AutoCanada

2023

Third Quarter Management Discussion & Analysis

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

For the three-month and nine-month periods ended September 30, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

1. READER ADVISORIES AND FORWARD-LOOKING STATEMENTS

This Management's Discussion & Analysis ("MD&A") was prepared as of November 8, 2023, to assist readers in understanding AutoCanada Inc.'s (the "Company" or "AutoCanada") consolidated financial performance for the three-month periods and nine-month periods ended September 30, 2023, and significant trends that may affect AutoCanada's future performance. The following discussion and analysis should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes (the "Interim Financial Statements") of AutoCanada as at and for the three-month periods and nine-month periods ended September 30, 2023, the audited annual consolidated financial statements and accompanying notes (the "Annual Financial Statements") of AutoCanada as at and for the year ended December 31, 2022, and the MD&A for the year ended December 31, 2022. The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 Interim Financial reporting ("IAS 34") , as issued by the International Accounting Standards Board ("IASB") and the Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. Collectively, IAS 34 and IFRS are known as GAAP or Canadian GAAP in this MD&A. Results are reported in Canadian dollars and have been rounded to the nearest thousand dollars, unless otherwise stated.

The Company's Board of Directors, upon recommendation of its Audit Committee, approved the contents of this MD&A on November 8, 2023.

To provide more meaningful information, this MD&A typically refers to the operating results for the three-month periods and nine-month periods ended September 30, 2023 of the Company, and compares these to the operating results of the Company for the three-month periods and nine-month periods ended September 30, 2022.

This MD&A also makes reference to certain non-GAAP measures ("Non-GAAP Measures"), capital management measures, and supplementary financial measures to assist users in assessing AutoCanada's performance. Non-GAAP measures and other financial measures do not have any standard meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures are identified and described under the section 14 Non-GAAP and Other Financial Measures.

Same store metrics include only Canadian dealerships and related businesses which have been owned for at least two full years since acquisition. Comparisons to prior year results are impacted by acquisitions. Refer to Section 5 Acquisitions, Divestitures, and Other Recent Developments and Section 18 Same Store Results Data for further details.

Additional information regarding the Company, including the 2022 Annual Information Form, dated March 24, 2023, is available on SEDAR at www.sedarplus.ca and the Company's website at www.autocan.ca.

FORWARD-LOOKING STATEMENTS

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

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

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

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

2. EXECUTIVE SUMMARY

Business Overview

Canadian Operations

AutoCanada's Canadian Operations segment currently operates 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[1] in our 1,144 service bays.

U.S. Operations

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

Seasonality

The Company’s results from operations for the three-month period and nine-month period ended September 30, 2023, are not necessarily indicative of the results that may be expected for the full fiscal year due to seasonal variations in sales levels. The results from operations of the Company have historically been lower in the first and fourth quarters of each year, largely due to consumer purchasing patterns during the holiday season, inclement weather and the number of business days during the period. The Company’s financial performance is generally not as strong during the first and fourth quarters than during the other quarters of each fiscal year. The timing of acquisitions and divestitures may also cause substantial fluctuations in operating results from quarter to quarter.

[1] *See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

2023 Third Quarter Key Highlights and Recent Developments

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

AutoCanada Key Highlights

THIRD QUARTER RESULTS

	Three-Months Ended September 30		
Consolidated Financial Results	**2023**	**2022**	**% Change**
Revenue	1,657,421	1,623,949	2.1%
Gross profit	290,225	273,634	6.1%
Gross profit percentage[2]	17.5%	16.8%	0.7 ppts
Operating expenses	223,830	207,266	8.0%
Net income	22,799	32,870	(30.6)%
Basic net income per share attributable to AutoCanada shareholders	0.84	1.22	(31.1)%
Diluted net income per share attributable to AutoCanada shareholders	0.81	1.16	(30.2)%
Adjusted EBITDA[3]	66,719	76,374	(12.6)%
Adjusted EBITDA margin[3]	4.0%	4.7%	(0.7) ppts
New retail vehicles sold (units)	10,555	9,186	14.9%
Used retail vehicles sold (units)	16,878	17,381	(2.9)%
New vehicle gross profit per retail unit[2]	5,648	6,322	(10.7)%
Used vehicle gross profit per retail unit[2]	1,919	1,913	0.3%
Finance, insurance and other ("F&I") gross profit per retail unit average[2]	3,424	3,521	(2.8)%
Operating expenses before depreciation[2]	208,349	194,432	7.2%
Operating expenses before depreciation as a % of gross profit[2]	71.8%	71.1%	0.7%
Normalized operating expenses before depreciation[3]	205,810	192,408	7.0%
Normalized operating expenses before depreciation as a % of gross profit[3]	70.9 %	70.3 %	0.6 ppts
Floorplan financing expense	17,573	8,696	102.1%

Consolidated revenue increased as a result of higher new vehicle revenues arising from increased new vehicle sales volumes and higher average selling price per new vehicle[2]. The growth in new vehicle revenues reflects the continued recovery in new vehicle inventory levels with new vehicle inventory days of supply[2] increasing by 14 days to 72 days. Increases in parts, service and collision repair (“PS&CR”) revenues coupled with contributions from recent acquisitions also resulted in higher revenues. This was offset by declines in used vehicle revenues reflecting lower used vehicle sales volumes and lower average selling price per used vehicle[2] reflecting consumer demand and payment sensitivity in the current high interest rate environment.

Consolidated gross profit and gross profit percentage increased as a result of contributions from new vehicle, PS&CR operations and recent acquisitions.

Both operating expenses before depreciation and normalized operating expenses before depreciation, which excludes stock based compensation and transaction costs, increased primarily due to recent acquisitions and higher expenses in the U.S. Operations. Overall, normalized operating expenses before depreciation as a percentage of gross profit declined in Canada but was offset by an increase in the US reflecting higher insurance premiums, advertising expenses and property taxes.

Floorplan financing expenses increased significantly as a result of higher interest rates and higher new inventory levels, partially offset by interest rate swaps in place and lower used vehicle inventory levels, with used vehicle inventory days of supply[2] decreasing by (10) days to 67 days.

Net income for the period was $22.8 million as compared to $32.9 million in Q3 2022, as a result of contributions from recent acquisitions and PS&CR operations, offset by higher floorplan financing expenses. Diluted earnings per share was $0.81, a decrease of $(0.35) from $1.16 in the prior year.

[2] *See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of these supplementary measures.*

[3] *See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of these Non-GAAP Measures.*

Adjusted EBITDA for the period was $66.7 million as compared to $76.4 million in Q3 2022. Adjusted EBITDA margin was 4.0% compared to 4.7% in the prior year, a decrease of (0.7) ppts. This decrease was a result of lower contributions primarily from the U.S. Operations coupled with an increase in floorplan financing expenses.

Canadian Operations Highlights

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

	Three-Months Ended September 30		
Canadian Financial Results	**2023**	**2022**	**% Change**
Revenue	1,440,572	1,388,011	3.8%
Gross profit	252,698	233,556	8.2%
Gross profit percentage	17.5%	16.8%	0.7 ppts
Operating expenses	188,683	175,000	7.8%
Net income	25,910	30,288	(14.5)%
Adjusted EBITDA	64,856	67,575	(4.0)%
Adjusted EBITDA margin	4.5%	4.9%	(0.4) ppts
New retail vehicles sold (units)	9,185	7,896	16.3%
Used retail vehicles sold (units)	14,642	14,523	0.8%
Used-to-new retail units ratio	1.59	1.84	(13.6)%
New vehicle gross profit per retail unit	5,761	5,869	(1.8)%
Used vehicle gross profit per retail unit	1,986	2,256	(12.0)%
F&I gross profit per retail unit average	3,353	3,431	(2.3)%

Revenue increased as a result of contributions from new vehicles sales reflecting higher new retail sales volumes and higher average selling price per new vehicle, as well as growth in PS&CR revenues and contributions from new acquisitions. This was offset by declines in used vehicle revenues reflecting lower used vehicle sales volumes and average selling price per used vehicle. The increase in new vehicle inventories contributed to higher new retail vehicle sales volumes while change in sales mix contributed to a lower new vehicle gross profit percentage. PS&CR gross profit increased by $13.0 million (or 17.0%) as a result of strong customer demand as the age of vehicles continued to increase due to the limited availability of new vehicles over the past few years. F&I gross profit per retail unit average decreased as well reflecting a growing proportion of retail vehicle sales being purchased with cash resulting in fewer opportunities to sell warranties and insurance.

Adjusted EBITDA was down due to lower gross profit from used vehicle sales and F&I coupled with higher floorplan financing expenses offset by contributions from recent acquisitions.

Refer to Section 5 Acquisitions, Divestitures, and Other Recent Developments for acquisitions included in the Q3 2023 results.

Same Store Metrics - Canadian Operations Highlights

	Three-Months Ended September 30		
Same Store - Canadian Operations Financial Results	**2023**	**2022**	**% Change**
Revenue	1,131,780	1,175,597	(3.7)%
Gross profit	197,168	200,577	(1.7)%
Gross profit percentage	17.4%	17.1%	0.3%
New retail vehicles sold (units)	6,938	6,400	8.4%
Used retail vehicles sold (units)	11,094	11,975	(7.4)%
Used-to-new retail units ratio	1.60	1.87	(14.4)%
New vehicle gross profit per retail unit	6,107	6,310	(3.2)%
Used vehicle gross profit per retail unit	1,863	2,209	(15.7)%
F&I gross profit per retail unit average	3,674	3,704	(0.8)%

Same store metrics include only Canadian dealerships and related businesses which have been owned for at least two full years since acquisition. Same store dealerships and related business make up 78.6% of Canadian Operations revenue and 78.0% of Canadian Operations gross profit in the current quarter. Please refer to Section 18 Same Store Results Data for further information.

Revenue and gross profit declined as a result of lower used vehicle sales volumes and F&I performance offset by higher new vehicles sales and PS&CR performance. The increase in new vehicle inventory has contributed to higher new retail sales. The current high interest rate environment resulted in decreases in both new and used vehicle gross profit per retail unit due to increased pressures on vehicle affordability. PS&CR gross profit increased by $4.4 million (or 7.2%) due to strong customer demand for vehicle maintenance as the average age of vehicles increase. F&I gross profit per retail unit average decreased slightly reflecting a growing proportion of retail vehicle sales being purchased with cash resulting in fewer sales of warranty and insurance products.

U.S. Operations Highlights

	Three-Months Ended September 30		
U.S. Financial Results	**2023**	**2022**	**% Change**
Revenue	216,849	235,938	(8.1)%
Gross profit	37,527	40,078	(6.4)%
Gross profit percentage	17.3%	17.0%	0.3 ppts
Operating expenses	35,147	32,266	8.9%
Net (loss) income	(3,111)	2,582	(220.5)%
Adjusted EBITDA	1,863	8,799	(78.8)%
Adjusted EBITDA margin	0.9%	3.7%	(2.9) ppts
New retail vehicles sold (units)	1,370	1,290	6.2%
Used retail vehicles sold (units)	2,236	2,858	(21.8)%
Used-to-new retail units ratio	1.63	2.22	(26.6)%
New vehicle gross profit per retail unit	4,893	9,098	(46.2)%
Used vehicle gross profit per retail unit	1,481	169	776.3%
F&I gross profit per retail unit average	3,892	4,009	(2.9)%

Revenue and gross profit declined due to lower used vehicle sales volumes and lower average selling price per new vehicle offset by higher new retail unit sales and strong PS&CR performance. The recovery of new vehicle inventory contributed to rising new vehicles sales volumes. However, the current selling environment has changed and average selling prices have declined compared to the prior year when customers were frequently paying above manufacturers suggested retail price (“MSRP”). For used vehicles, management has prioritized gross profit over sales volumes with decreased availability of quality retail used vehicle inventory. PS&CR gross profit increased by $2.4 million (19.7%) due to strong customer demand for vehicle maintenance as the average age of vehicles increase. F&I gross profit per retail unit average decreased reflecting a growing proportion of retail vehicle sales being purchased with cash, which resulted in fewer warranty and insurance product sales.

Adjusted EBITDA declined due to lower used and new vehicle gross profits coupled with higher operating expenses and floorplan financing expenses, offset by contributions from PS&CR operations.

Other Recent Developments

During the quarter:

- On September 19, 2023, the Company entered into a $25.0 million forward interest rate swap with a deferred start date of December 1, 2023 and fixed one-month Canadian Collar Offered Rate ("CDOR") of 4.53%. The swap has an initial settlement date of December 1, 2026 and may be extended by the counterparty to December 1, 2028. This swap will replace an existing $25 million interest rate swap with a fixed one-month CDOR of 2.18% that matures on December 1, 2023.

3. MARKET AND OUTLOOK

The Canadian Vehicle Market

Based on market data provided by DesRosiers Automotive Consultants ("DesRosiers"), a 2% Compound Annual Growth Rate[4] ("CAGR") for vehicle sales was noted for the period from 2000 to 2019, which was revised to 1% due to the impacts of COVID-19 on the overall Canadian market. This trend supports an anticipated continued long-term growth in year-over-year vehicle sales. Our diversified and durable business model allows our operations to adjust to changing market conditions to serve customers through a variety of channels across a full range of products, services, and brands.

According to DesRosiers, Seasonally Adjusted Annual Rate ("SAAR") for September 2023 increased by 20% to 1.77 million units as compared to 1.48 million units in September 2022. SAAR creates a base sales figure to allow for a more meaningful comparison between months converting the current monthly new vehicle sales to take into account seasonality of the past ten years.

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

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

While rising interest rates are expected to impact customer affordability, some of the direct impacts of rising interest rates may be partially offset by vehicle financing products which provide flexibility in financing terms, inclusive of incentives and term extensions. In the current macro environment, we continue to remain agile and will adjust vehicle inventory and F&I product offerings and other aspects of the business, where necessary, to meet customer needs.

The Company's Canadian new vehicle inventory days of supply increased by 13 days to 75 days, reflecting the continued general recovery of new vehicle inventory levels. Overall, we continue to refine our target new vehicle inventory days supply by brand and tightly manage new vehicle inventory levels to meet customer preferences and demand. We are also actively managing our used vehicle inventory levels to ensure we carry the right mix of vehicles to support our used vehicle sales strategy.

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

In August 2023, following two months of operational strategy sessions, we launched Project Elevate across the organization. Project Elevate is our new 5-year business plan and continues the evolution of our company which began in 2018. It is focused on three priorities:

1. Maximizing gross profit;
2. Optimizing cost structure; and
3. Modernizing corporate infrastructure.

We intend to gradually close the gap to normalized peer profitability over the coming years by improving productivity, reducing costs, and capturing all revenue opportunities in a full service omni-channel eco-system. Project Elevate is featured in our new Investor Presentation, which can be found at https://investors.autocan.ca.

4. RESULTS OF OPERATIONS

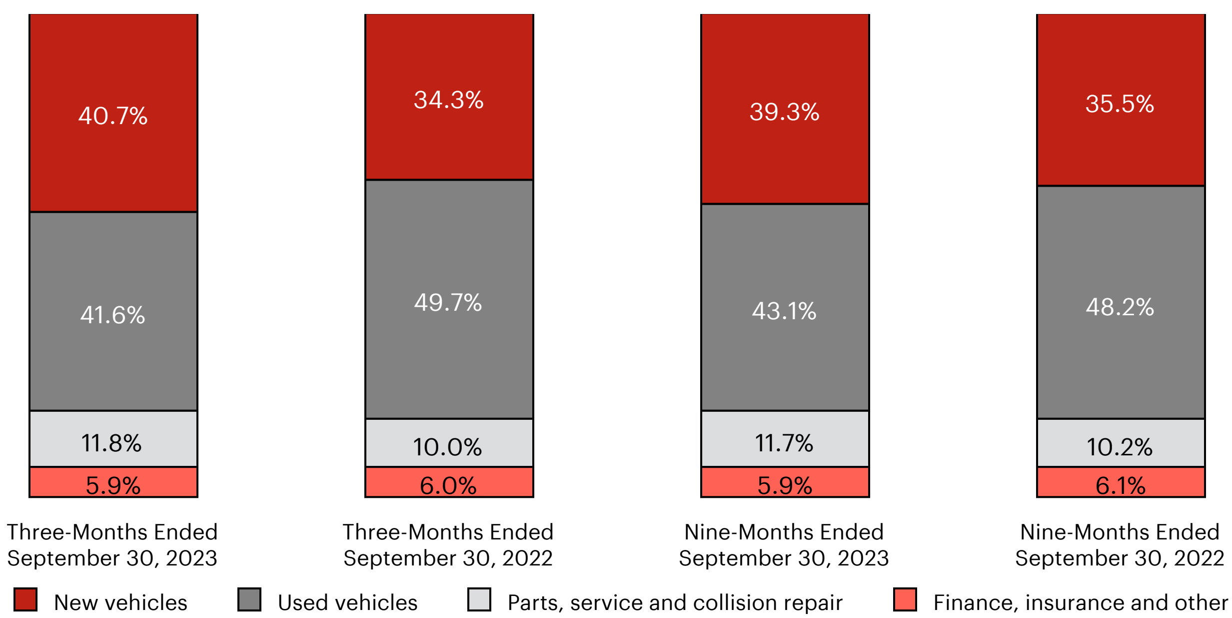
Revenues

The following tables summarize revenue for the three-month and nine-month periods ended September 30:

	Three-Months Ended September 30			
	2023 $	2022 $	Change $	Change %
New vehicles	673,363	557,492	115,871	20.8%
Used vehicles	690,071	807,236	(117,165)	(14.5)%
Parts, service and collision repair	196,162	161,805	34,357	21.2%
Finance, insurance and other	97,825	97,416	409	0.4%
Total revenue	1,657,421	1,623,949	33,472	2.1%

	Nine-Months Ended September 30			
	2023 $	2022 $	Change $	Change %
New vehicles	1,948,309	1,652,557	295,752	17.9%
Used vehicles	2,133,486	2,243,748	(110,262)	(4.9)%
Parts, service and collision repair	579,878	474,121	105,757	22.3%
Finance, insurance and other	291,336	281,987	9,349	3.3%
Total revenue	4,953,009	4,652,413	300,596	6.5%

Allocation of Revenue



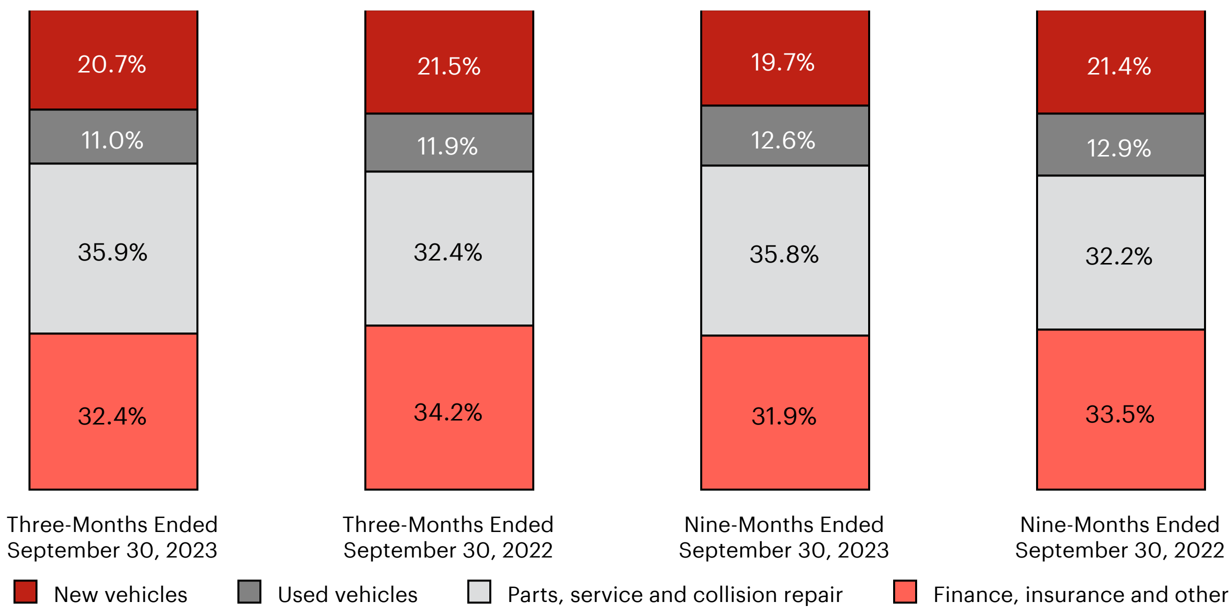
Gross Profit

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

	Three-Months Ended September 30			
	2023 $	2022 $	Change $	Change %
New vehicles	60,304	58,760	1,544	2.6%
Used vehicles	31,862	32,627	(765)	(2.3)%
Parts, service and collision repair	104,135	88,707	15,428	17.4%
Finance, insurance and other	93,924	93,540	384	0.4%
Total gross profit	290,225	273,634	16,591	6.1%

	Nine-Months Ended September 30			
	2023 $	2022 $	Change $	Change %
New vehicles	170,112	171,094	(982)	(0.6)%
Used vehicles	109,209	103,524	5,685	5.5%
Parts, service and collision repair	308,972	257,851	51,121	19.8%
Finance, insurance and other	275,652	267,782	7,870	2.9%
Total gross profit	863,945	800,251	63,694	8.0%

Allocation of Gross Profit



For the three-months ended September 30, 2023, new and used vehicles generated 82.3% of revenue and 31.7% of gross profit, while F&I and PS&CR generated 17.7% of revenue and contributed 68.3% of gross profit.

For the nine-months ended September 30, 2023, new and used vehicles generated 82.4% of revenue and 32.3% of gross profit, while F&I and PS&CR generated 17.6% of revenue and contributed 67.7% of gross profit.

Gross Profit Percentages

The following tables summarize gross profit percentages for the three-month and nine-month periods ended September 30:

	Three-Months Ended September 30		
	2023	2022	Change ppts
New vehicles	9.0 %	10.5 %	(1.5)
Used vehicles	4.6 %	4.0 %	0.6
Parts, service and collision repair	53.1 %	54.8 %	(1.7)
Finance, insurance and other	96.0 %	96.0 %	—
Total gross profit percentage	17.5 %	16.8 %	0.7

	Nine-Months Ended September 30		
	2023	2022	Change ppts
New vehicles	8.7 %	10.4 %	(1.7)
Used vehicles	5.1 %	4.6 %	0.5
Parts, service and collision repair	53.3 %	54.4 %	(1.1)
Finance, insurance and other	94.6 %	95.0 %	(0.4)
Total gross profit percentage	17.4 %	17.2 %	0.2

New vehicles

For the three-month period ended September 30, 2023

The following table summarizes the financial metrics for the three-month period ended September 30, 2023 and change as compared to the three-month period ended September 30, 2022.

New Vehicle Financial Results	Three-Months Ended September 30, 2023			Change		
	Canada	U.S.	Total	Canada	U.S.	Total
Revenue	593,734	79,629	673,363	23.5%	3.8%	20.8%
Gross profit	53,600	6,704	60,304	14.0%	(42.9)%	2.6%
Gross profit percentage (%)	9.0%	8.4%	9.0%	(0.8) ppts	(6.9) ppts	(1.5) ppts
New retail vehicles sold (units)	9,185	1,370	10,555	16.3%	6.2%	14.9%
New fleet vehicles sold (units)	590	—	590	36.3%	—%	36.3%
New vehicle gross profit per retail unit ($)	5,761	4,893	5,648	(1.8)%	(46.2)%	(10.7)%
New Vehicle Inventory days of supply (days)	75	47	72	13	19	14
Average selling price per new vehicle ($)	60,740	58,123	60,418	5.2%	(2.3)%	4.2%
Same store revenue	477,075			16.6%		
Same store gross profit	42,888			4.8%		
Same store gross profit percentage (%)	9.0%			(1.0) ppts		
Same store new retail vehicles sold (units)	6,938			8.4%		
Same store new fleet vehicles sold (units)	529			37.0%		

Consolidated Operations

New vehicle revenue and gross profit increased due to higher sales volumes and average selling price per new vehicle, coupled with the contributions from recent acquisitions. New vehicle gross profit percentage declined as a result of lower selling prices in the U.S. Operations compared to the prior year. New vehicle inventory levels continue to recover with new vehicle inventory days of supply increasing during the quarter.

Canadian Operations and Same Store Results

Canadian Operations and same store new vehicle revenue and gross profit increased for the reasons stated above. New vehicle gross profit percentage was relatively unchanged year-over-year.

U.S. Operations

New vehicle revenue increased due to higher retail sales volumes offset by lower average selling price per new vehicle as our ability to sell above MSRP continues to normalize with rising new vehicle inventory levels.

For the nine-month period ended September 30, 2023

The following table summarizes the financial metrics for the nine-month period ended September 30, 2023 and change as compared to the nine-month period ended September 30, 2022.

New Vehicle Financial Results	Nine-Months Ended September 30, 2023			Change		
	Canada	U.S.	Total	Canada	U.S.	Total
Revenue	1,717,679	230,630	1,948,309	21.0%	(1.0)%	17.9%
Gross profit	151,514	18,598	170,112	11.4%	(46.9)%	(0.6)%
Gross profit percentage (%)	8.8%	8.1%	8.7%	(0.8) ppts	(7.0) ppts	(1.7) ppts
New retail vehicles sold (units)	26,682	3,901	30,583	10.8%	(3.4)%	8.8%
New fleet vehicles sold (units)	1,924	—	1,924	57.7%	—%	57.7%
New vehicle gross profit per retail unit ($)	5,608	4,766	5,500	0.5%	(45.0)%	(8.7)%
Average selling price per new vehicle ($)	60,046	59,121	59,935	7.0%	2.5%	6.4%
Same store revenue	1,404,150			13.9%		
Same store gross profit	121,890			(0.2)%		
Same store gross profit percentage (%)	8.7%			(1.2) ppts		
Same store new retail vehicles sold (units)	20,629			3.5%		
Same store new fleet vehicles sold (units)	1,722			58.0%		

Consolidated Operations

New vehicle revenues increased due to higher sales volumes and average selling price per new vehicle, coupled with contributions from recent acquisitions offset by declines in average selling prices in the U.S. Gross profit decreased primarily due to lower average selling prices in the U.S. and as new vehicle inventory levels continue to rise.

Canadian Operations and Same Store Results

Canadian Operations and same store new vehicle revenue and gross profit increased for the reasons stated above.

U.S. Operations

New vehicle revenue and gross profit decreased due to lower new vehicle sales volumes and lower average selling prices per new vehicle as compared to the prior year.

Used vehicles

For the three-month period ended September 30, 2023

The following table summarizes the financial metrics for the three-month period ended September 30, 2023 and change as compared to the three-month period ended September 30, 2022.

	Three-Months Ended September 30, 2023			Change		
Used Vehicle Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	593,934	96,137	690,071	(13.5)%	(20.4)%	(14.5)%
Gross profit	29,707	2,155	31,862	(10.3)%	523.4%	(2.3)%
Gross profit percentage (%)	5.0%	2.2%	4.6%	0.2 ppts	2.7 ppts	0.6 ppts
Used retail vehicles sold (units)	14,642	2,236	16,878	0.8%	(21.8)%	(2.9)%
Used vehicle gross profit per retail unit ($)	1,986	1,481	1,919	(12.0)%	776.3%	0.3%
Used Vehicle Inventory days of supply (days)	66	68	67	(12)	—	(10)
Average selling price per used vehicle ($)	40,564	42,995	40,886	(14.2)%	1.7%	(12.0)%
Same store revenue	462,610			(20.6)%		
Same store gross profit	22,075			(26.5)%		
Same store gross profit percentage (%)	4.8%			(0.4) ppts		
Same store used retail vehicles sold (units)	11,094			(7.4)%		

Consolidated Operations

Used vehicle revenue decreased as a result of a lower used retail sales volume and lower average selling price per used vehicle arising from a concerted effort to pivot towards selling lower priced vehicles to meet current consumer demands, resulting from the current high interest rate environment and payment sensitivity.

Used vehicle gross profit decreased and used vehicle gross profit per retail unit sold remained relatively unchanged for the reasons stated above and management's continued focus on sales discipline to maintain margins, as new vehicle inventory levels continue to recover. Active inventory management including carrying fewer used vehicles resulted in used vehicle inventory days of supply decreasing by (10) days to 67 days. As a result of selling more new vehicles, the used-to-new retail units ratio for the current quarter decreased from 1.89 to 1.60. On a trailing twelve month ("TTM") basis, the used-to-new retail ratio decreased from 1.68 last year to 1.65.

Canadian Operations and Same Store Results

Canadian Operations and same store used vehicle revenues, gross profit and used vehicle gross profit per retail unit sold decreased for the reasons stated above. Used vehicle inventory days of supply decreased to 66 days as a result of active inventory management.

U.S. Operations

Used vehicle revenue decreased as a result of lower used retail vehicle unit volumes arising from the lack of availability of quality used cars. Used vehicle gross profit and gross profit percentage increased as a result of better purchasing discipline and strategic prioritization of gross profit over sales volumes.

For the nine-month period ended September 30, 2023

The following table summarizes the financial metrics for the nine-month period ended September 30, 2023 and change as compared to the nine-month period ended September 30, 2022.

	Nine-Months Ended September 30, 2023			Change		
Used Vehicle Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	1,855,638	277,848	2,133,486	(1.9)%	(21.0)%	(4.9)%
Gross profit	95,449	13,760	109,209	(4.9)%	337.2%	5.5%
Gross profit percentage (%)	5.1%	5.0%	5.1%	(0.2) ppts	4.1 ppts	0.5 ppts
Used retail vehicles sold (units)	42,909	6,481	49,390	6.0%	(25.7)%	0.4%
Used vehicle gross profit per retail unit ($)	1,842	1,499	1,797	(19.9)%	112.6%	(11.0)%
Average selling price per used vehicle ($)	43,246	42,871	43,197	(7.5)%	6.4%	(5.3)%
Same store revenue	1,476,148			(9.8)%		
Same store gross profit	72,374			(16.5)%		
Same store gross profit percentage (%)	4.9%			(0.4) ppts		
Same store used retail vehicles sold (units)	32,942			(3.3)%		

Consolidated Operations

Used vehicle revenue decreased as a result of lower average selling price per used vehicles concerted effort to pivot towards lower priced vehicles to meet current consumer demands. Used vehicle gross profit increased due to focus on maintaining margin over sales volumes.

Canadian Operations and Same Store Results

Canadian Operations and same store used vehicle revenue decreased as a result of reasons stated above. Used vehicle gross profit and gross profit percentage decreased as a result of the trend in the current used vehicle market towards lower priced vehicles resulting in compressed gross profit per unit on a year to date basis, as compared to the stronger used vehicle market in 2022.

U.S. Operations

Used vehicle revenue decreased reflecting lower unit sales volumes. Used vehicle gross profit and gross profit percentage increased as a result of better purchasing discipline and strategic prioritization of gross profit over sales volumes.

Parts, service and collision repair

For the three-month period ended September 30, 2023

The following table summarizes the financial metrics for the three-month period ended September 30, 2023 and change as compared to the three-month period ended September 30, 2022.

	Three-Months Ended September 30, 2023			Change		
PS&CR Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	169,233	26,929	196,162	20.7%	24.7%	21.2%
Gross profit	89,502	14,633	104,135	17.0%	19.7%	17.4%
Gross profit percentage (%)	52.9%	54.3%	53.1%	(1.7) ppts	(2.3) ppts	(1.7) ppts
# of service and collision repair orders completed	231,937	39,550	271,487	13.0%	8.1%	12.2%
Same store revenue	123,126			8.9%		
Same store gross profit	65,963			7.2%		
Same store gross profit percentage (%)	53.6%			(0.9) ppts		

Consolidated Operations

PS&CR revenue and gross profit increased reflecting higher service and collision repair orders ("RO's") due to contributions from recent acquisitions and strong customer demand as age of vehicles increased due to the limited availability of new vehicles over the past few years. Gross profit percentage decreased due to a change in sales mix, including more collision related work.

Canadian Operations and Same Store Results

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

U.S. Operations

PS&CR revenue and gross profit increased, and gross profit percentage decreased for the reasons stated above.

For the nine-month period ended September 30, 2023

The following table summarizes the financial metrics for the nine-month period ended September 30, 2023 and change as compared to the nine-month period ended September 30, 2022.

	Nine-Months Ended September 30, 2023			Change		
PS&CR Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	503,614	76,264	579,878	21.9%	24.8%	22.3%
Gross profit	268,337	40,635	308,972	20.1%	18.3%	19.8%
Gross profit percentage (%)	53.3%	53.3%	53.3%	(0.8) ppts	(2.9) ppts	(1.1) ppts
# of service and collision repair orders completed	688,257	114,043	802,300	11.3%	6.6%	10.6%
Same store revenue	379,599			9.8%		
Same store gross profit	204,907			9.4%		
Same store gross profit percentage (%)	54.0%			(0.2) ppts		

Consolidated Operations

PS&CR revenue and gross profit increased reflecting higher service and collision RO's due to contributions from recent acquisitions and strong customer demand as average vehicle age increased. Gross profit percentage decreased due to a change in sales mix, including more collision related work.

Canadian Operations and Same Store Results

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

U.S. Operations

PS&CR revenue and gross profit increased, and gross profit percentage decreased for the reasons stated above.

Finance, insurance and other

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

For the three-month period ended September 30, 2023

The following table summarizes the financial metrics for the three-month period ended September 30, 2023 and change as compared to the three-month period ended September 30, 2022.

	Three-Months Ended September 30, 2023			Change		
F&I Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	83,671	14,154	97,825	3.8%	(15.7)%	0.4%
Gross profit	79,889	14,035	93,924	3.9%	(15.6)%	0.4%
Gross profit percentage (%)	95.5%	99.2%	96.0%	0.1 ppts	0.1 ppts	— ppts
F&I gross profit per retail unit average ($)	3,353	3,892	3,424	(2.3)%	(2.9)%	(2.8)%
Same store revenue	68,969			(1.8)%		
Same store gross profit	66,242			(2.7)%		
Same store gross profit percentage (%)	96.0%			(0.9) ppts		
Same store F&I gross profit per retail unit average ($)	3,674			(0.8)%		

Consolidated Operations

F&I revenue and gross profit increased due to higher total retail sales volumes and contributions from recent acquisitions. Gross profit per retail unit average decreased reflecting a growing proportion of retail vehicle sales being purchased with cash resulting in fewer opportunities to sell warranty and insurance products,

Canadian Operations and Same Store Results

F&I revenue and gross profit increased, and gross profit per retail unit average decreased for the reasons stated above. Gross profit percentage remained relatively unchanged.

Same store F&I revenue and gross profit decreased as a result of a decline in same store total retail units sold. Gross profit per retail unit average and gross profit percentage declined slightly for the reasons stated above.

U.S. Operations

F&I revenue, gross profit and gross profit per retail unit average decreased reflecting a decrease in total retail units sold.

For the nine-month period ended September 30, 2023

The following table summarizes the financial metrics for the nine-month period ended September 30, 2023 and change as compared to the nine-month period ended September 30, 2022.

	Nine-Months Ended September 30, 2023			Change		
F&I Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue ($000's)	252,511	38,825	291,336	8.8%	(22.1)%	3.3%
Gross profit ($000's)	237,228	38,424	275,652	8.6%	(22.3)%	2.9%
Gross profit percentage (%)	93.9%	99.0%	94.6%	(0.1) ppts	(0.2) ppts	(0.4) ppts
F&I gross profit per retail unit average ($)	3,409	3,701	3,447	0.8%	(4.4)%	(0.5)%
Same store revenue ($000's)	211,737			2.6%		
Same store gross profit ($000's)	199,756			1.9%		
Same store gross profit percentage (%)	94.3%			(0.7) ppts		
Same store F&I gross profit per retail unit average ($)	3,729			2.6%		

Consolidated Operations

F&I revenue and gross profit increased reflecting higher total retail sales volumes and contributions from recent acquisitions. Gross profit per retail unit average decreased reflecting a growing proportion of retail vehicle sales being purchased with cash, compared to third party financing, resulting in lower warranty and insurance product sales.

Canadian Operations and Same Store Results

Canadian Operations and same store F&I revenues and gross profit increased, and gross profit percentage decreased for the reasons stated above.

U.S. Operations

F&I revenue, gross profit and gross profit percentage decreased reflecting lower total retail unit sales.

Operating expenses

Employee Costs

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

Administrative Costs

Administrative costs comprise the remaining costs of operating our dealerships and corporate head office. Advertising, utilities, service shop consumables, information processing, insurance, acquisition related transaction costs, and consulting costs comprise a significant portion of administrative costs. Administrative costs can be fixed, variable, or semi-variable in nature.

Facility Lease and Storage Costs

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

Depreciation of Property and Equipment

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

Depreciation of Right-of-Use Assets

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

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

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

	Three-Months Ended September 30, 2023			Three-Months Ended September 30, 2022		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
Employee costs	117,272	22,380	139,652	110,439	21,954	132,393
Administrative costs	55,842	11,295	67,137	51,545	9,086	60,631
Expected credit losses on trade and other receivables	306	97	403	343	108	451
Facility lease and storage costs	1,157	—	1,157	957	—	957
Depreciation and amortization[1]	14,106	1,375	15,481	11,716	1,118	12,834
Operating expenses	188,683	35,147	223,830	175,000	32,266	207,266
Less:						
Depreciation and amortization[1]	(14,106)	(1,375)	(15,481)	(11,716)	(1,118)	(12,834)
Operating expenses before depreciation	174,577	33,772	208,349	163,284	31,148	194,432
Less:						
Acquisition-related costs	(799)	—	(799)	(677)	—	(677)
Share-based compensation expense	(1,740)	—	(1,740)	(1,347)	—	(1,347)
Normalized operating expenses before depreciation	172,038	33,772	205,810	161,260	31,148	192,408
Operating expenses before depreciation as a percentage of gross profit	69.1 %	90.0 %	71.8 %	69.9 %	77.7 %	71.1 %
Normalized operating expenses before depreciation as a percentage of gross profit	68.1 %	90.0 %	70.9 %	69.0 %	77.7 %	70.3 %

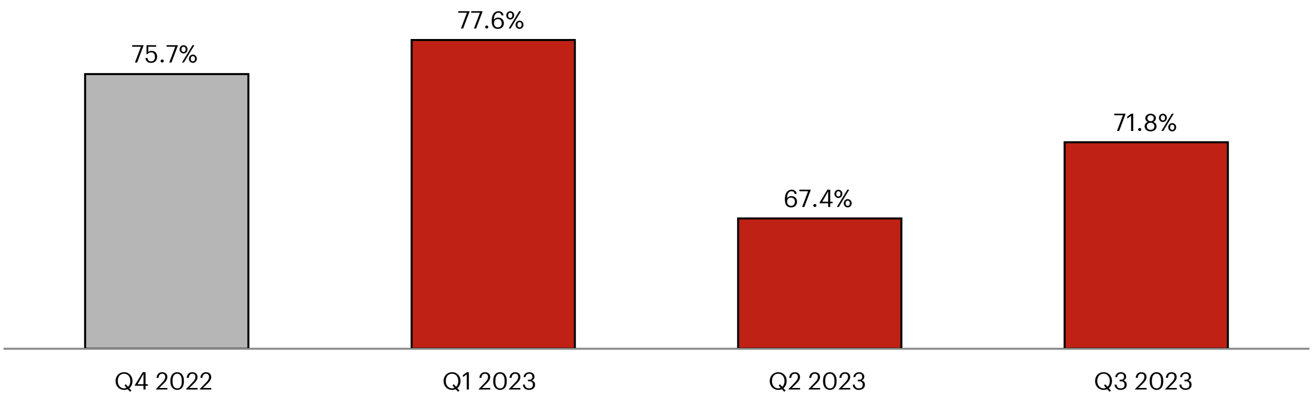
1. *See Section 17 Segmented Operating Results Data for a breakdown of the types of depreciation and amortization.*

	Nine-Months Ended September 30, 2023			Nine-Months Ended September 30, 2022		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
Employee costs	351,453	66,356	417,809	331,342	65,884	397,226
Administrative costs	164,607	33,247	197,854	147,387	27,503	174,890
Expected credit losses on trade and other receivables[1]	1,005	317	1,322	890	364	1,254
Facility lease and storage costs	3,733	—	3,733	2,608	—	2,608
Depreciation and amortization[2]	39,892	3,837	43,729	34,324	3,319	37,643
Operating expenses	560,690	103,757	664,447	516,551	97,070	613,621
Less:						
Depreciation and amortization[2]	(39,892)	(3,837)	(43,729)	(34,324)	(3,319)	(37,643)
Operating expenses before depreciation	520,798	99,920	620,718	482,227	93,751	575,978
Less:						
Acquisition-related costs	(2,976)	—	(2,976)	(2,666)	(13)	(2,679)
Share-based compensation expense	(4,677)	—	(4,677)	(3,717)	—	(3,717)
Normalized operating expenses before depreciation	513,145	99,920	613,065	475,844	93,738	569,582
Operating expenses before depreciation as a percentage of gross profit	69.1 %	89.6 %	71.9 %	71.1 %	76.9 %	72.0 %
Normalized operating expenses before depreciation as a percentage of gross profit	68.2 %	89.7 %	71.0 %	70.2 %	76.9 %	71.2 %

1. *For table presentation purposes, prior period government assistance has been reclassed into expected credit losses on trade and other receivables. See Section 17 Segmented Operating Results Data for a detailed breakdown of operating expenses.*
2. *See Section 17 Segmented Operating Results Data for a breakdown of the types of depreciation and amortization.*

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

Operating expenses before depreciation as % of Gross Profit



Operating Expenses

For the three-month period ended September 30, 2023

Consolidated Operations

Operating expenses before depreciation increased due to recent acquisitions and increased advertising, insurance and property tax expenses in the U.S. Operations. Operating expenses before depreciation as a percentage of gross profit increased slightly with declines in Canada offset by increases in the U.S.

Canadian Operations

Operating expenses before depreciation increased reflecting recent acquisitions. Operating expenses as a percentage of gross profit decreased reflecting higher gross profits.

Normalized operating expenses before depreciation as a percentage of gross profit also decreased as a result of higher gross profits.

U.S. Operations

Operating expenses before depreciation increased for the reasons stated above. Operating expenses before depreciation as a percentage of gross profit also increased due to lower gross profits.

For the nine-month period ended September 30, 2023

Consolidated Operations

Operating expenses before depreciation increased due to recent acquisitions. Operating expenses before depreciation as a percentage of gross profit remained relatively unchanged.

Canadian Operations

Operating expenses before depreciation increased for the reasons stated above. Operating expenses before depreciation as a percentage of gross profit decreased due to higher gross profits.

U.S. Operations

Operating expenses before depreciation increased largely due to higher advertising costs, insurance and property tax expenses. Operating expenses before depreciation as a percentage of gross profit increased due to lower gross profits.

Net Income and Adjusted EBITDA

For the three-month period ended September 30, 2023

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

	Three-Months Ended September 30, 2023			Three-Months Ended September 30, 2022		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from July 1 to September 30						
Net income (loss) for the period	25,910	(3,111)	22,799	30,288	2,582	32,870
Add back:						
Income tax expense (recovery)	7,777	(104)	7,673	10,941	2,667	13,608
Depreciation of property and equipment	6,140	642	6,782	4,958	413	5,371
Depreciation of right of use assets	7,565	733	8,298	6,758	705	7,463
Amortization of intangible assets	401	—	401	—	—	—
Interest on long-term indebtedness	7,525	2,859	10,384	5,887	1,549	7,436
Lease liability interest	7,546	844	8,390	6,344	883	7,227
	62,864	1,863	64,727	65,176	8,799	73,975
Add back:						
Unrealized fair value changes in derivative instruments	1,173	—	1,173	1,152	—	1,152
Amortization of loss on terminated hedges	817	—	817	817	—	817
Unrealized foreign exchange gains	(37)	—	(37)	(121)	—	(121)
Loss on disposal of assets	39	—	39	551	—	551
Adjusted EBITDA	64,856	1,863	66,719	67,575	8,799	76,374

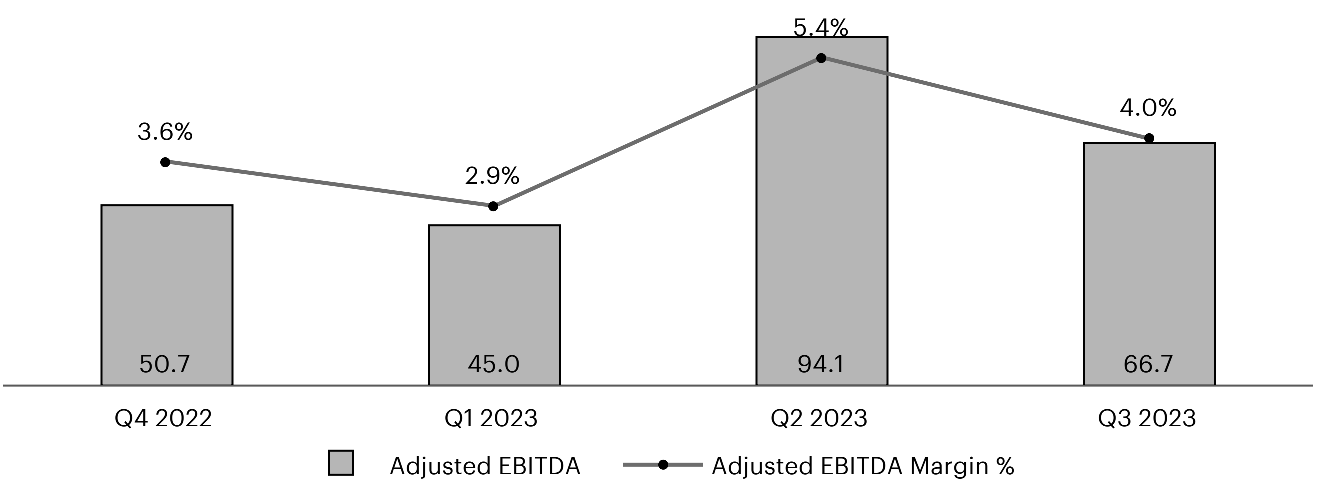
Net Income

Net income decreased as a result of higher floorplan costs and lower contributions from used vehicle sales, offset by contributions from new vehicles sales, PS&CR and recent acquisitions.

Adjusted EBITDA

Adjusted EBITDA decreased primarily as result of increased flooring expenses and weaker results in the U.S. from lower total retail vehicle sales coupled with higher operating expenses. Adjusted EBITDA margin was 4.0% as compared to 4.7% in the prior year for the reasons stated above.

Adjusted EBITDA ($ Millions) and Adjusted EBITDA Margin %



For the nine-month period ended September 30, 2023

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

	Nine-Months Ended September 30, 2023			Nine-Months Ended September 30, 2022		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from January 1 to September 30						
Net income (loss) for the period	83,993	(7,582)	76,411	61,220	15,030	76,250
Add back:						
Income tax expense (recovery)	26,153	(104)	26,049	19,718	3,112	22,830
Depreciation of property and equipment	16,939	1,632	18,571	13,949	1,239	15,188
Depreciation of right of use assets	22,552	2,205	24,757	20,375	2,080	22,455
Amortization of intangible assets	401	—	401	—	—	—
Interest on long-term indebtedness	22,478	8,575	31,053	17,505	3,699	21,204
Lease liability interest	22,050	2,499	24,549	18,966	2,579	21,545
	194,566	7,225	201,791	151,733	27,739	179,472
Add back:						
Loss on extinguishment of debt	1,382	—	1,382	9,860	—	9,860
Unrealized fair value changes in derivative instruments	98	—	98	(6,825)	—	(6,825)
Amortization of loss on terminated hedges	2,451	—	2,451	2,451	—	2,451
Unrealized foreign exchange losses (gains)	147	—	147	(305)	—	(305)
Loss on extinguishment of embedded derivative	—	—	—	29,306	—	29,306
(Gain) loss on disposal of assets	(67)	—	(67)	172	—	172
Adjusted EBITDA	198,577	7,225	205,802	186,392	27,739	214,131

Net Income

Net income was relatively unchanged compared to prior year as a result of contributions from recent acquisitions and lower used vehicle inventory provisions recognized in the current year, offset by higher floorplan financing costs.

Adjusted EBITDA

Adjusted EBITDA decreased compared to prior year with the significant decline coming from the US as a result of lower total retail vehicles sold and higher operating expenses. Increased flooring costs also contributed to the decline offset by contributions from recent acquisitions. Adjusted EBITDA margin also declined for the reasons stated above.

Finance costs

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

The unrealized fair value changes on interest rate swaps represent the unrealized changes in derivative financial instruments held for the purpose of managing exposures to fluctuations in interest rates. Changes in the fair value of these instruments are recorded in finance costs as the Company has not elected to apply hedge accounting to these contracts. Existing interest rate swaps of $97.2 million maturing in 2023 to 2024, and $177.8 million maturing in 2025 provide continued protection against the current rising interest rate environment. For further details, refer to Note 18 in the Interim Financial Statements.

During the three-month period ended September 30, 2023, finance costs for revolving floorplan facilities increased compared to prior year reflecting an increase in floorplan interest rates, higher new vehicle inventory balances, offset by lower used vehicle inventories.

On February 10, 2022, the Company recognized a $9.9 million loss in relation to the extinguishment of the $250 Million Notes (as defined in Section 6 Liquidity and Capital Resources) in Q1 2022. Concurrent with the redemption of the $250 Million Notes, the associated embedded derivative was extinguished, resulting in a loss of $29.3 million also being recognized in Q1 2022. As at September 30, 2023, the fair value of the embedded derivative relating to the $350 Million Notes (as defined in Section 6 Liquidity and Capital Resources) was $nil. For further details over the embedded derivatives, refer to Note 22 in the Interim Financial Statements.

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

	Three-Months Ended September 30		Nine-Months Ended September 30	
	2023 **$**	**2022** **$**	**2023** **$**	**2022** **$**
Finance costs:				
Interest on long-term indebtedness	10,384	7,436	31,053	21,204
Interest on lease liabilities	8,390	7,227	24,549	21,545
Loss on extinguishment of debt	—	—	1,382	9,860
Unrealized fair value changes on non-hedging instruments	241	(879)	(283)	(9,039)
Amortization of terminated hedges	817	817	2,451	2,451
Loss on extinguishment of embedded derivative	—	—	—	29,306
	19,832	**14,601**	**59,152**	**75,327**
Floorplan financing	17,573	8,696	48,787	17,969
Interest rate swap settlements	(1,816)	(211)	(4,845)	1,659
Other finance costs	2,523	1,573	3,605	5,123
	38,112	**24,659**	**106,699**	**100,078**

Income taxes

The following table summarizes income taxes for the three-month periods and nine-month periods ended September 30:

	Three-Months Ended September 30		Nine-Months Ended September 30	
	2023 **$**	**2022** **$**	**2023** **$**	**2022** **$**
Current tax	7,042	16,190	21,111	39,058
Deferred tax	631	(2,582)	4,938	(16,228)
Total income tax expense	**7,673**	**13,608**	**26,049**	**22,830**

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual statutory tax rate used for the three-month periods ended September 30, 2023 and September 30, 2022 remained at 25.5%.

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 substantially completed in the fourth quarter of 2023.

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

DCCHail Paintless Dent Repair Collision Centre

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

Kijiji Relationship

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

Premier Chevrolet Cadillac Buick GMC and Collision Centre

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

London Auto Collision Centre

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

RightRide Edmonton North

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

CanadaOne Auto Group Properties

On September 8, 2023, the Company and CanadaOne Auto agreed to resolve their legal proceedings that were commenced in 2019. As part of this resolution, AutoCanada has agreed to sell to CanadaOne Auto properties on which two of CanadaOne Auto's dealerships are located, and CanadaOne Auto has agreed to amend the leases for two AutoCanada dealerships located on properties owned by CanadaOne Auto. The transaction is expected to close during the fourth quarter of 2023.

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”).

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, other administrative and structural changes to meet ongoing operational needs, and extended the maturity date to April 14, 2026. The $375 million revolving facility is now comprised of a $225 million borrowing base facility tranche and $150 million goodwill facility tranche. The amended Credit Facility included an accordion feature that allows the revolving credit facility limit and the wholesale flooring facilities to be increased by certain amounts. The Credit Facility agreement can be found at www.sedarplus.ca.

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

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit [1]	375,000	165,000	210,000
Inventory floorplan and lease financing	1,235,000	678,833	556,167
Total	1,610,000	843,833	766,167

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

As at September 30, 2023, the Company had total liquidity[4] of $308.8 million based on cash and the $210.0 million available under our Credit Facility.

Revolving Credit Capacity

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

Floorplan Financing Capacity

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

Other Floorplan Financing

The Company has multiple standalone floorplan facilities with other lenders that provide inventory financing outside of the Credit Facility. See table for the breakdown of the Company’s floorplan facilities as at September 30, 2023:

Lender	Limit	Drawn	Available Capacity
Credit Facility – Floorplan	1,235,000	678,833	556,167
Other Canadian Floorplan Facilities	452,345	309,344	143,001
Other U.S. Floorplan Facility	172,380	112,824	59,556
Total	1,859,725	1,101,001	758,724

[4] *See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

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 September 30, 2023, the Company was in compliance with all of these financial covenants.

The following table summarizes financial covenants under the Credit Facility as at September 30, 2023:

Financial Covenants	Requirement	Q3 2023
Syndicated Revolver:		
Senior net funded debt to bank EBITDA ratio	Shall not exceed 2.50	0.50
Total net funded debt to bank EBITDA ratio	Shall not exceed 4.00	2.18
Fixed charge coverage ratio	Shall not be less than 1.20	2.72

The 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 are generally based on the consolidated financial statements of the Company with modifications and adjustments as agreed to and permitted under the terms of the 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.

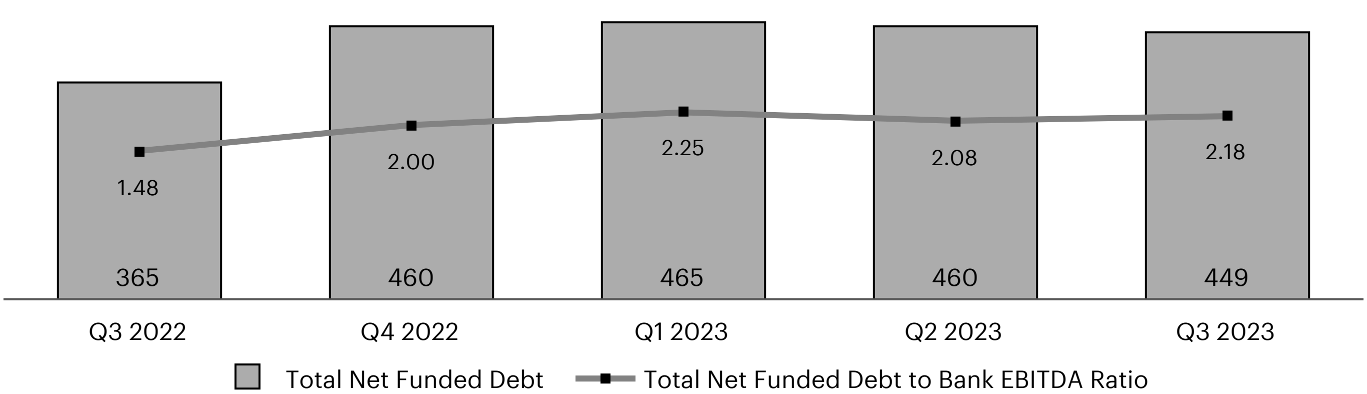
Total Net Funded Debt Covenant Summary

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

	September 30, 2023 $	December 31, 2022 $
Credit Facility	164,224	178,588
$350 Million Notes	345,177	344,502
Other funded debt according to Credit Facility	7,065	6,846
Total Funded Debt	516,466	529,936
Less: Allowable Cash Netting according to Credit Facility	(67,107)	(70,000)
Total Net Funded Debt	**449,359**	**459,936**

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

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



Total net funded debt to bank EBITDA ratio increased as a result of a decline in both total net funded debt and in bank EBITDA on a trailing twelve month basis.

Senior Unsecured Notes

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

Non-Recourse Mortgage Financing

On June 22, 2022, the Company executed a non-recourse mortgage for the land, as well as construction costs associated with the development of two dealerships on a property in Maple Ridge, British Columbia. The mortgage is comprised of three facilities with an aggregate limit of $39.0 million, at a variable interest rate of prime + 1.50% (combined total rate of 8.70% as at September 30, 2023). The mortgage has a three-year term, twenty-year amortization, and require monthly interest-only payments until construction is complete. As at September 30, 2023, the value of this mortgage, net of unamortized deferred financing costs, was $13.5 million.

On June 30, 2022, the Company executed two non-recourse mortgages totaling $18.6 million to fund land and building values of properties in Windsor, Ontario and London, Ontario. The mortgages have a five-year term with a fixed interest rate of 7.07%, and 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 September 30, 2023, the value of the mortgages, net of unamortized deferred financing costs, was $17.9 million.

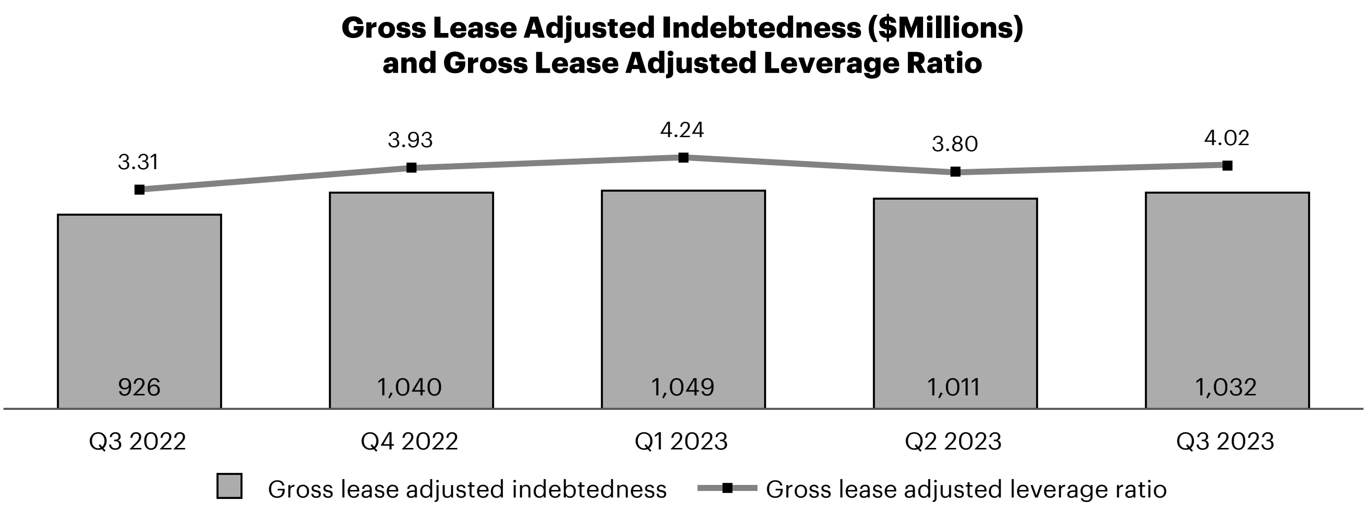
As at September 30, 2023, the combined value of the mortgages, net of unamortized deferred financing costs, was $31.4 million. The Credit Facility allows for up to $100 million of non-recourse mortgages. The non-recourse mortgages are not considered a liability for purposes of calculating the Credit Facility financial covenants.

Gross Lease Adjusted Indebtedness Summary

Gross lease adjusted leverage ratio[5] is a leverage measure used by management to evaluate the leverage of the Company as it includes lease liabilities under IFRS 16 in the calculation of gross lease adjusted indebtedness[6]. The following table summarizes the Company's gross lease adjusted indebtedness and gross lease adjusted leverage ratio. The Company has targeted a gross lease adjusted leverage ratio of 4.5x or less.

	September 30, 2023 **$**	**December 31, 2022** **$**
Credit facility	164,224	178,588
$350 Million Notes	345,177	344,502
Non-recourse mortgages and other debt	31,564	32,038
Total indebtedness	540,965	555,128
Add: Lease liabilities	490,705	484,877
Gross lease adjusted indebtedness	1,031,670	1,040,005
Adjusted EBITDA - trailing twelve months	256,471	264,800
Gross lease adjusted leverage ratio	**4.02x**	**3.93x**

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



Gross lease adjusted leverage ratio increased as a result of an increase in our gross lease adjusted indebtedness and a decrease in our adjusted EBITDA on a trailing twelve month basis.

[5] *See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this Non-GAAP Measure.*
[6] *See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this capital management measure.*

Uses of Cash

Non-Growth Capital Expenditures

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

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

Non-growth capital expenditures can fluctuate from period to period depending on our needs to upgrade or replace existing property and equipment. Based on the four-year average from 2019 to 2022, non-growth capital expenditures have averaged approximately $8 million per annum. It is expected that the Company will incur additional annual non-growth capital expenditures to execute on its strategy.

Growth Capital Expenditures

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

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

Based on the four-year average from 2019 to 2022, growth capital expenditures have averaged approximately $19 million per annum. For the nine-months ended September 30, 2023, the Company has incurred $17.4 million in capital expenditures related to the construction of the Maple Ridge GM Open Point and OEM mandated reimaging of various dealership properties. As we develop and execute on planned capital projects to support the growth of the Company, management expects to increase growth capital expenditures over the coming years, when compared to this historical average.

Based on the three-year average from 2020 to 2022, real estate acquisition expenditures have averaged approximately $15 million per annum. For the nine-months ended September 30, 2023, the Company has incurred $27.6 million in real estate acquisition expenditures. We may acquire real estate to support required growth capital projects. However, the decision to purchase real estate will be assessed on a project by project basis.

The following table summarizes capital expenditures for the periods indicated and distinguishes between non-growth, growth capital expenditures and real estate acquisition expenditures as reported in aggregate in Note 14 of the Interim Financial Statements.

	Three-Months Ended September 30		Nine-Months Ended September 30	
	2023 $	2022 $	2023 $	2022 $
Non-growth capital expenditures	2,304	2,343	11,687	5,387
Growth capital expenditures	5,481	2,298	17,416	5,568
Total capital expenditures	7,785	4,641	29,103	10,955
Real estate acquisition expenditures	12,702	8,247	27,564	24,316
Total capital expenditures	20,487	12,888	56,667	35,271

Capital Commitments

At September 30, 2023, the Company is committed to capital expenditure obligations in the amount of approximately $7.5 million related to dealership relocations, re-imagings, and open points with expected completion of these commitments in 2024. The Company is in discussions with OEMs to adjust spending and/or capital commitments as appropriate for changing conditions.

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

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

Corporate Credit Rating

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

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

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

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

7. RELATED PARTY TRANSACTIONS

Transactions with Companies Controlled by Directors

During the three-month and nine-month periods ended September 30, 2023, there were transactions with companies whose partners or senior officers are Directors of the Company or related to Directors of the Company. These counterparties are:

- 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 related parties 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		Nine-month period ended	
	September 30, 2023 $	September 30, 2022 $	September 30, 2023 $	September 30, 2022 $
Administrative and other support and sourcing fees	378	393	1,151	1,801
Used vehicle (sales to) purchases from related party	—	(266)	(491)	199

Executive Advance

The Executive Advance was fully repaid during the period ended September 30, 2023, compared to $1.6 million balance outstanding as at December 31, 2022.

Used Digital Retail Division

A company 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 of $1.1 million, as compared to $1.1 million as at December 31, 2022, is presented in long-term redemption liabilities in the Interim Financial Statements.

8. OUTSTANDING SHARES

As at September 30, 2023, the Company had 23,611,175 common shares outstanding. Basic and diluted weighted average number of shares outstanding for the three-month period ended September 30, 2023 were 23,593,493 and 24,498,108, respectively. As at November 8, 2023, there were 23,611,175 common shares issued and outstanding.

As at September 30, 2023, the value of the shares held in trust, to hedge equity-based compensation plans, was $0.3 million, which was comprised of 12,465 shares, as compared to $0.7 million as at December 31, 2022, which was comprised of 48,667 shares.

Normal Course Issuer Bid

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

9. DIVIDENDS

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

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

10. FREE CASH FLOW

Free cash flow[7] 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.

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Cash provided by operating activities	31,028	55,005	53,354	38,099	37,453	64,935	7,279	10,153
Deduct:								
Purchase of non-growth capital expenditures	(2,304)	(5,889)	(3,494)	(5,922)	(2,343)	(1,617)	(1,427)	(2,550)
Free cash flow	28,724	49,116	49,860	32,177	35,110	63,318	5,852	7,603
Free cash flow - TTM	159,877	166,263	180,465	136,457	111,883	89,145	93,630	107,169

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 (decrease) increase in cash due to changes in non-cash working capital for the three-month and nine-month periods ended:

	Three-month period ended		Nine-month period ended	
	September 30, 2023 $	September 30, 2022 $	September 30, 2023 $	September 30, 2022 $
Trade and other receivables	(41,218)	(7,330)	(44,105)	(74,923)
Inventories	(75,883)	77,606	(71,081)	(216,194)
Other current assets	5,070	3,918	(6,484)	(829)
Trade and other payables	32,453	1,141	44,985	23,096
Revolving floorplan facilities	69,725	(101,443)	108,943	229,043
Other liabilities	(2)	2,872	(1,019)	445
Net change in non-cash working capital	(9,855)	(23,236)	31,239	(39,362)

7 *See Section 14 Non-GAAP and Other Financial Measures for further information regarding the composition of this Non-GAAP Measure.*

11. CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICY DEVELOPMENTS

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

12. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the three-month periods and nine-month periods ended September 30, 2023, there were no changes in the Company’s disclosure controls or internal controls over financial reporting that materially affected, or would be reasonably likely to materially affect, such controls. Details relating to disclosure controls and procedures, and internal controls over financial reporting, are disclosed in Section 12 of the Company's Annual MD&A for the year ended December 31, 2022.

13. RISK FACTORS

AutoCanada faces a number of business risks that could cause future results to differ materially from those results disclosed in this MD&A. Investors and the public should carefully consider our business risks, other uncertainties and potential events as well as the inherent uncertainty of forward looking statements (See Section 1, Reader Advisories and Forward-Looking Statements) when making investment decisions with respect to AutoCanada. If any of the business risks identified by AutoCanada were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, the trading price of our shares could decline. There may be impacts on general economic conditions, as a result of elevated inflation and/or broadening of inflationary pressures across a wide array of goods and services, higher interest rates, economic recession, the ongoing Ukrainian and Israeli conflicts, pandemics, and other factors, resulting in reduced demand for vehicle sales and service. When and if these economic conditions worsen or stagnate, it can have a material adverse effect on consumer demand for vehicles or service generally, demand from particular consumer categories or demand for particular vehicle types. It can also negatively impact availability of credit to finance vehicle purchases for all or certain categories of consumers. This could result in lower sales, decreased margins on units sold, and decreased profits. Worsening or stagnating economic conditions can also have a material adverse effect on the supply of late-model used vehicles, as automotive manufacturers produce fewer new vehicles and consumers retain their current vehicles for longer periods of time. This could result in increased costs to acquire used vehicle inventory and decreased margins on units sold. Any significant change or deterioration in economic conditions could have a material adverse effect on AutoCanada’s business, financial condition, results of operations, cash flows or prospects.

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

14. NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

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

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

Non-GAAP Measures and Capital Management Measures

Cautionary Note Regarding Non-GAAP Measures

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

We list and define Non-GAAP Measures below:

Adjusted EBITDA

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

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

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

Adjusted EBITDA Margin

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

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

Free Cash Flow

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

Gross Lease Adjusted Leverage Ratio

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

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

Gross Lease Adjusted Indebtedness - Capital Management Measure

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

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

Normalized Operating Expenses Before Depreciation

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

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

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

Normalized Operating Expenses Before Depreciation as a Percentage of Gross Profit

Normalized operating expenses before depreciation as a percentage of gross profit is a measure of a company’s normalized operating expenses before depreciation over a period of time in relation to gross profit.

The Company believes this measure provides a comparison of our operating performance normalized for impacts that are not indicative of the Company's operating expenses over time.

Supplementary Financial Measures

We list and define supplementary financial measures below:

Average Selling Price per New Vehicle

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

Average Selling Price per Used Retail Vehicle

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

F&I Gross Profit Per Retail Unit Average

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

Gross profit percentage

Gross profit percentage is gross profit divided by revenue.

Liquidity

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

New Fleet Vehicles

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

New Vehicle Gross Profit Per Retail Unit

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

New Retail Vehicles

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

New Vehicle Inventory Days of Supply

New vehicle inventory days of supply is an average ending balance of prior quarter and current quarter new vehicle and demo vehicle inventory divided by current quarter new and demo vehicle cost of sales, multiplying the total by days in the quarter.

Operating Expenses Before Depreciation

Operating expenses before depreciation is operating expenses less depreciation and amortization.

Operating Expenses Before Depreciation as a Percentage of Gross Profit

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

Service and Collision Repair Orders ("Repair Orders" and "RO's")

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

Total New Vehicles

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

Total Retail Vehicles

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

Total Vehicles

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

Used Vehicle Gross Profit Per Retail Unit

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

Used Retail Vehicles

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

Used-to-new retail units ratio

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

Used Vehicle Inventory Days of Supply

Used vehicle inventory days of supply is an average ending balance of prior quarter and current quarter used vehicle inventory divided by current quarter used vehicle cost of sales, multiplying the total by days in the quarter.

Used Wholesale Vehicles

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

15. NON-GAAP AND OTHER FINANCIAL MEASURE RECONCILIATIONS

Adjusted EBITDA and Segmented Adjusted EBITDA

The following tables illustrates adjusted EBITDA and segmented adjusted EBITDA for the three-month periods and nine-month periods ended September 30, over the last two years of operations:

	Three-Months Ended September 30, 2023			Three-Months Ended September 30, 2022		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from July 1 to September 30						
Net income (loss) for the period	25,910	(3,111)	22,799	30,288	2,582	32,870
Add back:						
Income tax expense (recovery)	7,777	(104)	7,673	10,941	2,667	13,608
Depreciation of property and equipment	6,140	642	6,782	4,958	413	5,371
Depreciation of right of use assets	7,565	733	8,298	6,758	705	7,463
Amortization of intangible assets	401	—	401	—	—	—
Interest on long-term indebtedness	7,525	2,859	10,384	5,887	1,549	7,436
Lease liability interest	7,546	844	8,390	6,344	883	7,227
	62,864	1,863	64,727	65,176	8,799	73,975
Add back:						
Unrealized fair value changes in derivative instruments	1,173	—	1,173	1,152	—	1,152
Amortization of loss on terminated hedges	817	—	817	817	—	817
Unrealized foreign exchange gains	(37)	—	(37)	(121)	—	(121)
Loss on disposal of assets	39	—	39	551	—	551
Adjusted EBITDA	64,856	1,863	66,719	67,575	8,799	76,374

	Nine-Months Ended September 30, 2023			Nine-Months Ended September 30, 2022		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from January 1 to September 30						
Net income (loss) for the period	83,993	(7,582)	76,411	61,220	15,030	76,250
Add back:						
Income tax expense (recovery)	26,153	(104)	26,049	19,718	3,112	22,830
Depreciation of property and equipment	16,939	1,632	18,571	13,949	1,239	15,188
Depreciation of right of use assets	22,552	2,205	24,757	20,375	2,080	22,455
Amortization of intangible assets	401	—	401	—	—	—
Interest on long-term indebtedness	22,478	8,575	31,053	17,505	3,699	21,204
Lease liability interest	22,050	2,499	24,549	18,966	2,579	21,545
	194,566	7,225	201,791	151,733	27,739	179,472
Add back:						
Loss on extinguishment of debt	1,382	—	1,382	9,860	—	9,860
Unrealized fair value changes in derivative instruments	98	—	98	(6,825)	—	(6,825)
Amortization of loss on terminated hedges	2,451	—	2,451	2,451	—	2,451
Unrealized foreign exchange losses (gains)	147	—	147	(305)	—	(305)
Loss on extinguishment of embedded derivative	—	—	—	29,306	—	29,306
(Gain) loss on disposal of assets	(67)	—	(67)	172	—	172
Adjusted EBITDA	198,577	7,225	205,802	186,392	27,739	214,131

Adjusted EBITDA Margin

The following tables illustrates adjusted EBITDA margin for the three-month periods and nine-month periods ended September 30, over the last two years of operations:

	2023	2022
Period from July 1 to September 30		
Adjusted EBITDA	66,719	76,374
Revenue	1,657,421	1,623,949
Adjusted EBITDA Margin	4.0 %	4.7 %

	2023	2022
Period from January 1 to September 30		
Adjusted EBITDA	205,802	214,131
Revenue	4,953,009	4,652,413
Adjusted EBITDA Margin	4.2 %	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.

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Cash provided by operating activities	31,028	55,005	53,354	38,099	37,453	64,935	7,279	10,153
Deduct:								
Purchase of non-growth capital expenditures	(2,304)	(5,889)	(3,494)	(5,922)	(2,343)	(1,617)	(1,427)	(2,550)
Free cash flow	28,724	49,116	49,860	32,177	35,110	63,318	5,852	7,603
Free cash flow - TTM	159,877	166,263	180,465	136,457	111,883	89,145	93,630	107,169

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

The following tables illustrate segmented normalized operating expenses before depreciation and normalized operating expenses before depreciation as a percentage of gross profit, for the three-month periods and nine-month periods ended September 30, over the last two years of operations:

	Three-Months Ended September 30, 2023			Three-Months Ended September 30, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses	188,683	35,147	223,830	175,000	32,266	207,266
Deduct:						
Depreciation of property and equipment	(6,140)	(642)	(6,782)	(4,958)	(413)	(5,371)
Depreciation of right of use assets	(7,565)	(733)	(8,298)	(6,758)	(705)	(7,463)
Amortization of intangible assets	(401)	—	(401)	—	—	—
Operating expenses before depreciation	174,577	33,772	208,349	163,284	31,148	194,432
Normalizing Items:						
Add back:						
Acquisition-related costs	(799)	—	(799)	(677)	—	(677)
Share-based compensation expense	(1,740)	—	(1,740)	(1,347)	—	(1,347)
Normalized operating expenses before depreciation	172,038	33,772	205,810	161,260	31,148	192,408
Gross profit	252,698	37,527	290,225	233,556	40,078	273,634
Normalized operating expenses before depreciation as a percentage of gross profit	68.1 %	90.0 %	70.9 %	69.0 %	77.7 %	70.3 %

	Nine-Months Ended September 30, 2023			Nine-Months Ended September 30, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses	560,690	103,757	664,447	516,551	97,070	613,621
Deduct:						
Depreciation of property and equipment	(16,939)	(1,632)	(18,571)	(13,949)	(1,239)	(15,188)
Depreciation of right of use assets	(22,552)	(2,205)	(24,757)	(20,375)	(2,080)	(22,455)
Amortization of intangible assets	(401)	—	(401)	—	—	—
Operating expenses before depreciation	520,798	99,920	620,718	482,227	93,751	575,978
Normalizing Items:						
Add back:						
Acquisition-related costs	(2,976)	—	(2,976)	(2,666)	(13)	(2,679)
Share based compensation expense	(4,677)	—	(4,677)	(3,717)	—	(3,717)
Normalized operating expenses before depreciation	513,145	99,920	613,065	475,844	93,738	569,582
Gross profit	752,528	111,417	863,945	678,306	121,945	800,251
Normalized operating expenses before depreciation as a percentage of gross profit	68.2 %	89.7 %	71.0 %	70.2 %	76.9 %	71.2 %

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 September 30, 2023 and December 31, 2022:

	September 30, 2023 $	December 31, 2022 $
Credit facility	164,224	178,588
$350 Million Notes	345,177	344,502
Non-recourse mortgages and other debt	31,564	32,038
Total indebtedness	540,965	555,128
Add: Lease liabilities	490,705	484,877
Gross lease adjusted indebtedness	1,031,670	1,040,005
Adjusted EBITDA - trailing twelve months	256,471	264,800
Gross lease adjusted leverage ratio	**4.02x**	**3.93x**

16. SELECTED QUARTERLY FINANCIAL INFORMATION

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

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Income Statement Data [5]								
New vehicles	673,363	706,350	568,596	508,008	557,492	583,870	511,195	467,085
Used vehicles	690,071	739,916	703,499	626,397	807,236	840,998	595,514	524,043
Parts, service and collision repair	196,162	204,968	178,748	168,544	161,805	160,307	152,009	136,800
Finance, insurance and other	97,825	105,028	88,483	85,257	97,416	100,851	83,720	67,854
Revenue	1,657,421	1,756,262	1,539,326	1,388,206	1,623,949	1,686,026	1,342,438	1,195,782
New vehicles	60,304	62,324	47,484	48,218	58,760	58,950	53,384	50,632
Used vehicles	31,862	47,035	30,312	17,775	32,627	34,125	36,772	38,118
Parts, service and collision repair	104,135	110,961	93,876	95,661	88,707	90,713	78,431	75,917
Finance, insurance and other	93,924	98,418	83,310	80,968	93,540	95,490	78,752	63,847
Gross Profit	290,225	318,738	254,982	242,622	273,634	279,278	247,339	228,514
Gross profit percentage	17.5%	18.1%	16.6%	17.5%	16.8%	16.6%	18.4%	19.1%
Operating expenses	223,830	229,016	211,601	197,397	207,266	212,709	193,646	170,008
Operating expenses as a % of gross profit	77.1%	71.9%	83.0%	81.4%	75.7%	76.2%	78.3%	74.4%
Net income	22,799	45,228	8,384	14,810	32,870	39,058	4,322	69,398
Diluted net income per share attributable to AutoCanada shareholders	0.81	1.75	0.32	0.52	1.16	1.33	0.10	2.38
Adjusted EBITDA [3]	66,719	94,055	45,028	50,669	76,374	75,561	62,196	65,873
Operating Data [5]								
New retail vehicles sold [4]	10,555	11,257	8,771	8,100	9,186	9,878	9,052	8,204
Used retail vehicles sold [4]	16,878	17,222	15,290	14,418	17,381	17,740	14,072	11,893
# of service and collision repair orders completed [4]	271,487	289,726	241,087	263,796	241,907	261,671	221,632	232,373
# of dealerships at period end [1]	87	87	86	86	85	82	80	80
# of same store dealerships [1,2]	50	50	50	49	49	49	49	49
# of service bays at period end	1,382	1,355	1,354	1,367	1,331	1,322	1,293	1,303
Same store revenue growth [2]	(3.7)%	(1.8)%	11.7%	2.2%	17.6%	14.2%	17.2%	14.1%
Same store gross profit growth [2]	(1.7)%	6.9%	(2.2)%	(5.7)%	8.7%	10.3%	23.2%	29.4%

1 *Dealerships is defined as 83 franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships and 1 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 14, 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.*

17. SEGMENTED OPERATING RESULTS DATA

Canadian Operations and U.S. Operations Segmented Operating Highlights

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

	Three-Months Ended September 30, 2023			Three-Months Ended September 30, 2022		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles	593,734	79,629	673,363	480,775	76,717	557,492
Used vehicles	593,934	96,137	690,071	686,397	120,839	807,236
Parts, service and collision repair	169,233	26,929	196,162	140,215	21,590	161,805
Finance, insurance and other	83,671	14,154	97,825	80,624	16,792	97,416
Total revenue	1,440,572	216,849	1,657,421	1,388,011	235,938	1,623,949
New vehicles	53,600	6,704	60,304	47,024	11,736	58,760
Used vehicles	29,707	2,155	31,862	33,136	(509)	32,627
Parts, service and collision repair	89,502	14,633	104,135	76,487	12,220	88,707
Finance, insurance and other	79,889	14,035	93,924	76,909	16,631	93,540
Total gross profit	252,698	37,527	290,225	233,556	40,078	273,634
Employee costs	117,272	22,380	139,652	110,439	21,954	132,393
Administrative costs	55,842	11,295	67,137	51,545	9,086	60,631
Expected credit losses on trade and other receivables	306	97	403	343	108	451
Facility lease and storage costs	1,157	—	1,157	957	—	957
Depreciation of property and equipment	6,140	642	6,782	4,958	413	5,371
Depreciation of right-of-use assets	7,565	733	8,298	6,758	705	7,463
Amortization of intangible assets	401	—	401	—	—	—
Total operating expenses	188,683	35,147	223,830	175,000	32,266	207,266
Operating profit before other income	64,015	2,380	66,395	58,556	7,812	66,368
Operating data						
New retail vehicles sold [1]	9,185	1,370	10,555	7,896	1,290	9,186
New fleet vehicles sold [1]	590	—	590	433	—	433
Total new vehicles sold [1]	9,775	1,370	11,145	8,329	1,290	9,619
Used retail vehicles sold [1]	14,642	2,236	16,878	14,523	2,858	17,381
Total vehicles sold [1]	24,417	3,606	28,023	22,852	4,148	27,000
# of service and collision repair orders completed [1]	231,937	39,550	271,487	205,310	36,597	241,907
# of dealerships at period end[2]	69	18	87	67	18	85
# of service bays at period end	1,152	230	1,382	1,108	223	1,331

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

2 *Dealerships is defined as 18 U.S. franchised automobile dealerships, 65 Canadian franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships and 1 used vehicle auction business) as at September 30, 2023.*

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

	Nine-Months Ended September 30, 2023			Nine-Months Ended September 30, 2022		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
New vehicles	1,717,679	230,630	1,948,309	1,419,515	233,042	1,652,557
Used vehicles	1,855,638	277,848	2,133,486	1,892,246	351,502	2,243,748
Parts, service and collision repair	503,614	76,264	579,878	413,032	61,089	474,121
Finance, insurance and other	252,511	38,825	291,336	232,153	49,834	281,987
Total revenue	4,329,442	623,567	4,953,009	3,956,946	695,467	4,652,413
New vehicles	151,514	18,598	170,112	136,062	35,032	171,094
Used vehicles	95,449	13,760	109,209	100,377	3,147	103,524
Parts, service and collision repair	268,337	40,635	308,972	223,506	34,345	257,851
Finance, insurance and other	237,228	38,424	275,652	218,361	49,421	267,782
Total gross profit	752,528	111,417	863,945	678,306	121,945	800,251
Employee costs	351,453	66,356	417,809	331,342	65,884	397,226
Government assistance	—	—	—	(264)	—	(264)
Administrative costs	164,607	33,247	197,854	147,387	27,503	174,890
Expected credit losses on trade and other receivables	1,005	317	1,322	1,154	364	1,518
Facility lease and storage costs	3,733	—	3,733	2,608	—	2,608
Depreciation of property and equipment	16,939	1,632	18,571	13,949	1,239	15,188
Depreciation of right-of-use assets	22,552	2,205	24,757	20,375	2,080	22,455
Amortization of intangible assets	401	—	401	—	—	—
Total operating expenses	560,690	103,757	664,447	516,551	97,070	613,621
Operating profit before other income	191,838	7,660	199,498	161,755	24,875	186,630
Operating data						
New retail vehicles sold [1]	26,682	3,901	30,583	24,076	4,040	28,116
New fleet vehicles sold [1]	1,924	—	1,924	1,220	—	1,220
Total new vehicles sold [1]	28,606	3,901	32,507	25,296	4,040	29,336
Used retail vehicles sold [1]	42,909	6,481	49,390	40,471	8,722	49,193
Total vehicles sold [1]	71,515	10,382	81,897	65,767	12,762	78,529
# of service and collision repair orders completed [1]	688,257	114,043	802,300	618,271	106,939	725,210
# of dealerships at period end [2]	69	18	87	67	18	85
# of service bays at period end	1,152	230	1,382	1,108	223	1,331

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

2 *Dealerships is defined as 18 U.S. franchised automobile dealerships, 65 Canadian franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships and 1 used vehicle auction business) as at September 30, 2023.*

18. SAME STORE RESULTS DATA

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

Number of Same Store by Province

The following table summarizes the number of same store for the three-month period ended September 30, 2023 by Province:

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Atlantic	Total
Stellantis	3	8	1	1	1	—	2	16
Hyundai	1	3	—	—	3	—	—	7
General Motors	1	—	3	1	—	—	—	5
Volkswagen	3	3	—	1	—	—	—	7
Nissan/Infiniti	1	3	—	—	2	—	—	6
BMW/MINI	—	—	—	—	—	2	—	2
Audi	—	—	—	1	—	—	—	1
Subaru	—	1	—	—	—	—	—	1
Mercedes-Benz	—	1	—	—	—	1	—	2
Mazda	—	—	—	—	—	1	—	1
Ford	—	—	—	—	1	—	—	1
RightRide	1	2	1	1	2	—	—	7
Used Digital	—	—	—	—	1	—	—	1
Collision centres	1	—	—	—	—	1	—	2
Total	11	21	5	5	10	5	2	59

Same Store Revenue and Vehicles Sold

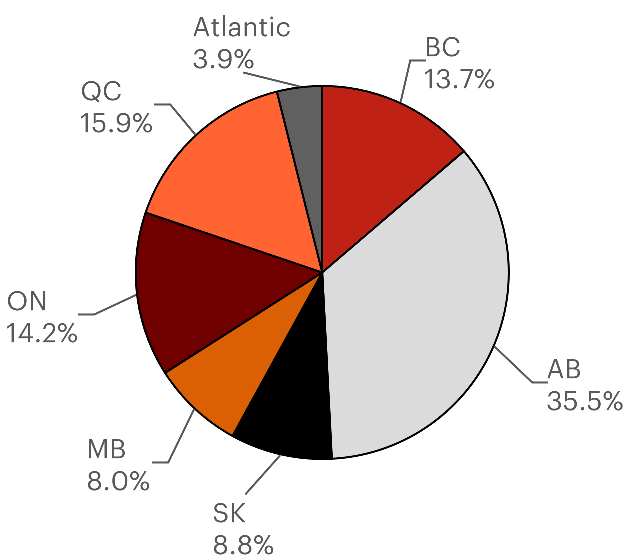
	Three-Months Ended September 30			Nine-Months Ended September 30		
	2023	**2022**	**% Change**	**2023**	**2022**	**% Change**
Revenue source						
New vehicles - retail	430,985	384,173	12.2%	1,259,664	1,171,792	7.5%
New vehicles - fleet	46,090	25,137	83.4%	144,486	61,377	135.4%
Total new vehicles	477,075	409,310	16.6%	1,404,150	1,233,169	13.9%
Used vehicles - retail	375,669	439,627	(14.5)%	1,125,709	1,246,967	(9.7)%
Used vehicles - wholesale [1]	86,941	143,354	(39.4)%	350,439	388,887	(9.9)%
Total used vehicles	462,610	582,981	(20.6)%	1,476,148	1,635,854	(9.8)%
Parts, service and collision repair	123,126	113,057	8.9%	379,599	345,684	9.8%
Finance, insurance and other	68,969	70,249	(1.8)%	211,737	206,397	2.6%
Total	1,131,780	1,175,597	(3.7)%	3,471,634	3,421,104	1.5%
New retail vehicles sold (units)	6,938	6,400	8.4%	20,629	19,922	3.5%
New fleet vehicles sold (units)	529	386	37.0%	1,722	1,090	58.0%
Total new vehicles sold (units)	7,467	6,786	10.0%	22,351	21,012	6.4%
Used retail vehicles sold (units)	11,094	11,975	(7.4)%	32,942	34,050	(3.3)%
Total vehicles sold (units)	18,561	18,761	(1.1)%	55,293	55,062	0.4%
Total vehicles retailed (units)	18,032	18,375	(1.9)%	53,571	53,972	(0.7)%

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

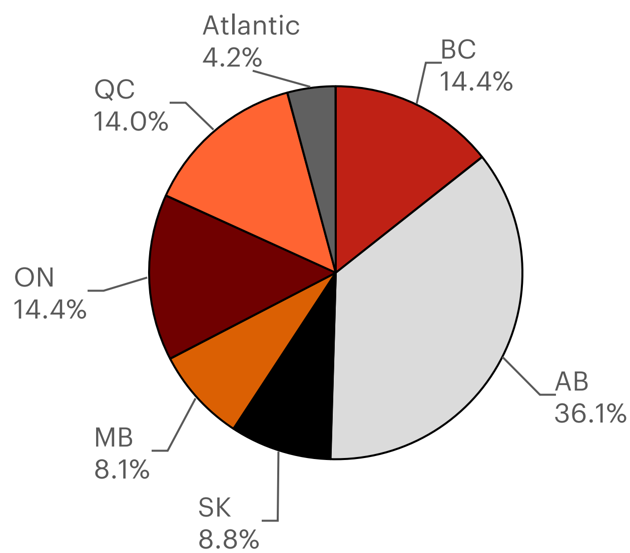
The following table and pie charts summarize same store total revenue for the three-month periods and nine-month periods ended September 30 by province:

	Three-Months Ended September 30			Nine-Months Ended September 30		
	2023	**2022**	**% Change**	**2023**	**2022**	**% Change**
British Columbia	155,340	168,761	(8.0)%	469,468	492,185	(4.6)%
Alberta	401,390	424,501	(5.4)%	1,296,699	1,256,588	3.2%
Saskatchewan	99,698	103,143	(3.3)%	293,570	296,733	(1.1)%
Manitoba	90,227	95,721	(5.7)%	272,278	264,301	3.0%
Ontario	161,174	169,524	(4.9)%	488,081	499,186	(2.2)%
Quebec	179,754	164,905	9.0 %	520,392	469,681	10.8%
Atlantic	44,197	49,042	(9.9)%	131,146	142,430	(7.9)%
Total	1,131,780	1,175,597	(3.7)%	3,471,634	3,421,104	1.5%

Three-month period ended September 30, 2023



Three-month period ended September 30, 2022



Same Store Gross Profit and Gross Profit Percentage

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

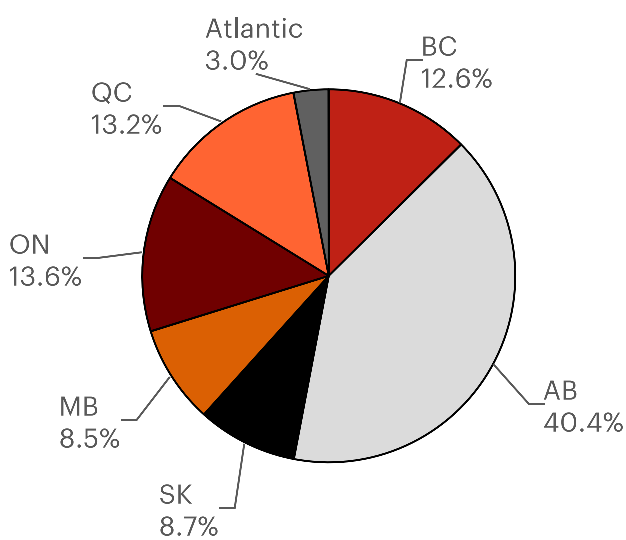
	Three-Months Ended September 30				
	Gross Profit			Gross Profit %	
	2023	**2022**	**% Change**	**2023**	**2022**
Revenue source					
New vehicles - retail	42,370	40,381	4.9%	9.8%	10.5%
New vehicles - fleet	518	528	(1.9)%	1.1%	2.1%
Total new vehicles	42,888	40,909	4.8%	9.0%	10.0%
Used vehicles - retail	20,667	26,450	(21.9)%	5.5%	6.0%
Used vehicles - wholesale	1,408	3,602	(60.9)%	1.6%	2.5%
Total used vehicles	22,075	30,052	(26.5)%	4.8%	5.2%
Parts, service and collision repair	65,963	61,556	7.2%	53.6%	54.4%
Finance, insurance and other	66,242	68,060	(2.7)%	96.0%	96.9%
Total	197,168	200,577	(1.7)%	17.4%	17.1%

	Nine-Months Ended September 30				
	Gross Profit			Gross Profit %	
	2023	2022	% Change	2023	2022
Revenue source					
New vehicles - retail	120,566	120,415	0.1 %	9.6%	10.3%
New vehicles - fleet	1,324	1,682	(21.3)%	0.9%	2.7%
Total new vehicles	121,890	122,097	(0.2)%	8.7%	9.9%
Used vehicles - retail	56,445	75,684	(25.4)%	5.0%	6.1%
Used vehicles - wholesale	15,929	10,944	45.6 %	4.5%	2.8%
Total used vehicles	72,374	86,628	(16.5)%	4.9%	5.3%
Parts, service and collision repair	204,907	187,372	9.4 %	54.0%	54.2%
Finance, insurance and other	199,756	196,111	1.9%	94.3%	95.0%
Total	598,927	592,208	1.1%	17.3%	17.3%

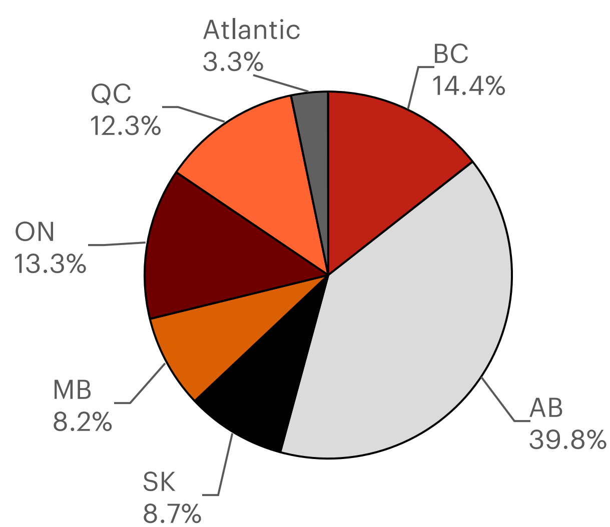
The following table and pie charts summarize same store gross profit for the three-month periods and nine-month periods ended September 30 by Province:

	Three-Months Ended September 30			Nine-Months Ended September 30		
	2023	2022	% Change	2023	2022	% Change
British Columbia	24,789	28,872	(14.1)%	76,654	88,614	(13.5)%
Alberta	79,736	79,896	(0.2)%	250,484	222,594	12.5%
Saskatchewan	17,078	17,510	(2.5)%	51,124	53,223	(3.9)%
Manitoba	16,817	16,466	2.1%	48,254	49,749	(3.0)%
Ontario	26,811	26,700	0.4%	79,384	80,202	(1.0)%
Quebec	25,968	24,608	5.5%	74,542	77,009	(3.2)%
Atlantic	5,969	6,525	(8.5)%	18,485	20,817	(11.2)%
Total	197,168	200,577	(1.7)%	598,927	592,208	1.1%

Three-month period ended September 30, 2023



Three-month period ended September 30, 2022



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