

 **AutoCanada**

**2023**



**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, 2023*



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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# 1. READER ADVISORIES AND FORWARD-LOOKING STATEMENTS

This Management's Discussion & Analysis ("MD&A") was prepared as of August 9, 2023, 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, 2023, 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 Financial Statements") of AutoCanada as at and for the three-month period and six-month period ended June 30, 2023, the audited annual consolidated financial statements and accompanying notes (the "Annual Financial Statements") of AutoCanada as at and for the year ended December 31, 2022, and the MD&A for the year ended December 31, 2022. The Interim Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial reporting, as issued by the International Accounting Standards Board ("IASB") and the Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. Collectively, IAS 34 and IFRS are known as GAAP or Canadian GAAP in this MD&A. Results are reported in Canadian dollars and have been rounded to the nearest thousand dollars, unless otherwise stated.

The Company's Board of Directors, upon recommendation of its Audit Committee, approved the contents of this MD&A on August 9, 2023.

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, 2023 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, 2022.

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 14 Non-GAAP and Other Financial Measures.

Same store 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, and Other Recent Developments and Section 18 Same Store Results Data for further details.

Additional information regarding our Company, including our 2022 Annual Information Form, dated March 24, 2023, is available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca) and our website [www.autocan.ca](http://www.autocan.ca). Such additional information is not incorporated by reference herein, unless otherwise specified, and should not be deemed to be part of this MD&A.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in the MD&A are forward-looking statements and information (collectively "forward-looking statements"), 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.sedarplus.ca](http://www.sedarplus.ca)) 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.

## **2. EXECUTIVE SUMMARY**

### **Business Overview**

#### **Canadian Operations**

AutoCanada's Canadian Operations segment currently operates 65 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 3 used vehicle dealerships and 1 used vehicle auction business supporting the Used Digital Division, 12 RightRide division locations, and 11 stand-alone collision centres within our group of 27 collision centres. In 2022, our Canadian dealerships sold approximately 85,200 new and used vehicles and processed approximately 847,000 service and collision repair orders in our 1,144 service bays.

#### **U.S. Operations**

AutoCanada's U.S. Operations segment, operating as Leader Automotive Group ("Leader"), currently operates 18 franchises comprised of 16 brands, in Illinois, USA. Leader currently sells Chevrolet, Hyundai, Kia, Subaru, Audi, Volkswagen, Mercedes-Benz, Toyota, Honda, Lincoln, Volvo, Porsche, Chrysler, Dodge, Jeep, and Ram branded vehicles. In 2022, our U.S. dealerships sold approximately 16,500 new and used vehicles and processed approximately 142,000 service and collision repair orders in our 223 service bays.

#### **Seasonality**

The Company's results from operations for the three-month period and six-month period ended June 30, 2023 are not necessarily indicative of the results that may be expected for the full fiscal year due to seasonal variations in sales levels. 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. The timing of acquisitions and divestitures may also cause substantial fluctuations in operating results from quarter to quarter.



# 2023 Second Quarter Key Highlights and Recent Developments

All comparisons presented below are between the three-month period ended June 30, 2023 and the three-month period ended June 30, 2022, unless otherwise indicated.

## AutoCanada Key Highlights

### SECOND QUARTER RESULTS

- Revenue was \$1,756.3 million as compared to \$1,686.0 million in the prior year, an increase of 4.2%
- Total retail vehicles<sup>1</sup> sold of 28,479 units, an increase of 861 units or 3.1%
  - Used to new retail units ratio<sup>1</sup> was 1.53 compared to 1.80
- Gross profit was \$318.7 million as compared to \$279.3 in the prior year, an increase of 14.1%
- Operating expenses before depreciation as a percentage of gross profit<sup>1</sup> decreased to 67.4% from 71.7%
- Net income for the period was \$45.2 million versus \$39.1 million in the prior year
- Adjusted EBITDA<sup>2</sup> was \$94.1 million versus \$75.6 million in the prior year, an increase of \$18.5 million
  - Adjusted EBITDA margin<sup>2</sup> was 5.4% versus 4.5% in the prior year, an increase of 0.9 percentage points
- Diluted earnings per share was \$1.75, an increase of \$0.42 from \$1.33 in the prior year

## Executive Overview

Consolidated gross profit increased by 14.1% to \$318.7 million, with gross profit percentage<sup>1</sup> increasing by 1.5 percentage points ("ppts") to 18.1% in the quarter as compared to 16.6% in the prior year. The primary drivers of the increase in gross profit were higher new retail vehicles<sup>1</sup> sales volume (by 14.0%) as new car inventories continue to recover; used retail vehicle gross profit per retail unit<sup>1</sup> increasing to \$2,333 per retail unit, an increase of \$759 per retail unit or 48.2% from the prior year, strong performance in parts, service and collision repair ("PS&CR") and contributions from recent acquisitions. Higher total retail vehicle sales volumes also contributed to our strong finance, insurance and other ("F&I"), and PS&CR gross profit performance. In particular, our same store F&I gross profit per retail unit average<sup>1</sup> increased, for the nineteenth consecutive quarter of year-over-year growth, to \$3,772 per unit.

Operating expenses before depreciation<sup>1</sup> increased by \$14.4 million due primarily to acquisitions. Normalized operating expenses before depreciation as a percentage of gross profit<sup>2</sup> decreased by (3.9) ppts to 66.8% as a result of higher gross profits and focus on operating initiatives.

Floorplan financing costs increased by \$9.6 million as a result of the higher interest rates partially offset by interest rate swaps in place. In response to rising interest rates, management has actively managed our used vehicle inventory to reduce both excess inventory and floorplan financing costs while supporting vehicle sales. Used vehicle inventories decreased by \$(232.5) million (or (33%)) to \$466.5 million compared to the prior year, while used retail vehicle unit sales only decreased by (518) units or (2.9)% from the prior year, ensuring inventory is optimized for both consumer preferences and current market demands.

Net income for the period was \$45.2 million as compared to \$39.1 million in Q2 2022. The Q2 2022 net income included a used vehicle inventory writedown that was \$7.0 million higher than in 2023. Diluted earnings per share was \$1.75, an increase of \$0.42 from \$1.33 in the prior year.

Adjusted EBITDA for the period was \$94.1 million as compared to \$75.6 million in Q2 2022. Adjusted EBITDA margin was 5.4% compared to 4.5% in the prior year, an increase of 0.9 ppts. This increase was driven by strong performance as noted across multiple areas of our business, and a \$7.0 million reduction in the used vehicle inventory provision, offset by an increase of \$9.6 million in floorplan financing costs as a result of higher interest rates.

Free cash flow<sup>2</sup> on a trailing twelve month ("TTM") basis was \$166.5 million at Q2 2023 as compared to \$89.1 million in Q2 2022 with the increase in free cash flow driven primarily by recent acquisitions, improved operating performance and higher working capital.

<sup>1</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of these supplementary financial measures.

<sup>2</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of these non-GAAP measures.

## Canadian Operations Highlights

Overall, gross profits increased by \$43.1 million or 18.2% to \$279.5 million as compared to prior year as a result of new acquisitions and the 8.7% increase in total retail vehicle unit sales, which also contributed to an increase in other areas of the business, including PS&CR and F&I. The strong Q2 2023 results reflected a trend of continuous improvements in operating results during the quarter to a record May and June 2023 in several segments.

Refer to Section 5 Acquisitions, Divestitures, and Other Recent Developments for acquisitions included in the Q2 2023 results.

For the three-month period ended June 30, 2023:

- Revenue was \$1,548.6 million, an increase of 7.7%
  - New retail vehicles sold increased 1,334 units or 15.6%
  - Used retail vehicles sold increased by 670 units or 4.6%
  - Used to new retail units ratio was 1.53 compared to 1.69
  - Used retail vehicle gross profit per retail unit increased to \$2,320, up 35.0% or \$601 per unit
- PS&CR gross profit increased by \$18.2 million, an increase of 23.3%
- F&I gross profit per retail unit average increased to \$3,410 per unit, up 1.8% or \$60 per unit
- Net income for the period was \$45.7 million, up from \$31.9 million in 2022
- Adjusted EBITDA increased 36.2% to \$89.2 million, an increase of \$23.7 million
  - Adjusted EBITDA margin was 5.8% as compared to 4.6% in the prior year, an increase of 1.2 ppts

## U.S. Operations Highlights

Total gross profit decreased by (8.5)% to \$39.3 million and was largely driven by the current macroeconomic environment resulting in fewer total retail vehicles sold and lower F&I gross profit, partially offset by an increase in used vehicle and PS&CR gross profit. As new vehicle inventories continued to recover during the quarter, this resulted in lower selling prices for new vehicles compared to the prior year.

- Revenue was \$207.6 million, a decrease of (16.3)%, from \$248.1 million
  - New retail vehicles sold increased 45 units or 3.4%
  - Used retail vehicles sold decreased by (1,188) units or (36.6)%
  - Used to new retail units ratio was 1.51 compared to 2.47
  - Used retail vehicle gross profit per retail unit increased to \$2,435, up 161.7% or \$1,505 per unit
- PS&CR gross profit increased by \$2.0 million, an increase of 16.4%
- F&I gross profit per retail unit average decreased to \$3,794 per unit, down (5.2)% or \$(210) per unit
- Net (loss) income for the period decreased to \$(0.4) million, from \$7.1 million
- Adjusted EBITDA was \$4.9 million as compared to \$10.1 million, a decrease of \$(5.2) million
  - Adjusted EBITDA margin was 2.4% as compared to 4.1% in the prior year, a decrease of (1.7) ppts

## Same Store Metrics - Canadian Operations

Same store metrics include only Canadian dealerships and other operating centres which have been owned for at least two full years since acquisition. Gross profit increased by 6.9% as a result of strong performance from all areas of the business, particularly PS&CR department.

Refer to Section 18 Same Store Results Data for further information.

- Revenue decreased to \$1,224.1 million, a decrease of (1.8)%
  - New retail vehicles sold increased by 303 units or 4.2%
  - Used retail vehicles sold decreased by (524) units or (4.3)%
  - Used to new retail units ratio was 1.56 compared to 1.70

- Used retail vehicle gross profit per retail unit increased to \$2,213 per unit, up 10.7% or \$213 per unit
- PS&CR gross profit increased by \$9.0 million to \$73.7 million, an increase of 13.8%
  - Improvements in PS&CR was due to increased customer spending per repair order<sup>3</sup> along with increased warranty repairs
- F&I gross profit increased by \$2.6 million to \$71.8 million, an increase of 3.8%
  - F&I gross profit per retail unit average increased to \$3,772, up 5.0% or \$179 per unit; the nineteenth consecutive quarter of year-over-year growth

## **Financing and Investing Activities and Other Recent Developments**

### **Acquisitions and Other Recent Developments**

During the quarter:

- On April 17, 2023, the Company acquired substantially all of the assets of Premier Chevrolet Cadillac Buick GMC dealership and collision centre located in Windsor, Ontario.
- On May 1, 2023, the Company acquired 100% of the shares of London Auto Collision Limited ("London Auto Collision"), a collision centre located in London, Ontario.
- On June 26, 2023, Standard & Poor's Ratings Services ("S&P") issued a research update where the Company's Credit Rating remained unchanged at 'B+'.

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<sup>3</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.



## Second Quarter Financial Information

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

Consolidated Operational Data	Three-Months Ended June 30		
	2023	2022	% Change
Revenue	1,756,262	1,686,026	4.2%
Gross profit	318,738	279,278	14.1%
Gross profit percentage	18.1%	16.6%	1.5 ppts
Operating expenses	229,016	212,709	7.7%
Operating profit	92,168	69,954	31.8%
Net income	45,228	39,058	15.8%
Basic net income per share attributable to AutoCanada shareholders	1.81	1.40	29.3%
Diluted net income per share attributable to AutoCanada shareholders	1.75	1.33	31.6%
Adjusted EBITDA <sup>1</sup>	94,055	75,561	24.5%
New retail vehicles sold (units)	11,257	9,878	14.0%
Used retail vehicles sold (units)	17,222	17,740	(2.9)%
Same store new retail vehicles sold (units)	7,442	7,139	4.2%
Same store used retail vehicles sold (units)	11,605	12,129	(4.3)%
Same store revenue	1,224,144	1,245,985	(1.8)%
Same store gross profit	219,762	205,519	6.9%
Same store gross profit %	18.0%	16.5%	1.5 ppts

<sup>1</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this non-GAAP measure.

## 3. MARKET AND OUTLOOK

### The Canadian Vehicle Market

Based on market data provided by DesRosiers Automotive Consultants ("DesRosiers"), a 2% Compound Annual Growth Rate<sup>4</sup> ("CAGR") for vehicle sales was noted for the period from 2000 to 2019, which was revised to 1% due to the impacts of COVID-19 on the overall Canadian market. In line with continued immigration-led population growth, there is anticipated continued long-term growth in year-over-year vehicle sales. Our complete business model allows us to continue to grow in-line with anticipated market and population growth.

According to DesRosiers, Seasonally Adjusted Annual Rate ("SAAR") for June 2023 increased by 13% to 1.64 million units as compared to 1.45 million units in June 2022. SAAR creates a base sales figure to allow for a more meaningful comparison between months converting the current monthly new vehicle sales to take into account seasonality of the past ten years.

DesRosiers currently forecasts 2023 new vehicle sales of approximately 1.6 million units. Actual sales may differ materially as there continues to be a high level of uncertainty regarding the potential impacts of general economic conditions, such as higher interest rates and recession on market conditions.

As a result of disruptions related to the COVID-19 pandemic, DesRosiers estimates upwards of 1.0 million units in new vehicle sales were lost between 2020 and 2022. Considering 2022 light vehicle sales of 1.5 million units was still well below 1.9 million new units sold in 2019, lost new vehicle sales are expected to drive demand in the near future. Additionally, as a result of lost new light vehicle production and sales, fewer new vehicles have been converted to used vehicles in the market. Last, as the average age of vehicles continues to increase, we expect our PS&CR business to continue to benefit. Overall, we anticipate the current trend of strong demand, and recovering supply to continue in the near future.

While rising interest rates are expected to impact customer affordability, 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. In the current macro environment, we continue to remain agile and will adjust vehicle inventory and F&I product offerings and other aspects of the business, where necessary, to meet customer needs.

Canadian new vehicle inventory days of supply<sup>4</sup> increased by 13 days to 68 days, reflecting the continued recovery of new vehicle inventory levels to pre-COVID levels, except for a few specific makes and models. Overall, we continue to refine our target new vehicle inventory days supply by brand and tightly manage new vehicle inventory levels to meet customer preferences and demand.

Our acquisition pipeline remains active while we continue the development of the Kijiji initiative, Maple Ridge Open Point, and the integration of recent acquisitions. We remain opportunistic in our assessment of potential targets and are well-positioned to continue to execute our acquisition strategy in the coming quarters.

Management continues to focus on improving processes and training to drive efficiency and profitability. Our comprehensive and complete business model allows the Company to be well situated to continue to manage and operate through these uncertain times.

### Performance vs. the Canadian New Vehicle Market

Based on market data provided by DesRosiers, the overall Canadian automotive new vehicle sector for the three-month period ended June 30, 2023 increased by 9.5% compared to the prior year, with AutoCanada's same store new vehicle units increasing by 4.9%.

For the year to date, the overall Canadian automotive new vehicle sector increased by 7.6% compared to the prior year, with AutoCanada's same store new retail units increasing by 1.2%. In both cases, AutoCanada's performance reflected management's focus on prioritizing retail gross profits over sales volumes.

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<sup>4</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of these supplementary financial measures.

## 4. RESULTS OF OPERATIONS

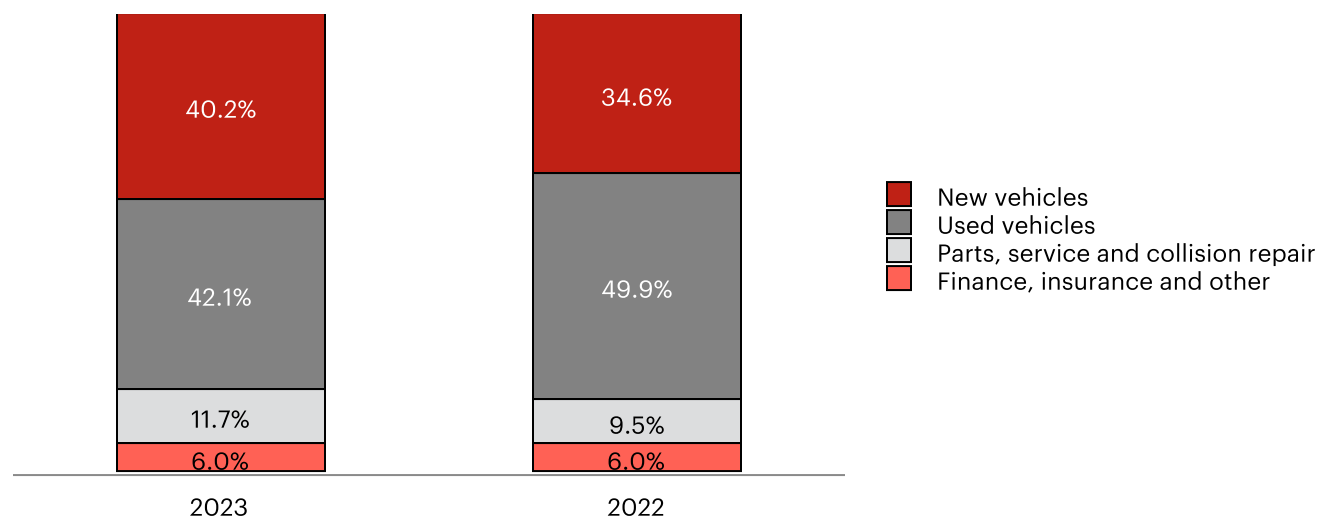
### Second Quarter Operating Results

#### Revenues

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

	Three-Months Ended June 30			
	2023 \$	2022 \$	Change \$	Change %
New vehicles	706,350	583,870	122,480	21.0%
Used vehicles	739,916	840,998	(101,082)	(12.0)%
Parts, service and collision repair	204,968	160,307	44,661	27.9%
Finance, insurance and other	105,028	100,851	4,177	4.1%
<b>Total revenue</b>	<b>1,756,262</b>	<b>1,686,026</b>	<b>70,236</b>	<b>4.2%</b>

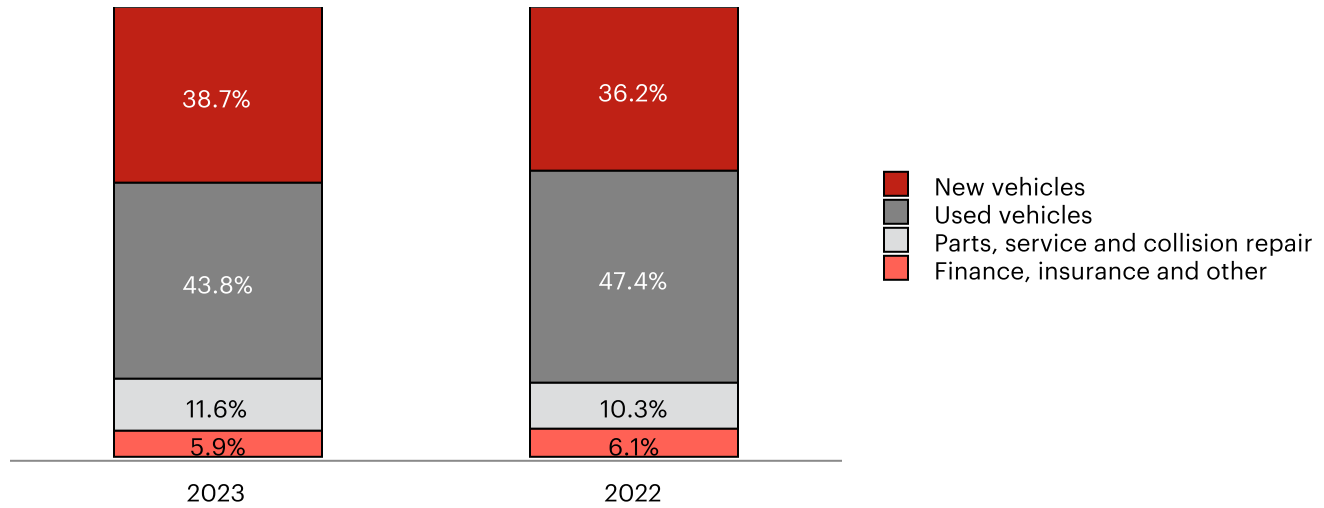
#### Allocation of Revenue for the Three Months Ended June 30



For the three-months ended June 30, 2023, new and used vehicles contributed 82.3% of the Company's revenue while F&I and PS&CR contributed 17.7% of the Company's revenue.

	Six-Months Ended June 30			
	2023 \$	2022 \$	Change \$	Change %
New vehicles	1,274,946	1,095,065	179,881	16.4%
Used vehicles	1,443,415	1,436,512	6,903	0.5%
Parts, service and collision repair	383,716	312,316	71,400	22.9%
Finance, insurance and other	193,511	184,571	8,940	4.8%
<b>Total revenue</b>	<b>3,295,588</b>	<b>3,028,464</b>	<b>267,124</b>	<b>8.8%</b>

### Allocation of Revenue for the Six Months Ended June 30

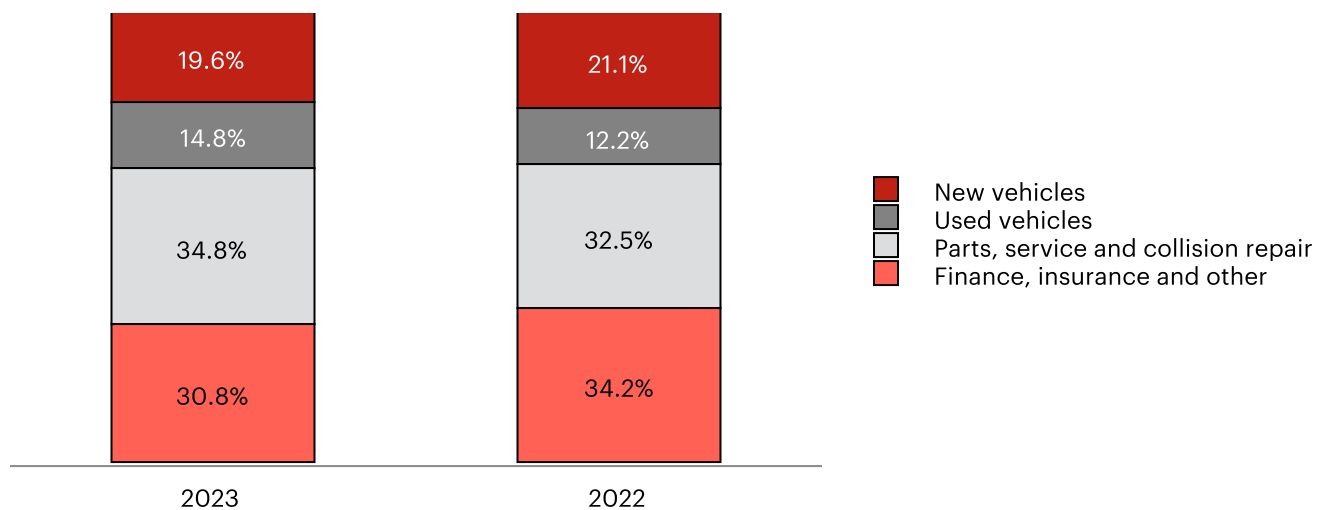


### Gross Profit

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

	Three-Months Ended June 30			
	2023 \$	2022 \$	Change \$	Change %
New vehicles	62,324	58,950	3,374	5.7%
Used vehicles	47,035	34,125	12,910	37.8%
Parts, service and collision repair	110,961	90,713	20,248	22.3%
Finance, insurance and other	98,418	95,490	2,928	3.1%
<b>Total gross profit</b>	<b>318,738</b>	<b>279,278</b>	<b>39,460</b>	<b>14.1%</b>

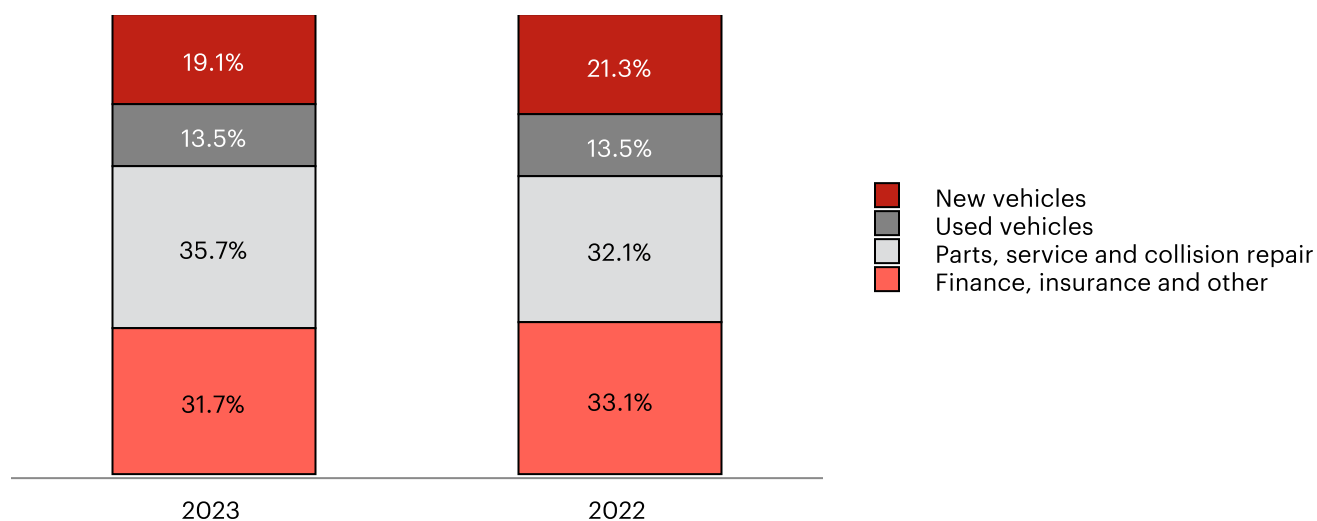
### Allocation of Gross Profit for the Three Months Ended June 30



For the three-months ended June 30, 2023, new and used vehicles generated 82.3% of total revenues and 34.4% of the Company's gross profit while F&I and PS&CR generated 17.7% of total revenues and contributed 65.6% of the Company's gross profit.

	Six-Months Ended June 30			
	2023 \$	2022 \$	Change \$	Change %
New vehicles	109,808	112,334	(2,526)	(2.2)%
Used vehicles	77,347	70,897	6,450	9.1%
Parts, service and collision repair	204,837	169,144	35,693	21.1%
Finance, insurance and other	181,728	174,242	7,486	4.3%
<b>Total gross profit</b>	<b>573,720</b>	<b>526,617</b>	<b>47,103</b>	<b>8.9%</b>

### Allocation of Gross Profit for the Six Months Ended June 30



For the six-months ended June 30, 2023, new and used vehicles generated 82.5% of total revenue and contributed 32.6% of the Company's gross profit, while F&I and PS&CR generated 17.5% of total revenues and contributed 67.4% of the Company's total gross profit.

### 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		
	2023	2022	Change ppts
New vehicles	8.8%	10.1%	(1.3)
Used vehicles	6.4%	4.1%	2.3
Parts, service and collision repair	54.1%	56.6%	(2.5)
Finance, insurance and other	93.7%	94.7%	(1.0)
<b>Total gross profit percentage</b>	<b>18.1%</b>	<b>16.6%</b>	<b>1.5</b>

	Six-Months Ended June 30		
	2023	2022	Change ppts
New vehicles	8.6%	10.3%	(1.7)
Used vehicles	5.4%	4.9%	0.5
Parts, service and collision repair	53.4%	54.2%	(0.8)
Finance, insurance and other	93.9%	94.4%	(0.5)
<b>Total gross profit percentage</b>	<b>17.4%</b>	<b>17.4%</b>	<b>—</b>



## **New vehicles**

### **For the three-month period ended June 30, 2023**

#### *Consolidated Operations*

New vehicle revenue increased by 21.0% as a result of higher new retail sales volumes and higher selling prices coupled with the impacts of recent acquisitions. New vehicle gross profit increased by 5.7% reflecting strong performance, higher unit sales volumes and selling prices. New vehicle gross profit percentage declined to 8.8% as compared to 10.1% in the prior year for the reasons noted below for Canadian and U.S. operations. New vehicle inventory continues to recover to pre-pandemic levels as the number of new vehicle inventory days of supply increased by 14 days to 65 days during the quarter.

#### *Canadian Operations and Same Store Results*

New vehicle revenue increased by 23.5% and new vehicle gross profit increased by 16.6% for the reasons stated above. New vehicle gross profit percentage decreased by (0.5) ppts to 9.0% due to a change in sales mix. New retail vehicle gross profit per retail unit<sup>5</sup> increased by \$89 to \$5,636 per unit. New vehicle inventory supplies continue to recover to pre-pandemic levels as the number of new vehicle inventory days of supply increased by 13 days to 68 days.

Same store new vehicle revenue increased by 12.4% due to a 4.9% increase in new vehicle sales volume coupled with higher selling prices. Same store new retail gross profit percentage declined by (0.7) ppts to 9.5% due to the noted change in sales mix.

#### *U.S. Operations*

New vehicle revenue increased by 4.0% due primarily to higher sales volumes. New vehicle gross profit decreased by \$(4.6) million, a decrease of (43.5)%, and new vehicle gross profit percentage decreased by (6.4) ppts to 7.6% reflecting lower selling prices compared to the prior year as new inventory levels continue to normalize with the number of new vehicle inventory days of supply increasing by 15 days to 40 days.

### **For the six-month period ended June 30, 2023**

#### *Consolidated Operations*

New vehicle revenue increased by 16.4% and new vehicle gross profit decreased by (2.2)% for the reasons stated. In addition, a weaker first quarter in the U.S. operations also contributed to the lower gross profit.

#### *Canadian Operations and Same Store Results*

New vehicle revenue and gross profit increased by 19.7% and by 10.0%, respectively, for the reasons stated above.

Same store new vehicle revenue increased by 12.5%, reflecting a 1.2% increase in new retail units sold coupled with higher selling prices. Same store new vehicle gross profit percentage decreased to 8.5% as compared to 9.9% in the prior year for the reasons stated above.

#### *U.S. Operations*

New vehicle revenue decreased by (3.4)% and new vehicle gross profit decreased by \$(11.4) million, a decrease of (48.9)% due to lower new vehicle sales volumes and lower selling prices. New vehicle gross profit percentage decreased to 7.9% as compared to 14.9% in the prior year for the reasons stated above.

## **Used vehicles**

### **For the three-month period ended June 30, 2023**

#### *Consolidated Operations*

Used vehicle revenue decreased by (12.0)% as a result of lower unit sales and a concerted effort to change the sales mix to lower priced vehicles to meet current consumer demands, particularly with the current interest rate environment and payment sensitivity.

Used vehicle gross profit increased by 37.8% and used retail vehicle gross profit per retail unit sold increased by \$759 per unit, or by 48.2%, to \$2,333 per unit as a result of management's focus on better pricing and sales discipline to maintain margins. In addition, an additional inventory writedown of \$7.0 million was also recorded in

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<sup>5</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.

the prior year. Active inventory management including carrying fewer used vehicles resulted in used vehicle inventory days of supply<sup>6</sup> decreasing by (19) days to 61 days.

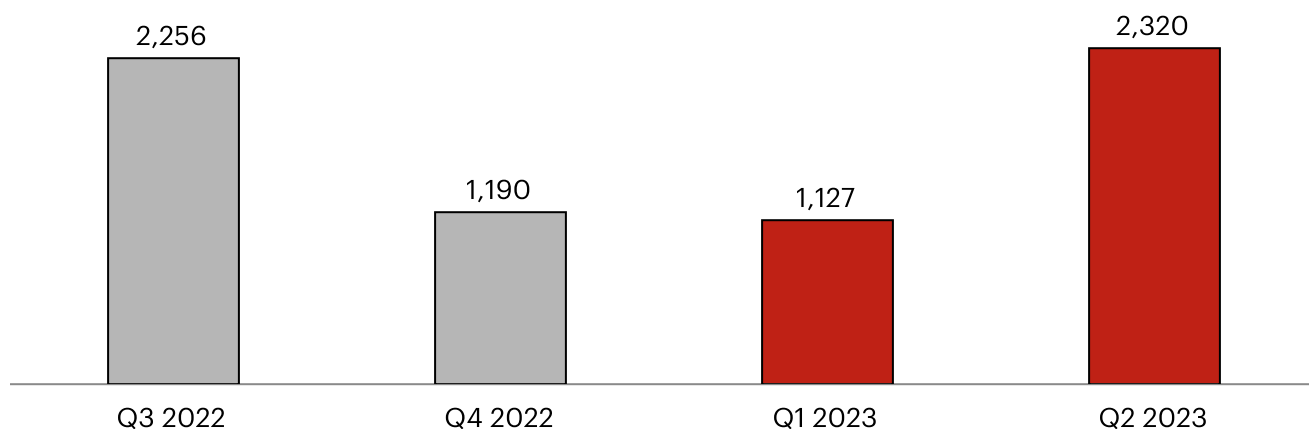
As a result of the recovery in new retail vehicle unit sales, the used to new retail units ratio decreased to 1.53 from 1.80. On a TTM basis, the used to new retail ratio increased to 1.72 at Q2 2023 as compared to 1.58 at Q2 2022.

#### Canadian Operations and Same Store Results

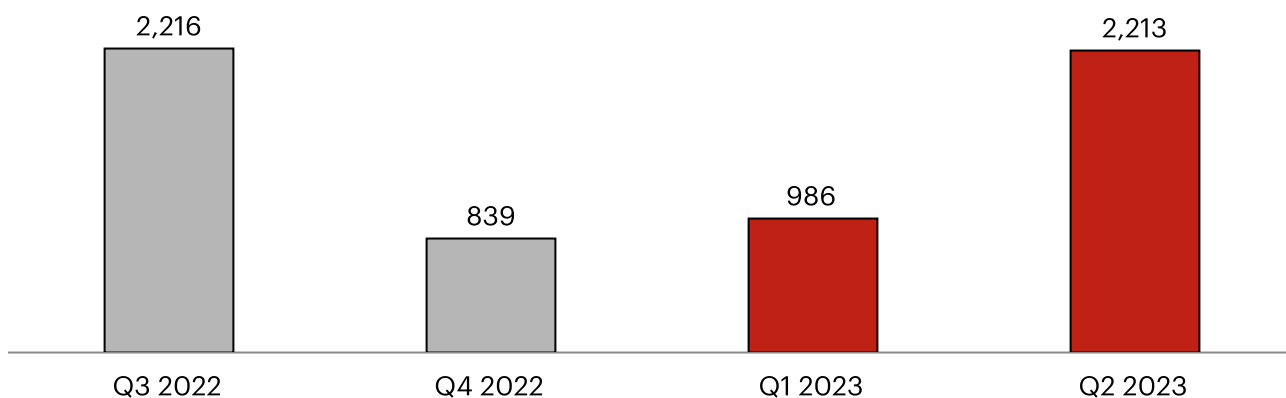
Used vehicle gross profit increased by 26.5% reflecting better pricing and sales discipline, and the inventory writedown recorded in the prior year. This also contributed to the used vehicle gross profit percentage increasing to 6.3% from 4.6%. Active inventory management resulted in lower used vehicle inventories during the quarter which caused used vehicle inventory days of supply to decrease by (25) days to 59 days.

Same store used vehicle revenue decreased by (16.4)% and same store used vehicle retail units decreased by (4.3)% to 11,605 units for the reasons stated above. Same store used vehicle gross profit increased by 5.9% to \$25.7 million (or \$2,213 per unit) and same store used gross profit percentage increased to 5.9% as compared to 4.5% in the prior year for the reasons stated above.

#### Canadian Operations Used Retail Gross Profit Per Retail Unit



#### Same Store Used Retail Gross Profit Per Retail Unit



#### U.S. Operations

Used vehicle revenue decreased by (32.4)% as a result of lower used retail vehicle unit sales, which decreased by (36.6)% as compared to the prior year. Used vehicle gross profit increased by 283.3% and used vehicle gross profit percentage increased to 6.5% as compared to 1.1% in the prior year as a result of better purchasing discipline and strategic prioritization of gross profit over volume.

<sup>6</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.

### **For the six-month period ended June 30, 2023**

#### *Consolidated Operations*

Used vehicle revenue increased by 0.5% reflecting higher unit sales and recent acquisitions. Used vehicle gross profit increased by 9.1% as a result of the higher inventory writedown recorded in the prior year.

#### *Canadian Operations and Same Store Results*

Used vehicle revenue increased by 4.6% reflecting higher unit sales and recent acquisitions. Used vehicle gross profit decreased by (2.2)% and used vehicle gross profit percentage decreased to 5.2% as compared to 5.6% in the prior year as a result of the trend in the current used vehicle market towards lower priced vehicles resulting in compressed gross profit per unit on a year to date basis, as compared to the stronger used vehicle market noted in the first half of 2022.

Same store used vehicle revenue decreased by (3.7)% as a result of lower selling prices and lower sales volumes. While same store used vehicle gross profit decreased by (11.1)% and used vehicle gross profit percentage decreased to 5.0% as compared to 5.4% in the prior year for the reasons stated above.

Same store used to new retail vehicles sold ratio decreased to 1.60 from 1.63 reflecting more new vehicle sales.

#### *U.S. Operations*

Used vehicle revenue decreased by (21.2)% reflecting lower unit sales. Used vehicle gross profit increased by 217.4% and used vehicle gross profit percentage increased to 6.4% as compared to 1.6% in the prior year as a result of better purchasing discipline and strategic prioritization of gross profit over volume.

### **Parts, service and collision repair**

#### **For the three-month period ended June 30, 2023**

#### *Consolidated Operations*

PS&CR revenue and gross profit increased by 27.9% and by 22.3%, respectively, reflecting recent acquisitions and increased service and collision repair orders<sup>7</sup> which increased by 28,055 (or 10.7%) to 289,726 repair orders and was largely due to improved performance in acquired collision stores, strong customer demand as the age of vehicles increases due to the limited availability of new vehicles in the past few years and more warranty related work orders.

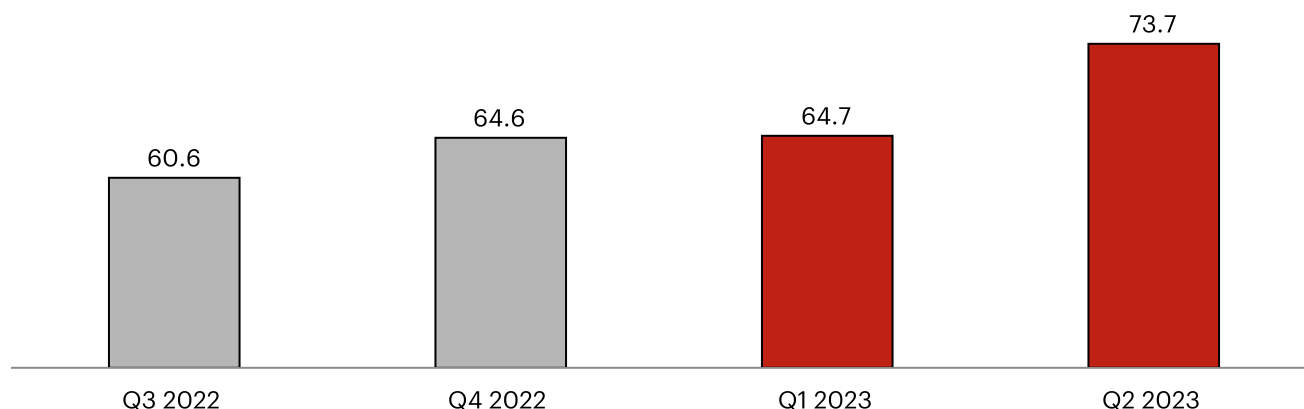
PS&CR gross profit percentage decreased by (2.5) ppts to 54.1% due to a change in sales mix arising from more collision related work.

#### *Canadian Operations and Same Store Results*

PS&CR revenue and gross profit increased by 28.9% and by 23.3%, respectively, for the reasons stated above. PS&CR gross profit percentage decreased to 53.9% as compared to 56.3% in the prior year due to a change in the sales mix as noted above.

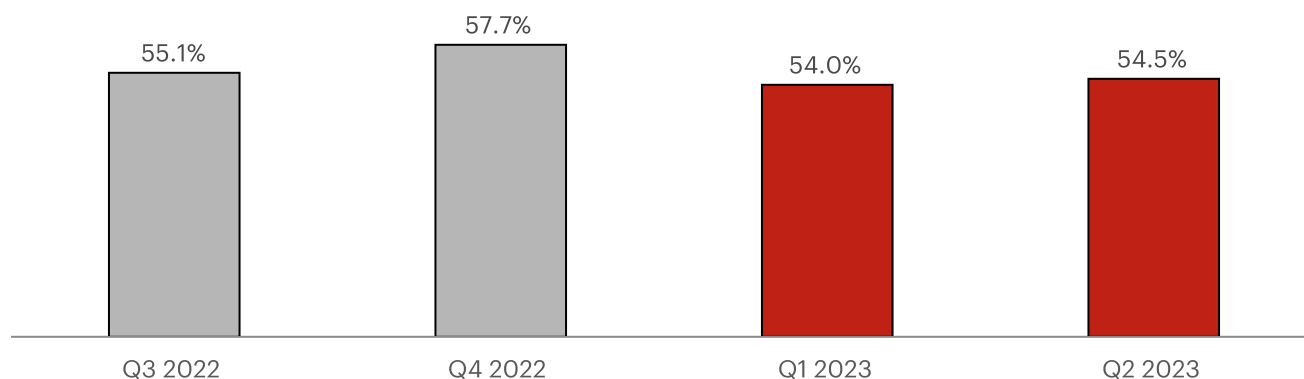
Same store PS&CR revenue and gross profit increased by 17.8% and by 13.8%, respectively, and gross profit percentage decreased to 54.5% as compared to 56.4% in the prior year, for the reasons stated above.

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



<sup>7</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.

## Same Store Parts, Service & Collision Repair Gross Profit Percentage



### U.S. Operations

PS&CR revenues and gross profit increased by 21.0% and by 16.4%, respectively, due to strong customer demand as the age of vehicles increases due to the limited availability of new vehicles in the past few years. Gross profit percentage decreased to 56.0% as compared to 58.2% in the prior year for the reasons stated above.

### For the six-month period ended June 30, 2023

#### Consolidated Operations

PS&CR revenues and gross profit increased by 22.9% and by 21.1%, respectively, reflecting recent acquisitions and increased sales volumes as the age of vehicles increases due to the limited availability of new vehicles in the past few years.

#### Canadian Operations and Same Store Results

PS&CR revenues and gross profit increased by 22.6% and by 21.6%, for the reasons stated above. Gross profit percentage decreased to 53.5% as compared to 53.9% in the prior year for the reasons stated above.

Same store PS&CR revenues and gross profit increased by 10.4% and by 10.5%, respectively, due to higher sales volumes and increased warranty work orders. Same store gross profit percentage was relatively unchanged at 54.2%.

### U.S. Operations

PS&CR revenue and gross profit increased by 24.9% and 17.5% respectively and gross profit percentage decreased to 52.7% as compared to 56.0% in the prior year for the reasons stated above.

## 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, 2023

#### Consolidated Operations

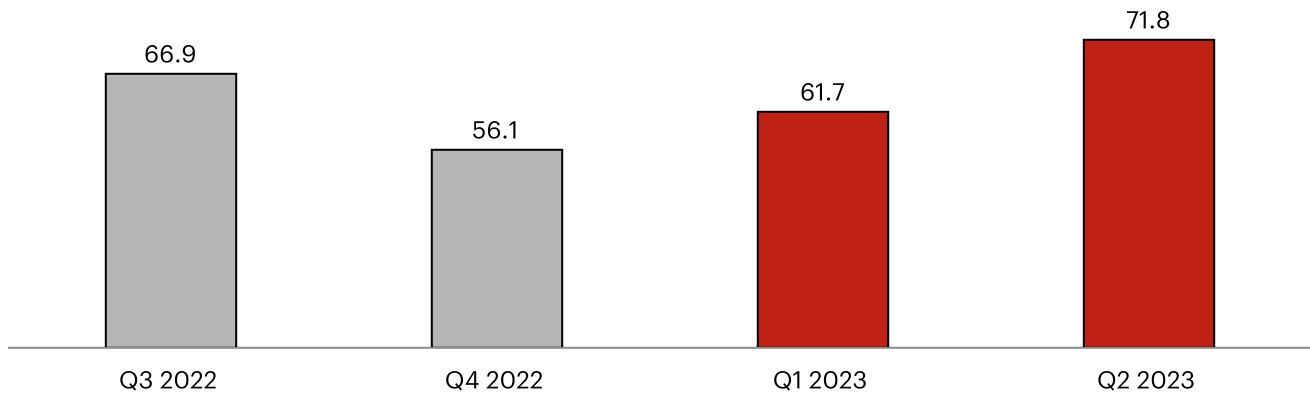
F&I revenue and gross profit increased by 4.1% and 3.1% respectively due to recent acquisitions and higher retail sales volumes. Gross profit per retail unit average and gross profit percentage were relatively unchanged at \$3,456 per unit and 93.7% respectively.

#### Canadian Operations and Same Store Results

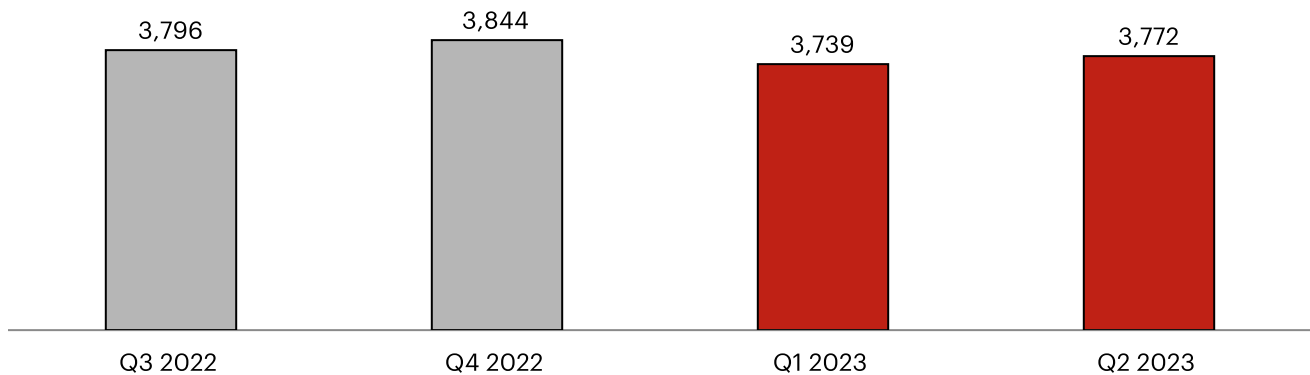
F&I revenue increased by 11.5%, gross profit per retail unit average increased to \$3,410 per unit and gross profit increased by 10.7% reflecting recent acquisitions and higher sales volumes. Gross profit percentage decreased to 92.9% as compared to 93.6% in the prior year reflecting a growing proportion of retail vehicle sales being purchased with cash, compared to third party financing, as a result of customer's increased sensitivity to higher interest rates.

Same store F&I revenue increased by 4.8%, gross profit per retail unit average increased to \$3,772 per retail unit, up 5.0% (or \$179 per retail unit), as compared to \$3,593 in the prior year and gross profit increased by 3.8% to \$71.8 million. Gross profit percentage decreased by (0.9) ppts to 93.4% for the reasons noted above.

### Same Store F&I Gross Profit (\$ Millions)



### Same Store F&I Gross Profit per Retail Unit Average

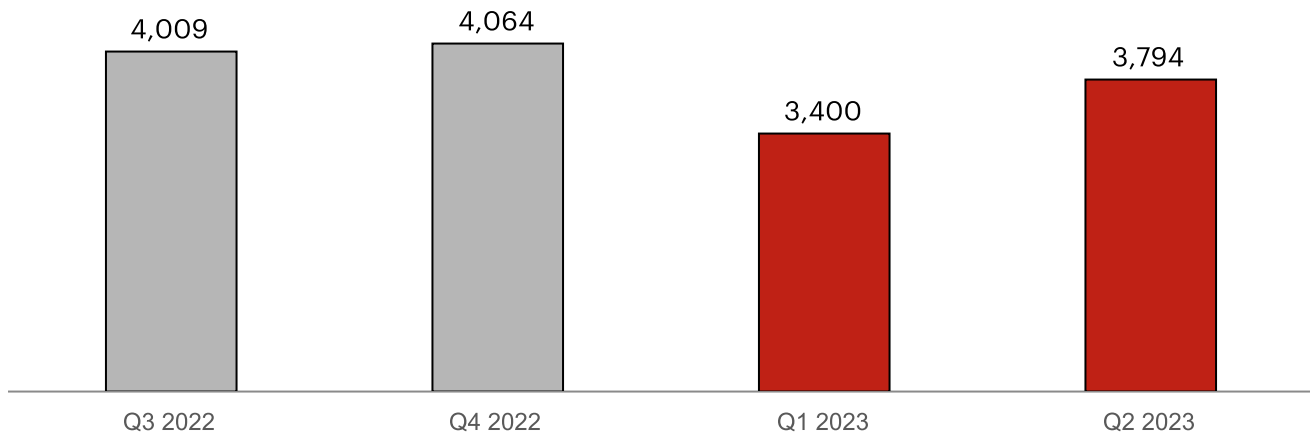


#### U.S. Operations

F&I revenue decreased by (28.7)% and gross profit decreased by (29.0)% reflecting a (25.0)% decrease in total retail units sold.

Gross profit per retail unit average decreased by (5.2)% to \$3,794 per unit reflecting lower sales volumes, while gross profit percentage remained relatively unchanged at 99.1%.

### U.S. F&I Gross Profit per Retail Unit Average





## **For the six-month period ended June 30, 2023**

### *Consolidated Operations*

F&I revenue increased by 4.8%, gross profit per vehicle increased by \$25 per unit, and gross profit increased by 4.3% reflecting recent acquisitions.

### *Canadian Operations and Same Store Results*

F&I revenue increased by 11.4% and gross profit increased by 11.2% reflecting recent acquisitions and higher unit sales. Gross profit percentage remained relatively unchanged at 93.2%.

Same store F&I revenue increased by 4.9%, gross profit increased by 4.3% and gross profit percentage decreased to 93.5% for the reasons stated above.

### *U.S. Operations*

F&I revenue decreased by (25.3)% and gross profit decreased by (25.6)%, reflecting lower unit sales. Gross profit percentage decreased to 98.9% as compared to 99.2% in the prior year due to lower sales volumes.

## **Operating expenses**

### *Employee Costs*

Employee costs are associated with employing staff both at dealerships and at corporate head office, and include share-based compensation expense. Dealership employees are largely commission based, making employee costs primarily variable in nature. Our dealership pay structures are tied to meeting sales objectives, maintaining Customer Satisfaction Index ("CSI"), as well as improving gross profit and net income.

### *Administrative Costs*

Administrative costs comprise the remaining costs of operating our dealerships and corporate head office. Advertising, utilities, service shop consumables, information processing, insurance, acquisition related transaction costs, 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 relate 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, operating expenses before depreciation<sup>8</sup> and normalized operating expenses before depreciation<sup>9</sup>:

	Three-Months Ended June 30, 2023			Three-Months Ended June 30, 2022		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
Employee costs	124,068	22,000	146,068	116,765	22,845	139,610
Administrative costs	55,307	11,023	66,330	49,703	9,576	59,279
Expected credit losses on trade and other receivables	437	138	575	374	118	492
Facility lease and storage costs	1,522	—	1,522	690	—	690
Depreciation of property and equipment	5,655	511	6,166	4,609	468	5,077
Depreciation of right-of-use assets	7,622	733	8,355	6,858	703	7,561
<b>Total operating expenses</b>	<b>194,611</b>	<b>34,405</b>	<b>229,016</b>	<b>178,999</b>	<b>33,710</b>	<b>212,709</b>
Less:						
Depreciation of property and equipment	(5,655)	(511)	(6,166)	(4,609)	(468)	(5,077)
Depreciation of right-of-use assets	(7,622)	(733)	(8,355)	(6,858)	(703)	(7,561)
<b>Operating expenses before depreciation</b>	<b>181,334</b>	<b>33,161</b>	<b>214,495</b>	<b>167,532</b>	<b>32,539</b>	<b>200,071</b>
Less:						
Acquisition-related costs	(625)	—	(625)	(1,389)	—	(1,389)
Share-based compensation expense	(1,076)	—	(1,076)	(1,153)	—	(1,153)
<b>Normalized operating expenses before depreciation</b>	<b>179,633</b>	<b>33,161</b>	<b>212,794</b>	<b>164,990</b>	<b>32,539</b>	<b>197,529</b>

	Six-Months Ended June 30, 2023			Six-Months Ended June 30, 2022		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
Employee costs	234,181	43,976	278,157	220,903	43,930	264,833
Government assistance	—	—	—	(264)	—	(264)
Administrative costs	108,765	21,952	130,717	95,842	18,417	114,259
Expected credit losses on trade and other receivables	699	220	919	811	256	1,067
Facility lease and storage costs	2,576	—	2,576	1,651	—	1,651
Depreciation of property and equipment	10,799	990	11,789	8,991	826	9,817
Depreciation of right-of-use assets	14,987	1,472	16,459	13,617	1,375	14,992
<b>Total operating expenses</b>	<b>372,007</b>	<b>68,610</b>	<b>440,617</b>	<b>341,551</b>	<b>64,804</b>	<b>406,355</b>
Less:						
Depreciation of property and equipment	(10,799)	(990)	(11,789)	(8,991)	(826)	(9,817)
Depreciation of right-of-use assets	(14,987)	(1,472)	(16,459)	(13,617)	(1,375)	(14,992)
<b>Operating expenses before depreciation</b>	<b>346,221</b>	<b>66,148</b>	<b>412,369</b>	<b>318,943</b>	<b>62,603</b>	<b>381,546</b>
Less:						
Acquisition-related costs	(2,177)	—	(2,177)	(1,989)	(13)	(2,002)
Share-based compensation expense	(2,937)	—	(2,937)	(2,370)	—	(2,370)
<b>Normalized operating expenses before depreciation</b>	<b>341,107</b>	<b>66,148</b>	<b>407,255</b>	<b>314,584</b>	<b>62,590</b>	<b>377,174</b>

Note that operating expenses exclude floorplan financing costs, which are presented as Finance Costs. These costs are included in adjusted EBITDA as only interest on long-term indebtedness is added back. Refer to Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of adjusted EBITDA.

The Company considers operating expenses before depreciation as a percentage of gross profit and normalized operating expenses before depreciation as a percentage of gross profit good indicators of operating performance

<sup>8</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.

<sup>9</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this non-GAAP measure.

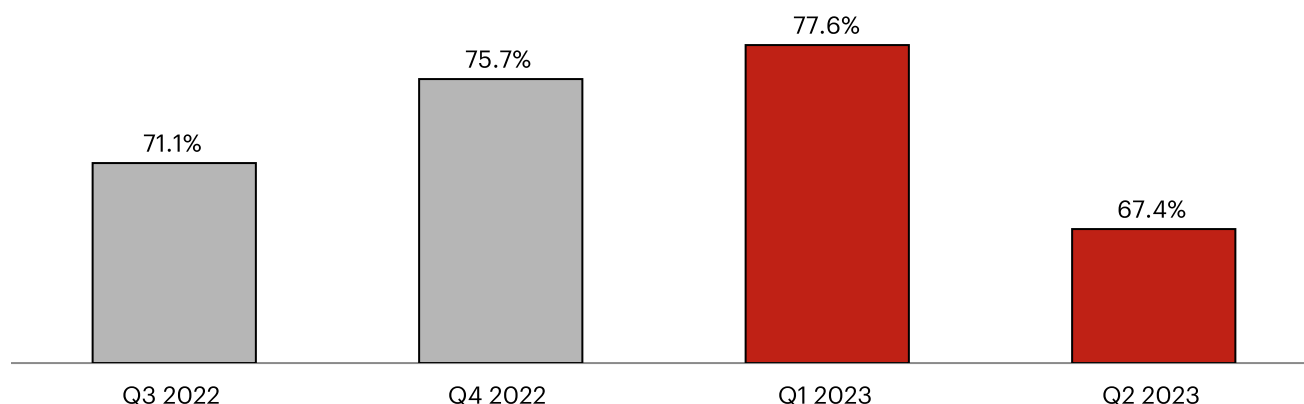
and expense control. The following tables summarize operating expenses before depreciation as a percentage of gross profit and normalized operating expenses before depreciation as a percentage of gross profit:

	Three-Months Ended June 30, 2023			Three-Months Ended June 30, 2022		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
Operating expenses before depreciation as a percentage of gross profit	64.9%	84.4%	67.4%	70.8%	75.8%	71.7%
Normalized operating expenses before depreciation as a percentage of gross profit	64.3%	84.4%	66.8%	69.8%	75.8%	70.7%

	Six-Months Ended June 30, 2023			Six-Months Ended June 30, 2022		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
Operating expenses before depreciation as a percentage of gross profit	69.2%	89.6%	71.8%	71.7%	76.5%	72.5%
Normalized operating expenses before depreciation as a percentage of gross profit	68.2%	89.5%	71.0%	70.7%	76.5%	71.6%

### Operating expenses before depreciation as % of Gross Profit



#### Total Operating Expenses

##### For the three-month period ended June 30, 2023

###### Consolidated Operations

Overall, operating expenses before depreciation increased by \$14.4 million or 7.2% as compared to the prior year reflecting recent acquisitions. Operating expenses before depreciation as a percentage of gross profit decreased by (4.3) ppts to 67.4% as compared to prior year with the decrease in the current period a result of higher gross profit.

###### Canadian Operations

Operating expenses before depreciation increased by \$13.8 million reflecting recent acquisitions. Operating expenses as a percentage of gross profit decreased by (5.9) ppts to 64.9% as compared to prior year reflecting higher gross profit.

Normalized operating expenses before depreciation as a percentage of gross profit decreased by (5.5) ppts to 64.3% for the reasons stated above.

###### U.S. Operations

Operating expenses before depreciation increased by \$0.6 million or 1.9% reflecting higher advertising expenses. Operating expenses before depreciation as a percentage of gross profit increased by 8.6 ppts to 84.4% as compared to prior year as a result of lower gross profit.

## For the six-month period ended June 30, 2023

### Consolidated Operations

Operating expenses before depreciation increased by \$30.8 million or 8.1% due to recent acquisitions. Operating expenses before depreciation as a percentage of gross profit decreased by (0.7) ppts when compared to the same period in the prior year due to higher gross profits.

### Canadian Operations

Operating expenses before depreciation increased by \$27.3 million or 8.6% and operating expenses before depreciation as a percentage of gross profit decreased by (2.5) ppts when compared to the same period for the reasons stated above.

### U.S. Operations

Operating expenses before depreciation increased by \$3.5 million or 5.7% and operating expenses before depreciation as a percentage of gross profit increased by 13.1 ppts when compared to the same period in the prior year for the reasons stated above.

## Net Income and Adjusted EBITDA

The following table summarizes net income and adjusted EBITDA for the three-month periods ended June 30:

	Three-Months Ended June 30, 2023			Three-Months Ended June 30, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
<b>Period from April 1 to June 30</b>						
Net income (loss) for the period	45,655	(427)	45,228	31,938	7,120	39,058
Add back:						
Income tax expense	14,949	—	14,949	9,454	231	9,685
Depreciation of property and equipment	5,655	511	6,166	4,609	468	5,077
Depreciation of right of use assets	7,622	733	8,355	6,858	703	7,561
Interest on long-term indebtedness	8,030	3,226	11,256	5,831	779	6,610
Lease liability interest	7,479	857	8,336	6,130	816	6,946
	89,390	4,900	94,290	64,820	10,117	74,937
Add back:						
Unrealized fair value changes in derivative instruments	(1,068)	—	(1,068)	(182)	—	(182)
Amortization of loss on terminated hedges	817	—	817	817	—	817
Unrealized foreign exchange losses	117	—	117	84	—	84
Gain on disposal of assets	(101)	—	(101)	(95)	—	(95)
<b>Adjusted EBITDA</b>	<b>89,155</b>	<b>4,900</b>	<b>94,055</b>	<b>65,444</b>	<b>10,117</b>	<b>75,561</b>

Refer to Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of EBITDA as supplementary financial measure and adjusted EBITDA as a non-GAAP measure.

### Net Income

Net income for the three-month period ended June 30, 2023 improved by \$6.2 million, compared to prior year as a result of higher gross profits from recent acquisitions and higher unit sales and reduced inventory writedown recognized in the current year, offset by higher floorplan financing costs.

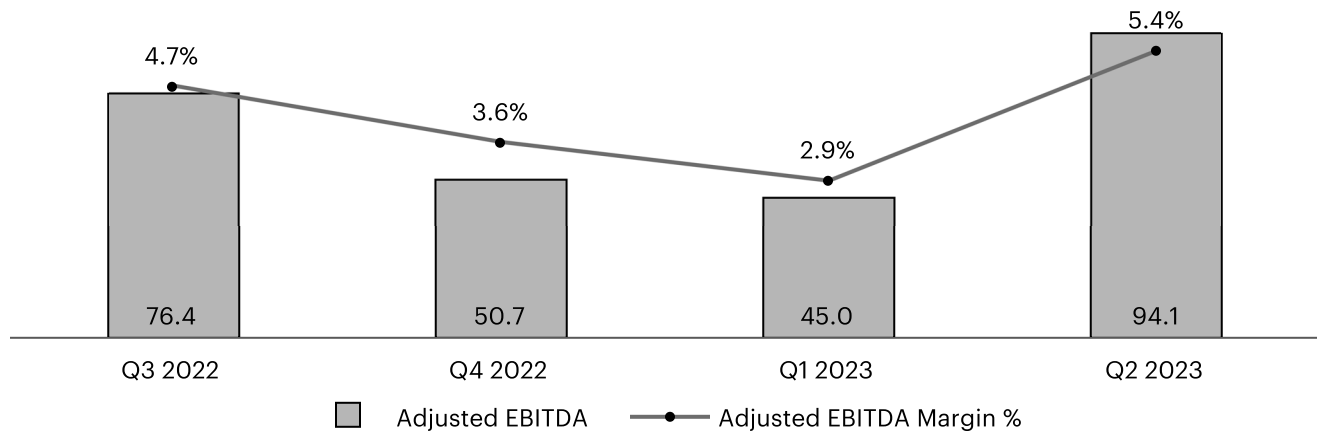
Canadian Operations segment improved by \$13.7 million for the reasons stated above.

U.S. Operations segment declined by \$(7.5) million as a result of lower gross profits from lower selling prices coupled with increased floorplan financing costs.

### Adjusted EBITDA

Adjusted EBITDA for the three-month period ended June 30, 2023 increased by \$18.5 million, compared to prior year. Adjusted EBITDA margin was 5.4% as compared to 4.5% in the prior year, an increase of 0.9 ppts. The change between periods is the result of recent acquisitions, higher unit sales, and reduced inventory writedown recognized in the current year, offset by higher floorplan financing costs.

### Adjusted EBITDA (\$ Millions) and Adjusted EBITDA Margin %



The following table summarizes net income and adjusted EBITDA for the six-month periods ended June 30:

	Six-Months Ended June 30, 2023			Six-Months Ended June 30, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
<b>Period from January 1 to June 30</b>						
Net income (loss) for the period	58,083	(4,471)	53,612	30,932	12,448	43,380
Add back:						
Income tax expense	18,376	—	18,376	8,777	445	9,222
Depreciation of property and equipment	10,799	990	11,789	8,991	826	9,817
Depreciation of right of use assets	14,987	1,472	16,459	13,617	1,375	14,992
Interest on long-term indebtedness	14,953	5,716	20,669	11,618	2,150	13,768
Lease liability interest	14,504	1,655	16,159	12,622	1,696	14,318
	131,702	5,362	137,064	86,557	18,940	105,497
Add back:						
Loss on extinguishment of debt	1,382	—	1,382	9,860	—	9,860
Unrealized fair value changes in derivative instruments	(1,075)	—	(1,075)	(7,977)	—	(7,977)
Amortization of loss on terminated hedges	1,634	—	1,634	1,634	—	1,634
Unrealized foreign exchange losses (gains)	184	—	184	(184)	—	(184)
Loss on extinguishment of embedded derivative	—	—	—	29,306	—	29,306
Gain on disposal of assets	(106)	—	(106)	(379)	—	(379)
<b>Adjusted EBITDA</b>	<b>133,721</b>	<b>5,362</b>	<b>139,083</b>	<b>118,817</b>	<b>18,940</b>	<b>137,757</b>

#### Net Income

Net income for the six-month period ended June 30, 2023 improved by \$10.2 million, compared to prior year as a result of higher gross profits from recent acquisitions and higher unit sales and reduced inventory writedown recognized in the current year, offset by higher floorplan financing costs.

Canadian Operations segment improved by \$27.2 million for the reasons stated above.

U.S. Operations segment declined by \$(16.9) million as a result of lower gross profits from lower selling prices coupled with increased floorplan financing costs.

#### Adjusted EBITDA

Adjusted EBITDA for the six-month period ended June 30, 2023 increased by \$1.3 million, compared to prior year. Adjusted EBITDA margin was 4.2% as compared to 4.5% in the prior year, a decrease of (0.3) ppts. The change between periods is the result of recent acquisitions, higher unit sales, and reduced inventory writedown recognized in the current year, offset by higher floorplan financing costs and a weaker first quarter of 2023.



## Finance costs

The Company incurs finance costs on its revolving floorplan facilities, indebtedness, 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 represent 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 provide continued protection against the current rising interest rate environment. For further details, refer to Note 17 in the Interim Financial Statements.

During the three-month period ended June 30, 2023, finance costs for revolving floorplan facilities increased to \$15.5 million from \$5.9 million, as compared to prior year. The net increase is primarily driven by an increase in floorplan interest rates, offset by actively reducing used floorplan inventory balances to reduce both excess inventory and floorplan financing costs. Used vehicle inventory decreased by \$(232.5) million (or (33)%) to \$466.5 million, as compared to the prior year.

On February 10, 2022, the Company recognized a loss of \$9.9 million in relation to the extinguishment of the \$250 Million Notes (as defined in Section 6 Liquidity and Capital Resources) in Q1 2022. Concurrent with the redemption of the \$250 Million Notes, the associated embedded derivative was extinguished, resulting in a loss on extinguishment of embedded derivative of \$29.3 million also being recognized in Q1 2022. As at June 30, 2023, the fair value of the embedded derivative relating to the \$350 Million Notes (as defined in Section 6 Liquidity and Capital Resources) was \$nil. For further details over the embedded derivatives, refer to Note 21 in the Interim Financial Statements.

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	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Finance costs:</b>				
Interest on long-term indebtedness	11,256	6,610	20,669	13,768
Interest on lease liabilities	8,336	6,946	16,159	14,318
Loss on extinguishment of debt	—	—	1,382	9,860
Unrealized fair value changes on non-hedging instruments	(984)	(1,325)	(524)	(8,160)
Amortization of terminated hedges	817	817	1,634	1,634
Loss on extinguishment of embedded derivative	—	—	—	29,306
	<b>19,425</b>	<b>13,048</b>	<b>39,320</b>	<b>60,726</b>
Floorplan financing	15,517	5,937	31,214	9,273
Interest rate swap settlements	(2,778)	752	(3,029)	1,870
Other finance costs	596	2,201	1,082	3,550
	<b>32,760</b>	<b>21,938</b>	<b>68,587</b>	<b>75,419</b>

## 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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Current tax	10,970	13,228	14,069	22,868
Deferred tax	3,979	(3,543)	4,307	(13,646)
<b>Total income tax expense</b>	<b>14,949</b>	<b>9,685</b>	<b>18,376</b>	<b>9,222</b>
Effective income tax rate	24.8%	19.9%	25.5%	17.5%
Statutory income tax rate	25.5%	25.5%	25.5%	25.5%

The period-over-period change in effective rate for the three-months and six-months ended June 30, 2023 is primarily due to unrecognized deferred tax assets and other permanent items relative to the change in earnings.

## 5. ACQUISITIONS, DIVESTITURES, AND OTHER RECENT DEVELOPMENTS

### ***Dealership Open Points***

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 the fourth quarter of 2023.

The Company has completed the following acquisitions since January 1, 2023:

### ***DCCHail Paintless Dent Repair Collision Centre***

On February 23, 2023, the Company acquired 100% of the shares of DCCHail, a paintless dent repair service provider operating throughout western Canada.

### ***Kijiji Relationship***

On March 31, 2023, the Company announced the continuation of Kijiji's role as the Company's preferred online marketplace partner in Canada, as well as the integration of consumer solutions developed by the Company's Used Digital Division on Kijiji, including a solution to offer F&I products to Kijiji users.

### ***Premier Chevrolet Cadillac Buick GMC and Collision Centre***

On April 17, 2023, the Company acquired substantially all of the assets of Premier Chevrolet Cadillac Buick GMC dealership and collision centre located in Windsor, Ontario.

### ***London Auto Collision Centre***

On May 1, 2023, the Company acquired 100% of the shares of London Auto Collision, a collision centre located in London, Ontario.

### ***RightRide Edmonton North***

On May 1, 2023, the Company opened RightRide Edmonton North, a RightRide location located in Edmonton, Alberta.

## 6. LIQUIDITY AND CAPITAL RESOURCES

Management is focused on maximizing enterprise liquidity while minimizing cost and risk within the Company's overall strategic framework. Liquidity risk may arise due to general day-to-day cash requirements and in the management of assets, liabilities and capital resources. Liquidity risk is managed against financial leverage to meet obligations and commitments in a balanced manner.

The principal uses of funds are for capital expenditures, funding the future growth of the Company, servicing debt and share repurchases. We have historically met these requirements by using cash generated from operating activities and through short-term and long-term indebtedness.

### Sources of Cash

#### Credit Facilities

The Company entered into an amended and restated \$1,610 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"), the Bank of Montreal ("BMO"), and the Toronto Dominion Bank ("TD"). 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 new and used vehicle inventory.

On February 3, 2023, the Company amended the Credit Facility with its existing syndicate of lenders. The amendment included increases to the revolving and flooring facility limits, changes to the pricing grid, and other administrative and structural changes to add flexibility to meet the Company's ongoing operational needs.

The structure of the \$375 million revolving facility is now comprised of a \$225 million borrowing base facility tranche and up to \$150 million goodwill facility tranche. The amended Credit Facility included an accordion feature that allows the Company to increase the revolving credit facility limit by \$75 million and the inventory floorplan financing facility by \$75 million, an aggregate amount of up to \$150 million and to extend the maturity date to April 14, 2026. Please refer to the Interim Financial Statements for additional information. In addition, the Credit Facility agreement can be found at [www.sedarplus.ca](http://www.sedarplus.ca).

The following table reflects the limits, amounts drawn and capacity of the Credit Facility as at June 30, 2023:

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit <sup>1</sup>	375,000	144,500	230,500
Inventory floorplan and lease financing	1,235,000	621,476	613,524
<b>Total</b>	<b>1,610,000</b>	<b>765,976</b>	<b>844,024</b>

<sup>1</sup> The amount drawn as presented excludes unamortized deferred financing costs.

As at June 30, 2023, the Company had total liquidity<sup>10</sup> of \$298.9 million based on cash and the \$230.5 million available under our syndicated credit facility.

#### Revolving Credit Capacity

The Credit Facility in effect at June 30, 2023 provided a total of \$375 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, 2023 provided a total of \$1,235 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 a current liability 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 considered 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.

<sup>10</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.

### 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, 2023 is as follows:

Lender	Limit	Drawn	Available Capacity
Syndicated Credit Facility – Floorplan	1,235,000	621,476	613,524
Other Canadian Floorplan Facilities	452,345	296,456	155,889
Other U.S. Floorplan Facility	168,810	111,057	57,753
<b>Total</b>	<b>1,856,155</b>	<b>1,028,989</b>	<b>827,166</b>

### Financial Covenants

Under the terms of the Credit Facility and various standalone floorplan financing facilities and Original Equipment Manufacturers ("OEM") franchise agreements, the Company is required to comply with certain financial covenants. At June 30, 2023, the Company was in compliance with all of these financial covenants.

Our Credit Facility financial covenants are calculated on a pre-IFRS 16 basis. 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, including but not limited to bank EBITDA and other funded debt, 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:

Financial Covenant Ratios	Currently in Effect
Senior net funded debt to bank EBITDA	<2.50x
Total net funded debt to bank EBITDA	<4.00x
Fixed charge coverage	>1.20x

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.

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 recorded on the Company's balance sheet following the adoption of IFRS 16, while allowing for the netting of up to \$70 million of cash.

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.

Fixed Charge Coverage Ratio, as defined in the Credit Facility, is comprised of the bank EBITDA less unfunded capital expenditures, cash taxes paid and distributions on a consolidated basis, divided by the sum of consolidated interest expense and principal repayments for the rolling four quarter period.

The following table summarizes the Company's financial covenants under the Credit Facility as at June 30, 2023:

Financial Covenants	Requirement	Q2 2023
<b>Syndicated Revolver:</b>		
Senior net funded debt to bank EBITDA ratio	Shall not exceed 2.50	0.52
Total net funded debt to bank EBITDA ratio	Shall not exceed 4.00	2.08
Fixed charge coverage ratio	Shall not be less than 1.20	2.61

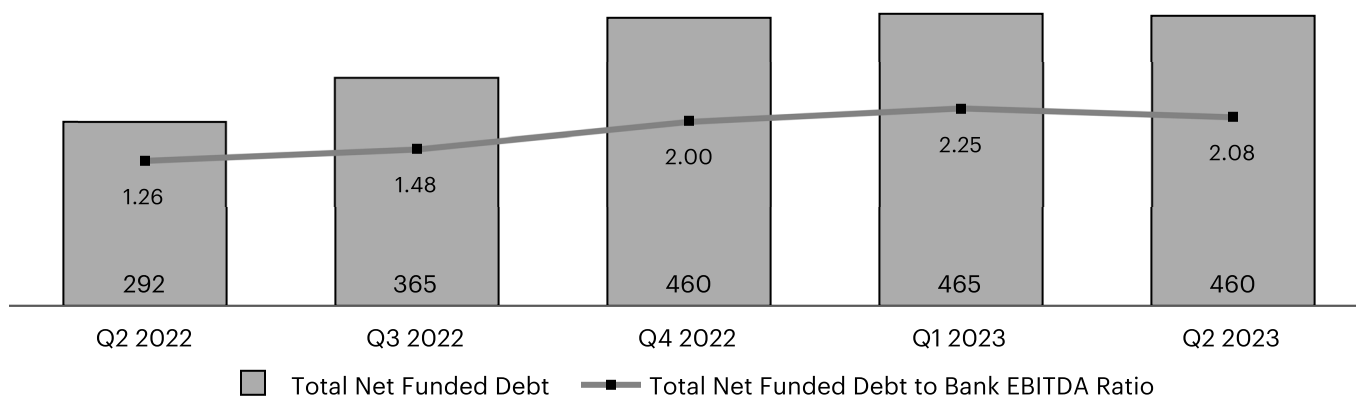
### Total Net Funded Debt Covenant Summary

The following table summarizes the Company's Total Net Funded Debt for purposes of calculating Total Net Funded Debt to Bank EBITDA Ratio:

	June 30, 2023	December 31, 2022
	\$	\$
Credit Facility	143,679	178,588
\$350 Million Notes	344,952	344,502
Other funded debt according to Credit Facility	6,914	6,846
<b>Total Funded Debt</b>	<b>495,545</b>	<b>529,936</b>
Less:		
Allowable Cash Netting according to Credit Facility	(35,231)	(70,000)
<b>Total Net Funded Debt</b>	<b>460,314</b>	<b>459,936</b>

The following illustrates Total Net Funded Debt and Total Net Funded Debt to Bank EBITDA Ratio for the trailing five quarters.

### Total Net Funded Debt (\$Millions) and Total Net Funded Debt to Bank EBITDA Ratio



### Senior Unsecured Notes

On February 7, 2022, the Company issued Senior Unsecured Notes of \$350 million aggregate principal amount ("350 Million Notes") at par for a stated interest rate of 5.75% to fund a redemption of the then outstanding \$250 million senior unsecured notes ("250 Million Notes") and for general corporate purposes. The Company redeemed in full the \$250 Million Notes on February 10, 2022. The \$350 Million Notes have a term of seven years and mature on February 7, 2029 with interest payable semi-annually on February 7 and August 7 of each year the \$350 Million Notes are outstanding. The \$350 Million Notes can be redeemed by the Company or the note holders under certain terms and conditions as outlined in the \$350 Million Notes indenture, which can be found at [www.sedarplus.ca](http://www.sedarplus.ca).

### Non-Recourse Mortgage Financing

On June 22, 2022, the Company executed a non-recourse mortgage financing with Scotiabank for a previously purchased property in Maple Ridge, British Columbia. The non-recourse mortgage arrangement funded land value as well as construction costs associated with the development of two dealerships. The mortgage is comprised of three facilities with an aggregate limit of \$39.0 million, at a variable interest rate of prime + 1.50% (combined total rate of 8.20% as at June 30, 2023). The mortgage has a three-year term, twenty-year amortization, and will require monthly interest-only payments until construction is complete. As at June 30, 2023, the Company had drawn \$13.6 million on the facilities to fund the land value only.

On June 30, 2022, the Company executed two non-recourse mortgage financings with Scotiabank for previously purchased properties in Windsor, Ontario and London, Ontario. The \$7.1 million and \$11.5 million non-recourse mortgage arrangements, respectively, funded land and building value only. The mortgages have a five-year term with a fixed interest rate of 7.07%. The mortgages require 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. As at June 30, 2023, the combined value of the mortgages, net of unamortized deferred financing costs, was \$31.3 million.

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.

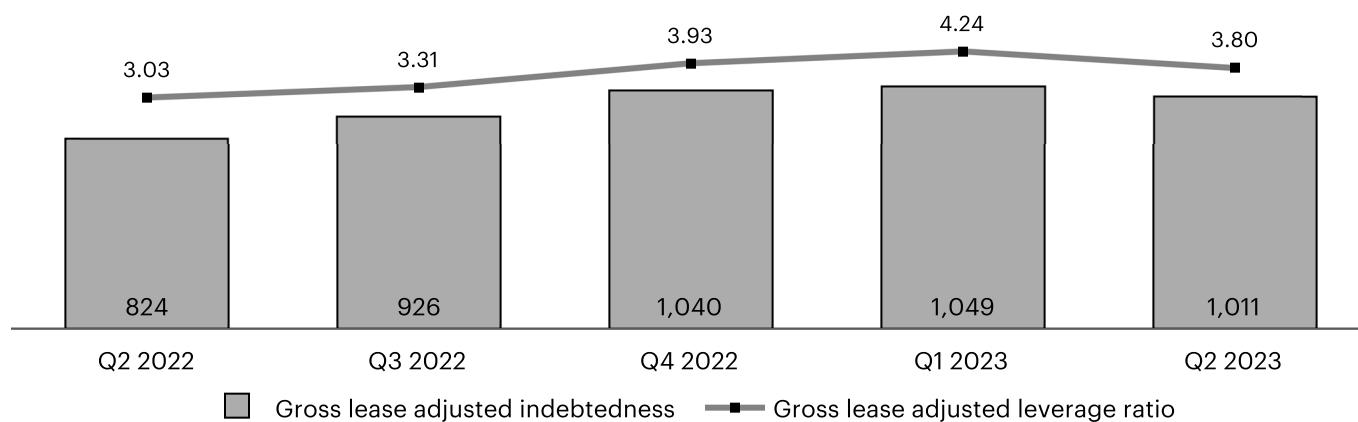
### Gross Lease Adjusted Indebtedness Summary

Gross lease adjusted leverage ratio<sup>11</sup> is a leverage measure used by management to evaluate the leverage of the Company as it includes lease liabilities under IFRS 16 in the calculation of gross lease adjusted indebtedness<sup>12</sup>. The following table summarizes the Company's gross lease adjusted indebtedness and gross lease adjusted leverage ratio. The Company has targeted gross lease adjusted leverage ratio of 4.5x or less.

	June 30, 2023	December 31, 2022
	\$	\$
Revolving term facility - Credit facility	143,679	178,588
\$350 Million Notes	344,952	344,502
Non-recourse mortgages and other debt	31,622	32,038
<b>Total indebtedness</b>	<b>520,253</b>	<b>555,128</b>
Add:		
Lease liabilities	491,226	484,877
<b>Gross lease adjusted indebtedness</b>	<b>1,011,479</b>	<b>1,040,005</b>
Adjusted EBITDA - trailing twelve months	266,126	264,800
<b>Gross lease adjusted leverage ratio</b>	<b>3.80x</b>	<b>3.93x</b>

The following illustrates the gross lease adjusted indebtedness and gross lease adjusted leverage ratios for the trailing five quarters:

### Gross Lease Adjusted Indebtedness (\$Millions) and Gross Lease Adjusted Leverage Ratio



### 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 four-year average from 2019 to 2022, non-growth capital expenditures have averaged approximately \$8 million per annum. It is expected that the Company will incur additional annual non-growth capital expenditures to execute on its strategy.

<sup>11</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this non-GAAP measure.

<sup>12</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this capital management measure.



### Growth Capital Expenditures

Growth capital expenditures are discretionary capital expenditures incurred to expand sales and service capacity. They represent cash outlays intended to provide additional future cash flows and are expected to provide benefit in future periods. These include the following:

- Expansions
- New locations and open point construction
- Re-imaging mandated by manufacturers
- Relocations

Based on the four-year average from 2019 to 2022, growth capital expenditures have averaged approximately \$19 million per annum. For the six-months ended June 30, 2023, the Company has incurred \$11.9 million due to both the construction of the Maple Ridge GM Open Point and OEM mandated reimaging of various dealership properties. 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 coming years, when compared to this historical average.

Based on the three-year average from 2020 to 2022, real estate acquisition expenditures have averaged approximately \$15 million per annum. For the six-months ended June 30, 2023, the Company has incurred \$14.9 million in preparation of anticipated growth capital expenditures in 2024 onwards. We may acquire real estate to support required growth capital projects. However, the decision to purchase real estate will be assessed on a project by project basis.

The following table summarizes capital expenditures for the periods indicated and distinguishes between non-growth, growth capital expenditures and real estate acquisition expenditures as reported in aggregate in Note 13 of the Interim Financial Statements.

	Three-Months Ended June 30		Six-Months Ended June 30	
	2023	2022	2023	2022
	\$	\$	\$	\$
Non-growth capital expenditures	5,889	1,617	9,383	3,044
Growth capital expenditures	7,104	1,813	11,936	3,270
<b>Total capital expenditures</b>	12,993	3,430	21,319	6,314
Real estate acquisition expenditures	7,660	12,033	14,862	16,069
<b>Total capital expenditures</b>	20,653	15,463	36,181	22,383

### Capital Commitments

At June 30, 2023, the Company is committed to capital expenditure obligations in the amount of approximately \$9.9 million related to dealership relocations, re-imaginings, and Open Points with expected completion of these commitments in 2024. The Company is in discussions with OEM's to adjust spending and/or capital commitments as appropriate for changing conditions.

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

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.

### Working Capital

Under the franchise agreements with OEM partners, the Company is 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. At current levels, working capital is sufficient to meet our ongoing commitments and operational requirements for the business.



## Corporate Credit Rating

The Company is rated by S&P Global Ratings (“S&P”), an independent credit rating agency.

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

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

On January 30, 2023 and June 26, 2023, S&P issued a research update where the Company's Issuer Credit Rating remained unchanged at 'B+'.

## 7. RELATED PARTY TRANSACTIONS

### Transactions with Companies Controlled by Directors

During the three-month and six-month period ended June 30, 2023, 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:

- Business associate of the Executive Chairman who provides consulting services;
- A vehicle wholesale and export business, controlled by the Executive Chairman, that supplies and purchases used vehicles to and from the Company; and
- A firm, whose controlling partner is the Executive Chairman, that provides administrative, limited transportation, and other support services.

All significant transactions between AutoCanada and companies related to Directors were reviewed by the Company's Board of Directors 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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	\$	\$	\$	\$
Consulting services, administrative and other support and sourcing fees	328	837	773	1,407
Used vehicle (sales to) purchases from related party	(101)	461	(491)	461

### Executive Advance

As at June 30, 2023, \$1.4 million (2022 - \$1.6 million) of the Executive Advance issued to the former President remains outstanding.

### Used Digital Division

The firm controlled by the Executive Chairman holds a 15% common interest in AutoCanada UD LP, a partnership formed as part of the used digital strategy, which vested at the time of grant. Changes in the fair value of the 15% interest are recorded in operating expenses. The interest is presented as long-term redemption liabilities.

## 8. OUTSTANDING SHARES

As at June 30, 2023, the Company had 23,571,175 common shares outstanding. Basic and diluted weighted average number of shares outstanding for the three-month period ended June 30, 2023 were 23,548,162 and 24,252,084, respectively. As at August 9, 2023, there were 23,611,175 common shares issued and outstanding.

As at June 30, 2023, the value of the shares held in trust, to hedge equity-based compensation plans, was \$0.3 million (2022 - \$0.7 million), which was comprised of 12,465 (2022 - 48,667) in shares.

### Normal Course Issuer Bid

During the three-month and six-month period ended June 30, 2023, the Company did not repurchase any common shares under its Normal Course Issuer Bid.

## 9. DIVIDENDS

AutoCanada's Board of Directors ("Board of Directors" or the "Board"), in consultation with management, continually evaluates the Company's dividend policy, with a focus on maximizing shareholder value. The declaration of dividends is subject to the discretion of the Board of Directors and is evaluated periodically and may be revised.

Considering current market risk factors, refer to Section 13 for further details, and our capital allocation priorities, the Board has decided to defer any reinstatement of a dividend until further notice.

## 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 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Cash provided by operating activities	55,005	53,354	38,099	37,662	64,935	7,279	10,153	13,721
<b>Deduct:</b>								
Purchase of non-growth capital expenditures	(5,889)	(3,494)	(5,922)	(2,343)	(1,617)	(1,427)	(2,550)	(1,349)
<b>Free cash flow</b>	49,116	49,860	32,177	35,319	63,318	5,852	7,603	12,372
<b>Free cash flow - TTM</b>	166,472	180,674	136,666	112,092	89,145	93,630	107,169	118,806

Refer to Section 14 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 movement 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 three-month and six-month periods ended June 30, 2023 and June 30, 2022:

	Three-Months Ended June 30		Six-Months Ended June 30	
	2023 \$	2022 \$	2023 \$	2022 \$
Trade and other receivables	(2,776)	(16,249)	(2,887)	(67,593)
Inventories	13,780	28,343	4,802	(293,800)
Other current assets	(6,323)	1,043	(11,554)	(4,747)
Trade and other payables	965	12,443	12,286	21,955
Revolving floorplan facilities	4,818	(14,411)	39,218	330,486
Other liabilities	(517)	(2,427)	(1,017)	(2,427)
<b>Net change in non-cash working capital</b>	9,947	8,742	40,848	(16,126)

## **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 Annual Financial Statements for the year ended December 31, 2022. Updates related to the Interim Financial Statements are disclosed in Note 4.

## **12. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

During the three-month period ended June 30, 2023, 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. Details relating to disclosure controls and procedures, and internal controls over financial reporting, are disclosed in Section 12 of the Company's 2022 Annual MD&A.

## **13. RISK FACTORS**

AutoCanada faces a number of business risks that could cause our future results to differ materially from those results disclosed in this MD&A. 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 (See Section 1, Reader Advisories and Forward-Looking Statements for 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. There may be impacts on general economic conditions, as a result of elevated inflation and/or broadening of inflationary pressures across a wide array of goods and services, higher interest rates, economic recession, the ongoing Ukrainian conflict, pandemics, and other factors, resulting in reduced demand for vehicle sales and service. When and if these economic conditions worsen or stagnate, it can have a material adverse effect on consumer demand for vehicles or service generally, demand from particular consumer categories or demand for particular vehicle types. It can also negatively impact availability of credit to finance vehicle purchases for all or certain categories of consumers. This could result in lower sales, decreased margins on units sold, and decreased profits. Worsening or stagnating economic conditions can also have a material adverse effect on the supply of late-model used vehicles, as automotive manufacturers produce fewer new vehicles and consumers retain their current vehicles for longer periods of time. This could result in increased costs to acquire used vehicle inventory and decreased margins on units sold. Any significant change or deterioration in economic conditions could have a material adverse effect on AutoCanada's business, financial condition, results of operations, cash flows or prospects

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 Annual Information Form that is available on the SEDAR website at [www.sedarplus.ca](http://www.sedarplus.ca).

# 14. 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 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 17 Segmented Operating Results Data for additional information
- U.S. Operations segment: See Section 17 Segmented Operating Results Data for additional information
- Consolidated basis
- Same store basis: See Section 18 Same Store Results Data for additional information

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, free cash flow, gross lease adjusted indebtedness, gross lease adjusted leverage ratio, normalized operating expenses before depreciation and normalized operating expenses before depreciation as a percentage of gross profit 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.

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);
- Non-cash charges (such as impairment, recoveries, gains or losses on 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 settlement income).

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

### **Adjusted EBITDA Margin**

Adjusted EBITDA margin is an indicator of a company's operating performance specifically in relation to our revenue performance.

The Company believes adjusted EBITDA margin, 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.

### **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 certain 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 certain capital expenditures (not including growth capital expenditures, acquisitions of dealerships and dealership facilities). Refer to Section 10 for further details.

### **Gross Lease Adjusted Leverage Ratio**

Gross lease adjusted leverage ratio is a measure used by management to evaluate the leverage of the Company.

The Company believes this measure provides more meaningful analysis as this measure is used by the credit rating agency utilize for their analysis. Gross lease adjusted leverage ratio is calculated as gross lease adjusted indebtedness divided by Adjusted EBITDA on a TTM basis.

### **Normalized Operating Expenses Before Depreciation**

Normalized operating expenses before depreciation is an indicator of a company's operating expense before depreciation over a period of time, normalized for the following items:

- Transaction costs related to acquisitions, dispositions, and open points; and
- Share-based compensation expense.

The Company believes normalized operating expenses before depreciation provides a comparison of our operating expense normalized for impacts that are not indicative of the Company's operating expenses over time. Note the current definition of normalized operating expenses before depreciation differs from previous definitions.

### **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 normalized operating expenses before depreciation over a period of time in relation to gross profit.

The Company believes normalized operating expenses before depreciation as a percentage of gross profit provides a comparison of our operating performance normalized for impacts that are not indicative of the Company's operating expenses over time.

### **Capital Management Measures**

We define gross lease adjusted indebtedness, a capital management measure below:

#### **Gross Lease Adjusted Indebtedness**

Gross lease adjusted indebtedness is used by management to evaluate the leverage of the Company.

Gross lease adjusted indebtedness is calculated as total indebtedness, which is net of unamortized deferred financing costs, adjusted for embedded derivative, plus lease liabilities. (under IFRS 16).

### **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 2020.

### **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 revolver facility, and less revolver balance drawn.

### **New Fleet Vehicles**

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

### **New Retail Gross Profit Per Retail Unit**

New retail gross profit per retail unit is new retail vehicle (excluding fleet vehicles) gross profit divided by new retail vehicles sold by the Company.

### **New Retail Vehicles**

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

### **New Vehicle Inventory Days of Supply**

Average ending balance of prior quarter and current quarter new vehicle and demo vehicle inventory divided by current quarter new and demo vehicle cost of sales, multiplying the total by days in the quarter.

### **Operating Expenses Before Depreciation**

Operating expenses before depreciation is operating expenses less depreciation.

### **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 and Collision Repair Orders ("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.

### **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 new retail, used retail, and fleet vehicles (excluding wholesale vehicles) sold by the Company.

### **Used Retail Gross Profit Per Retail Unit**

Used retail gross profit per retail unit is used retail vehicle (excluding wholesale vehicles) gross profit divided by used retail vehicles sold by the Company.

### **Used Retail Vehicles**

Used retail vehicles represents used retail vehicles (excluding wholesale 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 Vehicle Inventory Days of Supply**

Average ending balance of prior quarter and current quarter used vehicle inventory divided by current quarter used vehicle cost of sales, multiplying the total by days in the quarter.

### **Used Wholesale Vehicles**

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



# 15. NON-GAAP AND OTHER FINANCIAL MEASURE RECONCILIATIONS

## Adjusted EBITDA and Segmented Adjusted EBITDA

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

	Three-Months Ended June 30, 2023			Three-Months Ended June 30, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
<b>Period from April 1 to June 30</b>						
Net income (loss) for the period	45,655	(427)	45,228	31,938	7,120	39,058
Add back:						
Income tax expense	14,949	—	14,949	9,454	231	9,685
Depreciation of property and equipment	5,655	511	6,166	4,609	468	5,077
Depreciation of right of use assets	7,622	733	8,355	6,858	703	7,561
Interest on long-term indebtedness	8,030	3,226	11,256	5,831	779	6,610
Lease liability interest	7,479	857	8,336	6,130	816	6,946
	89,390	4,900	94,290	64,820	10,117	74,937
Add back:						
Unrealized fair value changes in derivative instruments	(1,068)	—	(1,068)	(182)	—	(182)
Amortization of loss on terminated hedges	817	—	817	817	—	817
Unrealized foreign exchange losses	117	—	117	84	—	84
Gain on disposal of assets	(101)	—	(101)	(95)	—	(95)
<b>Adjusted EBITDA</b>	<b>89,155</b>	<b>4,900</b>	<b>94,055</b>	<b>65,444</b>	<b>10,117</b>	<b>75,561</b>



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

	<b>Six-Months Ended June 30, 2023</b>			<b>Six-Months Ended June 30, 2022</b>		
	<b>Canada</b>	<b>U.S.</b>	<b>Total</b>	<b>Canada</b>	<b>U.S.</b>	<b>Total</b>
<b>Period from January 1 to June 30</b>						
Net income (loss) for the period	58,083	(4,471)	53,612	30,932	12,448	43,380
Add back:						
Income tax expense	18,376	—	18,376	8,777	445	9,222
Depreciation of property and equipment	10,799	990	11,789	8,991	826	9,817
Depreciation of right of use assets	14,987	1,472	16,459	13,617	1,375	14,992
Interest on long-term indebtedness	14,953	5,716	20,669	11,618	2,150	13,768
Lease liability interest	14,504	1,655	16,159	12,622	1,696	14,318
	131,702	5,362	137,064	86,557	18,940	105,497
Add back:						
Loss on extinguishment of debt	1,382	—	1,382	9,860	—	9,860
Unrealized fair value changes in derivative instruments	(1,075)	—	(1,075)	(7,977)	—	(7,977)
Amortization of loss on terminated hedges	1,634	—	1,634	1,634	—	1,634
Unrealized foreign exchange losses (gains)	184	—	184	(184)	—	(184)
Loss on extinguishment of embedded derivative	—	—	—	29,306	—	29,306
Gain on disposal of assets	(106)	—	(106)	(379)	—	(379)
<b>Adjusted EBITDA</b>	<b>133,721</b>	<b>5,362</b>	<b>139,083</b>	<b>118,817</b>	<b>18,940</b>	<b>137,757</b>

#### 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:

	<b>2023</b>	<b>2022</b>
<b>Period from April 1 to June 30</b>		
Adjusted EBITDA	94,055	75,561
Revenue	1,756,262	1,686,026
<b>Adjusted EBITDA Margin</b>	<b>5.4%</b>	<b>4.5%</b>

#### Free Cash Flow

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

	<b>Q2 2023</b>	<b>Q1 2023</b>	<b>Q4 2022</b>	<b>Q3 2022</b>	<b>Q2 2022</b>	<b>Q1 2022</b>	<b>Q4 2021</b>	<b>Q3 2021</b>
Cash provided by operating activities	55,005	53,354	38,099	37,662	64,935	7,279	10,153	13,721
<b>Deduct:</b>								
Purchase of non-growth capital expenditures	(5,889)	(3,494)	(5,922)	(2,343)	(1,617)	(1,427)	(2,550)	(1,349)
<b>Free cash flow</b>	<b>49,116</b>	<b>49,860</b>	<b>32,177</b>	<b>35,319</b>	<b>63,318</b>	<b>5,852</b>	<b>7,603</b>	<b>12,372</b>
<b>Free cash flow - TTM</b>	<b>166,472</b>	<b>180,674</b>	<b>136,666</b>	<b>112,092</b>	<b>89,145</b>	<b>93,630</b>	<b>107,169</b>	<b>118,806</b>

### Gross Lease Adjusted Indebtedness and Gross Lease Adjusted Leverage Ratio Reconciliation

The following table illustrates the Company's gross lease adjusted indebtedness and gross lease adjusted leverage ratio as at June 30, 2023 and December 31, 2022:

	June 30, 2023 \$	December 31, 2022 \$
Revolving term facility - Credit facility	143,679	178,588
\$350 Million Notes	344,952	344,502
Non-recourse mortgages and other debt	31,622	32,038
<b>Total indebtedness</b>	<b>520,253</b>	<b>555,128</b>
Add:		
Lease liabilities	491,226	484,877
<b>Gross lease adjusted indebtedness</b>	<b>1,011,479</b>	<b>1,040,005</b>
Adjusted EBITDA - trailing twelve months	266,126	264,800
<b>Gross lease adjusted leverage ratio</b>	<b>3.80x</b>	<b>3.93x</b>

### Normalized Operating Expenses Before Depreciation and Normalized Operating Expenses Before Depreciation as a Percentage of Gross Profit

The following table illustrates segmented normalized operating expenses before depreciation and 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, 2023			Three-Months Ended June 30, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
<b>Operating expenses before depreciation</b>	181,334	33,161	214,495	167,532	32,539	200,071
<b>Normalizing Items:</b>						
Add back:						
Acquisition-related costs	(625)	—	(625)	(1,389)	—	(1,389)
Share-based compensation expense	(1,076)	—	(1,076)	(1,153)	—	(1,153)
<b>Normalized operating expenses before depreciation</b>	<b>179,633</b>	<b>33,161</b>	<b>212,794</b>	<b>164,990</b>	<b>32,539</b>	<b>197,529</b>
Gross profit	279,457	39,281	318,738	236,357	42,921	279,278
<b>Normalized operating expenses before depreciation as a percentage of gross profit</b>	<b>64.3%</b>	<b>84.4%</b>	<b>66.8%</b>	<b>69.8%</b>	<b>75.8%</b>	<b>70.7%</b>

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

	Six-Months Ended June 30, 2023			Six-Months Ended June 30, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
<b>Operating expenses before depreciation</b>	346,221	66,148	412,369	318,943	62,603	381,546
<b>Normalizing Items:</b>						
Add back:						
Acquisition-related costs	(2,177)	—	(2,177)	(1,989)	(13)	(2,002)
Share based compensation expense	(2,937)	—	(2,937)	(2,370)	—	(2,370)
<b>Normalized operating expenses before depreciation</b>	<b>341,107</b>	<b>66,148</b>	<b>407,255</b>	<b>314,584</b>	<b>62,590</b>	<b>377,174</b>
Gross profit	499,830	73,890	573,720	444,750	81,867	526,617
<b>Normalized operating expenses before depreciation as a percentage of gross profit</b>	<b>68.2%</b>	<b>89.5%</b>	<b>71.0%</b>	<b>70.7%</b>	<b>76.5%</b>	<b>71.6%</b>

## 16. 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 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021 REVISED
<b>Income Statement Data <sup>5</sup></b>								
New vehicles <sup>6</sup>	706,350	568,596	508,008	557,492	583,870	511,195	467,085	498,142
Used vehicles <sup>6</sup>	739,916	703,499	626,397	807,236	840,998	595,514	524,043	518,791
Parts, service and collision repair <sup>6</sup>	204,968	178,748	168,544	161,805	160,307	152,009	136,800	116,953
Finance, insurance and other <sup>6</sup>	105,028	88,483	85,257	97,416	100,851	83,720	67,854	72,868
<b>Revenue</b>	<b>1,756,262</b>	<b>1,539,326</b>	<b>1,388,206</b>	<b>1,623,949</b>	<b>1,686,026</b>	<b>1,342,438</b>	<b>1,195,782</b>	<b>1,206,754</b>
New vehicles <sup>6</sup>	62,324	47,484	48,218	58,760	58,950	53,384	50,632	46,525
Used vehicles <sup>6</sup>	47,035	30,312	17,775	32,627	34,125	36,772	38,118	39,669
Parts, service and collision repair <sup>6</sup>	110,961	93,876	95,661	88,707	90,713	78,431	75,917	64,748
Finance, insurance and other <sup>6</sup>	98,418	83,310	80,968	93,540	95,490	78,752	63,847	69,250
<b>Gross Profit</b>	<b>318,738</b>	<b>254,982</b>	<b>242,622</b>	<b>273,634</b>	<b>279,278</b>	<b>247,339</b>	<b>228,514</b>	<b>220,192</b>
Gross profit percentage	18.1%	16.6%	17.5%	16.8%	16.6%	18.4%	19.1%	18.2%
Operating expenses	229,016	211,601	197,397	207,266	212,709	193,646	170,008	159,880
Operating expenses as a % of gross profit	71.9%	83.0%	81.4%	75.7%	76.2%	78.3%	74.4%	72.6%
Net income	45,228	8,384	14,810	32,870	39,058	4,322	69,398	38,769
Diluted net income per share attributable to AutoCanada shareholders	1.75	0.32	0.52	1.16	1.33	0.10	2.38	1.27
Adjusted EBITDA <sup>3</sup>	94,055	45,028	50,669	76,374	75,561	62,196	65,873	68,265
<b>Operating Data <sup>5</sup></b>								
New retail vehicles sold <sup>4</sup>	11,257	8,771	8,100	9,186	9,878	9,052	8,204	9,255
Used retail vehicles sold <sup>4</sup>	17,222	15,290	14,418	17,381	17,740	14,072	11,893	13,831
# of service and collision repair orders completed <sup>4</sup>	289,726	241,087	263,796	241,907	261,671	221,632	232,373	199,870
# of dealerships at period end <sup>1</sup>	87	86	86	85	82	80	80	68
# of same store dealerships <sup>1,2</sup>	50	50	49	49	49	49	49	49
# of service bays at period end	1,355	1,354	1,367	1,331	1,322	1,293	1,303	1,108
Same store revenue growth <sup>2</sup>	(1.8)%	11.7%	2.2%	17.6%	14.2%	17.2%	14.1%	15.0%
Same store gross profit growth <sup>2</sup>	6.9%	(2.2)%	(5.7)%	8.7%	10.3%	23.2%	29.4%	18.6%

<sup>1</sup> Dealerships is defined as franchised automobile dealerships and Used Digital Division dealerships (including used vehicle dealerships and used vehicle auction business).

<sup>2</sup> Same store revenue growth and same store gross profit growth is calculated using dealerships that we have owned for at least two full years. Same store growth is in comparison with the same quarter in the prior year.

<sup>3</sup> This financial measure has been calculated as described under Section 14, Non-GAAP and Other Financial Measures.

<sup>4</sup> This number includes 100% of vehicles and service and collision repair orders sold by these dealerships in which we have less than 100% investment.

<sup>5</sup> Results from operations 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. Disruptions or fluctuations to the seasonal nature of the Company's operations may have been impacted by timing of acquisitions and COVID-19.

<sup>6</sup> 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 Q3 2021 amounts. This reclassification had no impact on total gross profit.

# 17. 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, 2023 and June 30, 2022.

	Three-Months Ended June 30, 2023			Three-Months Ended June 30, 2022		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
New vehicles	626,759	79,591	706,350	507,326	76,544	583,870
Used vehicles	650,897	89,019	739,916	709,237	131,761	840,998
Parts, service and collision repair	179,037	25,931	204,968	138,876	21,431	160,307
Finance, insurance and other	91,922	13,106	105,028	82,458	18,393	100,851
<b>Total revenue</b>	<b>1,548,615</b>	<b>207,647</b>	<b>1,756,262</b>	<b>1,437,897</b>	<b>248,129</b>	<b>1,686,026</b>
New vehicles	56,297	6,027	62,324	48,284	10,666	58,950
Used vehicles	41,282	5,753	47,035	32,624	1,501	34,125
Parts, service and collision repair	96,452	14,509	110,961	78,248	12,465	90,713
Finance, insurance and other	85,426	12,992	98,418	77,201	18,289	95,490
<b>Total gross profit</b>	<b>279,457</b>	<b>39,281</b>	<b>318,738</b>	<b>236,357</b>	<b>42,921</b>	<b>279,278</b>
Employee costs	124,068	22,000	146,068	116,765	22,845	139,610
Administrative costs	55,307	11,023	66,330	49,703	9,576	59,279
Expected credit losses on trade and other receivables	437	138	575	374	118	492
Facility lease and storage costs	1,522	—	1,522	690	—	690
Depreciation of property and equipment	5,655	511	6,166	4,609	468	5,077
Depreciation of right-of-use assets	7,622	733	8,355	6,858	703	7,561
<b>Total operating expenses</b>	<b>194,611</b>	<b>34,405</b>	<b>229,016</b>	<b>178,999</b>	<b>33,710</b>	<b>212,709</b>
<b>Operating profit before other income</b>	<b>84,846</b>	<b>4,876</b>	<b>89,722</b>	<b>57,358</b>	<b>9,211</b>	<b>66,569</b>
<b>Operating data</b>						
New retail vehicles sold <sup>1</sup>	9,894	1,363	11,257	8,560	1,318	9,878
New fleet vehicles sold <sup>1</sup>	599	—	599	497	—	497
Total new vehicles sold <sup>1</sup>	10,493	1,363	11,856	9,057	1,318	10,375
Used retail vehicles sold <sup>1</sup>	15,161	2,061	17,222	14,491	3,249	17,740
Total vehicles sold <sup>1</sup>	25,654	3,424	29,078	23,548	4,567	28,115
# of service and collision repair orders completed <sup>1</sup>	250,657	39,069	289,726	224,568	37,103	261,671
# of dealerships at period end	69	18	87	64	18	82
# of service bays at period end	1,125	230	1,355	1,104	218	1,322

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

The following table shows the segmented operating results for the Company for the six-month periods ended June 30, 2023 and June 30, 2022.

	Six-Months Ended June 30, 2023			Six-Months Ended June 30, 2022		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
New vehicles	1,123,945	151,001	1,274,946	938,740	156,325	1,095,065
Used vehicles	1,261,704	181,711	1,443,415	1,205,849	230,663	1,436,512
Parts, service and collision repair	334,381	49,335	383,716	272,817	39,499	312,316
Finance, insurance and other	168,840	24,671	193,511	151,529	33,042	184,571
<b>Total revenue</b>	<b>2,888,870</b>	<b>406,718</b>	<b>3,295,588</b>	<b>2,568,935</b>	<b>459,529</b>	<b>3,028,464</b>
New vehicles	97,914	11,894	109,808	89,038	23,296	112,334
Used vehicles	65,742	11,605	77,347	67,241	3,656	70,897
Parts, service and collision repair	178,835	26,002	204,837	147,019	22,125	169,144
Finance, insurance and other	157,339	24,389	181,728	141,452	32,790	174,242
<b>Total gross profit</b>	<b>499,830</b>	<b>73,890</b>	<b>573,720</b>	<b>444,750</b>	<b>81,867</b>	<b>526,617</b>
Employee costs	234,181	43,976	278,157	220,903	43,930	264,833
Government assistance	—	—	—	(264)	—	(264)
Administrative costs	108,765	21,952	130,717	95,842	18,417	114,259
Expected credit losses on trade and other receivables	699	220	919	811	256	1,067
Facility lease and storage costs	2,576	—	2,576	1,651	—	1,651
Depreciation of property and equipment	10,799	990	11,789	8,991	826	9,817
Depreciation of right-of-use assets	14,987	1,472	16,459	13,617	1,375	14,992
<b>Total operating expenses</b>	<b>372,007</b>	<b>68,610</b>	<b>440,617</b>	<b>341,551</b>	<b>64,804</b>	<b>406,355</b>
<b>Operating profit before other income</b>	<b>127,823</b>	<b>5,280</b>	<b>133,103</b>	<b>103,199</b>	<b>17,063</b>	<b>120,262</b>
<b>Operating data</b>						
New retail vehicles sold <sup>1</sup>	17,497	2,531	20,028	16,180	2,750	18,930
New fleet vehicles sold <sup>1</sup>	1,334	—	1,334	787	—	787
Total new vehicles sold <sup>1</sup>	18,831	2,531	21,362	16,967	2,750	19,717
Used retail vehicles sold <sup>1</sup>	28,267	4,245	32,512	25,948	5,864	31,812
Total vehicles sold <sup>1</sup>	47,098	6,776	53,874	42,915	8,614	51,529
# of service and collision repair orders completed <sup>1</sup>	456,320	74,493	530,813	412,961	70,342	483,303
# of dealerships at period end	69	18	87	64	18	82
# of service bays at period end	1,125	230	1,355	1,104	218	1,322

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

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, 2023 and June 30, 2022.

	Three-Months Ended June 30, 2023			Three-Months Ended June 30, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
<b>Operating expenses as a % of gross profit</b>						
Employee costs	44.4%	56.0%	45.8%	49.4%	53.2%	50.0%
Expected credit losses on trade & other receivables	0.2%	0.4%	0.2%	0.2%	0.3%	0.2%
Administrative costs - Variable	15.6%	21.5%	16.4%	16.6%	17.7%	17.0%
Total variable expenses	60.2%	77.9%	62.4%	66.2%	71.2%	67.2%
Administrative costs - Fixed	4.2%	6.5%	4.5%	4.3%	4.6%	4.3%
Facility lease and storage costs	0.5%	—%	0.5%	0.3%	—%	0.2%
Fixed expenses before depreciation	4.7%	6.5%	5.0%	4.6%	4.6%	4.5%
Operating expenses before depreciation	64.9%	84.4%	67.4%	70.8%	75.8%	71.7%
Depreciation of property and equipment	2.0%	1.3%	1.9%	2.0%	1.1%	1.8%
Depreciation of right-of-use assets	2.7%	1.9%	2.6%	2.9%	1.6%	2.7%
Total fixed expenses	9.4%	9.7%	9.5%	9.5%	7.3%	9.0%
<b>Total operating expenses</b>	<b>69.6%</b>	<b>87.6%</b>	<b>71.9%</b>	<b>75.7%</b>	<b>78.5%</b>	<b>76.2%</b>
	Six-Months Ended June 30, 2023			Six-Months Ended June 30, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
<b>Operating expenses as a % of gross profit</b>						
Employee costs	46.9%	59.5%	48.5%	49.7%	53.7%	50.3%
Government assistance	—%	—%	—%	(0.1)%	—%	(0.1)%
Expected credit losses on trade & other receivables	0.1%	0.3%	0.2%	0.2%	0.3%	0.2%
Administrative costs - Variable	16.9%	22.5%	17.6%	16.7%	17.4%	17.0%
Total variable expenses	63.9%	82.3%	66.3%	66.5%	71.4%	67.4%
Administrative costs - Fixed	4.8%	7.3%	5.1%	4.8%	5.1%	4.8%
Facility lease and storage costs	0.5%	—%	0.4%	0.4%	—%	0.3%
Fixed expenses before depreciation	5.3%	7.3%	5.5%	5.2%	5.1%	5.1%
Operating expenses before depreciation	69.2%	89.6%	71.8%	71.7%	76.5%	72.5%
Depreciation of property and equipment	2.2%	1.3%	2.1%	2.0%	1.0%	1.9%
Depreciation of right-of-use assets	3.0%	2.0%	2.9%	3.1%	1.7%	2.8%
Total fixed expenses	10.5%	10.6%	10.5%	10.3%	7.8%	9.8%
<b>Total operating expenses</b>	<b>74.4%</b>	<b>92.9%</b>	<b>76.8%</b>	<b>76.8%</b>	<b>79.2%</b>	<b>77.2%</b>

## 18. SAME STORE RESULTS DATA

Same store is defined as a Canadian franchised automobile dealership, stand-alone collision centres, RightRide location, and Used Digital Division location that has been owned for at least two full years since acquisition. The location is then included in the quarter thereafter, for same store analysis. The Company believes that it takes two years for an acquired location or Open Point to achieve normal operating results.

### Number of Same Store by Province

The following table summarizes the number of same store for the three-month period ended June 30, 2023 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
Used Digital	—	—	—	—	1	—	—	1
Collision centres	—	—	—	—	—	1	—	1
<b>Total</b>	10	21	5	5	10	5	2	58

### Same Store Revenue and Vehicles Sold

	Three-Months Ended June 30			Six-Months Ended June 30		
	2023	2022	% Change	2023	2022	% Change
<b>Revenue source</b>						
New vehicles - retail	455,954	420,215	8.5%	828,679	787,619	5.2%
New vehicles - fleet	42,840	23,649	81.1%	98,396	36,240	171.5%
<b>Total new vehicles</b>	498,794	443,864	12.4%	927,075	823,859	12.5%
Used vehicles - retail	388,709	454,978	(14.6)%	750,040	807,340	(7.1)%
Used vehicles - wholesale <sup>1</sup>	124,407	158,858	(21.7)%	263,498	245,533	7.3%
<b>Total used vehicles</b>	513,116	613,836	(16.4)%	1,013,538	1,052,873	(3.7)%
Parts, service and collision repair	135,286	114,840	17.8%	255,096	231,084	10.4%
Finance, insurance and other	76,948	73,445	4.8%	142,768	136,148	4.9%
<b>Total</b>	1,224,144	1,245,985	(1.8)%	2,338,477	2,243,964	4.2%
New retail vehicles sold (units)	7,442	7,139	4.2%	13,691	13,522	1.2%
New fleet vehicles sold (units)	507	440	15.2%	1,193	704	69.5%
Total new vehicles sold (units)	7,949	7,579	4.9%	14,884	14,226	4.6%
Used retail vehicles sold (units)	11,605	12,129	(4.3)%	21,848	22,075	(1.0)%
<b>Total vehicles sold (units)</b>	19,554	19,708	(0.8)%	36,732	36,301	1.2%
Total vehicles retailed (units)	19,047	19,268	(1.1)%	35,539	35,597	(0.2)%

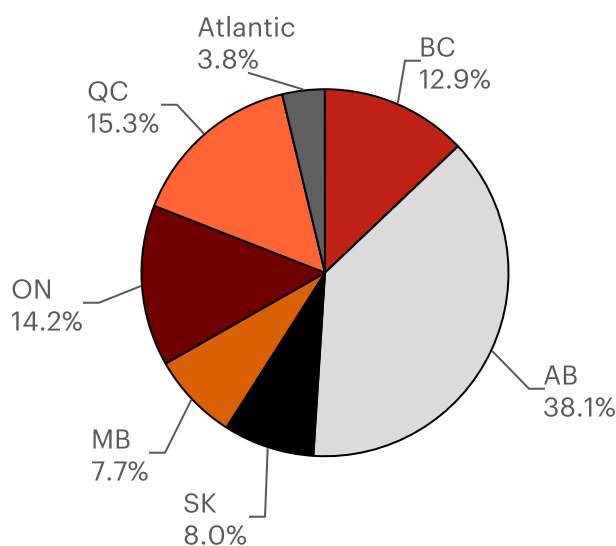
<sup>1</sup> See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.



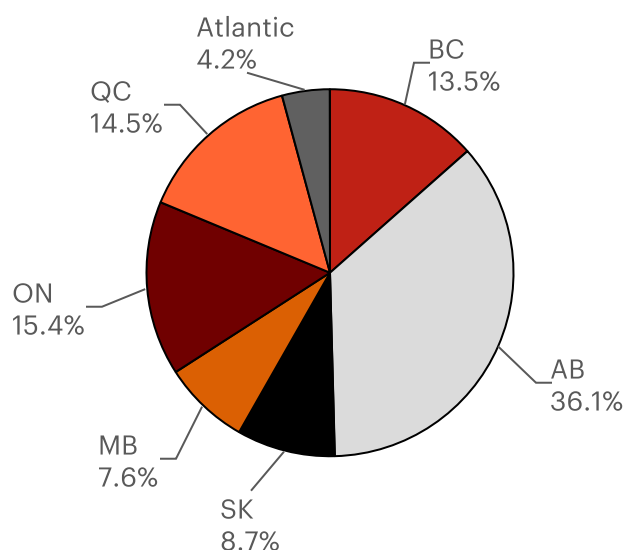
The following table and pie charts summarize same store total revenue for the three-month periods and six-month periods ended June 30 by province:

	Three-Months Ended June 30			Six-Months Ended June 30		
	2023	2022	% Change	2023	2022	% Change
British Columbia	158,010	168,015	(6.0)%	312,750	321,881	(2.8)%
Alberta	466,581	449,948	3.7%	895,310	832,087	7.6%
Saskatchewan	98,034	107,794	(9.1)%	193,872	193,590	0.1%
Manitoba	94,735	95,316	(0.6)%	182,051	168,580	8.0%
Ontario	173,557	191,561	(9.4)%	326,907	329,662	(0.8)%
Quebec	187,293	180,878	3.5%	340,638	304,776	11.8%
Atlantic	45,934	52,473	(12.5)%	86,949	93,388	(6.9)%
<b>Total</b>	<b>1,224,144</b>	<b>1,245,985</b>	<b>(1.8)%</b>	<b>2,338,477</b>	<b>2,243,964</b>	<b>4.2%</b>

Three-month period ended June 30, 2023



Three-month period ended June 30, 2022



### Same Store Gross Profit and Gross Profit Percentage

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

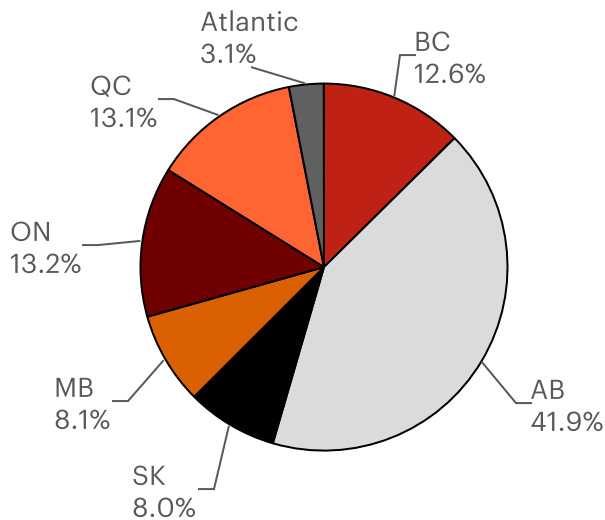
	Three-Months Ended June 30				
	Gross Profit			Gross Profit %	
	2023	2022	% Change	2023	2022
<b>Revenue source</b>					
New vehicles - retail	43,496	43,058	1.0%	9.5%	10.2%
New vehicles - fleet	371	851	(56.4)%	0.9%	3.6%
<b>Total new vehicles</b>	<b>43,867</b>	<b>43,909</b>	<b>(0.1)%</b>	<b>8.8%</b>	<b>9.9%</b>
Used vehicles - retail	25,683	24,258	5.9%	6.6%	5.3%
Used vehicles - wholesale	4,677	3,393	37.8%	3.8%	2.1%
<b>Total used vehicles</b>	<b>30,360</b>	<b>27,651</b>	<b>9.8%</b>	<b>5.9%</b>	<b>4.5%</b>
Parts, service and collision repair	73,687	64,734	13.8%	54.5%	56.4%
Finance, insurance and other	71,848	69,225	3.8%	93.4%	94.3%
<b>Total</b>	<b>219,762</b>	<b>205,519</b>	<b>6.9%</b>	<b>18.0%</b>	<b>16.5%</b>

Revenue source	Six-Months Ended June 30				
	Gross Profit			Gross Profit %	
	2023	2022	% Change	2023	2022
New vehicles - retail	78,196	80,034	(2.3)%	9.4%	10.2%
New vehicles - fleet	806	1,154	(30.2)%	0.8%	3.2%
<b>Total new vehicles</b>	<b>79,002</b>	<b>81,188</b>	<b>(2.7)%</b>	<b>8.5%</b>	<b>9.9%</b>
Used vehicles - retail	35,778	49,234	(27.3)%	4.8%	6.1%
Used vehicles - wholesale	14,521	7,342	97.8%	5.5%	3.0%
<b>Total used vehicles</b>	<b>50,299</b>	<b>56,576</b>	<b>(11.1)%</b>	<b>5.0%</b>	<b>5.4%</b>
Parts, service and collision repair	138,384	125,181	10.5%	54.2%	54.2%
Finance, insurance and other	133,514	128,051	4.3%	93.5%	94.1%
<b>Total</b>	<b>401,199</b>	<b>390,996</b>	<b>2.6%</b>	<b>17.2%</b>	<b>17.4%</b>

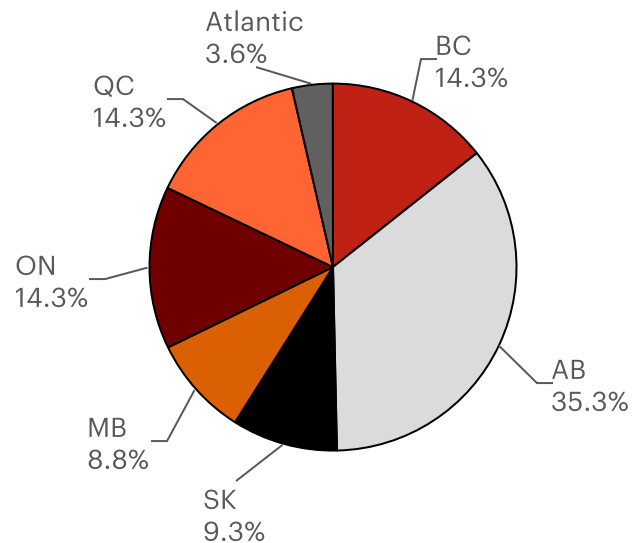
The following table and pie charts summarize same store gross profit for the three-month periods and six-month periods ended June 30 by Province:

	Three-Months Ended June 30			Six-Months Ended June 30		
	2023	2022	% Change	2023	2022	% Change
British Columbia	27,683	29,459	(6.0)%	51,305	59,108	(13.2)%
Alberta	92,118	72,626	26.8%	170,748	142,697	19.7%
Saskatchewan	17,582	19,099	(7.9)%	34,046	35,713	(4.7)%
Manitoba	17,885	18,145	(1.4)%	31,437	33,283	(5.5)%
Ontario	29,063	29,421	(1.2)%	52,573	53,502	(1.7)%
Quebec	28,689	29,393	(2.4)%	48,574	52,401	(7.3)%
Atlantic	6,742	7,376	(8.6)%	12,516	14,292	(12.4)%
<b>Total</b>	<b>219,762</b>	<b>205,519</b>	<b>6.9%</b>	<b>401,199</b>	<b>390,996</b>	<b>2.6%</b>

Three-month period ended June 30, 2023



Three-month period ended June 30, 2022



## 19. LIST OF OPERATIONS

The following table sets forth the wholly-owned franchised automobile dealerships ("Wholly-Owned"), majority-owned franchised automobile dealerships ("Majority-Owned"), Used Digital Division operating entities ("Used Digital"), stand-alone collision centres ("Collision Centre"), and stand-alone RightRide operating locations ("RightRide") currently, organized by date added to the Company.

Year Added	Opened or Acquired	Same Store <sup>1,5</sup>	Operating Division	Operating Name	Location	Owned or Leased <sup>2</sup>
1994	Acquired	Y	Wholly-Owned	Crosstown Chrysler Dodge Jeep Ram	Edmonton, AB	Leased
1998	Acquired	Y	Wholly-Owned	Ponoka Chrysler Dodge Jeep Ram	Ponoka, AB	Owned
1998	Acquired	Y	Wholly-Owned	Grande Prairie Chrysler Dodge Jeep Ram	Grande Prairie, AB	Leased
1998	Acquired	Y	Wholly-Owned	Grande Prairie Subaru	Grande Prairie, AB	Owned
2001	Acquired	Y	Wholly-Owned	Moncton Chrysler Dodge Jeep Ram	Moncton, NB	Owned
2002	Acquired	Y	Wholly-Owned	Northland Chrysler Dodge Jeep Ram	Prince George, BC	Owned
2003	Acquired	Y	Wholly-Owned	Okanagan Chrysler Dodge Jeep Ram	Kelowna, BC	Leased
2003	Acquired	Y	Wholly-Owned	Capital Chrysler Dodge Jeep Ram	Edmonton, AB	Leased
2005	Acquired	Y	Wholly-Owned	Northland Hyundai	Prince George, BC	Owned
2005	Acquired	Y	Wholly-Owned	Maple Ridge Chrysler Dodge Jeep Ram & Fraser Valley Alfa Romeo	Maple Ridge, BC	Leased
2005	Opened	Y	Wholly-Owned	Grande Prairie Hyundai	Grande Prairie, AB	Leased
2006	Acquired	Y	Wholly-Owned	Dartmouth Chrysler Dodge Jeep Ram	Dartmouth, NS	Leased
2006	Opened	Y	Wholly-Owned	Sherwood Park Hyundai	Sherwood Park, AB	Owned
2007	Acquired	Y	Wholly-Owned	Grande Prairie Nissan	Grande Prairie, AB	Leased
2007	Opened	Y	Wholly-Owned	Northland Nissan	Prince George, BC	Owned
2008	Acquired	Y	Wholly-Owned	Maple Ridge Volkswagen	Maple Ridge, BC	Owned
2008	Acquired	Y	Wholly-Owned	Cambridge Hyundai	Cambridge, ON	Owned
2010	Acquired	Y	Wholly-Owned	401 Dixie Hyundai	Mississauga, ON	Leased
2011	Acquired	Y	Wholly-Owned	Abbotsford Volkswagen	Abbotsford, BC	Leased
2011	Acquired	Y	Wholly-Owned	Chilliwack Volkswagen	Chilliwack, BC	Leased
2013	Acquired	Y	Wholly-Owned	Grande Prairie Volkswagen	Grande Prairie, AB	Owned
2013	Acquired	Y	Majority-Owned	Island Chevrolet Buick GMC	Duncan, BC	Leased
2013	Acquired	Y	Wholly-Owned	Audi Winnipeg	Winnipeg, MB	Leased
2013	Acquired	Y	Wholly-Owned	St. James Volkswagen	Winnipeg, MB	Leased
2013	Acquired	Y	Wholly-Owned	Courtesy Chrysler Dodge Jeep Ram	Calgary, AB	Leased
2013	Acquired	Y	Wholly-Owned	Eastern Chrysler Dodge Jeep Ram	Winnipeg, MB	Owned
2014	Acquired	Y	Majority-Owned	Mann-Northway Auto Source	Prince Albert, SK	Leased
2014	Acquired	Y	Majority-Owned	Saskatoon Motor Products	Saskatoon, SK	Leased
2014	Acquired	Y	Majority-Owned	McNaught Cadillac Buick GMC	Winnipeg, MB	Leased
2014	Acquired	Y	Majority-Owned	BMW Montréal Centre and MINI Montréal Centre	Montréal, QC	Leased
2014	Acquired	Y	Wholly-Owned	Dodge City Chrysler Dodge Jeep Ram	Saskatoon, SK	Leased
2014	Acquired	Y	Wholly-Owned	Crowfoot Hyundai	Calgary, AB	Leased
2014	Acquired	Y	Wholly-Owned	Northland Volkswagen	Calgary, AB	Leased
2014	Acquired	Y	Wholly-Owned	Fish Creek Nissan	Calgary, AB	Leased
2014	Acquired	Y	Wholly-Owned	Hyatt Infiniti	Calgary, AB	Leased
2014	Acquired	Y	Wholly-Owned	Tower Chrysler Dodge Jeep Ram	Calgary, AB	Leased
2014	Acquired	Y	Majority-Owned	Bridges Chevrolet Buick GMC	North Battleford, SK	Owned
2014	Acquired	Y	Majority-Owned	BMW Laval and MINI Laval	Laval, QC	Leased
2015	Acquired	Y	Wholly-Owned	Airdrie Chrysler Dodge Jeep Ram	Airdrie, AB	Leased
2015	Acquired	Y	Wholly-Owned	Parkland Chrysler Dodge Jeep Ram	Spruce Grove, AB	Leased
2015	Acquired	Y	Wholly-Owned	Hunt Club Nissan	Ottawa, ON	Leased

<b>Year Added</b>	<b>Opened or Acquired</b>	<b>Same Store<sup>1,5</sup></b>	<b>Operating Division</b>	<b>Operating Name</b>	<b>Location</b>	<b>Owned or Leased<sup>2</sup></b>
2015	Acquired	Y	Wholly-Owned	417 Nissan	Ottawa, ON	Leased
2016	Acquired	Y	Wholly-Owned	Wellington Motors	Guelph, ON	Leased
2016	Acquired	Y	Wholly-Owned	Guelph Hyundai	Guelph, ON	Leased
2017	Opened	Y	Wholly-Owned	Sherwood Park Volkswagen	Sherwood Park, AB	Leased
2017	Acquired	Y	Wholly-Owned	Mercedes-Benz Rive-Sud	Montréal, QC	Leased
2017	Acquired	Y	Majority-Owned	Planète Mazda	Montréal, QC	Leased
2018	Acquired	Y	Wholly-Owned	Toyota of Lincoln Park	Chicago, IL	Leased
2018	Acquired	Y	Wholly-Owned	North City Honda	Chicago, IL	Leased
2018	Acquired	Y	Wholly-Owned	Hyundai of Lincolnwood	Lincolnwood, IL	Leased
2018	Acquired	Y	Wholly-Owned	Toyota of Lincolnwood	Lincolnwood, IL	Leased
2018	Acquired	Y	Wholly-Owned	Bloomington/Normal Auto Mall <sup>3</sup>	Bloomington/ Normal, IL	Leased
2018	Acquired	Y	Wholly-Owned	Hyundai of Palatine	Palatine, IL	Leased
2018	Acquired	Y	Wholly-Owned	Chevrolet of Palatine	Palatine, IL	Leased
2018	Acquired	Y	Wholly-Owned	Kia of Lincolnwood	Lincolnwood, IL	Leased
2018	Acquired	Y	Wholly-Owned	Mercedes-Benz Heritage Valley	Edmonton, AB	Leased
2018	Acquired	Y	Wholly-Owned	Rose City Ford	Windsor, ON	Leased
2019	Opened	Y	RightRide	RightRide Saskatoon	Saskatoon, SK	Leased
2020	Acquired	Y	Collision Centre	Auto Bugatti	Montréal, QC	Leased
2020	Acquired	Y	Wholly-Owned	Autohaus of Peoria <sup>4</sup>	Peoria, IL	Leased
2020	Acquired	Y	Used Digital	Haldimand Motors	Cayuga, ON	Leased
2020	Opened	Y	RightRide	RightRide Edmonton West	Edmonton, AB	Leased
2020	Opened	Y	RightRide	RightRide Winnipeg	Winnipeg, MB	Leased
2020	Opened	Y	RightRide	RightRide Calgary South	Calgary, AB	Leased
2021	Opened	Y	RightRide	RightRide Guelph	Guelph, ON	Leased
2021	Opened	Y	RightRide	RightRide Kelowna	Kelowna, BC	Leased
2021	Opened	Y	RightRide	RightRide Ottawa	Ottawa, ON	Leased
2021	Acquired	Q3 2023	Collision Centre	PG Classic Autobody	Prince George, BC	Leased
2021	Acquired	Q4 2023	Used Digital	Mark Wilson's Better Used Cars	Guelph, ON	Leased
2021	Acquired	Q4 2023	Collision Centre	Autolux MB Collision	Montréal, QC	Leased
2021	Acquired	Q1 2024	Collision Centre	Airdrie Autobody	Airdrie, AB	Leased
2021	Acquired	Q1 2024	Wholly-Owned	Crystal Lake Chrysler Dodge Jeep Ram	Crystal Lake, IL	Owned
2021	Acquired	Q1 2024	Wholly-Owned	Brantford Honda	Brantford, ON	Leased
2021	Acquired	Q1 2024	Wholly-Owned	Guelph Kia	Guelph, ON	Leased
2021	Acquired	Q1 2024	Wholly-Owned	Acura of Hamilton	Hamilton, ON	Leased
2021	Acquired	Q1 2024	Wholly-Owned	Kia of Hamilton	Hamilton, ON	Leased
2021	Acquired	Q1 2024	Wholly-Owned	Plaza Nissan	Hamilton, ON	Leased
2021	Acquired	Q1 2024	Wholly-Owned	Subaru of Hamilton	Hamilton, ON	Leased
2021	Acquired	Q1 2024	Wholly-Owned	London Honda	London, ON	Leased
2021	Acquired	Q1 2024	Wholly-Owned	London Kia	London, ON	Leased
2021	Acquired	Q1 2024	Wholly-Owned	South London Nissan	London, ON	Leased
2021	Acquired	Q1 2024	Wholly-Owned	London Infiniti	London, ON	Leased
2021	Acquired	Q1 2024	Wholly-Owned	Waterloo Honda	Waterloo, ON	Leased
2022	Acquired	Q3 2024	Wholly-Owned	Porsche Centre London	London, ON	Owned
2022	Acquired	Q3 2024	Wholly-Owned	Audi Windsor	Windsor, ON	Owned
2022	Acquired	Q3 2024	Collision Centre	Burwell Autobody	London, ON	Owned
2022	Opened	Q3 2024	RightRide	RightRide Hamilton	Hamilton, ON	Leased
2022	Opened	Q4 2024	RightRide	RightRide St. Catharines	St. Catharines, ON	Leased
2022	Opened	Q4 2024	RightRide	RightRide Moncton	Moncton, NB	Owned

<b>Year Added</b>	<b>Opened or Acquired</b>	<b>Same Store<sup>1,5</sup></b>	<b>Operating Division</b>	<b>Operating Name</b>	<b>Location</b>	<b>Owned or Leased<sup>2</sup></b>
2022	Acquired	Q4 2024	Wholly-Owned	Kelleher Ford	Brandon, MB	Owned
2022	Acquired	Q4 2024	Collision Centre	Velocity Autobody	Markham, ON	Leased
2022	Opened	Q4 2024	RightRide	RightRide Calgary North	Calgary, AB	Leased
2022	Acquired	Q4 2024	Used Digital	Auto Gallery of Winnipeg	Winnipeg, MB	Owned
2022	Acquired	Q4 2024	Used Digital	North Toronto Auction	Innisfil, ON	Leased
2022	Acquired	Q1 2025	Collision Centre	Kavia Autobody	Saskatoon, SK	Leased
2022	Acquired	Q1 2025	Collision Centre	Excellence Auto Collision Silver Star	Scarborough, ON	Leased
2022	Acquired	Q1 2025	Collision Centre	Excellence Auto Collision Midwest	Toronto, ON	Leased
2022	Acquired	Q1 2025	Wholly-Owned	Sterling Honda	Hamilton, ON	Leased
2023	Acquired	Q2 2025	Collision Centre	DCCHail	Calgary, AB	Leased
2023	Acquired	Q3 2025	Majority-Owned	Premier Chevrolet Cadillac Buick GMC	Windsor, ON	Leased
2023	Acquired	Q3 2025	Collision Centre	London Auto Collision	London, ON	Leased
2023	Opened	Q3 2025	RightRide	RightRide Edmonton North	Edmonton, AB	Leased

1. Same store (indicated with the letter "Y" in the table above) means the franchised automobile dealership, used digital operating entity, and stand-alone collision centre has been owned for at least two full years since opening or acquisition. The operating location is then considered in the quarter, thereafter, as same store. If the operating location is not indicated with the letter "Y", the indicated quarter is the first quarter in which the operating location will be included for same store analysis. For same store analysis purposes, we have only considered Canadian operating locations.
2. This column summarizes whether the location 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.
5. The first seven stand-alone RightRide operating locations were considered same store as soon as they opened. For later stand-alone RightRide operating locations, they will be considered same store 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.



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