AutoCanada

2022

Fourth Quarter Management Discussion & Analysis

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

For the year ended December 31, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

1. READER ADVISORIES

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

To provide more meaningful information, this MD&A typically refers to the operating results for the three-month period and year ended December 31, 2022 of the Company, and compares these to the operating results of the Company for the three-month period and year ended December 31, 2021.

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

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

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

2. EXECUTIVE SUMMARY

Business Overview

Canadian Operations

AutoCanada's Canadian Operations segment currently operates 64 franchised dealerships in Canada, comprised of 25 brands, in 8 provinces. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Alfa Romeo, Chevrolet, GMC, Buick, Cadillac, Infiniti, Nissan, Hyundai, Subaru, Audi, Volkswagen, Mazda, Mercedes-Benz, BMW, MINI, Ford, Acura, Honda, Kia, and Porsche branded vehicles. In addition, AutoCanada's Canadian Operations segment currently operates 3 used vehicle dealerships and 1 used vehicle auction business supporting the Used Digital Retail Division, 11 RightRide division locations, and 10 stand-alone collision centres within our group of 25 collision centres. In 2022, our Canadian dealerships sold approximately 85,200 new and used vehicles and processed approximately 847,000 service and collision repair orders in our 1,144 service bays.

U.S. Operations

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

2022 Fourth Quarter Key Highlights and Recent Developments

All comparisons presented below are between the three-month period ended December 31, 2022 and the three-month period ended December 31, 2021, unless otherwise indicated.

AutoCanada Key Highlights

FOURTH QUARTER RESULTS

- Revenue was $1,388.2 million as compared to $1,195.8 million in the prior year, an increase of 16.1%
- Net income for the period was $14.8 million versus $69.4 million in the prior year
- Adjusted EBITDA[1] was $50.7 million versus $65.9 million in the prior year, a decrease of $(15.2) million
    - Current year results include an incremental used vehicle writedown provision of $(12.4) million and an increase in floorplan financing costs of $(13.3) million
    - Adjusted EBITDA margin[1] was 3.6% versus 5.5% in the prior year, a decrease of (1.9) percentage points
- Diluted earnings per share was $0.52, a decrease of $(1.86) from $2.38 in the prior year
- A Substantial Issuer Bid was completed to purchase and cancel 1,851,851 common shares at a purchase price of $27.00 per share, representing an aggregate purchase price of $50.0 million in Q4 2022
    - For the year ended December 31, 2022, including two Substantial Issuer Bids and the Normal Course Issuer Bid, a total of 4,741,879 common shares were purchased and cancelled for total consideration of $139.1 million
- Indebtedness of $555.1 million at the end of Q4 2022 compares to $285.9 million at the end of Q4 2021
- Net indebtedness[2] of $446.8 million at the end of Q4 2022 compares to $212.7 million at the end of Q4 2021

Executive Overview

The business model continued to perform in the fourth quarter. Results in the quarter were being impacted by fluctuations in used vehicle pricing that necessitated the incremental used vehicle writedown provision and by the increase in floorplan costs. Our finance and insurance ("F&I") and parts, service and collision repair ("PS&CR") business operations were strong contributors to performance in the quarter, supported by strong used retail volume. Acquisitions, as identified in Section 5 Acquisitions, Divestitures, Relocations, and Real Estate, have also been a positive contributor to results and have exceeded Year 1 pro forma targets to date.

Net income for the period was $14.8 million as compared to $69.4 million in Q4 2021. Diluted earnings per share was $0.52, a decrease of $(1.86) from $2.38 in the prior year.

Adjusted EBITDA for the period was $50.7 million as compared to $65.9 million in Q4 2021. Adjusted EBITDA margin of 3.6% compares to 5.5% in the prior year, a decrease of (1.9) percentage points ("ppts"). This decrease is largely driven by the noted $(12.4) million incremental used vehicle writedown provision, adjusting used vehicle inventory to net realizable value, and the year-over-year increase of $(13.3) million in floorplan financing costs.

Gross profit increased by $14.1 million to $242.6 million, an increase of 6.2%, as compared to prior year. This increase was largely driven by the increases of $17.1 million from F&I and $19.7 million from PS&CR. This continued improvement in our F&I and PS&CR gross profit is representative of our continued optimization and refinement of business processes and integration of acquisitions to date.

Gross profit percentage[3] was 17.5% in the quarter as compared to 19.1% in the prior year. This decrease is largely driven by the current used vehicle macro environment, resulting in both a compression of used vehicle gross profit percentage and the incremental used vehicle writedown provision. While used retail vehicle[3] gross profit percentage weakened, used retail vehicle sales increased by 2,525 units, up 21.2%, to 14,418 units, and contributed to the

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

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

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

consolidated used to new retail units ratio[4] moving to 1.78 from 1.45. Used vehicle sales volume also contributed to our strong F&I and PS&CR gross profit performance.

Our U.S. Operations contributed $34.3 million of gross profit, a decrease of $(4.9) million or (12.4)% as compared to prior year. This decrease in gross profit was primarily driven by compression of new and used vehicle gross profit percentage and $(3.3) million of incremental used vehicle writedown provision taken in the quarter. Used retail vehicles sales increased by 26.0% as compared to the prior year and supports both the increases in F&I gross profit by $2.7 million, or 22.2%, and PS&CR gross profit by $4.5 million, or 48.8%.

Operating expenses before depreciation as a percentage of gross profit[3] increased by 6.6 ppts to 75.7%. The increase is largely due to the noted compressed gross profit and increased operating expenses before depreciation[3]. Operating expenses before deprecation increased by $25.7 million and is largely driven by acquisitions and related costs, and increased head count to facilitate organizational growth.

Floorplan financing costs increased by $(13.3) million, or 564%, to $15.7 million as compared to prior year. The increase is attributable to the combination of rising interest rates and an increase in our used vehicle inventory position. While rising interest rates are expected to impact customer affordability, we consider the availability of vehicle inventory to remain the most significant challenge to sales growth. Additionally, some of the direct impacts of rising interest rates may be offset by vehicle financing products which provide flexibility in financing terms, inclusive of incentives and term extensions. Management continues to monitor the macro environment and will adjust F&I product offerings and other aspects of the business, where necessary, to meet customer needs.

We continue to actively manage our vehicle inventory as the chip shortage remains an issue and continues to impact the supply of new vehicle inventory. While we have seen positive indicators and noted gradual improvements in both the availability of inventory and product allocations, we are not anticipating a return to "normalcy" in new vehicle inventory levels until late 2023 to 2024. Compensating for constrained new vehicle supply, we have managed our used vehicle inventory position to meet current market demands.

Net indebtedness increased by $96.0 million from September 30 2022 to $446.8 million at the end of Q4 2022. This increase is primarily driven by the purchase and cancellation of $(50.0) million of common shares under a Substantial Issuer Bid ("SIB"), and $54.6 million of acquisitions, including Kavia Auto Body Inc., Excellence Auto Collision Limited, and Sterling Honda. Free cash flow[5] on a trailing twelve month ("TTM") basis was $136.7 million at Q4 2022 as compared to $107.2 million in Q4 2021; the increase in free cash flow between years was driven primarily by reduced stock based compensation related cash payments and improvements in working capital. Additionally, our net indebtedness leverage ratio[4] of 2.1x remained well below our target range at the end of Q4 2022, as compared to 0.2x in Q4 2021.

Had all of the acquisitions, completed as of Q4 2022 as identified in Section 5 Acquisitions, Divestitures, Relocations, and Real Estate, occurred at January 1, 2022, pro forma net income would have been $91.6 million for the TTM ended December 31, 2022, as compared to pro forma net income of $174.8 million for the year ended December 31, 2021. Pro forma normalized adjusted EBITDA[4] would be $274.7 million for the TTM ended December 31, 2022, as compared to pro forma normalized adjusted EBITDA[4] of $266.4 million for the year ended December 31, 2021.

We have established an acquisition pipeline, with dealerships and collision centres representing in excess of $395 million in annual revenue currently being evaluated. We are at varying stages of the acquisition process with these targets, ranging from signed letters of intent to signed purchase agreements, with the potential deals remaining subject to due diligence, OEM approvals, and other standard closing conditions. We remain well-positioned to continue to execute on our acquisition strategy in the coming quarters.

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

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

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

Consolidated AutoCanada Highlights

TOTAL VEHICLES[6] SOLD INCREASED BY 14%

For the three-month period ended December 31, 2022:

- Revenue was $1,388.2 million, an increase of $192.4 million or 16.1%
- Total vehicles sold were 23,190, an increase of 2,894 units or 14.3%
    - Used retail vehicles sold increased by 2,525 or 21.2%
- Net income was $14.8 million (or $0.52 per diluted share) versus $69.4 million (or $2.38 per diluted share)
- Adjusted EBITDA decreased by (23.1)% to $50.7 million, a decrease of $(15.2) million
    - Current year results include an incremental used vehicle writedown provision of $(12.4) million and an increase in floorplan financing costs of $(13.3) million
    - Adjusted EBITDA on a TTM basis was $264.8 million as compared to $251.9 million in the prior year
- Net indebtedness of $446.8 million reflected an increase of $96.0 million from the end of Q3 2022
- Net indebtedness leverage ratio of 2.1x at the end of Q4 2022, as compared to 1.5x in Q3 2022

Refer to Section 5 Acquisitions, Divestitures, Relocations, and Real Estate for acquisitions included in Q4 2022 results.

Canadian Operations Highlights

TOTAL GROSS PROFIT INCREASED BY 10%

Our F&I and PS&CR segments, driven by 20.2% increase in used retail unit sales, were key drivers of the 10.0% increase in total gross profit. F&I gross profit increased by $14.4 million or 27.9% to $65.9 million and PS&CR gross profit increased by $15.3 million or 22.9% to $82.0 million as compared to prior year.

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

For the three-month period ended December 31, 2022:

- Revenue was $1,172.7 million, an increase of 17.4%
- Used retail unit sales increased by 1,962 or 20.2%
    - Average TTM Canadian used retail unit sales per dealership per month, excluding Used Digital Retail Division dealerships[5], improved to 63, as compared to 52 in the prior year
- Used to new retail units ratio[5] increased to 1.64 from 1.45
    - TTM used to new retail ratio[5] improved to 1.67 at Q4 2022 as compared to 1.43 at Q4 2021
- F&I gross profit per retail unit average increased to $3,503, up 11.9% or $373 per unit
- Net income was $15.0 million, down (75.8)% from a net income of $62.3 million in 2021
- Adjusted EBITDA decreased by (17.2)% to $45.7 million, a decrease of $(9.5) million
    - Current year results include the incremental used vehicle writedown provision of $(9.1) million
    - Adjusted EBITDA margin was 3.9% as compared to 5.5% in the prior year, a decrease of (1.6) ppts driven primarily by the incremental used vehicle writedown provision and increased floorplan financing costs

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

U.S. Operations Highlights

USED RETAIL VEHICLES SOLD INCREASED BY 26%

Used retail vehicle unit sales increased by 26.0%. Our F&I and PS&CR departments continue to offset the compressed new and used vehicle gross profit percentage.

- Revenue was $215.5 million, an increase of 9.4%, from $197.0 million
- Used retail vehicles sold increased by 26.0%
- F&I gross profit per retail unit average increased to $4,064 per unit, up 20.0% or $677 per unit
- Net income decreased by $(7.4) million to $(0.2) million from $7.1 million
    - Net income on a TTM basis was $14.8 million as compared to $17.1 million in the prior year
- Adjusted EBITDA was $5.0 million as compared to $10.7 million, a decrease of $(5.7) million
    - Current year results include an incremental used vehicle writedown provision of $(3.3) million
    - Adjusted EBITDA on a TTM basis was $32.8 million as compared to $31.2 million in the prior year

Same Store Metrics - Canadian Operations

USED RETAIL VEHICLES SOLD INCREASED BY 7.6%

The continued optimization of the Company's complete business model is highlighted by the growth in same store used retail vehicle sales. Our total gross profit of $165.8 million continues to be driven by our strong F&I and PS&CR performance and included an incremental same store used vehicle writedown provision of $(6.2) million.

Refer to Section 20 Same Store Results Data for the definition of same store and further information.

- Revenue increased to $943.8 million, an increase of 2.2%
- Gross profit decreased by $(9.9) million or (5.7)%
- Used to new retail units ratio increased to 1.55 from 1.29
    - Used retail vehicles sold increased by 7.6%, an increase of 628 units
- F&I gross profit per retail unit average increased to $3,844, up 16.1% or $532 per unit; F&I gross profit increased to $56.1 million as compared to $48.4 million in the prior year, an increase of 15.8%
- PS&CR gross profit increased to $64.6 million, an increase of 7.2%
    - PS&CR gross profit percentage increased to 57.7% as compared to 56.0% in the prior year

Financing and Investing Activities and Other Recent Developments

AMENDED CREDIT FACILITY AGREEMENT EXTENDED TO APRIL 15, 2026

Net indebtedness of $446.8 million resulted in a net indebtedness leverage ratio of 2.1x. Financing and investing activities included the following:

Acquisitions

The Company completed $54.6 million of acquisitions in Q4 2022 and $178.7 million for the year. The acquisitions support management's strategic objectives of expanding our presence across Canada and operational capacity.

- On October 27, 2022, the Company acquired 100% of the shares of Kavia Auto Body Inc. ("Kavia Auto Body"), a collision centre located in Saskatoon, Saskatchewan.
- On November 7, 2022, the Company acquired 100% of the shares of Excellence Auto Collision Limited ("Excellence Auto Collision"), an entity that operates two luxury-brand focused collision centres (Excellence Auto Collision Silver Star and Excellence Auto Collision Midwest) located in Scarborough, Ontario and Toronto, Ontario.
- On December 1, 2022, the Company acquired substantially all of the assets to be used in the operations of Sterling Honda, a Honda dealership in Hamilton, Ontario.
- On February 27, 2023, the Company acquired 100% of the shares of 5121175 Manitoba Ltd. ("DCCHail"), a paintless dent repair entity, located in Calgary, Alberta. DCC Hail operates with a national presence and specializes in the insurance claim management process and repair of hail damaged vehicles.

Share Purchases

- On December 16, 2022, the Company completed a SIB, by way of a modified Dutch auction, to purchase, for cancellation, the common shares of the Company (the "Second Offer"). The Company purchased and cancelled 1,851,851 common shares at a purchase price of $27.00 per share under the Offer, representing an aggregate purchase price $50.0 million, which represents 7.29% of the total issued and outstanding Shares of the Company before giving effect to the Second Offer.
- For the year ended December 31, 2022, a total of 4,741,879 common shares were purchased and cancelled for total consideration of $139.1 million, net of transaction costs.

Credit Facility Amendments

- On December 12, 2022, the Company executed the accordion feature to increase the revolving credit limit by $50 million to $275 million from $225 million and amended our existing credit facility for administrative changes.
- On January 30, 2023, Standard & Poor's Ratings Services ("S&P") issued a research update where our Issuer Credit Rating remains unchanged at 'B+'.
- On February 3, 2023, the Company amended and extended our existing credit facility to increase our total aggregate bank facilities to $1.6 billion. This included increasing our revolving credit limit to $375 million from $275 million. We maintained a three-year tenor by extending the maturity date to April 15, 2026.

Business Objectives and Strategic Growth Pillars

Progress Update on Business Objectives and Strategy

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

2022 Strategic Growth Pillars	Q4 2022 Progress Update
Finance and Insurance ("F&I")	
• Dedicated F&I team leading efforts across all dealerships • Data analytics, in-house training, and incentives are key elements of success • Methodical, intentional, and consistent across all provinces and brands • High value opportunity for synergies from future acquisitions	• Same store F&I gross profit per retail unit increased to $3,844, up 16.1%; seventeenth consecutive quarter of year-over-year growth • Same store F&I gross profit increased by 15.8% to $56.1 million as compared to $48.4 million in the prior year
Used Retail Vehicles	
• Focus on used retail acts as stabilizer to business model • Additive to new vehicles to grow total retail unit sales • Counter cyclical to new vehicle sales • Key driver to incremental margins from F&I and PS&CR	• TTM Canadian used to new retail units ratio increased to 1.67 at Q4 2022 as compared to 1.43 at Q4 2021 • Average TTM Canadian used retail unit sales per dealership per month, excluding Used Digital Retail Division dealerships, improved to 63, as compared to 52 in the prior year
Parts and Service	
• Key element to our long term sustainable profit improvement plan • Leverage centralized call centre (Business Development Centre or "BDC") to handle all inbound and outbound service work appointment bookings • Management focus on effective labour rate, service hours sold and customer satisfaction index • Customer retention a key focus area (tire storage, warranties, maintenance plans); factory trained technicians	• Same store PS&CR revenue up 4.1% and same stores gross profit up 7.2%, year over year • Canadian service bay occupancy has increased by approximately 2.8 ppts when compared to the prior year. See Section 15 for supplementary financial measure • Same store service labour hours has increased by approximately 3% as compared to the prior year. See Section 15 for supplementary financial measure
RightRide	
• Emphasizes sale of used vehicles to credit-challenged customers; capex light stand-alone locations • Partners with third party financing partners, retains no credit risk • Digital sales and marketing strategy allows customers to apply for credit online and purchase a vehicle from anywhere in Canada • Integration with Used Digital Retail Division under review to create omnichannel used car platform	• Operating as stand-alone operations separate from our existing dealerships, with 11 operating locations as Q4 2022 • 5 additional locations in progress (under contract due to rezoning and/or renovation) expected to be operational in 2023 • Management has set a mid-term objective of 35 locations

2022 Strategic Growth Pillars	Q4 2022 Progress Update
Used Digital Retail Division	
• Used Digital strategy complimentary to existing Complete Business Model • Seamless omnichannel buying experience for customers that supports in-store and online requirements for used vehicles • Development of national network of used vehicle dealerships through physical and online presence • Leverage AutoCanada's scale, domain expertise and existing industry relationships across Canada	• 3 used digital retail dealership locations and 1 used vehicle auction business as of Q4 2022 • Dealerships acquired represent approximately 6,700 used retail units on an annualized basis.
Collision Centres	
• Dedicated leadership team driving growth by acquiring stand-alone OEM certified collision centres • Leverage geographic areas where we have multiple dealerships, enabling a "hub and spoke" model • Inherent synergies with existing dealerships, enhancing service model to entire vehicle selling and repair process • Strategy prioritizes access to OEM repair procedures, OEM certifications, and OEM parts procurement	• 24 collision centres under one leadership team, including 9 stand-alone collision centres as of Q4 2022 • Currently have certifications for 25 OEM unique brands • Management has set a longer term objective of 75 collision centres over the next 5 years
M&A Strategy	
• Leverage our platform to create tangible value through acquisition roll up strategy • Industry comprised of fragmented independently owned dealerships (approximately 3,300 across Canada in 2018) • Employ disciplined hurdle return framework to price transactions • Deals will add diversity by geography and OEM brands	• As of Q4 2022, completed acquisition of 16 OEM franchise dealerships, 8 collision centres, 1 used vehicle auction business, and 2 used digital retail dealerships for a total purchase price of $366 million, in the last 24 months • In Q4 2022, acquired Kavia Auto Body on October 27, 2022, Excellence Auto Collision on November 7, 2022, and Sterling Honda on December 1, 2022 • Continuing to develop a transaction pipeline with a number of OEM franchise dealerships and collision centres under review • Acquired DCC Hail on February 27, 2023

Fourth Quarter Financial Information

The following table summarizes the Company's operations for the quarter as well as year to date results:

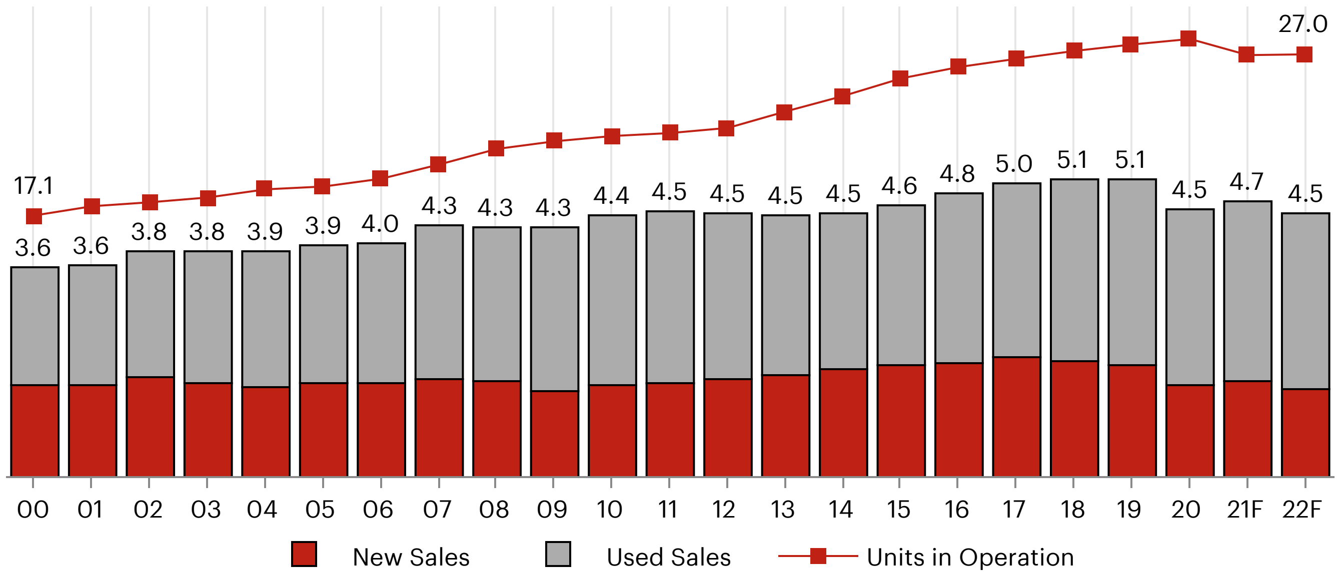
	Three Months Ended December 31			Year Ended December 31		
Consolidated Operational Data	**2022**	**2021**	**% Change**	**2022**	**2021**	**% Change**
Revenue	1,388,206	1,195,782	16.1%	6,040,619	4,653,415	29.8%
Gross profit	242,622	228,514	6.2%	1,042,873	834,183	25.0%
Gross profit %	17.5%	19.1%	-1.6 ppts	17.3%	17.9%	-0.6 ppts
Operating expenses	197,397	170,008	16.1%	811,018	612,609	32.4%
Operating profit	58,604	99,410	(41.0)%	254,551	270,068	(5.7)%
Net income for the period	14,810	69,398	(78.7)%	91,060	167,199	(45.5)%
Basic net income per share attributable to AutoCanada shareholders	0.55	2.54	(78.3)%	3.28	5.98	(45.2)%
Diluted net income per share attributable to AutoCanada shareholders	0.52	2.38	(78.2)%	3.03	5.60	(45.9)%
Adjusted EBITDA	50,669	65,873	(23.1)%	264,800	251,863	5.1%
New retail vehicles[1] sold (units)	8,100	8,204	(1.3)%	36,216	35,799	1.2%
New fleet vehicles[1] sold (units)	672	199	237.7%	1,892	1,872	1.1%
Total new vehicles[1] sold (units)	8,772	8,403	4.4%	38,108	37,671	1.2%
Used retail vehicles sold (units)	14,418	11,893	21.2%	63,611	48,729	30.5%
Total vehicles[1] sold	23,190	20,296	14.3%	101,719	86,400	17.7%
Same store new retail vehicles sold (units)	5,714	6,380	(10.4)%	25,636	28,762	(10.9)%
Same store new fleet vehicles sold (units)	625	192	225.5%	1,715	1,864	(8.0)%
Same store used retail vehicles sold (units)	8,876	8,248	7.6%	40,736	37,035	10.0%
Same store total vehicles sold	15,215	14,820	2.7%	68,087	67,661	0.6%
Same store revenue	943,849	923,341	2.2%	4,281,582	3,808,650	12.4%
Same store gross profit	165,804	175,749	(5.7)%	746,401	689,709	8.2%
Same store gross profit %	17.6%	19.0%	(1.4)%	17.4%	18.1%	(0.7)%

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

3. MARKET AND OUTLOOK

The Canadian Vehicle Market

Total Canadian Vehicle Sales (Millions of Units)



Source: DesRosiers Automobile Consultants

Based on market data provided by DesRosiers, a 2% Compound Annual Growth Rate[7] ("CAGR") is noted for the period from 2000 to 2019. Due to the impact of COVID-19, the overall Canadian market for vehicle sales has noted a CAGR of 1% for the period from 2000 to 2020. In line with continued population growth, there is an anticipated continued long-term growth in year-over-year vehicle sales. The above market data provided by DesRosiers further confirms that consumers continue to buy more vehicles every year and supports our continued growth. With the overall trend of increases in total vehicle sales, the Company's strategy is to improve used retail sales in addition to its continued focus on new retail sales in order to capitalize on the anticipated growth in consumer demand.

According to DesRosiers, Seasonally Adjusted Annual Rate ("SAAR") for December 2022 increased by 5% to 1.65 million units as compared to 1.57 million units in December 2021. This 5% increase compares to a (5)% decrease in September 2022 as compared to September 2021. SAAR creates a base sales figure to allow for more meaningful comparison between months converting the current monthly sales to take into account seasonality of the past ten years. Due to the unique situation caused by the COVID-19 pandemic over the last two years, significant sales fluctuations throughout the year have occurred.

According to DesRosiers, the Canadian light vehicles sales forecast for 2022 is expected to come in at approximately 1.5 million units. Assuming the Canadian economy will go into recession, the forecast for 2023 is expected to come in at approximately 1.6 million units. Actual sales may differ materially as there continues to be a high level of uncertainty regarding the near-term and long-term impacts of COVID-19 and continued disruptions to the global automotive manufacturing supply chain impacting new vehicle inventory production resulting in limited access to inventory. In addition, there remain possibilities for other impacts on general economic conditions resulting in reduced demand for vehicle sales and service, such as the Russia-Ukraine war, inflation, technical recession, and rising interest rates.

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

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

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

Performance vs. the Canadian New Vehicle Market

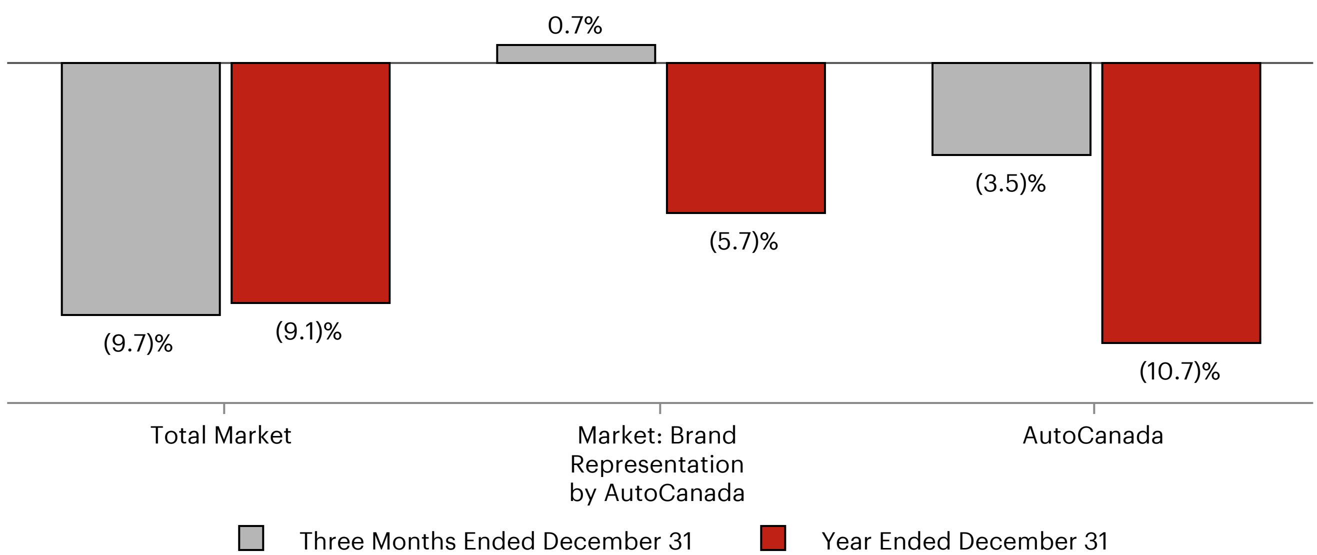
Based on market data provided by DesRosiers, the overall Canadian automotive new retail vehicle sector for the year ended December 31, 2022 decreased by (9.1)%, compared to the prior year.

For the quarter, same stores new units decreased by (3.5)% and compares with an increase of 0.7% in the Canadian new vehicle market for the same stores brands represented by AutoCanada, as reported by DesRosiers.

Year to date, same stores new units decreased by (10.7)% and compares with a decrease of (5.7)% in the Canadian new vehicle market for the same stores brands represented by AutoCanada, as reported by DesRosiers

The lower growth of same stores new units as compared to market is largely driven by both the current new vehicle inventory supply limitations and by our historical outperformance of the market creating a less comparable growth percentage. In addition, the comparison to DesRosiers data may be affected by our dealership brand mix as compared to the rest of the country. We continue to prioritize brand and geographical diversity as we execute our acquisition strategy. Overall, the Company continues to grow our complete business model, including our used vehicle retail sales, as noted by the increase in same stores used retail unit sales by 628 units, an increase of 7.6%.

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



Source: DesRosiers Automotive Consultants

4. RESULTS OF OPERATIONS

Fourth Quarter Operating Results

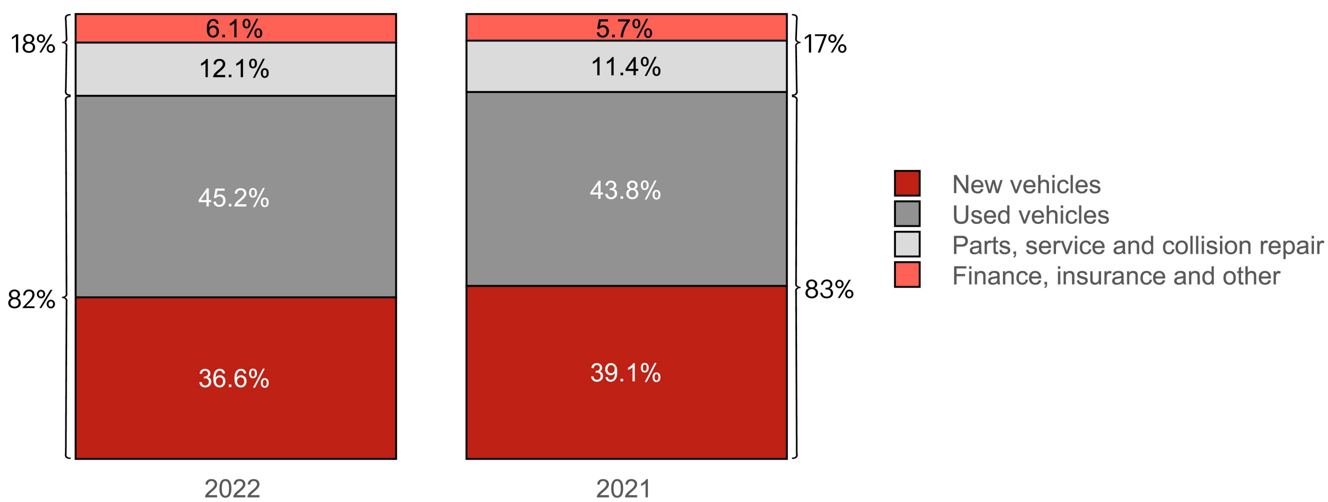
Same store metrics include only Canadian dealerships which have been owned for at least two full years since acquisition.Comparisons to prior year results are impacted by acquisitions. Refer to Section 5 Acquisitions, Divestitures, Relocations and Real Estate for further details.

Revenues

The following tables summarize revenue for the three-month period and year ended December 31:

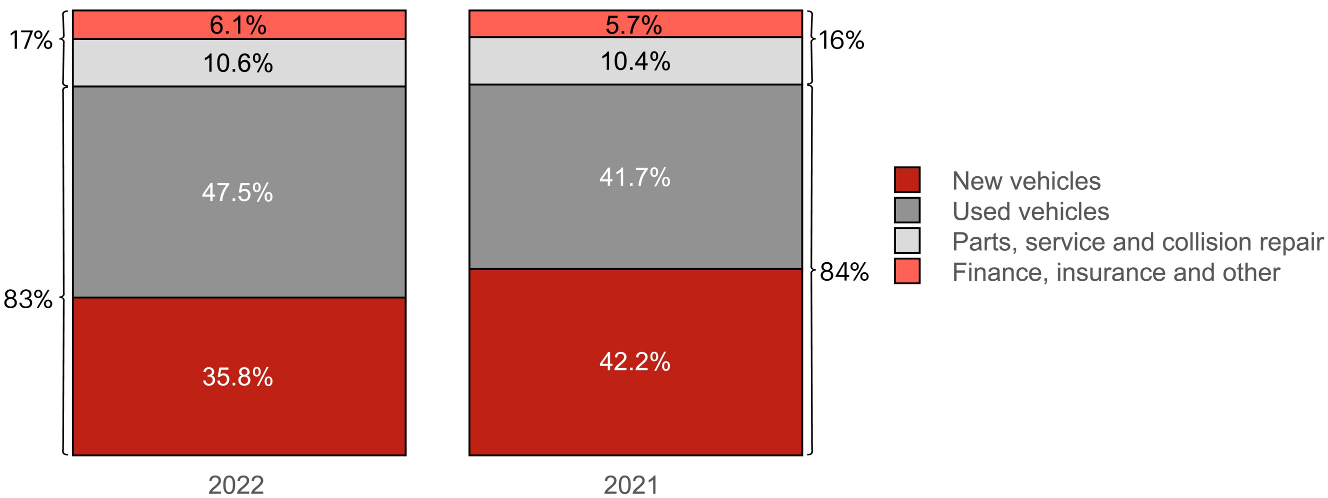
	Three Months Ended December 31			
	2022 $	2021 $	Change $	Change %
New vehicles	508,008	467,085	40,923	8.8%
Used vehicles	626,397	524,043	102,354	19.5%
Parts, service and collision repair	168,544	136,800	31,744	23.2%
Finance, insurance and other	85,257	67,854	17,403	25.6%
Total revenue	1,388,206	1,195,782	192,424	16.1%

% Allocation of Revenue for the Three Months Ended December 31



	Year Ended December 31			
	2022 $	2021 $	Change $	Change %
New vehicles	2,160,565	1,963,881	196,684	10.0%
Used vehicles	2,870,145	1,937,541	932,604	48.1%
Parts, service and collision repair	642,665	484,639	158,026	32.6%
Finance, insurance and other	367,244	267,354	99,890	37.4%
Total revenue	6,040,619	4,653,415	1,387,204	29.8%

% Allocation of Revenue for the Year Ended December 31

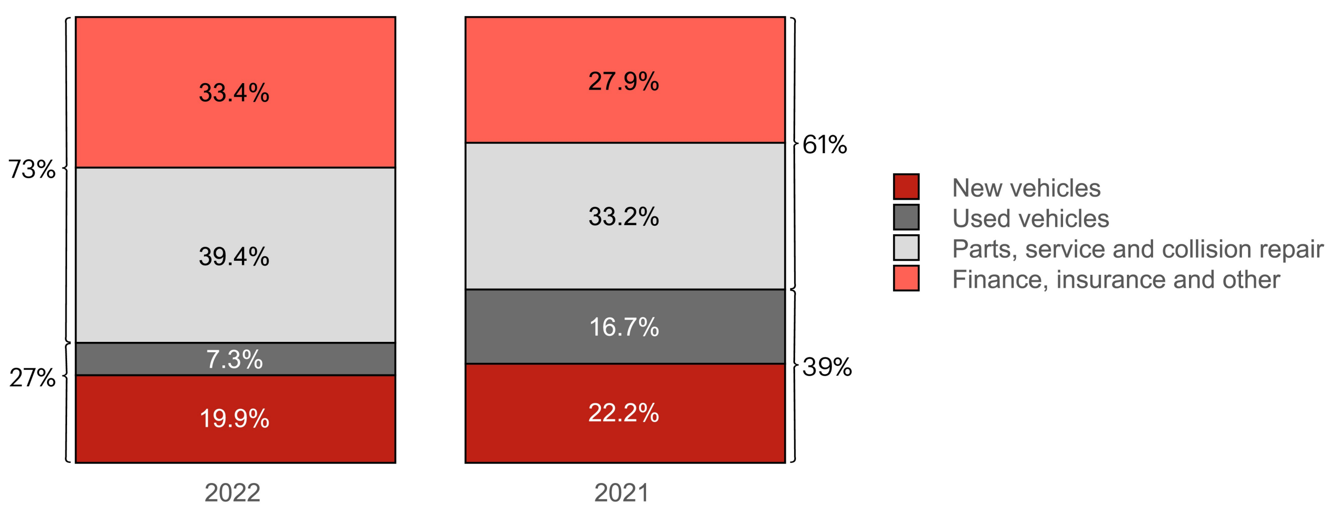


Gross Profit

The following tables summarize gross profit for the three-month period and year ended December 31:

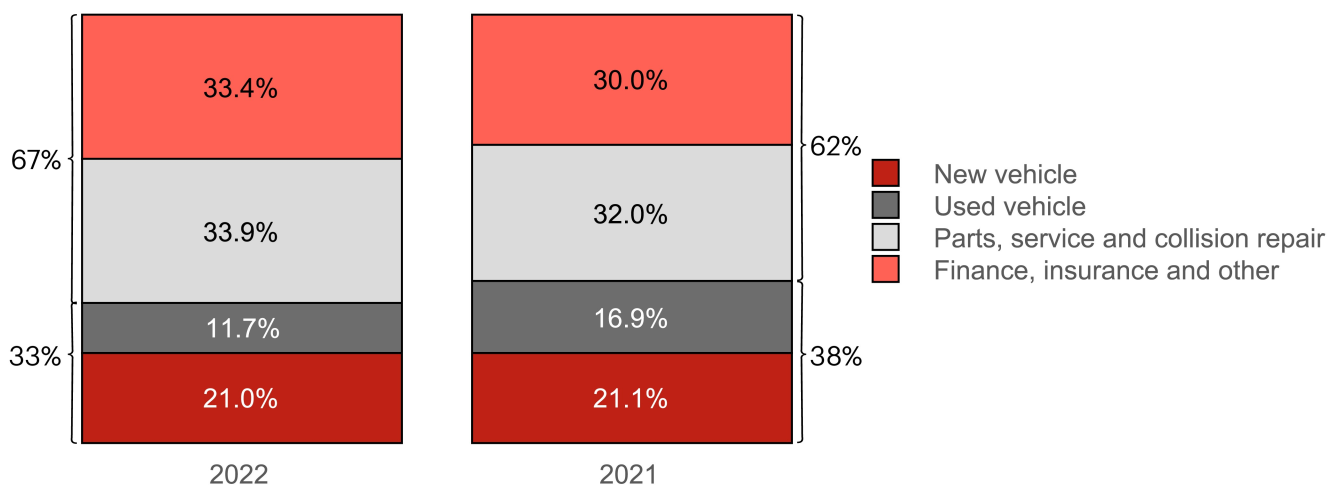
	Three Months Ended December 31			
	2022 $	2021 $	Change $	Change %
New vehicles	48,218	50,632	(2,414)	(4.8)%
Used vehicles	17,775	38,118	(20,343)	(53.4)%
Parts, service and collision repair	95,661	75,917	19,744	26.0%
Finance, insurance and other	80,968	63,847	17,121	26.8%
Total gross profit	242,622	228,514	14,108	6.2%

% Allocation of Gross Profit for the Three Months Ended December 31



	Year Ended December 31			
	2022 $	2021 $	Change $	Change %
New vehicles	219,312	176,415	42,897	24.3%
Used vehicles	121,299	141,262	(19,963)	(14.1)%
Parts, service and collision repair	353,512	266,654	86,858	32.6%
Finance, insurance and other	348,750	249,852	98,898	39.6%
Total gross profit	1,042,873	834,183	208,690	25.0%

% Allocation of Gross Profit for the Year Ended December 31



Gross Profit Percentages

The following tables summarize gross profit percentages for the three-month period and year ended December 31:

	Three Months Ended December 31		
	2022	2021	Change ppts
New vehicles	9.5%	10.8%	(1.3)
Used vehicles	2.8%	7.3%	(4.5)
Parts, service and collision repair	56.8%	55.5%	1.3
Finance, insurance and other	95.0%	94.1%	0.9
Total gross profit %	17.5%	19.1%	(1.6)

For the three-months ended December 31, 2022, 18.2% of the Company's revenue generated from F&I and PS&CR contributed 72.8% of the Company's total gross profit.

	Year Ended December 31		
	2022	2021	Change ppts
New vehicles	10.2%	9.0%	1.2
Used vehicles	4.2%	7.3%	(3.1)
Parts, service and collision repair	55.0%	55.0%	—
Finance, insurance and other	95.0%	93.5%	1.5
Total gross profit %	17.3%	17.9%	(0.6)

For the year ended December 31, 2022, 16.7% of the Company's revenue generated from F&I and PS&CR contributed 67.3% of the Company's total gross profit.

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

New vehicles

For the three-month period ended December 31, 2022

Consolidated Operations

New vehicle revenue increased by 8.8% with new vehicle gross profit decreasing by (4.8)%. New vehicle gross profit percentage decreased to 9.5% as compared to 10.8% in the prior year.

Results were largely driven by the continued disruptions to the global automotive manufacturing supply chain, particularly the microchip inventory shortage, resulting in a constrained availability of new vehicle inventory.

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

Canadian Operations and Same Stores Results

New vehicle revenue increased by 15.4% and new vehicle gross profit percentage decreased to 9.2% as compared to 9.6% in the prior year. Excluding the impact of recent acquisitions, same stores new retail gross profit percentage decreased by (0.1) ppts to 9.8%.

Same store new vehicle retail units decreased by (666) units to 5,714 units, a decrease of (10.4)% as compared to the prior year. This decrease was largely driven by the continued disruptions to the global automotive manufacturing supply chain resulting in a constrained availability of new vehicle inventory. Due to this constraint on new vehicle availability, demand has outpaced supply. As a result, same stores new vehicle revenue increased by 1.7% and same stores new retail vehicle gross profit percentage remained strong and relatively flat at 9.8% as compared 9.9% in the prior year.

U.S. Operations

New vehicle revenue decreased by (22.7)% and new vehicle gross profit decreased by $(6.2) million, a decrease of (45.5)%. New vehicle gross profit percentage decreased to 11.9% as compared to 16.8% in the prior year.

The new vehicle gross profit percentage decrease to 11.9% is driven by the change in pronounced market demand factors from the prior year including limited availability of new vehicle inventory. Within our U.S. Operations, the prior year strong gross profit percentage is supported by the ability to sell new vehicles above Manufacturer's Suggested Retail Price ("MSRP"). As expected, the prior year level of demand was unlikely to be sustainable, even with the decrease in new inventory available for sale. With the noted improvements management has made to our fundamental operational structure and processes, we anticipate the core strength of new vehicle gross profit to remain in the future. With the noted decrease in gross profit percentage, we anticipate gross profit to normalize once inventory supplies normalize.

For the year ended December 31, 2022

Consolidated Operations

New vehicle revenue increased by 10.0% and new vehicle gross profit increased by 24.3%. Gross profit per new vehicle sold increased by $1,072 per unit.

Canadian Operations and Same Stores Results

New vehicle revenue increased by 13.7% and new vehicle gross profit increased by 25.0%.

Same store new vehicle revenue decreased by (0.9)% and same stores new vehicle gross profit increased by 10.7%. Same store new vehicle gross profit percentage increased to 9.7% as compared to 8.6% in the prior year.

New retail units increased by 2,086 units, or 7.2%, with same stores seeing a decrease in new retail units of (3,126), or (10.9)%.

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

U.S. Operations

New vehicle revenue decreased by (8.7)% and new vehicle gross profit increased by $7.5 million, an increase of 21.6%. New vehicle gross profit percentage increased to 14.4% as compared to 10.8% in the prior year.

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

Used vehicles

For the three-month period ended December 31, 2022

Consolidated Operations

Used vehicle revenue increased by 19.5%. Used vehicle gross profit decreased by (53.4)% and gross profit per used vehicle sold decreased by $(1,972) per unit.

Used vehicle results were largely driven by the surge in demand for used cars as a result of the noted shortage of new vehicle inventory. While used vehicle gross profits have decreased by (53.4)%, used vehicle units have increased by 21.2% to 14,418 units. The decrease in gross profit is also driven by $(12.4) million of incremental used vehicle writedown provision taken in Q4 2022 to adjust inventory to net realizable value. While used vehicle prices have begun to moderate, used vehicle pricing remains strong relative to historical demand. Management continues to actively manage our used inventory portfolio to ensure it is suited to meet market demand.

We continue to prioritize retailing of used vehicles over wholesaling used vehicles to create opportunities to generate F&I and PS&CR gross profit and further develop customer loyalty and retention.

Canadian Operations and Same Stores Results

Used vehicle revenue increased by 16.9% and used vehicle gross profit decreased by (42.4)%. Used vehicle gross profit percentage decreased to 3.8% as compared to 7.8% in the prior year.

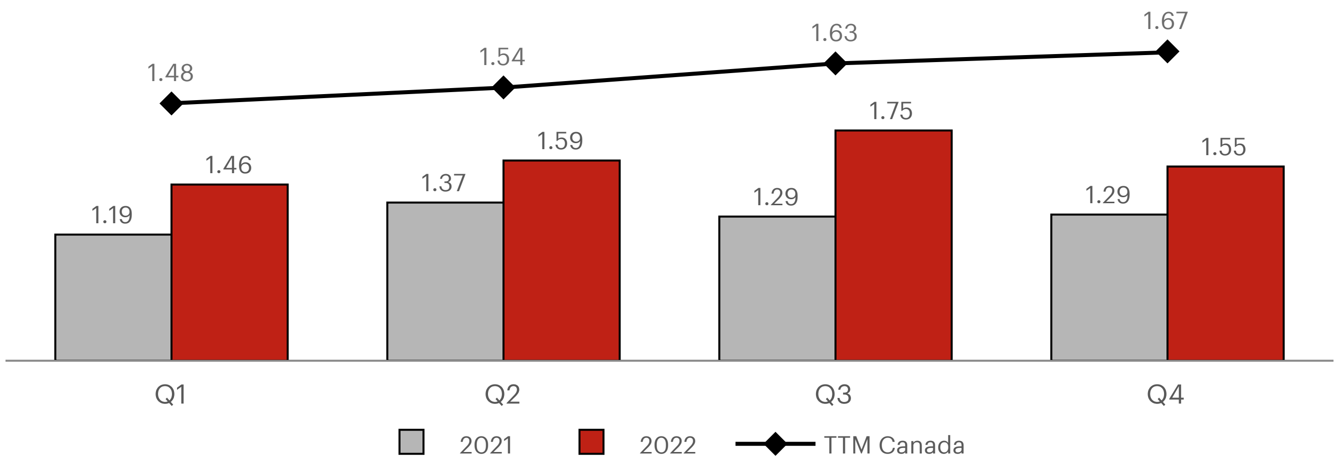
Same store used vehicle revenue increased by 0.7% and same stores used vehicle gross profit decreased by (71.4)% to $7.4 million as compared to prior year. Same store used gross profit percentage decreased to 3.0% as compared to 7.9% in the prior year. Same store used vehicle retail units increased by 7.6% to 8,876 units.

The decrease in used vehicle gross profit was attributed to the softening used vehicle prices and $(9.1) million incremental used vehicle writedown provision taken in Q4 2022.

Management continues to actively manage inventory levels through current used vehicle market conditions and expected softening used vehicle environment.

Insight into this softening used vehicle price trend is provided by the Canadian Black Book Used Vehicle Retention Index ("CBBUVRI"), which monitors the health of the used wholesale vehicle market and tracks the retained wholesale values for two to six-year-old vehicles in Canada. While the used vehicle market has been demonstrating signs of softening since the CBBUVRI started decreasing in in Q2 2022, the increase from 158.5 points in December 2021 to 160.3 in September 2022 and decrease to 157.6 points in December 2022 supports that the softening is gradual.

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



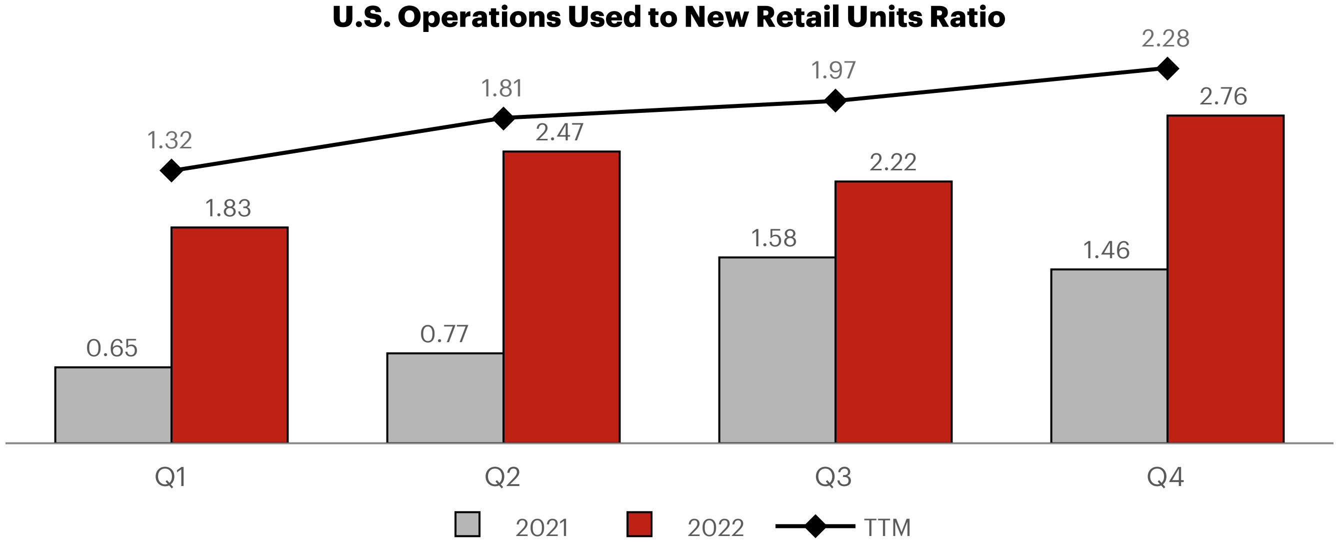
U.S. Operations

Used vehicle revenue increased by 32.6% and used vehicle gross profit decreased by (147.3)%. Used vehicle gross profit percentage decreased to (1.6)% as compared to 4.6% in the prior year.

The decrease in used vehicle gross profit percentage is largely due to the used vehicle market softening, a $(3.3) million incremental used vehicle writedown provision taken in Q4 2022, and an improvement in the dedicated used vehicle retailing process, including a more robust used vehicle inspection and reconditioning service.

While the improvement in the dedicated used vehicle retailing process resulted in increased used vehicle reconditioning costs, it was critical in supporting the increase in used retail vehicles sold to 2,729 in Q4 2022, as compared to 2,166 sold in Q4 2021, an increase of 26.0%. U.S. Operations prioritized selling volume due to compression in market used vehicle gross profit percentage. The strong used retail vehicle volume supports the strong growth noted in F&I and PS&CR.

The Mannheim Used Vehicle Value Index ("MUVVI") represents a seasonally adjusted measurement of used vehicle prices. The MUVVI decreased from a peak of 257.7 in January 2022 to 219.3 in December 2022. Despite the decreasing trend noted, the index has remained relatively flat in Q4 2022. In addition, MUVVI continues to remain strong, with December 2022 MUVVI being greater than historical MUVVI prior to and including August 2021.



For the year ended December 31, 2022

Consolidated Operations

Used vehicle revenue increased by 48.1% and used vehicle gross profit decreased by (14.1)%. Gross margin decreased by $(992) per unit.

Canadian Operations and Same Stores Results

Used vehicle revenue increased by 43.5% and used vehicle gross profit decreased by (6.1)%. Used vehicle gross profit percentage decreased to 5.0% as compared to 7.6% in the prior year.

Same store used vehicle revenue increased by 25.5% and same stores used vehicle gross profit decreased by (24.4)%. Used vehicle gross profit percentage decreased to 4.7% as compared to 7.9% in the prior year.

Same store used retail vehicle revenue increased by $387.2 million and used retail vehicle gross profit decreased by $(17.5) million. Same store used to new retail vehicles sold ratio increased to 1.59 from 1.29.

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

U.S. Operations

Used vehicle revenue increased by 78.0% and used vehicle gross profit decreased by (90.7)%. Used vehicle gross profit percentage decreased to 0.3% as compared to 5.1% in the prior year.

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

Finance, insurance and other

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

For the three-month period ended December 31, 2022

Consolidated Operations

F&I revenue increased by 25.6% and gross profit increased by 26.8%. Gross profit per retail unit average increased by $419 per unit. Gross profit per retail unit average is also influenced by incentives and financing products offered by third party financing institutions and OEMs.

The strong foundation our F&I initiative has built and the continued optimization of our dedicated in-house training program supports the continued gross profit performance noted. The training program leverages available data and applies a rigorous approach to training our finance managers to better understand our product portfolio to cater to customer preferences.

A key driver of the continued growth in the gross profit per retail unit average is the intentional selling of value generating products to customers, driving a sustainable increase in F&I products per deals. The usage of the value add products by our customers also drives retention back to our dealerships. The improvements noted have been consistently applied across all regions and brands and support the sustainability of our current performance.

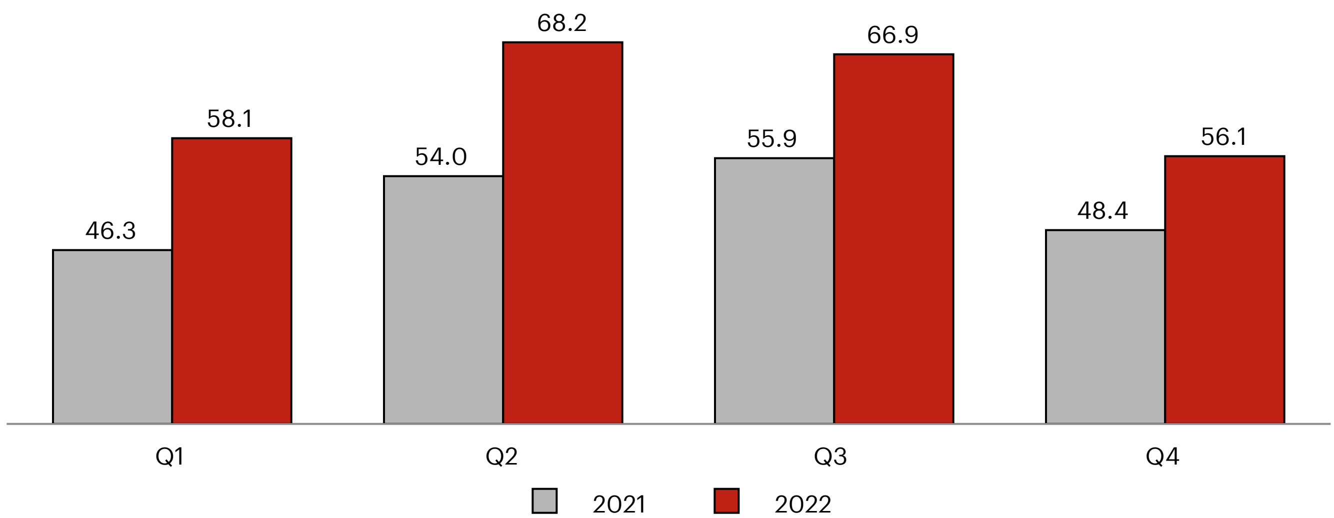
In addition, we expect the full onboarding and integration of acquisitions to take approximately 2 years. As we execute our acquisition strategy, our F&I operations remains one of our greatest opportunity areas for growth and synergies.

Canadian Operations and Same store Results

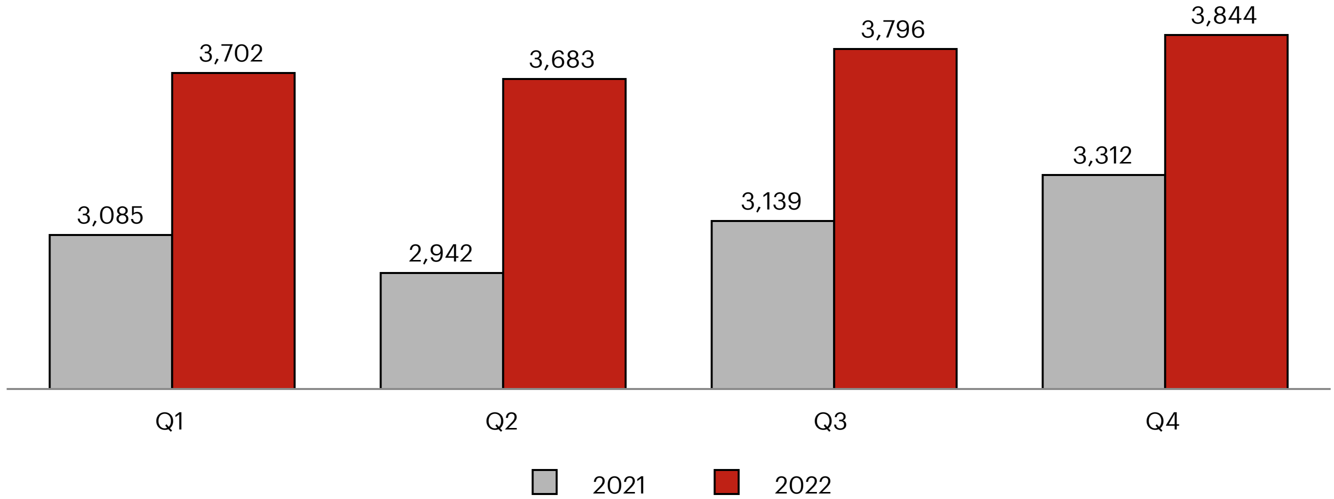
F&I revenue increased by 26.4% and gross profit increased by 27.9%. Gross profit percentage increased to 94.1% as compared to 93.0% in the prior year. Gross profit per retail unit average increased to $3,503, an increase of $373 per retail unit.

Same store F&I revenue increased by 13.9% and gross profit increased by 15.8% to $56.1 million. Same store F&I gross profit percentage increased by 1.6 ppts to 94.5% as compared to 92.9% in the prior year. Same store gross profit per retail unit average increased to $3,844, up 16.1% or $532 per retail unit, as compared to $3,312 in the prior year.

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



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

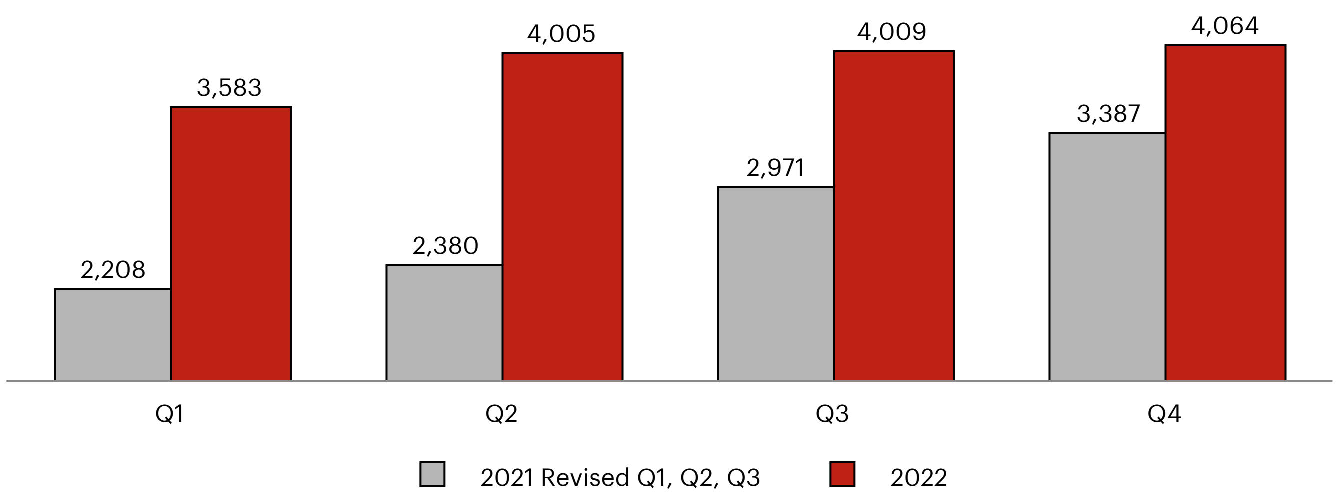


U.S. Operations

F&I revenue increased by 22.1% and gross profit increased by 22.2%. Gross profit percentage increased to 99.2% as compared to 99.1% in the prior year. Gross profit per retail unit average increased to $4,064, an increase of $677 per retail unit.

The strong gross profit per retail unit average is largely due to management's continued focus on improving our formal F&I structure and process certifications. The formal structure and training, now in place for multiple quarters, resulted in a shift in what we consider core products and ensures that products being sold drive customer retention by providing value to our customers. The key contributors to the 22.2% growth in gross profit are a combination of management's time in position and the continued optimization of processes.

U.S. Finance, Insurance and Other Gross Profit per Retail Unit Average



See Section 18 Selected Quarterly Financial Information for further details of the revised Q1, Q2, Q3 2021 revenue and cost of sales accounts. This reclassification has no impact on total gross profit.

For the year ended December 31, 2022

Consolidated Operations

F&I revenue increased by 37.4% and gross profit increased by 39.6%. Gross profit per vehicle increased by $538 per unit.

Canadian Operations and Same store Results

F&I revenue increased by 32.3% and gross profit increased by 34.6%. Gross profit percentage increased to 94.1% as compared to 92.5% in the prior year.

Same store F&I revenue increased by 18.6%, while gross profit increased by 21.8%. Gross profit percentage increased to 94.8% as compared to 92.4% in the prior year.

Key drivers to F&I sales and gross profit for the three-month period noted above also apply to full year performance.

U.S. Operations

F&I revenue increase by 66.8% and gross profit increase by 67.1%. Gross profit percentage increased to 99.2% as compared to 99.0% in the prior year.

Key drivers to F&I sales and gross profit for the three-month period noted above also apply to full year performance.

Operating expenses

Employee Costs

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

Administrative Costs

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

Facility Lease and Storage Costs

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

Depreciation of Property and Equipment

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

Depreciation of Right-of-Use Assets

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

The following tables summarize operating expenses:

	Three Months Ended December 31, 2022			**Three Months Ended December 31, 2021**		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Employee costs	104,029	19,260	123,289	82,961	21,135	104,096
Government assistance	—	—	—	—	—	—
Administrative costs	49,279	10,384	59,663	45,908	6,772	52,680
Expected credit losses on trade and other receivables	242	76	318	575	171	746
Facility lease and storage costs	137	—	137	191	—	191
Depreciation of property and equipment	5,168	496	5,664	4,467	363	4,830
Depreciation of right-of-use assets	7,658	668	8,326	6,796	669	7,465
Total operating expenses	166,513	30,884	197,397	140,898	29,110	170,008

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
Employee costs	435,371	85,144	520,515	328,675	60,470	389,145
Government assistance	(264)	—	(264)	(5,041)	(6,728)	(11,769)
Administrative costs	197,094	38,022	235,116	157,762	29,984	187,746
Expected credit losses on trade and other receivables	968	305	1,273	2,301	683	2,984
Facility lease and storage costs	2,745	—	2,745	811	—	811
Depreciation of property and equipment	19,117	1,735	20,852	15,995	1,277	17,272
Depreciation of right-of-use assets	28,033	2,748	30,781	23,759	2,661	26,420
Total operating expenses	683,064	127,954	811,018	524,262	88,347	612,609

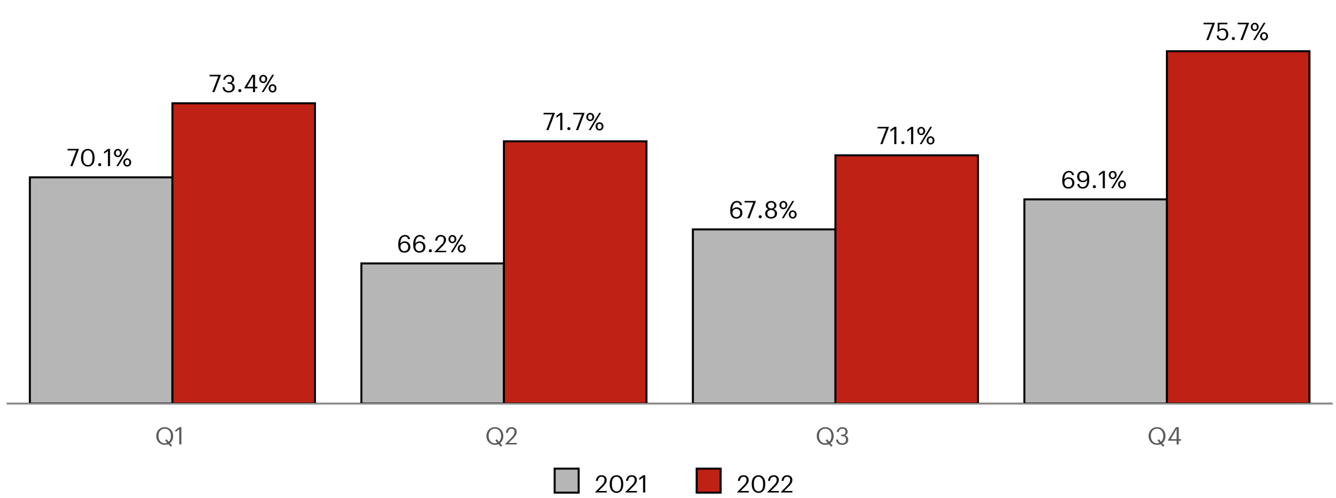
While management considers operating expenses as a percentage of gross profit to be a good indicator of expense control, as many operating expenses are variable in nature, the Company considers operating expenses before depreciation as a percentage of gross profit a more accurate measure of operating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

The following tables summarize operating expenses before depreciation as a percentage of gross profit:

	Three Months Ended December 31, 2022			Three Months Ended December 31, 2021		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
Operating expenses before depreciation	73.7%	86.7%	75.7%	68.5%	71.6%	69.1%

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
Operating expenses before depreciation	71.6%	79.0%	72.8%	67.5%	72.1%	68.2%

Operating expenses before depreciation as % of Gross Profit



Total Operating Expenses

For the three-month period ended December 31, 2022

Consolidated Operations

Operating expenses before depreciation as a percentage of gross profit decreased by 6.6 ppts to 75.7% and operating expenses as a percentage of gross profit increased by 6.9 ppts to 81.4% as compared to prior year.

The increase in operating expenses before depreciation as a percentage of gross profit in the current period is due to both compressed gross profit and increased operating expenses before depreciation.

Operating expenses before depreciation increased by $25.7 million or 16.3% and employee costs increased by $19.2 million or 18.4%. These increases are due to acquisitions and related costs, and increased headcount to facilitate organization growth and related costs.

Canadian Operations

Operating expenses before depreciation as a percentage of gross profit increased by 5.2 ppts to 73.7% as compared to prior year. Employee costs as a percentage of gross profit[8] increased by 6.1 ppts to 49.9% as compared to prior year.

Operating expenses before depreciation increased by $24.1 million or 18.6% and employee costs increased by $21.1 million or 25.4% as compared to prior year. These increases are due to acquisitions and related costs, and increased headcount to facilitate organization growth and related costs.

U.S. Operations

Operating expenses before depreciation as a percentage of gross profit increased by 15.1 ppts to 86.7% as compared to prior year. Employee costs as a percentage of gross profit increased by 2.2 ppts to 56.1% as compared to prior year. These increases as a percentage of gross profit are largely due to compressed gross profit.

Operating expenses before depreciation increased by $1.6 million or 5.8% and employee costs decreased by $(1.9) million or (8.9)% as compared to prior year. The decrease in employee costs is largely due to the full year effect of management's strategy, completed in Q4 2021, to build a strong sales team with appropriate variable pay plans to suit a top-performing variable pay structure.

For the year ended December 31, 2022

Consolidated Operations

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

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

Canadian Operations

Operating expenses before depreciation as a percentage of gross profit increased by 4.1 ppts when compared to the same period.

Key drivers to operating expenses for the three-month period noted above also apply to year ended performance. In addition, In addition, the Company recognized government assistance of $5.0 million for the year ended December 31, 2021.

U.S. Operations

Operating expenses before depreciation as a percentage of gross profit increased by 6.9 ppts when compared to the same period in the prior year.

Key drivers to operating expenses for the three-month period noted above also apply to year ended performance. In addition, the Company recognized the forgiveness of PPP loans of $6.7 million for the year ended December 31, 2021.

Net Income and Adjusted EBITDA

The following table summarizes Net income and Adjusted EBITDA for the three-month periods and years ended December 31:

	Three Months Ended December 31			Year Ended December 31		
	2022 $	2021 $	Change $	2022 $	2021 $	Change $
Net income for the period	14,810	69,398	(54,588)	91,060	167,199	(76,139)
Adjusted EBITDA	50,669	65,873	(15,204)	264,800	251,863	12,937

Net Income

Net income for the three-month period ended December 31, 2022 decreased by $(54.6) million, compared to prior year. The drivers of this change include:

- Canadian Operations segment decreased by $(47.2) million in the fourth quarter and a decrease of $(73.8) million in the year ended December 31, 2022
    - Recovery of non-financial assets of $8.7 million in Q4 2022 and $39.8 million in Q4 2021
    - Loss on redemption liabilities of $(4.8) million in Q4 2022 and $(14.1) million in Q4 2021
    - Prior year results include unrealized fair value gain on embedded derivative of $24.8 million
    - Incremental used vehicle writedown provision of $(9.1) million in Q4 2022
- U.S. Operations segment contributed a decrease of $(7.4) million in the fourth quarter and a decrease of $(2.3) million in the year ended December 31, 2022
    - Incremental used vehicle writedown provision of $(3.3) million in Q4 2022
- On a consolidated basis, in addition to the above identified drivers, the $(54.6) million decrease is also driven by an increase in floorplan financing costs of $(13.3) million

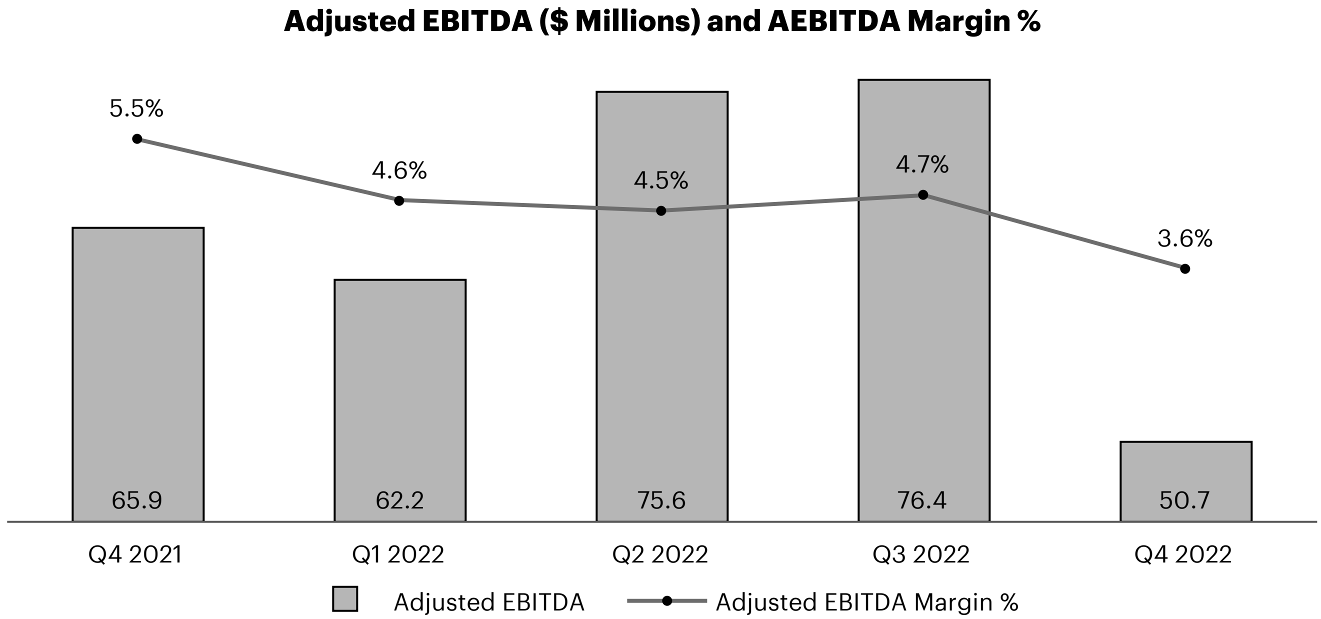
Adjusted EBITDA

Adjusted EBITDA for the three-month period ended December 31, 2022 decreased by $(15.2) million, compared to prior year.

- Adjusted EBITDA margin was 3.6% in the fourth quarter as compared to 5.4% in the prior year, a decrease of (1.9) ppts
    - Current year results include an incremental used vehicle writedown provision of $(12.4) million and an increase in floorplan financing costs of $(13.3) million

Adjusted EBITDA for the year ended December 31, 2022 increased by $12.9 million, compared to prior year

- Adjusted EBITDA margin was 4.4% for the year as compared to 5.4% in the prior year, a decrease of (1.0) ppts



Finance Costs

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

The unrealized fair value changes on interest rate swaps represents the unrealized changes in derivative financial instruments held for the purpose of managing exposures to fluctuations in interest rates. Changes in the fair value of these instruments will be recorded in finance costs as the Company has not elected to apply hedge accounting to these contracts. Existing interest rate swaps of $97.2 million maturing in 2023 to 2024, and $177.8 million maturing in 2025 provides continued protection against the current rising interest rate environment. For further details, refer to Note 32 in the Annual Consolidated Financial Statements for the year December 31, 2022.

During the three-month period ended December 31, 2022, finance costs on our revolving floorplan facilities increased by 564.2% to $15.7 million from $2.4 million, in the same period of the prior year. The increase is primarily driven by both an increase in our used vehicle floorplan levels and an increase in floorplan interest rates. As referenced above, our interest rate swap portfolio helps offset the rising finance costs for $275 million of revolving floorplan facilities and indebtedness.

During the year ended December 31, 2022, finance costs on our revolving floorplan facilities increased by $21.7 million to $33.6 million from $11.9 million in the same period of the prior year.

The following table details finance costs during the three-month periods and year ended December 31:

	Three Months Ended December 31		Year Ended December 31	
	2022 $	2021 $	2022 $	2021 $
Finance costs:				
Interest on long-term indebtedness	8,121	6,161	29,325	21,900
Interest on lease liabilities	8,283	6,520	29,828	23,062
Loss on extinguishment of debt	—	—	9,860	1,128
Unrealized fair value changes on non-hedging instruments	(264)	(2,976)	(9,303)	(8,412)
Amortization of terminated hedges	817	817	3,268	3,268
Loss on extinguishment of embedded derivative	—	—	29,306	—
Unrealized fair value changes on embedded derivative	—	(24,778)	—	(29,306)
	16,957	**(14,256)**	**92,284**	**11,640**
Floorplan financing	15,675	2,360	33,644	11,910
Interest rate swap settlements	(575)	1,934	1,084	7,023
Other finance costs	(657)	1,449	4,466	4,616
	31,400	**(8,513)**	**131,478**	**35,189**

Parts, service and collision repair

For the three-month period ended December 31, 2022

Consolidated Operations

PS&CR revenue increased by 23.2% and gross profit increased by 26.0%.

Management has continued to refine and optimize our PS&CR operational metrics, including effective labour rate, service hours sold, and customer satisfaction index.

In addition, this improvement in PS&CR gross profit is representative of our continued optimization and refinement of business processes. As represented in our Sames Stores definition, see Section 20 Same Store Results Data for further details, we expect the full onboarding and integration of acquisitions to take approximately 2 years. As we execute our acquisition strategy, our PS&CR operations remains one of our greatest opportunity areas for growth and synergies.

Canadian Operations and Same Stores Results

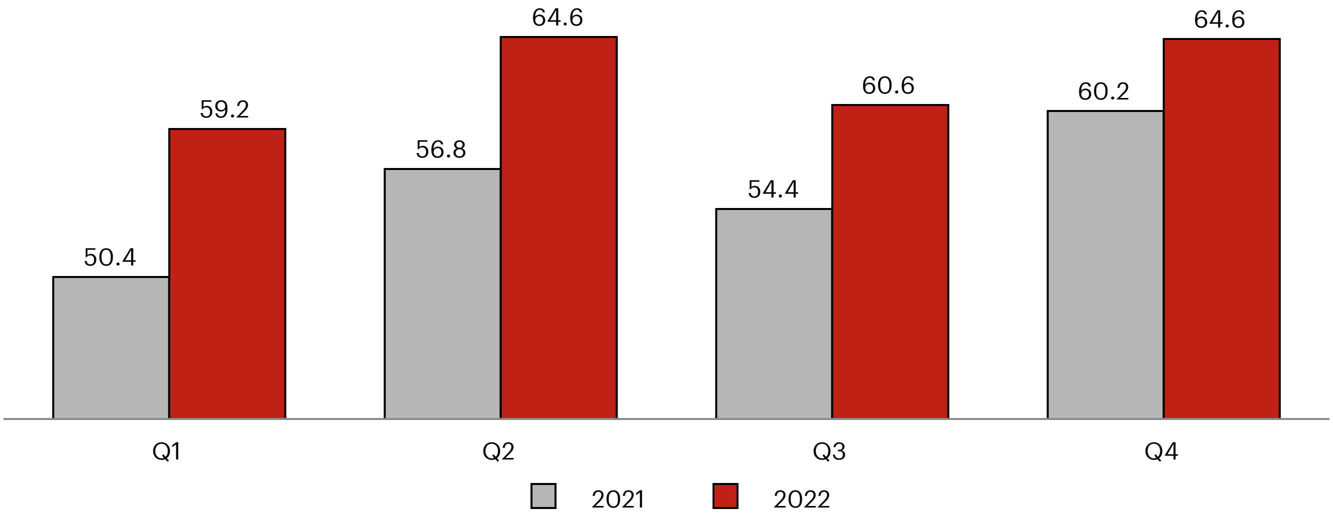
PS&CR revenue increased by 21.5% and gross profit increased by 22.9%. PS&CR gross profit percentage increased to 56.1% as compared to 55.4% in the prior year.

Same store results saw PS&CR revenue increase by 4.1% while gross profit increased by 7.2%. Same store PS&CR gross profit percentage increased to 57.7% as compared to 56.0% in the prior year. The increase in same stores PS&CR gross profit percentage is driven by both a 14.8% increase in our service and collision repair orders[9] and an increase in customer pay transactions in our PS&CR product mix, which are typically a higher gross profit percentage product.

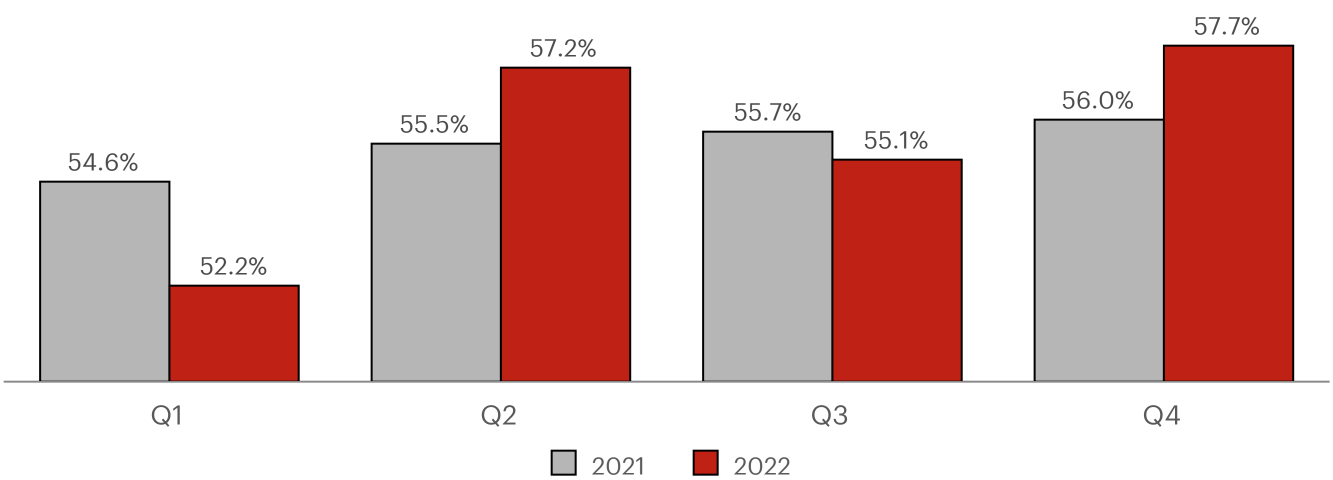
Our BDC strategy has been implemented at all Canadian dealerships and collision centre locations, excluding recent acquisitions. Further optimization entails a number of elements including occupancy tracking, technician recruitment, and call list development for vehicle recall and overdue maintenance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

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

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



Same Store Parts, Service & Collision Repair Gross Profit Percentage



U.S. Operations

PS&CR revenue increased by 35.9% and gross profit increased by 48.8%. PS&CR gross profit percentage increased to 61.2% as compared to 55.9% in the prior year.

Service and collision repair orders increased to 35,176 repair orders, an increase of 5.6% as compared to prior year and contributed to the increases in both revenue and gross profit. The increase in gross profit percentage and in repair orders reflects management's continued focus on improving and optimizing the PS&CR team, and time in position after building on the expansion of the team that occurred in late Q3 2021.

For the year ended December 31, 2022

Consolidated Operations

PS&CR revenue increased by 32.6% and gross profit increased by 32.6%.

Canadian Operations and Same Stores Results

PS&CR revenue increased by 31.0% and gross profit increased by 29.1%. PS&CR gross profit percentage decreased to 54.6% as compared to 55.4% in the prior year.

Same store results saw PS&CR revenue increase by 12.0%, while gross profit increased by 12.2%. Same store gross profit percentage increased to 55.6% as compared to 55.5% in the prior year.

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

U.S. Operations

PS&CR revenue and gross profit increased by 44.5% and 59.5% respectively. PS&CR gross profit percentage increased to 57.6% as compared to 52.1% in the prior year.

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

Income Taxes

The following table summarizes income taxes for the three-month periods and year ended December 31:

	Three Months Ended December 31		**Year Ended December 31**	
	2022 $	**2021 $**	**2022 $**	**2021 $**
Current tax expense	4,487	6,803	43,545	24,770
Deferred tax expense (recovery)	5,507	17,660	(10,721)	29,251
Total income tax expense	**9,994**	**24,463**	**32,824**	**54,021**
Effective income tax rate	40.3%	26.1%	26.5%	24.4%
Statutory income tax rate	25.5%	25.4%	25.5%	25.4%

The period-over-period change in effective rate for the three-months and year ended December 31, 2022 is primarily due to unrecognized deferred tax assets, adjustments in respect of prior years and other permanent items, relative to the change in earnings.

5. ACQUISITIONS, DIVESTITURES, RELOCATIONS, REAL ESTATE AND LEGAL

Dealership Open Points

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

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

The Company has completed the following acquisitions since January 1, 2021 to support management's strategic objectives of expanding the Company's presence across Canada and operational capacity.

PG Klassic Autobody

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

Mark Wilson's Better Used Cars

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

Autolux MB Collision

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

Airdrie Autobody Ltd.

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

Crystal Lake Chrysler Dodge Jeep Ram Inc.

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

Autopoint Group

On December 1, 2021 the Company acquired substantially all of the assets of eleven dealerships from the Autopoint Group located in Ontario.

Audi Windsor and Porsche Centre London

On May 2, 2022, the Company acquired substantially all of the assets used in or relating to the Audi Windsor and Porsche Centre London dealerships, located in Windsor and London, Ontario, respectively.

Burwell Autobody

On June 30, 2022, the Company acquired 100% of the shares in Burwell Auto Body Ltd., a luxury-brand focused collision centre in London, Ontario.

Kelleher Ford Dealership and Collision Centre

On August 2, 2022, the Company acquired 100% of the shares of Kelleher Ford Dealership and Collision Centre, a Ford dealership and collision centre in Brandon, Manitoba

Velocity Autobody

On August 12, 2022, the Company acquired 100% of the shares of Velocity Auto Body Inc., a luxury-brand focused collision repair facility in Markham, Ontario.

Auto Gallery of Winnipeg

On September 22, 2022, the Company acquired 100% of the shares of Auto Gallery of Winnipeg Inc., an independent used vehicle dealership in Winnipeg, Manitoba.

North Toronto Auction

On September 28, 2022, the Company acquired 100% of the shares of Northern Auto Auctions of Canada Inc., an entity that operates the North Toronto Auction, a fee-based used vehicle auction business, serving dealers and consumers, located in Innisfil, Ontario.

Kavia Auto Body

On October 27, 2022, the Company acquired 100% of the shares of Kavia Auto Body Inc., a collision centre located in Saskatoon, Saskatchewan.

Excellence Auto Collision

On November 7, 2022, the Company acquired 100% of the shares of Excellence Auto Collision Limited, an entity that operates two luxury-brand focused collision centres (Excellence Auto Collision Silver Star and Excellence Auto Collision Midwest) located in Scarborough, Ontario and Toronto, Ontario.

Sterling Honda

On December 1, 2022, the Company acquired substantially all of the assets to be used in the operations of Sterling Honda, a Honda dealership in Hamilton, Ontario.

DCCHail

On February 27, 2023, the Company acquired 100% of the shares of 5121175 Manitoba Ltd. ("DCCHail"), a paintless dent repair entity, located in Calgary, Alberta. DCC Hail operates with a national presence and specializes in the insurance claim management process and repair of hail damaged vehicles.

6. LIQUIDITY AND CAPITAL RESOURCES

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

Our principal uses of funds are for capital expenditures, funding the future growth of the Company, and servicing debt. While not considered principal in nature, our uses of funds have recently included the purchase of our shares (under a Normal Course Issuer Bid ("NCIB") or SIB). We have historically met these requirements by using cash generated from operating activities and through short-term and long-term indebtedness.

Sources of Cash

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

Credit Facilities - December 1, 2021

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

Credit Facility - First Amendment - February 7, 2022

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

Credit Facility - Second Amendment and Accordion Notice - December 12, 2022

On December 12, 2022, the Company amended the Credit Facility with Scotiabank, CIBC, RBC, HSBC, ATB, BMO, and TD. The amendment included administrative and other changes to support planned future growth. There were no material changes to the Credit Facility's specified-use tranches, interest rates, covenants for disclosure purposes, or maturity of the Credit Facility. Concurrently on December 12, 2022, the Company executed the accordion feature to increase the revolving credit limit by $50 million to $275 million from $225 million.

The following table reflects the limits, amounts drawn and capacity of the Credit Facility as at December 31, 2022:

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit [1]	275,000	180,000	95,000
Inventory floorplan and lease financing	1,075,000	636,775	438,225
Total	1,350,000	816,775	533,225

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

Credit Facility - Third Amendment - February 3, 2023

On February 3, 2023, the Company amended the Credit Facility with Scotiabank, CIBC, RBC, HSBC, ATB, BMO, and TD. The amendment included increases to the revolving and flooring facility limits, changes to the pricing grid, and other administrative and structural changes to add flexibility to meet the Company's ongoing operational needs.

The structure of the $375 million revolving facility is now comprised of a $225 million borrowing base facility tranche and up to $150 million goodwill facility tranche. The amended Credit Facility includes an accordion feature that allows the Company to increase the revolving credit facility limit by $75 million and the inventory floorplan financing facility by $75 million, an aggregate amount of up to $150 million. To maintain a three-year tenor, the maturity of the Credit Facility has been extended to April 14, 2026.

The following table reflects the composition of the amended Credit Facility limits as at February 3, 2023:

Type of Facility	Limit
Revolving credit [1]	375,000
Inventory floorplan and lease financing	1,235,000
Total	1,610,000

Revolving Credit Capacity

The Credit Facility in effect at December 31, 2022 provided a total of $275 million in credit limit capacity for operational and growth purposes. The revolving credit balance is included in the calculation of the Company's leverage ratios and the associated interest charges are added back in the Company's calculation of adjusted EBITDA.

Floorplan Financing Capacity

The Credit Facility in effect at December 31, 2022 provided a total of $1,075 million in credit limit capacity for the purposes of floorplan financing the wholesale purchase of new, used, demonstrator and leased vehicle inventory. The wholesale flooring facilities are demand in nature and draws on the facilities are secured by the inventory that is 'floored' under the facilities. As advances are secured by vehicle inventory and characterized as demand loans, the floorplan indebtedness is classified as current on the Company's consolidated balance sheet. While floorplan financing is interest-bearing indebtedness, it is excluded in the calculation of the Company's leverage ratios given that this form of financing is standard in the retail automotive industry and deemed to be an operational necessity. Similarly, interest charges associated with floorplan financing are excluded from the interest expense added back in the Company's calculation of Adjusted EBITDA.

Other Floorplan Financing

In addition to the floorplan financing provided through the Credit Facility, the Company has multiple standalone floorplan facilities with other lenders which provide inventory financing for its dealerships. The total composition of the Company's floorplan financing lenders as at December 31, 2022 is as follows:

Lender	Limit	Drawn	Available Capacity
Syndicated Credit Facility - Floorplan and lease	1,075,000	636,775	438,225
Other Canadian Floorplan Facilities	412,845	244,860	167,985
Other U.S. Floorplan Facility	172,686	110,619	62,067
Total	**1,660,531**	**992,254**	**668,277**

Financial Covenants

Under the terms of the Credit Facility as well as the various standalone floorplan financing facilities and OEM franchise agreements, the Company is required to comply with certain financial covenants. At December 31, 2022, we were in compliance with all of our financial covenants.

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

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

	2022
Financial Covenant Ratios	**Q1 & Thereafter [1]**
Senior net funded debt to bank EBITDA	<2.50x
Total net funded debt to bank EBITDA	<4.00x
Fixed charge coverage	>1.20x

1 *Effective February 7, 2022, the previously established covenant relief period has been amended*

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

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

The following table summarizes our financial covenants under the Credit Facility as at December 31, 2022:

Financial Covenant	Requirement	Q4 2022
Syndicated Revolver:		
Senior net funded debt to bank EBITDA ratio	Shall not exceed 2.50	0.50
Total net funded debt to bank EBITDA ratio	Shall not exceed 4.00	2.00
Fixed charge coverage ratio[1]	Shall not be less than 1.20	1.97

Senior Unsecured Notes - $125 million Issuance - February 11, 2020

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

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

Senior Unsecured Notes - $125 million Add-on - April 15, 2021

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

Senior Unsecured Notes - $350 million Issuance and $250 million Redemption - February 7, 2022

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

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

Non-Recourse Mortgage Financing

On June 22, 2022, the Company executed a non-recourse mortgage financing with Scotiabank for a previously purchased property in Maple Ridge, British Columbia. The non-recourse mortgage arrangement funds land value as well as construction costs associated with the development of two dealerships. The mortgage is comprised of three facilities with an aggregate $39.0 million limit, at a variable interest rate of prime + 1.50% (combined total rate of 7.95% as at December 31, 2022). The mortgage has a three-year term, twenty-year amortization, and will require monthly interest-only payments until construction is complete. As at December 31, 2022, the Company has drawn $13.6 million on the facilities to fund land value only.

On June 30, 2022, the Company executed two non-recourse mortgage financings with Scotiabank for previously purchased properties in Windsor, Ontario and London, Ontario. The $7.1 million and $11.5 million non-recourse mortgage arrangements, respectively, funds land and building value only. The mortgages have a five-year term with a fixed interest rate of 7.07%. The mortgages require quarterly installments of principal and interest based on a twenty-five-year amortization, with the outstanding mortgage balance due at the end of the term.

The underlying real estate is pledged as collateral on the non-recourse mortgage in the amount of the loan, as at December 31, 2022 the net book value of the pledged real estate is $46.9 million.

As at December 31, 2022, $0.7 million of non-recourse mortgage loans is classified as current.

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

Indebtedness Summary

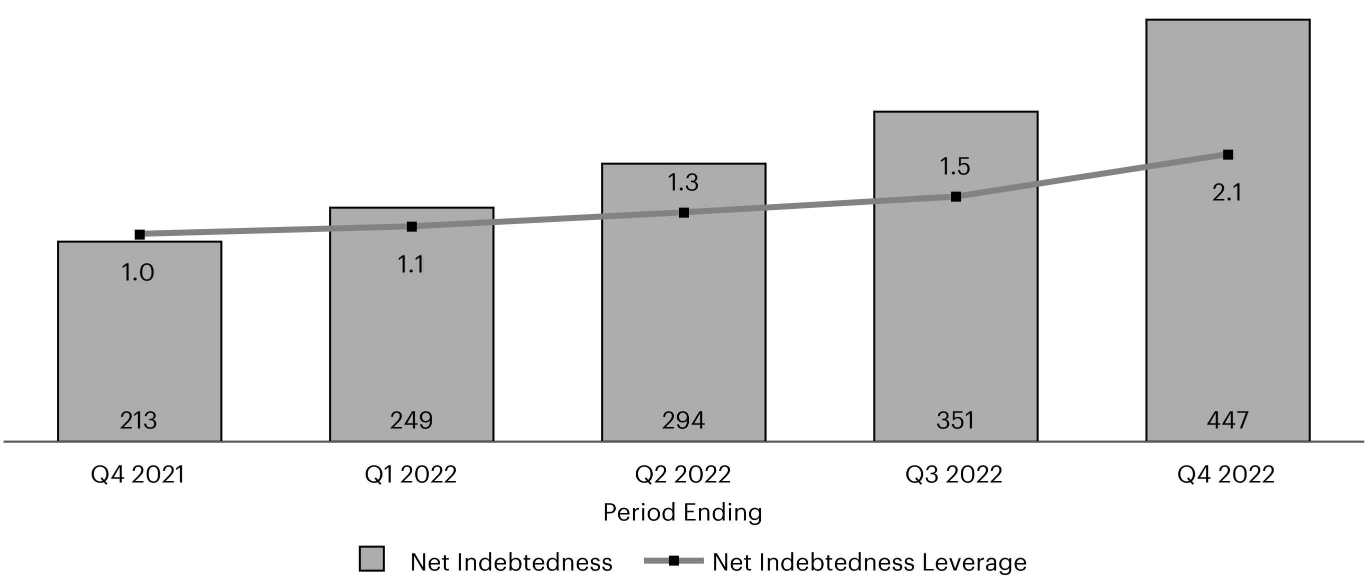
The following table summarizes the Company's indebtedness, net of unamortized deferred financing costs, and net indebtedness as at December 31, 2022:

	Balance Outstanding
Syndicated credit facility – revolving credit	178,588
Senior unsecured notes (including embedded derivative asset)	344,502
Non-recourse mortgages and other debt	32,038
Total Indebtedness for net indebtedness purpose	**555,128**
Cash and cash equivalents	(108,301)
Net Indebtedness	**446,827**

The Company had total liquidity[10] of $203.3 million based on cash and cash equivalents and $95.0 million available under our syndicated credit facility.

The following illustrates the Company's net indebtedness and net indebtedness leverage ratio for the trailing five quarters. As at December 31, 2022, the Company executed its latest Credit Facility amendment on December 12, 2022. Balances shown below which precede this date reflect indebtedness under superseded Credit Facilities:

Net Indebtedness ($ Millions) and Net Indebtedness Leverage

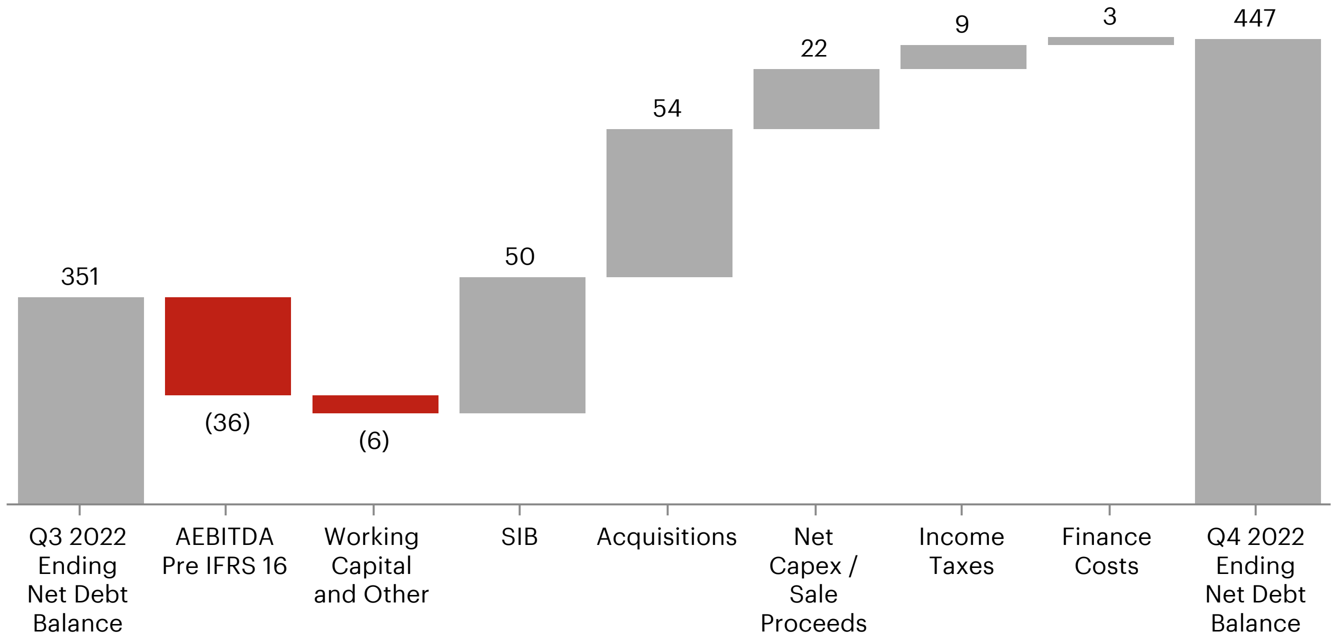


[10] *See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

The Company ended the quarter at a net indebtedness leverage ratio of 2.1x and was well below our target leverage ratio of 2.5x to 3.0x. Strong Q4 2022 operational performance and continued efficient working capital management were the primary drivers contributing to the continued strong net debt leverage. Total Net Funded Debt to Bank EBITDA ratio 2.0x at the end of Q4 2022 was well within our covenant threshold of 4.00x.

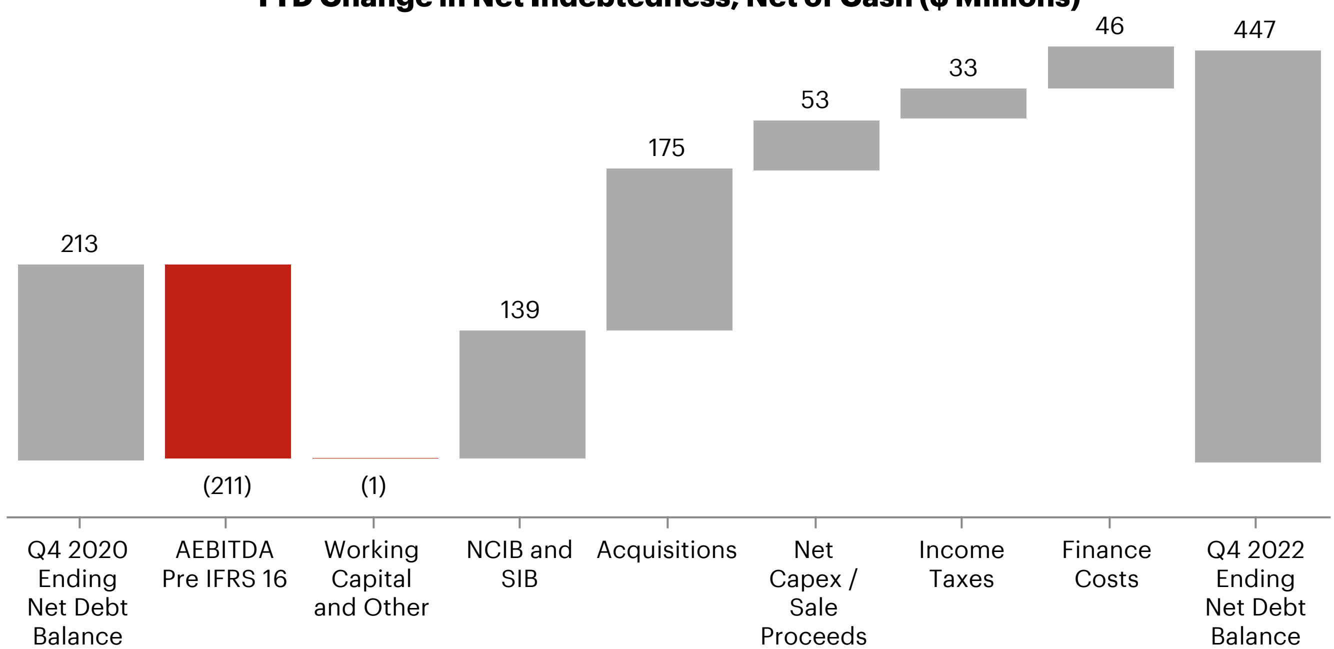
The movement of net indebtedness between Q3 2022 and Q4 2022 is highlighted in the following chart:

QTD Change in Net Indebtedness, Net of Cash ($ Millions)



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

YTD Change in Net Indebtedness, Net of Cash ($ Millions)

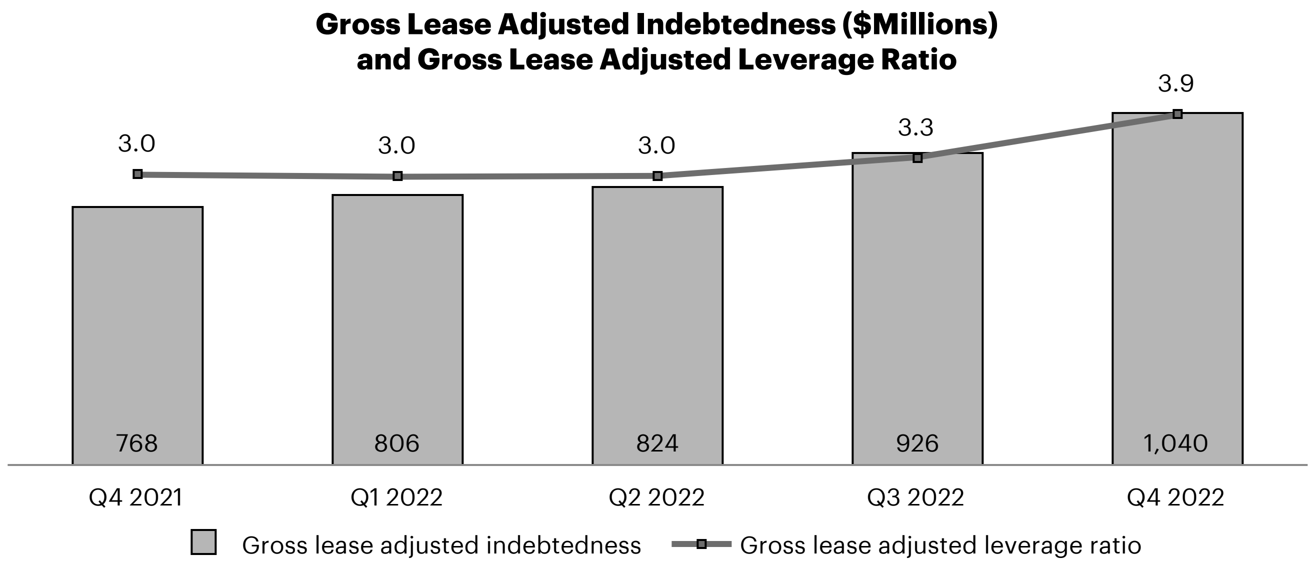


Another view the Company takes toward its indebtedness and leverage is its gross lease adjusted leverage ratio[11]. The Company has targeted gross lease adjusted leverage ratio to approximate 4.5x or better.

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

The following table summarizes the Company's gross lease adjusted leverage ratio as at December 31, 2022

Gross Lease Adjusted Net Debt Leverage Ratio	**Q4 2022**
Syndicated Credit Facility - revolving credit	178,588
Senior unsecured notes (excluding embedded derivative asset)	344,502
Non-recourse mortgages and other debt	32,038
Lease liabilities	484,877
Total gross lease adjusted indebtedness	1,040,005
Adjusted EBITDA - trailing twelve months	264,800
Gross lease adjusted leverage ratio	**3.9x**



Uses of Cash

Non-Growth Capital Expenditures

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

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

Non-growth capital expenditures can fluctuate from period to period depending on our needs to upgrade or replace existing property and equipment. Based on the four-year average from 2019 to 2022, non-growth capital expenditures averaged $8 million on an annual basis. Given the strength of our balance sheet position, operational performance, and the growth of the Company, we expect to incur additional annual non-growth capital expenditures to support the growth in capital assets.

Growth Capital Expenditures

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

- Dealership relocations
- Dealership re-imaging mandated by manufacturers
- Dealership expansions
- Open point dealership construction
- RightRide new locations and expansions
- Collision centre expansions
- Used Digital Retail Division expansion

Based on the four-year average from 2019 to 2022, growth capital expenditures averaged $19 million on an annual basis. As we develop and execute on planned capital projects to support the growth of the Company, management expects to increase growth capital expenditures over the next two years, when compared to this historical average.

The following table summarizes the Company's capital expenditures for the periods indicated and distinguishes between non-growth and growth capital expenditures and real estate acquisition expenditures as reported in aggregate in Note 18 of the annual consolidated financial statements.

	Three Months Ended December 31		Year Ended December 31	
	2022 **$**	**2021** **$**	**2022** **$**	**2021** **$**
Non-growth capital expenditures	5,922	2,550	11,309	5,815
Growth capital expenditures	15,449	4,343	36,098	8,366
Total capital expenditures	21,371	6,893	47,407	14,181
Real estate acquisition expenditures	6,555	16,034	15,790	20,990
Total capital expenditures	27,926	22,927	63,197	35,171

Capital Commitments

At December 31, 2022, the Company is committed to capital expenditure obligations in the amount of approximately $12.1 million related to dealership relocations, dealership re-imagings and dealership Open Points with expected completion of these commitments in 2023. The Company is always in conversation with OEM's to adjust spending and/or capital commitments as is deemed appropriate for changing conditions.

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

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

Repairs and Maintenance

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

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

	Three Months Ended December 31		Year Ended December 31	
	2022 **$**	**2021** **$**	**2022** **$**	**2021** **$**
Repairs and maintenance expenditures	1,926	2,248	9,047	8,184

Working Capital

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

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

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

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

Corporate Credit Rating

AutoCanada is rated by Standard & Poor's Ratings Services ("S&P"), an independent credit rating agency.

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

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

On January 30, 2023, S&P issued a research update where our Issuer Credit Rating remains unchanged at 'B+'.

7. RELATED PARTY TRANSACTIONS

Transactions with Companies Controlled by Directors

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

During the year, there were transactions with companies whose partners or senior officers are Directors of the Company or related to Directors of the Company. These counterparties are:

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

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

	2022 $	2021 $
Consulting services, administrative and other support and sourcing fees	2,208	2,175
Used vehicle inventory (sales to) purchases from related parties	199	5,997
	2,407	8,172

Used Digital Retail Division

The firm controlled by the Executive Chairman holds a 15% common interest in AutoCanada UD LP, a partnership formed as a part of the used digital retail strategy, which vested at the time of grant. Changes in the value of the 15% interest are recorded in Operating expenses.

Note 33 of the annual consolidated financial statements of the Company for the year ended December 31, 2022 summarizes the transactions between the Company and its related parties.

Key Management Personnel Compensation

Key management personnel consists of the Company's executive officers and directors. Key management personnel compensation is as follows:

	2022 $	2021 $
Employee costs (including Directors)	4,808	5,290
Short-term employee benefits	102	67
Partnership interest	391	224
Share-based compensation	1,830	806
	7,131	6,387

8. OUTSTANDING SHARES

As at December 31, 2022, the Company had 23,551,137 common shares outstanding as compared to 27,493,016 common shares outstanding as at December 31, 2021. Basic and diluted weighted average number of shares outstanding for the three-month period ended December 31, 2022 were 25,105,990 and 26,262,571, respectively.

As at December 31, 2022, the value of the shares held in trust, to hedge equity-based compensation plans, was $0.7 million (2021 – $2.4 million), which was comprised of 48,667 (2021 - 243,306) in shares. As at March 1, 2023, there were 23,551,137 common shares issued and outstanding.

Normal Course Issuer Bid

For the year ended December 31, 2022, a total of 1,730,321 common shares were purchased and cancelled under the Company's NCIB for cash consideration of $56.6 million, net of transaction costs.

On December 22, 2022, the Company received approval from the TSX to renew its NCIB, this renewal follows the conclusion of the previous NCIB. The renewal of the NCIB commenced on December 28, 2022, and will terminate on the earlier of December 27, 2023 and the date on which the maximum number of common shares that can be acquired pursuant to the NCIB have been purchased. Under the renewal NCIB, the Company is authorised to purchase, for cancellation, up to 1,350,048 common shares, representing approximately 10.00%, of the 23,551,137 issued and outstanding common shares of the Company as at December 20, 2022. The Company is limited under the NCIB to purchasing no more than 21,695 common shares on any given day, subject to the block purchase exemption under the TSX rules.

Substantial Issuer Bid

On August 15, 2022, the Company completed a Substantial Issuer Bid, by way of a modified Dutch auction, to purchase, for cancellation, the common shares of the Company (the "Offer"). The Company purchased and cancelled 1,159,707 common shares at a purchase price of $28.00 per share, representing an aggregate purchase price of $32.5 million which represents 4.37% of the total issued and outstanding common shares of the Company before giving effect to the Offer.

On December 16, 2022, the Company completed a Substantial Issuer Bid, by way of a modified Dutch auction, to purchase, for cancellation, the common shares of the Company (the “Second Offer”). The Company purchased and cancelled 1,851,851 common shares at a purchase price of $27.00 per share under the Offer, representing an aggregate purchase price of $50 million which represents 7.29% of the total issued and outstanding common shares of the Company before giving effect to the Second Offer.

For the year ended December 31, 2022, a total of 3,011,558 common shares were purchased and cancelled under both SIBs for total consideration of $82.5 million, net of transaction costs.

For the year ended December 31, 2022, a total of 4,741,879 common shares were purchased and cancelled for total consideration of $139.1 million, net of transaction costs.

9. DIVIDENDS

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

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

10. FREE CASH FLOW

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

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Cash provided by operating activities	38,099	37,662	64,935	7,279	10,153	13,721	68,604	20,506
Deduct:								
Purchase of non-growth property and equipment	(5,922)	(2,343)	(1,617)	(1,427)	(2,550)	(1,349)	(801)	(1,115)
Free cash flow	32,177	35,319	63,318	5,852	7,603	12,372	67,803	19,391
Free cash flow - TTM	136,666	112,092	89,145	93,630	107,169	118,806	159,878	144,632

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

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

The following table summarizes the net increase (decrease) in cash due to changes in non-cash working capital for the year ended December 31, 2022 and December 31, 2021:

	Year Ended December 31	
	2022 $	2021 $
Trade and other receivables	(68,460)	(7,810)
Inventories	(223,908)	(5,055)
Other current assets	824	(1,078)
Other liabilities	176	(1,589)
Trade and other payables	(7,367)	40,594
Revolving floorplan facilities	270,794	(68,469)
Net change in non-cash working capital	(27,941)	(43,407)

11. CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICY DEVELOPMENTS

A complete listing of critical accounting policies, estimates, judgments and measurement uncertainty can be found in Notes 3, 4, and 5 of the annual consolidated financial statements for the year ended December 31, 2022.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are not yet effective for the financial year ended December 31, 2022. A listing of the standards issued which are applicable to the Company can be found in Note 4 of the annual consolidated financial statements for the year ended December 31, 2022.

The company adopted the amendments to IAS 16, IFRS 3 Business Combinations, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and IFRS 9 Financial Instruments effective for the interim and annual consolidated financial statements commencing January 1, 2022. The amendment standards are further explained in Note 4 of the annual consolidated financial statements for the year ended December 31, 2022.

12. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls & Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in reports filed with securities regulatory authorities is recorded, processed, summarized, and reported on a timely basis, and is accumulated and communicated to the Company's management, including the Executive Chairman and Vice President of Finance in the capacity of Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

As of December 31, 2022, the Company's management, with participation of the Executive Chairman and CFO, evaluated the effectiveness of the design and operation of its disclosure controls and procedures, as defined in National Instrument 52–109 of the Canadian Securities Administrators, and have concluded that the Company's disclosure controls and procedures are effective.

Internal Controls over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal controls over financial reporting. These controls include policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

All control systems contain inherent limitations, no matter how well designed. As a result, the Company's management acknowledges that its internal controls over financial reporting will not prevent or detect all misstatements due to error or fraud. In addition, management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected.

Management, under the supervision of and with the participation of the Company's Executive Chairman and CFO, evaluated the effectiveness of the Corporation's internal controls over financial reporting (as defined under national Instrument 52–109 Certification of Disclosure in Issuers' Annual and Interim Filings). In making this evaluation, management used the criteria set forth by the *Committee of Sponsoring Organizations of the Treadway Commissions* ("COSO") in *Internal Control – Integrated Framework (2013)*. Based on that evaluation, management and the Executive Chairman and CFO have concluded that, as at December 31, 2022, the Corporation's internal controls over financial reporting were effective. This evaluation took into consideration the Corporation's Corporate Disclosure Policy and the functioning of its Disclosure Policy Committee.

Changes in Internal Control over Financial Reporting

During the year ended December 31, 2022, there were no changes in the Company's disclosure controls or internal controls over financial reporting that materially affected, or would be reasonably likely to materially affect, such controls.

13. RISK FACTORS

Business Risks

We face a number of business risks that could cause our actual results to differ materially from those disclosed in this MD&A (See Section 14, Forward-Looking Statements). Investors and the public should carefully consider our business risks, other uncertainties and potential events as well as the inherent uncertainty of forward looking statements when making investment decisions with respect to AutoCanada. If any of the business risks identified by AutoCanada were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, the trading price of our shares could decline. There may be impacts on general economic conditions, as a result of both elevated inflation and broadening of inflationary pressures across a wide array of goods and service, higher interest rates, expected moderate recessions in 2023, the ongoing Ukrainian conflict, pandemics, and other factors, resulting in reduced demand for vehicle sales and service. When these economic conditions worsen or stagnate, it can have a material adverse effect on consumer demand for vehicles generally, demand from particular consumer categories or demand for particular vehicle types. It can also negatively impact availability of credit to finance vehicle purchases for all or certain categories of consumers. This could result in lower sales, decreased margins on units sold, and decreased profits. Worsening or stagnating economic conditions can also have a material adverse effect on the supply of late-model used vehicles, as automotive manufacturers produce fewer new vehicles and consumers retain their current vehicles for longer periods of time. This could result in increased costs to acquire used vehicle inventory and decreased margins on units sold. Any significant change or deterioration in economic conditions could have a material adverse effect on AutoCanada's business, sales, results of operations and financial condition.

Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business and operations. A comprehensive discussion of the known risk factors of AutoCanada and additional business risks is available in our Annual Information Form that is available on the SEDAR website at www.sedar.com.

14. FORWARD-LOOKING STATEMENTS

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

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

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

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

15. NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

- Canadian Operations segment: See Section 19 Segmented Operating Results Data for additional information
- U.S. Operations segment: See Section 19 Segmented Operating Results Data for additional information

- Consolidated basis
- Same store basis: See Section 20 Same Store Results Data for additional information
- Canadian Operations segment excluding Used Digital Retail Division

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

Non-GAAP Measures

Cautionary Note Regarding Non-GAAP Measures

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

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

We list and define non-GAAP measures below:

Adjusted EBITDA

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

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

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

Normalized Adjusted EBITDA

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

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

- Canada Emergency Wage Subsidy ("CEWS") income, expected to recur until the Company is no longer eligible for the subsidy;

- Canada Emergency Rent Subsidy (“CERS”), expected to recur until the Company is no longer eligible for the subsidy;
- One-time forgiveness of Small Business Association Paycheck Protection Program (“PPP”) loans;

The Company believes normalized adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance normalized for impacts related to the COVID-19 pandemic.

Pro Forma Adjusted EBITDA and Pro Forma Normalized Adjusted EBITDA

The Company believes pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA provides improved understanding of the progress of our acquisition strategy as if the acquisitions had occurred at the beginning of the period. Pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA includes management's estimate of the net income generated by our acquisitions prior to interest expense (other than interest expense on floorplan financing), income taxes, depreciation, and amortization, assuming acquisitions in the year had occurred on the first day of the year ended December 31, 2022 prior to any synergies, pursuant to the terms of the credit facilities. Pro forma adjustments estimated by management were derived from dealership financial statements. The Company’s blended rate of Canadian corporate tax of 25.5% was applied to pro forma adjustments where applicable.

Refer to the Notes to the Consolidated Financial Statements for the year ended December 31, 2022 and Section 5, Acquisitions, Divestitures, Relocations, and Real Estate for further details.

Pro Forma Net Income

The Company believes pro forma net income provides improved understanding of the progress of our acquisition strategy as if the acquisitions had occurred at the beginning of the period. Pro forma net income includes management's estimate of the net income generated by our acquisitions, assuming acquisitions in the year had occurred on the first day of the year ended December 31, 2022, prior to any synergies, pursuant to the terms of the credit facilities. Pro forma adjustments estimated by management were derived from dealership financial statements. The Company’s blended rate of Canadian corporate tax of 25.5% was applied to pro forma adjustments where applicable.

Refer to the Notes to the Consolidated Financial Statements for the year ended December 31, 2022 and Section 5, Acquisitions, Divestitures, Relocations, and Real Estate for further details.

Adjusted EBITDA Margin

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

The Company believes adjusted EBITDA margin provides improved continuity with respect to the comparison of our operating performance with retaining and growing profitability as our revenue and scale increases over a period of time.

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

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

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

Adjusted EBITDA on a pre-IFRS 16 basis is calculated as adjusted EBITDA less the rental expense, fair market value rent adjustment and step lease rent adjustment eliminated from the adoption of IFRS 16 lease liabilities accounting standards.

Refer to the Notes to the Consolidated Financial Statements for the year ended December 31, 2022 for further details.

Free Cash Flow

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

Net Indebtedness Leverage Ratio

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

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

Gross Lease Adjusted Leverage Ratio

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

The Company believes this measure provides more meaningful analysis as this measure is in-line with the lease leverage ratio our financing partners and credit rating agency utilize for their analysis. Gross lease adjusted indebtedness is calculated as total indebtedness (inclusive of IFRS 16 lease liabilities), including amounts drawn under the Credit Facility, the Notes and mortgage debt compared to Adjusted EBITDA as reported under IFRS 16, on a TTM basis.

Capital Management Measures

We define net indebtedness, a capital management measure below:

Net Indebtedness

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

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

Supplementary Financial Measures

We list and define supplementary financial measures below:

Average Used Retail Unit Sales per Dealership per Month

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

Compound Annual Growth Rate

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

Employee Costs as a Percentage of Gross Profit

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

F&I Gross Profit Per Retail Unit Average

F&I gross profit per retail unit average is F&I gross profit divided by the total retail vehicles[12] sold by the Company.

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

Gross profit percentage

Gross profit percentage is gross profit divided by revenue.

Liquidity

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

Net income margin

Net income margin is net income divided by revenue.

New Fleet Vehicles

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

New Retail Vehicles

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

Operating Expenses Before Depreciation

Operating expenses before depreciation is operating expenses less depreciation.

Operating Expenses Before Depreciation as a Percentage of Gross Profit

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

Service Bay Occupancy

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

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

Service and Collision Repair Orders

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

Service Labour Hours

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

Total Retail Vehicles

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

Total Vehicles

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

Used Retail Vehicles

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

Used to new retail units ratio

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

Used Wholesale Vehicles

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

16. NON-GAAP AND OTHER FINANCIAL MEASURE RECONCILIATIONS

Adjusted EBITDA and Normalized Adjusted EBITDA

The following table illustrates adjusted EBITDA for the three-month periods ended December 31, over the last two years of operations:

	2022	2021
Period from October 1 to December 31		
Net income for the period	14,810	69,398
Add back:		
Income tax expense	9,994	24,463
Depreciation of property and equipment	5,664	4,830
Interest on long-term indebtedness	8,121	6,161
Depreciation of right of use assets	8,326	7,465
Lease liability interest	8,283	6,520
	55,198	118,837
Add back:		
Recoveries of non-financial assets, net	(8,691)	(39,846)
Share-based compensation (Used Digital Retail Division)	391	—
Loss on redemption liabilities	4,829	14,116
Unrealized fair value changes in derivative instruments	(2,496)	(2,853)
Amortization of loss on terminated hedges	817	817
Unrealized foreign exchange losses	497	25
Gain on termination of lease	—	(492)
Unrealized fair value changes on embedded derivative	—	(24,778)
Loss on disposal of assets, net	124	47
Adjusted EBITDA	50,669	65,873

The following table illustrates adjusted EBITDA and normalized adjusted EBITDA for the year ended December 31 for the last two years of operations:

	2022	2021
Period from January 1 to December 31		
Net income for the period	91,060	167,199
Add back:		
Income tax expense	32,824	54,021
Depreciation of property and equipment	20,852	17,272
Interest on long-term indebtedness	29,325	21,900
Depreciation of right of use assets	30,781	26,420
Lease liability interest	29,828	23,062
	234,670	309,874
Add back:		
Recoveries of non-financial assets, net	(8,691)	(39,846)
Share-based compensation (Used Digital Retail Division)	391	—
Loss on redemption liabilities	4,829	14,116
Loss on extinguishment of debt	9,860	1,128
Unrealized fair value changes in derivative instruments	(9,321)	(7,873)
Amortization of loss on terminated hedges	3,268	3,268
Unrealized foreign exchange losses	192	115
Loss on extinguishment of embedded derivative	29,306	—
Loss on termination of lease, net	—	427
Unrealized fair value changes on embedded derivative	—	(29,306)
Loss (gain) on disposal of assets, net	296	(40)
Adjusted EBITDA	264,800	251,863
Normalizing items:		
Less:		
Canada Emergency Wage Subsidy	—	(4,388)
Canada Emergency Rent Subsidy	—	(336)
Forgiveness of PPP loans	—	(6,728)
Normalized Adjusted EBITDA	264,800	240,411

Segmented Adjusted EBITDA and Segmented Normalized Adjusted EBITDA

The following table illustrates segmented adjusted EBITDA for the three-month period ended December 31, over the last two years of operations:

	Three Months Ended December 31, 2022			Three Months Ended December 31, 2021		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from October 1 to December 31						
Net income (loss) for the period	15,043	(233)	14,810	62,253	7,145	69,398
Add back:						
Income tax expense	9,908	86	9,994	24,144	319	24,463
Depreciation of property and equipment	5,168	496	5,664	4,467	363	4,830
Interest on long-term indebtedness	5,100	3,021	8,121	4,818	1,343	6,161
Depreciation of right of use assets	7,658	668	8,326	6,796	669	7,465
Lease liability interest	7,305	978	8,283	5,630	890	6,520
	50,182	5,016	55,198	108,108	10,729	118,837
Add back:						
Recoveries of non-financial assets, net	(8,691)	—	(8,691)	(39,846)	—	(39,846)
Share-based compensation (Used Digital Retail Division)	391	—	391	—	—	—
Loss on redemption liabilities	4,829	—	4,829	14,116	—	14,116
Unrealized fair value changes in derivative instruments	(2,496)	—	(2,496)	(2,853)	—	(2,853)
Amortization of loss on terminated hedges	817	—	817	817	—	817
Unrealized foreign exchange losses	497	—	497	25	—	25
Gain on termination of lease	—	—	—	(492)	—	(492)
Unrealized fair value changes on embedded derivative	—	—	—	(24,778)	—	(24,778)
Loss on disposal of assets, net	124	—	124	47	—	47
Adjusted EBITDA	45,653	5,016	50,669	55,144	10,729	65,873

The following table illustrates segmented adjusted EBITDA and normalized adjusted EBITDA for the year ended December 31 for the last two years of operations:

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Period from January 1 to December 31						
Net income for the period	76,263	14,797	91,060	150,104	17,095	167,199
Add back:						
Income tax expense	29,626	3,198	32,824	53,702	319	54,021
Depreciation of property and equipment	19,117	1,735	20,852	15,995	1,277	17,272
Interest on long-term indebtedness	22,605	6,720	29,325	15,631	6,269	21,900
Depreciation of right of use assets	28,033	2,748	30,781	23,759	2,661	26,420
Lease liability interest	26,271	3,557	29,828	19,503	3,559	23,062
	201,915	32,755	234,670	278,694	31,180	309,874
Add back:						
Recoveries of non-financial assets, net	(8,691)	—	(8,691)	(39,846)	—	(39,846)
Share-based compensation (Used Digital Retail Division)	391	—	391	—	—	—
Loss on redemption liabilities	4,829	—	4,829	14,116	—	14,116
Loss on extinguishment of debt	9,860	—	9,860	1,128	—	1,128
Unrealized fair value changes in derivative instruments	(9,321)	—	(9,321)	(7,873)	—	(7,873)
Amortization of loss on terminated hedges	3,268	—	3,268	3,268	—	3,268
Unrealized foreign exchange losses	192	—	192	115	—	115
Loss on extinguishment of embedded derivative	29,306	—	29,306	—	—	—
Loss on termination of lease, net	—	—	—	427	—	427
Unrealized fair value changes on embedded derivative	—	—	—	(29,306)	—	(29,306)
Loss (gain) on disposal of assets, net	296	—	296	(40)	—	(40)
Adjusted EBITDA	232,045	32,755	264,800	220,683	31,180	251,863
Normalizing Items:						
Less:						
Canada Emergency Wage Subsidy	—	—	—	(4,388)	—	(4,388)
Canada Emergency Rent Subsidy	—	—	—	(336)	—	(336)
Forgiveness of PPP loans	—	—	—	—	(6,728)	(6,728)
Normalized Adjusted EBITDA	232,045	32,755	264,800	215,959	24,452	240,411

Pro Forma Adjusted EBITDA and Pro Forma Normalized Adjusted EBITDA Reconciliation

The following table illustrates pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA for the trailing twelve month period ended December 31, over the last two years of operations:

	2022	2021
Period from January 1 to December 31		
Net income for the period	91,060	167,199
Add back:		
Income tax expense	32,824	54,021
Depreciation of property and equipment	20,852	17,272
Interest on long-term indebtedness	29,325	21,900
Depreciation of right of use assets	30,781	26,420
Lease liability interest	29,828	23,062
	234,670	309,874
Add back:		
Recoveries of non-financial assets, net	(8,691)	(39,846)
Share-based compensation (Used Digital Retail Division)	391	—
Loss on redemption liabilities	4,829	14,116
Loss on extinguishment of debt	9,860	1,128
Unrealized fair value changes in derivative instruments	(9,321)	(7,873)
Amortization of loss on terminated hedges	3,268	3,268
Unrealized foreign exchange losses	192	115
Loss on extinguishment of embedded derivative	29,306	—
Loss on termination of lease, net	—	427
Unrealized fair value changes on embedded derivative	—	(29,306)
Loss (gain) on disposal of assets	296	(40)
Adjusted EBITDA	264,800	251,863
Normalizing items:		
Less:		
Canada Emergency Wage Subsidy	—	(4,388)
Canada Emergency Rent Subsidy	—	(336)
Forgiveness of PPP loans	—	(6,728)
Normalized Adjusted EBITDA	264,800	240,411
Pro forma items had the acquisitions occurred on January 1:		
Net income for the period	583	7,634
Add back:		
Income tax expense	200	2,464
Depreciation of property and equipment	689	1,765
Interest on long-term indebtedness	5,058	5,698
Depreciation of right of use assets	1,185	3,224
Lease liability interest	2,207	5,235
Pro Forma Adjusted EBITDA	274,722	277,883
Pro Forma Normalized Adjusted EBITDA	274,722	266,431
Pro Forma Net Income	91,643	174,833

Adjusted EBITDA Margin

The following table illustrates adjusted EBITDA margin for the three-month periods ended December 31, over the last two years of operations:

	2022	2021
Period from October 1 to December 31		
Adjusted EBITDA	50,669	65,873
Revenue	1,388,206	1,195,782
Adjusted EBITDA Margin	3.6%	5.5%

The following table illustrates adjusted EBITDA margin for the year ended December 31, over the last two years of operations:

	2022	2021
Period from January 1 to December 31		
Adjusted EBITDA	264,800	251,863
Revenue	6,040,619	4,653,415
Adjusted EBITDA Margin	4.4%	5.4%

Adjusted EBITDA on a Pre-IFRS 16 Basis Reconciliation

The following table illustrates segmented adjusted EBITDA on a pre-IFRS 16 basis, for the three-month periods ended December 31, over the last two years of operations:

	Three Months Ended December 31, 2022			Three Months Ended December 31, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA	45,653	5,016	50,669	55,144	10,729	65,873
Rental expense	(12,619)	(2,352)	(14,971)	(11,040)	(2,149)	(13,189)
FMV rent adjustment	—	1,068	1,068	—	1,044	1,044
Step lease adjustment	(380)	(13)	(393)	(252)	(12)	(264)
Adjusted EBITDA on a pre-IFRS 16 basis	32,654	3,719	36,373	43,852	9,612	53,464

The following table illustrates segmented adjusted EBITDA on a pre-IFRS 16 basis, for the year ended December 31 for the last two years of operations:

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA	232,045	32,755	264,800	220,683	31,180	251,863
Rental expense	(47,704)	(9,000)	(56,704)	(40,230)	(8,597)	(48,827)
FMV rent adjustment	—	4,205	4,205	—	4,181	4,181
Step lease adjustment	(1,387)	(153)	(1,540)	(722)	89	(633)
Adjusted EBITDA on a pre-IFRS 16 basis	182,954	27,807	210,761	179,731	26,853	206,584

Free Cash Flow

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

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Cash provided by operating activities	38,099	37,662	64,935	7,279	10,153	13,721	68,604	20,506
Deduct:								
Purchase of non-growth property and equipment	(5,922)	(2,343)	(1,617)	(1,427)	(2,550)	(1,349)	(801)	(1,115)
Free cash flow	32,177	35,319	63,318	5,852	7,603	12,372	67,803	19,391
Free cash flow - TTM	136,666	112,092	89,145	93,630	107,169	118,806	159,878	144,632

Gross Lease Adjusted Leverage Ratio Reconciliation

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

	December 31, 2022 $	December 31, 2021 $
Syndicated Credit Facility - revolving credit	178,588	63,842
Senior unsecured notes (excluding embedded derivative asset)	344,502	251,271
Non-recourse mortgages and other debt	32,038	101
Lease liabilities	484,877	452,817
Total gross lease adjusted indebtedness	1,040,005	768,031
Adjusted EBITDA - trailing twelve months	264,800	251,863
Gross lease adjusted leverage ratio	**3.9x**	**3.0x**

Net Indebtedness and Net Indebtedness Leverage Ratio Reconciliation

The following table illustrates the Company's net indebtedness and net indebtedness leverage ratio as at December 31, 2022 and December 31, 2021:

	December 31, 2022 $	December 31, 2021 $
Syndicated Credit Facility - revolving credit	178,588	63,842
Senior unsecured notes (including embedded derivative asset)	344,502	221,965
Mortgage and other debt	32,038	101
Total Indebtedness	**555,128**	**285,908**
Add back:		
Embedded derivative asset	—	29,306
Total Indebtedness for net indebtedness purpose	**555,128**	**315,214**
Cash and cash equivalents	(108,301)	(102,480)
Net indebtedness	**446,827**	**212,734**
Adjusted EBITDA - pre-IFRS 16 - trailing twelve months	210,761	206,584
Net indebtedness leverage ratio	**2.1x**	**1.0x**

17. SELECTED ANNUAL FINANCIAL INFORMATION

The following table shows the results of the Company for the years ended December 31, 2022 and December 31, 2021. The results of operations for these years are not necessarily indicative of the results of operations to be expected in any given comparable period.

	2022	2021
Income Statement Data		
New vehicles	2,160,565	1,963,881
Used vehicles	2,870,145	1,937,541
Parts, service and collision repair	642,665	484,639
Finance, insurance and other	367,244	267,354
Revenue	6,040,619	4,653,415
New vehicles	219,312	176,415
Used vehicles	121,299	141,262
Parts, service and collision repair	353,512	266,654
Finance, insurance and other	348,750	249,852
Gross Profit	1,042,873	834,183
Gross profit %	17.3%	17.9 %
Operating expenses	811,018	612,609
Operating expenses as a % of gross profit	77.8%	73.4 %
Operating profit	254,551	270,068
Recovery of non-financial assets	(8,691)	(39,846)
Net income	91,060	167,199
Basic net income per share attributable to AutoCanada shareholders	3.28	5.98
Basic net income per share attributable to AutoCanada shareholders	3.03	5.60
Dividends declared per share	—	—
Adjusted EBITDA [1]	264,800	251,863
Free cash flow [1]	136,666	107,169
Operating Data		
New retail vehicles sold [2]	36,216	35,799
New fleet vehicles sold [2]	1,892	1,872
Total new vehicles sold [2]	38,108	37,671
Used retail vehicles sold [2]	63,611	48,729
Total vehicles sold [2]	101,719	86,400
# of service and collision repair orders completed [2]	989,006	829,261
# of dealerships at year end [3]	86	80
# of same store dealerships [3,4]	49	49
# of service bays at year end	1,367	1,303
Same store revenue growth [4]	12.4 %	(5.4)%
Same store gross profit growth [4]	8.2 %	(3.7)%
Balance Sheet Data		
Total assets	2,858,331	2,258,673
Total long-term financial liabilities	1,074,255	785,827

1 *These Non-GAAP financial measures have been calculated as described under Section 15, Non-GAAP and Other Financial Measures.*

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

3 *Dealerships is defined as franchised automobile dealerships and Used Digital Retail Divisions dealerships (including used vehicle dealerships and used vehicle auction business).*

4 *Same store revenue growth and same store gross profit growth is calculated using dealerships that we have owned for at least two full years. Same store growth is comparable to the same quarter of the prior year.*

18. SELECTED QUARTERLY FINANCIAL INFORMATION

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

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021 REVISED	Q2 2021 REVISED	Q1 2021 REVISED
Income Statement Data [5]								
New vehicles [6]	508,008	557,492	583,870	511,195	467,085	498,142	547,593	451,061
Used vehicles [6]	626,397	807,236	840,998	595,514	524,043	518,791	539,785	354,922
Parts, service and collision repair [6]	168,544	161,805	160,307	152,009	136,800	116,953	122,459	108,427
Finance, insurance and other [6]	85,257	97,416	100,851	83,720	67,854	72,868	71,218	55,414
Revenue	1,388,206	1,623,949	1,686,026	1,342,438	1,195,782	1,206,754	1,281,055	969,824
New vehicles [6]	48,218	58,760	58,950	53,384	50,632	46,525	44,619	34,639
Used vehicles [6]	17,775	32,627	34,125	36,772	38,118	39,669	40,269	23,206
Parts, service and collision repair [6]	95,661	88,707	90,713	78,431	75,917	64,748	68,115	57,874
Finance, insurance and other [6]	80,968	93,540	95,490	78,752	63,847	69,250	64,838	51,917
Gross Profit	242,622	273,634	279,278	247,339	228,514	220,192	217,841	167,636
Gross profit %	17.5%	16.8%	16.6%	18.4%	19.1%	18.2%	17.0%	17.3%
Operating expenses	197,397	207,266	212,709	193,646	170,008	159,880	154,773	127,948
Operating expenses as a % of gross profit	81.4%	75.7%	76.2%	78.3%	74.4%	72.6%	71.0%	76.3%
Operating profit	58,604	69,303	69,954	56,690	99,410	62,841	66,153	41,664
Recovery of non-financial assets	(8,691)	—	—	—	(39,846)	—	—	—
Net income	14,810	32,870	39,058	4,322	69,398	38,769	37,698	21,334
Basic net income per share attributable to AutoCanada shareholders	0.55	1.22	1.40	0.11	2.54	1.37	1.33	0.77
Diluted net income per share attributable to AutoCanada shareholders	0.52	1.16	1.33	0.10	2.38	1.27	1.23	0.71
Dividends declared per share	—	—	—	—	—	—	—	—
Adjusted EBITDA [3]	50,669	76,374	75,561	62,196	65,873	68,265	70,491	47,234
Free cash flow [3]	32,177	35,319	63,318	5,852	7,603	12,372	67,803	19,391
Operating Data [5]								
New retail vehicles sold [4]	8,100	9,186	9,878	9,052	8,204	9,255	10,107	8,233
New fleet vehicles sold [4]	672	433	497	290	199	358	575	740
Total new vehicles sold [4]	8,772	9,619	10,375	9,342	8,403	9,613	10,682	8,973
Used retail vehicles sold [4]	14,418	17,381	17,740	14,072	11,893	13,831	13,271	9,734
Total vehicles sold [4]	23,190	27,000	28,115	23,414	20,296	23,444	23,953	18,707
# of service and collision repair orders completed [4]	263,796	241,907	261,671	221,632	232,373	199,870	214,149	182,869
# of dealerships at period end [1]	86	85	82	80	80	68	67	67
# of same store dealerships [1, 2]	49	49	49	49	49	49	49	49
# of service bays at period end	1,367	1,331	1,322	1,293	1,303	1,108	1,098	1,098
Same store revenue growth [2]	2.2%	17.6%	14.2%	17.2%	14.1%	15.0%	54.2%	27.8%
Same store gross profit growth [2]	(5.7)%	8.7%	10.3%	23.2%	29.4%	18.6%	102.5%	35.0%

1 *Dealerships is defined as franchised automobile dealerships and Used Digital Retail Divisions dealerships (including used vehicle dealerships and used vehicle auction business).*
2 *Same store revenue growth and same store gross profit growth is calculated using dealerships that we have owned for at least two full years. Same store growth is in comparison with the same quarter in the prior year.*
3 *These financial measures have been calculated as described under Section 15, Non-GAAP and Other Financial Measures.*
4 *This number includes 100% of vehicles and service and collision repair orders sold by these dealerships, RightRide locations, and collision centre locations in which we have less than 100% investment.*

5 The results from operations of the Company have historically been lower in the first and fourth quarters of each year, largely due to consumer purchasing patterns during the holiday season, inclement weather and the number of business days during the period. The Company's financial performance is generally not as strong during the first and fourth quarters than during the other quarters of each fiscal year, although the COVID-19 pandemic has caused disruption to the seasonal nature of the Company's operations. The extent to which COVID-19 will or may impact the seasonal nature of the Company's operations is uncertain. The timing of acquisitions may have also caused significant fluctuations in operating results from quarter to quarter.

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

19. 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 December 31, 2022 and December 31, 2021.

	Three Months Ended December 31, 2022			Three Months Ended December 31, 2021		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles	445,288	62,720	508,008	385,913	81,172	467,085
Used vehicles	511,154	115,243	626,397	437,145	86,898	524,043
Parts, service and collision repair	146,245	22,299	168,544	120,387	16,413	136,800
Finance, insurance and other	70,025	15,232	85,257	55,381	12,473	67,854
Total revenue	1,172,712	215,494	1,388,206	998,826	196,956	1,195,782
New vehicles	40,781	7,437	48,218	36,991	13,641	50,632
Used vehicles	19,665	(1,890)	17,775	34,119	3,999	38,118
Parts, service and collision repair	82,008	13,653	95,661	66,743	9,174	75,917
Finance, insurance and other	65,863	15,105	80,968	51,485	12,362	63,847
Total gross profit	208,317	34,305	242,622	189,338	39,176	228,514
Employee costs	104,029	19,260	123,289	82,961	21,135	104,096
Government assistance	—	—	—	—	—	—
Administrative costs	49,279	10,384	59,663	45,908	6,772	52,680
Expected credit losses on trade and other receivables	242	76	318	575	171	746
Facility lease and storage costs	137	—	137	191	—	191
Depreciation of property and equipment	5,168	496	5,664	4,467	363	4,830
Depreciation of right-of-use assets	7,658	668	8,326	6,796	669	7,465
Total operating expenses	166,513	30,884	197,397	140,898	29,110	170,008
Operating profit before other income	41,804	3,421	45,225	48,440	10,066	58,506
Operating data						
New retail vehicles sold [1]	7,112	988	8,100	6,720	1,484	8,204
New fleet vehicles sold [1]	672	—	672	199	—	199
Total new vehicles sold [1]	7,784	988	8,772	6,919	1,484	8,403
Used retail vehicles sold [1]	11,689	2,729	14,418	9,727	2,166	11,893
Total vehicles sold [1]	19,473	3,717	23,190	16,646	3,650	20,296
# of service and collision repair orders completed [1]	228,620	35,176	263,796	199,063	33,310	232,373
# of dealerships at period end	68	18	86	62	18	80
# of service bays at period end	1,144	223	1,367	1,085	218	1,303

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

The following table shows the segmented operating results for the Company for the years ended December 31, 2022 and December 31, 2021.

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles	1,864,803	295,762	2,160,565	1,639,894	323,987	1,963,881
Used vehicles	2,403,400	466,745	2,870,145	1,675,342	262,199	1,937,541
Parts, service and collision repair	559,277	83,388	642,665	426,927	57,712	484,639
Finance, insurance and other	302,178	65,066	367,244	228,354	39,000	267,354
Total revenue	5,129,658	910,961	6,040,619	3,970,517	682,898	4,653,415
New vehicles	176,843	42,469	219,312	141,491	34,924	176,415
Used vehicles	120,042	1,257	121,299	127,806	13,456	141,262
Parts, service and collision repair	305,514	47,998	353,512	236,563	30,091	266,654
Finance, insurance and other	284,224	64,526	348,750	211,240	38,612	249,852
Total gross profit	886,623	156,250	1,042,873	717,100	117,083	834,183
Employee costs	435,371	85,144	520,515	328,675	60,470	389,145
Government assistance	(264)	—	(264)	(5,041)	(6,728)	(11,769)
Administrative costs	197,094	38,022	235,116	157,762	29,984	187,746
Expected credit losses on trade and other receivables	968	305	1,273	2,301	683	2,984
Facility lease and storage costs	2,745	—	2,745	811	—	811
Depreciation of property and equipment	19,117	1,735	20,852	15,995	1,277	17,272
Depreciation of right-of-use assets	28,033	2,748	30,781	23,759	2,661	26,420
Total operating expenses	683,064	127,954	811,018	524,262	88,347	612,609
Operating profit before other income	203,559	28,296	231,855	192,838	28,736	221,574
Operating data						
New retail vehicles sold [1]	31,188	5,028	36,216	29,102	6,697	35,799
New fleet vehicles sold [1]	1,892	—	1,892	1,871	1	1,872
Total new vehicles sold [1]	33,080	5,028	38,108	30,973	6,698	37,671
Used retail vehicles sold [1]	52,160	11,451	63,611	41,531	7,198	48,729
Total vehicles sold [1]	85,240	16,479	101,719	72,504	13,896	86,400
# of service and collision repair orders completed [1]	846,891	142,115	989,006	711,828	117,433	829,261
# of dealerships at period end	68	18	86	62	18	80
# of service bays at period end	1,144	223	1,367	1,085	218	1,303

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

The following tables show net income for the period and adjusted EBITDA for the three-month periods and years ended December 31, 2022 and December 31, 2021.

	Three Months Ended December 31, 2022			Three Months Ended December 31, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Net income (loss) for the period	15,043	(233)	14,810	62,253	7,145	69,398
Adjusted EBITDA [1]	45,653	5,016	50,669	55,144	10,729	65,873

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

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Net income for the period	76,263	14,797	91,060	150,104	17,095	167,199
Adjusted EBITDA [1]	232,045	32,755	264,800	220,683	31,180	251,863

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

The following tables show the segmented operating expenses as a percentage of gross profit for the three-month periods and years ended December 31, 2022 and December 31, 2021.

	Three Months Ended December 31, 2022			Three Months Ended December 31, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses as a % of gross profit						
Employee costs	49.9%	56.1%	50.8%	43.8%	53.9%	45.6%
Government assistance	—%	—%	—%	—%	—%	—%
Expected credit losses on trade and other receivables	0.1%	0.2%	0.1%	0.3%	0.4%	0.3%
Administrative costs - Variable	19.1%	24.4%	20.0%	17.7%	12.2%	16.8%
Total variable expenses	69.1%	80.7%	70.9%	61.8%	66.5%	62.7%
Administrative costs - Fixed	4.5%	6.0%	4.7%	6.6%	5.1%	6.3%
Facility lease and storage costs	0.1%	—%	0.1%	0.1%	—%	0.1%
Fixed expenses before depreciation	4.6%	6.0%	4.8%	6.7%	5.1%	6.4%
Operating expenses before depreciation	73.7%	86.7%	75.7%	68.5%	71.6%	69.1%
Depreciation of property and equipment	2.5%	1.4%	2.3%	2.4%	0.9%	2.1%
Depreciation of right-of-use assets	3.7%	1.9%	3.4%	3.6%	1.7%	3.3%
Total fixed expenses	10.8%	9.3%	10.5%	12.7%	7.7%	11.8%
Total operating expenses	79.9%	90.0%	81.4%	74.5%	74.2%	74.5%

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses as a % of gross profit						
Employee costs	49.1%	54.5%	49.9%	45.8%	51.6%	46.6%
Government assistance	—%	—%	—%	(0.7)%	(5.7)%	(1.4)%
Expected credit losses on trade and other receivables	0.1%	0.2%	0.1%	0.3%	0.6%	0.4%
Administrative costs - Variable	17.5%	19.2%	17.8%	16.8%	18.2%	16.9%
Total variable expenses	66.7%	73.9%	67.8%	62.2%	64.7%	62.5%
Administrative costs - Fixed	4.6%	5.1%	4.7%	5.2%	7.4%	5.6%
Facility lease and storage costs	0.3%	—%	0.3%	0.1%	—%	0.1%
Fixed expenses before depreciation	4.9%	5.1%	5.0%	5.3%	7.4%	5.7%
Operating expenses before depreciation	71.6%	79.0%	72.8%	67.5%	72.1%	68.2%
Depreciation of property and equipment	2.2%	1.1%	2.0%	2.2%	1.1%	2.1%
Depreciation of right-of-use assets	3.2%	1.8%	3.0%	3.3%	2.3%	3.2%
Total fixed expenses	10.3%	8.0%	10.0%	10.8%	10.8%	11.0%
Total operating expenses	77.0%	81.9%	77.8%	73.0%	75.5%	73.5%

20. SAME STORE RESULTS DATA

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

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

Number of Same Store by Province

The following table summarizes the number of same store for the three-month period ended December 31, 2022 by Province:

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

Same Store Revenue and Vehicles Sold

	Three Months Ended December 31			Year Ended December 31		
	2022	**2021**	**% Change**	**2022**	**2021**	**% Change**
Revenue source						
New vehicles - retail	334,194	359,400	(7.0)%	1,505,986	1,533,513	(1.8)%
New vehicles - fleet	43,293	11,958	262.0%	104,670	91,826	14.0%
Total new vehicles	377,487	371,358	1.7%	1,610,656	1,625,339	(0.9)%
Used vehicles - retail	314,534	267,151	17.7%	1,497,377	1,110,137	34.9%
Used vehicles - wholesale[1]	80,558	125,224	(35.7)%	462,636	451,718	2.4%
Total used vehicles	395,092	392,375	0.7%	1,960,013	1,561,855	25.5%
Parts, service and collision repair	111,903	107,491	4.1%	448,078	399,918	12.0%
Finance, insurance and other	59,367	52,117	13.9%	262,835	221,538	18.6%
Total	943,849	923,341	2.2%	4,281,582	3,808,650	12.4%
New retail vehicles sold (units)	5,714	6,380	(10.4)%	25,636	28,762	(10.9)%
New fleet vehicles sold (units)	625	192	225.5%	1,715	1,864	(8.0)%
Total new vehicles sold (units)	6,339	6,572	(3.5)%	27,351	30,626	(10.7)%
Used retail vehicles sold (units)	8,876	8,248	7.6%	40,736	37,035	10.0%
Total vehicles sold (units)	15,215	14,820	2.7%	68,087	67,661	0.6%
Total vehicles retailed (units)	14,590	14,628	(0.3)%	66,372	65,797	0.9%

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

The following table summarizes same store total revenue for the three-month periods and year ended December 31 by Province:

	Three Months Ended December 31			Year Ended December 31		
	2022	2021	% Change	2022	2021	% Change
British Columbia	133,659	140,054	(4.6)%	623,679	583,979	6.8%
Alberta	331,024	355,369	(6.9)%	1,587,612	1,439,616	10.3%
Saskatchewan	99,754	74,561	33.8%	396,487	318,707	24.4%
Manitoba	75,589	66,983	12.8%	339,890	289,148	17.5%
Ontario	118,592	113,645	4.4%	540,915	473,557	14.2%
Quebec	143,933	140,830	2.2%	609,271	555,219	9.7%
Atlantic	41,298	31,899	29.5%	183,728	148,424	23.8%
Total	943,849	923,341	2.2%	4,281,582	3,808,650	12.4%

Same Store Gross Profit and Gross Profit Percentage

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

	Three Months Ended December 31				
	Gross Profit			Gross Profit %	
	2022	2021	% Change	2022	2021
Revenue source					
New vehicles - retail	32,705	35,684	(8.3)%	9.8%	9.9%
New vehicles - fleet	627	247	153.8%	1.4%	2.1%
Total new vehicles	33,332	35,931	(7.2)%	8.8%	9.7%
Used vehicles - retail	7,449	26,079	(71.4)%	2.4%	9.8%
Used vehicles - wholesale	4,351	5,058	(14.0)%	5.4%	4.0%
Total used vehicles	11,800	31,137	(62.1)%	3.0%	7.9%
Parts, service and collision repair	64,585	60,240	7.2%	57.7%	56.0%
Finance, insurance and other	56,087	48,441	15.8%	94.5%	92.9%
Total	165,804	175,749	(5.7)%	17.6%	19.0%

	Year Ended December 31				
	Gross Profit			Gross Profit %	
	2022	2021	% Change	2022	2021
Revenue source					
New vehicles - retail	153,120	140,962	8.6%	10.2%	9.2%
New vehicles - fleet	2,309	(510)	(552.7)%	2.2%	(0.6)%
Total new vehicles	155,429	140,452	10.7%	9.7%	8.6%
Used vehicles - retail	77,275	94,767	(18.5)%	5.2%	8.5%
Used vehicles - wholesale	15,481	27,959	(44.6)%	3.3%	6.2%
Total used vehicles	92,756	122,726	(24.4)%	4.7%	7.9%
Parts, service and collision repair	248,947	221,888	12.2%	55.6%	55.5%
Finance, insurance and other	249,269	204,643	21.8%	94.8%	92.4%
Total	746,401	689,709	8.2%	17.4%	18.1%

The following table summarizes same store gross profit for the three-month periods and year ended December 31 by Province:

	Three Months Ended December 31			Year Ended December 31		
	2022	2021	% Change	2022	2021	% Change
British Columbia	23,653	25,223	(6.2)%	111,393	107,756	3.4%
Alberta	62,508	68,237	(8.4)%	285,101	269,232	5.9%
Saskatchewan	16,531	15,736	5.1%	69,754	62,177	12.2%
Manitoba	13,039	13,691	(4.8)%	62,788	55,412	13.3%
Ontario	21,908	22,745	(3.7)%	93,417	82,063	13.8%
Quebec	22,477	24,032	(6.5)%	97,443	86,961	12.1%
Atlantic	5,688	6,085	(6.5)%	26,505	26,108	1.5%
Total	165,804	175,749	(5.7)%	746,401	689,709	8.2%

21. LIST OF OPERATIONS

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

Location	Operating Name	Franchise	Year Opened or Acquired	Same Store [1]	Owned or Leased [2]
Wholly-Owned Dealerships:					
Abbotsford, BC	Abbotsford Volkswagen	Volkswagen	2011	Y	Leased
Chilliwack, BC	Chilliwack Volkswagen	Volkswagen	2011	Y	Leased
Kelowna, BC	Okanagan Chrysler Dodge Jeep Ram	Stellantis	2003	Y	Leased
Maple Ridge, BC	Maple Ridge Chrysler Dodge Jeep Ram & Fraser Valley Alfa Romeo	Stellantis	2005	Y	Leased
Maple Ridge, BC	Maple Ridge Volkswagen	Volkswagen	2008	Y	Owned
Prince George, BC	Northland Chrysler Dodge Jeep Ram	Stellantis	2002	Y	Owned
Prince George, BC	Northland Hyundai	Hyundai	2005	Y	Owned
Prince George, BC	Northland Nissan	Nissan	2007	Y	Owned
Airdrie, AB	Airdrie Chrysler Dodge Jeep Ram	Stellantis	2015	Y	Leased
Calgary, AB	Courtesy Chrysler Dodge Jeep Ram	Stellantis	2013	Y	Leased
Calgary, AB	Crowfoot Hyundai	Hyundai	2014	Y	Leased
Calgary, AB	Northland Volkswagen	Volkswagen	2014	Y	Leased
Calgary, AB	Fish Creek Nissan	Nissan	2014	Y	Leased
Calgary, AB	Hyatt Infiniti	Infiniti	2014	Y	Leased
Calgary, AB	Tower Chrysler Dodge Jeep Ram	Stellantis	2014	Y	Leased
Edmonton, AB	Crosstown Chrysler Dodge Jeep Ram	Stellantis	1994	Y	Leased
Edmonton, AB	Capital Chrysler Dodge Jeep Ram	Stellantis	2003	Y	Leased
Edmonton, AB	Mercedes-Benz Heritage Valley	Mercedes-Benz	2018	Y	Leased
Grande Prairie, AB	Grande Prairie Chrysler Dodge Jeep Ram	Stellantis	1998	Y	Leased
Grande Prairie, AB	Grande Prairie Hyundai	Hyundai	2005	Y	Leased
Grande Prairie, AB	Grande Prairie Subaru	Subaru	1998	Y	Owned
Grande Prairie, AB	Grande Prairie Nissan	Nissan	2007	Y	Leased
Grande Prairie, AB	Grande Prairie Volkswagen	Volkswagen	2013	Y	Owned
Ponoka, AB	Ponoka Chrysler Dodge Jeep Ram	Stellantis	1998	Y	Owned
Sherwood Park, AB	Sherwood Park Hyundai	Hyundai	2006	Y	Owned
Sherwood Park, AB	Sherwood Park Volkswagen	Volkswagen	2017	Y	Leased
Spruce Grove, AB	Parkland Chrysler Dodge Jeep Ram	Stellantis	2015	Y	Leased
Saskatoon, SK	Dodge City Chrysler Dodge Jeep Ram	Stellantis	2014	Y	Leased
Brandon, MB	Kelleher Ford	Ford	2022	Q4 2024	Owned
Winnipeg, MB	Audi Winnipeg	Audi	2013	Y	Leased
Winnipeg, MB	St. James Volkswagen	Volkswagen	2013	Y	Leased
Winnipeg, MB	Eastern Chrysler Dodge Jeep Ram	Stellantis	2014	Y	Owned
Brantford, ON	Brantford Honda	Honda	2021	Q1 2024	Leased
Cambridge, ON	Cambridge Hyundai	Hyundai	2008	Y	Owned
Guelph, ON	Guelph Hyundai	Hyundai	2016	Y	Leased
Guelph, ON	Guelph Kia	Kia	2021	Q1 2024	Leased
Guelph, ON	Wellington Motors	Stellantis	2016	Y	Leased
Hamilton, ON	Acura of Hamilton	Acura	2021	Q1 2024	Leased
Hamilton, ON	Kia of Hamilton	Kia	2021	Q1 2024	Leased
Hamilton, ON	Plaza Nissan	Nissan	2021	Q1 2024	Leased
Hamilton, ON	Sterling Honda	Honda	2022	Q1 2025	Leased
Hamilton, ON	Subaru of Hamilton	Subaru	2021	Q1 2024	Leased

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

1 *Same store (indicated with the letter "Y" in the table above) means the franchised automobile dealership has been owned for at least two full years since acquisition. The dealership is then considered in the quarter, thereafter, as same store. If the dealership is not indicated with the letter "Y", in the indicated quarter is the first quarter in which the dealership will be included for same store analysis. For Same Store analysis purposes, we have only considered Canadian dealerships.*

2 *This column summarizes whether the dealership property is owned or leased.*

3 *This dealership consists of the following individual storefronts and franchises: Audi, Mercedes-Benz, Lincoln, Subaru, Volkswagen and Volvo.*

4 *This dealership consists of the following individual storefronts and franchises: Porsche, Audi, Mercedes-Benz and Volkswagen.*

The following table sets forth the Used Digital Retail Division operating entities we currently own and operate and the date opened or acquired by the Company, organized by location.

Location	Operating Name	Year Acquired	Same Store [1]	Owned or Leased [2]
Cayuga, ON	Haldimand Motors	2020	Q1 2023	Leased
Innisfil, ON	North Toronto Auction	2022	Q4 2024	Leased
Guelph, ON	Mark Wilson's Better Used Cars	2021	Q4 2023	Leased
Winnipeg, MB	Auto Gallery of Winnipeg	2022	Q4 2024	Owned

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

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

Location	Operating Name	Year Acquired	Same Store [1]	Owned or Leased [2]
Prince George, BC	PG Klassic Autobody	2021	Q3 2023	Leased
Airdrie, AB	Airdrie Autobody	2021	Q1 2024	Leased
Calgary, AB	DCCHail	2023	Q2 2025	Leased
Saskatoon, SK	Kavia Autobody	2022	Q1 2025	Leased
London, ON	Burwell Autobody	2022	Q3 2024	Owned
Markham, ON	Velocity Autobody	2022	Q4 2024	Leased
Scarborough, ON	Excellence Auto Collision Silver Star	2022	Q1 2025	Leased
Toronto, ON	Excellence Auto Collision Midwest	2022	Q1 2025	Leased
Montréal, QC	Auto Bugatti	2020	Q1 2023	Leased
Montréal, QC	Autolux MB Collision	2021	Q4 2023	Leased

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

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

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

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

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