Cervus Equipment Corporation Management's Discussion + Analysis

For the period from January 1, 2016 to June 30, 2016

The following Management's Discussion & Analysis ("MD&A") was prepared as of August 9, 2016 and is provided to assist readers in understanding Cervus Equipment Corporation's ("Cervus" or the "Company") financial performance for the three and six month periods ended June 30, 2016 and significant trends that may affect future performance of Cervus. This MD&A should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements for the three and six month periods ended June 30, 2016 and notes contained therein and the 2015 annual consolidated financial statements and MD&A. The accompanying interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and Cervus' functional and reporting currency is the Canadian dollar. Cervus' common shares trade on the Toronto Stock Exchange under the symbol "CVL".

Additional information relating to Cervus, including Cervus' current annual information form, is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") web site **at www.sedar.com**.

This MD&A contains forward-looking statements. Please see the section "Note Regarding Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to those statements. This MD&A also makes reference to certain non-IFRS financial measures to assist users in assessing Cervus' performance. Non-IFRS financial measures do not have any standard meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures are identified and described under the section "Non-IFRS Financial Measures."

Overview of Cervus

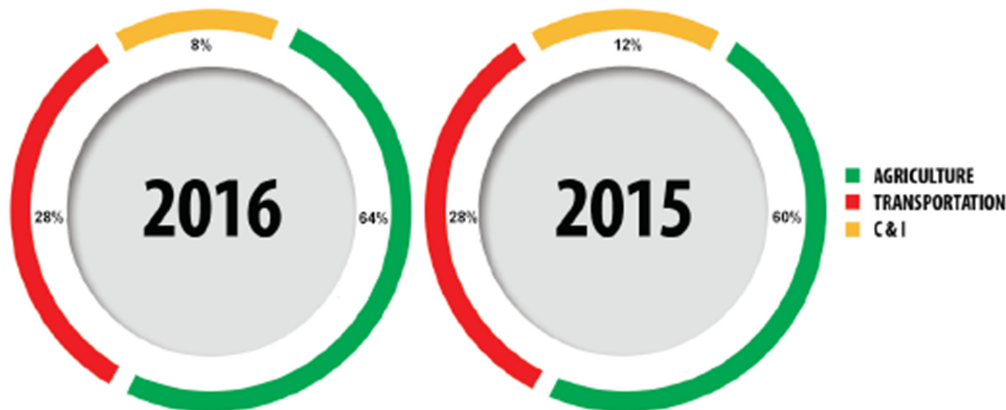
Cervus operates under three segments: Agriculture, Commercial and Industrial, and Transportation based on the industries which they serve. These segments are managed separately, and strategic decisions are made on the basis of their respective operating results.

The Agricultural equipment segment consists of interests in 42 John Deere dealership locations with 14 in Alberta, 11 in Saskatchewan, 1 in British Columbia, 1 in Manitoba, 9 in New Zealand and 6 in Australia. Of the 42 John Deere Dealerships, 35 are wholly owned, and the Company holds a minority interest in 7.

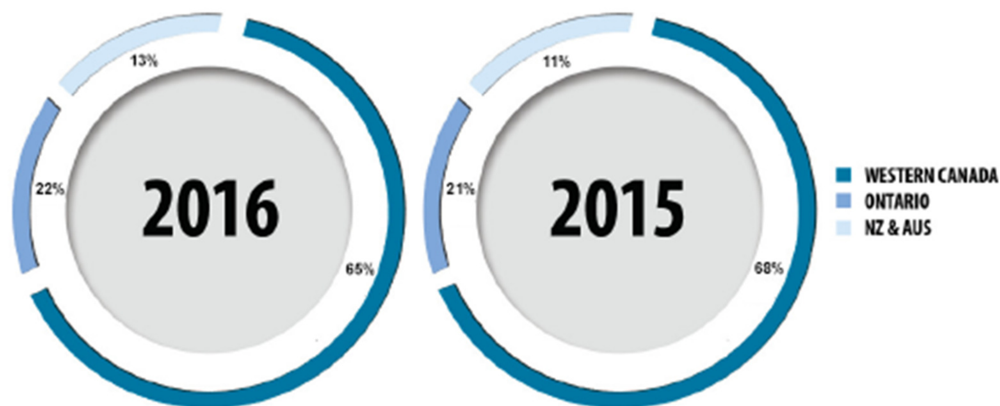
The Commercial and Industrial ("C&I") equipment segment consists of 13 dealership locations with 10 Bobcat/ JCB, Clark, Sellick, and Doosan material handling and forklift equipment dealerships operating in Alberta, 2 Clark, Sellick, and Doosan material handling and forklift equipment dealerships operating in Saskatchewan and 1 in Manitoba.

The Transportation segment consists of 17 dealership locations with 4 Peterbilt truck dealerships and 1 collision repair centre operating in Saskatchewan, and 12 Peterbilt truck dealerships operating in Ontario.

Year to date revenue by segment



Year to date revenue by geography



Note Regarding Forward-Looking Statements

Certain statements contained in this MD&A constitute "forward-looking statements". These forward-looking statements may include words such as "anticipate", "believe", "could", "expect", "may", "objective", "outlook", "plan", "should", "target" and "will". All statements, other than statements of historical fact, that address activities, events, or developments that Cervus or a third party expects or anticipates will or may occur in the future, including our future growth, results of operations, performance and business prospects and opportunities, and the assumptions underlying any of the foregoing, are forward-looking statements. These forward-looking statements reflect our current beliefs and are based on information currently available to us and on assumptions we believe are reasonable. Actual results and developments may differ materially from the results and developments discussed in the forward-looking statements as they are subject to a number of significant risks and uncertainties, including those discussed under "Business Risks and Uncertainties" and elsewhere in this MD&A. Certain of these risks and uncertainties are beyond our control. Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Cervus. These forward-looking statements are made as of the date of this MD&A, and we assume no obligation to update or revise them to reflect subsequent information, events, or circumstances unless otherwise required by applicable securities legislation.

The most recent quarterly dividend payment of $0.07 per share was made to the shareholders of record as of June 30, 2016 on July 15, 2016. See "Capital Resources - Cautionary note regarding dividends" for a cautionary note regarding future dividends.

Highlights of the Quarter

- The Company generated $2.5 million of net income for the second quarter of 2016 compared to a net loss of $32.2 million for the comparable period in 2015.

- Adjusted income[1] for the second quarter of 2016 was $2.3 million with adjusted basic earnings per share[1] of $0.15. For the comparable period in 2015, the Company generated adjusted income of $2.9 million and adjusted basic earnings per share of $0.19.

- Earnings before interest, taxes, depreciation, and amortization ("EBITDA[1]") was $11.0 million compared to $12.3 million in 2015, a decrease of $1.3 million, primarily due to lower EBITDA realized within the Commercial and Industrial ("C&I") segment.

- Cost reduction initiatives resulted in a $5.8 million reduction in selling, general, and administrative ("SG&A") expenses quarter over quarter, decreasing SG&A as a percentage of revenue to 14.2% in the second quarter of 2016 from 15.7% in 2015.

- Income from operating activities[2] increased $0.5 million within the Transportation segment, primarily as a result of a $0.4 million increase in Ontario.

- Overall income from operating activities was $6.6 million, a decrease of $1.0 million from the second quarter in 2015.

- The Company achieved inventory reductions of $52.3 million (14%) compared to June 30, 2015, primarily due to a 42% reduction in Commercial and Industrial inventories despite lower equipment demand in this segment.

- Dividends of $0.07 per share were declared to shareholders of record as at June 30, 2016.

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[1] Refer to Non-IFRS Measures herein
2 Refer to Additional IFRS Measures herein

Second Quarter Consolidated Performance

For the second quarter of 2016 and the comparative period of 2015, overall results are equivalent to same store results, as all stores owned in second quarter 2016 were also owned for the duration of the second quarter in 2015.

	Three months period ended June 30			Six months period ended June 30		
($ thousands, except per share amounts)	**2016**	**% Change Compared to 2015**	**2015**	**2016**	**% Change Compared to 2015**	**2015**
Revenue	**294,772**	(3%)	302,988	**503,314**	(7%)	541,410
Cost of sales	**(246,984)**	(0%)	(247,732)	**(416,308)**	(6%)	(441,842)
Gross profit	**47,788**	(14%)	55,256	**87,006**	(13%)	99,568
Other income (loss)	**432**	(215%)	(376)	**1,916**	959%	(223)
Unrealized foreign exchange gain (loss)	**154**	(44%)	275	**2,861**	372%	(1,051)
Total other income (loss)	**586**	680%	(101)	**4,777**	475%	(1,274)
Selling, general and administrative expense	**(41,758)**	(12%)	(47,512)	**(79,981)**	(13%)	(91,783)
Income from operating activities	**6,616**	(13%)	7,643	**11,802**	81%	6,511
Finance income	**23**	(28%)	32	**52**	(42%)	89
Finance costs	**(2,749)**	(1%)	(2,790)	**(5,612)**	3%	(5,433)
Share of (loss) profit of equity accounted investees, net of tax	**(252)**	(686%)	43	**(501)**	(238%)	364
Income before income tax expense	**3,638**	(26%)	4,928	**5,741**	275%	1,531
Income tax expense	**(1,153)**	(97%)	(37,117)	**(1,523)**	(96%)	(36,695)
Income (loss) for the period	**2,485**	108%	(32,189)	**4,218**	112%	(35,164)
Income (loss) attributable to shareholders	**2,485**	108%	(32,203)	**4,218**	112%	(35,099)
EBITDA[1]	**10,997**	(11%)	12,305	**21,036**	28%	16,433
EBITDA margin[1]	**3.7%**		4.1%	**4.2%**		3.0%
Ratios as a percentage of revenue:						
Gross profit margin	**16.2%**		18.2%	**17.3%**		18.4%
Selling, general and administrative	**14.2%**		15.7%	**15.9%**		17.0%
Earnings (loss) per share						
Adjusted - Basic[1]	0.15		0.19	(0.01)		0.11
Basic	0.16		(2.08)	0.27		(2.28)
Diluted	0.15		(2.08)	0.26		(2.28)

[1] - Refer to Non-IFRS Measures herein

Operating Summary – Three months ended June 30, 2016

Total net income for the three months ended June 30, 2016 increased $34.7 million, due to the comparable period in 2015 including a $35.1 million non-cash write-off of certain tax pools. For the three months ended June 30, 2016, EBITDA decreased $1.3 million, comprised of a $0.8 million increase in EBITDA from the Transportation segment, while continued economic pressures resulted in a $1.6 million EBITDA decrease with in the Commercial and Industrial segment. EBITDA in the Agriculture segment decreased by $0.5 million primarily due to a $0.3 million decrease in income from equity investments.

For the three months ended June 30, 2016, income from operating activities decreased $1.0 million compared to the second quarter of 2015. The largest factor was our C&I operations, which decreased $1.4 million quarter over quarter as the segment continues to be impacted by persistent economic pressures tied to resource prices. Income from operating activities from the Transportation segment increased $0.5 million on improved Ontario operating results along with a slight improvement in Saskatchewan. Income from operating activities in the Agriculture segment decreased slightly to $5.7 million compared to $5.9 million in the prior quarter. Cost reductions initiated in 2015 were a significant factor in the three months ended June 30, 2016, as SG&A expenses decreased by $5.8 million or 12%, while SG&A as a percentage of revenue decreased to 14.2% compared to 15.7% in the second quarter of 2015.

For the six months ended June 30, 2016, EBITDA increased $4.6 million and income from operating activities increased $5.3 million, including a $3.9 million increase in unrealized foreign exchange gains and $1.5 million gain on the sale of real estate as we transition our Edmonton dealership to more suitable leased premises.

Second Quarter Business Segment Performance

The Company has three reportable segments: Agricultural, Transportation, and Commercial and Industrial, each supported by a single shared resources function. The Company allocates the expenditures of shared resources to each individual segment according to specific identification and allocation metrics as outlined in Note 14 of the accompanying Unaudited Condensed Interim Consolidated Financial Statements.

Agricultural Segment Results

	Three months period ended June 30			Six months period ended June 30		
($ thousands, except per share amounts)	**2016**	**% Change Compared to 2015**	**2015**	**2016**	**% Change Compared to 2015**	**2015**
Equipment						
New equipment	**95,199**	(8%)	103,986	**161,735**	(9%)	178,419
Used equipment	**60,637**	24%	48,923	**98,237**	12%	88,102
Total equipment revenue	**155,836**	2%	152,909	**259,972**	(2%)	266,521
Parts	**22,058**	5%	21,025	**39,550**	4%	38,209
Service	**9,401**	(3%)	9,703	**18,099**	1%	17,857
Rental and other	**873**	(16%)	1,040	**1,901**	(12%)	2,172
Total revenue	**188,168**	2%	184,677	**319,522**	(2%)	324,759
Cost of sales	**(159,906)**	4%	(153,373)	**(270,238)**	(0%)	(270,425)
Gross profit	**28,262**	(10%)	31,304	**49,284**	(9%)	54,334
Total other income	**340**	(46%)	629	**676**	(41%)	1,140
Selling, general and administrative expense	**(22,864)**	(12%)	(26,080)	**(42,884)**	(12%)	(48,814)
Income from operating activities	**5,738**	(2%)	5,853	**7,076**	6%	6,660
EBITDA	**7,718**	(6%)	8,195	**11,273**	(4%)	11,770
Ratios as a percentage of revenue:						
Gross profit margin	**15.0%**		17.0%	**15.4%**		16.7%
Selling, general and administrative	**12.2%**		14.1%	**13.4%**		15.0%

Operating Summary – Three months ended June 30, 2016
Total Agriculture net income before tax for the three month period ended June 30, 2016 was $3.9 million, a decrease of $0.5 million, while EBITDA decreased $0.5 million compared to the second quarter of 2015. The change in both EBITDA and net income before tax was primarily due to consistent operational results combined with a $0.3 million reduction in income from equity investments compared to the second quarter of 2015. Revenues increased slightly with significant shift in equipment demand between new and used, while targeted expense control achieved a $3.2 million reduction in SG&A compared to the second quarter of 2015.

Income from operating activities for the quarter decreased slightly by $0.1 million on consistent total revenues compared to the three months ended June 30, 2015. Equipment demand shifted to used equipment quarter over quarter, with used equipment sales increasing $11.7 million or 24%. This shift was due to our focus on selling used equipment in season, combined with the impact of a higher U.S. dollar on the cost of new equipment. The shift in sales mix towards used equipment reduced gross profit margin compared to the second quarter of 2015, however the reduction in gross profit was more than offset by the $3.2 million reduction in SG&A.

For the six month period ended June 30, 2016, income from operating activities increased $0.4 million or 6% compared to prior year as SG&A cost reductions of $5.9 million more than offset the decrease in gross profit associated with sales mix shifting to used equipment.

Transportation Segment Results

($ thousands, except per share amounts)	Three months period ended June 30 2016	% Change Compared to 2015	2015	Six months period ended June 30 2016	% Change Compared to 2015	2015
Equipment						
New equipment	**51,014**	8%	47,171	**73,970**	(6%)	79,104
Used equipment	**2,045**	4%	1,965	**3,280**	(42%)	5,655
Total equipment revenue	**53,059**	8%	49,136	**77,250**	(9%)	84,759
Parts	**22,859**	(7%)	24,477	**44,867**	(6%)	47,483
Service	**7,801**	7%	7,281	**15,260**	7%	14,269
Rental and other	**3,088**	40%	2,213	**5,759**	31%	4,391
Total revenue	**86,807**	4%	83,107	**143,136**	(5%)	150,902
Cost of sales	**(72,455)**	6%	(68,611)	**(115,893)**	(6%)	(123,751)
Gross profit	**14,352**	(1%)	14,496	**27,243**	0%	27,151
Other (loss) income	**(92)**		(848)	**(563)**		(1,300)
Unrealized foreign exchange gain (loss)	**154**		275	**2,861**		(1,051)
Total other income (loss)	**62**		(573)	**2,298**		(2,351)
Selling, general and administrative expense	**(12,797)**	0%	(12,759)	**(24,425)**	(4%)	(25,453)
Income (loss) from operating activities	**1,617**	39%	1,164	**5,116**	883%	(653)
EBITDA	**3,264**	31%	2,485	**8,527**	304%	2,111
Ratios as a percentage of revenue:						
Gross profit margin	**16.5%**		17.4%	**19.0%**		18.0%
Selling, general and administrative	**14.7%**		15.4%	**17.1%**		16.9%

Operating Summary – Three months ended June 30, 2016

Total Transportation net income before tax for the three month period ended June 30, 2016 was $0.7 million, an increase of $0.4 million compared to the second quarter of 2015, while EBITDA increased $0.8 million. The changes in both EBITDA and net income before tax primarily relate to improved efficiencies in Ontario's parts and service departments in the second quarter of 2016 compared to the same period in 2015. Further, our Saskatchewan dealerships' operating results showed slight improvement, as SG&A cost reductions more than offset a decrease in gross profit.

For the three months ended June 30, 2016 income from operating activities increased $0.5 million compared to the three months ended June 30, 2015, including $0.1 million decrease in unrealized foreign exchange gains. Compared to three months ending June 30, 2015, revenues increased 4% and gross profit was consistent. Our Ontario dealerships contributed net income from operating activities of $1.4 million, a $0.4 million increase compared to the second quarter of 2015, on the strength of additional parts and service gross profit, as well as increased parts and service gross profit margin. Further, a key driver of the change in Other Income during the second quarter was lower realized foreign exchange losses.

Our Saskatchewan dealerships generated income from operating activities of $0.2 million in the quarter, an increase of $12 thousand compared to the second quarter of 2015. On-highway trucking activity in Saskatchewan remains active, however two of our four Saskatchewan dealerships have been significantly impacted by reduced resource sector activity in their immediate geography. We have scaled our costs to align with demand, resulting in SG&A reductions more than offsetting the reduction in revenue, quarter over quarter.

For the six months ended June 30, 2016 income from operating activities increased $5.8 million compared to the six months ended June 30, 2015, which includes a $3.9 million increase on the effects of unrealized foreign exchange gains and losses. Our Ontario dealerships were the primary contributor, as Ontario income from operating activities increased $1.4 million on improved parts and service efficiencies and lower realized foreign exchange losses compared with the six months ended June 30, 2015. Our Saskatchewan dealerships generated an incremental $0.4 million increase in income from operating activities, as expense reductions more than offset reduced gross profit.

Commercial and Industrial Segment Results

($ thousands, except per share amounts)	Three months period ended June 30 2016	% Change Compared to 2015	2015	Six months period ended June 30 2016	% Change Compared to 2015	2015
Equipment						
New equipment	**8,742**	(55%)	19,449	**18,248**	(48%)	35,433
Used equipment	**1,686**	(28%)	2,328	**3,481**	(19%)	4,319
Total equipment revenue	**10,428**	(52%)	21,777	**21,729**	(45%)	39,752
Parts	**5,336**	(28%)	7,385	**10,933**	(23%)	14,238
Service	**3,049**	(26%)	4,117	**6,091**	(24%)	8,042
Rental and other	**984**	(49%)	1,925	**1,903**	(49%)	3,717
Total revenue	**19,797**	(44%)	35,204	**40,656**	(38%)	65,749
Cost of sales	**(14,623)**	(43%)	(25,748)	**(30,177)**	(37%)	(47,666)
Gross profit	**5,174**	(45%)	9,456	**10,479**	(42%)	18,083
Total other income (loss)	**184**	217%	(157)	**1,803**	2962%	(63)
Selling, general and administrative expense	**(6,097)**	(30%)	(8,673)	**(12,672)**	(28%)	(17,516)
(Loss) income from operating activities	**(739)**	(218%)	626	**(390)**	(177%)	504
EBITDA	**15**	(99%)	1,625	**1,236**	(52%)	2,552
Ratios as a percentage of revenue:						
Gross profit margin	**26.1%**		26.9%	**25.8%**		27.5%
Selling, general and administrative	**30.8%**		24.6%	**31.2%**		26.6%

Operating Summary – Three months ended June 30, 2016
Within the Commercial and Industrial (C&I) segment, net loss before income tax for the three month period ended June 30, 2016 was $1.0 million, a decrease of $1.3 million, EBITDA decreased by $1.6 million in the second quarter of 2016 compared to the same period in 2015. The changes in both EBITDA and net income before tax were primarily due to overall industry pressures in the second quarter of 2016, as resource prices continue to influence the broader Western Canadian economy. Expense reductions generated a 30% reduction in SG&A compared to the second quarter of 2015, mitigating the 45% decrease in gross profit in the current period.

For the three months ended June 30, 2016, income from operating activities declined $1.4 million compared to the same period in 2015, with economic pressures most evident in reduced demand for equipment. We have taken action to adjust our cost structure in line with demand, resulting in a $2.6 million (30%) reduction in selling, general, and administrative expenses compared to the three months ended June 30, 2015. Further, significant reductions in inventory levels have been achieved, with inventory decreasing $25.6 million (42%) compared to June 30, 2015, and an $8.3 million (19%) reduction since December 31, 2015. This progress has largely addressed the excessive levels of inventory carried in 2015, when falling resource prices triggered sharp curtailments in equipment demand.

For the six month period ended June 30, 2016, total C&I segment income from operating activities decreased by $0.9 million, which includes a $1.5 million gain on sale of real estate. Excluding the gain on sale of real estate, income from operating activities decreased $2.4 million due to persistent broader economic pressures linked to resource prices, combined with a mild winter tempering demand during the historically active snow removal season. A $4.8 million reduction in SG&A partly offset the decrease in gross profit for the six month period ended June 30, 2016.

Second Quarter Cash Flows

Cash and Cash Equivalents – Six Months Ended June 30, 2016

Cervus' primary sources and uses of cash flow for the six months ended June 30, 2016 are as follows:

Operating Activities

Net cash provided by operating activities was $1.5 million for the six months ended June 30, 2016, compared to cash used of $11.8 million for the same period of 2015, a net increase of $13.3 million. The primary reasons for this increase was due to $10.5 million of net cash used for working capital items in the current year, compared to $23.2 million used in the comparable period in 2015.

Investing Activities

During the six months ended June 30, 2016, the Company generated $5.1 million of net cash from investing activities compared to $18.3 million used in investing activity for the same period in 2015. During the six months ended June 30, 2016 the Company received $6.7 million of proceeds from the sale of a building previously classified as held for sale. In addition, 2015 had higher outflows of cash for investing activities on higher capital additions and amounts paid for final holdback payments on business acquisitions in 2014. These amounts were accrued as payable in 2014.

Financing Activities

During the six months ended June 30, 2016, the Company's financing activities used $10.7 million of cash, compared to cash provided of $23.1 million in 2015, for a change of $33.8 million. The primary driver of the change when compared to the same period in 2015 is a $31.1 million source of cash from financing in 2015 for final payments on 2014 acquisitions and working capital requirements, compared to $2.3 million paid in 2016.

Consolidated Financial Position & Liquidity

($ thousands, except ratio amounts)	June 30, 2016	December 31, 2015
Current assets	**384,341**	405,778
Total assets	**598,052**	629,785
Current liabilities	**274,618**	287,891
Long-term financial liabilities	**115,306**	136,953
Shareholders' equity	**196,070**	193,293
Working capital (see "Non-IFRS Measures")	**109,723**	117,887
Working capital ratio (see "Non-IFRS Measures")	**1.40**	1.41

Working Capital

Cervus' working capital decreased by $8.2 million to $109.7 million at June 30, 2016 due to seasonality, while the overall working capital ratio remained flat with December 31, 2015.

Based on inventory levels at June 30, 2016, the Company had the ability to floor plan an additional $52.2 million of inventory, and held $215.6 million of undrawn floor plan capacity.

The Company's ability to maintain sufficient liquidity is driven by revenue, gross profit realization, and judicious allocation of resources. At this time, there are no known factors that management is aware of that would affect its short and long-term objectives of meeting the Company's obligations as they come due. Working capital may fluctuate from time to time based on the use of cash and cash equivalents related to the seasonal nature of our business, and funding potential future business acquisitions. Cash resources can typically be restored by accessing floor plan monies from unencumbered equipment inventories or accessing undrawn credit facilities. Also, the seasonality of our business requires greater use of cash resources in the first and fourth quarter of each year to fund general operations caused by the seasonal nature of our sales activity.

Inventories

The nature of the business has a significant impact on the amount of equipment that is owned by our various dealerships. The majority of our Agricultural equipment sales come with a trade-in, a limited portion of our Transportation sales come with a trade-in, and our Commercial and Industrial equipment sales usually do not have trade-ins. This results in a higher amount of used Agriculture equipment than used Transportation and Commercial and Industrial equipment. In addition, the majority of our new John Deere equipment is on consignment from John Deere, whereas we purchase the new equipment from our other manufacturers. These factors directly impact the amount of new and used equipment in inventory. The majority of our product lines, in all segments, are manufactured in the US with pricing based in US dollars, but invoiced in Canadian dollars. Inventory by segment for the period ended June 30, 2016 compared to December 31, 2015 is as follows:

($ thousands)	**June 30, 2016**	December 31, 2015
Agricultural	**204,359**	204,071
Transportation	**68,544**	69,708
Commercial & Industrial	**35,648**	43,947
Total	**308,551**	317,726

As at June 30, 2016, inventories had decreased by $9.2 million to $308.6 million when compared to $317.7 million at December 31, 2015. Of the $9.2 million decrease, $19.5 million relates to new equipment as equipment is delivered to customers in season, partly offset by $8.3 million increase in used equipment taken in trade on sale of new, along with a $2.2 million increase in parts to support in season repair. Due to seasonality of sales activity in our operating segments, comparison to inventory levels at December 31, 2015 may be limited. Therefore, we have provided inventory by segment for the period ended June 30, 2016 compared to June 30, 2015. A summary of the movement is as follows:

($ thousands)	**June 30, 2016**	June 30, 2015
Agricultural	**204,359**	212,327
Transportation	**68,544**	87,346
Commercial & Industrial	**35,648**	61,198
Total	**308,551**	360,871

Inventory has decreased $52.3 million when compared to June 30, 2015. Of the $52.3 million decrease, $37.6 million relates to new equipment and $13.2 million in used. Inventory levels within the Agriculture segment decreased over Q2 2015, as decreased used inventory within our Canadian operations were partly offset by an increase in new inventory in our Australia operations on an earlier receipt of equipment in 2016. This has been achieved through continued focus in managing inventory levels throughout the year. The decrease in inventory in Transportation and Commercial and Industrial segments is due to continued focus on reducing stock inventory and managing inventory levels to the current Western Canadian equipment demand in these sectors.

At June 30, 2016, the Company believes that the recoverable value of used equipment inventories exceeds its respective carrying value. During the three and six months ended June 30, 2016, the company recognized inventory valuation adjustments through cost of goods sold of $2.6 million and $4.3 million, respectively (2015 - $0.6 million and $1.0 million).

Accounts Receivable

The calculated rolling twelve month average time to collect the Company's outstanding accounts receivables was approximately 20 days as at June 30, 2016 compared to 21 days for the same period in 2015. At June 30, 2016 no single outstanding customer balance, excluding sales contract financing receivables, represented more than 10% of total accounts receivable. The Company closely monitors the amount and age of balances outstanding on an on-going basis and establishes provisions for bad debts based on account aging, combined with specific customers' credit risk, historical trends, and other economic information. The Company's allowance for doubtful collections was $0.7 million at June 30, 2016 (June 30, 2015 - $1.6 million), which represents 2.1 % (June 30, 2015 – 3.4%) of outstanding trade accounts receivable and 0.1% (June 30, 2015- 0.1%) of gross revenue on an annual basis. Bad debt expense for the six months ended June 30, 2016 amounted to a $0.1 million recovery (2015 - $0.2 million expense).

Capital Resources

We use our capital to finance current operations and growth strategies. Our capital consists of both debt and equity and we believe the best way to maximize shareholder value is to use a combination of equity and debt financing to leverage our operations. A summary of the Company's available credit facilities as at June 30, 2016 are as follows:

($ thousands)	Total Amount	Borrowings	Letters of Credit	Consigned Inventory	Amount Available
Operating and other bank credit facilities	100,685	56,785	2,556	-	41,344
Floor plan facilities and rental equipment floor plan facilities	478,105	160,056	-	102,392	215,657
Capital facilities	63,146	38,204	-	-	24,942
Total	641,936	255,045	2,556	102,392	281,943

Operating and Other Bank Credit Facilities

At June 30, 2016 the Company has a committed revolving credit facility with a syndicate of lenders, with a principal amount of $100.0 million. The facility is committed for a two year term beginning December 21, 2015, but may be extended on or before the anniversary date with the consent of the lenders. The facility contains an $80.0 million accordion which the Company may request as an increase to the total available facility, subject to lender approval. As at June 30, 2016 there was $56.1 million drawn on the facility and $2.6 million had been utilized for outstanding letters of credit to John Deere. Operating and other bank credit facilities include both Canadian and Australian balances.

We believe that the credit facilities available to the Company outlined above are sufficient to meet our market share targets and working capital requirements for 2016. The Company must meet certain financial covenants as part of its current credit facilities, as at the date of this report, the Company is in compliance with all of its covenants.

Floor Plan Facilities

Floor plan payables consist of financing arrangements for the Company's inventories and rental equipment financing with John Deere Canada ULC, Wells Fargo Commercial Distribution Finance, De Lage Landen Financial Services Canada Inc., PACCAR Financial Ltd., US Bank, and Canadian Imperial Bank of Commerce. At June 30, 2016, floor plan payables related to inventories were $147.8 million.

Floor plan payables at June 30, 2016 represented approximately 48.0% of our inventories (December 31, 2015 – 53.1%). Floor plan payables fluctuate significantly from quarter to quarter based on the timing between the receipt of equipment inventories and their actual repayment so that the Company may take advantage of any programs made available to the Company by its key suppliers.

Interest on floor plans at the contractual rate were largely offset by dealer rebates and interest free periods. Total Agricultural segment interest otherwise payable on John Deere floor plans approximates $0.4 million and $0.8 million for the three and six month periods ended June 30, 2016, respectively. This amount was offset by rebates applied during the three and six month periods ended June 30, 2016, of $0.2 million and $0.4 million. At June 30, 2016, approximately 24% (2015 – 70%) of the C&I and 14% (2015 – 10%) of the Transportation segment's outstanding floor plan balances were non-interest bearing due to various incentives and interest free periods in place.

Capital Facilities

Capital facilities consist of capital asset financing primarily through credit facilities with Farm Credit Canada and Affinity Credit Union. In June 2016, the Company renewed mortgages of $9.8 million under variable rates for a one year term. Further, the Company's financial covenants under its mortgages with Farm Credit Canada were amended to align with certain of the Company's financial covenants under its committed operating facility.

Outstanding Share Data

As of the date of this MD&A, there are 15,698 thousand common shares and 794 thousand deferred shares outstanding. The Company also has convertible debentures with a face value of $34.5 million, convertible into common shares at the holder's option prior to the maturity date (July 31, 2017) at a conversion price of $26.15 per common share (see "Contractual Obligations"). Further, at the maturity date, the Company may repay the debentures in cash or shares, at the Company's discretion. As at June 30, 2016 and 2015, the Company had the following weighted average shares outstanding:

(thousands)	June 30, 2016	June 30, 2015
Basic weighted average number of shares outstanding	**15,641**	15,413
Dilutive impact of deferred share plan	**791**	-
Diluted weighted average number of shares outstanding	**16,432**	15,413

The above tables excludes all deferred share units and options for the six months ended June 30, 2015, (723 thousand) as they are considered anti-dilutive.

Dividends Paid and Declared to Shareholders

The Company, at the discretion of the Board of Directors, is entitled to make cash dividends to its shareholders. The following table summarizes our dividends paid for the period ended June 30, 2016:

($ thousands, except per share amounts) Record Date	Dividend per Share	Dividend Payable	Dividends Reinvested	Net Dividend Paid
March 31, 2016	0.0700	1,094	226	868
June 30, 2016	0.0700	1,097	216	881
Total	**0.1400**	**2,191**	**442**	**1,749**

As of the date of this MD&A, all dividends as described above were paid (see "Capital Resources – Cautionary note regarding dividends").

Dividend Reinvestment Plan ("DRIP")

The DRIP was implemented to allow shareholders to reinvest quarterly dividends and receive Cervus shares. For shareholders who elect to participate, their periodic cash dividends are automatically reinvested in Cervus shares at a price equal to 95% of the volume-weighted average price of all shares for the ten trading days preceding the applicable record date. Eligible shareholders can participate in the DRIP by directing their broker, dealer, or investment advisor holding their shares to notify the plan administrator, Computershare Trust Company of Canada Ltd., through the Clearing and Depository Services Inc. ("CDS"), or directly where they hold the certificates personally.

During the three and six month period ended June 30, 2016, 22 thousand and 40 thousand common shares were issued through the Company's dividend reinvestment plan.

Taxation

Cervus' 2016 dividends declared and paid through June 30 2016 are considered to be eligible dividends for tax purposes on the date paid.

Cautionary Note Regarding Dividends (see "Note Regarding Forward-Looking Statements")

The payment of future dividends is not assured and may be reduced or suspended. Our ability to continue to declare and pay dividends will depend on our financial performance, debt covenant obligations, and our ability to meet our debt obligations and capital requirements. In addition, the market value of the Company's common shares may decline if we are unable to meet our cash dividend targets in the future, and that decline may be significant. Under the terms of our credit facilities, we are restricted from declaring dividends or distributing cash if the Company is in breach of its debt covenants. As at the date of this report, the Company is not in violation of any of its covenants.

Summary of Quarterly Results

($ thousands, except per share amounts)	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
Revenues	**294,772**	208,542	257,726	334,742
Profit attributable to the shareholders	**2,485**	1,733	3,768	3,910
Gross profit	**47,788**	39,218	52,095	55,278
Gross profit margin	**16.2%**	18.8%	20.2%	16.5%
EBITDA	**10,997**	10,039	15,034	14,863
Earnings per share:				
Basic	**0.16**	0.11	0.24	0.25
Diluted	**0.15**	0.11	0.23	0.24
Adjusted income (loss) per share[1]				
Basic	**0.15**	(0.16)	0.32	0.43
Diluted	**0.14**	(0.16)	0.31	0.41
Weighted average shares outstanding				
- Basic	**15,994**	15,622	15,578	15,519
- Fully diluted	**16,785**	16,433	16,255	16,222

($ thousands, except per share amounts)	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
Revenues	302,988	238,422	289,040	286,192
Profit (loss) attributable to the shareholders	(32,203)	(2,896)	5,870	7,707
Gross profit	55,256	44,312	55,954	52,345
Gross profit margin	18.2%	18.6%	19.4%	18.3%
EBITDA	12,305	4,128	15,909	17,599
Earnings (loss) per share:				
Basic	(2.08)	(0.19)	0.38	0.51
Diluted	(2.08)	(0.19)	0.37	0.49
Adjusted income (loss) per share[1]				
Basic	0.19	(0.08)	0.49	0.57
Diluted	0.18	(0.08)	0.47	0.55
Weighted average shares outstanding				
- Basic	15,446	15,382	15,273	15,148
- Fully diluted	15,446	15,382	16,023	15,884

[1] - Refer to Non-IFRS Measures herein

Sales activity for the Agricultural segment is normally highest between April and September during growing seasons in Canada and the impact on the growing seasons for New Zealand and Australia has not materially impacted the above results. Activity in the Transportation sector generally increases in winter months, while the Commercial and Industrial sector generally slows in the winter months. As a result, income or losses may not accrue uniformly from quarter to quarter. The reason for the change in net profit for the four most recent quarters when compared to prior quarters, is primarily the impact of resource prices on Western Canadian Transportation and C&I operations, followed by our Ontario Peterbilt operations generating operating losses during integrations in the four quarters ended June 30, 2015. In Q2 2015, the Company reached an agreement with Canada Revenue Agency, resulting in a non-cash charge of $33.4 million related to the write-off of a portion of the Company's deferred tax asset.

MARKET OUTLOOK (see "Note Regarding Forward-Looking Statements")

The Company's three operational segments are subject to broad market forces in addition to the underlying economic factors specific to the industries they serve. Further, the geographical diversity of the Company's operations may temper or accelerate broader market forces in their significance region to region. The following provides an overview of Management's market outlook as it relates to the Company's operations at time of writing.

Alberta & Saskatchewan

Agriculture outlook remains the driving variable in the Company's Western Canadian operations, and the Canadian agriculture industry is well positioned. Statistics Canada has confirmed its preliminary expectation: Canadian farmers achieved record net cash farm income in 2015[3], along with record farm net worth. Spring seeding was completed uneventfully in most of our Western Canadian geography, while precipitation and weather have been generally favorable. Agriculture and Agri-Food Canada's (AAFC) July 17, 2016 Outlook for Principal Field Crops forecasts crop yield mirroring that of 2015, which is consistent with trends in our year to date equipment demand. Subsequent to AAFC's report, significant precipitation has generally improved crop conditions, and potential for increased yield is beginning to influence market sentiment, as illustrated by recent statements from the Western Grain Elevators Association.[4] As with all growing seasons, uncertainty remains for our customers until harvest is completed. Although crop conditions appear generally favorable, we remain focused on prudent management of inventory and targeting in-season service and support for our Customers.

In our Western Canadian Commercial and Industrial segment and our Saskatchewan Transportation dealerships, the economic fallout of resource prices continues to suppress capital spending, particularly in Alberta.[5] At present, we do not anticipate a significant acceleration of equipment demand in these segments until such time that resource activity resumes, or industry cost structure adjusts such that resource related activity increases. In this market, managing our cost structure is within our control, and cost reductions initiated in 2015 have been instrumental in mitigating a portion of the impact of reduced demand. Operating efficiencies and scaling our operations in line with demand remains a focus.

Ontario

For our Ontario transportation dealerships, economic activity in the Ontario market has benefited from a lower Canadian dollar, as evidenced by a 14% increase in U.S. bound exports in the first half of 2016[6]. Economic factors supporting manufacturing activities are favorable for transportation demand, however the correlation has not been immediate. The prolonged period of Canadian dollar strength in previous years reduced Ontario's manufacturing capital and capacity. As manufacturing activity starts expanding, our customers welcome the emerging transportation demand linked to a reenergized manufacturing sector. However, while Canadian manufacturing activity has lagged the appreciation of the US dollar, a stronger US dollar has immediately increased equipment costs for trucks. Within the Ontario market, favorable long term indicators outweigh short term hurdles and we are pleased with continuing growth in the profitability of our Ontario operations. We see our greatest opportunity in entrenching efficient parts and service departments, supported by a capable high volume equipment sales team.

New Zealand & Australia

Within New Zealand, dairy farmers achieved the second highest annual dairy production in 2016/2015, although dairy farmers have curtailed input costs as dairy pricing recovers from historical lows. However, other agriculture market sectors remain strong and the medium term outlook is positive for sheep, beef, wine and kiwifruit.[7] Meat and produce prices remain positive, and average to above average soil moisture is expected. This has contributed to strong sales outside of the dairy sector, and is poised to continue into 2017.

In our Australian geography, after a dry start to the year Eastern Australia has seen some significant rains over the past 3 months which has started to replenish moisture levels. Moisture levels are supporting optimism for the 2016 crop yield, depending on additional precipitation in the critical month of September. The dairy industry is expected

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[3] Statistics Canada *Farm Financial Statistics: Net Farm Income,* May, 25, 2016 www.statscan.gc.ca/tables

[4] Western Producer *Bumper Crops Expected,* July 14, 2016, www.producer.com /2016/07/bumper-crops-expected/

[5] Alberta Government Treasury Board and Finance, *Economic Trends*, March 1, 2016 http://www.finance.alberta.ca/aboutalberta/archive-economic-trends.html

[6] TD Economics, *Provincial Economic Forecast* July 6, 2016, https://www.td.com/economics

[7] Rabobank *Agribusiness Monthly June 2016,* June 22, 2016, www.rabobank.co.nz

to remain weak through 2016 and dairy farmers are likely to limit their capital spending. However, beef and sheep markets remain buoyant across our geography, and are expected to offset a portion of the decreased demand from dairy farmers.

Off-Balance Sheet Arrangements

In the normal course of business, we enter into agreements that include indemnities in favor of third parties, such as engagement letters with advisors and consultants, and service agreements. We have also agreed to indemnify our directors, officers, and employees and those of our subsidiaries, in accordance with our governing legislation, our constating documents and other agreements. Certain agreements do not contain any limits on our liability and, therefore, it is not possible to estimate our potential liability under these indemnities. In certain cases, we have recourse against third parties with respect to these indemnities. Further, we also maintain insurance policies that may provide coverage against certain claims under these indemnities.

John Deere Credit Inc. ("Deere Credit") provides financing to certain of the Company's customers. A portion of this financing is with recourse to the Company if the amounts are uncollectible. At June 30, 2016, payments in arrears by such customers aggregated $519 thousand. In addition, the Company is responsible for assuming all lease obligations held by its customers with Deere Credit for the net residual value of the lease outstanding at the maturity of the contract. At June 30, 2016, the net residual value of such leases aggregated $197.2 million of which the Company believes all are recoverable.

The Company is liable for a potential deficiency in the event that the customer defaults on their lease obligation or retail finance contract. Deere Credit retains 1% of the face amount of the finance or lease contract for amounts that the Company owes Deere Credit under this obligation. The deposits are capped at between 1% and 3% of the total dollar amount of the lease and finance contracts outstanding. The maximum liability that can arise related to these arrangements is limited to the deposits of $2.6 million at June 30, 2016. Deere Credit reviews the deposit account balances quarterly and if the balances exceed the minimum requirements, Deere Credit refunds the difference to the Company.

The Company has issued irrevocable standby Letters of Credit to Deere Credit and another supplier in the aggregate amount of $2.6 million. The Letters of Credit were issued in accordance with the dealership arrangements with the suppliers that would allow the supplier to draw upon the letter of credit if the Company was in default of any of its obligations.

Transactions with Related Parties

Key Management Personnel Compensation

In addition to their salaries, the Company also provides non-cash benefits to its directors and executive officers. The Company contributes to the deferred share plan on behalf of directors and executive officers, and to the employee share purchase plan on behalf of executive officers, if enrolled, in accordance with the terms of the plans. The Company has no retirement or post-employment benefits available to its directors and executive officers, aside from permitting unvested deferred share units earned during employment to continue vesting upon retirement. In addition, no directors or executive officers are part of the share option plan.

Other Related Party Transactions

Certain officers and dealer managers of the Company have provided guarantees to John Deere as required by John Deere aggregating $6.5 million. The guarantees are kept in place until released by John Deere. During the three and six month periods ended June 30, 2016 and 2015, the Company paid those individuals $49 thousand and $98 thousand for providing these guarantees which represents a similar amount to guarantee fees otherwise paid to financial institutions. These transactions were recorded at the amount agreed to between the Company and the guarantors and are included in selling, general and administrative expenses.

Critical Accounting Estimates and Judgments

Preparation of unaudited and audited consolidated financial statements requires that we make assumptions regarding accounting estimates for certain amounts contained within the unaudited and audited consolidated financial statements. We believe that each of our assumptions and estimates is appropriate to the circumstances and represents the most likely future outcome. However, because of the uncertainties inherent in making assumptions and estimates regarding unknown future outcomes, future events may result in significant differences between estimates and actual results. Further information on our critical accounting estimates can be found in the notes to the audited consolidated financial statements for the year ended December 31, 2015 as filed on SEDAR at www.sedar.com. In preparing these unaudited condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2015.

Business Risks and Uncertainties

The Company's business risks and uncertainties remain unchanged from those discussed in our annual MD&A for the year ended December 31, 2015 as filed on SEDAR at www.sedar.com

Changes in Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2015 and as described in note 3 in those financial statements.

Responsibility of Management and Board

Internal Controls Over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of Cervus are responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR"). Internal control over financial reporting is a process designed by, or under the supervision of, the CEO and the CFO and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There have been no significant changes in the design of our ICFR during the six month period ended June 30, 2016 that have materially affected, or are reasonably likely to materially affect the Company's ICFR.

The control framework utilized to design the Company's ICFR is the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), (2013).

Disclosure Controls

The CEO and the CFO are also responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P"). Disclosure controls and procedures are controls and other procedures designed to provide reasonable assurance that information required to be disclosed in documents filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation and includes controls and procedures designed to ensure that information required to be disclosed in documents filed or submitted under securities legislation is accumulated and communicated to the Company's management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. The CEO and the CFO, together with other members of management, have designed the Company's disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would have been known to them, and by others, within those entities. There have been no significant changes in the design of our DC&P during the six month period ended June 30, 2016 that have materially affected, or are reasonably likely to materially affect the Company's DC&P.

It should be noted a control system, including the Company's DC&P and ICFR, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system will be met, and it should not be expected that DC&P and ICFR will prevent all errors or fraud.

Additional IFRS Financial Measures

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. These measures are identified and defined below:

Gross profit

Gross profit refers to the Company's total revenue less costs directly attributed to generating the related sales revenue. This additional IFRS measure is identified in our interim consolidated financial statements on the statement of comprehensive income. Gross profit provides a measure to assess the Company's profitability and efficiency of revenue generated, prior to considering selling, general and administrative expenses.

Gross profit margin is the percentage resulting from dividing Gross Profit from a transaction by the revenue generated by the same transaction.

Income (loss) from operating activities

Income from operating activities refers to income (loss) excluding: general interest expense recognized outside of cost of goods sold, interest income, share of profit (loss) from equity investees, and income tax. This additional IFRS measure is identified in our interim consolidated financial statements on the statement of comprehensive income. Income from operating activities is a useful supplemental earnings measure as it provides an indication of the financial results generated by our principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions and the effects of earnings from equity investees.

Non-IFRS Financial Measures

This MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that these measures should not be construed as an alternative to profit or to cash flow from operating, investing, and financing activities determined in accordance with IFRS as indicators of our performance. These measures are provided to assist investors in determining our ability to generate profit and cash flow from operations and to provide additional information on how these cash resources are used. These financial measures are identified and defined below:

Adjusted Income

Adjusted income is provided to aid in the comparison of the Company's results from one period, to the Company's results from another period. The Company calculates Adjusted Income as follows:

	Three month period ended June 30		Six month period ended June 30	
($ thousands, except per share amounts)	**2016**	**2015**	**2016**	**2015**
Income (loss) attributed to shareholders	**2,485**	(32,203)	**4,218**	(35,099)
Adjustments:				
CRA settlement	**-**	35,123	**-**	35,123
Unrealized foreign currency (gain) loss[1]	**(154)**	(275)	**(2,861)**	1,051
Acquisition and integration costs	**-**	287	**-**	599
Gain on sale of land and building	**-**	-	**(1,464)**	-
Adjusted income attributed to shareholders	**2,331**	2,932	**(107)**	1,674
Adjusted earnings per share:				
Basic	**0.15**	0.19	**(0.01)**	0.11
Diluted	**0.14**	0.18	**(0.01)**	0.10

[1] –Unrealized foreign exchange gains and losses are due to changes in fair value of our derivative financial asset and from period close translation of floorplan payables and cash denominated in US dollars. The unrealized foreign currency gains and losses are treated as an adjustment to the Company's adjusted income calculation as these foreign currency gains and losses are not realized until settlement. Until settlement occurs, there may be large fluctuations period to period on movement of the foreign exchange rate, making comparison of operating performance period over period difficult.

EBITDA

Throughout the MD&A, reference is made to EBITDA, which Cervus' management defines as earnings before interest, income taxes and depreciation and amortization. Management believes that EBITDA is a key performance measure in evaluating the Company's operations and is important in enhancing investors' understanding of the Company's operating performance. As EBITDA does not have a standardized meaning prescribed by IFRS, it may not be comparable to similar measures presented by other companies. As a result, we have reconciled profit as determined in accordance with IFRS to EBITDA, as follows:

Three months ended June 30, 2016

EBITDA ($ thousands) **Three months ended June 30, 2016**	**Total**	**Agricultural**	**Transportation**	**Commercial & Industrial**
Income (loss) attributed to shareholders	**2,485**	2,937	292	(744)
Add:				
Interest	**3,182**	1,670	1,195	317
Income taxes	**1,153**	1,002	409	(258)
Depreciation and Amortization	**4,177**	2,109	1,368	700
EBITDA	**10,997**	7,718	3,264	15

Six months ended June 30, 2016

EBITDA ($ thousands) Six months ended June 30, 2016	Total	Agricultural	Transportation	Commercial & Industrial
Income (loss) attributed to shareholders	**4,218**	2,538	2,352	(672)
Add:				
Interest	**6,579**	3,386	2,558	635
Income taxes	**1,523**	916	850	(243)
Depreciation and Amortization	**8,716**	4,433	2,767	1,516
EBITDA	**21,036**	11,273	8,527	1,236

Three months ended June 30, 2015

EBITDA ($ thousands) Three months ended June 30, 2015	Total	Agricultural	Transportation	Commercial & Industrial	Other[1]
Income (loss) attributed to shareholders	**(32,203)**	15	2,454	451	(35,123)
Add:					
Interest	**2,987**	1,620	922	445	-
Income taxes	**37,117**	4,371	(2,182)	(195)	35,123
Depreciation and Amortization	**4,404**	2,189	1,291	924	-
EBITDA	**12,305**	8,195	2,485	1,625	-

Six months ended June 30, 2015

EBITDA ($ thousands) Six months ended June 30, 2015	Total	Agricultural	Transportation	Commercial & Industrial	Other[1]
Income (loss) attributed to shareholders	**(35,099)**	(103)	116	11	(35,123)
Add:					
Interest	**5,822**	3,121	1,808	893	-
Income taxes	**36,695**	4,344	(2,514)	(258)	35,123
Depreciation and Amortization	**9,015**	4,408	2,701	1,906	-
EBITDA	**16,433**	11,770	2,111	2,552	-

EBITDA is defined as profit before interest, taxes, depreciation, and amortization. We believe, in addition to net income (loss), EBITDA is a useful supplemental earnings measure as it provides an indication of the financial results generated by our principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions and before non-cash amortization expense.

[1] – The impact of the CRA settlement as discussed in Note 12 of the accompanying interim financial statements have not been allocated to the business segments.

EBITDA Margin

EBITDA margin is calculated as EBITDA divided by gross revenue.

Working Capital

Working capital is calculated as current assets less current liabilities. Working capital ratio is calculated as current assets divided by current liabilities.