%	301,831	260,462	15.9%
Atlantic	52,473	41,301	27.1%	93,388	81,647	14.4%
Total	1,214,485	1,063,275	14.2%	2,189,812	1,908,855	14.7%

Same Stores Gross Profit and Gross Profit Percentage

The following tables summarize same stores gross profit and gross profit % for the three-month periods and six-month periods ended:

	Three Months Ended June 30				
	Gross Profit			Gross Profit %	
	2022	**2021**	**% Change**	**2022**	**2021**
Revenue source					
New vehicles - retail	43,058	36,926	16.6%	10.2%	8.9%
New vehicles - fleet	851	(995)	(185.5)%	3.6%	(3.5)%
Total new vehicles	43,909	35,931	22.2%	9.9%	8.1%
Used vehicles - retail	21,330	23,489	(9.2)%	5.0%	7.5%
Used vehicles - wholesale	3,454	12,452	(72.3)%	2.2%	8.7%
Total used vehicles	24,784	35,941	(31.0)%	4.2%	7.9%
Parts, service and collision repair	64,619	56,819	13.7%	57.2%	55.5%
Finance, insurance and other	68,181	54,025	26.2%	94.2%	89.9%
Total	201,493	182,716	10.3%	16.6%	17.2%

	Six Months Ended June 30				
	Gross Profit			Gross Profit %	
	2022	**2021**	**% Change**	**2022**	**2021**
Revenue source					
New vehicles - retail	80,034	68,077	17.6%	10.2%	8.8%
New vehicles - fleet	1,154	(922)	(225.2)%	3.2%	(1.5)%
Total new vehicles	81,188	67,155	20.9%	9.9%	8.1%
Used vehicles - retail	44,950	39,494	13.8%	5.9%	7.3%
Used vehicles - wholesale	7,392	18,434	(59.9)%	3.1%	7.9%
Total used vehicles	52,342	57,928	(9.6)%	5.2%	7.5%
Parts, service and collision repair	123,801	107,252	15.4%	54.7%	55.0%
Finance, insurance and other	126,263	100,334	25.8%	94.0%	91.5%
Total	383,594	332,669	15.3%	17.5%	17.4%

The following table summarizes same stores gross profit for the three-month periods and six-month periods ended June 30 by Province:

	Three Months Ended June 30			Six Months Ended June 30		
	2022	**2021**	**% Change**	**2022**	**2021**	**% Change**
British Columbia	29,459	28,816	2.2%	59,108	52,791	12.0%
Alberta	72,626	69,046	5.2%	142,697	131,056	8.9%
Saskatchewan	19,099	16,684	14.5%	35,713	31,227	14.4%
Manitoba	18,145	14,827	22.4%	33,283	27,461	21.2%
Ontario	26,112	20,746	25.9%	47,518	36,607	29.8%
Quebec	28,676	25,455	12.7%	50,983	40,002	27.5%
Atlantic	7,376	7,142	3.3%	14,292	13,525	5.7%
Total	201,493	182,716	10.3%	383,594	332,669	15.3%

20. LIST OF DEALERSHIPS

The following table sets forth the dealerships that we currently own and operate and the date opened or acquired by the Company or its predecessors, organized by location.

Location	Operating Name	Franchise	Year Opened or Acquired	Same Store [1]	Owned or Leased [2]
Wholly-Owned Dealerships:					
Abbotsford, BC	Abbotsford Volkswagen	Volkswagen	2011	Y	Leased
Chilliwack, BC	Chilliwack Volkswagen	Volkswagen	2011	Y	Leased
Kelowna, BC	Okanagan Chrysler Dodge Jeep Ram	Stellantis	2003	Y	Leased
Maple Ridge, BC	Maple Ridge Chrysler Dodge Jeep Ram & Fraser Valley Alfa Romeo	Stellantis	2005	Y	Leased
Maple Ridge, BC	Maple Ridge Volkswagen	Volkswagen	2008	Y	Owned
Prince George, BC	Northland Chrysler Dodge Jeep Ram	Stellantis	2002	Y	Owned
Prince George, BC	Northland Hyundai	Hyundai	2005	Y	Owned
Prince George, BC	Northland Nissan	Nissan	2007	Y	Owned
Airdrie, AB	Airdrie Chrysler Dodge Jeep Ram	Stellantis	2015	Y	Leased
Calgary, AB	Courtesy Chrysler Dodge Jeep Ram	Stellantis	2013	Y	Leased
Calgary, AB	Crowfoot Hyundai	Hyundai	2014	Y	Leased
Calgary, AB	Northland Volkswagen	Volkswagen	2014	Y	Leased
Calgary, AB	Fish Creek Nissan	Nissan	2014	Y	Leased
Calgary, AB	Hyatt Infiniti	Infiniti	2014	Y	Leased
Calgary, AB	Tower Chrysler Dodge Jeep Ram	Stellantis	2014	Y	Leased
Edmonton, AB	Crosstown Chrysler Dodge Jeep Ram	Stellantis	1994	Y	Leased
Edmonton, AB	Capital Chrysler Dodge Jeep Ram	Stellantis	2003	Y	Leased
Edmonton, AB	Mercedes-Benz Heritage Valley	Mercedes-Benz	2018	Y	Leased
Grande Prairie, AB	Grande Prairie Chrysler Dodge Jeep Ram	Stellantis	1998	Y	Leased
Grande Prairie, AB	Grande Prairie Hyundai	Hyundai	2005	Y	Leased
Grande Prairie, AB	Grande Prairie Subaru	Subaru	1998	Y	Owned
Grande Prairie, AB	Grande Prairie Nissan	Nissan	2007	Y	Leased
Grande Prairie, AB	Grande Prairie Volkswagen	Volkswagen	2013	Y	Owned
Ponoka, AB	Ponoka Chrysler Dodge Jeep Ram	Stellantis	1998	Y	Owned
Sherwood Park, AB	Sherwood Park Hyundai	Hyundai	2006	Y	Owned
Sherwood Park, AB	Sherwood Park Volkswagen	Volkswagen	2017	Y	Leased
Spruce Grove, AB	Parkland Chrysler Dodge Jeep Ram	Stellantis	2015	Y	Leased
Saskatoon, SK	Dodge City Chrysler Dodge Jeep Ram	Stellantis	2014	Y	Leased
Brandon, MB	Kelleher Ford	Ford	2022	Q4 2024	Owned
Winnipeg, MB	Audi Winnipeg	Audi	2013	Y	Leased
Winnipeg, MB	St. James Volkswagen	Volkswagen	2013	Y	Leased
Winnipeg, MB	Eastern Chrysler Dodge Jeep Ram	Stellantis	2014	Y	Owned
Brantford, ON	Brantford Honda	Honda	2021	Q1 2024	Leased
Cambridge, ON	Cambridge Hyundai	Hyundai	2008	Y	Owned
Guelph, ON	Guelph Hyundai	Hyundai	2016	Y	Leased
Guelph, ON	Guelph Kia	Kia	2021	Q1 2024	Leased
Guelph, ON	Wellington Motors	Stellantis	2016	Y	Leased
Hamilton, ON	Acura of Hamilton	Acura	2021	Q1 2024	Leased
Hamilton, ON	Kia of Hamilton	Kia	2021	Q1 2024	Leased
Hamilton, ON	Plaza Nissan	Nissan	2021	Q1 2024	Leased
Hamilton, ON	Subaru of Hamilton	Subaru	2021	Q1 2024	Leased
London, ON	London Honda	Honda	2021	Q1 2024	Leased

Location	Operating Name	Franchise	Year Opened or Acquired	Same Store [1]	Owned or Leased [2]
London, ON	London Kia	Kia	2021	Q1 2024	Leased
London, ON	South London Nissan	Nissan	2021	Q1 2024	Leased
London, ON	London Infiniti	Infiniti	2021	Q1 2024	Leased
London, ON	Porsche Centre London	Porsche	2022	Q3 2024	Owned
Mississauga, ON	401 Dixie Hyundai	Hyundai	2008	Y	Leased
Ottawa, ON	Hunt Club Nissan	Nissan	2015	Y	Leased
Ottawa, ON	417 Nissan	Nissan	2015	Y	Leased
Waterloo, ON	Waterloo Honda	Honda	2021	Q1 2024	Leased
Windsor, ON	Rose City Ford	Ford	2018	Y	Leased
Windsor, ON	Audi Windsor	Audi	2022	Q3 2024	Owned
Montréal, QB	Mercedes-Benz Rive-Sud	Mercedes-Benz	2017	Y	Leased
Moncton, NB	Moncton Chrysler Dodge Jeep Ram	Stellantis	2001	Y	Owned
Dartmouth, NS	Dartmouth Chrysler Dodge Jeep Ram	Stellantis	2006	Y	Leased
Chicago, IL	Toyota of Lincoln Park	Toyota	2018	Y	Leased
Chicago, IL	North City Honda	Honda	2018	Y	Leased
Crystal Lake, IL	Crystal Lake Chrysler Dodge Jeep Ram	Stellantis	2021	Q1 2024	Owned
Lincolnwood, IL	Hyundai of Lincolnwood	Hyundai	2018	Y	Leased
Lincolnwood, IL	Kia of Lincolnwood	Kia	2018	Y	Leased
Lincolnwood, IL	Toyota of Lincolnwood	Toyota	2018	Y	Leased
Bloomington/Normal, IL	Bloomington/Normal Auto Mall [3]	Various	2018	Y	Leased
Palatine, IL	Hyundai of Palatine	Hyundai	2018	Y	Leased
Palatine, IL	Chevrolet of Palatine	General Motors	2018	Y	Leased
Peoria, IL	Autohaus of Peoria [4]	Various	2020	Q1 2023	Leased
Majority Owned:					
Duncan, BC	Island Chevrolet Buick GMC	General Motors	2013	Y	Leased
North Battleford, SK	Bridges Chevrolet Buick GMC	General Motors	2014	Y	Owned
Prince Albert, SK	Mann-Northway Auto Source	General Motors	2014	Y	Leased
Saskatoon, SK	Saskatoon Motor Products	General Motors	2014	Y	Leased
Winnipeg, MB	McNaught Cadillac Buick GMC	General Motors	2014	Y	Leased
Laval, QC	BMW Laval and MINI Laval	BMW / MINI	2014	Y	Leased
Montréal, QC	BMW Montréal Centre and MINI Montréal Centre	BMW / MINI	2014	Y	Leased
Montréal, QC	Planète Mazda	Mazda	2017	Y	Leased

1 *Same stores (indicated with the letter "Y" in the table above) means the franchised automobile dealership has been owned for at least two full years since acquisition. The dealership is then considered in the quarter, thereafter, as same stores. If the dealership is not indicated with the letter "Y", in the indicated quarter is the first quarter in which the dealership will be included for same store analysis. For Same Stores analysis purposes, we have only considered Canadian dealerships.*
2 *This column summarizes whether the dealership property is owned or leased.*
3 *This dealership consists of the following individual storefronts and franchises: Audi, Mercedes-Benz, Lincoln, Subaru, Volkswagen and Volvo.*
4 *This dealership consists of the following individual storefronts and franchises: Porsche, Audi, Mercedes-Benz and Volkswagen.*

The following table sets forth the dealerships that operate under the Used Digital Retail Division and the date opened or acquired by the Company, organized by location.

Location	Operating Name	Year Acquired	Same Store [1]	Owned or Leased [2]
Cayuga, ON	Haldimand Motors	2020	Q1 2023	Leased
Guelph, ON	Mark Wilson's Better Used Cars	2021	Q4 2023	Leased

1 *Same stores means the dealership has been owned for at least two full years since acquisition. The indicated quarter is the first quarter in which the dealership will be considered, thereafter, as same store.*
2 *This column summarizes whether the dealership property is owned or leased.*

The following table sets forth the stand-alone collision centres that we currently own and operate and the date acquired by the Company, organized by location. Remaining collision centres are embedded within dealerships.

Location	Operating Name	Year Acquired	Same Store [1]	Owned or Leased [2]
Prince George, BC	PG Klassic Autobody	2021	Q3 2023	Leased
Airdrie, AB	Airdrie Autobody	2021	Q1 2024	Leased
London, ON	Burwell Autobody	2022	Q3 2024	Owned
Montreal, QC	Auto Bugatti	2020	Q1 2023	Leased
Montreal, QC	Autolux MB Collision	2021	Q4 2023	Leased

1 *Same Stores means the stand-alone Canadian collision centre has been owned for at least two full years since acquisition. The indicated quarter is the first quarter in which the collision centre will be considered, thereafter, as same store.*
2 *This column summarizes whether the collision centre property is owned or leased.*

The following table sets forth the stand-alone RightRide locations that we currently own and operate and the date acquired by the Company, organized by location.

Location	Operating Name	Year Opened	Same Store [1]	Owned or Leased [2]
Kelowna, BC	RightRide Kelowna	2021	Y	Leased
Calgary, AB	RightRide Calgary South	2020	Y	Leased
Edmonton, AB	RightRide Edmonton	2020	Y	Leased
Saskatoon, SK	RightRide Saskatoon	2019	Y	Leased
Winnipeg, MB	RightRide Winnipeg	2020	Y	Leased
Guelph, ON	RightRide Guelph	2020	Y	Leased
Hamilton, ON	RightRide Hamilton	2022	Q3 2024	Leased
Ottawa, ON	RightRide Ottawa	2021	Y	Leased
St. Catharines, ON	RightRide St. Catharines	2022	Q4 2024	Leased
Moncton, NB	RightRide Moncton	2022	Q4 2024	Leased

1 *As the first seven stand-alone RightRide operating locations were an extension of the Project 50 initiative, they were considered same stores as soon as they opened. For later stand-alone RightRide operating locations, they will be considered same stores after being opened for two full years. The indicated quarter is the first quarter in which the RightRide location will be considered, thereafter, as same store.*
2 *This column summarizes whether the RightRide property is owned or leased.*

AutoCanada Inc.
200 - 15511 123 Avenue NW
Edmonton, AB • T5V 0C3 www.autocan.ca