2021

AutoCanada

First Quarter Management Discussion & Analysis

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

For the three-month period ended March 31, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

1. READER ADVISORIES

This Management's Discussion & Analysis ("MD&A") was prepared as of May 5, 2021, to assist readers in understanding AutoCanada Inc.'s (the "Company" or "AutoCanada") consolidated financial performance for the three-month period ended March 31, 2021, and significant trends that may affect AutoCanada's future performance. The following discussion and analysis should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes (the "Interim Consolidated Financial Statements") of AutoCanada as at and for the three-month period ended March 31, 2021, the audited annual consolidated financial statements and accompanying notes (the "Consolidated Financial Statements") of AutoCanada as at and for the year ended December 31, 2020, and the MD&A for the year ended December 31, 2020. Results are reported in Canadian dollars and have been rounded to the nearest thousand dollars, unless otherwise stated.

To provide more meaningful information, this MD&A typically refers to the operating results for the three-month period ended March 31, 2021 of the Company, and compares these to the operating results of the Company for the three-month period ended March 31, 2020.

This MD&A contains forward-looking statements. Please see the section "FORWARD-LOOKING STATEMENTS" for a discussion of the risks, uncertainties and assumptions used to develop our forward-looking information. This MD&A also makes reference to certain non-GAAP measures to assist users in assessing AutoCanada's performance. Non-GAAP measures do not have any standard meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures are identified and described under the section "NON-GAAP MEASURES".

Additional information regarding our Company, including our 2020 Annual Information Form, dated March 2, 2021, is available on SEDAR at www.sedar.com and our website www.autocan.ca. Such additional information is not incorporated by reference herein, unless otherwise specified, and should not be deemed to be made part of this MD&A.

2. EXECUTIVE SUMMARY

Business Overview

Canadian Operations

AutoCanada's Canadian Operations segment currently operates 49 franchised dealerships in Canada, comprised of 21 brands, in 8 provinces. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Alfa Romeo, Chevrolet, GMC, Buick, Cadillac, Infiniti, Nissan, Hyundai, Subaru, Audi, Volkswagen, Mazda, Mercedes-Benz, BMW, MINI and Ford branded vehicles. In addition, AutoCanada's Canadian Operations segment currently operates 1 used vehicle dealership supporting the Used Digital Retail Division, and 2 stand-alone collision centres (within our group of 17 collision centres). In 2020, our Canadian dealerships sold approximately 58,000 new and used vehicles and processed approximately 654,000 service and collision repair orders in our 902 service bays.

U.S. Operations

AutoCanada's U.S. Operations segment, operating as Leader Automotive Group, currently operates 17 franchises comprised of 12 brands, in Illinois, USA. Leader Automotive Group currently sells Chevrolet, Hyundai, Kia, Subaru, Audi, Volkswagen, Mercedes-Benz, Toyota, Honda, Lincoln, Volvo and Porsche branded vehicles. In 2020, our U.S. dealerships sold approximately 7,800 new and used vehicles and processed 102,000 service and collision repair orders in our 196 service bays.

2021 First Quarter Key Highlights and Recent Developments

All comparisons presented below are between the three-month period ended March 31, 2021 and the three-month period ended March 31, 2020, unless otherwise indicated.

AutoCanada Key Highlights

AUTOCANADA REPORTS RECORD 2021 FIRST QUARTER RESULTS - ADJUSTED EBITDA OF $47.2 MILLION OUTPACES PRIOR YEAR BY 723% AND CANADIAN MARKET OUTPERFORMANCE IS EXTENDED TO NINTH CONSECUTIVE QUARTER

- Revenue was $969.8 million as compared to $708.8 million in the prior year, an increase of 36.8% and the highest first quarter revenue reported in the Company's history
- Net income (loss) for the period was $21.3 million versus $(46.9) million in 2020, which included impairment of non-financial assets of $(31.5) million that was driven by the impact of COVID-19 at the time
- Adjusted EBITDA was $47.2 million versus $5.7 million in the prior year, an increase of 723%; Adjusted EBITDA Pre-IFRS 16 was $36.1 million versus $(4.4) million, an increase of 913%; on a trailing twelve month basis, pre-IFRS 16 Adjusted EBITDA was $111.5 million
- Basic earnings per share was $0.77, an increase of $2.47 from $(1.70) in the prior year
- Outperformed the Canadian new retail vehicle market for the ninth consecutive quarter with same store new retail unit sales increasing 29.8% compared to the Canadian market increase of 15.2% as reported by DesRosiers Automotive Consultants
- Canadian used to new retail unit ratio increased to 1.29 from 1.08 last year and the trailing twelve month ratio improved to 1.01 at Q1 2021 as compared to 0.81 at Q1 2020
- Net indebtedness of $72.6 million at the end of Q1 2021 compares to $89.5 million at the end of Q4 2020, trailing twelve month free cash flow of $144.6 million compares to $105.0 million in the prior year and net debt leverage on a pre-IFRS 16 basis improves to 0.7x from 1.3x at the end of the prior year

Executive Overview

The Company reported record-setting performance as revenue for the first quarter of 2021 reached $969.8 million as compared to $708.8 million in Q1 2020, an increase of 36.8%. For the ninth consecutive quarter, we outperformed the Canadian new vehicle retail market as our same store new retail unit sales increased by 29.8% as compared to the Canadian market increase of 15.2% as reported by DesRosiers Automotive Consultants.

Adjusted EBITDA was $47.2 million in Q1 2021 as compared to $5.7 million reported in Q1 2020, an improvement of 723%. Captured within first quarter Adjusted EBITDA of $47.2 million is CEWS income of $2.9 million, rent subsidy of $0.2 million and the forgiveness of $5.4 million of Paycheck Protection Program ("PPP") loans received at U.S. dealerships in Q2 2020. Excluding these typically non-recurring income items, normalized Adjusted EBITDA was $38.7 million for the quarter. On a normalized basis, Adjusted EBITDA margin was 4.0% as compared to 0.8% in the prior year, an increase of 3.2 percentage points ("ppts").

Used retail unit sales increased by 51.9% over the prior year, contributing to the consolidated used to new retail unit ratio improving to 1.18 from 1.02, and to 1.01 on a trailing twelve month ("TTM") basis, while gross profit margin on used vehicles also increased to 6.6% as compared to 4.4% in Q1 2020. For the first time since the inception of Project 50, the average trailing twelve month ("TTM") Canadian used retail unit sales per dealership per month, excluding Haldimand Motors, reached 50, as compared to 41 in the prior year.

Finance and insurance ("F&I") gross profit per retail unit increased by 10.8% or $279 per unit to $2,869 per retail unit compared to the prior year and F&I gross margins improved to 93.6% from 92.8% in the prior year.

Proactive inventory management for both new and used vehicles was a key driver to the Company’s success in delivering both strong revenue and margin growth across all our business operations in this first quarter. Consolidated gross profit margin increased by 0.8 ppts to 17.3% as compared to the prior year.

Normalized operating expenses as a percent of gross profit was 81.4% (normalized for CEWS income of $2.9 million, rent subsidy of $0.2 million and the previously noted PPP loan forgiveness of $5.4 million). This contrasts with the 99.5% reported in Q1 2020, and is well below the five-year first quarter historical average of 92.2%. The Company's ability to control and rationalize costs underscores the effectiveness of the actions taken during 2020 to streamline the Company’s cost structure while optimizing operating leverage.

Net indebtedness improved by $(16.9) million from December 31, 2020 to $72.6 million. Free cash flow on a TTM basis was $144.6 million at Q1 2021 as compared to $105.0 million in Q1 2020. Additionally, our net indebtedness leverage ratio improved to 0.7x at the end of Q1 2021, as compared to 1.3x in the prior year.

Subsequent to the quarter-ended March 31, 2021, the Company successfully completed an add-on offering of $125.0 million senior notes to its existing 8.75% senior unsecured notes due 2025 and also amended and extended its existing credit facility for three years to 2024. The add-on offering was completed at a premium to par, resulting in a yield of 5.595%. The amended credit facility increases the revolving credit facility by $50 million to $225 million and includes a $1,060 million wholesale floorplan financing facility and a $15 million wholesale leasing facility for total aggregate bank facilities of $1.3 billion.

On April 14, 2021, S&P Global Ratings (“S&P”) issued a research update whereby it revised the Company’s outlook to stable, raised the issuer credit rating to 'B' from ‘B-‘, and raised the rating of the Company's senior unsecured notes to 'B' from 'CCC+'.

Coupled with the strength of our operating performance and resiliency of our business model, the refinancing actions have further solidified our balance sheet and added financial flexibility which will allow us to move forward on acquisitions in a strategic manner.

Looking ahead, while we are confident that the measures we have taken over the past year in response to COVID-19 have strengthened and streamlined the Company’s business model, we remain aware that uncertainty continues to exist in the macroeconomic environment given the ongoing challenges associated with the global pandemic. Uncertainties may include potential economic recessions or downturns, continued disruptions to the global automotive manufacturing supply chain and other general economic conditions resulting in reduced demand for vehicle sales and service. We will continue to remain proactive and vigilant in assessing how COVID-19 may impact our organization and remain committed to optimizing and building stability and resiliency into our business model to ensure we are able to drive industry-leading performance regardless of changing market conditions.

Consolidated AutoCanada Highlights

RECORD SETTING FIRST QUARTER

As a result of the continued execution of our complete business model, along with the improvement in market outlook and demand during Q1 2021, AutoCanada delivered a record setting first quarter.

For the three-month period ended March 31, 2021:

- Revenue was $969.8 million, an increase of $261.0 million or 36.8%
- Total vehicles sold were 18,707, an increase of 4,972 units or 36.2%
    - Used retail vehicles sold increased by 3,325 or 51.9%
- Net income (loss) for the period was $21.3 million (or $0.77 per basic share) versus $(46.9) million (or $(1.70) per basic share) in 2020, which included impairment of non-financial assets of $(31.5) million that was driven by the impact of COVID-19 at the time
- Adjusted EBITDA increased by 723% to $47.2 million, an increase of $41.5 million
    - COVID-19 related normalizing items in the quarter: CEWS of $2.9 million, rent subsidy of $0.2 million and forgiveness of $5.4 million of PPP loans received in Q2 2020 for U.S. dealerships. Adjusting for these typically non-recurring income items, normalized Adjusted EBITDA was $38.7 million, ahead of prior year by $33.0 million; normalized pre-IFRS 16 Adjusted EBITDA was $27.6 million, as compared to $(4.4) million
- Ending net indebtedness of $72.6 million reflected a decrease of $(16.9) million from Q4 2020

Canadian Operations Highlights

OUTPERFORMED CANADIAN NEW RETAIL MARKET FOR NINTH CONSECUTIVE QUARTER

For the ninth consecutive quarter, we outperformed the Canadian market, as same store new retail unit sales increased by 29.8% as compared to the market increase of 15.2%, for brands represented by AutoCanada as reported by DesRosiers Automotive Consultants ("DesRosiers"), an outperformance of 14.6 percentage points ("ppts").

Our used vehicle and F&I segments were key drivers of improved earnings in Q1 2021. Same store used vehicle gross profit percentage increased to 6.8% as compared to 5.5% in the prior year and same store F&I gross profit percentage increased to 93.3% as compared to 92.4% in the prior year.

Current period results include the acquisitions of Auto Bugatti collision centre and Haldimand Motors which occurred in Q4 2020. Unless stated otherwise, all Canadian references include Haldimand Motors.

For the three-month period ended March 31, 2021:

- Revenue was $863.8 million, an increase of 37.9%
- Total retail vehicles sold were 15,685, an increase of 4,730 units or 43.2%
    - Used retail unit sales increased by 3,156 or 55.6%
    - For the first time since the inception of Project 50, the average trailing twelve month Canadian used retail unit sales per dealership per month, excluding Haldimand Motors, reached 50, as compared to 41 in the prior year
- Used to new retail units ratio increased to 1.29 from 1.08
    - Trailing twelve month ratio improved to 1.01 at Q1 2021 as compared to 0.81 at Q1 2020
- Finance and insurance gross profit per retail unit average increased to $2,989, up 11.5% or $309 per unit
- Net income for the period was $21.0 million, up $53.7 million from a net loss of $(32.6) million in 2020, which included impairment of non-financial assets of $(22.7) million
- Adjusted EBITDA increased 394.9% to $43.2 million, an increase of $34.5 million
    - Adjusting for COVID-19 related CEWS of $2.9 million, rent subsidy of $0.2 million, normalized Adjusted EBITDA decreases to $40.1 million, ahead of prior year by $31.4 million; normalized pre-IFRS 16 Adjusted EBITDA was $30.1 million, as compared to $(0.5) million

U.S. Operations Highlights

RETAIL UNIT SALES GROWTH OF 30.9%

Despite facing market headwinds, including inventory shortages and stringent pandemic related restrictions in the City of Chicago, U.S. operations were buoyed by strong market demand and posted improved results, as compared to Q1 2020. Current period results include the acquisition of Autohaus of Peoria which occurred on October 29, 2020.

- Revenue was $106.0 million, an increase of 29.0%
- Retail unit sales increased to 2,282 units, up 539 units or 30.9%
- Net income (loss) for the period increased by $14.5 million to $0.3 million from $(14.2) million in 2020, which included impairment of non-financial assets of $(8.9) million
- Adjusted EBITDA was $4.0 million, an increase of $7.0 million from 2020
    - Adjusting for the forgiveness of $5.4 million of PPP loans received in Q2 2020, normalized Adjusted EBITDA decreases to $(1.4) million, an increase of $1.6 million from prior year Adjusted EBITDA of $(3.0) million

Same Store Metrics - Canadian Operations

SAME STORE USED RETAIL UNIT SALES GROWTH OF 43.7%

Same store new and used retail unit sales increased by 37.0% to 15,010 units; new retail units increased by 29.8% and used retail units increased by 43.7%. The increase of new retail units by 29.8% outperformed the market increase of 15.2% in the Canadian new vehicle market for the brands represented by AutoCanada, as reported by DesRosiers. The continued optimization of the Company's complete business model is highlighted by the year-over-year improvement in gross profit across every business segment which collectively totaled $37.8 million, or 35.0%.

Same store metrics include only Canadian dealerships which have been owned for at least two full years since acquisition.

- Revenue increased to $790.8 million, an increase of 27.8%
- Gross profit increased by $37.8 million or 35.0%
- Used to new retail units ratio increased to 1.19 from 1.08
    - New and used retail unit sales increased by 37.0% to 15,010 units
        - Used retail unit sales increased by 43.7%, an increase of 2,481 units
- Finance and insurance gross profit per retail unit average increased to $3,085, up 15.5% or $413 per unit; gross profit increased to $46.3 million as compared to $29.3 million in the prior year, an increase of $17.0 million or 58.2%
- Parts, service and collision repair gross profit increased to $50.4 million, an increase of 15.0%
    - Parts, service and collision repair gross profit percentage increased to 54.6% as compared to 48.4% in the prior year, an increase of 6.2 ppts, driven by a combination of a change in product mix and various initiatives to improve margin retention

Financing and Investing Activities and Other Recent Developments

S&P UPGRADES SUPPORT SUCCESSFUL ADD-ON DEBENTURE OFFERING OF $125 MILLION
CREDIT FACILITY AMENDED AND EXTENDED

Our focus has been and continues to be on preserving cash and managing liquidity. In the quarter, net indebtedness decreased by $(16.9) million to $72.6 million, resulting in a net debt leverage of 0.7x.

Subsequent to quarter-end, the Company completed the following transactions on April 14, 2021:

- Amended and extended our existing credit facility for total aggregate bank facilities of $1.3 billion, with a maturity date of April 14, 2024, maintaining a three-year tenor to our facility
- Issued an additional $125 million add-on to our existing 8.75% senior unsecured notes, due February 11, 2025
- S&P issued a research update whereby it revised the Company’s outlook to stable, raised the issuer credit rating to 'B' from ‘B-’, and raised the rating of the Company's senior unsecured notes to 'B' from 'CCC+'

Business Objectives and Strategy

Progress Update on Business Objectives and Strategy

Below is an update of the Company's progress to date on management's Go Forward Plan (July 2018). For a complete description of the strategic plan and objectives, please see our Q4 2019 MD&A.

Strategic Initiative	Q1 2021 Progress Update
Balance Sheet	
We have established a target net debt leverage range of between 2.5x and 3.0x. On a lease adjusted net debt leverage basis, we have set a target range of between 4.0x and 4.5x.	• Net debt leverage of 0.7x at the end of Q1 2021. • Lease adjusted net debt leverage ratio of 3.0x at the end of Q1 2021. • Net indebtedness reduced from $90 million at December 31, 2020 to $73 million at the end of Q1 2021.
Finance and Insurance ("F&I")	
A dedicated F&I team with an in-house F&I training program to educate our dealership network on a standardized product portfolio and sales process.	• Same store F&I gross profit per retail unit increased to $3,085, up 15.5%; tenth consecutive quarter of year-over-year growth. • Same store F&I gross profit increased by 58.2% to $46.3 million as compared to $29.3 million in the prior year.
Service Bay Occupancy and Business Development Centre ("BDC")	
A call centre dedicated to handle all service work appointment booking for all Canadian dealership locations. BDC is based in Saint John, New Brunswick with specifically trained personnel.	• Despite the impacts of the current challenging market, our Canadian service bay occupancy has increased by approximately 4 ppts when compared to the prior year.
Project 50 (Used Retail Cars)	
An initiative dedicated to increasing our used to new retail unit ratio to an annual industry-leading ratio of 1.0 in Canada by establishing disciplined protocols around used retail sale.	• Average TTM Canadian used retail unit sales per dealership per month, excluding Haldimand Motors, reached 50, as compared to 41 in the prior year. • TTM Canadian used to new retail units ratio increased to 1.01 at Q1 2021 as compared to 0.81 at Q1 2020.
Special Finance (RightRide)	
An extension of Project 50 with an emphasis on selling used vehicles. RightRide is a division dedicated to reaching more credit-challenged customers by partnering with existing third party financing providers. The Company retains no credit risk.	• Operating as an extension of existing dealership locations, have increased presence to 7 operating locations as at Q1 2021. • Developing comprehensive training and operating manual to support scalability.
Collision Centres	
A division to monitor and optimize our collision centre operations across Canada, by focusing on stand-alone collision centers in areas where we have multiple dealerships, to create a "hub and spoke" model.	• 17 collision centres (including 2 stand-alone collision centers) under one leadership team. • Acquisition of PG Klassic AutoBody, a collision centre located in Prince George, British Columbia in Q2 2021. • Acquisition of Auto Bugatti, a BMW MINI certified collision centre located in Montreal, Quebec in Q4 2020.
Cross-border Wholesale	
A division allowing us to capture higher profit selling price and margin opportunities by moving used vehicles from our Canadian dealership network cross-border to the U.S.	• We continue to action cross-border margin opportunities.
U.S. Operations	
Focus from Q1 2019 through end of 2020 on addressing cost structure and moving to breakeven; Beginning in 2021, emphasis has shifted to driving sustainable profitability through further emphasis on the used retail vehicle business.	• Normalized Adjusted EBITDA increased to $(1.4) million for Q1 2021, an increase of $1.6 million from $(3.0) million in Q1 2020.

Used Digital Retail Division

Overview

Our Used Digital Retail Division ("the Division") is expected to drive Canadian used vehicle sales across all channels, including both standalone brick and mortar used dealerships as well as completely online, by creating a seamless omni-channel buying experience for customers that supports their in-store and online requirements for used vehicles. This includes the development of a national network of used vehicle dealerships through both organic development and acquisitions such as Haldimand Motors, as well as an online platform, and will represent Canada's first national used vehicle platform.

The Used Digital Retail Division strategy is complementary to our existing complete business model and will:

- Allow for an attractive market entry with low capital intensity
- Drive meaningful improvement beyond the Company's existing 1.0 used to new retail unit ratio target in Canada
- Drive incremental revenues in existing high margin business segments, including finance, insurance and other and parts, service and collision repair
- Attract consumers earlier in the car buying lifecycle and serve them across all channels as a preferred provider
- Leverage AutoCanada's scale, domain expertise, and existing industry relationships across Canada

Our expected activities and capital investments to establish the Division in the short, medium, and long-term are as follows:

Timeline	0 – 18 Months	12 – 24 Months	18 – 30 Months
Core Activities	✓ Focus on Canadian pre-owned vehicle market ✓ Build out / acquire used car superstores to establish network ✓ Key management hires	✓ Build out digital platform overlay on the used vehicle dealerships ✓ Establish call centre solution ✓ Harden the foundation for full omni-channel	✓ Focus on execution ✓ Build the brand
Key Objectives	✓ Retail 20,000+ used vehicles per year	✓ Refine multi-channel economic model	✓ Complete omni-channel capabilities

Self Funding Across All Three Phases

For a complete description of the Division, please see our Q4 2020 MD&A for further details.

M&A Strategy

Our near-term business strategy is to continue to optimize our platform to produce strong and stable results in any economic environment through our various units. We intend to utilize our platform to create tangible value through an acquisition roll-up strategy.

The current industry is largely comprised of fragmented independently owned dealerships. According to DesRosiers, there were approximately 3,300 franchised dealerships across Canada in 2018, and approximately 49% of these franchised dealerships are owned by either individuals/families or groups that own fewer than five locations. Independently owned dealerships often have underdeveloped business units, providing us with synergy opportunities. Therefore, we continue to see a large opportunity for the Company to acquire dealerships.

Leveraging the benefits of our success in building out a 'complete' business model, management is taking a disciplined approach in moving forward with an acquisition strategy. We will continue to seek to optimize brand and geographic diversification through acquisitions.

Acquisition opportunities are evaluated using an internal rate of return construct by comparing returns of potential projects and acquisitions against internal hurdle rates. The internal hurdle rate is calculated as internal cost of capital plus transaction-specific risk premiums and is impacted by a number of factors including the brand, size of dealership, and geography. This internal framework provides the guideposts for the management team to consider, evaluate, and compare various opportunities.

Further, our M&A strategy will be supported by a strong and liquid balance sheet. As strong stewards of capital, we will continue to be disciplined with our capital allocation and target a net debt leverage ratio range of between 2.5x and 3.0x post-acquisition.

First Quarter Financial Information

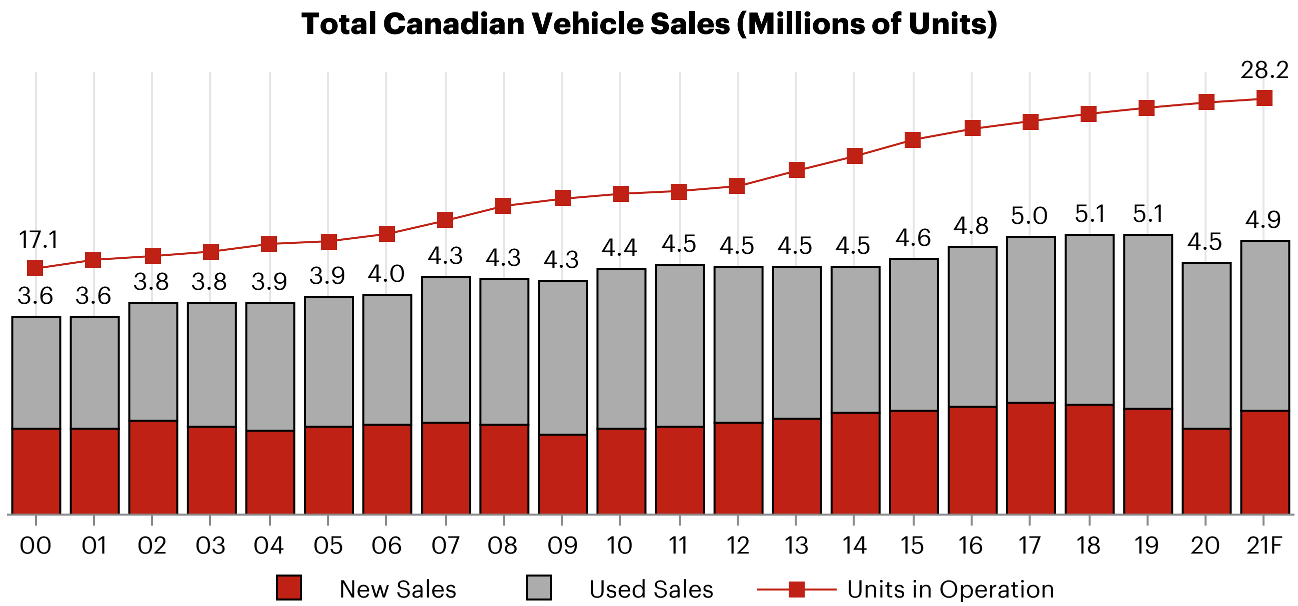
The following table summarizes the Company's operations for the quarter:

	Three Months Ended March 31		
Consolidated Operational Data	**2021**	**2020**	**% Change**
Revenue	969,824	708,826	36.8%
Gross profit	167,636	117,298	42.9%
Gross profit %	17.3%	16.5%	0.8%
Operating expenses	127,948	116,700	9.6%
Operating profit (loss)	41,664	(28,948)	243.9%
Net income (loss) for the period	21,334	(46,853)	145.5%
Basic net income (loss) per share attributable to AutoCanada shareholders	0.77	(1.70)	145.3%
Diluted net income (loss) per share attributable to AutoCanada shareholders	0.71	(1.70)	142.0%
Adjusted EBITDA [1]	47,234	5,739	723.0%
New retail vehicles sold (units)	8,233	6,289	30.9%
New fleet vehicles sold (units)	740	1,037	(28.6)%
Total new vehicles sold (units)	8,973	7,326	22.5%
Used retail vehicles sold (units)	9,734	6,409	51.9%
Total vehicles sold	18,707	13,735	36.2%
Same store new retail vehicles sold (units)	6,848	5,274	29.8%
Same store new fleet vehicles sold (units)	739	1,037	(28.7)%
Same store used retail vehicles sold (units)	8,162	5,681	43.7%
Same store total vehicles sold	15,749	11,992	31.3%
Same store revenue	790,798	618,859	27.8%
Same store gross profit	145,799	108,019	35.0%
Same store gross profit %	18.4%	17.5%	0.9%

1 *This financial measure has been calculated as described under Section 15, Non-GAAP Measures and should not be considered a substitute or alternative for GAAP measures. This is not a defined term under IFRS and does not have a standard meaning, so may not be a reliable way to compare us to other companies.*

3. MARKET AND OUTLOOK

The Canadian Vehicle Market



Source: DesRosiers Automotive Consultants

Based on market data provided by DesRosiers, a 2% Compound Annual Growth Rate ("CAGR") is noted for the period from 2000 to 2019. Due to the impact of COVID-19, the overall Canadian market for vehicle sales has noted a CAGR of 1% for the period from 2000 to 2020. In line with continued population growth, there is an anticipated continued long-term growth in year-over-year vehicle sales. The above market data provided by DesRosiers further confirms that consumers continue to buy more vehicles every year and supports our continued growth.

With the overall trend of increases in total vehicle sales, the Company's strategy to focus on increasing our used to new retail unit ratio, and strengthen and stabilize our business model as a result, is very much tied to the broader market outlook that Canadians continue to buy more vehicles, new or used, each and every year.

According to DesRosiers, Seasonally Adjusted Annual Rate ("SAAR") for March 2021 increased by 87% to 1.9 million units as compared to 1.0 million units in March 2020. SAAR creates a base sales figure to allow for more meaningful comparison between months converting the current monthly sales to take into account seasonality of the past ten years. In addition, according to DesRosiers, the market forecast for Canadian light vehicles sales in 2021 is expected to increase by 19.7% to 1.9 million light vehicles, as compared to the 1.6 million light vehicles sold in 2020. However, actual sales may differ materially as there continues to be a high level of uncertainty regarding the near-term and long-term impacts of COVID-19. In addition to the direct impacts of COVID-19 on our operations, there may be disruptions to the global automotive manufacturing supply chain, resulting in limited access to inventory or other impacts on general economic conditions resulting in reduced demand for vehicle sales and service. This includes the current microchip inventory shortage that is impacting new vehicle inventory production. While AutoCanada currently has ample levels of new vehicle inventory, prolonged shortages could result in lower new vehicle sales volumes.

Regardless of the current market uncertainties, with our successful strategy to build up new and used inventory and our comprehensive and complete business model, we are well situated to continue to manage and operate through these uncertain times.

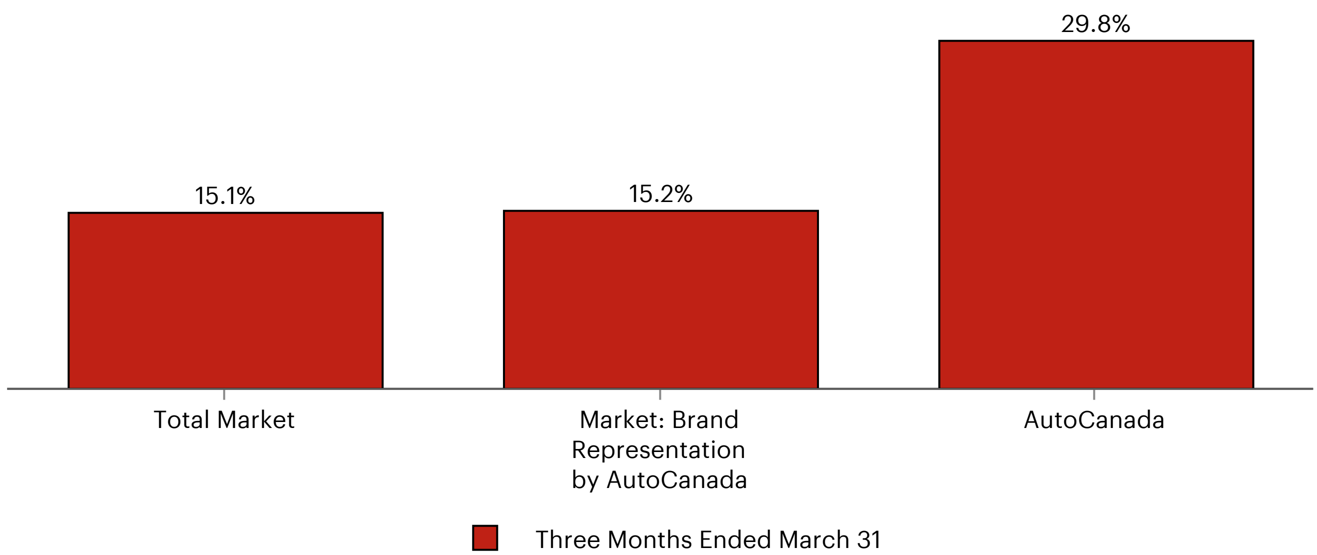
Performance vs. the Canadian Vehicle Market

Based on market data provided by DesRosiers, the overall Canadian automotive new retail vehicle sector for the three-month period ended March 31, 2021 increased by 15.1% compared to the prior year.

Outperformance of Canadian New Vehicle Market by 14.6 ppts

For the quarter, same store new retail units increased by 29.8% and compares with an increase of 15.2% in the Canadian new vehicle market for the brands represented by AutoCanada, as reported by DesRosiers.

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



Source: DesRosiers Automotive Consultants

We have continued to outperform the market, both prior to and during this pandemic crisis, for the ninth consecutive quarter. Key contributing factors to our continued outperformance include the following:

- Dealerships remained open for business, where possible and within government guidelines
- Proactive inventory management of new and used vehicles to support sales
    - By turning new vehicle sales volume and thereby earning increased OEM volume allocations, we were able to "turn and earn" OEM allocations through ongoing market outperformance
    - Ability and willingness to take on incremental allocations declined by competitor dealerships
- Time in position for the management team to drive operational excellence in all elements of our complete business model
- Alignment of compensation structures with our OEM partners' balanced scorecard metrics
- Ability to retain and attract top sales talent driven by our sales outperformance and strong inventory position across both new and used vehicle inventory

4. RESULTS OF OPERATIONS

First Quarter Operating Results

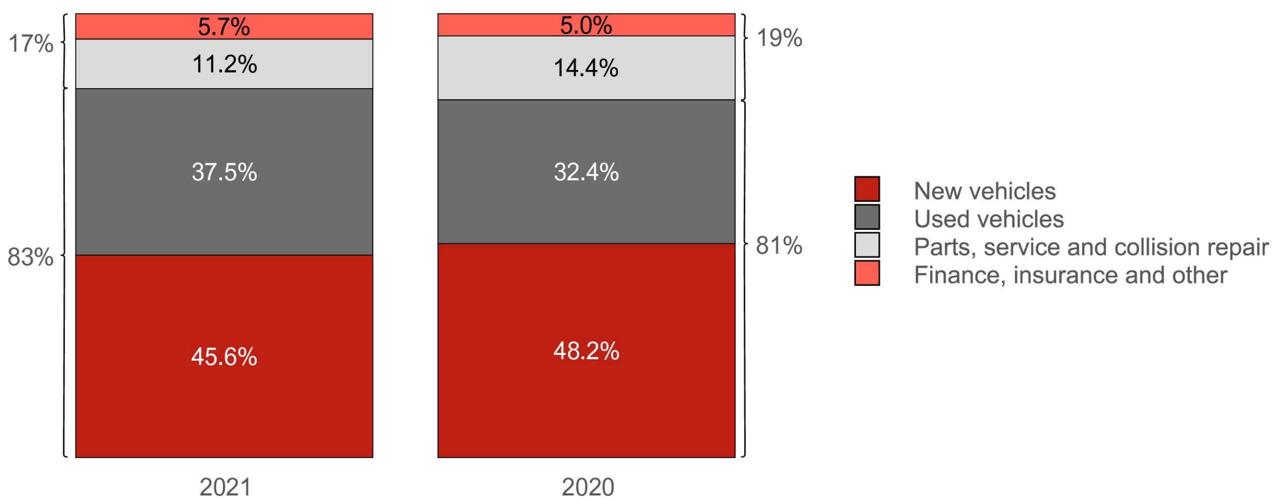
Same store metrics include only Canadian dealerships which have been owned for at least two full years since acquisition.

Revenues

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

	Three Months Ended March 31			
	2021 $	2020 $	Change $	Change %
New vehicles	442,448	341,582	100,866	29.5%
Used vehicles	364,072	229,355	134,717	58.7%
Parts, service and collision repair	108,223	102,453	5,770	5.6%
Finance, insurance and other	55,081	35,436	19,645	55.4%
Total revenue	969,824	708,826	260,998	36.8%

% Allocation of Revenue for the Three Months Ended March 31

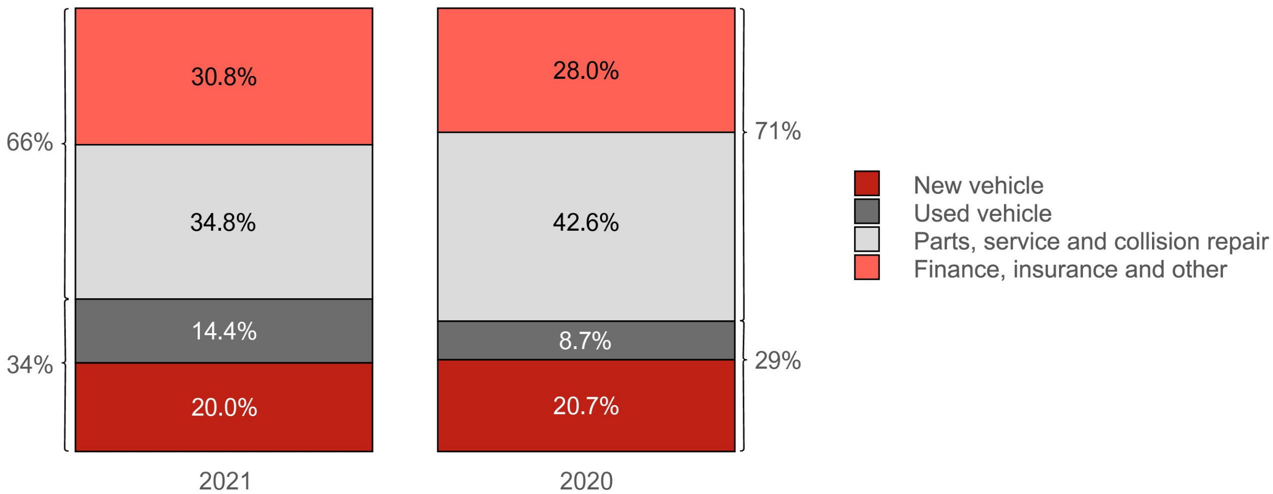


Gross Profit

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

	Three Months Ended March 31			
	2021 $	2020 $	Change $	Change %
New vehicles	33,588	24,267	9,321	38.4%
Used vehicles	24,176	10,173	14,003	137.6%
Parts, service and collision repair	58,327	49,969	8,358	16.7%
Finance, insurance and other	51,545	32,889	18,656	56.7%
Total gross profit	167,636	117,298	50,338	42.9%

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



Gross Profit Percentages

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

	Three Months Ended March 31		
	2021	**2020**	**Change ppts**
New vehicles	7.6%	7.1%	0.5
Used vehicles	6.6%	4.4%	2.2
Parts, service and collision repair	53.9%	48.8%	5.1
Finance, insurance and other	93.6%	92.8%	0.8
Total gross profit %	17.3%	16.5%	0.8

For the three-months ended March 31, 2021, 16.9% of the Company's revenue generated from finance, insurance and other ("F&I") and parts, service and collision repair ("PS&CR") contributed 65.5% of the Company's total gross profit and is due to the higher gross profit percentages of 93.6% and 53.9%, respectively, for F&I and PS&CR when compared to the lower gross profit percentages for new and used vehicles. This relationship is key to continue building a stable and robust business model and supports management's key initiatives to further develop our higher profit margin generating divisions.

New vehicles

For the three-month period ended March 31, 2021

Consolidated Operations

New vehicle revenue increased by 29.5% with new vehicle gross profit increasing by 38.4%. New vehicle gross profit percentage increased to 7.6% as compared to 7.1% in the prior year.

Canadian Operations and Same Stores Results

New vehicle revenue increased by 29.1% and new vehicle gross profit percentage increased to 8.1% as compared to 8.0% in the prior year.

Same store new vehicle revenue increase of 29.1% was largely driven by the increase in same store new vehicle retail units to 6,848, an increase of 1,574 units or 29.8% compared to the prior year. Same store new vehicle gross profit percentage increased to 8.1% as compared to 8.0% in the prior year.

We continue to prioritize our OEM relationships, which includes achieving sales unit targets, customer satisfaction targets, and several other key measures as reflected within the various OEM balanced scorecards. With our strong OEM relationships and our continued outperformance of market, we have sufficient new vehicle inventory to meet expected sales demand.

Along with other strategies borne out to drive stability in the Company's complete business model, the Company continues to outperform the Canadian market.

U.S. Operations

New vehicle revenue increased by 33.0% and new vehicle gross profit increased by $2.2 million. New vehicle gross profit percentage increased to 4.3% as compared to 0.4% in the prior year.

These increases are attributable to a fundamental shift in culture to ensure we are meeting market demand. Market demand factors were more pronounced within our U.S. Operations given the constrained availability of new inventory resulting from the closure of vehicle assembly plants at the onset of the pandemic as well as the more stringent lockdown restrictions imposed by the State of Illinois and the City of Chicago. In the latter half of March 2021, additional sales team members were hired to prioritize growth and contributed to the improvement in gross profit percentage noted.

Comparisons to the prior year are impacted by the acquisition of Autohaus of Peoria on October 29, 2020.

Used vehicles

For the three-month period ended March 31, 2021

Consolidated Operations

Used vehicle revenue increased by 58.7%. Used vehicle gross profit increased by 137.6% and gross profit per used vehicle sold increased by $896 per unit.

Canadian Operations and Same Stores Results

Used vehicle revenue increased by 61.8% and used vehicle gross profit increased by 143.3%. Used vehicle gross profit percentage increased to 6.7% as compared to 4.5% in the prior year.

Same store used vehicle revenue increased by 33.0% and same store used vehicle gross profit increased by 65.1%. Same store used vehicle gross profit percentage increased to 6.8% as compared to 5.5% in the prior year.

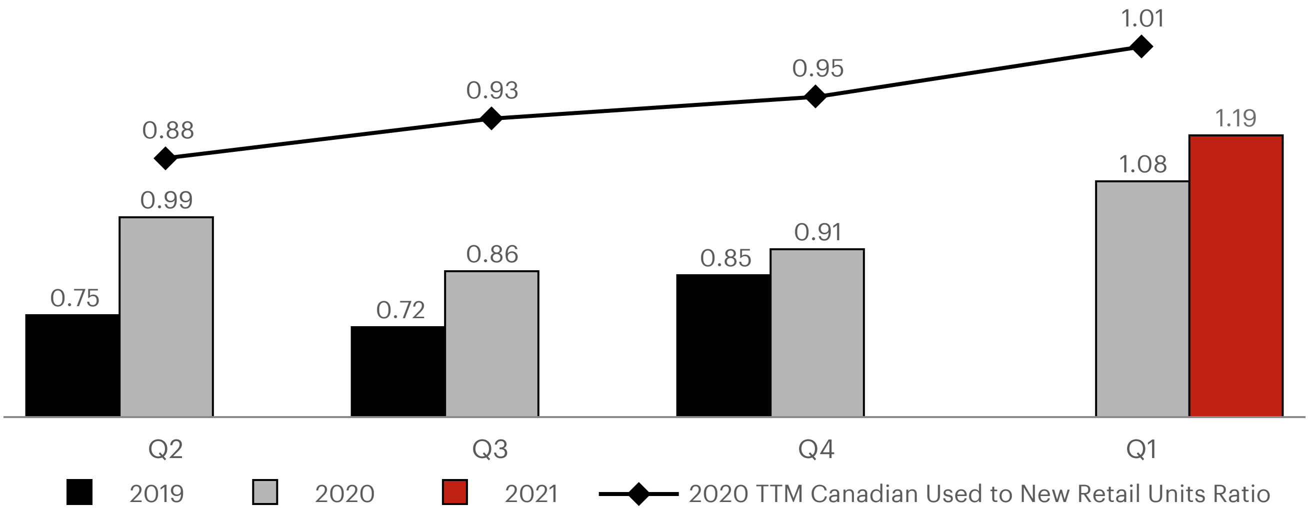
Increased demand for used vehicles was a key driver for the improvements in used vehicle gross profit and gross profit percentage. Due to both the recent surge in demand for used cars and shortage of inventory, wholesale and auction prices continued to remain at record highs. Insight into this trend is provided by the Canadian Black Book Used Vehicle Retention Index ("CBBUVRI"), which monitors the health of the used wholesale vehicle market and tracks the retained wholesale values for two to six-year-old vehicles in Canada. According to the CBBUVRI, the index reached another all-time high in March at 118.6 points, an increase of 10.6% compared to prior year and an increase of 4.1% compared to February 2021.

We met the increased demand for used vehicles with our Project 50 initiative, that includes both a focus on used retail vehicle sales and the creation of the RightRide division to focus on credit-challenged customers, and our strategic build up of used vehicle inventory. Same store used retail vehicle unit sales increased by 2,481 units to 8,162 units. We continue to prioritize retailing of used vehicles, as opposed to wholesale or auctioning used vehicles. This ensures we are able to generate F&I and PS&CR gross profit, as well as provide additional opportunities for AutoCanada to develop customer loyalty and build customer retention.

Our focus on increasing used retail volume is reflected by the continued improvement in our same store used to new retail unit ratio which increased to 1.19 for Q1 2021 as compared to 1.08 in the prior year. The TTM Canadian used to new retail unit ratio for the year improved to 1.01 at Q1 2021 as compared to 0.81 at Q1 2020. According to DesRosiers, our performance places us well ahead of our peers as historical Canadian market used to new retail unit ratio was 0.49 in 2019 and 0.60 in 2020. Average TTM Canadian used retail units sold per month per Canadian dealerships increased from 41 used retail units in the prior year to 50 used retail units in the current year, excluding Haldimand Motors.

Continuing from our fourth quarter strategic decision to build up our used vehicle inventory supply, our used vehicle inventory position increased to $311.4 million as at March 31, 2021 as compared to $155.9 million in the prior year, an increase of $155.4 million or close to 100%. With strong and better than market levels of used vehicle inventory, we are well positioned to continue to take advantage of the current unprecedented used vehicle market.

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



This trend of continuous improvement demonstrates the stability of the used retail market, our growing competence as a used vehicle retailer, and ultimately supports our business objectives and strategy to develop a complete business model.

U.S. Operations

Used vehicle revenue increased by 33.7% and used vehicle gross profit increased by 88.9%. Used vehicle gross profit percentage increased to 5.9% as compared to 4.2% in the prior year.

Due to strong market demand for used vehicles, there is a thinning of used inventory supply available. Management prioritized the build up of used vehicle inventory to meet market demand to address the limited inventory supply. This resulted in an increase in used retail vehicles sold by 169 units to 897 units as compared to the prior year.

With the continued optimization of the retailing process, we were able to leverage the used pricing opportunities and used vehicle gross profit percentage improved by 1.7 ppts to 5.9%. Management will continue to strategically build up used vehicle inventory to meet market demand.

With management's shift to prioritize growth of the operations, new retail unit sales growth in Q1 2021 outpaced the growth in used retail units sale and resulted in a decrease in the used to new retail unit ratio to 0.65 as compared to 0.72.

Comparisons to the prior year are impacted by the acquisition of Autohaus of Peoria on October 29, 2020.

Parts, service and collision repair

For the three-month period ended March 31, 2021

Consolidated Operations

Parts, service and collision repair revenue increased by 5.6% and gross profit increased by 16.7%.

Canadian Operations and Same Stores Results

Parts, service and collision repair revenue increased by 5.8% and gross profit increased by 19.1%. PS&CR gross profit percentage increased to 54.2% as compared to 48.2% in the prior year.

Same stores results saw PS&CR revenue increase by 2.1%, while gross profit increased by 15.0%. Same store PS&CR gross profit percentage increased to 54.6% as compared to 48.4% in the prior year.

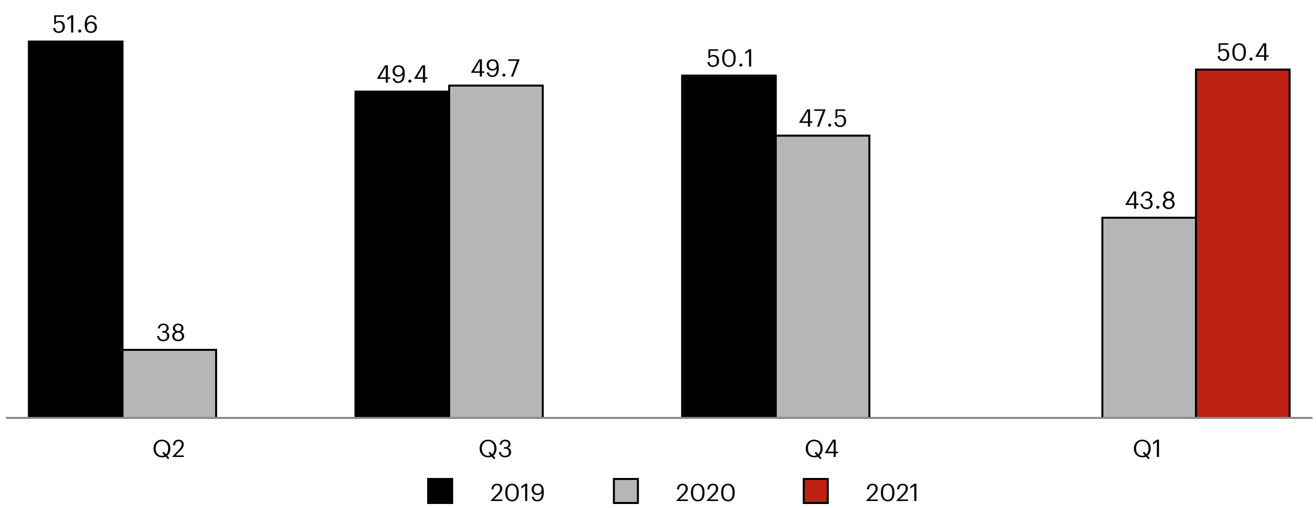
The increase in same store parts, service and collision repair gross profit percentage is driven by both a change in our product mix and the continued focus on improving margin thresholds.

There was a reduction to overall kilometers driven and a delay of routine maintenance due to pandemic related restrictions and the trend of remote work. This trend resulted in a reduction in routine maintenance transactions that typically have a lower margin and a corresponding increase in customer pay transactions that typically have a higher margin. As a result of ongoing initiatives to optimize our profit margins, gross profit percentage for most products has improved on a year-over-year basis.

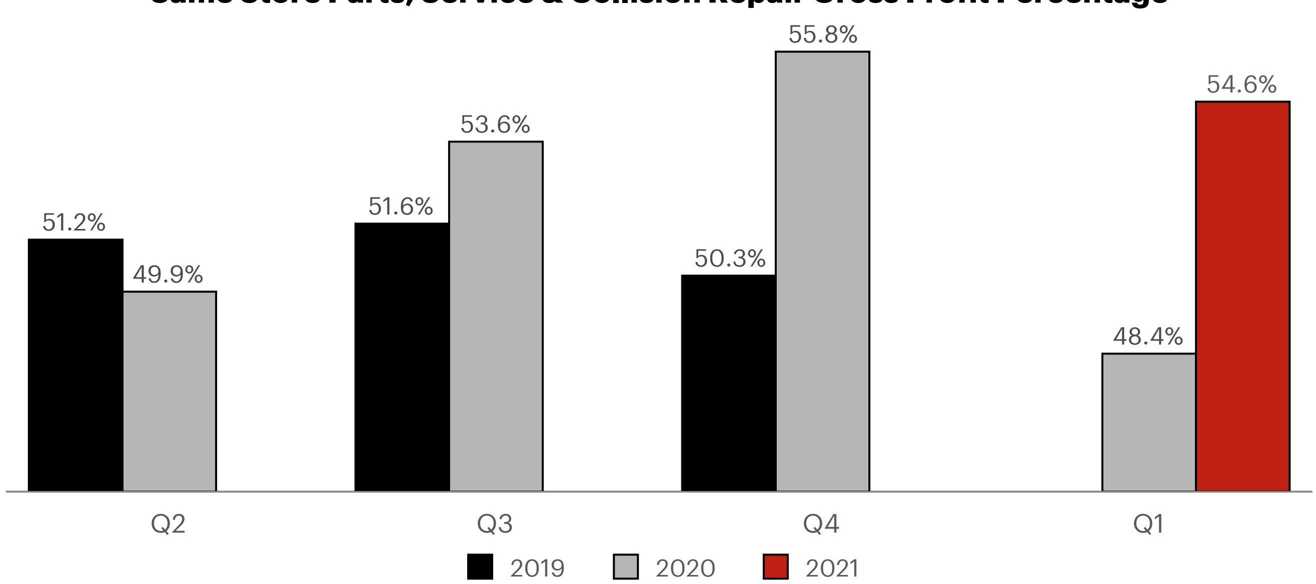
We continue to implement our BDC strategy, which involves leveraging the large database of our customer information across our Canadian dealership network to centralize the service work appointment booking process. Our BDC strategy has been implemented at all Canadian dealerships locations, and should be implemented at all Canadian collision centre locations by Q4 2021. In addition, this strategy will grow in scale with our acquisition strategy. We have specially trained personnel to ensure consistent quality customer interactions. Further optimization of our BDC strategy entails a number of elements including occupancy tracking, technician recruitment, and call list development for vehicle recall and overdue maintenance follow up. This strategy has allowed us to develop incremental and directed marketing initiatives, while focusing on improving service retention, and will increase service bay occupancy rates over time. As a result of the BDC, despite the impacts of the current challenging market, our service bay occupancy has increased by approximately 4 ppts.

Comparisons to the prior year are impacted by the acquisition of Auto Bugatti collision centre on October 6, 2020.

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



Same Store Parts, Service & Collision Repair Gross Profit Percentage



U.S. Operations

Parts, service and collision repair revenue increased by 4.3% and gross profit increased by 0.4%. Parts, service and collision repair gross profit percentage decreased to 51.3% as compared to 53.3% in the prior year.

Management continues to focus on process improvements in our parts, service and collision repair operations, which includes maximizing technician productivity and improving effective labour rates on our service work. Due to the more stringent lockdown restrictions imposed by the State of Illinois and the City of Chicago, there was an overall reduction in miles driven and resulted in less repair orders being completed in the current quarter as compared to prior year. Therefore, gross profit increased as a result of the reduction in repair orders and resulting in changes in product mix resulted in a compression to gross profit percentage.

Comparisons to the prior year are impacted by the acquisition of Autohaus of Peoria on October 29, 2020.

Finance, insurance and other

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

For the three-month period ended March 31, 2021

Consolidated Operations

Finance, insurance and other revenue increased by 55.4% and gross profit increased by 56.7%. Gross profit per vehicle increased by $279 per unit.

Canadian Operations and Same Stores Results

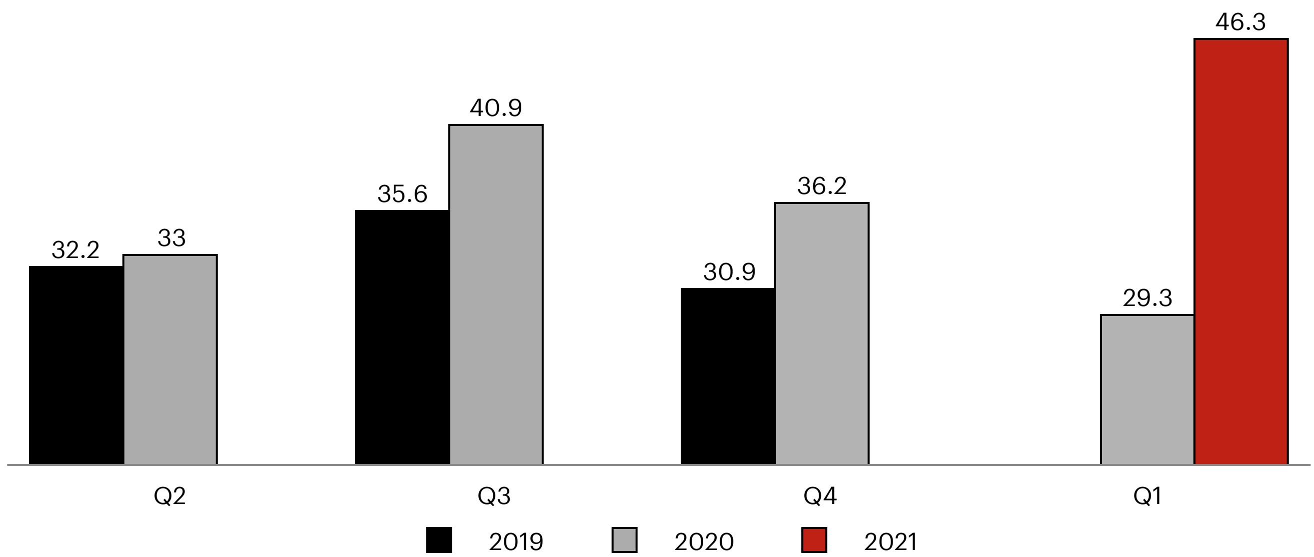
Finance, insurance and other revenue increased by 58.1% and gross profit increased by 59.7%. Gross profit percentage increased to 93.4% as compared to 92.5% in the prior year.

Same stores results saw finance, insurance and other revenue increase by 56.7% and gross profit increased by 58.2% to $46.3 million. Same store finance, insurance and other gross profit percentage increased 93.3% as compared to 92.4% in the prior year. Gross profit per retail unit average increased to $3,085, up 15.5% or $413 per retail unit, as compared to $2,672 in the prior year. Gross profit increased due to both the improvements on a per retail unit basis along with the increase of 4,055 retail units to total same store retail units of 15,010.

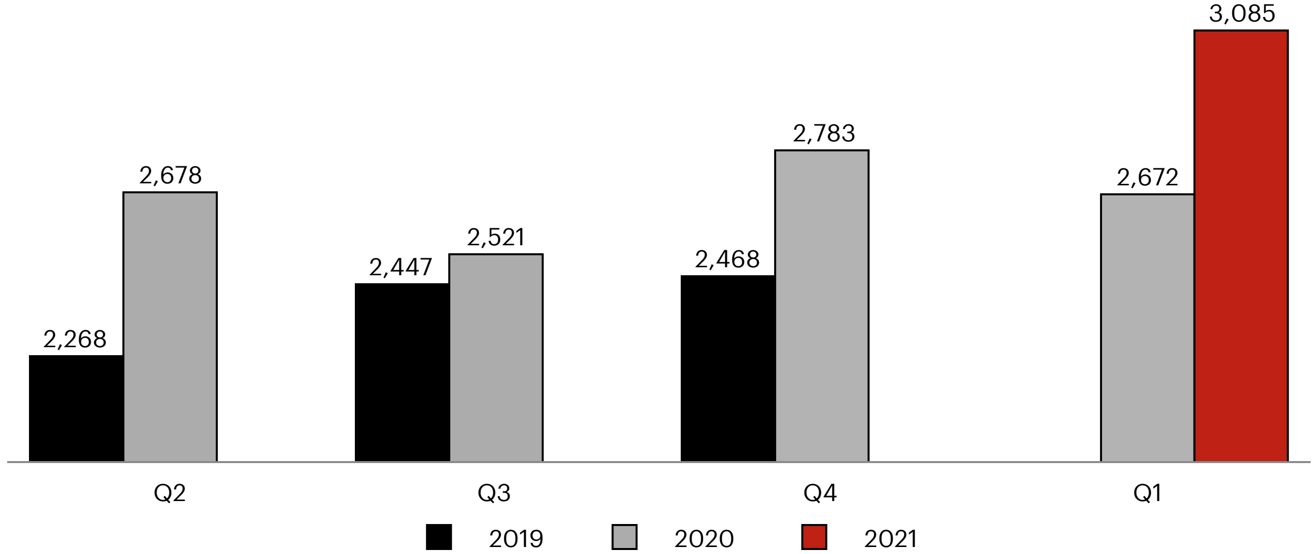
The $413 per retail unit increase in same store gross profit per unit is attributed to the strong foundation our F&I initiative has built and the continued optimization of our in-house training program. The training program leverages available data and focuses on educating our finance managers to both better understand our product portfolio to cater to customer preferences and to better provide added value to customers throughout the sale process. Improving our insight into customers' product preferences allows us to provide value generating products for our customers to increase value add products per deal and ultimately improve customer retention.

F&I continues to have the highest gross profit retention in the Company. We are constantly optimizing the various inputs and value added product menu, with an emphasis to drive consistent improvements in our F&I performance.

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



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



U.S. Operations

Finance, insurance and other revenue increased by 32.7% and gross profit increased by 31.9%. Gross profit percentage slightly decreased to 95.3% as compared to 95.9% in the prior year.

The gross profit percentage continues to remain strong at 95.3% and is largely due to management's continued focus on improving our formal financing and insurance structure and process certifications. The formal structure and training resulted in a shift in what we consider core products and ensures that products being sold drive customer retention by providing value to our customers.

Comparisons to the prior year are impacted by the acquisition of Autohaus of Peoria on October 29, 2020.

Operating expenses

Employee Costs

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

Administrative Costs

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

Facility Lease and Storage Costs

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

Depreciation of Property and Equipment

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

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

Depreciation of Right-of-Use Assets

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

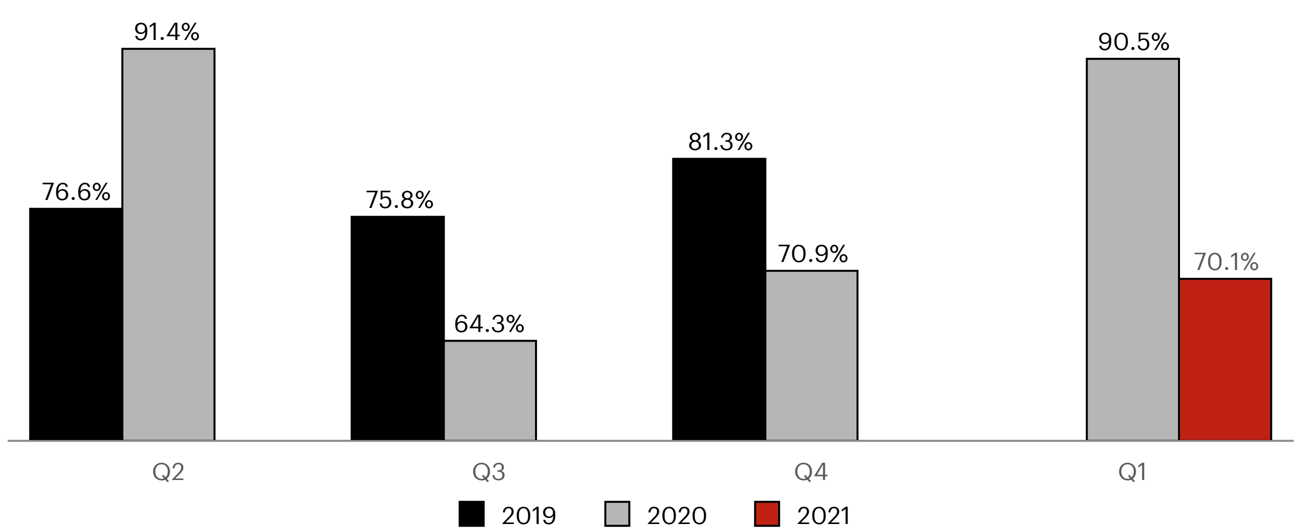
The following table summarizes operating expenses:

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Employee costs	74,155	9,332	83,487	58,732	7,760	66,492
Government assistance	(3,101)	(5,398)	(8,499)	—	—	—
Administrative costs	35,512	6,916	42,428	32,966	6,410	39,376
Facility lease and storage costs	134	—	134	237	—	237
Depreciation of property and equipment	3,745	309	4,054	4,098	289	4,387
Depreciation of right-of-use assets	5,677	667	6,344	5,626	582	6,208
Total operating expenses	116,122	11,826	127,948	101,659	15,041	116,700

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

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Operating expenses before depreciation	70.1%	70.1%	70.1%	86.6%	126.8%	90.5%
Total operating expenses	76.3%	76.4%	76.3%	95.8%	134.6%	99.5%

Operating expenses before depreciation as % of Gross Profit



Total Operating Expenses

For the three-month period ended March 31, 2021

Consolidated Operations

Operating expenses before depreciation as a percentage of gross profit decreased by (20.4) ppts to 70.1% and operating expenses as a percentage of gross profit decreased by (23.2) ppts to 76.3%, as compared to prior year.

Adjusting for CEWS of $2.9 million, rent subsidy of $0.2 million and the forgiveness of $5.4 million of PPP loans received in Q2 2020 for U.S. dealerships, normalized operating expenses before depreciation as a percentage of gross profit decreased to 75.2% as compared to 90.5% in the prior year.

While the prior year was impacted by the loss of gross profit from the initial lockdowns, this normalized improvement reflects the Company's continued optimization of the business model, including updated head count and pay plans to a more sustainable structure.

Canadian Operations

Operating expenses before depreciation as a percentage of gross profit decreased by (16.5) ppts to 70.1% as compared to prior year.

Adjusting for CEWS of $2.9 million and rent subsidy of $0.2 million, normalized operating expenses before depreciation as a percentage of gross profit decreased to 72.2% as compared to 86.6% in the prior year.

Employee costs as a percentage of gross profit decreased to 48.7% as compared to 55.3% in the prior year. This decrease is driven by the optimized business model.

U.S. Operations

Operating expenses before depreciation as a percentage of gross profit decreased by (56.7) ppts to 70.1%.

Adjusting for the forgiveness of $5.4 million of PPP loans, normalized operating expenses before depreciation as a percentage of gross profit decreased to 105.0% as compared to 126.8% in the prior year.

This reduction in employee costs as a percentage of gross profit by (9.1) ppts to 60.3% is largely driven by management's strategy to build up a strong sales team to meet strong market demand. The improved sales team resulted in improvements in new and used vehicle sales volume and profitability, and overall gross profit.

Net Income (Loss) for the Period and Adjusted EBITDA

The following table summarizes Net income (loss) and Adjusted EBITDA for the three months ended March 31:

	Three Months Ended March 31		
	2021 $	2020 $	Change $
Net income (loss) for the period	21,334	(46,853)	68,187
Adjusted EBITDA[1]	47,234	5,739	41,495

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

Net Income (Loss) for the Period

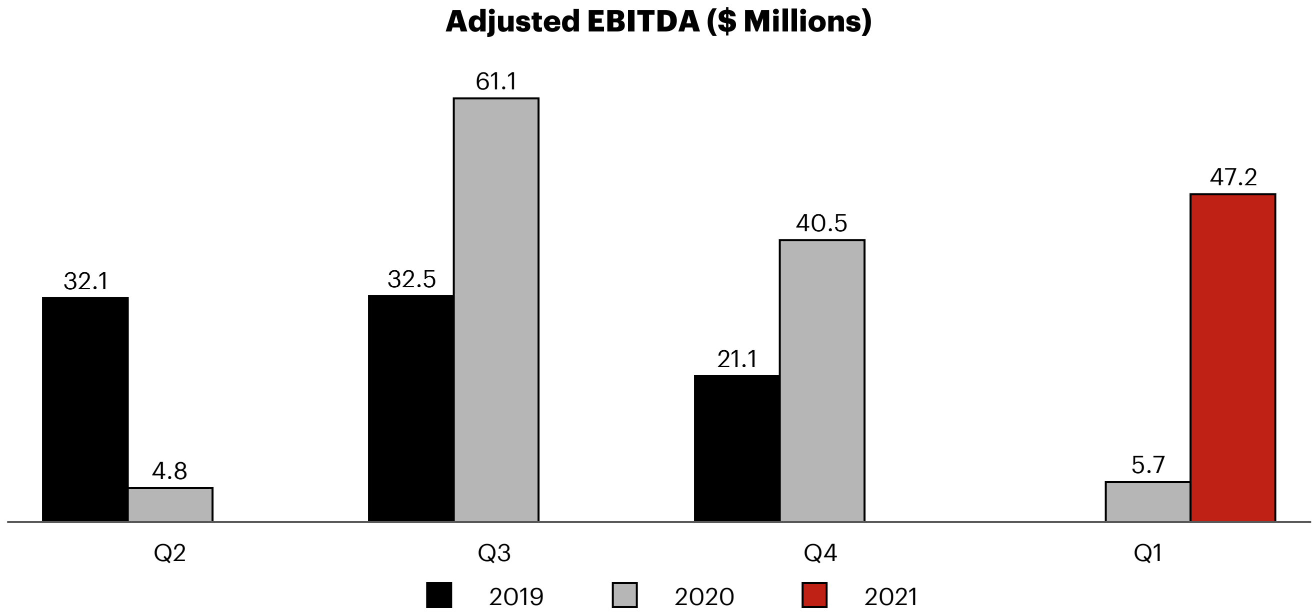
Net income (loss) for the three-month period ended March 31, 2021 improved by $68.2 million, compared to prior year. The drivers of this change include:

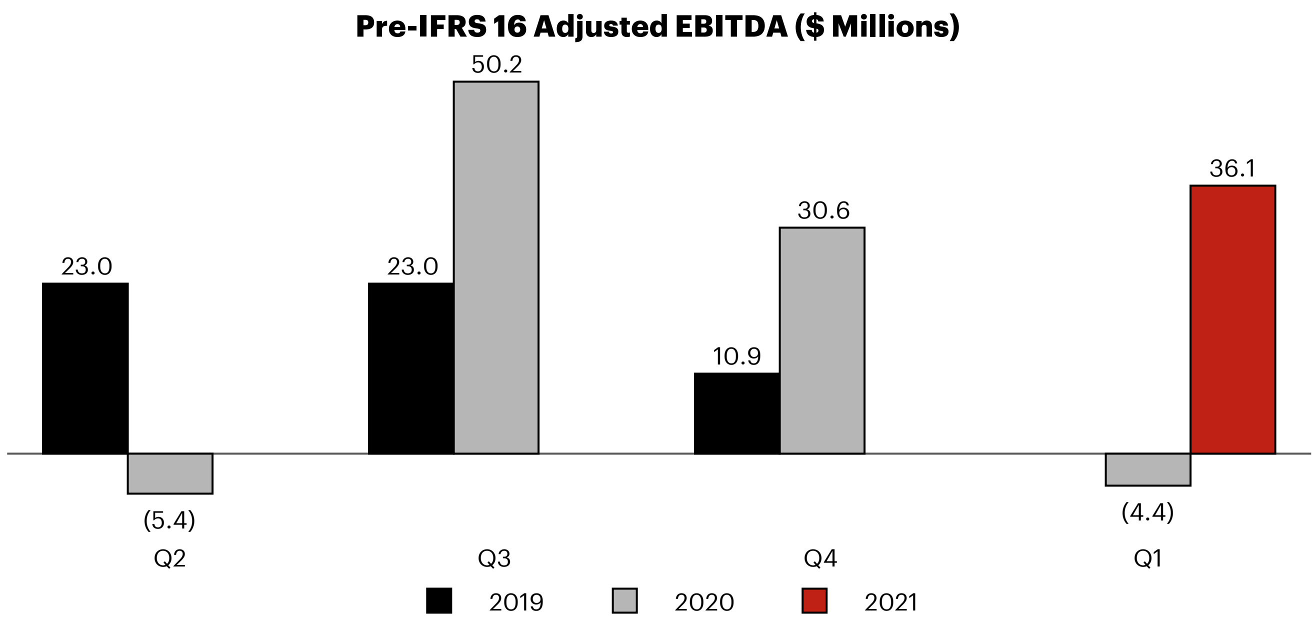
- Canadian Operations segment contributed an increase of $53.7 million in the first quarter
  - Impairment of non-financial assets of $(22.7) million was recognized during the quarter ended March 31, 2020 - driven by impact of COVID-19 at the time
- U.S. Operations segment contributed an increase of $14.5 million in the first quarter
  - Impairment of non-financial assets of $(8.9) million was recognized during the quarter ended March 31, 2020 - driven by impact of COVID-19 at the time

Adjusted EBITDA

Adjusted EBITDA for the three-month period ended March 31, 2021 increased by $41.5 million, compared to prior year. The drivers of this increase include:

- Canadian Operations Adjusted EBITDA contributed an increase of $34.5 million in the first quarter year-over-year
- U.S. Operations Adjusted EBITDA contributed an increase of $7.0 million in the first quarter year-over-year





Finance Costs

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

During the three-month period ended March 31, 2021, finance costs on our revolving floorplan facilities decreased by (46.5)% to $3.5 million from $6.6 million, in the same period of the prior year. The decrease is primarily driven by both a reduction in flooring interest rates and floored new vehicle base.

During the three-month period ended March 31, 2020, loss on extinguishment of debt of $4.0 million was recognized in relation to the amendment of the Credit Facility and Senior Notes offering that occurred on February 11, 2020.

The unrealized fair value changes on interest rate swaps represents the unrealized changes in derivative financial instruments held for the purpose of managing exposures to fluctuations in interest rates. Changes in the fair value of these instruments will be recorded in Finance costs as the Company has not elected to apply hedge accounting to these contracts. For further details, refer to Note 16 in the Interim Consolidated Financial Statements for the three-month period ended March 31, 2021.

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

	Three Months Ended March 31	
	2021 $	2020 $
Finance costs:		
Interest on long-term indebtedness	4,663	3,673
Interest on lease liabilities	5,722	5,637
Loss on extinguishment of debt	—	4,002
Unrealized fair value changes on interest rate swaps	(3,279)	1,469
Amortization of terminated hedges	817	—
	7,923	**14,781**
Floorplan financing	3,511	6,566
Interest rate swap settlements	939	301
Other finance costs	905	672
	13,278	**22,320**

Income Taxes

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

	Three Months Ended March 31	
	2021 $	2020 $
Current tax	4,816	3,523
Deferred tax	2,404	(6,660)
Total income tax expense/ (recovery)	**7,220**	**(3,137)**
Effective income tax rate	25.3%	6.3%
Statutory income tax rate	25.4%	26.2%

The period-over-period change in effective rate for the three-months ended March 31, 2021 is primarily due to unrecognized deferred tax assets, adjustments in respect of prior years and other permanent items, relative to the change in earnings.

5. ACQUISITIONS, DIVESTITURES, RELOCATIONS AND REAL ESTATE

Dealership Open Points

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

On December 21, 2018, the Company announced that it had been awarded the right to a General Motors open point featuring the Chevrolet, Buick and GMC brands in Maple Ridge, British Columbia. The Company is continuing to work on permitting for a site that it has secured and expects construction to be completed in 2022**.**

PG Klassic Autobody

On April 1, 2021, the Company acquired a 100% interest in PG Klassic AutoBody, a collision centre located in Prince George, British Columbia. The acquisition supports management's strategic objectives of expanding the Company's collision centre capacity.

6. LIQUIDITY AND CAPITAL RESOURCES

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

Our principal uses of funds are for capital expenditures, funding the future growth of the Company, servicing debt and paying dividends to shareholders (currently suspended). We have historically met these requirements by using cash generated from operating activities and through short-term and long-term indebtedness.

Sources of Cash

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

Credit Facilities

As at March 31, 2021, the Company had a $950 million Credit Facility with the Bank of Nova Scotia ("Scotiabank"), the Canadian Imperial Bank of Commerce ("CIBC"), the Royal Bank of Canada ("RBC"), HSBC Bank Canada ("HSBC"), ATB Financial ("ATB") and the Bank of Montreal ("BMO"). The Credit Facility has specified-use tranches and provides the Company with revolving credit capacity for operational and growth purposes as well as floorplan financing to assist with the purchasing of inventory. The maturity of that Credit Facility was February 11, 2023.

The following table reflects the composition of that Credit Facility as well as limits, amounts drawn and unused capacity as at March 31, 2021:

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit [1]	175,000	70,123	104,877
Inventory floorplan financing	775,000	539,355	235,645
Total	950,000	609,478	340,522

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

Revolving Credit Capacity

The Credit Facility in effect at March 31, 2021 provided a total of $175 million in credit limit capacity for operational and growth purposes. The revolving credit balance is included in the calculation of the Company's leverage ratios, and the associated interest charges are added back in the Company's calculation of Adjusted EBITDA.

Floorplan Financing Capacity

The Credit Facility in effect at March 31, 2021 provided a total of $775 million in credit limit capacity for the purposes of floorplan financing the wholesale purchase of new, used, demonstrator and leased vehicle inventory. The wholesale flooring facilities are demand in nature and draws on the facilities are secured by the inventory that is 'floored' under the facilities. As advances are secured by vehicle inventory and characterized as demand loans, the floorplan indebtedness is classified as current on the Company's consolidated balance sheet. While floorplan financing is interest-bearing indebtedness, it is excluded in the calculation of the Company's leverage ratios given that this form of financing is standard in the retail automotive industry and deemed to be an operational necessity. Similarly, interest charges associated with floorplan financing are excluded from the interest expense added back in the Company's calculation of Adjusted EBITDA.

Other Floorplan Financing

In addition to the floorplan financing provided through the Credit Facility, the Company has multiple standalone floorplan facilities with other lenders which provide inventory financing for its dealerships. The total composition of the Company's floorplan financing lenders as at March 31, 2021 is as follows:

Lender	Limit	Drawn	Available Capacity
Syndicated Credit Facility - Floorplan	775,000	539,355	235,645
Other Canadian Floorplan Facilities	361,600	258,350	103,250
Other U.S. Floorplan Facility	136,439	95,370	41,069
Total	1,273,039	893,075	379,964

Further details of the Company's credit facilities and floorplan financing are included in Note 24 of the annual consolidated financial statements for the year ended December 31, 2020**.**

Financial Covenants

Under the terms of the Credit Facility as well as the various standalone floorplan financing facilities and OEM franchise agreements, the Company is required to comply with certain financial covenants. At March 31, 2021, we were in compliance with all of our financial covenants.

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

The following table summarizes the Company's financial covenants under the amended Credit Facility as at March 31, 2021:

Financial Covenant	Requirement	Q1 2021
Syndicated Revolver:		
Senior Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 4.50 [1]	0.21
Total Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 7.50 [1]	1.06
Fixed Charge Coverage Ratio	Shall not be less than 1.00 [1]	4.43

1 *An amendment was executed on April 14, 2021, whereby covenant relief was amended and extended through to the end of Q2 2022. Refer to below for further details.*

Senior Net Funded Debt, as defined in the amendment executed on April 14, 2021, is comprised of the outstanding indebtedness under the Credit Facility (inclusive of letters of credits), mortgage balance, derivative financial instruments balance and other long-term debt, while allowing for the netting of up to $60 million of cash and cash equivalents. Total Net Funded Debt as defined in the Credit Facility approximates the Company's total indebtedness excluding lease liabilities which are now recorded on the Company's balance sheet following the adoption of IFRS 16 effective January 1, 2019, while allowing for the netting of up to $60 million of cash and cash equivalents.

Amended and Restated Credit Facilities

On April 14, 2021, the Company entered into an amended and restated $1,300 million syndicated credit agreement ("New Credit Facility") with Scotiabank, CIBC, RBC, BMO, HSBC and ATB. The New Credit Facility has specified-use tranches and provides the Company with revolving credit capacity for operational and growth purposes as well as floorplan financing to assist with the purchasing of inventory. The maturity of the New Credit Facility is April 14, 2024.

The Company worked closely with its lending partners within the syndicate to develop a borrowing agreement that improves upon the replaced Credit Facility and which will accommodate the Company's current and future business and financial needs. Some of the key changes to the New Credit Facility are summarized below:

Comparison Item	New Credit Facility	Superseded Credit Facility
Total facility limit	$1,300 million	$950 million
Revolving credit limit	$225 million	$175 million
Inventory floorplan limit	$1,075 million	$775 million
Export division carve-out	$35 million	$25 million
Cash netting on leverage covenants	$60 million	$30 million
Covenant calculation basis	Pre-IFRS 16	Pre-IFRS 16

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

	2021				2022		
Financial Covenant Ratios	**Q1[1]**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3 & Thereafter**
Senior Net Funded Debt to Bank EBITDA	<4.50x	<3.00x	<3.00x	<3.00x	<3.00x	<3.00x	<2.50x
Total Net Funded Debt to Bank EBITDA	<7.50x	<4.50x	<4.50x	<4.50x	<4.50x	<4.50x	<4.00x
Fixed Charge Coverage	>1.00x	>1.20x	>1.20x	>1.20x	>1.20x	>1.20x	>1.20x

1 *Effective April 14, 2021, the previously established covenant relief period has been amended and extended; the covenant thresholds in effect at March 31, 2021 are as per the terms of the amendment executed on April 14, 2021.*

Senior Unsecured Notes

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

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

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

Senior Unsecured Notes Add-on

On April 14, 2021, the Company issued additional $125 million aggregate principal amount of its existing 8.75% Senior Unsecured Notes (the "New Notes"). The New Notes were issued at a premium issue price of $1,066 per $1,000 principal amount of notes (106.625%) for an issue yield of 5.595% while maturity and interest payment dates remain consistent with the original Notes.

Indebtedness Summary

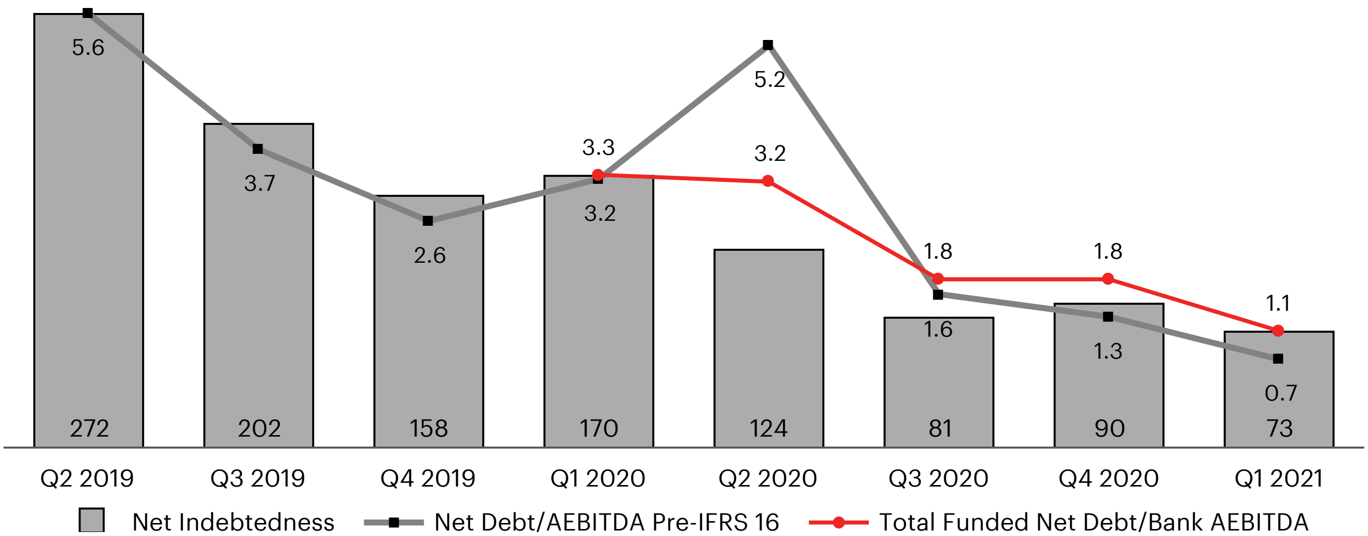
The following table summarizes the Company's indebtedness and net indebtedness as at March 31, 2021:

	Balance Outstanding
Syndicated Credit Facility - Revolving Credit	68,913
Senior Unsecured Notes	121,055
Mortgage and other debt	2,258
Total indebtedness	**192,226**
Cash and cash equivalents	(119,630)
Net Indebtedness	**72,596**

The Company had total liquidity of $224.5 million based on cash and cash equivalents and the $104.9 million available under our syndicated credit facility.

The following illustrates the Company's net indebtedness and applicable net indebtedness leverage ratios for the current and previous seven quarters. These financial measures have been calculated as described under Section 15, Non-GAAP Measures and should not be considered a substitute or alternative for GAAP measures. The Company executed its latest Credit Facility on April 14, 2021. Balances shown which precede this date reflect indebtedness under previous and now superseded syndicated credit facilities:

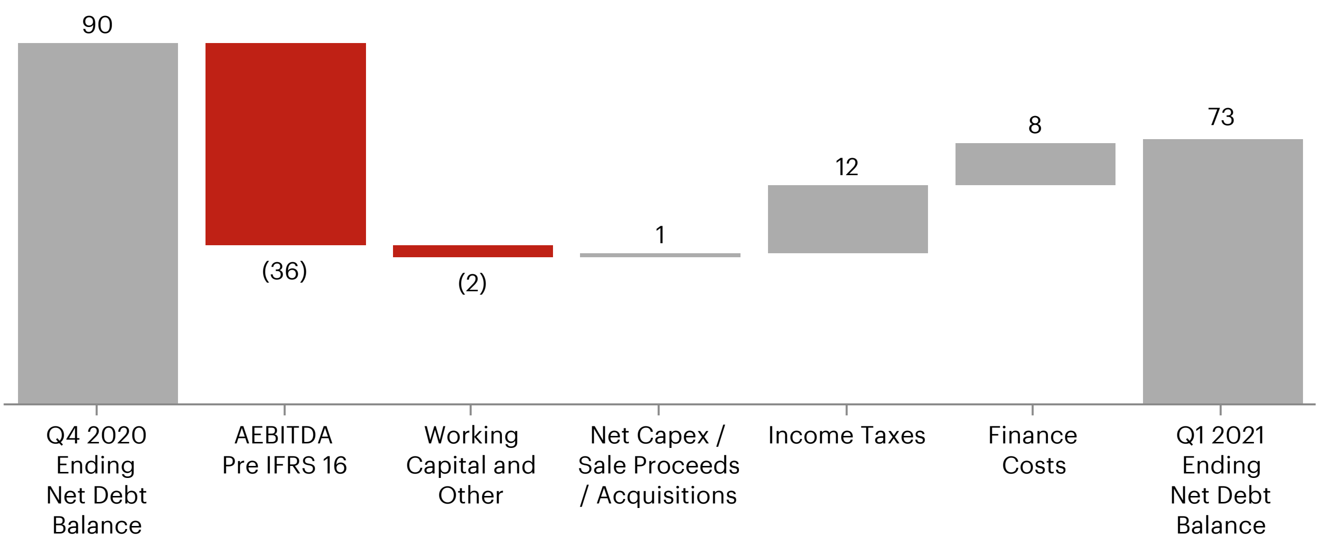
Net Indebtedness ($ Millions), Net Indebtedness Leverage and Total Funded Net Debt Bank Leverage



The Company ended the quarter at a net indebtedness leverage ratio of 0.7x and was below our target leverage ratio of 2.5x to 3.0x. Strong Q1 2021 operational performance and continued efficient working capital management were the primary drivers contributing to the improvement over the prior quarter. For bank covenant calculation purposes, as per the amendment dated April 20, 2020, the bank EBITDA calculation for Q2 2020 was based on Q2 2019 performance and other Q2 2020 cash-based adjustments, which carried forward into the TTM Bank EBITDA used for the Q1 2021 covenant calculations. Total Net Funded Debt to Bank EBITDA ratio of 1.1x at the end of Q1 2021 was well within our covenant threshold of 7.50x.

The movement of net indebtedness between Q4 2020 and Q1 2021 is highlighted in the following chart:

Q/Q Change in Net Indebtedness, Net of Cash ($ Millions)



Strengthened operational performance coupled with the enhanced focus on managing working capital, including taking a disciplined approach to the cash conversion cycle and maximizing the usage of available inventory floorplan capacity for used vehicles, were key drivers enabling the Company to better manage its debt profile.

Another view the Company takes toward its indebtedness and leverage is its lease adjusted net debt leverage ratio. Lease adjusted indebtedness considers total indebtedness (inclusive of IFRS 16 lease liabilities), including amounts drawn under the Credit Facility, the Notes and mortgage debt less cash and cash equivalents compared to Adjusted EBITDA as reported under IFRS 16. This financial measure has been calculated as described under Section 15, Non-

GAAP Measures and should not be considered a substitute or alternative for GAAP measures. This is not a defined term under IFRS and does not have a standard meaning, so may not be a reliable way to compare us to other companies.

The Company has targeted lease adjusted net debt leverage to be in the range of 4.0x to 4.5x.

Lease Adjusted Net Debt Leverage	**Q1 2021**	**Q4 2020**
Syndicated Credit Facility - Revolving Credit	68,913	68,827
Senior Unsecured Notes	121,055	120,716
Mortgage and other debt	2,258	7,688
Lease liabilities	380,942	387,929
Total lease adjusted indebtedness	573,168	585,160
Cash and cash equivalents	(119,630)	(107,704)
Lease adjusted indebtedness, net of cash	**453,538**	**477,456**
Adjusted EBITDA - trailing twelve months	153,588	112,093
Lease adjusted net debt leverage ratio	**3.0x**	**4.3x**

Uses of Cash

Non-Growth Capital Expenditures

Non-growth capital expenditures are capital expenditures incurred to maintain existing levels of service. 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. Over time, we expect to incur annual non-growth capital expenditures in an amount approximating our amortization of property and equipment reported in each period.

Non-growth maintenance is largely affected by replacement and purchases of fixed operations equipment. Given the strength of our balance sheet position, results over the last three quarters, and our working outlook, management initiated a return to typical non-growth capital spending.

Growth Capital Expenditures

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

- Dealership relocations
- Dealership re-imaging mandated by manufacturers
- Dealership expansions
- Open point dealership construction
- Used Digital Retail Division expansion

Based on the two-year average from 2019 to 2020, excluding fiscal year 2021, growth capital expenditures averaged $29 million on an annual basis.

The following table summarizes the Company's capital expenditures for the periods indicated and distinguishes between non-growth and growth capital expenditures as reported in aggregate on the Statement of Cash Flows ("SCF") in the Company's consolidated financial statements:

	Three Months Ended March 31	
	2021 **$**	**2020** **$**
Non-growth capital expenditures	1,115	1,195
Growth capital expenditures	1,855	6,574
Total capital expenditures	2,970	7,769

Capital Commitments

At March 31, 2021, the Company is committed to capital expenditure obligations in the amount of approximately $6.7 million related to dealership relocations, dealership re-imagings and dealership Open Points with expected completion of these commitments in 2022. The Company is always in conversation with OEM's to adjust spending and/or capital commitments as is deemed appropriate for changing conditions.

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

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

Repairs and Maintenance

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

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

	Three Months Ended March 31	
	2021 $	2020 $
Repairs and maintenance expenditures	1,917	1,772

Working Capital

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

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

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

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

Corporate Credit Rating

AutoCanada is rated by S&P Global Ratings ("S&P"), an independent credit rating agency. On April 14, 2021, S&P issued a research update whereby the below changes were made:

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

7. RELATED PARTY TRANSACTIONS

Transactions with Companies Controlled by Directors

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

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

- Business associates of the Executive Chairman who provide consulting services;
- A firm, whose controlling partner is the Executive Chairman, provides administrative, limited transportation, and other support services;
- A company which is controlled by a family member of the President of Canadian Operations, provides the sourcing of customer leads.

All significant transactions between AutoCanada and companies related to Directors were approved by the Company's Board of Directors. A summary of the transactions is as follows:

	Three-month period ended	
	March 31, 2021 **$**	**March 31, 2020** **$**
Consulting services, administrative and other support fees	471	391

8. OUTSTANDING SHARES

As at March 31, 2021, the Company had 27,459,683 common shares outstanding. Basic and diluted weighted average number of shares outstanding for the three-month period ended March 31, 2021 were 27,227,395 and 29,148,402, respectively.

As at March 31, 2021, the value of the shares held in trust, to hedge equity-based compensation plans, was $6.8 million (2020 – $0.7 million), which was comprised of 372,567 (2020 - 27,440) in shares. As at May 5, 2021, there are 27,459,683 common shares outstanding.

9. DIVIDENDS

In response to the effects COVID-19 is having on the business and the industry, the Board of Directors of the Company decided to suspend the quarterly dividend until further notice. We believe that this is a prudent decision to strengthen the Company's balance sheet until the full economic consequences of COVID-19 are better understood. As per the terms of the Credit Facility, we are restricted from declaring dividends and distributing cash if we are in breach of financial covenants or such dividend would result in a breach of our covenants. The Company is in compliance with its covenants in the Credit Facility.

10. FREE CASH FLOW

The Company has defined free cash flow to be cash flows provided by operating activities (including changes in non-cash operating working capital) less capital expenditures (excluding capital assets acquired by acquisitions or purchases of real estate).

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Cash provided by operating activities	20,506	20,447	54,366	54,114	7,350	69,574	56,204	(20,312)
Deduct:								
Purchase of non-growth property and equipment	(1,115)	(1,207)	(922)	(1,557)	(1,195)	(3,749)	(1,416)	(1,469)
Free cash flow	19,391	19,240	53,444	52,557	6,155	65,825	54,788	(21,781)
Weighted average shares outstanding at end of period	29,148,402	29,195,778	28,483,801	27,370,013	27,431,377	27,424,374	27,419,513	27,419,789
Free cash flow per share	0.67	0.66	1.88	1.92	0.22	2.40	2.00	(0.79)
Free cash flow - 12 month trailing	144,632	131,396	177,981	179,325	104,987	99,866	29,162	(19,521)

Management believes that the free cash flow (see Section 15, Non-GAAP Measures) can fluctuate significantly as a result of historical fluctuations in our business operations that occur on a quarterly basis as well as the resulting fluctuations in our trade receivables and inventory levels and the timing of the payments of trade payables and revolving floorplan facilities.

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

The following table summarizes the net decrease in cash due to changes in non-cash working capital for the three-month periods ended March 31, 2021 and March 31, 2020:

	Three-month period ended	
	2021	**2020**
	$	**$**
Trade and other receivables	(40,064)	41,320
Inventories	(104,109)	(89,568)
Current tax recoverable/payable	—	(581)
Other current assets	(1,496)	(1,047)
Other liabilities	1,487	(1,056)
Trade and other payables	11,969	(32,739)
Vehicles repurchase obligations	—	(2,356)
Revolving floorplan facilities	132,395	94,783
Net change in non-cash working capital	182	8,756

11. CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICY DEVELOPMENTS

A complete listing of critical accounting policies, estimates, judgments and measurement uncertainty can be found in Notes 3, 4 and 5 of the Consolidated Financial Statements for the year ended December 31, 2020. Updates related to the Interim Consolidated Financial Statements are disclosed in Note 4.

12. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the quarter ended March 31, 2021, there were no changes in the Company's disclosure controls or internal controls over financial reporting that materially affected, or would be reasonable likely to materially affect, such controls.

13. RISK FACTORS

We face a number of business risks that could cause our actual results to differ materially from those disclosed in this MD&A (See Section 14, Forward-Looking Statements). Investors and the public should carefully consider our business risks, other uncertainties and potential events as well as the inherent uncertainty of forward looking statements when making investment decisions with respect to AutoCanada. If any of the business risks identified by AutoCanada were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, the trading price of our shares could decline. The impact of the COVID-19 pandemic could have a material adverse impact on our business and operations. There may be disruptions to the global automotive manufacturing supply chain, resulting in limited access to inventory. For example, recently, many OEMs have announced production disruptions caused by a shortage of automotive microchips. Although AutoCanada currently has ample levels of new vehicle inventory, prolonged shortages could result in lower new vehicle sales volumes. In addition, there may be impacts on general economic conditions resulting in reduced demand for vehicle sales and service. Depending on any spread of the novel coronavirus in the regions in which we have dealerships or in which we have offices, our operations may be impacted. It is not clear how long any such impacts may last. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also adversely affect our business and operations. A comprehensive discussion of the known risk factors of AutoCanada and additional business risks is available in our 2020 Annual Information Form, dated March 2, 2021, available on the SEDAR website at www.sedar.com.

14. FORWARD-LOOKING STATEMENTS

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

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

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

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

15. NON-GAAP MEASURES

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

Cautionary Note Regarding Non-GAAP Measures

Adjusted EBITDA, free cash flow, average capital employed, return on capital employed and net indebtedness are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that these non-GAAP measures should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's methods of calculating adjusted EBITDA, free cash flow, net indebtedness, net indebtedness leverage ratio and lease adjusted net debt leverage ratio 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 these "NON-GAAP MEASURES" below:

Adjusted EBITDA

Adjusted EBITDA is an indicator of a company's operating performance over a period of time and ability to incur and service debt. Adjusted EBITDA provides an indication of the results generated by our principal business activities prior to:

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

The Company believes adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance over a period of time. Refer to Section 22 of the Q4 2020 MD&A for a table reconciling historical adjusted EBITDA.

Free Cash Flow

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

Net Indebtedness and Net Indebtedness Leverage Ratio

Net indebtedness and net indebtedness leverage ratio are measures used by management to evaluate the liquidity of the Company. Net indebtedness is calculated as indebtedness less cash and cash equivalents. Net indebtedness leverage ratio is calculated as net indebtedness compared to Adjusted EBITDA pre-IFRS 16 on a TTM basis.

Lease Adjusted Net Debt Leverage Ratio

Lease adjusted net debt leverage ratio is a measure used by management to evaluate the liquidity of the Company. Lease adjusted indebtedness is calculated as total indebtedness (inclusive of IFRS 16 lease liabilities), including amounts drawn under the Credit Facility, the Notes and mortgage debt less cash and cash equivalents compared to Adjusted EBITDA as reported under IFRS 16, on a TTM basis.

16. NON-GAAP MEASURES RECONCILIATIONS

Section 4 - Results of Operations

Quarter-to-Date Consolidated Adjusted EBITDA Reconciliation

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

	2021	2020
Period from January 1 to March 31		
Net income (loss) for the period	21,334	(46,853)
Add back:		
Income taxes	7,220	(3,137)
Depreciation of property and equipment	4,054	4,387
Interest on long-term indebtedness	4,663	3,673
Depreciation of right of use assets	6,344	6,208
Lease liability interest	5,722	5,637
	49,337	(30,085)
Add back:		
Impairment of non-financial assets, net	—	31,545
Loss on extinguishment of debt	—	4,002
Unrealized fair value changes in derivative instruments	(2,919)	1,469
Amortization of loss on terminated hedges	817	—
Unrealized foreign exchange losses (gains)	57	(1,159)
(Gain) on disposal of assets	(58)	(33)
Adjusted EBITDA	47,234	5,739

Section 18 - Segmented Non-GAAP Measure Reconciliations

Adjusted EBITDA

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

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Canada	U.S.	Total	Canada	U.S.	Total
Period from January 1 to March 31						
Net income (loss) for the period	21,044	290	21,334	(32,624)	(14,229)	(46,853)
Add back:						
Income taxes	7,220	—	7,220	(3,137)	—	(3,137)
Depreciation of property and equipment	3,745	309	4,054	4,098	289	4,387
Interest on long-term indebtedness	2,825	1,838	4,663	2,932	741	3,673
Depreciation of right of use assets	5,677	667	6,344	5,626	582	6,208
Lease liability interest	4,786	936	5,722	4,728	909	5,637
	45,297	4,040	49,337	(18,377)	(11,708)	(30,085)
Add back:						
Impairment of non-financial assets, net	—	—	—	22,650	8,895	31,545
Loss on extinguishment of debt	—	—	—	4,002	—	4,002
Unrealized fair value changes in derivative instruments	(2,919)	—	(2,919)	1,469	—	1,469
Amortization of loss on terminated hedges	817	—	817	—	—	—
Unrealized foreign exchange losses (gains)	57	—	57	(983)	(176)	(1,159)
(Gain) on disposal of assets	(58)	—	(58)	(33)	—	(33)
Adjusted EBITDA	43,194	4,040	47,234	8,728	(2,989)	5,739

Section 6 - Liquidity and Capital Resources

Net Indebtedness and Net Indebtedness Leverage Ratio Reconciliation

The following table illustrates the Company's net indebtedness and net indebtedness leverage ratio as at March 31, 2021 and December 31, 2020:

	March 31, 2021 $	December 31, 2020 $
Syndicated Credit Facility - Revolving Credit	68,913	68,827
Senior Unsecured Notes	121,055	120,716
Mortgage and other debt	2,258	7,688
Total indebtedness	**192,226**	**197,231**
Cash and cash equivalents	(119,630)	(107,704)
Net indebtedness	**72,596**	**89,527**
Adjusted EBITDA pre-IFRS 16 - trailing twelve months	111,480	70,939
Net indebtedness leverage ratio	**0.7x**	**1.3x**

Lease Adjusted Net Debt Leverage Ratio Reconciliation

The following table illustrates the Company's lease adjusted net debt leverage ratio as at March 31, 2021:

	Q1 2021
Syndicated Credit Facility - Revolving Credit	68,913
Senior Unsecured Notes	121,055
Mortgage and other debt	2,258
Lease liabilities	380,942
Total lease adjusted indebtedness	**573,168**
Cash and cash equivalents	(119,630)
Lease adjusted indebtedness, net of cash	**453,538**
Adjusted EBITDA - trailing twelve months	153,588
Lease adjusted net debt leverage ratio	**3.0x**

17. SELECTED QUARTERLY FINANCIAL INFORMATION

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

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Income Statement Data								
New vehicles	442,448	466,468	544,415	381,427	341,582	430,102	555,843	554,686
Used vehicles	364,072	257,301	309,193	215,032	229,355	217,063	262,297	223,258
Parts, service and collision repair	108,223	105,362	111,739	90,417	102,453	120,564	116,439	125,822
Finance, insurance and other	55,081	46,990	51,753	40,571	35,436	41,374	47,291	42,001
Revenue	969,824	876,121	1,017,100	727,447	708,826	809,103	981,870	945,767
New vehicles	33,588	31,199	42,230	10,634	24,267	29,570	36,755	36,645
Used vehicles	24,176	19,787	29,819	4,224	10,173	12,676	11,731	13,936
Parts, service and collision repair	58,327	58,109	59,056	45,836	49,969	58,763	59,641	64,518
Finance, insurance and other	51,545	43,642	48,307	37,185	32,889	38,667	42,627	38,267
Gross Profit	167,636	152,737	179,412	97,879	117,298	139,676	150,754	153,366
Gross profit %	17.3%	17.4%	17.6%	13.5%	16.5%	17.3%	15.4%	16.2%
Operating expenses [5]	127,948	119,442	125,785	99,736	116,700	125,140	124,772	128,190
Operating expenses as a % of gross profit [5, 9]	76.3%	78.2%	70.1%	101.9%	99.5%	89.6%	82.8%	83.6%
Operating profit (loss) [5]	41,664	46,664	56,884	(4,388)	(28,948)	(6,597)	16,695	18,905
(Recovery) impairment of non-financial assets [5]	—	(11,248)	—	3,910	31,545	24,001	—	12,574
Net income (loss) [5]	21,334	24,320	35,962	(20,052)	(46,853)	(16,786)	(4,104)	(3,512)
Basic net income (loss) per share attributable to AutoCanada shareholders [5]	0.77	0.87	1.29	(0.72)	(1.70)	(0.63)	(0.15)	(0.15)
Diluted net income (loss) per share attributable to AutoCanada shareholders	0.71	0.81	1.23	(0.72)	(1.70)	(0.63)	(0.15)	(0.15)
Dividends declared per share	0.00	0.00	0.00	0.00	0.10	0.10	0.10	0.10
Adjusted EBITDA [2, 5]	47,234	40,472	61,054	4,828	5,739	21,065	32,489	32,100
Free cash flow [2, 5]	19,391	19,240	53,444	52,557	6,155	65,825	54,788	(21,781)
Operating Data								
New retail vehicles sold [3]	8,233	8,623	10,750	7,526	6,289	8,796	10,419	10,310
New fleet vehicles sold [3]	740	964	582	340	1,037	840	1,849	1,794
Total new vehicles sold [3]	8,973	9,587	11,332	7,866	7,326	9,636	12,268	12,104
Used retail vehicles sold [3]	9,734	7,389	8,836	7,228	6,409	6,957	7,384	7,249
Total vehicles sold [3]	18,707	16,976	20,168	15,094	13,735	16,593	19,652	19,353
# of service and collision repair orders completed [3, 6]	182,869	203,086	195,004	172,956	185,452	232,227	226,660	249,867
# of dealerships at period end [7]	67	67	62	63	63	63	64	65
# of same store dealerships [1]	49	47	47	48	48	47	47	47
# of service bays at period end	1,098	1,098	1,039	1,044	1,044	1,047	1,086	1,097
Same stores revenue growth [1]	27.8%	6.3%	(1.1)%	(22.4)%	0.8%	8.7%	20.4%	4.7%
Same stores gross profit growth [1]	35.0%	7.7%	17.1%	(33.9)%	(2.1)%	11.8%	13.9%	6.8%

1 *Same stores revenue growth and same stores gross profit growth is calculated using franchised automobile dealerships that we have owned for at least two full years. Same stores growth is in comparison with the same quarter in the prior year.*
2 *These financial measures have been calculated as described under Section 15, Non-GAAP Measures.*
3 *This number includes 100% of vehicles and service and collision repair orders sold by these dealerships in which we have less than 100% investment.*

4 *The Company's results from operations for the three month period ended March 31, 2021 are not necessarily indicative of the results that may be expected for the full fiscal year due to seasonal variations in sales levels. The results from operations of the Company have historically been lower in the first and fourth quarters of each year, largely due to consumer purchasing patterns during the holiday season, inclement weather and the number of business days during the period. The Company's financial performance is generally not as strong during the first and fourth quarters than during the other quarters of each fiscal year, although the COVID-19 pandemic has caused disruption to the seasonal nature of the Company's operations. The extent to which COVID-19 will or may impact the seasonal nature of the Company's operations is uncertain. The timing of acquisitions and divestitures may also cause substantial fluctuations in operating results from quarter to quarter.*

5 *In Q3 2019, it was determined the depreciation of right-of-use assets for the U.S. segment was overstated in the first two quarters. As a result, the year-to-date balances have been corrected and we have restated the Q1 and Q2 2019 quarterly balances to reflect the updated amounts.*

6 *In Q4 2020, it was determined that the number of service and collision repair orders completed were understated in previous quarters due to a previous computation error. The year-to-date balances have been corrected and we have restated the Q1 2019 to Q3 2020 quarterly balances to reflect the updated amounts.*

7 *In Q1 2021, it was determined that the number of dealerships at Q4 2020 was understated and has been restated to reflect the updated store count.*

18. SEGMENTED OPERATING RESULTS DATA

Canadian Operations and U.S. Operations Segmented Operating Highlights

The following table shows the segmented operating results for the Company for the three-month periods ended March 31, 2021 and March 31, 2020.

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles	387,728	54,720	442,448	300,446	41,136	341,582
Used vehicles	330,263	33,809	364,072	204,063	25,292	229,355
Parts, service and collision repair	95,612	12,611	108,223	90,359	12,094	102,453
Finance, insurance and other	50,185	4,896	55,081	31,746	3,690	35,436
Total revenue	863,788	106,036	969,824	626,614	82,212	708,826
New vehicles	31,224	2,364	33,588	24,121	146	24,267
Used vehicles	22,193	1,983	24,176	9,123	1,050	10,173
Parts, service and collision repair	51,861	6,466	58,327	43,526	6,443	49,969
Finance, insurance and other	46,879	4,666	51,545	29,352	3,537	32,889
Total gross profit	152,157	15,479	167,636	106,122	11,176	117,298
Employee costs	74,155	9,332	83,487	58,732	7,760	66,492
Government assistance	(3,101)	(5,398)	(8,499)	—	—	—
Administrative costs	35,512	6,916	42,428	32,966	6,410	39,376
Facility lease and storage costs	134	—	134	237	—	237
Depreciation of property and equipment	3,745	309	4,054	4,098	289	4,387
Depreciation of right-of-use assets	5,677	667	6,344	5,626	582	6,208
Total operating expenses	116,122	11,826	127,948	101,659	15,041	116,700
Operating profit (loss) before other income	36,035	3,653	39,688	4,463	(3,865)	598
Operating data						
New retail vehicles sold [1]	6,848	1,385	8,233	5,274	1,015	6,289
New fleet vehicles sold [1]	739	1	740	1,037	—	1,037
Total new vehicles sold [1]	7,587	1,386	8,973	6,311	1,015	7,326
Used retail vehicles sold [1]	8,837	897	9,734	5,681	728	6,409
Total vehicles sold [1]	16,424	2,283	18,707	11,992	1,743	13,735
# of service and collision repair orders completed [2]	157,338	25,531	182,869	157,463	27,989	185,452
# of dealerships at period end	50	17	67	50	13	63
# of service bays at period end	902	196	1,098	867	177	1,044

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

2 *In Q4 2020, it was determined that the number of service and collision repair orders completed were understated in previous quarters due to a previous computation error. We have restated the Q1 2020 quarterly balance to reflect the updated amount.*

The following table shows net (loss) income for the period and adjusted EBITDA for three-month periods ended March 31, 2021 and March 31, 2020.

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Canada	U.S.	Total	Canada	U.S.	Total
Net income (loss) for the period	21,044	290	21,334	(32,624)	(14,229)	(46,853)
Adjusted EBITDA [1]	43,194	4,040	47,234	8,728	(2,989)	5,739

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

The following tables show the segmented operating expenses as a percentage of gross profit for the three-month periods ended March 31, 2021 and March 31, 2020.

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses as a % of gross profit						
Employee costs before management transition costs	48.7%	60.3%	49.8%	55.3%	69.4%	56.7%
Government assistance	(2.0)%	(34.9)%	(5.1)%	—%	—%	—%
Administrative costs - Variable	17.8%	32.1%	19.2%	23.9%	44.7%	25.9%
Total variable expenses	64.5%	57.5%	63.9%	79.2%	114.1%	82.6%
Administrative costs - Fixed	5.5%	12.6%	6.1%	7.2%	12.7%	7.7%
Facility lease and storage costs	0.1%	—%	0.1%	0.2%	—%	0.2%
Fixed expenses before depreciation	5.6%	12.6%	6.2%	7.4%	12.7%	7.9%
Operating expenses before depreciation	70.1%	70.1%	70.1%	86.6%	126.8%	90.5%
Depreciation of property and equipment	2.5%	2.0%	2.4%	3.9%	2.6%	3.7%
Depreciation of right-of-use assets	3.7%	4.3%	3.8%	5.3%	5.2%	5.3%
Total fixed expenses	11.8%	18.9%	12.4%	16.6%	20.5%	16.9%
Total operating expenses	76.3%	76.4%	76.3%	95.8%	134.6%	99.5%

19. SAME STORES RESULTS DATA

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

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

Number of Same Stores by Province

The following table summarizes the number of Same Stores for the three-month period ended March 31, 2021 by Province:

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Atlantic	Total
FCA	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
Total	9	19	4	4	7	4	2	49

Same Stores Revenue and Vehicles Sold

	Three Months Ended March 31		
	2021	**2020**	**% Change**
Revenue source			
New vehicles - Retail	354,142	256,592	38.0%
New vehicles - Fleet	33,586	43,853	(23.4)%
Total new vehicles	387,728	300,445	29.1%
Used vehicles - Retail	225,060	143,720	56.6%
Used vehicles - Wholesale	35,966	52,468	(31.5)%
Total used vehicles	261,026	196,188	33.0%
Parts, service and collision repair	92,429	90,561	2.1%
Finance, insurance and other	49,615	31,665	56.7%
Total	790,798	618,859	27.8%
New retail vehicles sold (units)	6,848	5,274	29.8%
New fleet vehicles sold (units)	739	1,037	(28.7)%
Total new vehicles sold (units)	7,587	6,311	20.2%
Used retail vehicles sold (units)	8,162	5,681	43.7%
Total vehicles sold (units)	15,749	11,992	31.3%
Total vehicles retailed (units)	15,010	10,955	37.0%

The following table summarizes same stores total revenue for the three-month periods ended March 31 by Province:

	Three Months Ended March 31		
	2021	**2020**	**% Change**
British Columbia	130,338	97,065	34.3%
Alberta	287,211	240,185	19.6%
Saskatchewan	79,690	59,171	34.7%
Manitoba	66,801	51,807	28.9%
Ontario	94,308	67,098	40.6%
Quebec	92,104	74,428	23.7%
Atlantic	40,346	29,105	38.6%
Total	790,798	618,859	27.8%

Same Stores Gross Profit and Gross Profit Percentage

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

	Three Months Ended March 31				
	Gross Profit			Gross Profit %	
	2021	**2020**	**% Change**	**2021**	**2020**
Revenue source					
New vehicles - retail	31,151	23,909	30.3%	8.8%	9.3%
New vehicles - fleet	73	196	(62.8)%	0.2%	0.4%
Total new vehicles	31,224	24,105	29.5%	8.1%	8.0%
Used vehicles - retail	16,005	9,622	66.3%	7.1%	6.7%
Used vehicles - wholesale	1,828	1,179	55.0%	5.1%	2.2%
Total used vehicles	17,833	10,801	65.1%	6.8%	5.5%
Parts, service and collision repair	50,433	43,842	15.0%	54.6%	48.4%
Finance, insurance and other	46,309	29,271	58.2%	93.3%	92.4%
Total	145,799	108,019	35.0%	18.4%	17.5%

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

	Three Months Ended March 31		
	2021	**2020**	**% Change**
British Columbia	23,975	17,100	40.2%
Alberta	57,856	41,043	41.0%
Saskatchewan	14,543	10,805	34.6%
Manitoba	12,634	9,790	29.1%
Ontario	15,861	12,214	29.9%
Quebec	14,547	12,886	12.9%
Atlantic	6,383	4,181	52.7%
Total	145,799	108,019	35.0%

20. IFRS 16 IMPACTS FOR THE PERIOD

The impact on the Condensed Interim Consolidated Statements of Comprehensive Loss for the three-month period ended March 31, 2021:

	Three Months Ended March 31		
	2021 $	Adjustment $	Pre-IFRS 16 $
Revenue (Note 5)	969,824	—	969,824
Cost of sales (Note 6)	(802,188)	—	(802,188)
Gross profit	167,636	—	167,636
Operating expenses (Note 7)	(127,948)	—	(127,948)
Rental expense (net) [1]	—	11,134	(11,134)
Depreciation of right-of-use assets	—	(6,344)	6,344
Total effect on operating expense	—	4,790	(4,790)
Operating expenses without IFRS 16			(132,738)
Operating profit before other income	39,688	4,790	34,898
Lease and other income, net	1,918	—	1,918
Gain on disposal of assets, net	58	—	58
Impairment of non-financial assets	—	—	—
Operating profit	41,664	4,790	36,874
Finance costs (Note 8)	(13,278)	—	(13,278)
Interest on lease liabilities	—	(5,722)	5,722
Finance costs without IFRS 16			(7,556)
Finance income (Note 8)	225	—	225
Other gains	(57)	—	(57)
Net income for the period before tax	28,554	(932)	29,486
Income tax expense (Note 9)	7,220	237	6,983
Net income for the period	21,334	(1,169)	22,503
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Foreign operations currency translation	(2,520)	—	(2,520)
Change in fair value of cash flow hedge (Note 16)	2,377	—	2,377
Income tax relating to these items	(681)	—	(681)
Other comprehensive loss for the period	(824)	—	(824)
Comprehensive income for the period	20,510	(1,169)	21,679

1 *For the three-month period ended March 31, 2021, gross rental expense was $9.9 million and $2.2 million for Canada and the U.S., respectively.*

The following table illustrates the impact on segmented Adjusted EBITDA for the three-month period ended March 31:

	Three Months Ended March 31, 2021			Three Months Ended March 31, 2020		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA [1]	43,194	4,040	47,234	8,728	(2,989)	5,739
Rental expense	(9,921)	(2,182)	(12,103)	(9,214)	(2,049)	(11,263)
FMV rent adjustment	—	1,056	1,056	—	1,084	1,084
Step lease adjustment	(87)	—	(87)	—	—	—
Adjusted EBITDA pre-IFRS 16	33,186	2,914	36,100	(486)	(3,954)	(4,440)

1 *Adjusted EBITDA has been calculated under Non-GAAP Measures. Refer to Section 15 for additional information.*

22. LIST OF DEALERSHIPS

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

Location	Operating Name	Franchise	Year Opened or Acquired	Same Store [1]	Owned or Leased [2]
Wholly-Owned Dealerships:					
Abbotsford, BC	Abbotsford Volkswagen	Volkswagen	2011	Y	Leased
Chilliwack, BC	Chilliwack Volkswagen	Volkswagen	2011	Y	Leased
Kelowna, BC	Okanagan Chrysler Dodge Jeep Ram	FCA	2003	Y	Leased
Maple Ridge, BC	Maple Ridge Chrysler Dodge Jeep Ram & Fraser Valley Alfa Romeo	FCA	2005	Y	Leased
Maple Ridge, BC	Maple Ridge Volkswagen	Volkswagen	2008	Y	Leased
Prince George, BC	Northland Chrysler Dodge Jeep Ram	FCA	2002	Y	Owned
Prince George, BC	Northland Hyundai	Hyundai	2005	Y	Owned
Prince George, BC	Northland Nissan	Nissan	2007	Y	Owned
Airdrie, AB	Airdrie Chrysler Dodge Jeep Ram	FCA	2015	Y	Leased
Calgary, AB	Courtesy Chrysler Dodge Jeep Ram	FCA	2013	Y	Leased
Calgary, AB	Crowfoot Hyundai	Hyundai	2014	Y	Leased
Calgary, AB	Northland Volkswagen	Volkswagen	2014	Y	Leased
Calgary, AB	Fish Creek Nissan	Nissan	2014	Y	Leased
Calgary, AB	Hyatt Infiniti	Infiniti	2014	Y	Leased
Calgary, AB	Tower Chrysler Dodge Jeep Ram	FCA	2014	Y	Leased
Edmonton, AB	Crosstown Chrysler Dodge Jeep Ram	FCA	1994	Y	Leased
Edmonton, AB	Capital Chrysler Dodge Jeep Ram	FCA	2003	Y	Leased
Edmonton, AB	Mercedes-Benz Heritage Valley	Mercedes-Benz	2018	Y	Leased
Grande Prairie, AB	Grande Prairie Chrysler Dodge Jeep Ram	FCA	1998	Y	Owned
Grande Prairie, AB	Grande Prairie Hyundai	Hyundai	2005	Y	Owned
Grande Prairie, AB	Grande Prairie Subaru	Subaru	1998	Y	Owned
Grande Prairie, AB	Grande Prairie Nissan	Nissan	2007	Y	Owned
Grande Prairie, AB	Grande Prairie Volkswagen	Volkswagen	2013	Y	Owned
Ponoka, AB	Ponoka Chrysler Dodge Jeep Ram	FCA	1998	Y	Owned
Sherwood Park, AB	Sherwood Park Hyundai	Hyundai	2006	Y	Owned
Sherwood Park, AB	Sherwood Park Volkswagen	Volkswagen	2017	Y	Leased
Spruce Grove, AB	Parkland Chrysler Dodge Jeep Ram	FCA	2015	Y	Leased
Saskatoon, SK	Dodge City Chrysler Dodge Jeep Ram	FCA	2014	Y	Leased
Winnipeg, MB	Audi Winnipeg	Audi	2013	Y	Leased
Winnipeg, MB	St. James Volkswagen	Volkswagen	2013	Y	Leased
Winnipeg, MB	Eastern Chrysler Dodge Jeep Ram	FCA	2014	Y	Owned
Cambridge, ON	Cambridge Hyundai	Hyundai	2008	Y	Owned
Mississauga, ON	401 Dixie Hyundai	Hyundai	2008	Y	Leased
Guelph, ON	Guelph Hyundai	Hyundai	2016	Y	Leased
Guelph, ON	Wellington Motors	FCA	2016	Y	Leased
Ottawa, ON	Hunt Club Nissan	Nissan	2015	Y	Leased
Ottawa, ON	417 Nissan	Nissan	2015	Y	Leased
Windsor, ON	Rose City Ford	Ford	2018	Y	Leased
Montréal, QB	Mercedes-Benz Rive-Sud	Mercedes-Benz	2017	Y	Leased
Moncton, NB	Moncton Chrysler Dodge Jeep Ram	FCA	2001	Y	Owned
Dartmouth, NS	Dartmouth Chrysler Dodge Jeep Ram	FCA	2006	Y	Leased
Chicago, IL	Toyota of Lincoln Park	Toyota	2018	Y	Leased
Chicago, IL	North City Honda	Honda	2018	Y	Leased
Lincolnwood, IL	Hyundai of Lincolnwood	Hyundai	2018	Y	Leased
Lincolnwood, IL	Kia of Lincolnwood	Kia	2018	Y	Leased

Location	Operating Name	Franchise	Year Opened or Acquired	Same Store [1]	Owned or Leased [2]
Lincolnwood, IL	Toyota of Lincolnwood	Toyota	2018	Y	Leased
Bloomington/Normal, IL	Bloomington/Normal Auto Mall [3]	Various	2018	Y	Leased
Palatine, IL	Hyundai of Palatine	Hyundai	2018	Y	Leased
Palatine, IL	Chevrolet of Palatine	General Motors	2018	Y	Leased
Peoria, IL	Autohaus of Peoria [4]	Various	2020	Q1 2023	Leased
Majority Owned:					
Duncan, BC	Island Chevrolet Buick GMC	General Motors	2013	Y	Leased
North Battleford, SK	Bridges Chevrolet Buick GMC	General Motors	2014	Y	Owned
Prince Albert, SK	Mann-Northway Auto Source	General Motors	2014	Y	Leased
Saskatoon, SK	Saskatoon Motor Products	General Motors	2014	Y	Leased
Winnipeg, MB	McNaught Buick GMC	General Motors	2014	Y	Leased
Laval, QC	BMW Laval and MINI Laval	BMW / MINI	2014	Y	Leased
Montréal, QC	BMW Montréal Centre and MINI Montréal Centre	BMW / MINI	2014	Y	Leased
Montréal, QC	Planète Mazda	Mazda	2017	Y	Leased

1 *Same Stores (indicated with the letter "Y" in the table above) means the franchised automobile dealership has been owned for at least two full years since acquisition. The dealership is then considered in the quarter, thereafter, as Same Store. If the dealership is not indicated with the letter "Y", in the indicated quarter is the first quarter in which the dealership will be included for Same Store analysis. For Same Stores analysis purposes, we have only considered Canadian dealerships.*
2 *This column summarizes whether the dealership property is owned or leased.*
3 *This dealership consists of the following individual storefronts and franchises: Audi, Mercedes-Benz, Lincoln, Subaru, Volkswagen and Volvo.*
4 *This dealership consists of the following individual storefronts and franchises: Porsche, Audi, Mercedes-Benz and Volkswagen.*

The following table sets forth the dealership that operates under the Used Digital Retail Division and the date opened or acquired by the Company, organized by location.

Location	Operating Name	Year Acquired	Same Store [1]	Owned or Leased [2]
Cayuga, ON	Haldimand Motors	2020	Q1 2023	Leased

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

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

Location	Operating Name	Year Acquired	Same Store [1]	Owned or Leased [2]
Prince George, BC	PG Klassic Autobody	2021	Q3 2023	Leased
Montreal, QC	Auto Bugatti	2020	Q1 2023	Leased

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

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