AutoCanada

Second Quarter

Management Discussion & Analysis

autocan.ca

2024

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

For the three-month and six-month periods ended June 30, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

1. READER ADVISORIES AND FORWARD-LOOKING STATEMENTS

This Management's Discussion & Analysis ("MD&A") was prepared as of August 13, 2024, 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, 2024, and significant trends that may affect AutoCanada's future performance. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes of AutoCanada as at and for the three-month period and six-month period ended June 30, 2024 (the "Interim Financial Statements"), the audited annual consolidated financial statements and accompanying notes of AutoCanada as at and for the year ended December 31, 2023 (the "Annual Financial Statements"), and the MD&A for the year ended December 31, 2023. The Interim Financial Statements have been prepared in accordance with IFRS Accounting Standards (as issued by the International Accounting Standards Board) applicable to preparation of interim financial statements under International Accounting Standard 34, *Interim Financial Reporting*. The Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards are referred to as 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 13, 2024.

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, 2024 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, 2023.

This MD&A also makes reference to certain non-GAAP measures ("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 section 13 Non-GAAP and Other Financial Measures.

Same store metrics include dealerships and related businesses which have been owned for at least one full year since acquisition or opening and as a result comparisons to prior year results may be impacted by acquisitions. Refer to Section 5 Acquisitions, Divestitures, and Other Recent Developments and Section 17 Same Store Results Data for further details.

Additional information regarding the Company, including the Annual Information Form for the year ended December 31, 2023 (the "AIF") is available on SEDAR at www.sedarplus.ca and the Company's website at www.autocan.ca.

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 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 AIF. The AIF and other documents filed with securities regulatory authorities (accessible through the SEDAR website 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 the 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 67 franchised dealerships in Canada, comprised of 25 brands, in 8 provinces. AutoCanada currently sells Acura, Alfa Romeo, Audi, BMW, Buick, Cadillac, Chevrolet, Chrysler, Dodge, FIAT, Ford, GMC, Honda, Hyundai, Infiniti, Jeep, Kia, Mazda, Mercedes-Benz, MINI, Nissan, Porsche, Ram, Subaru, and Volkswagen 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, 13 RightRide division locations, and 11 stand-alone collision centres within our group of 27 collision centres ("Collision Centres"). In 2023, our Canadian dealerships sold approximately 89,600 new and used retail vehicles. In addition, our Collision Centres offer an opportunity for the Company to retain customers at every touchpoint within the automotive ecosystem.

AutoCanada's U.S. Operations segment, operating as Leader Automotive Group ("Leader"), currently operates 18 franchised dealerships comprised of 16 brands, in Illinois, USA. Leader currently sells Audi, Chevrolet, Chrysler, Dodge, Honda, Hyundai, Jeep, Kia, Lincoln, Mercedes-Benz, Porsche, Ram, Subaru, Toyota, Volkswagen, and Volvo branded vehicles. In 2023, our U.S. dealerships sold approximately 13,800 new and used retail vehicles.

Seasonality

The Company’s results from operations for the three-month period and six-month period ended June 30, 2024 are not necessarily indicative of the results that may be expected for the full fiscal year due to seasonal variations in sales levels. The Company’s operating results and financial performance have historically been lower in the first and fourth quarters than during the second and third quarters of each year. The timing of acquisitions and divestitures may also cause substantial fluctuations in operating results from quarter to quarter.

2024 Second Quarter Key Highlights and Recent Developments

All comparisons presented below are between the three-month periods ended June 30, 2024 and June 30, 2023, unless otherwise indicated.

AutoCanada Key Highlights

- Revenue was $1,601.0 million as compared to $1,756.3 million in the prior year, a decrease of (8.8)%
- Net (loss) income for the period was $(33.1) million, including an $(11.3) million impairment of non-financial assets in the current quarter and a write off of $(13.2) million of deferred tax assets relating to U.S. Operations, as compared to $45.2 million in the prior year, a decrease of $(78.3) million
- Diluted (loss) earnings per share was $(1.47) as compared to $1.75 in the prior year
- Adjusted EBITDA[1] was $27.0 million versus $94.1 million in the prior year, a decrease of $(67.0) million

SECOND QUARTER RESULTS

	Three-Months Ended June 30		
Consolidated Financial Results	**2024**	**2023**	**% Change**
Revenue	1,600,979	1,756,262	(8.8)%
Same store revenue	1,544,234	1,719,030	(10.2)%
Gross profit	249,676	318,738	(21.7)%
Gross profit percentage [2]	15.6%	18.1%	(2.5) ppts
Operating expenses	221,875	229,016	(3.1)%
Net (loss) income	(33,074)	45,228	(173.1)%
Basic net (loss) income per share attributable to AutoCanada shareholders	(1.47)	1.81	(181.2)%
Diluted net (loss) income per share attributable to AutoCanada shareholders	(1.47)	1.75	(184.0)%
Adjusted EBITDA	26,970	94,055	(71.3)%
Adjusted EBITDA margin [1]	1.7%	5.4%	(3.7) ppts
New retail vehicles sold (units) [2]	10,809	11,257	(4.0)%
Used retail vehicles sold (units) [2]	15,225	17,222	(11.6)%
New vehicle gross profit per retail unit [2]	4,682	5,489	(14.7)%
Used vehicle gross profit per retail unit [2]	543	2,396	(77.3)%
Parts and service ("P&S") gross profit	93,302	95,920	(2.7)%
Collision repair ("Collision") gross profit	16,122	15,041	7.2%
Finance, insurance and other ("F&I") gross profit per retail unit average [2]	3,181	3,456	(8.0)%
Operating expenses before depreciation [2]	206,604	214,371	(3.6)%
Operating expenses before depreciation as a % of gross profit [2]	82.7%	67.3%	15.5 ppts
Floorplan financing expense	20,012	15,517	29.0%

AutoCanada was negatively impacted by a cyber incident with CDK Global ("CDK"), our dealer management system ("DMS"). CDK is used across our dealership operations and supports many aspects critical to our business, including the management of our sales, parts and service, inventory, business development, and accounting functions.

The CDK outage started on June 19, 2024, and officially ended on July 1, 2024 ("CDK Outage"). The recovery, validation, and cleanup process for CDK to be "back to normal" was not fully completed until end of July 2024.

Once we became aware of the CDK outage, we immediately enacted measures to safeguard our system and data environments. We also performed a thorough assessment of the potential impact to our operations and enacted a plan to ensure business continuity. We subsequently fortified our internal security measures and increased our threat detection efforts.

While our dealership operations were able to transition to a manual dealership operating process, our Q2 2024 results were ultimately negatively impacted by lost sales of new and used vehicles and related F&I deals, lost service repair orders[2], and other one-time incremental costs to support the business.

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[1] *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of these Non-GAAP Measures.*

[2] *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of these supplementary financial measures.*

Consolidated revenue decreased due to the CDK Outage and weaker performance across new vehicle, used vehicle, P&S, and F&I operations, partially offset by positive contributions from collision operations and recent acquisitions.

Consolidated gross profit decreased due to the CDK Outage and weaker performance across new vehicle, used vehicle, P&S and F&I operations, resulting in lower new and used retail vehicle sales and lower contributions from F&I, an increase in the used vehicle inventory provision to adjust for current market conditions in Canada and the U.S., partially offset by positive contributions from collision operations and recent acquisitions.

Operating expenses before depreciation declined due to lower employee costs as a result of weaker sales resulting from the CDK Outage, and management's restructuring of variable pay plans in 2024, partially offset by one-time management transition costs.

Floorplan financing expenses increased as a result of higher interest rates and rising new inventory levels partially offset by lower used vehicle inventory levels.

Net loss for the period resulted from lower gross profits for the reasons stated above, impairment of U.S. non-financial assets in the current quarter, write off of U.S. recognized deferred tax assets, and higher floorplan financing expenses, partially offset by gains from the sale of a property completed during the quarter.

Adjusted EBITDA for the period and adjusted EBITDA margin decreased primarily as a result of lower gross profits (as discussed above) combined with higher floorplan financing expenses.

Canadian Operations Highlights

	Three-Months Ended June 30		
Canadian Financial Results	**2024**	**2023**	**% Change**
Revenue	1,409,829	1,548,615	(9.0)%
Gross profit	223,832	279,457	(19.9)%
Gross profit percentage	15.9%	18.0%	(2.1) ppts
Operating expenses	191,487	194,611	(1.6)%
Net income	2,430	45,655	(94.7)%
Adjusted EBITDA	32,386	89,155	(63.7)%
Adjusted EBITDA margin	2.3%	5.8%	(3.5) ppts
New retail vehicles sold (units)	9,311	9,894	(5.9)%
Used retail vehicles sold (units)	13,363	15,161	(11.9)%
Used-to-new retail units ratio [3]	1.44	1.53	(5.9)%
New vehicle gross profit per retail unit	4,823	5,636	(14.4)%
Used vehicle gross profit per retail unit	853	2,390	(64.3)%
P&S gross profit	78,231	81,411	(3.9)%
Collision gross profit	16,122	15,041	7.2%
F&I gross profit per retail unit average	3,240	3,410	(5.0)%

Revenue and gross profit decreased due to the CDK Outage and also weaker performance across new vehicle, used vehicle, and P&S operations, partially offset by positive contributions from collision operations and recent acquisitions, and an increase in the used vehicle inventory provision taken in the current quarter. Customers prioritized the purchase of lower priced vehicles and are stretching out vehicle servicing needs due to the current high cost of living environment. Growth in collision gross profit was largely driven by strong customer demand and increased production capacity.

Used vehicle gross profit per retail unit decreased due to the softening of the used vehicle market and noted increased used vehicle inventory provision.

Excluding the impact of the CDK Outage on reducing total retail units sold, F&I performance remained relatively consistent with the prior year, as F&I gross profit per retail unit average decreased slightly as compared to prior year. Current high interest rate environment has shifted payment mix towards more cash and lease, and away from more profitable finance deals. This negative pressure has been offset with higher product penetrations on each transaction.

Adjusted EBITDA declined due to the reasons stated above combined with higher floorplan financing expenses.

Refer to Section 5 Acquisitions, Divestitures, and Other Recent Developments for acquisitions included in the Q2 2024 results.

[3] *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of these supplementary financial measures.*

Same Store Metrics - Canadian Operations Highlights

Same store metrics include operations that have been owned for at least one full year since acquisition. As there have been no acquisitions or divestitures in the U.S. Operations in the past 13 months, U.S. Operations are all same store. Therefore, the table below discloses same store metrics on a Canadian Operations basis only.

	Three-Months Ended June 30		
Same Store - Canadian Operations Financial Results	**2024**	**2023**	**% Change**
Revenue	1,353,084	1,511,383	(10.5)%
Gross profit	216,366	272,628	(20.6)%
Gross profit percentage	16.0%	18.0%	(2.0) ppts
New retail vehicles sold (units)	8,800	9,554	(7.9)%
Used retail vehicles sold (units)	12,971	14,878	(12.8)%
Used-to-new retail units ratio	1.47	1.56	(5.8)%
New vehicle gross profit per retail unit	4,825	5,635	(14.4)%
Used vehicle gross profit per retail unit	829	2,377	(65.1)%
P&S gross profit	75,604	79,743	(5.2)%
Collision gross profit	15,538	14,699	5.7%
F&I gross profit per retail unit average	3,281	3,448	(4.8)%

For Canadian Operations, same store results make up 96.0% of revenue and 96.7% of gross profit in the current quarter. Refer to Section 17 Same Store Results Data for further information.

Revenue and gross profit decreased primarily as a result of a reduction in both used retail vehicles sold and average selling price per used vehicle[4], an increase to the used vehicle inventory provision taken in the current quarter, weaker performance across new vehicle, and P&S operations, partially offset by collision operations. Used vehicle performance was negatively impacted by market dynamics including sourcing optimal used vehicle inventory and consumers moving to lower priced vehicles. The lower average selling price per used vehicle reflects consumers preference for lower priced vehicles in the current high interest rate environment.

New vehicle gross profit per retail unit declined reflecting higher sales of lower priced vehicles compared to last year. Used vehicle gross profit per retail unit decreased reflecting the continued softening of the used vehicle market, noted increased used vehicle inventory provision, and a lower average selling price per used vehicle. The increase in collision gross profit was largely driven by strong customer demand and increased production capacity. The decrease in F&I gross profit per retail unit average reflects lower retail sales volumes and higher non-dealer financed transactions, partially offset by higher product penetration on each transaction.

U.S. Operations Highlights

	Three-Months Ended June 30		
U.S. Financial Results	**2024**	**2023**	**% Change**
Revenue	191,150	207,647	(7.9)%
Gross profit	25,844	39,281	(34.2)%
Gross profit percentage	13.5%	18.9%	(5.4) ppts
Operating expenses	30,388	34,405	(11.7)%
Net loss	(35,504)	(427)	(8,214.8)%
Adjusted EBITDA	(5,416)	4,900	(210.5)%
Adjusted EBITDA margin	(2.8)%	2.4%	(5.2) ppts
New retail vehicles sold (units)	1,498	1,363	9.9%
Used retail vehicles sold (units)	1,862	2,061	(9.7)%
Used-to-new retail units ratio	1.24	1.51	(17.9)%
New vehicle gross profit per retail unit	3,805	4,420	(13.9)%
Used vehicle gross profit per retail unit	(1,685)	2,435	(169.2)%
P&S gross profit	15,071	14,509	3.9%
F&I gross profit per retail unit average	2,780	3,794	(26.7)%

Revenue and gross profit declined due to lower used retail vehicle sales, including an increase in the used vehicle inventory provision taken in the current quarter, and lower F&I performance, partially offset by contributions from new retail vehicle sales. Used vehicle performance was negatively impacted by market dynamics that made sourcing

[4] *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

optimal used vehicle inventory more challenging. P&S gross profit increased due to the successful implementation of various initiatives to improve operational effectiveness.

Net income decrease includes $(11.3) million impairment of non-financial assets and write off of $(13.2) million of deferred tax assets in the current quarter.

Adjusted EBITDA declined due to lower used vehicle gross profits and higher floorplan financing costs, partially offset by higher P&S gross profit.

Collision Operations Highlights

	Three-Months Ended June 30		
Collision Financial Results	**2024**	**2023**	**% Change**
Revenue	30,563	26,943	13.4%
Gross profit	16,122	15,041	7.2%
Gross profit percentage	52.8%	55.8%	(3.0) ppts
Adjusted EBITDA	3,065	5,431	(43.6)%
Same store revenue	29,605	26,232	12.9%
Same store gross profit	15,538	14,699	5.7%
Same store gross profit percentage	52.5%	56.0%	(3.5) ppts

Collision revenue and gross profit increased reflecting contributions from increased production capacity, re-negotiation of vendor agreements to reduce cost, strong customer demand supported by increased Original Equipment Manufacturers ("OEM") certifications and insurance referrals, and increased demand for paintless dent repair attributable to an increase in hail activity as compared to the prior year.

Collision gross profit percentage decreased due to an increase in labour cost and change in sales mix as a result of increased lower margin paintless dent repair work.

Same store revenue and gross profit increased, and same store gross profit percentage decreased for the reasons noted.

Adjusted EBITDA decreased largely due to increased operating expenses, particularly employee costs and administrative costs, as a function of the operational growth and recent acquisitions.

Other Recent Developments

During the quarter:

- For the period from April 1, 2024 to June 30, 2024, under the previously announced normal course issuer bid ("NCIB") and automatic share purchase plan ("ASPP"), the Company has repurchased and cancelled 264,554 common shares for an average price of $21.96 and total cash consideration of approximately $5.8 million.
- On April 22, 2024, the Company entered into the fourth amended and restated credit agreement ("New Credit Facility") with the existing lending syndicate. The New Credit Facility included the following:
    - Extend the maturity date to April 22, 2027 to maintain a three-year term;
    - Creation of a new $25.0 million capital expenditure term facility, and a corresponding $25.0 million accordion facility, to support the anticipated leasehold spending in the coming quarters;
    - Total aggregate bank facilities increased from $1.610 billion to $1.635 billion, with no changes to the revolving, wholesale flooring, and wholesale leasing facilities;
    - Administrative enhancements to the Company's ability to floor more used vehicles; and
    - Transition from Canadian Dollar Offered Rate ("CDOR") to Canadian Overnight Repo Rate Average ("CORRA").
- On May 1, 2024, the Company completed the sale of specific land and building in Alberta for cash consideration of $10.0 million plus closing adjustments resulting in a gain of $3.4 million. The land and buildings were presented as held for sale in the Interim Financial Statements.
- On June 24, 2024, the Company acquired substantially all of the assets of Nurse Chevrolet Cadillac Dealership and Collision Centre in Oshawa, Ontario. The acquisition supports management's strategic objectives of further expanding the Company's automobile dealership presence and collision centre capacity in the province of Ontario.
- On June 28, 2024, due to noted CDK Outage, the Company amended the New Credit Facility to increase Total Net Funded Debt to Bank EBITDA Ratio covenant requirement from 4.00 to 4.50 for the period June 28, 2024 to September 29, 2024.

After the quarter:

- On July 30, 2024, S&P Global Ratings ("S&P") issued a research update where the Company's Credit Rating was reaffirmed at 'B+' and outlook was revised from 'Stable' to' Negative'.
- For the period from July 1 to August 13, 2024, the Company repurchased and cancelled 109,100 shares for an average price of $18.99 under its NCIB and ASPP for consideration of $2.1 million.
- On August 13, 2024, the Company announced that it identified a cybersecurity incident on August 11, 2024 that has impacted its internal IT systems. Immediately upon detecting the incident, the Company took action to safeguard its network and data.

  As the investigation is ongoing, the full scope, nature and impact of the incident, including the extent to which any customer, supplier or employee data has been accessed is not yet known. Although our business operations remain open at this time, the incident may result in disruptions until the relevant systems are fully restored.

3. MARKET AND OUTLOOK

Macro-economic factors observed in recent quarters, including a softening Canadian economy, inflated vehicle prices and interest rate hikes of recent years, are expected to continue to be headwinds in the near term. Alongside these challenges, elevated national inventory of new light vehicles from key brands in our dealership operations, and a constrained supply of quality, affordable used vehicles are anticipated to create operating conditions in the third quarter of 2024 similar to those in the second quarter.

In response to these challenging market conditions, AutoCanada is intensifying its focus on enhancing its core dealership operations and accelerating strategic initiatives aimed at improving profitability, reducing leverage, and adapting to the evolving market landscape.

In the second quarter of 2024, AutoCanada engaged Bain & Company, Inc. ("Bain") for a comprehensive review of the business, the development of a transformational roadmap, and execution support to unlock the Company's full potential. Additionally, management has suspended all mergers and acquisitions ("M&A") and capital return initiatives, imposed a freeze on discretionary spending and hiring, and is actively exploring strategic alternatives for non-core and underperforming assets.

While these measures may introduce some volatility during the realignment of operations and resources, management is committed to executing strategic priorities promptly to stabilize operations, reduce leverage, enhance profitability, and position the Company for sustainable long-term growth. Management will continue to work with its banking partners as the Company navigates the coming quarters.

4. RESULTS OF OPERATIONS

Second Quarter Operating Results

The Company's Q2 2024 results were negatively impacted by the CDK Outage, and resulting lost sales and other one-time incremental costs to support the business. The CDK Outage negatively impacted all aspects of the business and should be taken into consideration for the analysis noted in Section 4.

Revenues, Gross Profit and Gross Profit Percentages

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

	Three-Months Ended June 30			
	2024 $	**2023 $**	**Change $**	**Change %**
New vehicles	694,019	706,350	(12,331)	(1.7)%
Used vehicles	624,085	739,916	(115,831)	(15.7)%
Parts and service	162,447	178,025	(15,578)	(8.8)%
Collision repair	30,563	26,943	3,620	13.4%
Finance, insurance and other	89,865	105,028	(15,163)	(14.4)%
Total revenue	1,600,979	1,756,262	(155,283)	(8.8)%
New vehicles	51,098	62,324	(11,226)	(18.0)%
Used vehicles	6,347	47,035	(40,688)	(86.5)%
Parts and service	93,302	95,920	(2,618)	(2.7)%
Collision repair	16,122	15,041	1,081	7.2%
Finance, insurance and other	82,807	98,418	(15,611)	(15.9)%
Total gross profit	249,676	318,738	(69,062)	(21.7)%

	Six-Months Ended June 30			
	2024 $	**2023 $**	**Change $**	**Change %**
New vehicles	1,274,521	1,274,946	(425)	—%
Used vehicles	1,197,796	1,443,415	(245,619)	(17.0)%
Parts and service	317,076	329,022	(11,946)	(3.6)%
Collision repair	63,164	54,694	8,470	15.5%
Finance, insurance and other	169,350	193,511	(24,161)	(12.5)%
Total revenue	3,021,907	3,295,588	(273,681)	(8.3)%
New vehicles	96,712	109,808	(13,096)	(11.9)%
Used vehicles	18,425	77,347	(58,922)	(76.2)%
Parts and service	176,560	179,151	(2,591)	(1.4)%
Collision repair	30,426	25,686	4,740	18.5%
Finance, insurance and other	156,880	181,728	(24,848)	(13.7)%
Total gross profit	479,003	573,720	(94,717)	(16.5)%

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

	Three-Months Ended June 30			Six-Months Ended June 30		
	2024	**2023**	**Change ppts**	**2024**	**2023**	**Change ppts**
New vehicles	7.4%	8.8%	(1.4)	7.6 %	8.6 %	(1.0)
Used vehicles	1.0%	6.4%	(5.4)	1.5 %	5.4 %	(3.9)
Parts and service	57.4%	53.9%	3.5	55.7 %	54.4 %	1.3
Collision repair	52.8%	55.8%	(3.0)	48.2 %	47.0 %	1.2
Finance, insurance and other	92.1%	93.7%	(1.6)	92.6 %	93.9 %	(1.3)
Total gross profit percentage	15.6%	18.1%	(2.5)	15.9 %	17.4 %	(1.5)

New vehicles

For the three-month period ended June 30, 2024

The following table summarizes the financial metrics for the three-month period ended June 30, 2024 and changes compared to the three-month period ended June 30, 2023.

	Three-Months Ended June 30, 2024			Change		
New Vehicle Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	603,172	90,847	694,019	(3.8)%	14.1%	(1.7)%
Gross profit	45,526	5,572	51,098	(19.1)%	(7.5)%	(18.0)%
Gross profit percentage (%)	7.5%	6.1%	7.4%	(1.5) ppts	(1.5) ppts	(1.4) ppts
New retail vehicles sold (units)	9,311	1,498	10,809	(5.9)%	9.9%	(4.0)%
New vehicle gross profit per retail unit ($)	4,823	3,805	4,682	(14.4)%	(13.9)%	(14.7)%
New Vehicle Inventory days of supply (days)[1]	103	80	99	24	26	24
Average selling price per new vehicle ($)[1]	61,946	60,646	61,773	3.7%	3.9%	3.7%
Same store revenue	571,432	90,847	662,279	(5.9)%	14.1%	(3.6)%
Same store gross profit	43,085	5,572	48,657	(20.8)%	(7.5)%	(19.4)%
Same store gross profit percentage (%)	7.5%	6.1%	7.3%	(1.4) ppts	(1.5) ppts	(1.5) ppts
Same store new retail vehicles sold (units)	8,800	1,498	10,298	(7.9)%	9.9%	(5.7)%

1. *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of these supplementary financial measures.*

Consolidated Operations

New vehicle operations was impacted by the noted CDK Outage. New vehicle revenue decreased due to lower new retail and fleet[5] vehicle sales, partially offset by higher average selling prices as new vehicle inventory levels normalize. Gross profit and gross profit percentage decreased as a result of change in sales mix to lower priced units. New vehicle inventory levels continue to recover with new vehicle inventory days of supply increasing to 99 days during the quarter (2023 - 76 days).

Canadian Operations and Same Store Results

Canadian Operations and same store revenue and gross profit decreased for the reasons stated above.

U.S. Operations

Revenue increased due to higher retail sales volumes and higher average selling prices, which are normalizing with rising new vehicle inventory levels. Gross profit decreased as a result of no longer selling above Manufacturer's Suggested Retail Price ("MSRP"), as a result of noted normalizing new vehicle inventory levels, as compared to the prior year.

For the six-month period ended June 30, 2024

The following table summarizes the financial metrics for the six-month period ended June 30, 2024 and changes compared to the six-month period ended June 30, 2023.

	Six-Months Ended June 30, 2024			Change		
New Vehicle Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	1,101,648	172,873	1,274,521	(2.0)%	14.5%	—%
Gross profit	85,896	10,816	96,712	(12.3)%	(9.1)%	(11.9)%
Gross profit percentage (%)	7.8%	6.3%	7.6%	(0.9) ppts	(1.6) ppts	(1.0) ppts
New retail vehicles sold (units)	17,220	2,876	20,096	(1.6)%	13.6%	0.3%
New vehicle gross profit per retail unit ($)	4,916	3,853	4,764	(11.1)%	(18.0)%	(12.1)%
Average selling price per new vehicle ($)	60,774	60,109	60,683	1.8%	0.8%	1.7%
Same store revenue	1,047,969	172,873	1,220,842	(4.6)%	14.5%	(2.3)%
Same store gross profit	81,578	10,816	92,394	(14.6)%	(9.1)%	(14.0)%
Same store gross profit percentage (%)	7.8%	6.3%	7.6%	(0.9) ppts	(1.6) ppts	(1.0) ppts
Same store new retail vehicles sold (units)	16,335	2,876	19,211	(4.0)%	13.6%	(1.7)%

5 *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

Consolidated Operations

New vehicle operations was impacted by the noted CDK Outage. New vehicle revenues remained flat due to higher retail sales volume in U.S., partially offset by lower new retail and fleet sales volumes in Canada. Gross profit and gross profit percentage decreased as a result of no longer selling above MSRP in the U.S., as a result of normalizing new vehicle inventory levels, and a change in sales mix to lower priced vehicles as compared to the prior year.

Canadian Operations and Same Store Results

Canadian Operations and same store revenue and gross profit decreased for the reasons stated above.

U.S. Operations

Revenue increased and gross profit decreased for the reasons stated above.

Used vehicles

For the three-month period ended June 30, 2024

The following table summarizes the financial metrics for the three-month period ended June 30, 2024 and changes compared to the three-month period ended June 30, 2023.

	Three-Months Ended June 30, 2024			Change		
Used Vehicle Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	558,635	65,450	624,085	(14.2)%	(26.5)%	(15.7)%
Gross profit (loss)	10,486	(4,139)	6,347	(74.6)%	(171.9)%	(86.5)%
Gross profit percentage (%)	1.9%	(6.3)%	1.0%	(4.4) ppts	(12.8) ppts	(5.4) ppts
Used retail vehicles sold (units)	13,363	1,862	15,225	(11.9)%	(9.7)%	(11.6)%
Used vehicle gross profit per retail unit ($)	853	(1,685)	543	(64.3)%	(169.2)%	(77.3)%
Used Vehicle Inventory days of supply (days)[1]	62	59	62	1	(13)	—
Average selling price per used vehicle ($)	41,805	35,150	40,991	(2.6)%	(18.6)%	(4.6)%
Same store revenue	541,292	65,450	606,742	(15.1)%	(26.5)%	(16.5)%
Same store gross profit	10,699	(4,139)	6,560	(73.0)%	(171.9)%	(85.5)%
Same store gross profit percentage (%)	2.0%	(6.3)%	1.1%	(4.2) ppts	(12.8) ppts	(5.1) ppts
Same store used retail vehicles sold (units)	12,971	1,862	14,833	(12.8)%	(9.7)%	(12.4)%

1. *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

Consolidated Operations

Used vehicle operations was impacted by the noted CDK Outage. Revenue and gross profit decreased as a result of a lower used sales volume due to limited availability of used vehicles and current softening used vehicle market, an increase in the used vehicle inventory provision recorded in the current year, and a decrease in used vehicle wholesale[6] due to the cross-border wholesale export operations benefiting from stronger used vehicle market in the prior year. In addition, lower average selling price per used vehicle reflecting consumer demand for lower priced vehicles also contributed to lower revenues and gross profits.

Used vehicle gross profit per retail unit sold decreased due to continued market pressure on used vehicle margins, corresponding with the lower average selling price per used vehicle, and the increased used vehicle inventory provision recognized in the current quarter. U.S. Operations were also negatively impacted by market dynamics that made sourcing optimal lower priced used vehicle inventory more challenging and resulted in difficulty selling higher priced inventory. Active inventory management resulted in used vehicle inventory days of supply remaining relatively flat at 62 days (2023 - 62 days). As a result limited availability of used vehicles, the used-to-new retail units ratio for the current quarter decreased from 1.53 to 1.41.

Canadian Operations and Same Store Results

Canadian Operations and same store revenues, gross profits, and gross profit percentage decreased for the reasons noted above.

U.S. Operations

Revenue, gross profit, and gross profit percentage decreased for the reasons stated above.

[6] *See Section 13 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, 2024

The following table summarizes the financial metrics for the six-month period ended June 30, 2024 and changes compared to the six-month period ended June 30, 2023.

	Six-Months Ended June 30, 2024			Change		
Used Vehicle Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	1,067,933	129,863	1,197,796	(15.4)%	(28.5)%	(17.0)%
Gross profit	23,195	(4,770)	18,425	(64.7)%	(141.1)%	(76.2)%
Gross profit percentage (%)	2.2%	(3.7)%	1.5%	(3.0) ppts	(10.1) ppts	(3.9) ppts
Used retail vehicles sold (units)	24,963	3,592	28,555	(11.7)%	(15.4)%	(12.2)%
Used vehicle gross profit per retail unit ($)	1,147	(976)	880	(41.1)%	(164.7)%	(53.4)%
Average selling price per used vehicle ($)	42,781	36,153	41,947	(4.2)%	(15.5)%	(5.5)%
Same store revenue	1,039,999	129,863	1,169,862	(16.4)%	(28.5)%	(18.0)%
Same store gross profit	24,832	(4,770)	20,062	(61.1)%	(141.1)%	(73.4)%
Same store gross profit percentage (%)	2.4%	(3.7)%	1.7 %	(2.7) ppts	(10.1) ppts	(3.6) ppts
Same store used retail vehicles sold (units)	24,292	3,592	27,884	(12.8)%	(15.4)%	(13.2)%

Consolidated Operations

Used vehicle operations was impacted by the noted CDK Outage. Revenue and gross profit decreased as a result of lower used retail and wholesale sales volumes coupled with lower average selling prices as a result of declining affordability in the current high interest rate environment. Used vehicle wholesale declined due to the cross-border wholesale export operations benefiting from fluctuating used vehicle prices in the prior year. In addition, there was an increase in the used vehicle inventory provision recorded in the current year.

Canadian Operations and Same Store Results

Canadian Operations and same store revenue and gross profit decreased for the reasons stated above.

U.S. Operations

Revenue and gross profit decreased for the reasons stated above.

Parts and service

For the three-month period ended June 30, 2024

The following table summarizes the financial metrics for the three-month period ended June 30, 2024 and changes compared to the three-month period ended June 30, 2023.

	Three-Months Ended June 30, 2024			Change		
Parts and Service Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	136,934	25,513	162,447	(10.0)%	(1.6)%	(8.8)%
Gross profit	78,231	15,071	93,302	(3.9)%	3.9%	(2.7)%
Gross profit percentage (%)	57.1%	59.1%	57.4%	3.6 ppts	3.1 ppts	3.5 ppts
Same store revenue	132,436	25,513	157,949	(11.1)%	(1.6)%	(9.7)%
Same store gross profit	75,604	15,071	90,675	(5.2)%	3.9%	(3.8)%
Same store gross profit percentage (%)	57.1%	59.1%	57.4%	3.6 ppts	3.1 ppts	3.5 ppts

Consolidated Operations

P&S operations was impacted by the noted CDK Outage. Revenue and gross profit decreased reflecting a reduction in our service repair orders. Gross profit percentage increased as a result of improving gross profit retention on a per repair order basis.

Canadian Operations and Same Store Results

Canadian Operations and same store revenue and gross profit decreased, and gross profit percentage increased for the reasons stated above.

U.S. Operations

Revenue remained relatively flat while gross profit and gross profit percentage increased due to improvements in gross profit retention as a result of various initiatives implemented in Q1 2024 taking effect.

For the six-month period ended June 30, 2024

The following table summarizes the financial metrics for the six-month period ended June 30, 2024 and changes compared to the six-month period ended June 30, 2023.

	Six-Months Ended June 30, 2024			Change		
P&S Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	267,773	49,303	317,076	(4.3)%	(0.1)%	(3.6)%
Gross profit	147,973	28,587	176,560	(3.4)%	9.9%	(1.4)%
Gross profit percentage (%)	55.3%	58.0%	55.7%	0.5 ppts	5.3 ppts	1.3 ppts
Same store revenue	259,993	49,303	309,296	(5.4)%	(0.1)%	(4.6)%
Same store gross profit	143,510	28,587	172,097	(4.7)%	9.9%	(2.5)%
Same store gross profit percentage (%)	55.2%	58.0%	55.6%	0.4 ppts	5.3 ppts	1.1 ppts

Consolidated Operations

P&S operations was impacted by the noted CDK Outage. Revenue and gross profit decreased reflecting a reduction in service repair orders. Gross profit percentage increased as a result of improving gross profit retention on a per repair order basis.

Canadian Operations and Same Store Results

Canadian Operations and same store revenue and gross profit decreased, and gross profit percentage increased for the reasons stated above.

U.S. Operations

Revenue remained relatively flat while gross profit and gross profit percentage increased due to improvements in gross profit retention as a result of various initiatives implemented in Q1 2024 taking effect.

Collision repair

For the three-month period ended June 30, 2024

The following table summarizes the financial metrics for the three-month period ended June 30, 2024 and changes compared to the three-month period ended June 30, 2023.

	Three-Months Ended June 30, 2024			Change		
Collision Repair Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	30,563	N/A	30,563	13.4%	N/A	13.4%
Gross profit	16,122	N/A	16,122	7.2%	N/A	7.2%
Gross profit percentage (%)	52.8%	N/A	52.8%	(3.0) ppts	N/A	(3.0) ppts
Same store revenue	29,605	N/A	29,605	12.9%	N/A	12.9%
Same store gross profit	15,538	N/A	15,538	5.7%	N/A	5.7%
Same store gross profit percentage (%)	52.5%	N/A	52.5%	(3.5) ppts	N/A	(3.5) ppts

Consolidated Operations and Same Store Results

Consolidated and same store revenue and gross profit increased reflecting contributions from increased production capacity, re-negotiation of vendor agreements to reduce cost, strong customer demand supported by increased OEM certifications and insurance referrals, and increased demand for paintless dent repair attributable to an increase in hail activity as compared to the prior year.

Gross profit percentage decreased due to an increase in labour cost and change in sales mix as a result of increased lower margin paintless dent repair work.

As part of Project Elevate initiatives, management has been actively negotiating vendor agreements to reduce the costs and has successfully implemented the collision playbook and training process to increase capacity and productivity during the quarter. Management continues to focus on higher margin revenue streams, such as diagnostics, calibration, and coatings, and on expanding its Apprenticeship Program through technical college partnerships, which will assist in reducing labour costs.

For the six-month period ended June 30, 2024

The following table summarizes the financial metrics for the six-month period ended June 30, 2024 and changes compared to the six-month period ended June 30, 2023.

	Six-Months Ended June 30, 2024			Change		
Collision Repair Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	63,164	N/A	63,164	15.5%	N/A	15.5%
Gross profit	30,426	N/A	30,426	18.5%	N/A	18.5%
Gross profit percentage (%)	48.2%	N/A	48.2%	1.2 ppts	N/A	1.2 ppts
Same store revenue	60,873	N/A	60,873	12.8%	N/A	12.8%
Same store gross profit	29,326	N/A	29,326	15.7%	N/A	15.7%
Same store gross profit percentage (%)	48.2%	N/A	48.2%	1.3 ppts	N/A	1.3 ppts

Consolidated Operations and Same Store Results

Consolidated and same store revenue, gross profit, and gross profit percentage increased reflecting contributions from increased production capacity and acquisitions, re-negotiation of vendor agreements to reduce cost, strong customer demand supported by increased OEM certifications and insurance referrals, and increased demand for paintless dent repair attributable to an increase in hail activity as compared to the prior year.

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, 2024

The following table summarizes the financial metrics for the three-month period ended June 30, 2024 and changes compared to the three-month period ended June 30, 2023.

	Three-Months Ended June 30, 2024			Change		
F&I Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	80,525	9,340	89,865	(12.4)%	(28.7)%	(14.4)%
Gross profit	73,467	9,340	82,807	(14.0)%	(28.1)%	(15.9)%
Gross profit percentage (%)	91.2%	100.0%	92.1%	(1.7) ppts	0.9 ppts	(1.6) ppts
F&I gross profit per retail unit average ($)	3,240	2,780	3,181	(5.0)%	(26.7)%	(8.0)%
Same store revenue	78,319	9,340	87,659	(13.7)%	(28.7)%	(15.6)%
Same store gross profit	71,440	9,340	80,780	(15.2)%	(28.1)%	(16.9)%
Same store gross profit percentage (%)	91.2%	100.0%	92.2%	(1.7) ppts	0.9 ppts	(1.4) ppts
Same store F&I gross profit per retail unit average ($)	3,281	2,780	3,214	(4.8)%	(26.7)%	(7.9)%

Consolidated Operations

F&I operations was impacted by the noted CDK Outage reducing the total retail units[7] sold. Revenue and gross profit decreased reflecting noted lower total retail vehicle sales volumes. F&I gross profit per retail unit average and gross profit percentage decreased reflecting a growing proportion of retail vehicle sales being purchased without dealer financing resulting in a higher proportion of less profitable deals.

Canadian Operations and Same Store Results

Aside from noted CDK Outage, F&I operations remained relatively consistent with the prior year. Canadian Operations and same store revenue, gross profit, and F&I gross profit per retail unit average decreased for the reasons stated above.

U.S. Operations

Revenue, gross profit, and F&I gross profit per retail unit average decreased for the reasons stated above.

[7] *See Section 13 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, 2024

The following table summarizes the financial metrics for the six-month period ended June 30, 2024 and changes compared to the six-month period ended June 30, 2023.

	Six-Months Ended June 30, 2024			Change		
F&I Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	149,590	19,760	169,350	(11.4)%	(19.9)%	(12.5)%
Gross profit	137,120	19,760	156,880	(12.9)%	(19.0)%	(13.7)%
Gross profit percentage (%)	91.7%	100.0%	92.6%	(1.5) ppts	1.1 ppts	(1.3) ppts
F&I gross profit per retail unit average ($)	3,251	3,055	3,225	(5.5)%	(15.1)%	(6.8)%
Same store revenue	146,010	19,760	165,770	(12.6)%	(19.9)%	(13.6)%
Same store gross profit	133,790	19,760	153,550	(14.0)%	(19.0)%	(14.7)%
Same store gross profit percentage (%)	91.6%	100.0%	92.6%	(1.5) ppts	1.1 ppts	(1.3) ppts
Same store F&I gross profit per retail unit average ($)	3,293	3,055	3,260	(5.0)%	(15.1)%	(6.5)%

Consolidated Operations

F&I operations was impacted by the noted CDK Outage reducing the total retail units sold. Revenue and gross profit decreased reflecting noted lower total retail vehicle sales volumes. F&I gross profit per retail unit average and gross profit percentage decreased reflecting a growing proportion of retail vehicle sales being purchased without dealer financing resulting in a higher proportion of less profitable deals.

Canadian Operations and Same Store Results

Aside from noted CDK Outage, F&I operations remained relatively consistent with the prior year. Canadian Operations and same store revenue, gross profit, and F&I gross profit per retail unit average decreased for the reasons stated above.

U.S. Operations

Revenue, gross profit, and F&I gross profit per retail unit average decreased for the reasons stated above.

Operating expenses

Operating expenses exclude floorplan financing costs, which are presented as Finance Costs. The components of operating expenses are noted below.

Employee Costs

Associated with employing staff both at dealerships and at corporate head office, and include salaries, wages, benefits, and share-based compensation expense. Dealership employees are largely commission based, making employee costs 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

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.

Facility Lease and Storage Costs

Cost of short-term ancillary and supplemental leasing arrangements that support dealership facilities.

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 lease term.

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.

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[8] indicators of operating performance and expense control. Normalized operating expenses before depreciation[8] excludes share-based compensation, transaction costs, software implementation costs, and other non-recurring costs.

The following tables summarize operating expenses, operating expenses before depreciation, and operating expenses before depreciation as a percentage of gross profit for the three-month period and six-month period ended June 30, 2024, and changes compared to the respective three-month period and six-month period ended June 30, 2023.

	Three-Months Ended June 30, 2024			Change		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Employee costs	120,623	17,545	138,168	(2.8)%	(20.3)%	(5.4)%
Administrative costs	55,529	11,469	66,998	0.6%	4.0%	1.2%
Expected credit losses on trade and other receivables	709	—	709	62.2%	(100.0)%	23.3%
Facility lease and storage costs	729	—	729	(52.1)%	N/A	(52.1)%
Depreciation and amortization [1]	13,897	1,374	15,271	3.7%	10.5%	4.3%
Operating expenses	191,487	30,388	221,875	(1.6)%	(11.7)%	(3.1)%
Less: Depreciation and amortization [1]	(13,897)	(1,374)	(15,271)	(3.7)%	(10.5)%	(4.3)%
Operating expenses before depreciation	177,590	29,014	206,604	(2.0)%	(12.5)%	(3.6)%
Operating expenses before depreciation as a percentage of gross profit (%)	79.3%	112.3%	82.7%	14.5 ppts	27.8 ppts	15.5 ppts

	Six-Months Ended June 30, 2024			Change		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Employee costs	229,877	35,812	265,689	(1.8)%	(18.6)%	(4.5)%
Administrative costs	110,312	23,487	133,799	1.7%	7.0%	2.6%
Expected credit losses on trade and other receivables	1,600	—	1,600	128.9%	(100.0)%	74.1%
Facility lease and storage costs	2,192	—	2,192	(14.9)%	N/A	(14.9)%
Depreciation and amortization [1]	27,562	2,697	30,259	5.9%	9.5%	6.2%
Operating expenses	371,543	61,996	433,539	(0.1)%	(9.6)%	(1.6)%
Less: Depreciation and amortization [1]	(27,562)	(2,697)	(30,259)	(5.9)%	(9.5)%	(6.2)%
Operating expenses before depreciation	343,981	59,299	403,280	(0.6)%	(10.4)%	(2.1)%
Operating expenses before depreciation as a percentage of gross profit (%)	81.0%	109.0%	84.2%	11.8 ppts	19.5 ppts	12.4 ppts

1. *See Section 16 Segmented Operating Results Data for a breakdown of the types of depreciation and amortization.*

Operating Expenses

For the three-month period ended June 30, 2024

Consolidated Operations

Operating expenses was impacted by the noted CDK Outage. Operating expenses before depreciation decreased due to a reduction in variable employee costs corresponding with reduced sales and applicable commission, partially offset by one-time costs related to management transition. Operating expenses before depreciation as a percentage of gross profit increased largely due to compressed gross profit.

Canadian Operations

Operating expenses before depreciation decreased and operating expenses before depreciation as a percentage of gross profit increased for the reasons stated above.

U.S. Operations

Operating expenses before depreciation decreased and operating expenses before depreciation as a percentage of gross profit increased for the reasons stated above.

[8] *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of these Non-GAAP Measures.*

For the six-month period ended June 30, 2024

Consolidated Operations

Operating expenses was impacted by the noted CDK Outage. Operating expenses before depreciation decreased largely due to a reduction in variable employee costs corresponding with reduced sales and applicable commission, partially offset by one-time costs related to management transition. Operating expenses before depreciation as a percentage of gross profit increased largely due to compressed gross profit.

Canadian Operations

Operating expenses before depreciation decreased and operating expenses before depreciation as a percentage of gross profit increased for the reasons stated above.

U.S. Operations

Operating expenses before depreciation decreased and operating expenses before depreciation as a percentage of gross profit increased for the reasons stated above.

Net Income (Loss) and Adjusted EBITDA

See Section 14 Non-GAAP and Other Financial Measure Reconciliations for the composition of adjusted EBITDA and adjusted EBITDA margin.

For the three-month period ended June 30, 2024

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

	Three-Months Ended June 30, 2024			Three-Months Ended June 30, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Net income (loss) for the period	2,430	(35,504)	(33,074)	45,655	(427)	45,228
Adjusted EBITDA	32,386	(5,416)	26,970	89,155	4,900	94,055
Adjusted EBITDA margin	2.3%	(2.8)%	1.7%	5.8%	2.4%	5.4%

Net Income (Loss)

Net income (loss) decreased largely due to lower gross profits from new vehicles, used vehicles and F&I operations, higher floorplan costs, an increase in the used vehicle inventory provision as compared to prior year, impairment of U.S. non-financial assets recognized in the current quarter, and write off of deferred tax assets relating to U.S. Operations, partially offset by higher gross profits from collision operations, contributions from recent acquisitions, and gain from the sale of one property.

Adjusted EBITDA

Adjusted EBITDA and adjusted EBITDA margin both declined for the same reasons stated above.

For the six-month period ended June 30, 2024

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

	Six-Months Ended June 30, 2024			Six-Months Ended June 30, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Net income (loss) for the period	9,111	(44,546)	(35,435)	58,083	(4,471)	53,612
Adjusted EBITDA	58,287	(9,351)	48,936	133,721	5,362	139,083
Adjusted EBITDA margin	2.2 %	(2.5)%	1.6 %	4.6 %	1.3 %	4.2 %

Net Income (Loss)

Net income (loss) decreased largely due to lower gross profits from used vehicles and F&I operations, higher floorplan financing costs, an increase in the used vehicle inventory provision as compared to prior year, and impairment of non-financial assets recognized in the current year, and write off of deferred tax assets relating to U.S. Operations, partially offset by higher gross profits from collision operations, contributions from recent acquisitions, and gains from the sale of three properties.

Adjusted EBITDA

Adjusted EBITDA and adjusted EBITDA margin declined for the reasons stated above.

Finance costs

The Company incurs finance costs on its revolving floorplan facilities, indebtedness, lease liabilities under IFRS 16, and unrealized fair value changes on interest rate swaps.

The Company enters into interest swap agreements for the purpose of managing exposure to interest rate fluctuations. Any changes in the fair value of these instruments are recorded as finance costs as the Company has elected to not apply hedge accounting to these contracts. Current interest rate swap agreements include $177.8 million swap contracts that matures in 2025, and $125.0 million in swap contracts initially maturing in 2026 to 2027, subject to extension to 2029, which help to mitigate interest rate risk in the current high interest rate environment. For further details, refer to Note 19 in the Interim Financial Statements.

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

	Three-Months Ended June 30		Six-Months Ended June 30	
Finance Costs	**2024 $**	**2023 $**	**2024 $**	**2023 $**
Interest on long-term indebtedness	8,406	11,256	17,717	20,669
Interest on lease liabilities	8,544	8,336	16,977	16,159
Loss on extinguishment of debt	—	—	—	1,382
Unrealized fair value changes on non-hedging instruments	1,306	(984)	934	(524)
Amortization of terminated hedges	—	817	—	1,634
	18,256	**19,425**	**35,628**	**39,320**
Floorplan financing	20,012	15,517	39,629	31,214
Interest rate swap settlements	(1,469)	(2,778)	(3,025)	(3,029)
Other finance costs	241	596	1,110	1,082
	37,040	**32,760**	**73,342**	**68,587**

During the three-month period ended June 30, 2024, floorplan financing costs increased compared to prior year reflecting an increase in interest rates and higher new vehicle inventory balances, partially offset by lower used vehicle inventories.

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	
	2024 $	**2023 $**	**2024 $**	**2023 $**
Current tax	3,098	10,970	4,110	14,069
Deferred tax	13,855	3,979	11,991	4,307
Total income tax expense	**16,953**	**14,949**	**16,101**	**18,376**
Effective income tax rate	(105.2)%	24.8%	(83.3)%	25.5%
Statutory income tax rate	25.4%	25.5%	25.4%	25.5%

The change in income tax expense reflects changes to underlying earnings, unrecognized deferred tax assets, adjustments in respect of prior years, and other permanent items.

For the three-month period ended June 30, 2024, the Company has concluded it is improbable that the recognized deferred tax assets relating to the U.S. Operations will be recovered using estimated future taxable income. As a result, the Company derecognized the deferred tax asset of $13.2 million as at June 30, 2024. This estimate will be updated in future periods and may result in changes in the amount of deferred tax assets recognized based on the amount judged to be recoverable.

5. ACQUISITIONS, DIVESTITURES, AND OTHER RECENT DEVELOPMENTS

The following are a list of open points, acquisitions, divestitures, wind-downs, or other recent developments that have occurred since January 1, 2024.

Dealership Open Points

Maple Ridge GM

On March 1, 2024, the newly built open point dealership, Maple Ridge GM, commenced operations. The dealership consists of a dealership and service facility with 14 service bays and is the Company’s first GM dealership in the Metro Vancouver area.

Divestitures

Settlement of Legal Proceedings and Sale of Properties

On September 8, 2023, the Company and CanadaOne Auto Group ("COAG") agreed to resolve their legal proceedings that were commenced in 2019. As part of this resolution, AutoCanada has agreed to sell to COAG two properties on which COAG dealerships are located, and COAG has agreed to amend the leases for two AutoCanada dealerships located on properties owned by COAG.

On February 1, 2024, the Company completed the sale of two land and building parcels in British Columbia and Alberta for cash consideration of $41.4 million plus customary closing adjustments.

Sale of Property in Alberta

On May 1, 2024, the Company completed the sale of specific land and building in Alberta for cash consideration of $10.0 million plus closing adjustments resulting in a gain of $3.4 million.

Acquisitions

Acquisition of Nurse Chevrolet Cadillac and Collision Centre

On June 24, 2024, the Company acquired substantially all of the assets of Nurse Chevrolet Cadillac Dealership and Collision Centre in Oshawa, Ontario. The acquisition supports management's strategic objectives of further expanding the Company's automobile dealership presence and collision centre capacity in the province of Ontario.

Wind-downs

On June 30, 2024, the Company wound down the operations of Windsor Premier Collision Centre, located in Windsor Ontario, and successfully consolidated the collision customer base to the nearby Rose City Collision Centre, also located in Windsor Ontario.

Other Recent Developments

Lawsuits and legal claims

On December 21, 2022, the Company received a Civil Investigative Demand ("CID") from the Federal Trade Commission ("FTC") requesting information and documents concerning the Company's U.S. Operations ("Leader Automotive Group" or "Leader"). The Company responded to the CID by producing information and documents for the period from April 1, 2018 to January 20, 2023. On July 8, 2024, the FTC staff counsel sent to the Company a proposed consent order and draft complaint, alleging that Leader had violated Section 5 of the Federal Trade Commission Act ("FTC Act"), the FTC's Used Motor Vehicle Trade Regulation Rule ("Used Car Rule"), and Illinois law in connection with advertising, sale, lease, and financing of vehicles, and advising that it would recommend the filing of an enforcement action if Leader did not settle the FTC's claims. On August 9, 2024, FTC staff informed the Company that the complaint recommendation of the Bureau of Consumer Protection had been forwarded to the Commissioners of the FTC. The Company disputes the FTC's allegations that it violated the FTC Act, the Used Car Rule, and Illinois law, and is currently involved in discussions with the FTC staff regarding the matter. There can be no assurance that negotiations between the Company and the FTC for a favourable settlement will be successful, or that the Company will succeed in any litigation as a result of the investigation.

As at June 30, 2024, a material cash outflow was assessed as not being probable. If the FTC files a suit against the Company based on these allegations, whether meritorious or not, it may adversely affect AutoCanada's ability to attract customers, result in the loss of existing customers, harm our reputation, and cause the Company to incur defence costs and other expenses.

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 the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's activity is financed through a combination of the cash flows from operations, borrowing under existing credit facilities, other debt, and the issuance of equity. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through adequate amounts of committed credit facilities. One of management's primary goals is to maintain an optimal level of liquidity through the active management of assets and liabilities as well as cash flows.

The principal uses of funds are for capital expenditures, funding acquisitions, debt service and share repurchases. The Company has historically met these requirements by using cash generated from operating activities and through short-term and long-term indebtedness.

As at June 30, 2024, the Company had total liquidity[9] of $296.2 million comprised of $106.2 million cash and $190.0 million available under the revolving credit facility.

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"), Canadian Imperial Bank of Commerce ("CIBC"), Royal Bank of Canada ("RBC"), Bank of Montreal ("BMO"), HSBC Bank Canada ("HSBC"), ATB Financial ("ATB"), and Toronto Dominion Bank ("TD").

On February 3, 2023, the Company amended the Credit Facility including: (i) increases to the revolving and flooring facility limits (ii) changes to the pricing grid, (iii) other administrative and structural changes to meet ongoing operational needs, and (iv) extended the maturity date to April 14, 2026. The $375 million revolving facility is comprised of a $225 million borrowing base facility tranche and $150 million goodwill facility tranche. The Credit Facility includes an accordion feature that allows the revolving credit facility and the wholesale flooring facilities to be increased by certain amounts. The Credit Facility agreement can be found at www.sedarplus.ca.

On April 22, 2024, the Company entered into the fourth amended and restated $1,635 million syndicated credit agreement ("New Credit Facility") with Scotiabank, CIBC, RBC, BMO, ATB, and TD. The New Credit Facility included the creation of a new $25.0 million leasehold capital expenditure term facility, with a corresponding $25.0 million accordion facility, to support the anticipated leasehold spending in the coming quarters. There are no changes to the revolving credit, wholesale flooring, and wholesale leasing facilities. Other changes included administrative enhancements to the Company's ability to floor a higher proportion of used vehicles and extending the maturity date to April 22, 2027. The New Credit Facility agreement can be found at www.sedarplus.ca.

On June 28, 2024, due to the CDK Outage, the Company amended the New Credit Facility to increase Total Net Funded Debt to Bank EBITDA Ratio covenant requirement from 4.00 to 4.50 for the period June 28, 2024 to September 29, 2024.

The following table reflects the limits, amounts drawn and capacity of the New Credit Facility as at June 30, 2024:

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit [1]	375,000	185,000	190,000
Leasehold credit facility	25,000	—	25,000
Wholesale inventory floorplan and lease financing	1,235,000	754,429	480,571
Total	1,635,000	939,429	695,571

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

Revolving Credit Capacity

The revolving credit facility provides capacity for operational and growth purposes. The revolving credit balance is included in the calculation of the Company's leverage ratios and certain associated interest charges are added back in the Company's calculation of Adjusted EBITDA.

9 *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

Floorplan Financing Capacity

The wholesale flooring facilities provides capacity for financing the wholesale purchase of new, used, demonstrator and leased vehicle inventory. As the facilities are demand in nature and draws are secured by floored inventory, the floorplan indebtedness is classified as a current liability on the Company's consolidated balance sheet. As floorplan financing is standard in the retail automotive industry and is considered an operational necessity, the floorplan balance is excluded in the calculation of the Company's leverage ratios and related floorplan financing expenses are included in the Company's calculation of adjusted EBITDA.

Other Floorplan Financing

The Company has multiple standalone floorplan facilities with other lenders outside of the New Credit Facility. The following table provides a breakdown of the Company's floorplan facilities as at June 30, 2024:

Lender	Limit	Drawn	Available Capacity
New Credit Facility – Floorplan	1,235,000	754,429	480,571
Other Canadian Floorplan Facilities	512,545	374,128	138,417
Other U.S. Floorplan Facility	174,509	126,419	48,090
Total	1,922,054	1,254,976	667,078

Financial Covenants

Under the terms of the New Credit Facility and various standalone floorplan financing facilities and OEM franchise agreements, the Company is required to comply with certain financial covenants. The Company monitors for compliance with bank covenants under these facilities which are used to manage capital requirements and other operational activities. The Company's ability to borrow under these credit facilities requires it to comply with its financial covenants. At June 30, 2024, the Company was in compliance with all of these financial covenants.

The New Credit Facility financial covenants are calculated on a pre-IFRS 16 basis. The financial covenants are generally based on the consolidated financial statements of the Company with modifications and adjustments as agreed to and permitted under the terms of the New Credit Facility. As such, the precise inputs for the applicable 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 financial covenants under the New Credit Facility as at June 30, 2024:

New Credit Facility Financial Covenants	Requirement	Q2 2024
Senior Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 2.50	1.13
Total Net Funded Debt to Bank EBITDA Ratio[1]	Shall not exceed 4.50	4.09
Fixed Charge Coverage Ratio	Shall not be less than 1.20	1.96

1. *Effective June 28, 2024, the Total Net Funded Debt to Bank EBITDA ratio requirement was increased from 4.00 to 4.50 for the period June 28, 2024 to September 29, 2024. After September 29, 2024, the Total Net Funded Debt to Bank EBITDA ratio requirement will revert back to 4.00.*

During the six month period ended June 30, 2024, the Company had a comprehensive loss of $(32.6) million and cash flows from operations of $43.6 million. The Company is actively managing an increased liquidity risk as a result of the current financial performance. As at June 30, 2024, the Company has an increased risk of non-compliance with its Total Net Funded Debt to Bank EBITDA ratio (the "Total Net Funded Debt Ratio") covenant in the next twelve month period, which non-compliance would provide the lenders with the right to require repayment of the credit facility. The ratio as at June 30, 2024 was 4.09. In addition, the decline in market capitalization of the Company when compared to the book value of the net assets at June 30, 2024 (which has been identified as an impairment indicator) may impact the ability to raise additional capital in the future.

Given the Company's increased risk of non-compliance with the Total Net Funded Debt to Bank EBITDA covenant, management is required to consider whether these conditions give rise to substantial doubt about the Company's ability to meet its obligations within one year from the balance sheet date, and if so, whether management's plans to negate these conditions will alleviate the increased liquidity risk and going concern risk.

The Company is currently in discussions with the lenders under the Company's credit facility to address the increased risk of non-compliance with covenants associated with the revolving term facilities.

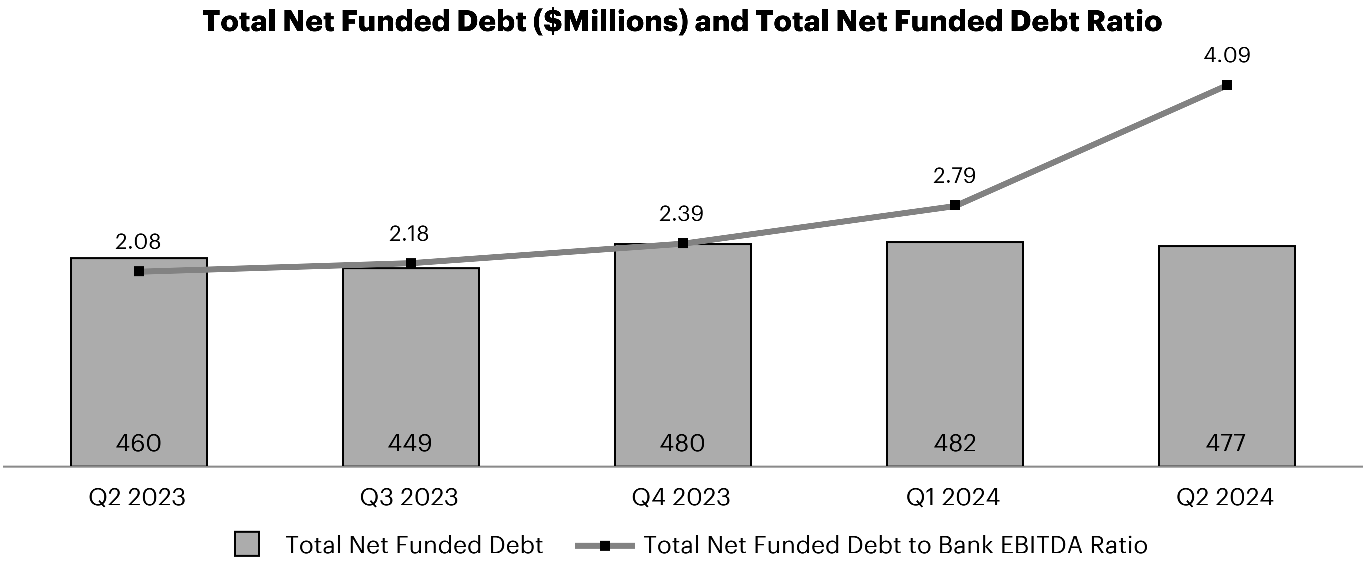
At this time the Company's ability to comply with its financial covenants in the next twelve months is dependent on continued agreement with the Company's lenders, accelerating initiatives to improve profitability, suspension of mergers and acquisitions and capital return initiatives, freezing discretionary spending, and actively reviewing strategic alternatives for non-core and underperforming assets. It is the Company's view that those efforts will be successful, however this is an area of significant judgment that is reliant on the outcomes of those efforts and there are no assurances that those efforts will be successful.

Total Net Funded Debt Ratio Covenant Summary

The following table summarizes the Company's Total Net Funded Debt for purposes of calculating Total Net Funded Debt Ratio.

	June 30, 2024 **$**	**December 31, 2023** **$**
New Credit Facility, net of unamortized deferred financing costs	183,486	186,222
$350 Million Notes, net of unamortized deferred financing costs	345,851	345,401
Other funded debt according to Credit Facility	17,893	18,263
Total Funded Debt	547,230	549,886
Less: Allowable Cash Netting according to Credit Facility	(70,000)	(69,788)
Total Net Funded Debt	**477,230**	**480,098**

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



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 the February 10, 2022 redemption of the then outstanding $250 million senior unsecured notes ("$250 Million Notes") and for general corporate purposes. The $350 Million Notes have a seven-year term and mature on February 7, 2029 with interest payable semi-annually on February 7 and August 7 of each year. 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.

Non-Recourse Mortgage Financing

On June 22, 2022, the Company executed a non-recourse mortgage for the land and construction costs associated with the development of two dealerships on a property in Maple Ridge, British Columbia. 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 8.45% as at June 30, 2024). The mortgage has a three-year term, twenty-year amortization, and requires monthly interest-only payments until construction is complete. The outstanding balance is considered current in nature as the construction of the Maple Ridge GM open point has been completed. As at June 30, 2024, the value of this mortgage, net of unamortized deferred financing costs, was $13.6 million (2023 - $13.5 million).

On June 30, 2022, the Company executed two non-recourse mortgages totaling $18.6 million to fund the purchase of land and buildings in Windsor, Ontario and London, Ontario. The mortgages have a five-year term with a fixed interest rate of 7.07%, and requires quarterly installments of principal and interest based on a twenty-five-year amortization, with the outstanding mortgage balance due at the end of the term. As at June 30, 2024, the value of the mortgages, net of unamortized deferred financing costs, was $17.3 million (2023 - $17.6 million).

The Credit Facility allows for up to $100 million of non-recourse mortgages which are excluded for purposes of calculating the New Credit Facility financial covenants.

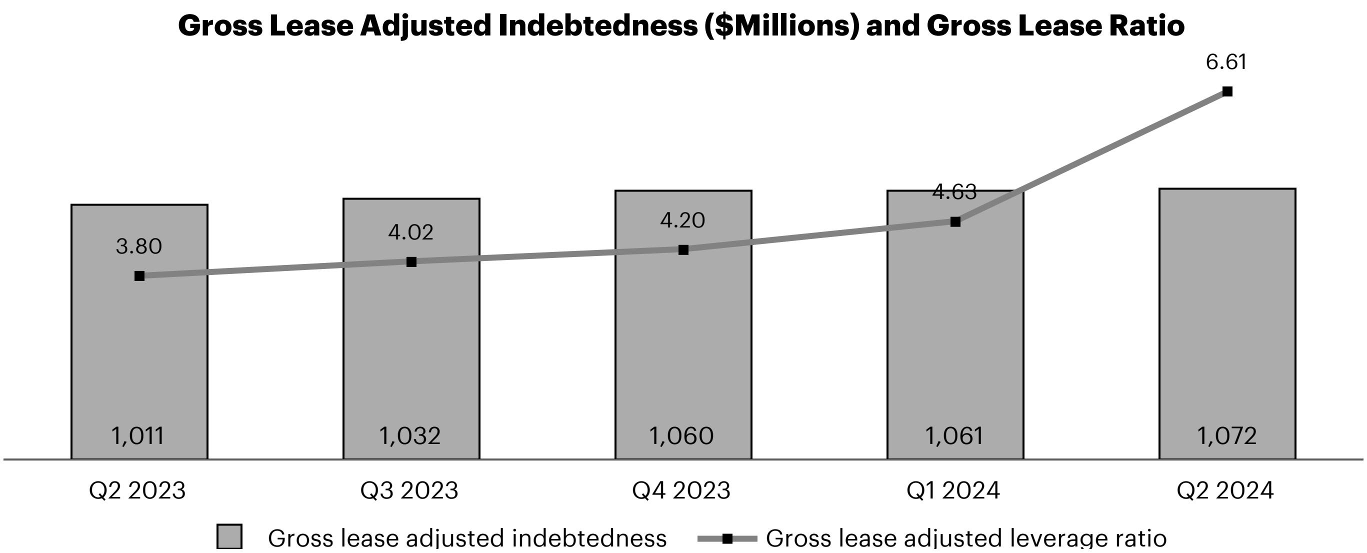
Gross Lease Adjusted Indebtedness[10] Summary

Gross lease adjusted leverage ratio[11] ("Gross Lease Ratio") 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.

The following summarizes the Company's gross lease adjusted indebtedness and Gross Lease Ratio.

	June 30, 2024 $	December 31, 2023 $
New Credit facility, net of unamortized deferred financing costs	183,486	186,222
$350 Million Notes, net of unamortized deferred financing costs	345,851	345,401
Non-recourse mortgages and other debt	30,942	31,299
Total indebtedness	560,279	562,922
Add: Lease liabilities	511,704	497,424
Gross lease adjusted indebtedness	**1,071,983**	**1,060,346**
Adjusted EBITDA - trailing twelve months	162,092	252,239
Gross lease adjusted leverage ratio ("Gross Lease Ratio")	**6.61x**	**4.20x**

The following chart illustrates the gross lease adjusted indebtedness and Gross Lease Ratios for the trailing five quarters. The Q2 2023 and Q3 2023 Gross Lease Ratios in the following chart have been revised to exclude $0.4 million of amortization of intangible assets of the applicable TTM adjusted EBITDA.



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, and can fluctuate from period to period depending on our needs to upgrade or replace existing property and 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

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

10 *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this capital management measure.*

11 *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this Non-GAAP Measure.*

- Re-imaging mandated by manufacturers
- Relocations

For the six-months ended June 30, 2024, the Company incurred $13.0 million in capital expenditures related to the construction of the Maple Ridge GM Open Point and OEM mandated reimaging of various dealership properties.

Capital expenditures is reported in aggregate in Note 14 of the Interim Financial Statements. The following table breaks down capital expenditures for the periods indicated into non-growth and growth capital expenditures and real estate acquisitions.

	Three-Months Ended June 30		Six-Months Ended June 30	
	2024	**2023**	**2024**	**2023**
	$	**$**	**$**	**$**
Non-growth capital expenditures	1,070	5,889	2,171	9,383
Growth capital expenditures [1]	5,793	7,104	12,954	11,936
Total capital expenditures	6,863	12,993	15,125	21,319
Real estate acquisition expenditures [1]	—	7,660	—	14,862
Total capital related expenditures	6,863	20,653	15,125	36,181

1 *Categorization reclasses occurred in Q4 2023 between growth capital expenditures and real estate acquisition expenditures for the Q1 2023, Q2 2023 and Q3 2023 periods. These reclasses did not impact total capital related expenditures incurred in 2023.*

Capital Commitments

At June 30, 2024, the Company is committed to capital expenditure obligations in the amount of approximately $0.1 million related to dealership relocations, reimagings, and open points with expected completion of these commitments in 2024. The Company is in discussions with OEMs to adjust spending and/or capital commitments as appropriate for changing conditions.

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

The Company manages 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 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 or its subsidiaries. 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 following 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+'.

On July 30, 2024, S&P issued a research update where the Company's Credit Rating was reaffirmed at 'B+' and our outlook was revised from 'Stable' to' Negative'.

7. RELATED PARTY TRANSACTIONS

Transactions with related parties

During the three-month and six-month periods ended June 30, 2024, there were transactions with companies controlled by the Executive Chair. These counterparties are:

- A vehicle wholesale and export business that supplies and purchases used vehicles with the Company; and
- A firm, that provides administrative, limited transportation, and other support services.

All significant transactions between AutoCanada and related parties are reviewed by the Company's Board of Directors and are based on normal commercial terms and conditions. A summary of the transactions is as follows:

	Three-month period ended		Six-month period ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
Administrative and other support and transportation fees	549	328	990	773
Net used vehicle sales to related parties	(318)	(101)	(383)	(491)

Used Digital Division

During the six-month period ended June 30, 2024, the Company made cash payments of $22.5 million to the company controlled by the Executive Chair for amounts owing for the purchase of the 15% common interest in AutoCanada UD LP (the "UD LP Minority Interest") in December 2023. The agreement requires $15.0 million of the cash purchase consideration to be used by the company controlled by the Executive Chair to purchase the Company's common shares within a two-year period from the closing date. Cash is advanced to the company controlled by the Executive Chair upon request with excess cash not used to purchase the Company's common shares returned to the Company until the agreement expires. The company controlled by the Executive Chair purchased 701,253 of the Company's common shares with the cash advanced.

As at June 30, 2024, the Company has $nil (December 31, 2023 - $22.5 million) recorded in accruals and provisions within trade and other payables for amounts owing to the Executive Chair related to the purchase of the UD LP Minority Interest.

Key management personnel compensation

During the six-month period ended June 30, 2024, the Company recorded $2.5 million for termination benefits related to key management personnel, which are included in accruals and provisions within trade and other payables as at June 30, 2024.

8. OUTSTANDING SHARES

As at June 30, 2024, the Company had 23,267,933 common shares outstanding. Basic and diluted weighted average number of shares outstanding for the three-month period ended June 30, 2024 were 23,374,790 and 23,374,790, respectively. As at August 13, 2024, there were 23,188,433 common shares issued and outstanding.

As at June 30, 2024, the value of the shares held in trust, to hedge equity-based compensation plans, was $0.5 million, which was comprised of 17,794 shares, as compared to $0.3 million as at December 31, 2023, which was comprised of 12,465 shares.

Normal Course Issuer Bid

On March 7, 2024, the Company announced that it had received approval from the TSX for the renewal of its NCIB. Pursuant to the NCIB, AutoCanada may purchase up to 1,329,106 common shares during the twelve-month period commencing March 11, 2024 and ending March 10, 2025 or such earlier date as the Company may complete its purchases under the NCIB. For the for the six-month period ended June 30, 2024, the Company repurchased and cancelled 343,242 common shares for an average price of $22.23 and total cash consideration of $7.7 million.

On March 27, 2024, in connection with its previously announced NCIB, AutoCanada received approval from the TSX to implement an ASPP with its designated broker. The ASPP will terminate on March 10, 2025, unless earlier terminated in accordance with its terms.

9. DIVIDENDS

AutoCanada's Board of Directors ("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 and is evaluated periodically and may be revised.

Considering current market factors and capital allocation priorities, the Board has decided to defer any reinstatement of a dividend until further notice.

10. 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, 2023. If applicable, updates are disclosed in Note 3 of the Interim Financial Statements.

11. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the three-month period ended June 30, 2024, 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 Annual MD&A for the year ended December 31, 2023.

12. RISK FACTORS

AutoCanada faces a number of business risks that could cause 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) 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 and Middle East conflicts, 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. 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 management currently deems 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 AIF that is available on the SEDAR website at www.sedarplus.ca.

13. NON-GAAP AND OTHER FINANCIAL MEASURES

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by 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 income (loss) or to cash provided by (used in) operating, investing, financing activities, cash, and indebtedness determined in accordance with 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 the Company's 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 periods 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 16 Segmented Operating Results Data for additional information
- U.S. Operations segment: See Section 16 Segmented Operating Results Data for additional information
- Collision Centre Operations segment as part of the Canadian Operations segment
- Consolidated basis: See Section 16 Segmented Operating Results Data for additional information
- Same store basis: See Section 17 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 and Capital Management Measures

Cautionary Note Regarding Non-GAAP Measures

Adjusted EBITDA, adjusted EBITDA margin, 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, cash flows from operating, investing and financing activities or as a measure of 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 amounts attributed to certain equity issuances as part of the Used Digital Division);
- 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 considers 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 considers 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.

Gross Lease Adjusted Leverage Ratio ("Gross Lease Ratio")

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

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

Gross Lease Adjusted Indebtedness - Capital Management Measure

Gross lease adjusted indebtedness is a capital management measure 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).

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;
- Software implementation costs associated with the configuration or customization of software as a service arrangement;
- Restructuring charges relate to non-recurring organizational changes to improve the Company's profitability and overall efficiency;
- Management transition costs; and
- Share-based compensation expense.

The Company considers this measure meaningful as it provides a comparison of our operating expense normalized for transactions 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 a measure of a company's normalized operating expenses before depreciation over a period of time in relation to gross profit.

The Company considers this measure meaningful as it provides a comparison of our operating performance normalized for transactions that are not indicative of the Company's operating expenses over time.

Supplementary Financial Measures

We list and define supplementary financial measures below:

Average Selling Price per New Vehicle

Average selling price per new vehicle is new vehicle revenue for the referenced period, divided by the number of total new vehicles sold during the referenced period.

Average Selling Price per Used Vehicle

Average selling price per used vehicle is used vehicle revenue for the referenced period, divided by the number of used retail vehicles sold during the referenced period.

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 available revolver facility, less revolver balance drawn.

New Fleet Vehicles

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

New Vehicle Gross Profit Per Retail Unit

New vehicle gross profit per retail unit is new retail vehicle 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

New vehicle inventory days of supply is an 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 and amortization.

Operating Expenses Before Depreciation as a Percentage of Gross Profit

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

Service Repair Orders ("Service RO's")

Service repair orders represents total repair orders completed and sold by the Company's parts and service departments.

Total New Vehicles

Total new vehicles represents new fleet and new retail vehicles sold by the Company.

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 Vehicle Gross Profit Per Retail Unit

Used vehicle 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

Used vehicle inventory days of supply is an 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.

14. NON-GAAP AND OTHER FINANCIAL MEASURE RECONCILIATIONS

Adjusted EBITDA

The following tables illustrate segmented adjusted EBITDA for the three-month periods and six-month periods ended June 30:

	Three-Months Ended June 30, 2024			Three-Months Ended June 30, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from April 1 to June 30						
Net income (loss) for the period	2,430	(35,504)	(33,074)	45,655	(427)	45,228
Add back (deduct):						
Income tax expense	3,367	13,586	16,953	14,949	—	14,949
Depreciation of right of use assets	8,020	756	8,776	7,622	733	8,355
Depreciation of property and equipment	5,752	618	6,370	5,655	511	6,166
Amortization of intangible assets	125	—	125	—	—	—
Interest on long-term indebtedness	5,390	3,016	8,406	8,030	3,226	11,256
Lease liability interest	7,741	803	8,544	7,479	857	8,336
Impairment of non-financial assets	—	11,309	11,309	—	—	—
Loss on redemption liabilities	642	—	642	—	—	—
Unrealized fair value changes in derivative instruments	1,124	—	1,124	(1,068)	—	(1,068)
Amortization of loss on terminated hedges	—	—	—	817	—	817
Unrealized foreign exchange (gains) losses	(29)	—	(29)	117	—	117
Software implementation costs	1,183	—	1,183	—	—	—
Gain on disposal of assets	(3,359)	—	(3,359)	(101)	—	(101)
Adjusted EBITDA	32,386	(5,416)	26,970	89,155	4,900	94,055

	Six-Months Ended June 30, 2024			Six-Months Ended June 30, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from January 1 to June 30						
Net income (loss) for the period	9,111	(44,546)	(35,435)	58,083	(4,471)	53,612
Add back (deduct):						
Income tax expense	2,515	13,586	16,101	18,376	—	18,376
Depreciation of right of use assets	15,861	1,501	17,362	14,987	1,472	16,459
Depreciation of property and equipment	11,450	1,196	12,646	10,799	990	11,789
Amortization of intangible assets [1]	251	—	251	—	—	—
Interest on long-term indebtedness	11,655	6,062	17,717	14,953	5,716	20,669
Lease liability interest	15,436	1,541	16,977	14,504	1,655	16,159
Impairment of non-financial assets	7,200	11,309	18,509	—	—	—
Loss on redemption liabilities	642	—	642	—	—	—
Restructuring charges	2,000	—	2,000	—	—	—
Loss on extinguishment of debt	—	—	—	1,382	—	1,382
Unrealized fair value changes in derivative instruments	3,125	—	3,125	(1,075)	—	(1,075)
Amortization of loss on terminated hedges	—	—	—	1,634	—	1,634
Unrealized foreign exchange (gains) losses	(173)	—	(173)	184	—	184
Software implementation costs	1,840	—	1,840	—	—	—
Gain on disposal of assets	(22,626)	—	(22,626)	(106)	—	(106)
Adjusted EBITDA	58,287	(9,351)	48,936	133,721	5,362	139,083

The following tables illustrate collision adjusted EBITDA for the three-month periods and six-month periods ended June 30:

Collision Operations	Three-Months Ended June 30, 2024			Three-Months Ended June 30, 2023		
	Canada	U.S.	Total	Canada	U.S.	Total
Period from April 1 to June 30						
Net income for the period [1]	1,344	—	1,344	3,981	—	3,981
Add back (deduct):						
Depreciation of right of use assets [1]	538	—	538	403	—	403
Depreciation of property and equipment	398	—	398	430	—	430
Lease liability interest [1]	775	—	775	617	—	617
Loss on disposal of assets	10	—	10	—	—	—
Adjusted EBITDA	3,065	—	3,065	5,431	—	5,431

1 *The Company revised the Q1 2023 comparative figures. The three-month period figures for Q2 2023 have been updated to reflect this change.*

Collision Operations	Six-Months Ended June 30, 2024			Six-Months Ended June 30, 2023		
	Canada	U.S.	Total	Canada	U.S.	Total
Period from January 1 to June 30						
Net income for the period	2,316	—	2,316	4,567	—	4,567
Add back (deduct):						
Income tax recovery	—	—	—	(10)	—	(10)
Depreciation of right of use assets	1,070	—	1,070	756	—	756
Depreciation of property and equipment	806	—	806	769	—	769
Lease liability interest	1,548	—	1,548	1,163	—	1,163
Loss on disposal of assets	10	—	10	—	—	—
Adjusted EBITDA	5,750	—	5,750	7,245	—	7,245

Adjusted EBITDA Margin

The following tables illustrate segmented adjusted EBITDA margin for the three-month periods and six-month periods ended June 30:

	Three-Months Ended June 30, 2024			Three-Months Ended June 30, 2023		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA	32,386	(5,416)	26,970	89,155	4,900	94,055
Revenue	1,409,829	191,150	1,600,979	1,548,615	207,647	1,756,262
Adjusted EBITDA Margin	2.3%	(2.8)%	1.7%	5.8%	2.4%	5.4%

	Six-Months Ended June 30, 2024			Six-Months Ended June 30, 2023		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA	58,287	(9,351)	48,936	133,721	5,362	139,083
Revenue	2,650,108	371,799	3,021,907	2,888,870	406,718	3,295,588
Adjusted EBITDA Margin	2.2 %	(2.5)%	1.6 %	4.6 %	1.3 %	4.2 %

Normalized Operating Expenses Before Depreciation and Normalized Operating Expenses Before Depreciation as a Percentage of Gross Profit ("Normalized Opex Before Depreciation as a % of GP")

The following tables illustrate segmented normalized operating expenses before depreciation and normalized operating expenses before depreciation as a percentage of gross profit, for the three-month periods and six-month periods ended June 30:

	Three-Months Ended June 30, 2024			Three-Months Ended June 30, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Operating expenses before depreciation	177,590	29,014	206,604	181,210	33,161	214,371
Normalizing Items:						
Add back:						
Acquisition-related costs	(557)	—	(557)	(625)	—	(625)
Software implementation costs	(1,183)	—	(1,183)	(1,330)	—	(1,330)
Restructuring charges	—	—	—	—	—	—
Management transition costs	(4,704)	—	(4,704)	—	—	—
Share-based compensation expense	(2,196)	—	(2,196)	(1,076)	—	(1,076)
Normalized operating expenses before depreciation	168,950	29,014	197,964	178,179	33,161	211,340
Gross profit	223,832	25,844	249,676	279,457	39,281	318,738
Normalized Opex Before Depreciation as a % of GP	75.5%	112.3%	79.3%	63.8%	84.4%	66.3%

	Six-Months Ended June 30, 2024			Six-Months Ended June 30, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Operating expenses before depreciation	343,981	59,299	403,280	345,975	66,148	412,123
Normalizing Items:						
Add back:						
Acquisition-related costs	(1,051)	—	(1,051)	(2,177)		(2,177)
Software implementation costs	(1,840)	—	(1,840)	(1,330)	—	(1,330)
Restructuring charges	(2,000)	—	(2,000)	—	—	—
Management transition costs	(4,704)	—	(4,704)	—	—	—
Share-based compensation expense	(4,401)	—	(4,401)	(2,937)	—	(2,937)
Normalized operating expenses before depreciation	329,985	59,299	389,284	339,531	66,148	405,679
Gross profit	424,610	54,393	479,003	499,830	73,890	573,720
Normalized Opex Before Depreciation as a % of GP	77.7 %	109.0 %	81.3 %	67.9 %	89.5 %	70.7 %

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, 2024 and December 31, 2023:

	June 30, 2024 $	**December 31, 2023 $**
Credit facility, net of unamortized deferred financing costs	183,486	186,222
$350 Million Notes, net of unamortized deferred financing costs	345,851	345,401
Non-recourse mortgages and other debt	30,942	31,299
Total indebtedness	560,279	562,922
Add: Lease liabilities	511,704	497,424
Gross lease adjusted indebtedness	**1,071,983**	**1,060,346**
Adjusted EBITDA - trailing twelve months	162,092	252,239
Gross lease adjusted leverage ratio	**6.61x**	**4.20x**

15. SELECTED QUARTERLY FINANCIAL INFORMATION

The following table shows the results of the Company for each of the eight most recently completed quarters. Results from operations are subject to seasonality and have historically been lower in the first and fourth quarters and higher in the second and third quarters. In addition, results may be impacted by acquisitions and are not necessarily indicative of the results of operations to be expected in any given comparable period.

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Income Statement Data								
New vehicles	694,019	580,502	605,918	673,363	706,350	568,596	508,008	557,492
Used vehicles	624,085	573,711	592,990	690,071	739,916	703,499	626,397	807,236
Parts and service [4]	162,447	154,629	170,033	167,148	178,025	150,997	149,694	147,955
Collision repair [4]	30,563	32,601	32,415	29,014	26,943	27,751	18,850	13,850
Finance, insurance and other	89,865	79,485	82,438	97,825	105,028	88,483	85,257	97,416
Revenue	1,600,979	1,420,928	1,483,794	1,657,421	1,756,262	1,539,326	1,388,206	1,623,949
New vehicles	51,098	45,614	52,728	60,304	62,324	47,484	48,218	58,760
Used vehicles	6,347	12,078	20,004	31,862	47,035	30,312	17,775	32,627
Parts and service [4]	93,302	83,258	90,742	90,061	95,920	83,231	85,608	79,532
Collision repair [4]	16,122	14,304	17,312	14,074	15,041	10,645	10,053	9,175
Finance, insurance and other	82,807	74,073	77,056	93,924	98,418	83,310	80,968	93,540
Gross Profit	249,676	229,327	257,842	290,225	318,738	254,982	242,622	273,634
Gross profit percentage	15.6%	16.1%	17.4%	17.5%	18.1%	16.6%	17.5%	16.8%
Operating expenses	221,875	211,664	250,816	223,830	229,016	211,601	197,397	207,266
Operating expenses as a % of gross profit	88.9%	92.3%	97.3%	77.1%	71.9%	83.0%	81.4%	75.7%
Net (loss) income	(33,074)	(2,361)	(22,630)	22,799	45,228	8,384	14,810	32,870
Diluted net (loss) income per share attributable to AutoCanada shareholders	(1.47)	(0.10)	(0.81)	0.81	1.75	0.32	0.52	1.16
Adjusted EBITDA [3]	26,970	21,966	46,437	66,719	94,055	45,028	51,043	76,374
Operating Data								
New retail vehicles sold	10,809	9,287	9,580	10,555	11,257	8,771	8,100	9,186
Used retail vehicles sold	15,225	13,330	13,777	16,878	17,222	15,290	14,418	17,381
Total retail vehicles sold	26,034	22,617	23,357	27,433	28,479	24,061	22,518	26,567
# of dealerships at period end [1]	89	88	87	87	87	86	86	85
# of same store dealerships [1, 2]	86	86	85	82	80	80	68	67
# of service bays at period end	1,416	1,397	1,382	1,382	1,355	1,354	1,367	1,331

1 *Dealerships is defined as 85 franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships and 1 used vehicle auction).*
2 *Same store dealerships is defined as franchised automobile dealerships and Used Digital Division dealerships that have been owned for at least one full year since acquisition.*
3 *The Company has revised the Q4 2022 comparative figure to back out $374 of amortization of intangible assets.*
4 *In Q2 2024, it was determined there were revenues and cost of sales accounts incorrectly classified between the parts, service and collision repair revenue streams for Q2 2023 and Q3 2023. We have revised the Q2 2023 and Q3 2023 amounts and the classification of these accounts has been corrected. This reclassification had no impact on total revenues or total cost of sales.*

16. 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, 2024 and June 30, 2023.

	Three-Months Ended June 30, 2024			Three-Months Ended June 30, 2023		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
New vehicles	603,172	90,847	694,019	626,759	79,591	706,350
Used vehicles	558,635	65,450	624,085	650,897	89,019	739,916
Parts and service	136,934	25,513	162,447	152,094	25,931	178,025
Collision repair	30,563	—	30,563	26,943	—	26,943
Finance, insurance and other	80,525	9,340	89,865	91,922	13,106	105,028
Total revenue	1,409,829	191,150	1,600,979	1,548,615	207,647	1,756,262
New vehicles	45,526	5,572	51,098	56,297	6,027	62,324
Used vehicles	10,486	(4,139)	6,347	41,282	5,753	47,035
Parts and service	78,231	15,071	93,302	81,411	14,509	95,920
Collision repair	16,122	—	16,122	15,041	—	15,041
Finance, insurance and other	73,467	9,340	82,807	85,426	12,992	98,418
Total gross profit	223,832	25,844	249,676	279,457	39,281	318,738
Employee costs	120,623	17,545	138,168	124,068	22,000	146,068
Administrative costs	55,529	11,469	66,998	55,183	11,023	66,206
Expected credit losses on trade and other receivables	709	—	709	437	138	575
Facility lease and storage costs	729	—	729	1,522	—	1,522
Depreciation of right-of-use assets	8,020	756	8,776	7,622	733	8,355
Depreciation of property and equipment	5,752	618	6,370	5,655	511	6,166
Amortization of intangible assets	125	—	125	124	—	124
Total operating expenses	191,487	30,388	221,875	194,611	34,405	229,016
Operating profit (loss) before other income	32,345	(4,544)	27,801	84,846	4,876	89,722
Operating data						
New retail vehicles sold	9,311	1,498	10,809	9,894	1,363	11,257
Used retail vehicles sold	13,363	1,862	15,225	15,161	2,061	17,222
Total retail vehicles sold	22,674	3,360	26,034	25,055	3,424	28,479
# of dealerships at period end [1]	71	18	89	69	18	87
# of service bays at period end	1,186	230	1,416	1,125	230	1,355

1 *Dealerships is defined as 18 U.S. franchised automobile dealerships, 67 Canadian franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships and 1 used vehicle auction) as at June 30, 2024.*

The following table shows the segmented operating results for the Company for the six-month periods ended June 30, 2024 and June 30, 2023.

	Six-Months Ended June 30, 2024			Six-Months Ended June 30, 2023		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles	1,101,648	172,873	1,274,521	1,123,945	151,001	1,274,946
Used vehicles	1,067,933	129,863	1,197,796	1,261,704	181,711	1,443,415
Parts and service	267,773	49,303	317,076	279,687	49,335	329,022
Collision repair	63,164	—	63,164	54,694	—	54,694
Finance, insurance and other	149,590	19,760	169,350	168,840	24,671	193,511
Total revenue	2,650,108	371,799	3,021,907	2,888,870	406,718	3,295,588
New vehicles	85,896	10,816	96,712	97,914	11,894	109,808
Used vehicles	23,195	(4,770)	18,425	65,742	11,605	77,347
Parts and service	147,973	28,587	176,560	153,149	26,002	179,151
Collision repair	30,426	—	30,426	25,686	—	25,686
Finance, insurance and other	137,120	19,760	156,880	157,339	24,389	181,728
Total gross profit	424,610	54,393	479,003	499,830	73,890	573,720
Employee costs	229,877	35,812	265,689	234,181	43,976	278,157
Administrative costs	110,312	23,487	133,799	108,519	21,952	130,471
Expected credit losses on trade and other receivables	1,600	—	1,600	699	220	919
Facility lease and storage costs	2,192	—	2,192	2,576	—	2,576
Depreciation of right-of-use assets	15,861	1,501	17,362	14,987	1,472	16,459
Depreciation of property and equipment	11,450	1,196	12,646	10,799	990	11,789
Amortization of intangible assets	251	—	251	246	—	246
Total operating expenses	371,543	61,996	433,539	372,007	68,610	440,617
Operating profit before other income	53,067	(7,603)	45,464	127,823	5,280	133,103
Operating data						
New retail vehicles sold	17,220	2,876	20,096	17,497	2,531	20,028
Used retail vehicles sold	24,963	3,592	28,555	28,267	4,245	32,512
Total retail vehicles sold	42,183	6,468	48,651	45,764	6,776	52,540
# of dealerships at period end [1]	71	18	89	69	18	87
# of service bays at period end	1,186	230	1,416	1,125	230	1,355

1 *Dealerships is defined as 18 U.S. franchised automobile dealerships, 67 Canadian franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships and 1 used vehicle auction) as at June 30, 2024.*

17. SAME STORE RESULTS DATA

Same store is defined as a franchised automobile dealership, stand-alone collision centre, stand-alone RightRide location, and Used Digital Division operating entity that has been owned for at least one full year since acquisition or opening.

The following table summarizes the number of same store as at June 30, 2024 by Province and State:

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Atlantic	Illinois	Total
Stellantis	3	8	1	1	1	—	2	1	17
Hyundai	1	3	—	—	6	—	—	2	12
General Motors	1	—	3	1	—	—	—	1	6
Volkswagen	3	3	—	1	—	—	—	2	9
Nissan/Infiniti	1	3	—	—	5	—	—	—	9
BMW/MINI	—	—	—	—	—	2	—	—	2
Audi	—	—	—	1	1	—	—	2	4
Subaru	—	1	—	—	1	—	—	1	3
Mercedes-Benz	—	1	—	—	—	1	—	2	4
Mazda	—	—	—	—	—	1	—	—	1
Ford	—	—	—	1	1	—	—	—	2
Honda	—	—	—	—	4	—	—	1	5
Toyota	—	—	—	—	—	—	—	2	2
Kia	—	—	—	—	—	—	—	1	1
Other	—	—	—	—	2	—	—	3	5
RightRide	1	3	1	1	4	—	1	—	11
Used Digital	—	—	—	1	3	—	—	—	4
Collision centres	1	2	1	—	4	2	—	—	10
Total	11	24	6	7	32	6	3	18	107

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

	Three-Months Ended June 30, 2024			Three-Months Ended June 30, 2023		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles	571,432	90,847	662,279	607,556	79,591	687,147
Used vehicles	541,292	65,450	606,742	637,838	89,019	726,857
Parts and service	132,436	25,513	157,949	149,035	25,931	174,966
Collision repair	29,605	—	29,605	26,232	—	26,232
Finance, insurance and other	78,319	9,340	87,659	90,722	13,106	103,828
Total revenue	1,353,084	191,150	1,544,234	1,511,383	207,647	1,719,030
New vehicles	43,085	5,572	48,657	54,374	6,027	60,401
Used vehicles	10,699	(4,139)	6,560	39,571	5,753	45,324
Parts and service	75,604	15,071	90,675	79,743	14,509	94,252
Collision repair	15,538	—	15,538	14,699	—	14,699
Finance, insurance and other	71,440	9,340	80,780	84,241	12,992	97,233
Total gross profit	216,366	25,844	242,210	272,628	39,281	311,909
New vehicles (%)	7.5%	6.1%	7.3%	8.9%	7.6%	8.8%
Used vehicles (%)	2.0%	(6.3)%	1.1%	6.2%	6.5%	6.2%
Parts and service (%)	57.1%	59.1%	57.4%	53.5%	56.0%	53.9%
Collision repair (%)	52.5%	N/A	52.5%	56.0%	N/A	56.0%
Finance, insurance and other (%)	91.2%	100.0%	92.2%	92.9%	99.1%	93.6%
Total gross profit percentage (%)	16.0%	13.5%	15.7%	18.0%	18.9%	18.1%
New retail vehicles sold (units)	8,800	1,498	10,298	9,554	1,363	10,917
Used retail vehicles sold (units)	12,971	1,862	14,833	14,878	2,061	16,939
Total vehicles retailed (units)	21,771	3,360	25,131	24,432	3,424	27,856

	Six-Months Ended June 30, 2024			Six-Months Ended June 30, 2023		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles	1,047,969	172,873	1,220,842	1,098,252	151,001	1,249,253
Used vehicles	1,039,999	129,863	1,169,862	1,244,148	181,711	1,425,859
Parts and service	259,993	49,303	309,296	274,862	49,335	324,197
Collision repair	60,873	—	60,873	53,984	—	53,984
Finance, insurance and other	146,010	19,760	165,770	167,111	24,671	191,782
Total revenue	2,554,844	371,799	2,926,643	2,838,357	406,718	3,245,075
New vehicles	81,578	10,816	92,394	95,529	11,894	107,423
Used vehicles	24,832	(4,770)	20,062	63,818	11,605	75,423
Parts and service	143,510	28,587	172,097	150,545	26,002	176,547
Collision repair	29,326	—	29,326	25,344	—	25,344
Finance, insurance and other	133,790	19,760	153,550	155,625	24,389	180,014
Total gross profit	413,036	54,393	467,429	490,861	73,890	564,751
New vehicles (%)	7.8%	6.3%	7.6%	8.7%	7.9%	8.6%
Used vehicles (%)	2.4%	(3.7)%	1.7%	5.1%	6.4%	5.3%
Parts and service (%)	55.2%	58.0%	55.6%	54.8%	52.7%	54.5%
Collision repair (%)	48.2%	N/A	48.2%	46.9%	N/A	46.9%
Finance, insurance and other (%)	91.6%	100.0%	92.6%	93.1%	98.9%	93.9%
Total gross profit percentage (%)	16.2%	14.6%	16.0%	17.3%	18.2%	17.4%
New retail vehicles sold (units)	16,335	2,876	19,211	17,007	2,531	19,538
Used retail vehicles sold (units)	24,292	3,592	27,884	27,871	4,245	32,116
Total vehicles retailed (units)	40,627	6,468	47,095	44,878	6,776	51,654

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

	Three-Months Ended June 30			Six-Months Ended June 30		
	2024	2023	% Change	2024	2023	% Change
British Columbia	126,731	158,677	(20.1)%	245,113	314,128	(22.0)%
Alberta	386,321	471,595	(18.1)%	770,486	906,566	(15.0)%
Saskatchewan	102,455	99,701	2.8 %	197,241	197,270	—%
Manitoba	118,631	114,421	3.7 %	211,565	219,490	(3.6)%
Ontario	397,653	429,573	(7.4)%	738,177	765,710	(3.6)%
Quebec	184,072	189,146	(2.7)%	318,961	344,335	(7.4)%
Atlantic	37,221	48,270	(22.9)%	73,301	90,858	(19.3)%
Illinois	191,150	207,647	(7.9)%	371,799	406,718	(8.6)%
Total revenue	1,544,234	1,719,030	(10.2)%	2,926,643	3,245,075	(9.8)%
British Columbia	20,040	27,951	(28.3)%	37,862	51,865	(27.0)%
Alberta	58,602	93,364	(37.2)%	123,417	172,925	(28.6)%
Saskatchewan	17,113	18,341	(6.7)%	32,596	35,632	(8.5)%
Manitoba	20,650	21,056	(1.9)%	36,984	37,151	(0.4)%
Ontario	67,464	75,344	(10.5)%	124,720	129,970	(4.0)%
Quebec	27,070	29,526	(8.3)%	46,724	50,322	(7.1)%
Atlantic	5,427	7,046	(23.0)%	10,733	12,996	(17.4)%
Illinois	25,844	39,281	(34.2)%	54,393	73,890	(26.4)%
Total gross profit	242,210	311,909	(22.3)%	467,429	564,751	(17.2)%

18. COUNT OF OPERATIONS

The following table lists the current count and same store count for franchised dealerships, RightRide locations and Used Digital Division dealerships ("RightRide Locations"), and collision centres, organized by province and state.

Location	Franchised Dealerships	Same Store Franchised Dealerships [1]	RightRide Locations	Same Store RightRide Locations [1]	Collision Centres [2]	Same Store Stand-Alone Collision Centres [1]
Canada	**67**	**64**	**17**	**15**	**27**	**10**
Alberta	19	19	4	3	4	2
Atlantic	2	2	1	1	1	—
British Columbia	10	9	1	1	1	1
Manitoba	5	5	2	2	4	—
Ontario	23	21	8	7	9	4
Quebec	4	4	—	—	4	2
Saskatchewan	4	4	1	1	4	1
U.S.	**18**	**18**	**—**	**—**	**—**	**—**
Illinois [3]	18	18	—	—	—	—
Total	**85**	**82**	**17**	**15**	**27**	**10**

1 *Same store means the franchised automobile dealership, used digital operating entity, stand-alone collision centre, and RightRide location has been owned for at least one full year since opening or acquisition. The operating location is then considered in the quarter, thereafter, as same store.*

2 *Collision centres includes 11 stand-alone collision centres within our group of 27 collision centres.*

3 *This franchise dealership count includes 2 individual storefronts that consists of multiple franchises. One including: Audi, Mercedes-Benz, Lincoln, Subaru, Volkswagen and Volvo and another including: Porsche, Audi, Mercedes-Benz and Volkswagen.*

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