Fourth Quarter
Management Discussion & Analysis

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2023

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

For the three-month period and year ended December 31, 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 March 6, 2024, to assist readers in understanding AutoCanada Inc.'s (the "Company" or "AutoCanada") consolidated financial performance for the three-month period and year ended December 31, 2023, and significant trends that may affect AutoCanada's future performance. The following discussion and analysis should be read in conjunction with the audited annual consolidated financial statements and accompanying notes of AutoCanada as at and for the year ended December 31, 2023 (the "Annual Financial Statements"). The Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IFRS Accounting Standards"). IFRS Accounting Standards are referred to as GAAP in this MD&A. All amounts presented in this MD&A 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 March 6, 2024.

To provide more meaningful information, this MD&A typically refers to the operating results for the three-month period and year ended December 31, 2023 of the Company, and compares these to the operating results of the Company for the three-month period and year ended December 31, 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 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 19 Same Store Results Data for further details.

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

2. EXECUTIVE SUMMARY

Business Overview

Canadian Operations

AutoCanada's Canadian Operations segment currently operates 66 franchised dealerships in Canada, comprised of 25 brands, in 8 provinces. AutoCanada currently sells Acura, Alfa Romeo, Audi, BMW, Buick, Cadillac, Chevrolet, Chrysler, Dodge, FIAT, Ford, GMC, Honda, Hyundai, Infiniti, Jeep, Kia, Mazda, Mercedes-Benz, MINI, Nissan, Porsche, Ram, Subaru, and Volkswagen branded vehicles. In addition, AutoCanada's Canadian Operations segment currently operates 3 used vehicle dealerships and 1 used vehicle auction business supporting the Used Digital Division, 13 RightRide division locations, and 11 stand-alone collision centres within our group of 27 collision centres. In 2023, our Canadian dealerships sold approximately 89,600 new and used retail vehicles.

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 Audi, Chevrolet, Chrysler, Dodge, Honda, Hyundai, Jeep, Kia, Lincoln, Mercedes-Benz, Porsche, Ram, Subaru, Toyota, Volkswagen, and Volvo branded vehicles. In 2023, our U.S. dealerships sold approximately 13,800 new and used retail vehicles.

Seasonality

The Company’s results from operations for the three-month period ended December 31, 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 Company’s operating results and financial performance have historically been lower in the first and fourth quarters than during the second and third quarters of each year. The timing of acquisitions and divestitures may also cause substantial fluctuations in operating results from quarter to quarter.

2023 Fourth Quarter Key Highlights and Recent Developments

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

AutoCanada Key Highlights

- Revenue was $1,483.8 million as compared to $1,388.2 million in the prior year, an increase of 6.9%
- Net (loss) income for the period was $(22.6) million versus $14.8 million in the prior year, a decrease of (252.8)%
- Diluted earnings per share was $(0.81), a decrease of $(1.33) from $0.52 in the prior year
- Consolidated ownership of the Used Digital Division, recognizing $36.7 million of share-based compensation expense and $1.8 million of related transaction costs in operating expenses, resulting in a $1.50 reduction to diluted earnings per share
- Adjusted EBITDA[1] was $46.4 million versus $51.0 million in the prior year, a decrease of $(4.6) million

FOURTH QUARTER RESULTS

	Three-Months Ended December 31		
Consolidated Financial Results	**2023**	**2022**	**% Change**
Revenue	1,483,794	1,388,206	6.9%
Gross profit	257,842	242,622	6.3%
Gross profit percentage [2]	17.4%	17.5%	(0.1) ppts
Operating expenses	250,816	197,397	27.1%
Net (loss) income	(22,630)	14,810	(252.8)%
Basic net (loss) income per share attributable to AutoCanada shareholders	(0.84)	0.55	(252.7)%
Diluted net (loss) income per share attributable to AutoCanada shareholders	(0.81)	0.52	(255.8)%
Adjusted EBITDA	46,437	51,043	(9.0)%
Adjusted EBITDA margin [1]	3.1%	3.7%	(0.6) ppts
New retail vehicles sold (units)	9,580	8,100	18.3%
Used retail vehicles sold (units)	13,777	14,418	(4.4)%
New vehicle gross profit per retail unit [2]	5,439	5,833	(6.8)%
Used vehicle gross profit per retail unit [2]	1,548	897	72.6%
Parts, service and collision repair ("PS&CR") gross profit	108,054	95,661	13.0%
Finance, insurance and other ("F&I") gross profit per retail unit average [2]	3,299	3,596	(8.3)%
Normalized operating expenses before depreciation [1]	193,918	178,710	8.5%
Normalized operating expenses before depreciation as a % of gross profit [1]	75.2%	73.7%	1.5 ppts
Floorplan financing expense	19,809	15,675	26.4%

Consolidated revenue increased due to higher new vehicle sales, contributions from PS&CR and recent acquisitions offset by lower used vehicle sales in U.S. Operations. Growth in new vehicle revenue was driven primarily from higher new vehicle sales volumes and reflecting the continued recovery in new vehicle inventories. PS&CR revenue growth reflected continued strong demand, with aftermarket operations continuing to benefit from increased average age of vehicle that resulted from constrained new light vehicle supply during the pandemic.

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

Operating expenses increased primarily as a result of share-based compensation expenses related to the consolidation of ownership of Used Digital Division (see Section 7 Related Party Transactions for further information). Normalized operating expenses before depreciation, which excludes share-based compensation, transaction costs, and other non-recurring costs, increased as a result of recent acquisitions.

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

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

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

The net loss for the period resulted from higher gross profits and operating expenses for the reasons stated above, including share-based compensation expense related to the ownership consolidation of Used Digital Division, combined with higher floorplan financing expenses.

Adjusted EBITDA for the period and adjusted EBITDA margin decreased primarily as result of higher operating expenses combined with increased flooring expenses.

Canadian Operations Highlights

	Three-Months Ended December 31		
Canadian Financial Results	**2023**	**2022**	**% Change**
Revenue	1,277,752	1,172,712	9.0%
Gross profit	225,134	208,317	8.1%
Gross profit percentage	17.6%	17.8%	(0.2) ppts
Operating expenses	218,699	166,513	31.3%
Net (loss) income	(16,020)	15,043	(206.5)%
Adjusted EBITDA	47,945	46,027	4.2%
Adjusted EBITDA margin	3.8%	3.9%	(0.1) ppts
New retail vehicles sold (units)	8,161	7,112	14.7%
Used retail vehicles sold (units)	11,805	11,689	1.0%
Used-to-new retail units ratio [3]	1.45	1.64	(11.6)%
New vehicle gross profit per retail unit	5,401	5,598	(3.5)%
Used vehicle gross profit per retail unit	1,948	1,190	63.7%
PS&CR gross profit	93,375	82,008	13.9%
F&I gross profit per retail unit average	3,234	3,503	(7.7)%

Revenue increased as a result of contributions from new vehicle sales, higher PS&CR operating performance, and recent acquisitions, offset by declines in used vehicle revenues. Growth in new vehicle revenue was driven by higher new retail vehicle sales volumes and higher average selling prices. PS&CR gross profit increased as a result of strong customer demand for maintaining existing vehicles and recent acquisitions. F&I gross profit per retail unit average decreased reflecting a growing proportion of retail vehicle sales being purchased without dealer financing, resulting in fewer opportunities to sell higher margin warranty and insurance products.

Adjusted EBITDA was up due to contributions from stronger new vehicle sales and PS&CR operations, and recent acquisitions, partially offset by higher operating expenses and floorplan financing expenses.

Refer to Section 5 Acquisitions, Divestitures, and Other Recent Developments for acquisitions included in the Q4 2023 results.

Same Store Metrics - Canadian Operations Highlights

	Three-Months Ended December 31		
Same Store - Canadian Operations Financial Results	**2023**	**2022**	**% Change**
Revenue	1,025,232	996,992	2.8%
Gross profit	174,440	174,213	0.1%
Gross profit percentage	17.0%	17.5%	(0.5) ppts
New retail vehicles sold (units)	6,205	5,714	8.6%
Used retail vehicles sold (units)	9,495	10,131	(6.3)%
Used-to-new retail units ratio	1.53	1.77	(13.6)%
New vehicle gross profit per retail unit	5,507	5,724	(3.8)%
Used vehicle gross profit per retail unit	1,951	1,100	77.4%
PS&CR gross profit	68,342	66,466	2.8%
F&I gross profit per retail unit average	3,504	3,739	(6.3)%

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

Same store metrics include only Canadian dealerships and related businesses that have been owned for at least two full years since acquisition and make up 80.2% of Canadian Operations revenue and 77.5% of gross profit in the current quarter. Please refer to Section 19 Same Store Results Data for further information.

Revenue increased as a result of contributions from new vehicle sales and PS&CR operations offset by declines in used vehicle sales and F&I. New vehicle gross profit per retail unit declined reflecting higher sales of lower priced vehicles compared to last year. Used vehicle gross profit per retail unit increased as management continued to prioritize maintaining gross profit on retail unit sales coupled with a larger used vehicle inventory provision recorded last year. The increase in PS&CR gross profit and decrease in F&I gross profit per retail unit average occurred for the same reasons as noted above in Canadian Operations.

U.S. Operations Highlights

	Three-Months Ended December 31		
U.S. Financial Results	**2023**	**2022**	**% Change**
Revenue	206,042	215,494	(4.4)%
Gross profit	32,708	34,305	(4.7)%
Gross profit percentage	15.9%	15.9%	— ppts
Operating expenses	32,117	30,884	4.0%
Net (loss) income	(6,610)	(233)	(2736.9)%
Adjusted EBITDA	(1,508)	5,016	(130.1)%
Adjusted EBITDA margin	(0.7)%	2.3%	(3.0) ppts
New retail vehicles sold (units)	1,419	988	43.6%
Used retail vehicles sold (units)	1,972	2,729	(27.7)%
Used-to-new retail units ratio	1.39	2.76	(49.6)%
New vehicle gross profit per retail unit	5,657	7,527	(24.8)%
Used vehicle gross profit per retail unit	(845)	(359)	(135.4)%
PS&CR gross profit	14,679	13,653	7.5%
F&I gross profit per retail unit average	3,680	4,064	(9.4)%

Revenue and gross profit declined due to lower used vehicle sales and lower F&I performance offset by contributions from PS&CR operations and new vehicle sales. Used vehicle revenue declines reflect lower sales volumes which also impacted F&I through lower warranty and insurance sales. Used vehicle performance was negatively impacted by historical inventory procurement and management processes as well as market dynamics that made sourcing optimal used vehicle inventory more challenging. New vehicle sales volumes increased significantly offset by lower average selling prices as new inventory levels continued to normalize.

Adjusted EBITDA declined due to lower used vehicle and F&I gross profit coupled with higher operating expenses and floorplan financing costs.

Other Recent Developments

During the quarter:

- On November 16, 2023, the Company announced that it had been awarded the rights to open a Porsche Classic & Service Centre (the "Centre") in Windsor, Ontario. The Centre will be the first Porsche Classic centre in Canada and will be a Genuine Porsche service and parts centre. It is expected to be completed in the fourth quarter of 2025.
- On November 17, 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 Dollar Offered Rate ("CDOR") of 4.10%. The swap has an initial settlement date of December 1, 2026 and may be extended by the counterparty to December 1, 2028.
- On December 27, 2023, iA Financial Group (“iA”) invested $25 million for a 10% common equity interest in AutoCanada’s business unit that will sell finance, insurance and warranty products to buyers of private owner-sold vehicles on Kijiji’s online marketplace ("Online C2C F&I Business"). The Company also purchased the 19.1% interest in its Used Digital Division from the Executive Chair of the Company and Other Sellers (collectively the “Minority Interest Holders”) for $23.9 million in cash, funded from the proceeds of the iA investment and $7.5 million in share units issuable to the Executive Chair and issuance of performance share units (“PSUs”) to the Other Sellers. The share units and PSUs will be settled through the delivery of AutoCanada shares acquired in the market. The Minority Interest Holders have agreed to use their after-tax cash proceeds to purchase AutoCanada shares in the market.

After the quarter:

- On February 1, 2024, the Company entered into a $75.0 million interest rate swap with a fixed one-month CDOR of 3.77%. The swap has an initial settlement date of February 1, 2027 and may be extended by the counterparty to February 1, 2029.
- On February 1, 2024, the Company completed the previously announced sale of two properties located in British Columbia and Alberta to CanadaOne Auto Group for cash consideration of $41.4 million plus customary closing adjustments. The land and buildings were presented on AutoCanada's balance sheet as assets held for sale as at December 31, 2023. Refer to Section 5 Acquisitions, Divestitures, and Other Recent Developments for additional information.
- On March 1, 2024, the newly built open point dealership, Maple Ridge GM, located in Maple Ridge, B.C., commenced operations. The dealership consists of a dealership and service facility with 14 service bays and is the Company's first GM dealership in the Metro Vancouver area.
- On March 6, 2024, the Company received approval from the Toronto Stock Exchange ("TSX") for the renewal of its normal course issuer bid ("NCIB"). Pursuant to the NCIB, AutoCanada may purchase up to 1,329,106 common shares during the twelve-month period commencing March 11, 2024 and ending March 10, 2025 or such earlier date as the Company may complete its purchases under the NCIB. As at March 6, 2024, there were 23,611,175 common shares issued and outstanding.

3. MARKET AND OUTLOOK

In both the U.S. and Canada, new light vehicle inventory is normalizing following COVID-19 supply shortages. In Canada, DesRosiers Automotive Consultants is currently forecasting 2024 new vehicle sales of approximately 1.8 million units, which is an increase over 2023 new vehicle units sold of 1.7 million. This increasing new light vehicle inventory is expected to result in normalizing gross profit per retail unit, a trend that has been noted for the past several quarters in the U.S., where inventory replenishment is tracking ahead of Canada. However, because Canadian dealers did not sell over manufacturer's suggested retail price ("MSRP") during the pandemic, the impact on gross profit per retail unit as Canadian inventory levels recover may diverge from the experience in the U.S. to date. Additionally, AutoCanada continues to focus on used vehicle acquisition and efficiency plans to outperform the broader used car market. Furthermore, the Company is focused on the commercial launch of the Kijiji F&I and Instant Cash Offer ("ICO") initiatives, which are slated to occur by the end of June and October 2024, respectively.

In August 2023, following two months of operational strategy sessions, Project Elevate was launched across the organization. Project Elevate is a five-year business plan that is focused on three priorities:

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

In November 2023, the Company announced key management changes and additions in support of Project Elevate, including appointing Jeffrey Thorpe as President, North American Operations, Brian Feldman as Chief Operating Officer, and adding Drew Forret as Chief Administrative and Transformation Officer and Michael Fera as Vice President, Financial Planning and Analysis.

In January 2024, management completed the restructuring of its U.S. Operations and also initiated implementation of its Canadian operating standards in its U.S. business. This included new and used vehicle sales practices, new and used inventory procurement and management, F&I certification and training, and PS&CR best practices. These changes are expected to result in gradual improvement of the U.S. Operations that will bring this segment to sustainable profitability by the end of 2024.

Management also made progress on execution of Project Elevate initiatives in its Canadian Operations during the fourth quarter of 2023 and to date in 2024. Projects to modernize corporate infrastructure in support of achieving efficiencies are underway in Finance, HR, and Information Technology, and best practices playbooks have been implemented across several functions. The Company has also launched and continues to develop training and recruitment programs to support employees in achieving optimal outcomes. Management has developed new standard operating expense targets by brand, which will be implemented across its Canadian Operations, by the end of June 2024. These accomplishments are foundational to our 5-year objective to close the gap to normalized peer profitability.

While higher interest rates are expected to continue to impact customer affordability, some of the direct impacts 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 remain agile and will adjust vehicle inventory and F&I product offerings and other aspects of the business, where necessary, to meet customer needs.

We will remain opportunistic in our approach to capital allocation between share buybacks, acquisitions, and other growth initiatives, with the objective of maximizing shareholder returns over the long term.

4. RESULTS OF OPERATIONS

Fourth Quarter Operating Results

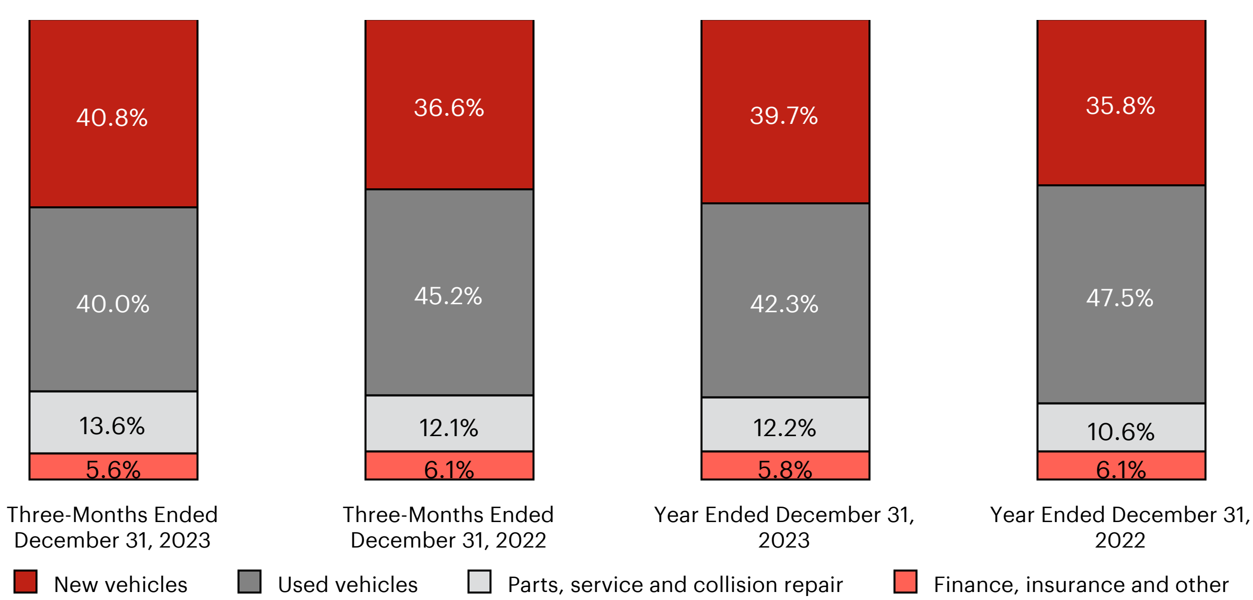
Revenues and Gross Profit

The following tables summarize revenue and gross profit for the three-month periods and years ended December 31:

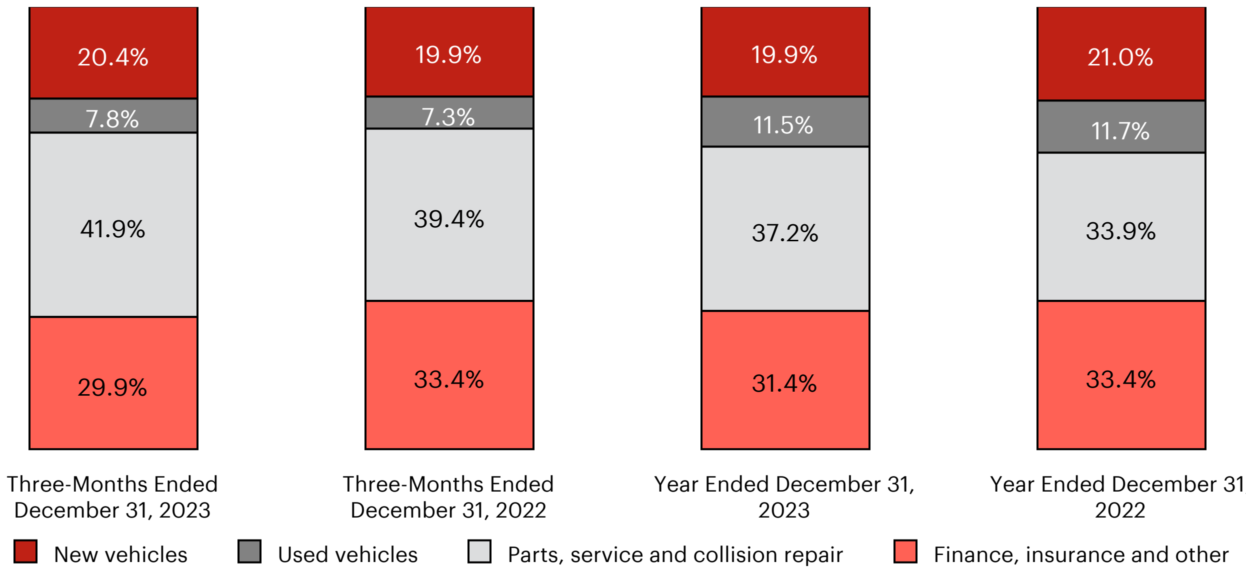
	Three-Months Ended December 31			
	2023 $	2022 $	Change $	Change %
New vehicles	605,918	508,008	97,910	19.3%
Used vehicles	592,990	626,397	(33,407)	(5.3)%
Parts, service and collision repair	202,448	168,544	33,904	20.1%
Finance, insurance and other	82,438	85,257	(2,819)	(3.3)%
Total revenue	1,483,794	1,388,206	95,588	6.9%
New vehicles	52,728	48,218	4,510	9.4%
Used vehicles	20,004	17,775	2,229	12.5%
Parts, service and collision repair	108,054	95,661	12,393	13.0%
Finance, insurance and other	77,056	80,968	(3,912)	(4.8)%
Total gross profit	257,842	242,622	15,220	6.3%

	Year Ended December 31			
	2023 $	2022 $	Change $	Change %
New vehicles	2,554,227	2,160,565	393,662	18.2%
Used vehicles	2,726,476	2,870,145	(143,669)	(5.0)%
Parts, service and collision repair	782,326	642,665	139,661	21.7%
Finance, insurance and other	373,774	367,244	6,530	1.8%
Total revenue	6,436,803	6,040,619	396,184	6.6%
New vehicles	222,840	219,312	3,528	1.6%
Used vehicles	129,213	121,299	7,914	6.5%
Parts, service and collision repair	417,026	353,512	63,514	18.0%
Finance, insurance and other	352,708	348,750	3,958	1.1%
Total gross profit	1,121,787	1,042,873	78,914	7.6%

Allocation of Revenue



Allocation of Gross Profit



Gross Profit Percentages

The following table summarizes gross profit percentages for the three-month periods and years ended December 31:

	Three-Months Ended December 31			Year Ended December 31		
	2023	**2022**	**Change ppts**	**2023**	**2022**	**Change ppts**
New vehicles	8.7 %	9.5 %	(0.8)	8.7 %	10.2 %	(1.5)
Used vehicles	3.4 %	2.8 %	0.6	4.7 %	4.2 %	0.5
Parts, service and collision repair	53.4 %	56.8 %	(3.4)	53.3 %	55.0 %	(1.7)
Finance, insurance and other	93.5 %	95.0 %	(1.5)	94.4 %	95.0 %	(0.6)
Total gross profit percentage	17.4 %	17.5 %	(0.1)	17.4 %	17.3 %	0.1

New vehicles

For the three-month period ended December 31, 2023

The following table summarizes the financial metrics for the three-month period ended December 31, 2023 and changes compared to the three-month period ended December 31, 2022.

	Three-Months Ended December 31, 2023			Change		
New Vehicle Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	524,650	81,268	605,918	17.8%	29.6%	19.3%
Gross profit	45,007	7,721	52,728	10.4%	3.8%	9.4%
Gross profit percentage (%)	8.6%	9.5%	8.7%	(0.6) ppts	(2.4) ppts	(0.8) ppts
New retail vehicles sold (units)	8,161	1,419	9,580	14.7%	43.6%	18.3%
New fleet vehicles sold (units)	670	—	670	(0.3)%	—%	(0.3)%
New vehicle gross profit per retail unit ($)	5,401	5,657	5,439	(3.5)%	(24.8)%	(6.8)%
New Vehicle Inventory days of supply (days)	98	61	93	22	15	20
Average selling price per new vehicle ($)[1]	59,410	57,271	59,114	3.9%	(9.8)%	2.1%
Same store revenue	418,780			10.9%		
Same store gross profit	34,828			3.8%		
Same store gross profit percentage (%)	8.3%			(0.6) ppts		
Same store new retail vehicles sold (units)	6,205			8.6%		
Same store new fleet vehicles sold (units)	613			(1.9)%		

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

Consolidated Operations

New vehicle revenue and gross profit increased due to higher new vehicle sales volumes in Canada and the U.S. and contributions from recent acquisitions offset by lower average selling prices in the U.S., which also resulted in declines in new vehicle gross profit per retail unit and gross profit percentage. New vehicle inventory levels continue to recover with new vehicle inventory days of supply increasing to 93 days during the quarter (2022 - 73 days).

Canadian Operations and Same Store Results

Canadian Operations and same store new vehicle revenue and gross profit increased due to higher sales volumes, higher average selling prices and contributions from acquisitions.

U.S. Operations

New vehicle revenue increased due to higher retail sales volumes partially offset by lower average selling prices, which are normalizing with rising new vehicle inventory levels.

For the year ended December 31, 2023

The following table summarizes the financial metrics for the year ended December 31, 2023 and changes compared to the year ended December 31, 2022.

	Year Ended December 31, 2023			Change		
New Vehicle Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	2,242,329	311,898	2,554,227	20.2%	5.5%	18.2%
Gross profit	196,521	26,319	222,840	11.1%	(38.0)%	1.6%
Gross profit percentage (%)	8.8%	8.4%	8.7%	(0.7) ppts	(6.0) ppts	(1.5) ppts
New retail vehicles sold (units)	34,843	5,320	40,163	11.7%	5.8%	10.9%
New fleet vehicles sold (units)	2,594	—	2,594	37.1%	—%	37.1%
New vehicle gross profit per retail unit ($)	5,559	5,004	5,486	(0.4)%	(40.8)%	(8.3)%
Average selling price per new vehicle ($)	59,896	58,627	59,738	6.2%	(0.3)%	5.4%
Same store revenue	1,822,930			13.2%		
Same store gross profit	156,718			0.8%		
Same store gross profit percentage (%)	8.6%			(1.1) ppts		
Same store new retail vehicles sold (units)	26,834			4.7%		
Same store new fleet vehicles sold (units)	2,335			36.2%		

Consolidated Operations

New vehicle revenues and gross profit increased due to higher sales volumes, higher average selling price per new vehicle, and contributions from recent acquisitions. New vehicle gross profit percentage declined largely as a result of lower average selling prices in the U.S. Operations compared to the prior year.

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 increased due to higher new vehicle sales volumes. Gross profit decreased largely due to lower average selling prices per new vehicle as compared to the prior year.

Used vehicles

For the three-month period ended December 31, 2023

The following table summarizes the financial metrics for the three-month period ended December 31, 2023 and changes compared to the three-month period ended December 31, 2022.

Used Vehicle Financial Results	Three-Months Ended December 31, 2023			Change		
	Canada	U.S.	Total	Canada	U.S.	Total
Revenue	505,065	87,925	592,990	(1.2)%	(23.7)%	(5.3)%
Gross profit (loss)	22,176	(2,172)	20,004	12.8%	(14.9)%	12.5%
Gross profit percentage (%)	4.4%	(2.5)%	3.4%	0.6 ppts	(0.9) ppts	0.6 ppts
Used retail vehicles sold (units)	11,805	1,972	13,777	1.0%	(27.7)%	(4.4)%
Used vehicle gross profit per retail unit ($)	1,948	(845)	1,548	63.7%	(135.4)%	72.6%
Used Vehicle Inventory days of supply (days)	81	64	78	(9)	(1)	(7)
Average selling price per used vehicle ($)[1]	42,784	44,587	43,042	(2.2)%	5.6%	(0.9)%
Same store revenue	417,741			(4.9)%		
Same store gross profit	16,260			8.7%		
Same store gross profit percentage (%)	3.9%			0.5 ppts		
Same store used retail vehicles sold (units)	9,495			(6.3)%		

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

Consolidated Operations

Used vehicle revenue decreased as a result of a lower used retail sales volume in the U.S. partially offset by higher sales volumes in Canada arising from recent acquisitions.

Used vehicle gross profit and used vehicle gross profit per retail unit sold increased in Canadian Operations due to a larger used vehicle inventory provision recorded in the prior year coupled with contributions from recent acquisitions and a focus on maintaining margins as new vehicle inventory levels continue to recover. U.S. Operations were negatively impacted by historical inventory procurement and market dynamics that made sourcing optimal lower priced used vehicle inventory more challenging, and resulted in difficulty selling higher priced inventory. Active inventory management resulted in used vehicle inventory days of supply decreasing to 78 days (2022 - 85 days). As a result of selling more new vehicles, the used-to-new retail units ratio for the current quarter decreased from 1.78 to 1.44.

Canadian Operations and Same Store Results

Canadian Operations and same store used vehicle revenues decreased due to lower average selling prices partially offset by higher sales volumes from recent acquisitions.

U.S. Operations

Used vehicle revenue, gross profit, and gross profit percentage decreased for the reasons stated above.

For the year ended December 31, 2023

The following table summarizes the financial metrics for the year ended December 31, 2023 and changes compared to the year ended December 31, 2022.

Used Vehicle Financial Results	Year Ended December 31, 2023			Change		
	Canada	U.S.	Total	Canada	U.S.	Total
Revenue	2,360,703	365,773	2,726,476	(1.8)%	(21.6)%	(5.0)%
Gross profit	117,625	11,588	129,213	(2.0)%	821.9%	6.5%
Gross profit percentage (%)	5.0%	3.2%	4.7%	— ppts	2.9 ppts	0.5 ppts
Used retail vehicles sold (units)	54,714	8,453	63,167	4.9%	(26.2)%	(0.7)%
Used vehicle gross profit per retail unit ($)	1,864	952	1,742	(9.2)%	110.6%	(1.2)%
Average selling price per used vehicle ($)	43,146	43,271	43,163	(6.4)%	6.2%	(4.3)%
Same store revenue	1,978,785			(8.3)%		
Same store gross profit	95,792			(12.1)%		
Same store gross profit percentage (%)	4.8%			(0.2) ppts		
Same store used retail vehicles sold (units)	44,850			(4.0)%		

Consolidated Operations

Used vehicle revenue decreased as a result of lower used sales volumes in the U.S. coupled with lower average selling prices in Canada as a result of declining affordability in the current high interest rate environment offset by contributions from recent acquisitions. Used vehicle gross profit increased due to higher average selling prices in the U.S., a larger used vehicle inventory provision recorded in the U.S. last year, and contributions from recent acquisitions. On a trailing twelve month ("TTM") basis, the used-to-new retail ratio decreased from 1.76 last year to 1.57.

Canadian Operations and Same Store Results

Canadian Operations used vehicle revenue and gross profit decreased as a result of lower average selling prices, partially offset by higher sales volumes. Same store used vehicle revenue and gross profit decreased as a result of lower sales volumes and lower average selling prices.

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 the reasons stated above.

Parts, service and collision repair

For the three-month period ended December 31, 2023

The following table summarizes the financial metrics for the three-month period ended December 31, 2023 and changes compared to the three-month period ended December 31, 2022.

	Three-Months Ended December 31, 2023			Change		
PS&CR Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	178,080	24,368	202,448	21.8%	9.3%	20.1%
Gross profit	93,375	14,679	108,054	13.9%	7.5%	13.0%
Gross profit percentage (%)	52.4%	60.2%	53.4%	(3.7) ppts	(1.0) ppts	(3.4) ppts
Same store revenue	129,626			10.2%		
Same store gross profit	68,342			2.8%		
Same store gross profit percentage (%)	52.7%			(3.8) ppts		

Consolidated Operations

PS&CR revenue and gross profit increased reflecting higher service and collision repair orders[4] ("RO's") due to contributions from recent acquisitions and strong customer demand as the 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 lower margin warranty and 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 due to the sales mix issue noted above.

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

For the year ended December 31, 2023

The following table summarizes the financial metrics for the year ended December 31, 2023 and changes compared to the year ended December 31, 2022.

	Year Ended December 31, 2023			Change		
PS&CR Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	681,694	100,632	782,326	21.9%	20.7%	21.7%
Gross profit	361,712	55,314	417,026	18.4%	15.2%	18.0%
Gross profit percentage (%)	53.1%	55.0%	53.3%	(1.5) ppts	(2.6) ppts	(1.7) ppts
Same store revenue	516,860			9.7%		
Same store gross profit	275,884			7.7%		
Same store gross profit percentage (%)	53.4%			(1.0) ppts		

Consolidated Operations

PS&CR revenue and gross profit increased reflecting higher 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 lower margin warranty and 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 December 31, 2023

The following table summarizes the financial metrics for the three-month period ended December 31, 2023 and changes compared to the three-month period ended December 31, 2022.

	Three-Months Ended December 31, 2023			Change		
F&I Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	69,957	12,481	82,438	(0.1)%	(18.1)%	(3.3)%
Gross profit	64,576	12,480	77,056	(2.0)%	(17.4)%	(4.8)%
Gross profit percentage (%)	92.3%	100.0%	93.5%	(1.8) ppts	0.8 ppts	(1.5) ppts
F&I gross profit per retail unit average ($)	3,234	3,680	3,299	(7.7)%	(9.4)%	(8.3)%
Same store revenue	59,085			(5.6)%		
Same store gross profit	55,010			(7.2)%		
Same store gross profit percentage (%)	93.1%			(1.6) ppts		
Same store F&I gross profit per retail unit average ($)	3,504			(6.3)%		

Consolidated Operations

F&I revenue, gross profit and gross profit per retail unit average decreased despite a higher total retail vehicle[5] sales volumes due to a growing proportion of retail vehicle sales being purchased without dealer financing resulting in fewer opportunities to sell warranty and insurance products.

Canadian Operations and Same Store Results

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

U.S. Operations

F&I revenue, gross profit and gross profit per retail unit average decreased reflecting a decrease in total retail units sold and an increase in retail vehicle sales being purchased without dealer financing.

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

For the year ended December 31, 2023

The following table summarizes the financial metrics for the year ended December 31, 2023 and changes compared to the year ended December 31, 2022.

	Year Ended December 31, 2023			Change		
F&I Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	322,468	51,306	373,774	6.7%	(21.1)%	1.8%
Gross profit	301,804	50,904	352,708	6.2%	(21.1)%	1.1%
Gross profit percentage (%)	93.6%	99.2%	94.4%	(0.5) ppts	— ppts	(0.6) ppts
F&I gross profit per retail unit average ($)	3,370	3,696	3,413	(1.2)%	(5.6)%	(2.3)%
Same store revenue	277,135			0.5%		
Same store gross profit	260,936			(0.4)%		
Same store gross profit percentage (%)	94.2%			(0.8) ppts		
Same store F&I gross profit per retail unit average ($)	3,640			0.6%		

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 and gross profit percentage decreased reflecting a growing proportion of retail vehicle sales being purchased without dealer financing, resulting in lower warranty and insurance product sales.

Canadian Operations and Same Store Results

Canadian Operations revenue and gross profit increased, and gross profit percentage decreased for the reasons stated above. Same store F&I revenue and gross profit remained flat as compared to the prior year.

U.S. Operations

F&I revenue and gross profit decreased reflecting decreased total retail unit sales volume.

Operating expenses

Operating expenses excludes 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 the composition of adjusted EBITDA. The components of operating expenses are noted below.

Employee Costs

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

Administrative Costs

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

Facility Lease and Storage Costs

Relate to the cost of short-term ancillary and supplemental leasing arrangements that support dealership facilities.

Depreciation of Right-of-Use Assets

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

Depreciation of Property and Equipment

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

The 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 for the three-month period and year ended December 31, 2023 and changes compared to the respective three-month period and year ended December 31, 2022.

	Three-Months Ended December 31, 2023			Change		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Employee costs	144,486	21,258	165,744	38.9%	10.4%	34.4%
Administrative costs [1]	57,711	9,408	67,119	18.0%	(9.4)%	13.2%
Expected credit losses on trade and other receivables	1,225	36	1,261	406.2%	(52.6)%	296.5%
Facility lease and storage costs	1,419	—	1,419	935.8%	N/A	935.8%
Depreciation and amortization [3]	13,858	1,415	15,273	5.0%	21.6%	6.3%
Operating expenses	218,699	32,117	250,816	31.3%	4.0%	27.1%
Less: Depreciation and amortization [3]	(13,858)	(1,415)	(15,273)	(5.0)%	(21.6)%	(6.3)%
Operating expenses before depreciation	204,841	30,702	235,543	33.6%	3.3%	28.7%
Less:						
Acquisition-related costs (including Used Digital Division transaction costs)	(2,415)	—	(2,415)	7.9%	N/A	7.9%
Software implementation costs	(677)	—	(677)	N/A	N/A	N/A
Share-based compensation expense	(38,533)	—	(38,533)	1,749.0%	N/A	1,749.0%
Normalized operating expenses before depreciation	163,216	30,702	193,918	9.5%	3.3%	8.5%
Operating expenses before depreciation as a percentage of gross profit (%)	91.0%	93.9%	91.4%	17.4 ppts	7.2 ppts	15.9 ppts
Normalized operating expenses before depreciation as a percentage of gross profit (%)	72.5%	93.9%	75.2%	1.0 ppts	7.2 ppts	1.5 ppts

	Year Ended December 31, 2023			Change		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Employee costs	495,939	87,614	583,553	13.9%	2.9%	12.1%
Administrative costs [1]	222,318	42,655	264,973	13.0%	12.2%	12.9%
Expected credit losses on trade and other receivables [2]	2,230	353	2,583	130.4%	15.7%	102.9%
Facility lease and storage costs	5,152	—	5,152	87.7%	N/A	87.7%
Depreciation and amortization [3]	53,750	5,252	59,002	13.1%	17.2%	13.5%
Operating expenses	779,389	135,874	915,263	14.1%	6.2%	12.9%
Less: Depreciation and amortization [3]	(53,750)	(5,252)	(59,002)	(13.1)%	(17.2)%	(13.5)%
Operating expenses before depreciation	725,639	130,622	856,261	14.2%	5.8%	12.8%
Less:						
Acquisition-related costs (including Used Digital Division transaction costs)	(5,391)	—	(5,391)	9.9%	N/A	9.6%
Software implementation costs	(677)	—	(677)	N/A	N/A	N/A
Share-based compensation expense	(43,210)	—	(43,210)	644.9%	N/A	644.9%
Normalized operating expenses before depreciation	676,361	130,622	806,983	8.2%	5.8%	0.0%
Operating expenses before depreciation as a percentage of gross profit	74.2%	90.6%	76.3%	2.5 ppts	11.6 ppts	3.5 ppts
Normalized operating expenses before depreciation as a percentage of gross profit	69.2%	90.6%	71.9%	(1.3) ppts	11.6 ppts	0.1 ppts

1 *Reclassification of comparative figure for presentation purposes. The Company previously included amortization of intangibles assets in administrative expenses. Prior year comparative has been revised by reclassifying $374 out of administrative costs and presented on a separate line. See Section 18 Segmented Operating Results Data for a detailed breakdown of operating expenses.*

2 *For table presentation purposes, prior period government assistance has been reclassed into expected credit losses on trade and other receivables. See Section 18 Segmented Operating Results Data for a detailed breakdown of operating expenses.*

3 *See Section 18 Segmented Operating Results Data for a breakdown of the types of depreciation and amortization.*

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 indicators of operating performance and expense control.

Operating Expenses

For the three-month period ended December 31, 2023

Consolidated Operations

Operating expenses before depreciation and operating expenses before depreciation as a percentage of gross profit increased due to recent acquisitions and share-based compensation expenses related to the consolidation of ownership of the Used Digital Division and one-off software implementation costs. Normalized operating expenses before depreciation increased due to recent acquisitions.

Canadian Operations

Operating expenses before depreciation and operating expenses before depreciation as a percentage of gross profit increased for the reasons stated above while normalized operating expenses before depreciation as a percentage of gross profit were lower.

U.S. Operations

Operating expenses before depreciation and operating expenses before depreciation as a percentage of gross profit increased due to higher advertising costs, insurance, and technology expenses.

For the year ended December 31, 2023

Consolidated Operations

Operating expenses before depreciation and operating expenses before depreciation as a percentage of gross profit increased due to recent acquisitions and share based compensation expenses related to the ownership consolidation of the Used Digital Division.

Canadian Operations

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

U.S. Operations

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

Net (Loss) Income and Adjusted EBITDA

See Section 15 Non-GAAP and Other Financial Measure Reconciliations for the composition of adjusted EBITDA and adjusted EBITDA margin.

For the three-month period ended December 31, 2023

The following table summarizes net (loss) income and adjusted EBITDA for the three-month periods ended December 31:

	Three-Months Ended December 31, 2023			Three-Months Ended December 31, 2022		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Net (loss) income for the period	(16,020)	(6,610)	(22,630)	15,043	(233)	14,810
Adjusted EBITDA	47,945	(1,508)	46,437	46,027	5,016	51,043
Adjusted EBITDA margin	3.8 %	(0.7)%	3.1 %	3.9 %	2.3 %	3.7 %

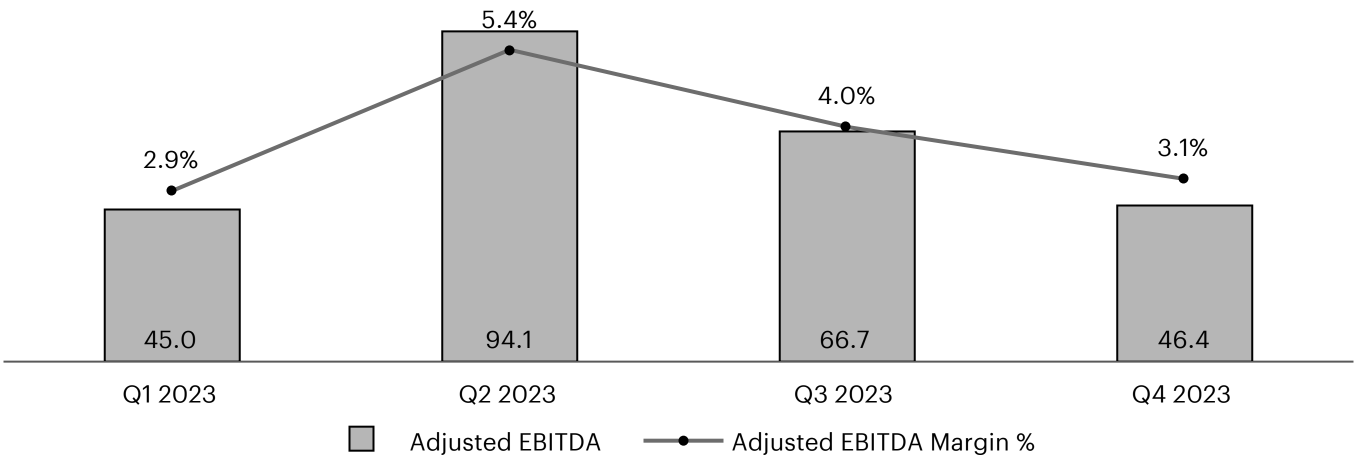
Net (Loss) Income

Net loss decreased as a result of higher operating expenses primarily from the ownership consolidation of the Used Digital Division and higher floorplan costs, partially offset by increased gross profits from new vehicle sales, PS&CR operations and contributions from recent acquisitions.

Adjusted EBITDA

Adjusted EBITDA and adjusted EBITDA margin both declined primarily as result of lower contributions from the U.S., increased flooring expenses, and lower used retail vehicle sales.

Adjusted EBITDA ($ Millions) and Adjusted EBITDA Margin %



For the year ended December 31, 2023

The following table summarizes net income (loss) and adjusted EBITDA for the years ended December 31:

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Net income (loss) for the year	67,973	(14,192)	53,781	76,263	14,797	91,060
Adjusted EBITDA	246,522	5,717	252,239	232,419	32,755	265,174
Adjusted EBITDA margin	4.4 %	0.7 %	3.9 %	4.5 %	3.6 %	4.4 %

Net Income (Loss)

Net income decreased compared to prior year as a result of lower contributions from the U.S., higher floorplan financing costs and higher operating expenses, partially offset by contributions from recent acquisitions.

Adjusted EBITDA

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

Finance costs

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

The Company enters into interest swap agreements for the purpose of managing exposure to interest rate fluctuations. Any changes in the fair value of these instruments are recorded as finance costs as the Company has elected to not apply hedge accounting to these contracts. Current interest rate swap agreements include a $50.0 million swap contract that matures in 2024, and $227.8 million in swap contracts maturing in 2025 to 2026 which help to mitigate interest rate risk in the current high interest rate environment. For further details, refer to Note 24 in the Annual Financial Statements.

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 recognized in Q1 2022. As at December 31, 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 31 in the Annual Financial Statements.

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

	Three-Months Ended December 31		Year Ended December 31	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Finance costs:				
Interest on long-term indebtedness	9,858	8,121	40,911	29,325
Interest on lease liabilities	8,470	8,283	33,019	29,828
Loss on extinguishment of debt	—	—	1,382	9,860
Unrealized fair value changes on non-hedging instruments	1,211	(264)	928	(9,303)
Amortization of terminated hedges	616	817	3,067	3,268
Loss on extinguishment of embedded derivative	—	—	—	29,306
	20,155	**16,957**	**79,307**	**92,284**
Floorplan financing	19,809	15,675	68,596	33,644
Interest rate swap settlements	(1,779)	(575)	(6,624)	1,084
Other finance costs	1,055	(657)	4,660	4,466
	39,240	**31,400**	**145,939**	**131,478**

During the three-month period ended December 31, 2023, finance costs for revolving floorplan facilities increased compared to prior year reflecting an increase in floorplan interest rates, higher new vehicle inventory balances, partially offset by lower used vehicle inventories.

Income taxes

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

	Three-Months Ended December 31		Year Ended December 31	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
Current tax	738	4,487	21,849	43,545
Deferred tax (recovery)	3,797	5,507	8,735	(10,721)
Total income tax expense	**4,535**	**9,994**	**30,584**	**32,824**
Effective income tax rate	(25.1)%	40.3%	36.3%	26.5%
Statutory income tax rate	25.4%	25.5%	25.4%	25.5%

The period-over-period change in effective rate for the three-months and year ended December 31, 2023 is primarily due to unrecognized deferred tax assets, adjustments in respect of prior years and other permanent items, relative to the change in earnings.

5. ACQUISITIONS, DIVESTITURES, AND OTHER RECENT DEVELOPMENTS

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

Dealership Open Points

Maple Ridge GM

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

Porsche Classic & Service Centre (the "Centre")

On November 16, 2023, the Company announced that it had been awarded the rights to open a Porsche Classic & Service Centre in Windsor, Ontario. The Centre will be the first Porsche Classic centre in Canada and will be a Genuine Porsche service and parts centre. The Centre complements Porsche Centre London, AutoCanada's existing Porsche dealership in London, Ontario and is expected to be completed in the fourth quarter of 2025.

Acquisitions

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.

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.

Divestitures

Settlement of Legal Proceedings and Sale of Properties to CanadaOne Auto Group

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

On February 1, 2024, the Company completed the sale of two land and buildings in British Columbia and Alberta to COAG for cash consideration of $41.4 million plus customary closing adjustments. The land and buildings were presented as assets held for sale in the Annual Financial Statements.

Other Recent Developments

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.

$25 Million Investment by iA Financial Group ("iA") and Consolidation of Ownership of Used Digital Division

On December 27, 2023, iA invested $25 million for a 10% common equity interest in AutoCanada's business unit that will sell finance, insurance and warranty products to buyers of private owner-sold vehicles on Kijiji's online marketplace ("Online C2C F&I Business"). The Company also purchased the 19.1% interest in its Used Digital Division from the Executive Chair of the Company and Other Sellers (collectively the "Minority Interest Holders") for $23.9 million in cash, funded from the proceeds of the iA investment and $7.5 million in share units issuable to the Executive Chair and issuance of performance share units ("PSUs") to the Other Sellers. The share units and PSUs will be settled through the delivery of AutoCanada shares acquired in the market. The Minority Interest Holders have agreed to use their after-tax cash proceeds to purchase AutoCanada shares in the market.

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 acquisitions, debt service and share repurchases. The Company has historically met these requirements by using cash generated from operating activities and through short-term and long-term indebtedness.

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

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

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit [1]	375,000	187,000	188,000
Inventory floorplan and lease financing	1,235,000	728,935	506,065
Total	1,610,000	915,935	694,065

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

As at December 31, 2023, the Company had total liquidity[6] of $291.1 million comprised of cash and $188.0 million available under the 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. As 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 included in the Company's calculation of adjusted EBITDA.

Other Floorplan Financing

The Company has multiple standalone floorplan facilities with other lenders outside of the Credit Facility. The following table provides a breakdown of the Company's floorplan facilities as at December 31, 2023:

Lender	Limit	Drawn	Available Capacity
Credit Facility – Floorplan	1,235,000	728,935	506,065
Other Canadian Floorplan Facilities	457,345	331,021	126,324
Other U.S. Floorplan Facility	168,632	114,639	53,993
Total	1,860,977	1,174,595	686,382

6 *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 December 31, 2023, the Company was in compliance with all of these financial covenants.

The following table summarizes financial covenants under the Credit Facility as at December 31, 2023:

Credit Facility Financial Covenants	**Requirement**	**Q4 2023**
Senior net funded debt to bank EBITDA ratio	Shall not exceed 2.50	0.67
Total net funded debt to bank EBITDA ratio	Shall not exceed 4.00	2.39
Fixed charge coverage ratio	Shall not be less than 1.20	3.63

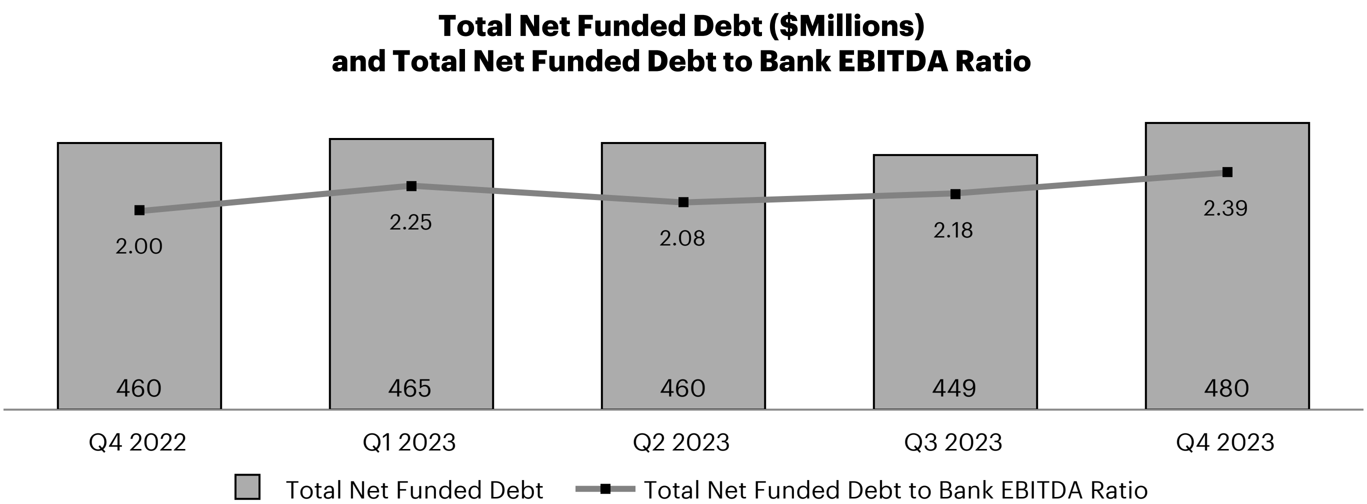
The Credit Facility financial covenants are calculated on a pre-IFRS 16 basis. As the majority of the Company's subsidiaries are parties to the Credit Facility, the financial covenants are generally based on the consolidated financial statements of the Company with modifications and adjustments as agreed 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:

	December 31, 2023 $	**December 31, 2022 $**
Credit Facility, net of unamortized deferred financing costs	186,222	178,588
$350 Million Notes, net of unamortized deferred financing costs	345,401	344,502
Other funded debt according to Credit Facility	18,263	6,846
Total Funded Debt	549,886	529,936
Less: Allowable Cash Netting according to Credit Facility	(69,788)	(70,000)
Total Net Funded Debt	**480,098**	**459,936**

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



Senior Unsecured Notes

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

Non-Recourse Mortgage Financing

On June 22, 2022, the Company executed a non-recourse mortgage for the land and construction costs associated with the development of two dealerships on a property in Maple Ridge, British Columbia. The mortgage is comprised of three facilities with an aggregate limit of $39.0 million, at a variable interest rate of prime + 1.50% (combined total rate of 8.70% as at December 31, 2023). The mortgage has a three-year term, twenty-year amortization, and require monthly interest-only payments until construction is complete. As at December 31, 2023, the value of this mortgage, net of unamortized deferred financing costs, was $13.5 million (2022 - $13.5 million).

On June 30, 2022, the Company executed two non-recourse mortgages totaling $18.6 million to fund the purchase of land and buildings in Windsor, Ontario and London, Ontario. The mortgages have a five-year term with a fixed interest rate of 7.07%, and 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 December 31, 2023, the value of the mortgages, net of unamortized deferred financing costs, was $17.6 million (2022 - $18.4 million).

As at December 31, 2023, the combined value of the mortgages, net of unamortized deferred financing costs, was $31.2 million (2022 - $31.9 million). The Credit Facility allows for up to $100 million of non-recourse mortgages and are excluded for purposes of calculating the Credit Facility financial covenants.

Gross Lease Adjusted Indebtedness[7] Summary

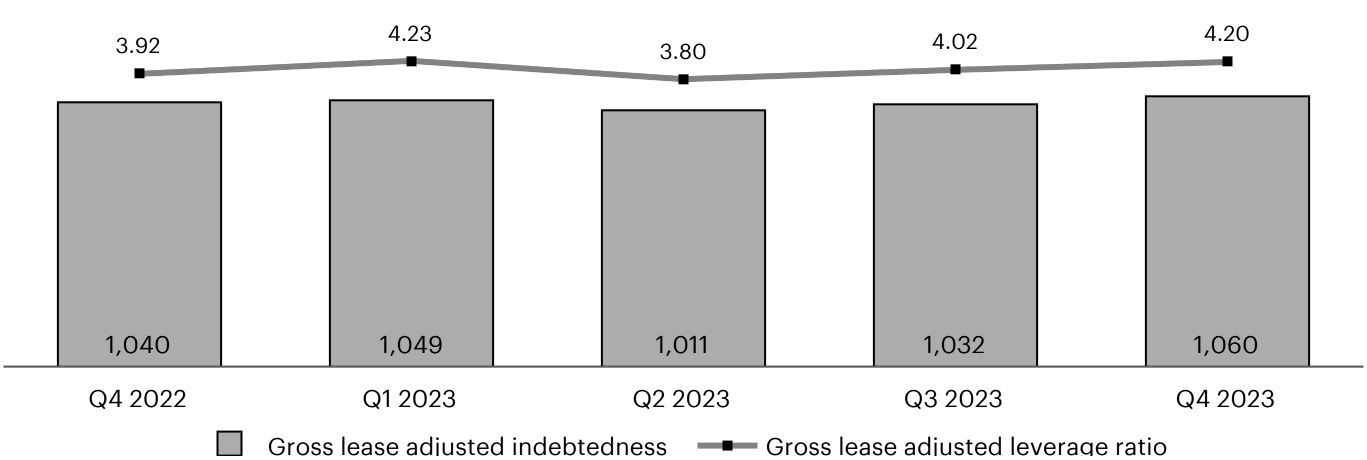
Gross lease adjusted leverage ratio[8] is a leverage measure used by management to evaluate the leverage of the Company as it includes lease liabilities under IFRS 16 in the calculation of gross lease adjusted indebtedness. The Company has targeted a gross lease adjusted leverage ratio of 4.5x or less. The following table summarizes the Company's gross lease adjusted indebtedness and gross lease adjusted leverage ratio

	December 31, 2023 **$**	**December 31, 2022** **$**
Credit facility, net of unamortized deferred financing costs	186,222	178,588
$350 Million Notes, net of unamortized deferred financing costs	345,401	344,502
Non-recourse mortgages and other debt	31,299	32,038
Total indebtedness	562,922	555,128
Add: Lease liabilities	497,424	484,877
Gross lease adjusted indebtedness	1,060,346	1,040,005
Adjusted EBITDA - trailing twelve months [1]	252,239	265,174
Gross lease adjusted leverage ratio	**4.20x**	**3.92x**

1 *The Company has revised the comparative figure to back out $374 of amortization of intangible assets.*

The following chart illustrates the gross lease adjusted indebtedness and gross lease adjusted leverage ratios for the trailing five quarters. The Q4 2022 to Q3 2023 gross lease adjusted leverage ratios in the following chart have been revised to back out $374 of amortization of intangible assets of the applicable TTM adjusted EBITDA.

Gross Lease Adjusted Indebtedness ($Millions)
and Gross Lease Adjusted Leverage Ratio



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

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

For the year ended December 31, 2023, the Company incurred $49.7 million in capital expenditures related to the construction of the Maple Ridge GM Open Point and OEM mandated reimaging of various dealership properties. In addition, the Company incurred $7.7 million in real estate acquisition expenditures.

Capital expenditures is reported in aggregate in Note 18 of the Annual Financial Statements. The following table breaks down capital expenditures for the periods indicated into non-growth and growth capital expenditures and real estate acquisitions.

	Three-Months Ended December 31		Year Ended December 31	
	2023 $	2022 $	2023 $	2022 $
Non-growth capital expenditures	1,676	5,922	13,363	11,309
Growth capital expenditures [1]	11,010	15,449	49,692	36,098
Total capital expenditures	12,686	21,371	63,055	47,407
Real estate acquisition expenditures [1]	1,361	6,555	7,659	15,790
Total capital related expenditures	14,047	27,926	70,714	63,197

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

Capital Commitments

At December 31, 2023, the Company is committed to capital expenditure obligations in the amount of approximately $5.4 million related to dealership relocations, reimagings, and open points with expected completion of these commitments in 2024. The Company is in discussions with OEMs to adjust spending and/or capital commitments as appropriate for changing conditions.

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

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

Working Capital

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

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

Corporate Credit Rating

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

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

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

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

7. RELATED PARTY TRANSACTIONS

Transactions with related companies

During the year, there were transactions with companies controlled by the Executive Chair. These counterparties are:

- A vehicle wholesale and export business that supplies and purchases used vehicles with the Company
- A firm, 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:

	2023 $	2022 $
Administrative and other support and sourcing fees	1,566	2,208
Used vehicle (sales to) purchases from related parties	(1,755)	199
	(189)	2,407

Executive Advance

During the year ended December 31, 2021, the Company issued a $2.0 million loan to the former President, collateralized by his outstanding stock options under the Company's existing Stock Option Plan. The loan was interest bearing at a rate of 1.00% (2022 - 1.00%) per annum and was being repaid on a monthly basis. As the loan was considered to represent an advance against share-based compensation secured against the Company's shares, it was treated as an equity instrument. The loan was fully repaid during the period ended December 31, 2023 (2022 - $1.6 million).

Used Digital Division

A company controlled by the Executive Chair held a 15% common interest in AutoCanada UD LP (the "Partnership"), which vested at the time of grant. Changes in the value of the 15% interest are recorded in operating expenses.

On December 27, 2023, the Company consolidated the Used Digital Division and the 15% interest in the Partnership was purchased from a company controlled by the Executive Chair for aggregate purchase consideration of $30.0 million consisting of $22.5 million in cash, funded from the proceeds of the Online C2C F&I Business investment, and $7.5 million in stock units. The agreement requires $15.0 million of the cash purchase consideration to be used by the company controlled by the Executive Chair to purchase the Company's common shares within a two-year period from the closing date. The shares purchased by the company controlled by the Executive Chair may not be disposed of until the earlier of a two-year period or certain market price conditions being satisfied. As of December 31, 2023, the Company has recorded the cash consideration of $22.5 million in trade and other payables.

Note 33 of the Annual Financial Statements summarizes the transactions between the Company and its related parties.

Key Management Personnel Compensation

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

	2023 $	2022 $
Employee costs (including Directors)	6,597	4,808
Short-term employee benefits	198	102
Used Digital Division equity issuance	28,950	391
Share-based compensation	4,503	1,830
	40,248	7,131

8. OUTSTANDING SHARES

As at December 31, 2023, the Company had 23,611,175 (2022 - 23,551,137) common shares outstanding. Basic and diluted weighted average number of shares outstanding for the three-month period ended December 31, 2023 were 23,598,710 and 24,448,178, respectively. Basic and diluted weighted average number of shares outstanding for the year ended December 31, 2023 were 23,561,236 and 24,450,681, respectively. As at March 6, 2024, there were 23,611,175 common shares issued and outstanding.

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

Normal Course Issuer Bid

During the three-month period and year ended December 31, 2023, the Company did not repurchase any common shares under its Normal Course Issuer Bid, which expired on December 27, 2023.

9. DIVIDENDS

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

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

10. FREE CASH FLOW

Free cash flow[9] can fluctuate significantly as a result of seasonality in our business operations including changes in trade receivables, inventories, and the timing of the payments of trade payables and revolving floorplan facilities.

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Cash (used in) provided by operating activities [1]	(19,853)	31,028	55,005	53,354	37,931	37,453	64,935	7,279
Deduct:								
Purchase of non-growth capital expenditures	(1,676)	(2,304)	(5,889)	(3,494)	(5,922)	(2,343)	(1,617)	(1,427)
Free cash flow [1]	(21,529)	28,724	49,116	49,860	32,009	35,110	63,318	5,852
Free cash flow - TTM [1]	106,171	159,709	166,095	180,297	136,289	111,883	89,145	93,630

1 *Certain items have been reclassified within the statement of cash flows. As a result, the year-to-date balances have been corrected and we have restated the Q3 2022 and Q4 2022 quarterly amounts. Refer to Note 36 of the Annual Financial Statements.*

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

The following table summarizes the net decrease in cash due to changes in non-cash working capital for the year ended December 31:

	Year ended	
	December 31, 2023 $	December 31, 2022 $
Trade and other receivables	(6,640)	(68,460)
Inventories	(175,899)	(223,908)
Other current assets	(5,206)	824
Trade and other payables [1]	(270)	(7,515)
Revolving floorplan facilities	184,981	270,794
Other liabilities	(518)	176
Net change in non-cash working capital [1]	(3,552)	(28,089)

1 *Reclassification of comparative figure for presentation purposes. The Company previously included a portion of interest paid in trade and other payables. Prior year comparative has been revised by reclassifying $0.1 million relating to interest paid out of trade and other payables and presented on a separate line on the statements of cash flows. Refer to Note 36 of the Annual Financial Statements.*

Changes in non-cash working capital balances can be impacted by a number of factors including seasonal sales trends, strategic decisions regarding inventory levels and the addition of new dealerships.

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.

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the International Accounting Standards Board or International Financial Reporting Interpretations Committee ("IFRIC") that are not yet effective for the financial year ended December 31, 2023. A listing of the standards issued which are applicable to the Company can be found in Note 4 of the Annual Financial Statements.

The company adopted the amendments to IAS 12, IAS 1 and IFRS Practice Statement 2, and IAS 8 effective for the interim and audited annual consolidated financial statements commencing January 1, 2023. The amendment standards are further explained in Note 4 of the Annual Financial Statements.

12. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls & Procedures

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

As of December 31, 2023, the Executive Chair and CFO, evaluated the effectiveness of the design and operation of its disclosure controls and procedures, as defined in National Instrument 52–109 of the Canadian Securities Administrators, and have concluded that the Company's disclosure controls and procedures are effective.

Internal Controls over Financial Reporting

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

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

Management, under the supervision of and with the participation of the Executive Chair and CFO, evaluated the effectiveness of the Corporation's internal controls over financial reporting (as defined under national Instrument 52–109 Certification of Disclosure in Issuers' Annual and Interim Filings). In making this evaluation, management used the criteria set forth by the *Committee of Sponsoring Organizations of the Treadway Commissions* ("COSO") in *Internal Control – Integrated Framework (2013)*. Based on that evaluation, the Executive Chair and CFO have concluded that, as at December 31, 2023, the Corporation's internal controls over financial reporting were effective. This evaluation took into consideration the Corporation's Corporate Disclosure Policy and the functioning of its Disclosure Policy Committee.

Changes in Internal Control over Financial Reporting

During the year ended December 31, 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.

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 Middle East conflicts, pandemics, and other factors, resulting in reduced demand for vehicle sales and service. When and if these economic conditions worsen or stagnate, it can have a material adverse effect on consumer demand for vehicles or service generally, demand from particular consumer categories or demand for particular vehicle types. It can also negatively impact availability of credit to finance vehicle purchases for all or certain categories of consumers. This could result in lower sales, decreased margins on units sold, and decreased profits. Any significant change or deterioration in economic conditions could have a material adverse effect on AutoCanada's business, financial condition, results of operations, cash flows or prospects.

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

14. NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

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

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

Non-GAAP Measures 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, cash flows from operating, investing and financing activities or as a measure of liquidity and cash flows. The Company’s methods of calculating referenced Non-GAAP Measures may differ from the methods used by other issuers. Therefore, these measures may not be comparable to similar measures presented by other issuers.

We list and define Non-GAAP Measures below:

Adjusted EBITDA

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

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

The Company 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 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 operating activities (including the net change in non-cash working capital balances) is available after certain capital expenditures (excluding growth capital expenditures, acquisitions of dealerships and related facilities, and share buy-backs). It should be noted that although management considers 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. 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 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;
- Software implementation costs associated with the configuration or customization of software as a service arrangement; and
- Share-based compensation expense.

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

Normalized Operating Expenses Before Depreciation as a Percentage of Gross Profit

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

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

Supplementary Financial Measures

We list and define supplementary financial measures below:

Average Selling Price per New Vehicle

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

Average Selling Price per Used Vehicle

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

F&I Gross Profit Per Retail Unit Average

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

Gross profit percentage

Gross profit percentage is gross profit divided by revenue.

Liquidity

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

New Fleet Vehicles

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

New Vehicle Gross Profit Per Retail Unit

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

New Retail Vehicles

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

New Vehicle Inventory Days of Supply

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

Operating Expenses Before Depreciation

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

Operating Expenses Before Depreciation as a Percentage of Gross Profit

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

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

Service and collision repair orders represents total repair orders completed and sold by the Company's parts and service departments and 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 illustrate adjusted EBITDA and segmented adjusted EBITDA for the three-month periods and years ended December 31:

	Three-Months Ended December 31, 2023			Three-Months Ended December 31, 2022		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Net (loss) income for the period	(16,020)	(6,610)	(22,630)	15,043	(233)	14,810
Add back:						
Income tax expense (recovery)	4,546	(11)	4,535	9,908	86	9,994
Depreciation of right of use assets	7,943	743	8,686	7,658	668	8,326
Depreciation of property and equipment	5,787	672	6,459	5,168	496	5,664
Amortization of intangible assets [1]	128	—	128	374	—	374
Interest on long-term indebtedness	7,020	2,838	9,858	5,100	3,021	8,121
Lease liability interest	7,630	840	8,470	7,305	978	8,283
	17,034	(1,528)	15,506	50,556	5,016	55,572
Add back:						
Recoveries of non-financial assets	(3,538)	—	(3,538)	(8,691)	—	(8,691)
Share-based compensation - Used Digital Division	36,725	—	36,725	391	—	391
(Gain) loss on redemption liabilities	(3,639)	—	(3,639)	4,829	—	4,829
Unrealized fair value changes in derivative instruments	(1,437)	—	(1,437)	(2,496)	—	(2,496)
Amortization of loss on terminated hedges	616	—	616	817	—	817
Unrealized foreign exchange losses	108	—	108	497	—	497
Used Digital Division transaction costs	1,774	—	1,774	—	—	—
Software implementation costs	677	—	677	—	—	—
(Gain) loss on disposal of assets	(375)	20	(355)	124	—	124
Adjusted EBITDA [1]	47,945	(1,508)	46,437	46,027	5,016	51,043

1 *The Company has revised the comparative figure to back out $374 of amortization of intangible assets.*

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
Net income (loss) for the year	67,973	(14,192)	53,781	76,263	14,797	91,060
Add back:						
Income tax expense (recovery)	30,699	(115)	30,584	29,626	3,198	32,824
Depreciation of right of use assets	30,495	2,948	33,443	28,033	2,748	30,781
Depreciation of property and equipment	22,726	2,304	25,030	19,117	1,735	20,852
Amortization of intangible assets [1]	529	—	529	374	—	374
Interest on long-term indebtedness	29,498	11,413	40,911	22,605	6,720	29,325
Lease liability interest	29,680	3,339	33,019	26,271	3,557	29,828
	211,600	5,697	217,297	202,289	32,755	235,044
Add back:						
Recoveries of non-financial assets	(3,538)	—	(3,538)	(8,691)	—	(8,691)
Share-based compensation - Used Digital Division	36,725	—	36,725	391	—	391
(Gain) loss on redemption liabilities	(3,639)	—	(3,639)	4,829	—	4,829
Loss on extinguishment of debt	1,382	—	1,382	9,860	—	9,860
Unrealized fair value changes in derivative instruments	(1,339)	—	(1,339)	(9,321)	—	(9,321)
Amortization of loss on terminated hedges	3,067	—	3,067	3,268	—	3,268
Unrealized foreign exchange losses (gains)	255	—	255	192	—	192
Loss on extinguishment of embedded derivative	—	—	—	29,306	—	29,306
Used Digital Division transaction costs	1,774	—	1,774	—	—	—
Software implementation costs	677	—	677	—	—	—
(Gain) loss on disposal of assets	(442)	20	(422)	296	—	296
Adjusted EBITDA [1]	246,522	5,717	252,239	232,419	32,755	265,174

1 *The Company has revised the comparative figure to back out $374 of amortization of intangible assets.*

Adjusted EBITDA Margin

The following tables illustrate adjusted EBITDA margin for the three-month periods and years ended December 31:

	Three-Months Ended December 31, 2023			Three-Months Ended December 31, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA [1]	47,945	(1,508)	46,437	46,027	5,016	51,043
Revenue	1,277,752	206,042	1,483,794	1,172,712	215,494	1,388,206
Adjusted EBITDA Margin	3.8 %	(0.7)%	3.1 %	3.9 %	2.3 %	3.7 %

1 *The Company has revised the comparative figure to back out $374 of amortization of intangible assets.*

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA [1]	246,522	5,717	252,239	232,419	32,755	265,174
Revenue	5,607,194	829,609	6,436,803	5,129,658	910,961	6,040,619
Adjusted EBITDA Margin	4.4 %	0.7 %	3.9 %	4.5 %	3.6 %	4.4 %

1 *The Company has revised the comparative figure to back out $374 of amortization of intangible assets.*

Free Cash Flow

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

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Cash (used in) provided by operating activities [1]	(19,853)	31,028	55,005	53,354	37,931	37,453	64,935	7,279
Deduct:								
Purchase of non-growth capital expenditures	(1,676)	(2,304)	(5,889)	(3,494)	(5,922)	(2,343)	(1,617)	(1,427)
Free cash flow [1]	(21,529)	28,724	49,116	49,860	32,009	35,110	63,318	5,852
Free cash flow - TTM [1]	106,171	159,709	166,095	180,297	136,289	111,883	89,145	93,630

1 *Certain items have been reclassified within the statement of cash flows. As a result, the year-to-date balances have been corrected and we have restated the Q3 2022 and Q4 2022 quarterly amounts. Refer to Note 36 of the Annual Financial Statements.*

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 years ended December 31:

	Three-Months Ended December 31, 2023			Three-Months Ended December 31, 2022		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Operating expenses	218,699	32,117	250,816	166,513	30,884	197,397
Deduct:						
Depreciation of right of use assets	(7,943)	(743)	(8,686)	(7,658)	(668)	(8,326)
Depreciation of property and equipment	(5,787)	(672)	(6,459)	(5,168)	(496)	(5,664)
Amortization of intangible assets	(128)	—	(128)	(374)	—	(374)
Operating expenses before depreciation	204,841	30,702	235,543	153,313	29,720	183,033
Normalizing Items:						
Add back:						
Acquisition-related costs (including Used Digital Division transaction costs)	(2,415)	—	(2,415)	(2,239)	—	(2,239)
Software implementation costs	(677)	—	(677)	—	—	—
Share-based compensation expense	(38,533)	—	(38,533)	(2,084)	—	(2,084)
Normalized operating expenses before depreciation	163,216	30,702	193,918	148,990	29,720	178,710
Gross profit	225,134	32,708	257,842	208,317	34,305	242,622
Normalized operating expenses before depreciation as a percentage of gross profit	72.5 %	93.9 %	75.2 %	71.5 %	86.6 %	73.7 %

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses	779,389	135,874	915,263	683,064	127,954	811,018
Deduct:						
Depreciation of right of use assets	(30,495)	(2,948)	(33,443)	(28,033)	(2,748)	(30,781)
Depreciation of property and equipment	(22,726)	(2,304)	(25,030)	(19,117)	(1,735)	(20,852)
Amortization of intangible assets	(529)	—	(529)	(374)	—	(374)
Operating expenses before depreciation	725,639	130,622	856,261	635,540	123,471	759,011
Normalizing Items:						
Add back:						
Acquisition-related costs (including Used Digital Division transaction costs)	(5,391)	—	(5,391)	(4,905)	(13)	(4,918)
Software implementation costs	(677)	—	(677)	—	—	—
Share-based compensation expense	(43,210)	—	(43,210)	(5,801)	—	(5,801)
Normalized operating expenses before depreciation	676,361	130,622	806,983	624,834	123,458	748,292
Gross profit	977,662	144,125	1,121,787	886,623	156,250	1,042,873
Normalized operating expenses before depreciation as a percentage of gross profit	69.2 %	90.6 %	71.9 %	70.5 %	79.0 %	71.8 %

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 December 31, 2023 and December 31, 2022:

	December 31, 2023 $	December 31, 2022 $
Credit facility, net of unamortized deferred financing costs	186,222	178,588
$350 Million Notes, net of unamortized deferred financing costs	345,401	344,502
Non-recourse mortgages and other debt	31,299	32,038
Total indebtedness	562,922	555,128
Add: Lease liabilities	497,424	484,877
Gross lease adjusted indebtedness	1,060,346	1,040,005
Adjusted EBITDA - trailing twelve months [1]	252,239	265,174
Gross lease adjusted leverage ratio	**4.20x**	**3.92x**

1 *The Company has revised the comparative figure to back out $374 of amortization of intangible assets.*

16. SELECTED ANNUAL FINANCIAL INFORMATION

The following table shows the results of the Company for the years ended December 31, 2023 and December 31, 2022.

	2023	2022
Income Statement Data		
New vehicles	2,554,227	2,160,565
Used vehicles	2,726,476	2,870,145
Parts, service and collision repair	782,326	642,665
Finance, insurance and other	373,774	367,244
Revenue	6,436,803	6,040,619
New vehicles	222,840	219,312
Used vehicles	129,213	121,299
Parts, service and collision repair	417,026	353,512
Finance, insurance and other	352,708	348,750
Gross Profit	1,121,787	1,042,873
Gross profit %	17.4%	17.3 %
Operating expenses	915,263	811,018
Operating expenses as a % of gross profit	81.6%	77.8 %
Operating profit	223,640	254,551
Net income	53,781	91,060
Diluted net income per share attributable to AutoCanada shareholders	2.06	3.03
Adjusted EBITDA [3]	252,239	265,174
Operating Data		
New retail vehicles sold	40,163	36,216
Used retail vehicles sold	63,167	63,611
Total retail vehicles sold	103,330	99,827
# of dealerships at year end [1]	87	86
# of same store dealerships [1, 2]	51	49
# of service bays at year end	1,382	1,367

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

2 *Same store dealerships is defined as Canadian franchised automobile dealerships and Used Digital Division dealerships that have been owned for at least two full years since acquisition.*

3 *The Company has revised the comparative figure to back out $374 of amortization of intangible assets.*

17. SELECTED QUARTERLY FINANCIAL INFORMATION

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

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Income Statement Data								
New vehicles	605,918	673,363	706,350	568,596	508,008	557,492	583,870	511,195
Used vehicles	592,990	690,071	739,916	703,499	626,397	807,236	840,998	595,514
Parts, service and collision repair	202,448	196,162	204,968	178,748	168,544	161,805	160,307	152,009
Finance, insurance and other	82,438	97,825	105,028	88,483	85,257	97,416	100,851	83,720
Revenue	1,483,794	1,657,421	1,756,262	1,539,326	1,388,206	1,623,949	1,686,026	1,342,438
New vehicles	52,728	60,304	62,324	47,484	48,218	58,760	58,950	53,384
Used vehicles	20,004	31,862	47,035	30,312	17,775	32,627	34,125	36,772
Parts, service and collision repair	108,054	104,135	110,961	93,876	95,661	88,707	90,713	78,431
Finance, insurance and other	77,056	93,924	98,418	83,310	80,968	93,540	95,490	78,752
Gross Profit	257,842	290,225	318,738	254,982	242,622	273,634	279,278	247,339
Gross profit percentage	17.4%	17.5%	18.1%	16.6%	17.5%	16.8%	16.6%	18.4%
Operating expenses	250,816	223,830	229,016	211,601	197,397	207,266	212,709	193,646
Operating expenses as a % of gross profit	97.3%	77.1%	71.9%	83.0%	81.4%	75.7%	76.2%	78.3%
Net (loss) income	(22,630)	22,799	45,228	8,384	14,810	32,870	39,058	4,322
Diluted net (loss) income per share attributable to AutoCanada shareholders	(0.81)	0.81	1.75	0.32	0.52	1.16	1.33	0.10
Adjusted EBITDA [3]	46,437	66,719	94,055	45,028	51,043	76,374	75,561	62,196
Operating Data								
New retail vehicles sold	9,580	10,555	11,257	8,771	8,100	9,186	9,878	9,052
Used retail vehicles sold	13,777	16,878	17,222	15,290	14,418	17,381	17,740	14,072
Total retail vehicles sold	23,357	27,433	28,479	24,061	22,518	26,567	27,618	23,124
# of dealerships at period end [1]	87	87	87	86	86	85	82	80
# of same store dealerships [1, 2]	51	50	50	50	49	49	49	49
# of service bays at period end	1,382	1,382	1,355	1,354	1,367	1,331	1,322	1,293

1 *Dealerships is defined as 83 franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships and 1 used vehicle auction).*
2 *Same store dealerships is defined as Canadian franchised automobile dealerships and Used Digital Division dealerships that have been owned for at least two full years since acquisition.*
3 *The Company has revised the Q4 2022 comparative figure to back out $374 of amortization of intangible assets.*

18. SEGMENTED OPERATING RESULTS DATA

Canadian Operations and U.S. Operations Segmented Operating Highlights

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

	Three-Months Ended December 31, 2023			Three-Months Ended December 31, 2022		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles	524,650	81,268	605,918	445,288	62,720	508,008
Used vehicles	505,065	87,925	592,990	511,154	115,243	626,397
Parts, service and collision repair	178,080	24,368	202,448	146,245	22,299	168,544
Finance, insurance and other	69,957	12,481	82,438	70,025	15,232	85,257
Total revenue	1,277,752	206,042	1,483,794	1,172,712	215,494	1,388,206
New vehicles	45,007	7,721	52,728	40,781	7,437	48,218
Used vehicles	22,176	(2,172)	20,004	19,665	(1,890)	17,775
Parts, service and collision repair	93,375	14,679	108,054	82,008	13,653	95,661
Finance, insurance and other	64,576	12,480	77,056	65,863	15,105	80,968
Total gross profit	225,134	32,708	257,842	208,317	34,305	242,622
Employee costs	144,486	21,258	165,744	104,029	19,260	123,289
Administrative costs [1, 2]	57,711	9,408	67,119	48,905	10,384	59,289
Expected credit losses on trade and other receivables [2]	1,225	36	1,261	242	76	318
Facility lease and storage costs	1,419	—	1,419	137	—	137
Depreciation of right-of-use assets	7,943	743	8,686	7,658	668	8,326
Depreciation of property and equipment	5,787	672	6,459	5,168	496	5,664
Amortization of intangible assets	128	—	128	374	—	374
Total operating expenses	218,699	32,117	250,816	166,513	30,884	197,397
Operating profit before other income	6,435	591	7,026	41,804	3,421	45,225
Operating data						
New retail vehicles sold	8,161	1,419	9,580	7,112	988	8,100
Used retail vehicles sold	11,805	1,972	13,777	11,689	2,729	14,418
Total retail vehicles sold	19,966	3,391	23,357	18,801	3,717	22,518
# of dealerships at period end [2]	69	18	87	68	18	86
# of service bays at period end	1,152	230	1,382	1,144	223	1,367

1 *Reclassification of comparative figure for presentation purposes. The Company previously included amortization of intangibles assets in administrative expenses. Prior year comparative has been revised by reclassifying $374 out of administrative costs and presented on a separate line.*

2 *The Q4 2022 quarter-to-date and year-to-date figures reflect an adjustment made to expected credit losses on trade and other receivables and administrative costs for the nine-month period ended September 30, 2022 as disclosed in Q3 2023 MD&A. Total operating expenses remain unchanged.*

3 *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) as at December 31, 2023.*

The following table shows the segmented operating results for the Company for the years ended December 31, 2023 and December 31, 2022.

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
New vehicles	2,242,329	311,898	2,554,227	1,864,803	295,762	2,160,565
Used vehicles	2,360,703	365,773	2,726,476	2,403,400	466,745	2,870,145
Parts, service and collision repair	681,694	100,632	782,326	559,277	83,388	642,665
Finance, insurance and other	322,468	51,306	373,774	302,178	65,066	367,244
Total revenue	5,607,194	829,609	6,436,803	5,129,658	910,961	6,040,619
New vehicles	196,521	26,319	222,840	176,843	42,469	219,312
Used vehicles	117,625	11,588	129,213	120,042	1,257	121,299
Parts, service and collision repair	361,712	55,314	417,026	305,514	47,998	353,512
Finance, insurance and other	301,804	50,904	352,708	284,224	64,526	348,750
Total gross profit	977,662	144,125	1,121,787	886,623	156,250	1,042,873
Employee costs	495,939	87,614	583,553	435,371	85,144	520,515
Government assistance	—	—	—	(264)	—	(264)
Administrative costs [1]	222,318	42,655	264,973	196,720	38,022	234,742
Expected credit losses on trade and other receivables	2,230	353	2,583	968	305	1,273
Facility lease and storage costs	5,152	—	5,152	2,745	—	2,745
Depreciation of right-of-use assets	30,495	2,948	33,443	28,033	2,748	30,781
Depreciation of property and equipment	22,726	2,304	25,030	19,117	1,735	20,852
Amortization of intangible assets	529	—	529	374	—	374
Total operating expenses	779,389	135,874	915,263	683,064	127,954	811,018
Operating profit before other income	198,273	8,251	206,524	203,559	28,296	231,855
Operating data						
New retail vehicles sold	34,843	5,320	40,163	31,188	5,028	36,216
Used retail vehicles sold	54,714	8,453	63,167	52,160	11,451	63,611
Total retail vehicles sold	89,557	13,773	103,330	83,348	16,479	99,827
# of dealerships at period end [2]	69	18	87	68	18	86
# of service bays at period end	1,152	230	1,382	1,144	223	1,367

1 *Reclassification of comparative figure for presentation purposes. The Company previously included amortization of intangibles assets in administrative expenses. Prior year comparative has been revised by reclassifying $374 out of administrative costs and presented on a separate line.*

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) as at December 31, 2023.*

19. SAME STORE RESULTS DATA

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

Number of Same Store by Province

The following table summarizes the number of same store as at December 31, 2023 by Province:

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Atlantic	Total
Stellantis	3	8	1	1	1	—	2	16
Hyundai	1	3	—	—	3	—	—	7
General Motors	1	—	3	1	—	—	—	5
Volkswagen	3	3	—	1	—	—	—	7
Nissan/Infiniti	1	3	—	—	2	—	—	6
BMW/MINI	—	—	—	—	—	2	—	2
Audi	—	—	—	1	—	—	—	1
Subaru	—	1	—	—	—	—	—	1
Mercedes-Benz	—	1	—	—	—	1	—	2
Mazda	—	—	—	—	—	1	—	1
Ford	—	—	—	—	1	—	—	1
RightRide	1	2	1	1	2	—	—	7
Used Digital	—	—	—	—	2	—	—	2
Collision centres	1	—	—	—	—	2	—	3
Total	11	21	5	5	11	6	2	61

The following table summarizes same store revenue, gross profit and vehicles sold for the three-month periods and years ended December 31:

	Three-Months Ended December 31			Year Ended December 31		
	2023	**2022**	**% Change**	**2023**	**2022**	**% Change**
New vehicles	418,780	377,487	10.9%	1,822,930	1,610,656	13.2%
Used vehicles	417,741	439,319	(4.9)%	1,978,785	2,158,735	(8.3)%
Parts, service and collision repair	129,626	117,629	10.2%	516,860	471,018	9.7%
Finance, insurance and other	59,085	62,557	(5.6)%	277,135	275,623	0.5%
Total revenue	1,025,232	996,992	2.8%	4,595,710	4,516,032	1.8%
New vehicles	34,828	33,537	3.8%	156,718	155,429	0.8 %
Used vehicles	16,260	14,962	8.7%	95,792	108,970	(12.1)%
Parts, service and collision repair	68,342	66,466	2.8%	275,884	256,197	7.7 %
Finance, insurance and other	55,010	59,248	(7.2)%	260,936	261,871	(0.4)%
Total gross profit	174,440	174,213	0.1%	789,330	782,467	0.9%
New retail vehicles sold (units)	6,205	5,714	8.6%	26,834	25,636	4.7%
Used retail vehicles sold (units)	9,495	10,131	(6.3)%	44,850	46,705	(4.0)%
Total vehicles retailed (units)	15,700	15,845	(0.9)%	71,684	72,341	(0.9)%

The following table summarizes same store gross profit percentage for the three-month periods and years ended December 31:

	Three-Months Ended December 31		Year Ended December 31	
	2023	**2022**	**2023**	**2022**
New vehicles	8.3%	8.9%	8.6%	9.7%
Used vehicles	3.9%	3.4%	4.8%	5.0%
Parts, service and collision repair	52.7%	56.5%	53.4%	54.4%
Finance, insurance and other	93.1%	94.7%	94.2%	95.0%
Total gross profit percentage	17.0%	17.5%	17.2%	17.3%

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

	Three-Months Ended December 31			Year Ended December 31		
	2023	**2022**	**% Change**	**2023**	**2022**	**% Change**
British Columbia	130,052	134,273	(3.1)%	599,520	626,458	(4.3)%
Alberta	350,539	331,023	5.9 %	1,647,238	1,587,612	3.8%
Saskatchewan	97,056	99,754	(2.7)%	390,626	396,487	(1.5)%
Manitoba	80,005	75,589	5.8 %	352,283	339,890	3.6%
Ontario	167,231	168,054	(0.5)%	748,739	760,368	(1.5)%
Quebec	165,760	147,001	12.8 %	691,569	621,489	11.3%
Atlantic	34,589	41,298	(16.2)%	165,735	183,728	(9.8)%
Total revenue	1,025,232	996,992	2.8 %	4,595,710	4,516,032	1.8%
British Columbia	17,811	23,875	(25.4)%	94,464	112,489	(16.0)%
Alberta	72,334	62,506	15.7%	322,820	285,101	13.2%
Saskatchewan	15,073	16,531	(8.8)%	66,197	69,754	(5.1)%
Manitoba	12,860	13,039	(1.4)%	61,114	62,788	(2.7)%
Ontario	25,843	28,696	(9.9)%	118,640	122,700	(3.3)%
Quebec	25,381	23,878	6.3%	102,473	103,130	(0.6)%
Atlantic	5,138	5,688	(9.7)%	23,622	26,505	(10.9)%
Total gross profit	174,440	174,213	0.1%	789,330	782,467	0.9%

20. COUNT OF OPERATIONS

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

Location	**Franchised Dealerships**	**Same Store Franchised Dealerships** [1]	**RightRide Locations**	**Same Store RightRide Locations** [1]	**Collision Centres** [2]	**Same Store Stand-Alone Collision Centres** [1]
Canada	**66**	**49**	**16**	**9**	**27**	**3**
Alberta	19	19	4	2	4	—
Atlantic	2	2	1	—	1	—
British Columbia	10	9	1	1	1	1
Manitoba	5	4	2	1	4	—
Ontario	22	7	7	4	9	—
Quebec	4	4	—	—	4	2
Saskatchewan	4	4	1	1	4	—
U.S.	**18**	**—**	**—**	**—**	**—**	**—**
Illinois [3]	18	N/A	—	—	—	—
Total	**84**	**49**	**16**	**9**	**27**	**3**

1 *Same store means the franchised automobile dealership, used digital operating entity, stand-alone collision centre, and RightRide location has been owned for at least two full years since opening or acquisition. The operating location is then considered in the quarter, thereafter, as same store. For same store analysis purposes, we have only considered Canadian operating locations.*

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

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

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