AutoCanada

2023

First Quarter Management Discussion & Analysis

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

For the three-month period ended March 31, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

1. READER ADVISORIES

This Management's Discussion & Analysis ("MD&A") was prepared as of May 3, 2023, to assist readers in understanding AutoCanada Inc.'s (the "Company" or "AutoCanada") consolidated financial performance for the three-month period ended March 31, 2023, and significant trends that may affect AutoCanada's future performance. The following discussion and analysis should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes (the "Interim Consolidated Financial Statements") of AutoCanada as at and for the three-month period ended March 31, 2023, 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, and the MD&A for the year ended December 31, 2022. The Interim Consolidated Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial reporting, as issued by the International Accounting Standards Board ("IASB") and the Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. Collectively, IAS 34 and IFRS are known as GAAP or Canadian GAAP in this MD&A. Results are reported in Canadian dollars and have been rounded to the nearest thousand dollars, unless otherwise stated.

The Company's Board of Directors, upon recommendation of its Audit Committee, approved the contents of this MD&A on May 3, 2023.

To provide more meaningful information, this MD&A typically refers to the operating results for the three-month period ended March 31, 2023 of the Company, and compares these to the operating results of the Company for the three-month period ended March 31, 2022.

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

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

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

Additional information regarding our Company, including our 2022 Annual Information Form, dated March 24, 2023, 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 65 franchised dealerships in Canada, comprised of 25 brands, in 8 provinces. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Alfa Romeo, Chevrolet, GMC, Buick, Cadillac, Infiniti, Nissan, Hyundai, Subaru, Audi, Volkswagen, Mazda, Mercedes-Benz, BMW, MINI, Ford, Acura, Honda, Kia, and Porsche branded vehicles. In addition, AutoCanada's Canadian Operations segment currently operates 3 used vehicle dealerships and 1 used vehicle auction business supporting the Used Digital Division, 12 RightRide division locations, and 11 stand-alone collision centres within our group of 27 collision centres. In 2022, our Canadian dealerships sold approximately 85,200 new and used vehicles and processed approximately 847,000 service and collision repair orders in our 1,144 service bays.

U.S. Operations

AutoCanada's U.S. Operations segment, operating as Leader Automotive Group, 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.

2023 First Quarter Key Highlights and Recent Developments

All comparisons presented below are between the three-month period ended March 31, 2023 and the three-month period ended March 31, 2022, unless otherwise indicated.

AutoCanada Key Highlights

FIRST QUARTER RESULTS

- Revenue was $1,539.3 million as compared to $1,342.4 million in the prior year, an increase of 14.7%
- Total vehicles[1] sold of 24,796 units, an increase of 1,382 units or 5.9%
  - Used to new retail units ratio[1] increased to 1.74 from 1.55
- Finance, insurance and other gross profit was $83.3 million, an increase of $4.6 million or 5.8%
- Parts, service and collision repair gross profit was $93.9 million, an increase of $15.4 million or 19.7%
- Net income for the period was $8.4 million versus $4.3 million in the prior year
- Adjusted EBITDA[2] was $45.0 million versus $62.2 million in the prior year, a decrease of $(17.2) million
  - Adjusted EBITDA margin[2] was 2.9% versus 4.6% in the prior year, a decrease of (1.7) percentage points
- Diluted earnings per share was $0.32, an increase of $0.22 from $0.10 in the prior year

Executive Overview

Net income for the period was $8.4 million as compared to $4.3 million in Q1 2022. Diluted earnings per share was $0.32, an increase of $0.22 from $0.10 in the prior year.

Adjusted EBITDA for the period was $45.0 million as compared to $62.2 million in Q1 2022. Adjusted EBITDA margin of 2.9% compares to 4.6% in the prior year, a decrease of (1.7) percentage points ("ppts"). This decrease is largely driven by the current economic uncertainty resulting in compressed new and used vehicle gross profit, limited new vehicle inventory availability, and the increase of $12.4 million in floorplan financing costs as a result of higher interest rates.

Gross profit increased by 3.1% to $255.0 million. The decreases in new and used vehicle gross profit, caused by current economic headwinds, was largely offset by the increases of finance, insurance and other ("F&I") and parts, service and collision repair ("PS&CR") arising from recent acquisitions and increased used vehicle sales volumes.

Gross profit percentage[1] was 16.6% in the quarter as compared to 18.4% in the prior year. This decrease was largely driven by the current macro environment. While used retail vehicle gross profit percentage declined, used retail vehicle sales volumes increased by 1,218 units, up 8.7%, to 15,290 units, and contributed to the consolidated used to new retail units ratio[1] moving to 1.74 from 1.55. Higher used vehicle sales volumes also contributed to our strong F&I and PS&CR gross profit performance.

Operating expenses before depreciation[1] increased by $16.4 million largely driven by acquisitions. Operating expenses before depreciation as a percentage of gross profit[1] increased by 4.2 ppts to 77.6% and was largely due to compressed gross profit and higher operating expenses.

Free cash flow[2] on a trailing twelve month ("TTM") basis was $180.7 million at Q1 2023 as compared to $93.6 million in Q1 2022 with the increase in free cash flow driven primarily by improvements in working capital.

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

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

Canadian Operations Highlights

Our F&I and PS&CR segments, driven by 14.4% increase in used retail vehicle unit sales, were key drivers of the 5.7% increase in total gross profit. F&I gross profit increased by $7.7 million or 11.9% to $71.9 million and PS&CR gross profit increased by $13.6 million or 19.8% to $82.4 million as compared to prior year.

Refer to Section 5 Acquisitions, Divestitures, and Other Recent Developments for acquisitions included in Q1 2023 results.

For the three-month period ended March 31, 2023:

- Revenue was $1,340.3 million, an increase of 18.5%
- Used retail vehicles sold increased by 1,649 units or 14.4%
- Used to new retail units ratio increased to 1.72 from 1.50
  - TTM used to new retail ratio[3] improved to 1.73 at Q1 2023 as compared to 1.48 at Q1 2022
- F&I gross profit per retail unit average[3] increased to $3,473, up 3.1% or $105 per unit
- Net income for the period was $12.4 million, up from a net loss of $(1.0) million in 2022
- Adjusted EBITDA decreased (16.5)% to $44.6 million, a decrease of $(8.8) million
  - Adjusted EBITDA margin was 3.3% as compared to 4.7% in the prior year, a decrease of (1.4) ppts

U.S. Operations Highlights

Our decrease in total gross profit by (11.1)% to $34.6 million was largely driven by the current macro economic environment and resulting decrease in total retail vehicles sold and lower selling prices. The resulting decrease in new vehicle and F&I gross profit is partially offset by an increase in used vehicle and PS&CR gross profit.

- Revenue was $199.1 million, a decrease of (5.8)%, from $211.4 million
- Used retail vehicles sold decreased by (431) units or (16.5)%
- Used to new retail units ratio increased to 1.87 from 1.83
  - TTM used to new retail ratio improved to 2.31 at Q1 2023 as compared to 1.32 at Q1 2022
- F&I gross profit per retail unit average remained strong at $3,400 per unit, down (5.1)% or $(183) per unit
- PS&CR gross profit increased by $1.8 million, an increase of 19.0%
- Net (loss) income for the period decreased by $(9.3) million to $(4.0) million, from $5.3 million
- Adjusted EBITDA was $0.5 million as compared to $8.8 million, a decrease of $(8.3) million
  - Adjusted EBITDA margin was 0.2% as compared to 4.2% in the prior year, a decrease of (4.0) ppts

Same Store Metrics - Canadian Operations

Our total gross profit of $181.4 million continues to be driven by our strong F&I and PS&CR performance.

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

- Revenue increased to $1,114.3 million, an increase of 11.7%
- Gross profit decreased by $(4.0) million or (2.2)%
- Used retail vehicles sold increased by 3.0%
- Used to new retail units ratio increased to 1.64 from 1.56
- F&I gross profit increased to $61.7 million as compared to $58.8 million in the prior year, an increase of 4.8%
  - F&I gross profit per retail unit average increased to $3,739, up 3.8% or $136 per unit; the eighteenth consecutive quarter of year-over-year growth
- PS&CR gross profit increased to $64.7 million, an increase of 7.0%
  - PS&CR gross profit percentage increased to 54.0% as compared to 52.0% in the prior year

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

Financing and Investing Activities and Other Recent Developments

Acquisitions and Other Recent Developments

The Company completed the following transactions in Q1 2023.

- On February 23, 2023, the Company acquired 100% of the shares of 5121175 Manitoba Ltd. ("DCCHail"), a paintless dent repair service provider operating throughout western Canada.
- On March 31, 2023, the Company announced the continuation of Kijiji's role as the Company's preferred online marketplace partner in Canada, as well as the integration of consumer solutions developed by the Company's Used Digital Division on Kijiji, including a solution to offer F&I products to Kijiji users.

Subsequent to March 31, 2023, the Company completed the following transactions:

- On April 17, 2023, the Company acquired substantially all of the assets of Premier Chevrolet Cadillac Buick GMC dealership and collision centre located in Windsor, Ontario.
- On May 1, 2023, the Company acquired 100% of the shares of London Auto Collision Limited ("London Auto Collision"), a collision centre located in London, Ontario.

Credit Facility Amendments

- On January 30, 2023, Standard & Poor's Ratings Services ("S&P") issued a research update where the Issuer Credit Rating remained unchanged at 'B+'.
- On February 3, 2023, the Company amended and extended its existing credit facility to increase total aggregate bank facilities to $1,610 million. This included increasing the revolving credit limit to $375 million from $275 million and the maturity date was extended to April 14, 2026.

First Quarter Financial Information

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

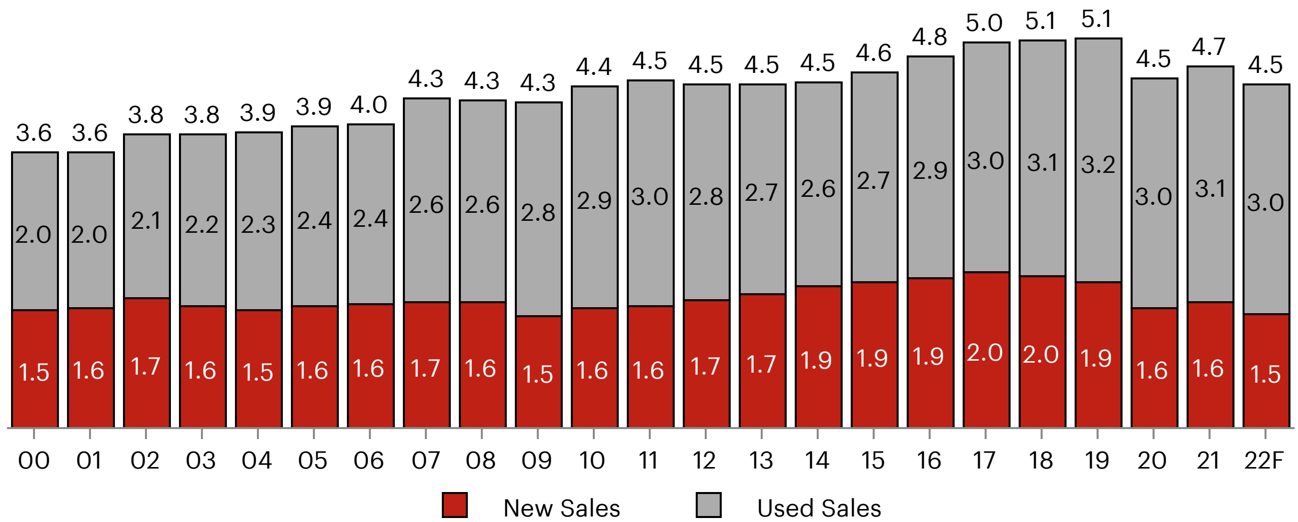
	Three-Months Ended March 31		
Consolidated Operational Data	**2023**	**2022**	**% Change**
Revenue	1,539,326	1,342,438	14.7%
Gross profit	254,982	247,339	3.1%
Gross profit percentage	16.6%	18.4%	(1.8) ppts
Operating expenses	211,601	193,646	9.3%
Operating profit	46,629	56,690	(17.7)%
Net income for the period	8,384	4,322	94.0%
Basic net income per share attributable to AutoCanada shareholders	0.33	0.11	200.0%
Diluted net income per share attributable to AutoCanada shareholders	0.32	0.10	220.0%
Adjusted EBITDA[1]	45,028	62,196	(27.6)%
New retail vehicles sold (units)	8,771	9,052	(3.1)%
Used retail vehicles sold (units)	15,290	14,072	8.7%
Same store new retail vehicles sold (units)	6,249	6,383	(2.1)%
Same store used retail vehicles sold (units)	10,243	9,946	3.0%
Same store revenue	1,114,333	997,979	11.7%
Same store gross profit	181,437	185,477	(2.2)%
Same store gross profit %	16.3%	18.6%	(2.3) ppts

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

3. MARKET AND OUTLOOK

The Canadian Vehicle Market

Total Canadian Vehicle Sales (Millions of Units)



Source: DesRosiers Automotive Consultants

Based on market data provided by DesRosiers Automotive Consultants ("DesRosiers"), a 2% Compound Annual Growth Rate[4] ("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 March 2023 increased by 3% to 1.59 million units as compared to 1.54 million units in March 2022. SAAR creates a base sales figure to allow for more meaningful comparison between months converting the current monthly new vehicle sales to take into account seasonality of the past ten years.

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.

According to DesRosiers, assuming the Canadian economy will go into recession, the forecast for 2023 new vehicles sales 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 light vehicle sales of 1.5 million units 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.

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

We consider both rising interest rates and availability of vehicle inventory as significant challenges to sales growth. While rising interest rates are expected to impact customer affordability, some of the direct impacts of rising interest rates may be offset by vehicle financing products which provide flexibility in financing terms, inclusive of incentives and term extensions. In the current macro environment, we continue to remain agile and will adjust F&I product offerings and other aspects of the business, where necessary, to meet customer needs. In addition, we continue to ensure our inventory position is optimized for both consumer preferences and current market demands.

We have established an acquisition pipeline, with dealerships and collision centres representing in excess of $190 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.

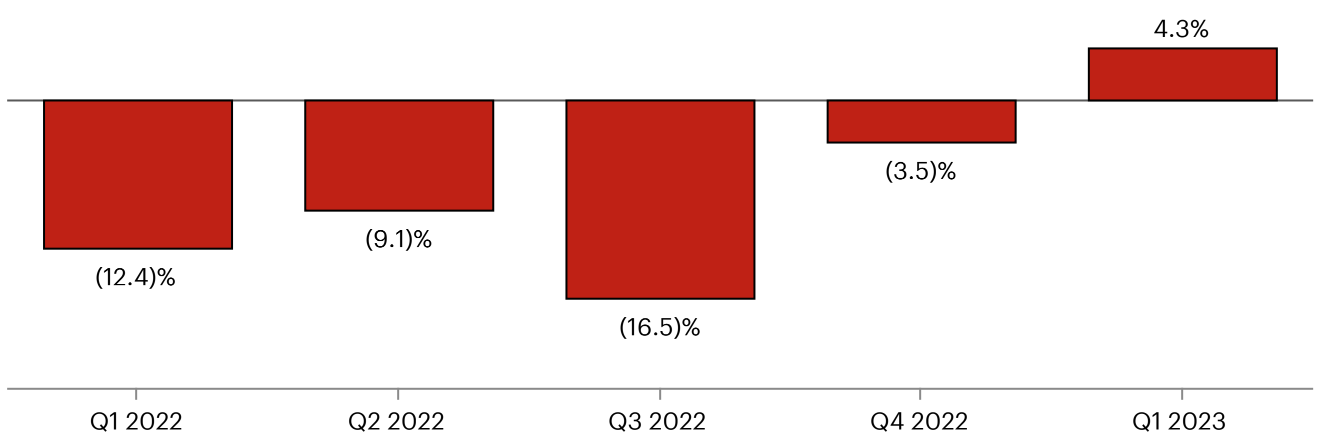
Our comprehensive and complete business model allows the Company to be well situated to continue to manage and operate through these uncertain times.

Performance vs. the Canadian Vehicle Market

Based on market data provided by DesRosiers, the overall Canadian automotive new vehicle sector for the three-month period ended March 31, 2023 increased by 5.2% compared to the prior year. The Canadian new vehicle market for the same store brands represented by AutoCanada increased by 4.8%.

For the quarter, same store new vehicle units increased by 4.3%, the highest unit growth improvement on a year-over-year basis. In addition, same store used vehicle unit sales increased by 3.0%.

AutoCanada Same Store New Vehicle Units Quarterly YoY % Growth



4. RESULTS OF OPERATIONS

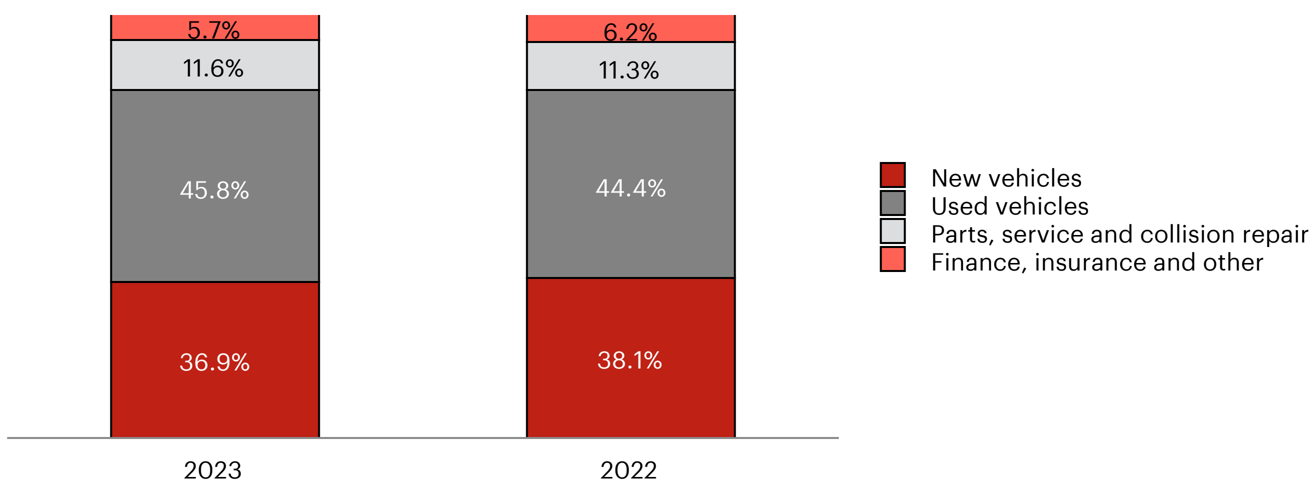
First Quarter Operating Results

Revenue

The following table summarizes revenue for the quarters ended March 31:

	Three-Months Ended March 31			
	2023 $	**2022 $**	**Change $**	**Change %**
New vehicles	568,596	511,195	57,401	11.2%
Used vehicles	703,499	595,514	107,985	18.1%
Parts, service and collision repair	178,748	152,009	26,739	17.6%
Finance, insurance and other	88,483	83,720	4,763	5.7%
Total revenue	1,539,326	1,342,438	196,888	14.7%

% Allocation of Revenue for the Three Months Ended March 31



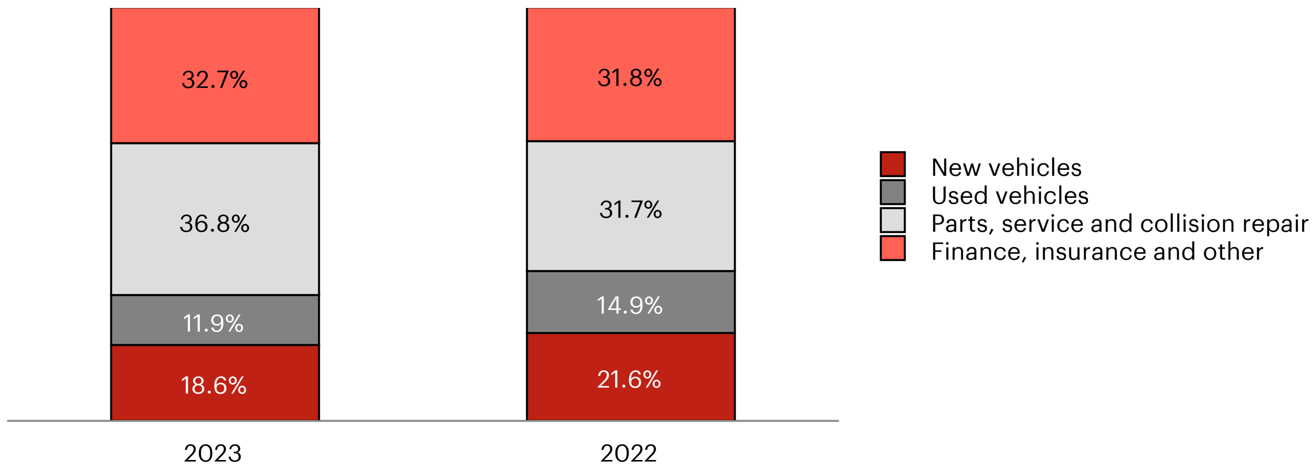
For the three-months ended March 31, 2023, new and used vehicles contributed 82.7% of the Company's revenue while F&I and PS&CR contributed 17.3% of the Company's revenue.

Gross Profit

The following table summarizes gross profit for the quarters ended March 31:

	Three-Months Ended March 31			
	2023 $	**2022 $**	**Change $**	**Change %**
New vehicles	47,484	53,384	(5,900)	(11.1)%
Used vehicles	30,312	36,772	(6,460)	(17.6)%
Parts, service and collision repair	93,876	78,431	15,445	19.7%
Finance, insurance and other	83,310	78,752	4,558	5.8%
Total gross profit	254,982	247,339	7,643	3.1%

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



For the three-months ended March 31, 2023, new and used vehicles contributed 30.5% of the Company's gross profit while F&I and PS&CR contributed 69.5% of the Company's gross profit.

For the three-months ended March 31, 2023, 17.3% of the Company's revenue generated from F&I and PS&CR contributed 69.5% 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.

Gross Profit Percentages

The following table summarizes gross profit percentages for the quarters ended March 31:

	Three-Months Ended March 31		
	2023	**2022**	**Change ppts**
New vehicles	8.4%	10.4%	(2.0)
Used vehicles	4.3%	6.2%	(1.9)
Parts, service and collision repair	52.5%	51.6%	0.9
Finance, insurance and other	94.2%	94.1%	0.1
Total gross profit percentage	16.6%	18.4%	(1.8)

New vehicles

For the three-month period ended March 31, 2023

Consolidated Operations

New vehicle revenue increased by 11.2% with new vehicle gross profit decreasing by (11.1)%. New vehicle gross profit percentage decreased to 8.4% as compared to 10.4% in the prior year. The 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. In addition, retail vehicle prices were being impacted by market pressures including higher interest rates.

Canadian Operations and Same Store Results

New vehicle revenue increased by 15.2% and new vehicle gross profit percentage decreased to 8.4% as compared to 9.4% in the prior year. Excluding the impact of recent acquisitions, same store new retail gross profit percentage decreased by (0.8) ppts to 9.3%.

Same store new vehicle retail units decreased by (134) units to 6,249 units, a decrease of (2.1)% as compared to the prior year. This decrease was largely driven by continued disruptions to the global automotive manufacturing supply chain resulting in a constrained availability of new vehicle inventory.

Same store new vehicle revenue increased by 12.7% largely due to an increase in fleet unit sales. As a result of these lower margin fleet unit sales, same store new vehicle gross profit percentage decreased to 8.2% compared to 9.8% in the prior year.

U.S. Operations

New vehicle revenue decreased by (10.5)% and new vehicle gross profit decreased by $(6.8) million, a decrease of (53.5)%. New vehicle gross profit percentage decreased to 8.2% as compared to 15.8% in the prior year.

The new vehicle gross profit percentage decline was driven by limited availability of new vehicle inventory along with the prior year results was supported by the sale of new vehicles above Manufacturer's Suggested Retail Price ("MSRP").

Used vehicles

For the three-month period ended March 31, 2023

Consolidated Operations

Used vehicle revenue increased by 18.1%. Used vehicle gross profit decreased by (17.6)% and gross profit per used vehicle sold decreased by $(631) per unit.

Used vehicle results were largely driven by management's strategic prioritizing of used vehicle sales volumes and positioning of our used vehicle inventory to meet current market demands. At a macro level, the surge in demand for used vehicles is a result of the noted shortage of new vehicle inventory.

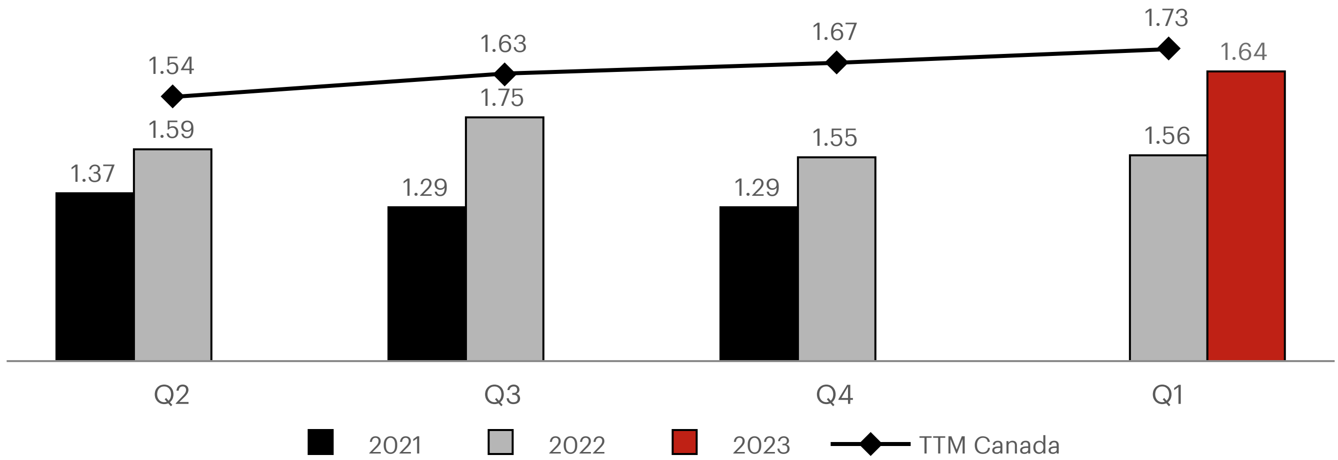
Canadian Operations and Same Store Results

Used vehicle revenue increased by 23.0% and used vehicle gross profit decreased by (29.3)%. Used vehicle gross profit percentage decreased to 4.0% as compared to 7.0% in the prior year.

Same store used vehicle retail units increased by 3.0% to 10,243 units. Same store used vehicle revenue increased by 14.0% and same store used vehicle gross profit decreased by (59.6)% to $10.1 million as compared to prior year. Same store used gross profit percentage decreased to 4.0% as compared to 6.6% in the prior year. The decrease in gross profit is largely driven by current market conditions putting downward pressure on used vehicle prices.

Same store used to new retail units ratio increased to 1.64 from 1.56 and supports managements strategic decision to prioritize retailing of used vehicles, particularly with current limited new vehicle availability, to create opportunities to generate F&I and PS&CR with higher gross profit percentages and further develop customer loyalty and retention.

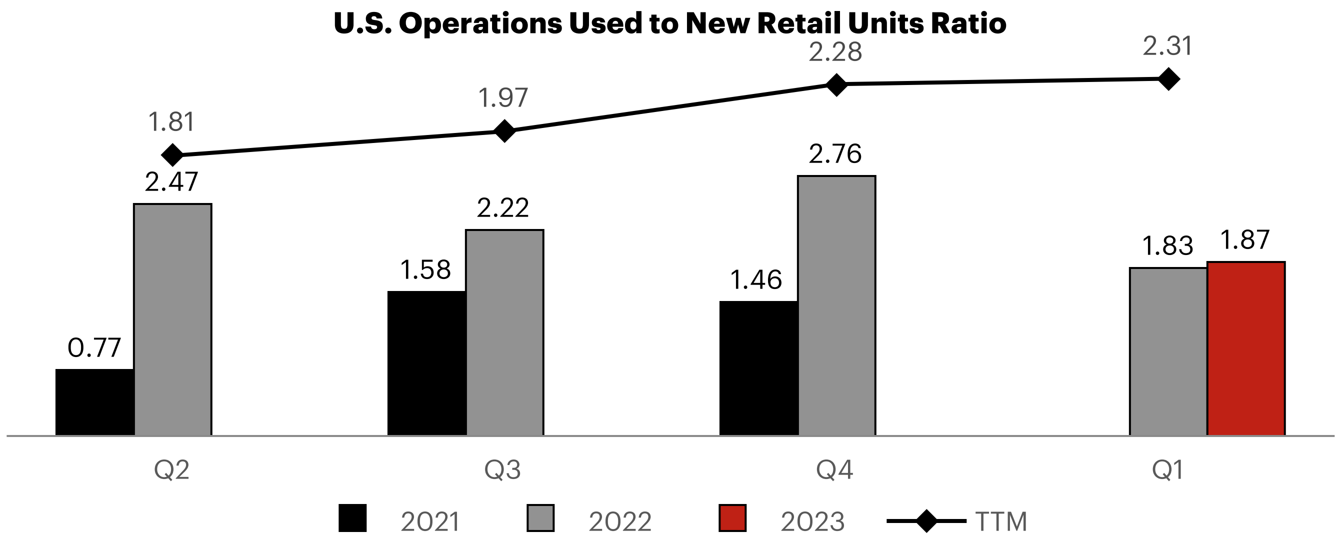
Used to New Retail Units Ratio
(Quarterly on a Same Store basis and TTM on a Canadian basis)



U.S. Operations

Used vehicle revenue decreased by (6.3)% and used vehicle gross profit increased by 171.6%. Used vehicle gross profit percentage increased to 6.3% as compared to 2.2% in the prior year. Used retail vehicle unit sales decreased by (16.5)% as compared to the prior year.

The increase in used vehicle gross profit percentage is due to both the current steady used vehicle market in the U.S. and management's strategic prioritization of gross profit over volume in the current economic environment, as compared to a focus on volume in the prior year.



Parts, service and collision repair

For the three-month period ended March 31, 2023

Consolidated Operations

PS&CR revenue increased by 17.6% and gross profit increased by 19.7%.

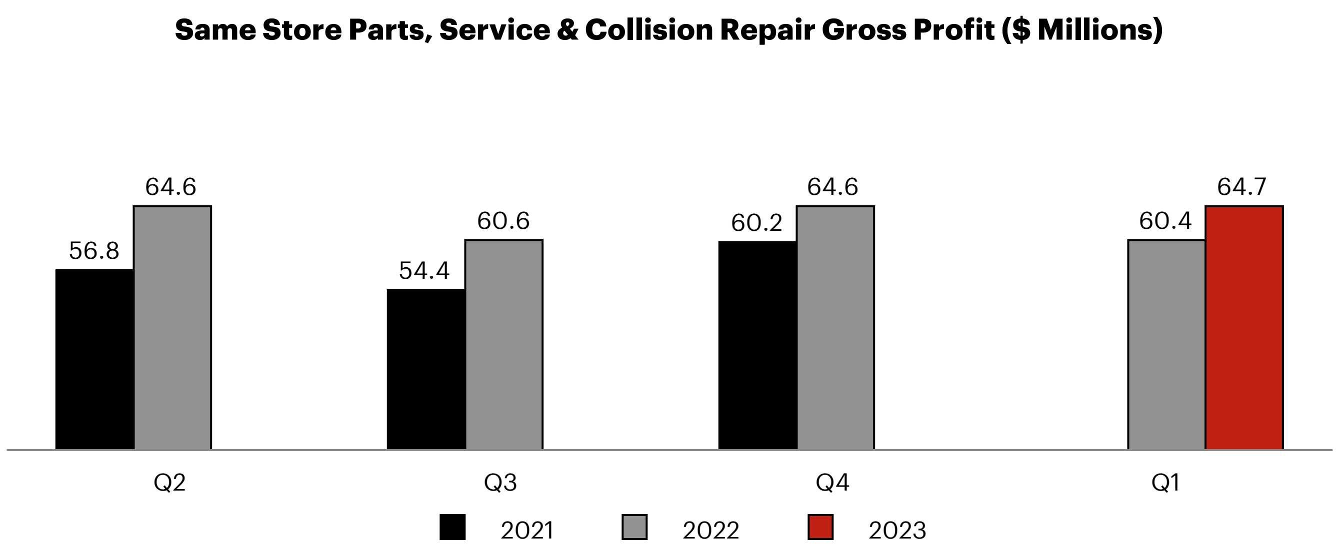
Service and collision repair orders[5] increased by 19,455, by 8.8%, to 241,087. The increase in service and collision repair orders is largely due to improved performance in acquired collision stores and the benefits of reconditioning more used vehicles to accommodate the elevated used vehicle sales volume.

The increase in PS&CR gross profit is driven primarily by higher service and collision repair orders as noted above.

Canadian Operations and Same Store Results

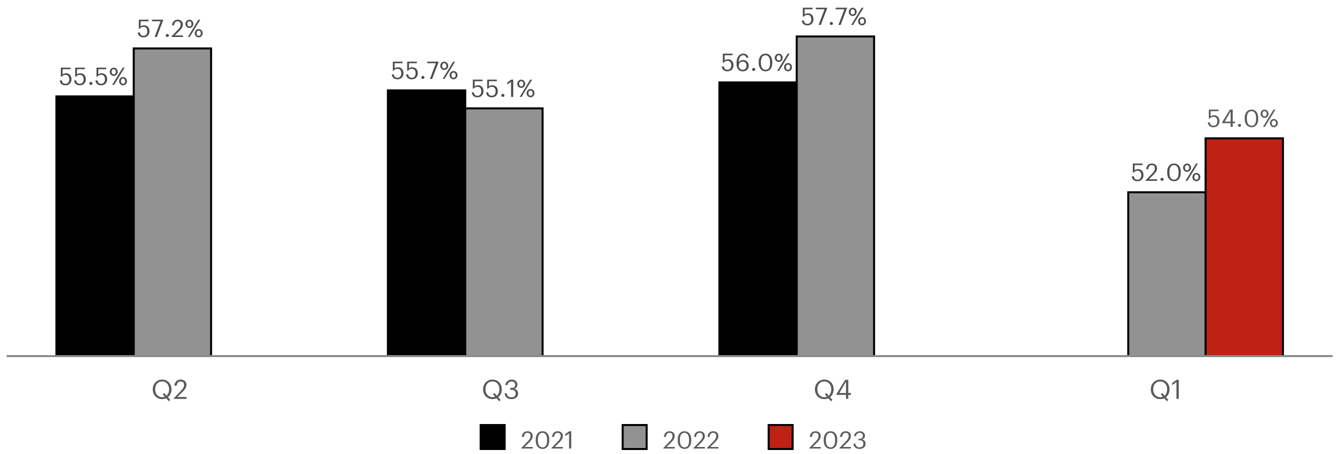
PS&CR revenue increased by 16.0% and gross profit increased by 19.8% for the reasons stated above. PS&CR gross profit percentage increased to 53.0% as compared to 51.3% in the prior year.

Same store PS&CR revenue increased by 3.1%, while gross profit increased by 7.0% for the reasons stated above. Same store PS&CR gross profit percentage increased to 54.0% as compared to 52.0% in the prior year.



[5] *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 Percentage



U.S. Operations

PS&CR revenue increased by 29.5% and gross profit increased by 19.0% for the reasons stated above. PS&CR gross profit percentage decreased to 49.1% as compared to 53.5% in the prior year.

Finance, insurance and other

F&I products are sold with both new and used retail vehicles.

For the three-month period ended March 31, 2023

Consolidated Operations

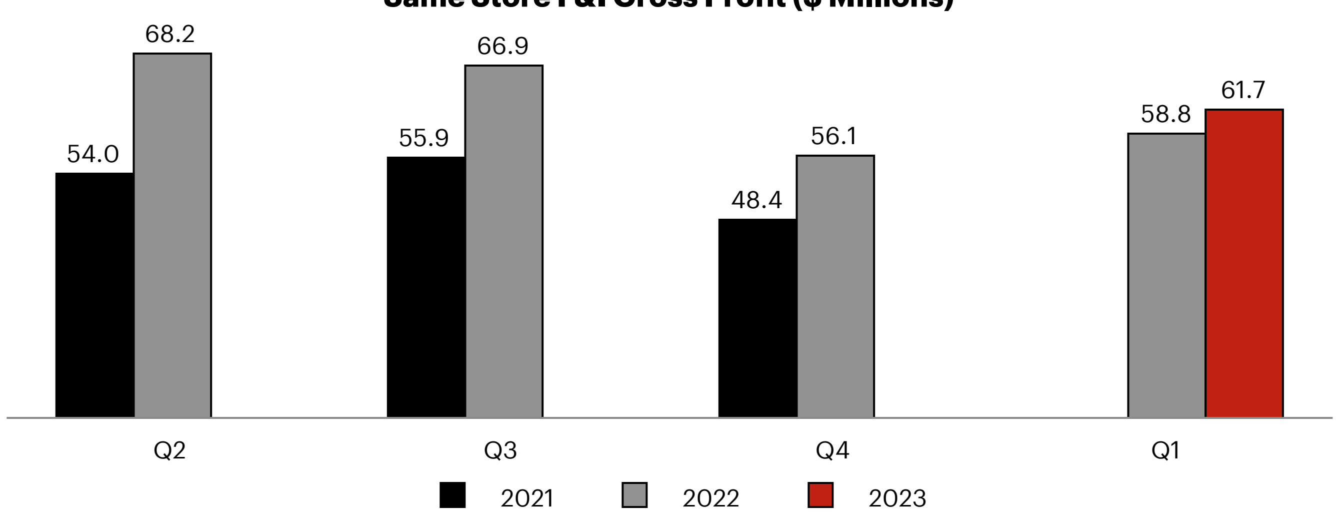
F&I revenue increased by 5.7% and gross profit increased by 5.8%. Gross profit per retail unit average increased by $57 per unit in line with higher revenues.

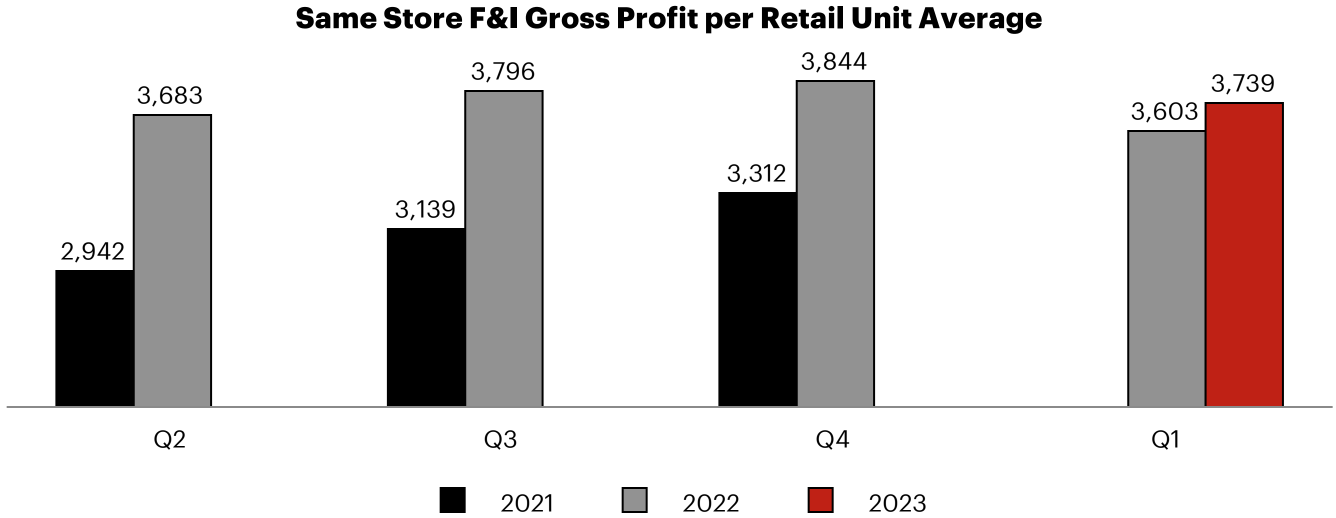
Canadian Operations and Same Store Results

F&I revenue increased by 11.4% and gross profit increased by 11.9%. Gross profit percentage increased to 93.5% as compared to 93.0% in the prior year. Gross profit per retail unit average increased to $3,473, an increase of $105 per retail unit.

Same store results saw F&I revenue increase by 5.0% and gross profit increased by 4.8% to $61.7 million. Same store F&I gross profit percentage decreased by (0.1) ppts to 93.7% as compared to 93.8% in the prior year. Same store gross profit per retail unit average increased to $3,739, up 3.8% or $136 per retail unit, as compared to $3,603 in the prior year. The increase in all metrics reflects higher vehicle unit sales volumes and the continued optimization of our F&I training and operating processes.

Same Store F&I Gross Profit ($ Millions)

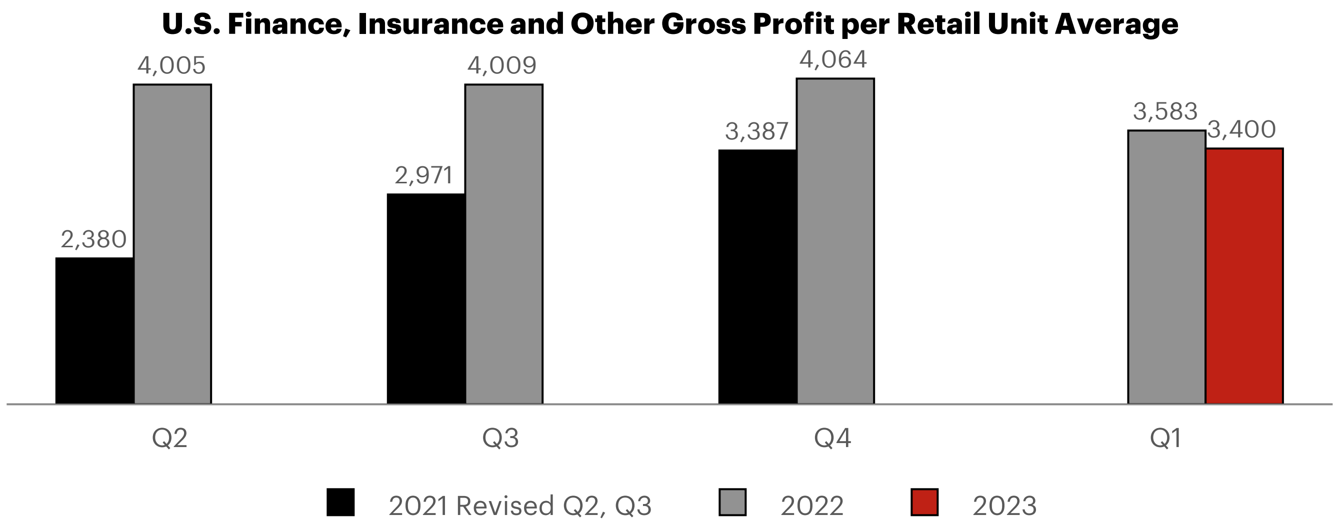




U.S. Operations

F&I revenue decreased by (21.1)% and gross profit decreased by (21.4)%. Gross profit percentage decreased to 98.5% as compared to 99.0% in the prior year. Gross profit per retail unit average decreased to $3,400, a decrease of $(183) per retail unit.

The decrease in gross profit is largely driven by the decrease in new and used retail vehicle sales. The decrease in gross profit per retail unit average is largely due to the current high interest rate environment resulting in a lower gross profit per retail unit average at $3,400 per retail unit.



See Section 17 Selected Quarterly Financial Information for further details of the revised Q2 and Q3 2021 revenue and cost of sales accounts. This reclassification had no impact on total gross profit.

Operating expenses

Employee Costs

Employee costs are associated with employing staff both at dealerships and at 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 Customer Satisfaction Index ("CSI"), as well as improving gross profit and net income.

Administrative Costs

Administrative costs comprise the remaining costs of operating our dealerships. 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 table summarizes operating expenses:

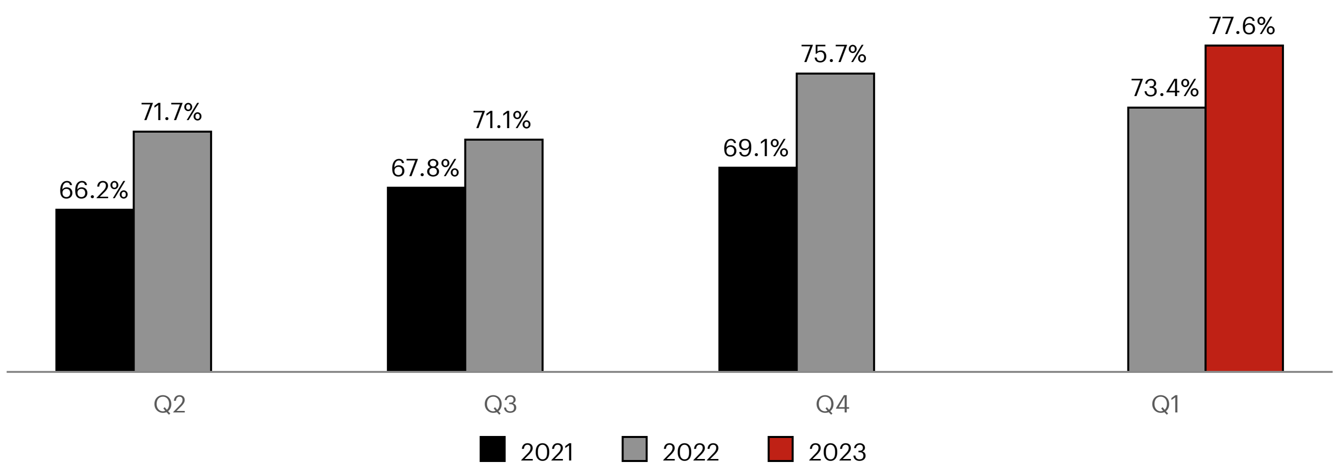
	Three-Months Ended March 31, 2023			Three-Months Ended March 31, 2022		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
Employee costs	110,113	21,976	132,089	104,138	21,085	125,223
Government assistance	—	—	—	(264)	—	(264)
Administrative costs	53,458	10,929	64,387	46,139	8,841	54,980
Expected credit losses on trade and other receivables	262	82	344	437	138	575
Facility lease and storage costs	1,054	—	1,054	961	—	961
Depreciation of property and equipment	5,144	479	5,623	4,382	358	4,740
Depreciation of right-of-use assets	7,365	739	8,104	6,759	672	7,431
Total operating expenses	177,396	34,205	211,601	162,552	31,094	193,646

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 table summarizes operating expenses before depreciation as a percentage of gross profit:

	Three-Months Ended March 31, 2023			Three-Months Ended March 31, 2022		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
Operating expenses before depreciation	74.9%	95.3%	77.6%	72.7%	77.2%	73.4%

Operating expenses before depreciation as % of Gross Profit



Total Operating Expenses

For the three-month period ended March 31, 2023

Consolidated Operations

Operating expenses before depreciation as a percentage of gross profit increased by 4.2 ppts to 77.6% as compared to prior year. The increase in the current period is due to both compressed gross profit and increased operating expenses.

Operating expenses before depreciation increased by $16.4 million or 9.0% as a result of higher employee costs and administrative expenses.

Canadian Operations

Operating expenses before depreciation as a percentage of gross profit increased by 2.2 ppts to 74.9% as compared to prior year. Employee costs as a percentage of gross profit[6] remained flat at 50.0% as compared to prior year.

Operating expenses before depreciation increased by $13.5 million or 8.9% as a result of higher employee costs and administrative expenses largely due to acquisitions and related costs.

U.S. Operations

Operating expenses before depreciation as a percentage of gross profit increased by 18.1 ppts to 95.3% as compared to prior year. Employee costs as a percentage of gross profit increased by 9.4 ppts to 63.5% as compared to prior year. These increases as a percentage of gross profit are largely due to compressed gross profit and higher expenses.

Operating expenses before depreciation increased by $2.9 million or 9.7% and were largely driven by an increase in insurance, property tax, and advertising expenses.

Net Income for the Period and Adjusted EBITDA

The following table summarizes net income and adjusted EBITDA for the three-months ended March 31 over the last two years of operations:

	Three-Months Ended March 31		
	2023 $	2022 $	Change $
Net income for the period	8,384	4,322	4,062
Adjusted EBITDA	45,028	62,196	(17,168)

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

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

Net Income for the Period

Net income for the three-month period ended March 31, 2023 improved by $4.1 million, compared to prior year.

Canadian Operations segment improved by $13.4 million largely as a result of an overall reduction in non-cash accounting losses on a year-over-year basis, offset by increased floorplan financing costs, and lower margins as a result of current economic uncertainty.

The following are the main drivers of the year-over-year changes in non-cash accounting items:

- Loss on extinguishment of embedded derivatives decrease from $(29.3) million in Q1 2022 to $nil in Q1 2023.
- Loss on extinguishment of debt decreased by $(8.5) million, from $(9.9) million in Q1 2022 to $(1.4) million in Q1 2023.
- Unrealized fair value changes on non-hedging instruments increased by $7.3 million, from $6.8 million in Q1 2022 to $(0.5) million in Q1 2023.

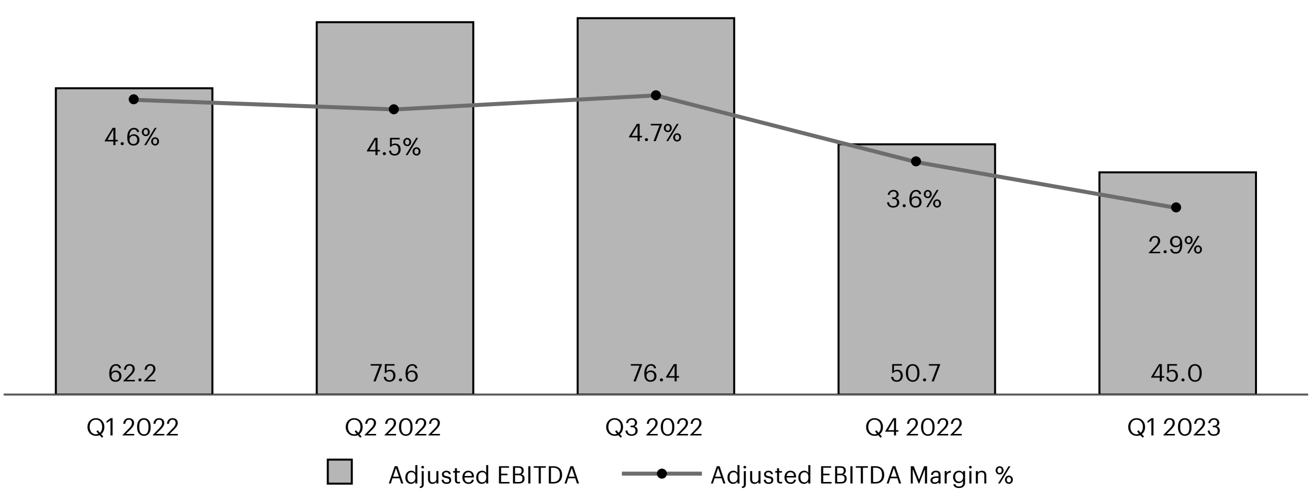
U.S. Operations segment declined by $(9.3) million as a result of increased floorplan financing costs and lower margins as a result of the current economic environment.

Adjusted EBITDA

Adjusted EBITDA for the three-month period ended March 31, 2023 decreased by $(17.2) million, compared to prior year. Adjusted EBITDA margin was 2.9% as compared to 4.6% in the prior year, a decrease of (1.7) ppts

This decrease was largely driven by the current macro environment, and the year-over-year increase of $(12.4) million in floorplan financing costs.

Adjusted EBITDA ($ Millions) and Adjusted EBITDA Margin %



Finance Costs

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

The unrealized fair value changes on interest rate swaps represents the unrealized changes in derivative financial instruments held for the purpose of managing exposures to fluctuations in interest rates. Changes in the fair value of these instruments will be recorded in finance costs as the Company has not elected to apply hedge accounting to these contracts. Existing interest rate swaps of $97.2 million maturing in 2023 to 2024, and $177.8 million maturing in 2025 provides continued protection against the current rising interest rate environment. For further details, refer to Note 16 in the Interim Consolidated Financial Statements.

During the three-month period ended March 31, 2023, finance costs for revolving floorplan facilities increased to $15.7 million from $3.3 million, as compared to prior year. The increase is primarily driven by an increase in floorplan interest rates.

A loss on extinguishment of debt of $1.4 million was recognized in Q1 2023 as a result of the February 3, 2023 amendment to the amended and restated syndicated credit agreement.

In the prior year, on February 7, 2022, the Company issued Senior Unsecured Notes of $350 million aggregate principal amount at par for a stated interest rate of 5.75% to fund a redemption of the then outstanding $250 million Notes. The Company redeemed the full $250 million outstanding balance on February 10, 2022. A loss of $9.9 million was recognized in relation to the extinguishment of the notes. Concurrent with the redemption of the Notes, the associated embedded derivative was extinguished, resulting in a loss on extinguishment of embedded derivative of $29.3 million. As at March 31, 2023, the fair value of the embedded derivative relating to the $350 million Senior Unsecured Notes was $nil. For further details over the embedded derivatives, refer to Note 19 in the Interim Consolidated Financial Statements.

The following table details the finance costs during the three-month periods ended March 31:

	Three-Months Ended March 31	
	2023 $	**2022 $**
Finance costs:		
Interest on long-term indebtedness	9,413	7,158
Interest on lease liabilities	7,823	7,372
Loss on extinguishment of debt	1,382	9,860
Unrealized fair value changes on non-hedging instruments	460	(6,835)
Amortization of terminated hedges	817	817
Loss on extinguishment of embedded derivative	—	29,306
	19,895	**47,678**
Floorplan financing	15,697	3,336
Interest rate swap settlements	(251)	1,118
Other finance costs	486	1,349
	35,827	**53,481**

Income Taxes

The following table summarizes income taxes for the three-month periods ended March 31:

	Three-Months Ended March 31	
	2023 $	**2022 $**
Current tax	3,099	9,640
Deferred tax	328	(10,103)
Total income tax expense (recovery)	**3,427**	**(463)**
Effective income tax rate	29.0%	(12.0)%
Statutory income tax rate	25.5%	25.5%

The period-over-period change in effective rate for the three-months ended March 31, 2023 is primarily due to unrecognized deferred tax assets and other permanent items, relative to the change in earnings.

5. ACQUISITIONS, DIVESTITURES, AND OTHER RECENT DEVELOPMENTS

Dealership Open Points

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

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

DCCHail Paintless Dent Repair Collision Centre

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

Kijiji Relationship

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

Premier Chevrolet Cadillac Buick GMC and Collision Centre

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

London Auto Collision Centre

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

6. LIQUIDITY AND CAPITAL RESOURCES

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

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

Sources of Cash

Credit Facilities

The Company entered into an amended and restated $1,610 million syndicated credit agreement ("Credit Facility") with the Bank of Nova Scotia ("Scotiabank"), the Canadian Imperial Bank of Commerce ("CIBC"), the Royal Bank of Canada ("RBC"), HSBC Bank Canada ("HSBC"), ATB Financial ("ATB"), the Bank of Montreal ("BMO"), and the Toronto Dominion Bank ("TD"). The Credit Facility has specified-use tranches and provides the Company with revolving credit capacity for operational and growth purposes as well as floorplan financing to assist with the purchasing of inventory.

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

The structure of the $375 million revolving facility is now comprised of a $225 million borrowing base facility tranche and up to $150 million goodwill facility tranche. The amended Credit Facility 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 and to extend the maturity date to April 14, 2026. Please refer to the Interim Consolidated Financial Statements for additional information over previous Credit Facility amendments. In addition, the Credit Facility agreement can be found at www.sedar.com.

The following table reflects the limits, amounts drawn and capacity of the Credit Facility as at March 31, 2023:

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit [1]	375,000	185,000	190,000
Inventory floorplan and lease financing	1,235,000	790,410	444,590
Total	1,610,000	975,410	634,590

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

As at March 31, 2023, the Company had total liquidity[7] of $304.6 million based on cash and the $190.0 million available under our syndicated credit facility.

Revolving Credit Capacity

The Credit Facility in effect at March 31, 2023 provided a total of $375 million in credit limit capacity for operational and growth purposes. The revolving credit balance is included in the calculation of the Company's leverage ratios and the associated interest charges are added back in the Company's calculation of adjusted EBITDA.

Floorplan Financing Capacity

The Credit Facility in effect at March 31, 2023 provided a total of $1,235 million in credit limit capacity for the purposes of floorplan financing the wholesale purchase of new, used, demonstrator and leased vehicle inventory. The wholesale flooring facilities are demand in nature and draws on the facilities are secured by the inventory that is 'floored' under the facilities. As advances are secured by vehicle inventory and characterized as demand loans, the floorplan indebtedness is classified as 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.

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

Other Floorplan Financing

In addition to the floorplan financing provided through the Credit Facility, the Company has multiple standalone floorplan facilities with other lenders which provide inventory financing for its dealerships. The total composition of the Company's floorplan financing lenders as at March 31, 2023 is as follows:

Lender	Limit	Drawn	Available Capacity
Syndicated Credit Facility - Floorplan	1,235,000	790,410	444,590
Other Canadian Floorplan Facilities	420,345	136,125	284,220
Other U.S. Floorplan Facility	172,546	100,029	72,517
Total	1,827,891	1,026,564	801,327

Financial Covenants

Under the terms of the Credit Facility and various standalone floorplan financing facilities and Original Equipment Manufacturers ("OEM") franchise agreements, the Company is required to comply with certain financial covenants. At March 31, 2023, the Company was in compliance with all of these financial covenants.

Our Credit Facility financial covenants are calculated on a pre-IFRS 16 basis. As the majority of the Company's subsidiaries are parties to the Credit Facility, the financial covenants calculated therein are generally based on the consolidated financial statements of the Company albeit with modifications and adjustments as agreed to and permitted by the participating lenders under the terms of the Credit Facility. As such, the precise inputs for the Credit Facility financial covenant calculations, including but not limited to bank EBITDA and other funded debt, cannot be directly derived from the financial information available within the Company's consolidated financial statements.

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

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

Senior Net Funded Debt, as defined in the Credit Facility, is comprised of the outstanding indebtedness under the Credit Facility (inclusive of letters of credits), mortgage balance, derivative financial instruments balance, and other long-term debt, while allowing for the netting of up to $70 million of cash.

Total Net Funded Debt as defined in the Credit Facility approximates the Company's total indebtedness excluding non-recourse mortgage liabilities and lease liabilities, which are recorded on the Company's balance sheet following the adoption of IFRS 16, while allowing for the netting of up to $70 million of cash.

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

The following table summarizes the Company's financial covenants under the Credit Facility as at March 31, 2023:

Financial Covenant	Requirement	Q1 2023
Syndicated Revolver:		
Senior Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 2.50	0.58
Total Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 4.00	2.25
Fixed Charge Coverage Ratio	Shall not be less than 1.20	2.47

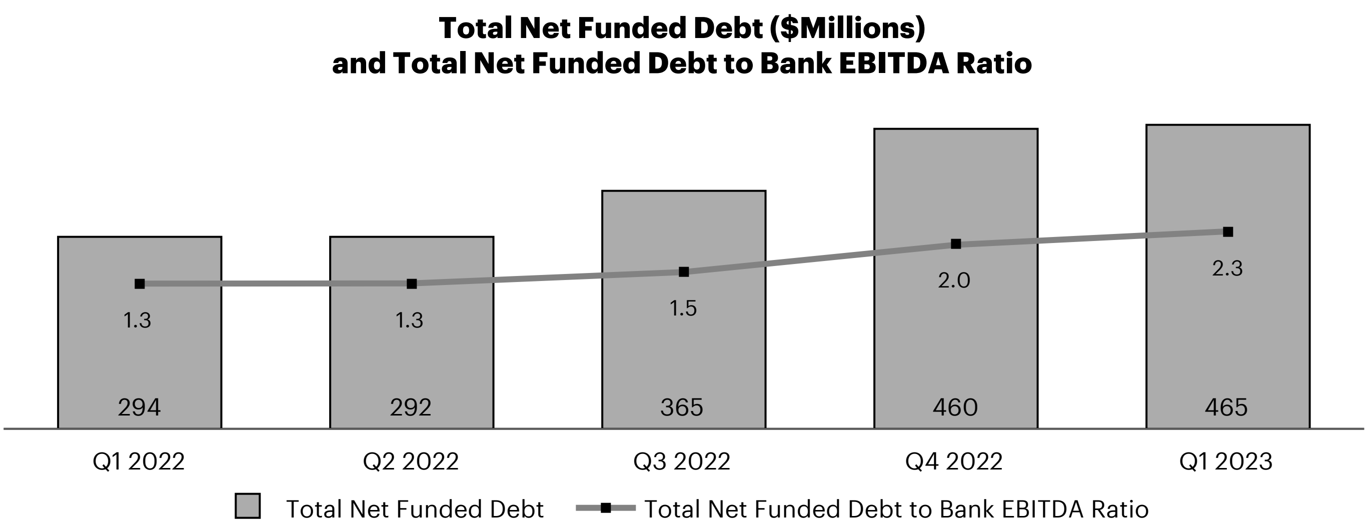
Total Net Funded Debt to Bank EBITDA ratio was 2.25x at the end of Q1 2023 and was well within our Credit Facility covenant threshold of 4.00x.

Total Net Funded Debt Covenant Summary

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

	March 31, 2023 $	December 31, 2022 $
Credit Facility	184,209	178,588
Notes	344,727	344,502
Other funded debt according to Credit Facility	6,030	6,846
Total Funded Debt	534,966	529,936
Less:		
Allowable Cash Netting according to Credit Facility	(70,000)	(70,000)
Total Net Funded Debt	**464,966**	**459,936**

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



Senior Unsecured Notes

On February 7, 2022, the Company issued Senior Unsecured Notes (the "Notes") of $350 million aggregate principal amount at 5.75% to fund a redemption of the then outstanding $250 million Senior Unsecured 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 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 Notes are outstanding. Concurrent with the redemption of the outstanding $250 million Senior Unsecured Notes, the associated embedded derivative was extinguished. The Notes can be redeemed by the Company or the Note holders under certain terms and conditions as outlined in the Notes indenture, which can be found at www.sedar.com.

Non-Recourse Mortgage Financing

On June 22, 2022, the Company executed a non-recourse mortgage financing with Scotiabank for a previously purchased property in Maple Ridge, British Columbia. The non-recourse mortgage arrangement funded land value as well as construction costs associated with the development of two dealerships. The mortgage is comprised of three facilities with an aggregate limit of $39.0 million, at a variable interest rate of prime + 1.50% (combined total rate of 8.20% as at March 31, 2023). The mortgage has a three-year term, twenty-year amortization, and will require monthly interest-only payments until construction is complete. As at March 31, 2023, the Company had drawn $13.6 million on the facilities to fund the land value only.

On June 30, 2022, the Company executed two non-recourse mortgage financings with Scotiabank for previously purchased properties in Windsor, Ontario and London, Ontario. The $7.1 million and $11.5 million non-recourse mortgage arrangements, respectively, funded land and building value only. The mortgages have a five-year term with a fixed interest rate of 7.07%. The mortgages require quarterly installments of principal and interest based on a twenty-five-year amortization, with the outstanding mortgage balance due at the end of the term. As at March 31, 2023, the combined value of the mortgages, net of unamortized deferred financing costs, was $31.5 million.

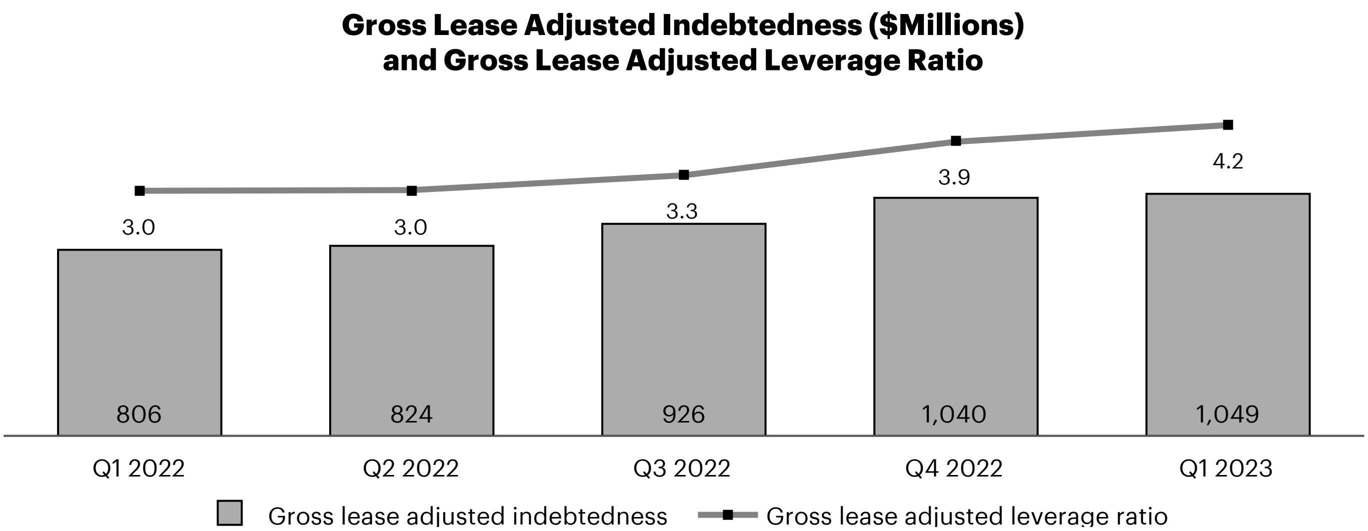
The Credit Facility allows for up to $100 million of non-recourse mortgage financing. The non-recourse mortgage liability is not considered a liability for purposes of calculating our Credit Facility financial covenants.

Gross Lease Adjusted Indebtedness Summary

Gross lease adjusted leverage ratio[8] is a measure used by manage to evaluate the leverage of the Company. The following table summarizes the Company's gross lease adjusted indebtedness[9] and gross lease adjusted leverage ratio. The Company has targeted gross lease adjusted leverage ratio to approximate 4.5x or better.

	March 31, 2023 $	December 31, 2022 $
Revolving term facility - Credit facility	184,209	178,588
Senior unsecured notes	344,727	344,502
Non-recourse mortgages and other debt	31,682	32,038
Total indebtedness	560,618	555,128
Add:		
Lease liabilities	488,326	484,877
Gross lease adjusted indebtedness	1,048,944	1,040,005
Adjusted EBITDA - trailing twelve months	247,632	264,800
Gross lease adjusted leverage ratio	**4.2x**	**3.9x**

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



Uses of Cash

Non-Growth Capital Expenditures

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

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

Non-growth capital expenditures can fluctuate from period to period depending on our needs to upgrade or replace existing property and equipment. Based on the four-year average from 2019 to 2022, non-growth capital expenditures averaged $6 million on an annual basis. It is expected that the Company will incur additional annual non-growth capital expenditures to execute on its strategy.

Growth Capital Expenditures

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

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

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

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

Based on the four-year average from 2019 to 2022, growth capital expenditures averaged $13 million on an annual basis. As we develop and execute on planned capital projects to support the growth of the Company, management expects to increase growth capital expenditures over the coming years, when compared to this historical average.

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

	Three-Months Ended March 31	
	2023 $	2022 $
Non-growth capital expenditures	3,494	1,427
Growth capital expenditures	4,832	1,846
Total capital expenditures	8,326	3,273
Real estate acquisition expenditures	7,202	3,647
Total capital expenditures	15,528	6,920

Capital Commitments

At March 31, 2023, the Company is committed to capital expenditure obligations in the amount of approximately $16.1 million related to dealership relocations, re-imagings, and Open Points with expected completion of these commitments in 2024. The Company is always in conversation with OEM's to adjust spending and/or capital commitments as appropriate for changing conditions.

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

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

Working Capital

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

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

Corporate Credit Rating

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

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

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

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

7. RELATED PARTY TRANSACTIONS

Transactions with Companies Controlled by Directors

During the three-month period ended March 31, 2023, there were transactions with companies whose partners or senior officers are Directors of the Company or related to Directors of the Company. These counterparties are:

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

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

	Three-month period ended	
	March 31, 2023 $	March 31, 2022 $
Consulting services, administrative and other support and sourcing fees	445	700
Used vehicle sales to related party	(391)	—

Executive Advance

As at March 31, 2023, $1.5 million of the Executive Advance issued to the former President remains outstanding.

Used Digital Division

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

8. OUTSTANDING SHARES

As at March 31, 2023, the Company had 23,551,137 common shares outstanding. Basic and diluted weighted average number of shares outstanding for the three-month period ended March 31, 2023 were 23,503,176 and 24,625,669, respectively. As at May 3, 2023, there were 23,551,137 common shares issued and outstanding.

As at March 31, 2023, the value of the shares held in trust, to hedge equity-based compensation plans, was $0.3 million (2022 – $2.2 million), which was comprised of 12,563 (2022 - 224,596) in shares.

Normal Course Issuer Bid

During the three-month period ended March 31, 2023, the Company did not repurchase any common shares under its Normal Course Issuer Bid.

9. DIVIDENDS

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

10. FREE CASH FLOW

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

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Cash provided by operating activities	53,354	38,099	37,662	64,935	7,279	10,153	13,721	68,604
Deduct:								
Purchase of non-growth property and equipment	(3,494)	(5,922)	(2,343)	(1,617)	(1,427)	(2,550)	(1,349)	(801)
Free cash flow	49,860	32,177	35,319	63,318	5,852	7,603	12,372	67,803
Free cash flow - TTM	180,674	136,666	112,092	89,145	93,630	107,169	118,806	159,878

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 three-month periods ended March 31, 2023 and March 31, 2022:

	Three-month period ended	
	2023 $	2022 $
Trade and other receivables	(111)	(51,344)
Inventories	(8,978)	(322,143)
Other current assets	(5,231)	(5,790)
Other liabilities	(500)	—
Trade and other payables	11,321	9,512
Revolving floorplan facilities	34,400	344,897
Net change in non-cash working capital	30,901	(24,868)

11. CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICY DEVELOPMENTS

A complete listing of critical accounting policies, estimates, judgments and measurement uncertainty can be found in Notes 3, 4 and 5 of the Consolidated Financial Statements for the year ended December 31, 2022. Updates related to the Interim Consolidated Financial Statements are disclosed in Note 4.

12. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the quarter ended March 31, 2023, there were no changes in the Company’s disclosure controls or internal controls over financial reporting that materially affected, or would be reasonably likely to materially affect, such controls. Details relating to disclosure controls and procedures, and internal controls over financial reporting, are disclosed in Section 12 of the Company's 2022 Annual MD&A.

13. RISK FACTORS

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

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

14. FORWARD-LOOKING STATEMENTS

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

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

Details of the Company's material forward-looking statements are included in the Company's most recent Annual Information Form. The Company's most recent Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.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 indebtedness determined in accordance with Canadian GAAP, as indicators of our performance. We provide these additional non-GAAP measures, capital management measures, and supplementary financial measures to assist investors in determining our ability to generate earnings and cash provided by (used in) operating activities and to provide additional information on how these cash resources are used.

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

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

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

Non-GAAP Measures

Cautionary Note Regarding Non-GAAP Measures

Adjusted EBITDA, adjusted EBITDA margin, free cash flow, gross lease adjusted indebtedness, 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.

We list and define non-GAAP measures below:

Adjusted EBITDA

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

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

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

Adjusted EBITDA Margin

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

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

Free Cash Flow

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

Gross Lease Adjusted Leverage Ratio

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

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

Capital Management Measures

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

Gross Lease Adjusted Indebtedness

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

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

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[10] sold by the Company.

Gross profit percentage

Gross profit percentage is gross profit divided by revenue.

Liquidity

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

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.

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

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

Used to new retail units ratio

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

Used Wholesale Vehicles

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

16. NON-GAAP AND OTHER FINANCIAL MEASURE RECONCILIATIONS

Adjusted EBITDA and Segmented Adjusted EBITDA

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

	Three-Months Ended March 31, 2023			Three-Months Ended March 31, 2022		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from January 1 to March 31						
Net (loss) income for the period	12,428	(4,044)	8,384	(1,006)	5,328	4,322
Add back:						
Income tax expense (recovery)	3,427	—	3,427	(677)	214	(463)
Depreciation of property and equipment	5,144	479	5,623	4,382	358	4,740
Depreciation of right of use assets	7,365	739	8,104	6,759	672	7,431
Interest on long-term indebtedness	6,923	2,490	9,413	5,787	1,371	7,158
Lease liability interest	7,025	798	7,823	6,492	880	7,372
	42,312	462	42,774	21,737	8,823	30,560
Add back:						
Loss on extinguishment of debt	1,382	—	1,382	9,860	—	9,860
Unrealized fair value changes in derivative instruments	(7)	—	(7)	(7,795)	—	(7,795)
Amortization of loss on terminated hedges	817	—	817	817	—	817
Unrealized foreign exchange losses (gains)	67	—	67	(268)	—	(268)
Loss on extinguishment of embedded derivative	—	—	—	29,306	—	29,306
Gain on disposal of assets	(5)	—	(5)	(284)	—	(284)
Adjusted EBITDA	44,566	462	45,028	53,373	8,823	62,196

Quarter-to-Date Adjusted EBITDA Margin

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

	2023	**2022**
Period from January 1 to March 31		
Adjusted EBITDA	45,028	62,196
Revenue	1,539,326	1,342,438
Adjusted EBITDA Margin	2.9%	4.6%

Free Cash Flow

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

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Cash provided by operating activities	53,354	38,099	37,662	64,935	7,279	10,153	13,721	68,604
Deduct:								
Purchase of non-growth property and equipment	(3,494)	(5,922)	(2,343)	(1,617)	(1,427)	(2,550)	(1,349)	(801)
Free cash flow	49,860	32,177	35,319	63,318	5,852	7,603	12,372	67,803
Free cash flow - TTM	180,674	136,666	112,092	89,145	93,630	107,169	118,806	159,878

Gross Lease Adjusted Indebtedness and Gross Lease Adjusted Leverage Ratio Reconciliation

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

	March 31, 2023 $	**December 31, 2022 $**
Revolving term facility - Credit facility	184,209	178,588
Senior unsecured notes	344,727	344,502
Non-recourse mortgages and other debt	31,682	32,038
Total indebtedness	560,618	555,128
Add:		
Lease liabilities	488,326	484,877
Gross lease adjusted indebtedness	1,048,944	1,040,005
Adjusted EBITDA - trailing twelve months	247,632	264,800
Gross lease adjusted leverage ratio	**4.2x**	**3.9x**

17. SELECTED QUARTERLY FINANCIAL INFORMATION

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

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021 REVISED	Q2 2021 REVISED
Income Statement Data [5]								
New vehicles [6]	568,596	508,008	557,492	583,870	511,195	467,085	498,142	547,593
Used vehicles [6]	703,499	626,397	807,236	840,998	595,514	524,043	518,791	539,785
Parts, service and collision repair [6]	178,748	168,544	161,805	160,307	152,009	136,800	116,953	122,459
Finance, insurance and other [6]	88,483	85,257	97,416	100,851	83,720	67,854	72,868	71,218
Revenue	1,539,326	1,388,206	1,623,949	1,686,026	1,342,438	1,195,782	1,206,754	1,281,055
New vehicles [6]	47,484	48,218	58,760	58,950	53,384	50,632	46,525	44,619
Used vehicles [6]	30,312	17,775	32,627	34,125	36,772	38,118	39,669	40,269
Parts, service and collision repair [6]	93,876	95,661	88,707	90,713	78,431	75,917	64,748	68,115
Finance, insurance and other [6]	83,310	80,968	93,540	95,490	78,752	63,847	69,250	64,838
Gross Profit	254,982	242,622	273,634	279,278	247,339	228,514	220,192	217,841
Gross profit percentage	16.6%	17.5%	16.8%	16.6%	18.4%	19.1%	18.2%	17.0%
Operating expenses	211,601	197,397	207,266	212,709	193,646	170,008	159,880	154,773
Operating expenses as a % of gross profit	83.0%	81.4%	75.7%	76.2%	78.3%	74.4%	72.6%	71.0%
Recovery of non-financial assets	—	(8,691)	—	—	—	(39,846)	—	—
Net income	8,384	14,810	32,870	39,058	4,322	69,398	38,769	37,698
Basic net income per share attributable to AutoCanada shareholders	0.33	0.55	1.22	1.40	0.11	2.54	1.37	1.33
Diluted net income per share attributable to AutoCanada shareholders	0.32	0.52	1.16	1.33	0.10	2.38	1.27	1.23
Adjusted EBITDA [3]	45,028	50,669	76,374	75,561	62,196	65,873	68,265	70,491
Operating Data [5]								
New retail vehicles sold [4]	8,771	8,100	9,186	9,878	9,052	8,204	9,255	10,107
Used retail vehicles sold [4]	15,290	14,418	17,381	17,740	14,072	11,893	13,831	13,271
# of service and collision repair orders completed [4]	241,087	263,796	241,907	261,671	221,632	232,373	199,870	214,149
# of dealerships at period end [1]	86	86	85	82	80	80	68	67
# of same store dealerships [1, 2]	50	49	49	49	49	49	49	49
# of service bays at period end	1,354	1,367	1,331	1,322	1,293	1,303	1,108	1,098
Same store revenue growth [2]	11.7%	2.2%	17.6%	14.2%	17.2%	14.1%	15.0%	54.2%
Same store gross profit growth [2]	(2.2)%	(5.7)%	8.7%	10.3%	23.2%	29.4%	18.6%	102.5%

1 *Dealerships is defined as franchised automobile dealerships and Used Digital Division 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 *This financial measure has 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 in which we have less than 100% investment.*
5 *Results from operations have historically been lower in the first and fourth quarters of each year, largely due to consumer purchasing patterns during the holiday season, inclement weather and the number of business days during the period. Disruptions or fluctuations to the seasonal nature of the Company's operations may have been impacted by timing of acquisitions and COVID-19.*
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 Q2, and Q3 2021 amounts. This reclassification had no impact on total gross profit.*

18. SEGMENTED OPERATING RESULTS DATA

Canadian Operations and U.S. Operations Segmented Operating Highlights

The following table shows the segmented operating results for the Company for the three-month periods ended March 31, 2023 and March 31, 2022.

	Three-Months Ended March 31, 2023			Three-Months Ended March 31, 2022		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
New vehicles	497,186	71,410	568,596	431,414	79,781	511,195
Used vehicles	610,807	92,692	703,499	496,612	98,902	595,514
Parts, service and collision repair	155,344	23,404	178,748	133,941	18,068	152,009
Finance, insurance and other	76,918	11,565	88,483	69,071	14,649	83,720
Total revenue	1,340,255	199,071	1,539,326	1,131,038	211,400	1,342,438
New vehicles	41,617	5,867	47,484	40,754	12,630	53,384
Used vehicles	24,460	5,852	30,312	34,617	2,155	36,772
Parts, service and collision repair	82,383	11,493	93,876	68,771	9,660	78,431
Finance, insurance and other	71,913	11,397	83,310	64,251	14,501	78,752
Total gross profit	220,373	34,609	254,982	208,393	38,946	247,339
Employee costs	110,113	21,976	132,089	104,138	21,085	125,223
Government assistance	—	—	—	(264)	—	(264)
Administrative costs	53,458	10,929	64,387	46,139	8,841	54,980
Expected credit losses on trade and other receivables	262	82	344	437	138	575
Facility lease and storage costs	1,054	—	1,054	961	—	961
Depreciation of property and equipment	5,144	479	5,623	4,382	358	4,740
Depreciation of right-of-use assets	7,365	739	8,104	6,759	672	7,431
Total operating expenses	177,396	34,205	211,601	162,552	31,094	193,646
Operating profit before other income	42,977	404	43,381	45,841	7,852	53,693
Operating data						
New retail vehicles sold [1]	7,603	1,168	8,771	7,620	1,432	9,052
New fleet vehicles sold [1]	735	—	735	290	—	290
Total new vehicles sold [1]	8,338	1,168	9,506	7,910	1,432	9,342
Used retail vehicles sold [1]	13,106	2,184	15,290	11,457	2,615	14,072
Total vehicles sold [1]	21,444	3,352	24,796	19,367	4,047	23,414
# of service and collision repair orders completed [1]	205,663	35,424	241,087	188,393	33,239	221,632
# of dealerships at period end	68	18	86	62	18	80
# of service bays at period end	1,124	230	1,354	1,075	218	1,293

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 net (loss) income for the period and adjusted EBITDA for three-month periods ended March 31, 2023 and March 31, 2022.

	Three-Months Ended March 31, 2023			Three-Months Ended March 31, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
Net (loss) income for the period	12,428	(4,044)	8,384	(1,006)	5,328	4,322
Adjusted EBITDA [1]	44,566	462	45,028	53,373	8,823	62,196

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

The following tables shows the segmented operating expenses as a percentage of gross profit for the three-month periods ended March 31, 2023 and March 31, 2022.

	Three-Months Ended March 31, 2023			Three-Months Ended March 31, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses as a % of gross profit						
Employee costs	50.0%	63.5%	51.8%	50.0%	54.1%	50.6%
Government assistance	—%	—%	—%	(0.1)%	—%	(0.1)%
Expected credit losses on trade & other receivables	0.1%	0.2%	0.1%	0.2%	0.4%	0.2%
Administrative costs - Variable	18.8%	23.5%	19.5%	16.7%	17.0%	16.9%
Total variable expenses	68.9%	87.2%	71.4%	66.8%	71.5%	67.6%
Administrative costs - Fixed	5.5%	8.1%	5.8%	5.4%	5.7%	5.4%
Facility lease and storage costs	0.5%	—%	0.4%	0.5%	—%	0.4%
Fixed expenses before depreciation	6.0%	8.1%	6.2%	5.9%	5.7%	5.8%
Operating expenses before depreciation	74.9%	95.3%	77.6%	72.7%	77.2%	73.4%
Depreciation of property and equipment	2.3%	1.4%	2.2%	2.1%	0.9%	1.9%
Depreciation of right-of-use assets	3.3%	2.1%	3.2%	3.2%	1.7%	3.0%
Total fixed expenses	11.6%	11.6%	11.6%	11.2%	8.3%	10.7%
Total operating expenses	80.5%	98.8%	83.0%	78.0%	79.8%	78.3%

19. SAME STORE RESULTS DATA

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

Number of Same Store by Province

The following table summarizes the number of same store for the three-month period ended March 31, 2023 by Province:

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Atlantic	Total
Stellantis	3	8	1	1	1	—	2	16
Hyundai	1	3	—	—	3	—	—	7
General Motors	1	—	3	1	—	—	—	5
Volkswagen	3	3	—	1	—	—	—	7
Nissan/Infiniti	1	3	—	—	2	—	—	6
BMW/MINI	—	—	—	—	—	2	—	2
Audi	—	—	—	1	—	—	—	1
Subaru	—	1	—	—	—	—	—	1
Mercedes-Benz	—	1	—	—	—	1	—	2
Mazda	—	—	—	—	—	1	—	1
Ford	—	—	—	—	1	—	—	1
RightRide	1	2	1	1	2	—	—	7
Used Digital	—	—	—	—	1	—	—	1
Collision centres	—	—	—	—	—	1	—	1
Total	10	21	5	5	10	5	2	58

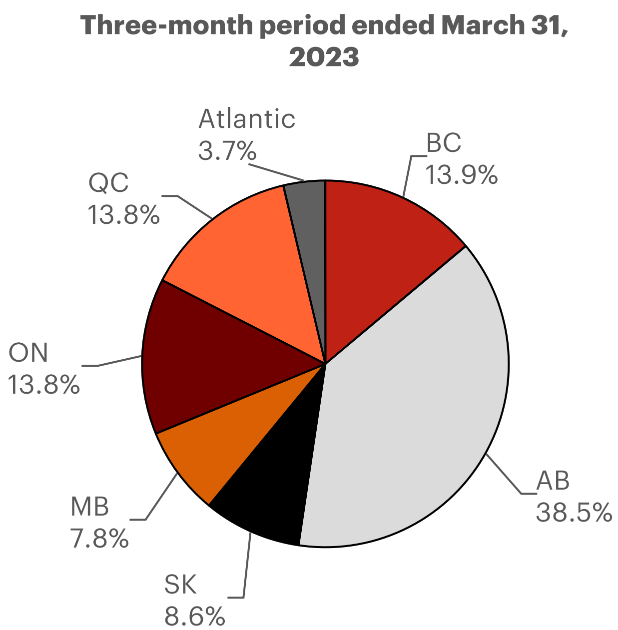
Same Store Revenue and Vehicles Sold

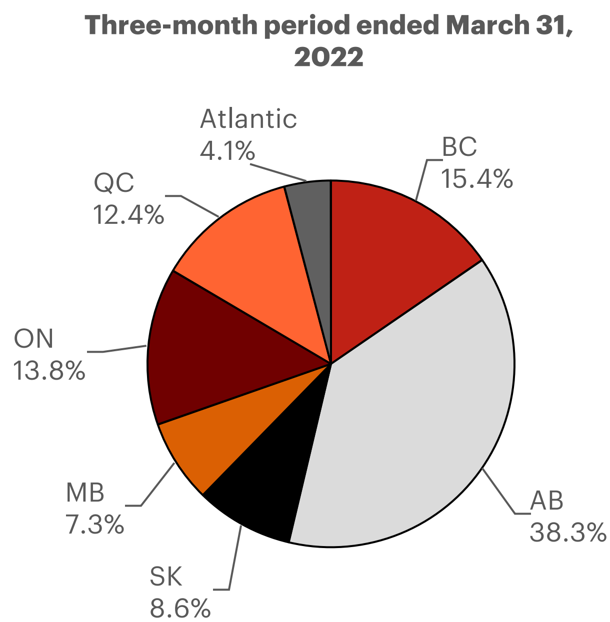
	Three-Months Ended March 31		
	2023	**2022**	**% Change**
Revenue source			
New vehicles - Retail	372,725	367,404	1.4%
New vehicles - Fleet	55,556	12,591	341.2%
Total new vehicles	428,281	379,995	12.7%
Used vehicles - Retail	361,331	352,362	2.5%
Used vehicles - wholesale [1]	139,091	86,675	60.5%
Total used vehicles	500,422	439,037	14.0%
Parts, service and collision repair	119,810	116,244	3.1%
Finance, insurance and other	65,820	62,703	5.0%
Total	1,114,333	997,979	11.7%
New retail vehicles sold (units)	6,249	6,383	(2.1)%
New fleet vehicles sold (units)	686	264	159.8%
Total new vehicles sold (units)	6,935	6,647	4.3%
Used retail vehicles sold (units)	10,243	9,946	3.0%
Total vehicles sold (units)	17,178	16,593	3.5%
Total vehicles retailed (units)	16,492	16,329	1.0%

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

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

	Three-Months Ended March 31		
	2023	**2022**	**% Change**
British Columbia	154,740	153,866	0.6%
Alberta	428,729	382,139	12.2%
Saskatchewan	95,838	85,796	11.7%
Manitoba	87,316	73,264	19.2%
Ontario	153,350	138,101	11.0%
Quebec	153,345	123,898	23.8%
Atlantic	41,015	40,915	0.2%
Total	1,114,333	997,979	11.7%





Same Store Gross Profit and Gross Profit Percentage

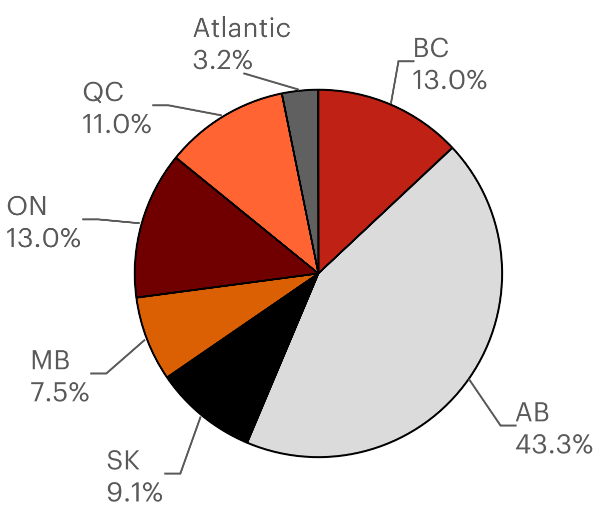
The following tables summarize same store gross profit and gross profit percentage for the three-month periods ended March 31:

	Three-Months Ended March 31				
	Gross Profit			Gross Profit %	
	2023	**2022**	**% Change**	**2023**	**2022**
Revenue source					
New vehicles - retail	34,700	36,976	(6.2)%	9.3%	10.1%
New vehicles - fleet	435	303	43.6%	0.8%	2.4%
Total new vehicles	35,135	37,279	(5.8)%	8.2%	9.8%
Used vehicles - retail	10,095	24,976	(59.6)%	2.8%	7.1%
Used vehicles - wholesale	9,844	3,949	149.3%	7.1%	4.6%
Total used vehicles	19,939	28,925	(31.1)%	4.0%	6.6%
Parts, service and collision repair	64,697	60,447	7.0%	54.0%	52.0%
Finance, insurance and other	61,666	58,826	4.8%	93.7%	93.8%
Total	181,437	185,477	(2.2)%	16.3%	18.6%

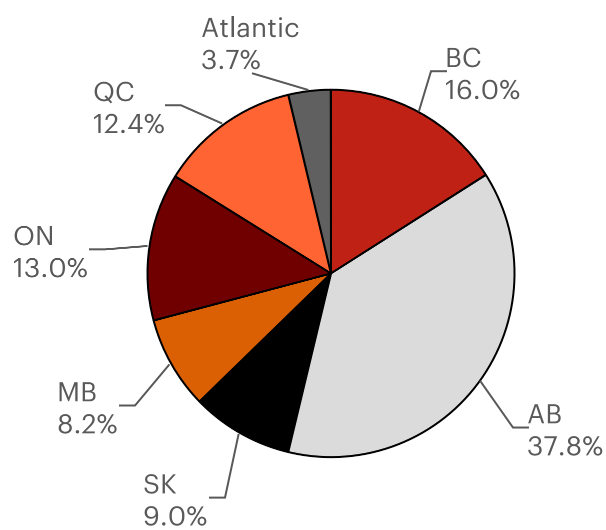
The following table and pie charts summarizes same store gross profit for the three-month periods ended March 31 by Province:

	Three-Months Ended March 31		
	2023	**2022**	**% Change**
British Columbia	23,622	29,649	(20.3)%
Alberta	78,630	70,071	12.2%
Saskatchewan	16,464	16,614	(0.9)%
Manitoba	13,552	15,138	(10.5)%
Ontario	23,510	24,081	(2.4)%
Quebec	19,885	23,008	(13.6)%
Atlantic	5,774	6,916	(16.5)%
Total	181,437	185,477	(2.2)%

Three-month period ended March 31, 2023



Three-month period ended March 31, 2022



20. LIST OF OPERATIONS

The following table sets forth the dealerships that currently owned and operated and the date opened or acquired, 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	Y	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
Windsor, ON	Premier Chevrolet Cadillac Buick GMC	General Motors	2023	Q3 2025	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 Division operating entities currently owned and operated and the date opened or acquired, organized by location.

Location	Operating Name	Year Acquired	Same Store [1]	Owned or Leased [2]
Cayuga, ON	Haldimand Motors	2020	Y	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 currently owned and operated and the date acquired, 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
London, ON	London Auto Collision	2023	Q3 2025	Leased
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	Y	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 store.*
2 *This column summarizes whether the collision centre property is owned or leased.*

The following table sets forth the stand-alone RightRide locations currently owned and operated and the date acquired, 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 West	2020	Y	Leased
Edmonton, AB	RightRide Edmonton North	2023	Q3 2025	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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