2021

AutoCanada

Third Quarter Management Discussion & Analysis

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

For the three-month and nine-month periods ended September 30, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

1. READER ADVISORIES

This Management's Discussion & Analysis ("MD&A") was prepared as of November 9, 2021, to assist readers in understanding AutoCanada Inc.'s (the "Company" or "AutoCanada") consolidated financial performance for the three-month period and nine-month period ended September 30, 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 and nine-month period ended September 30, 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 and nine-month period ended September 30, 2021 of the Company, and compares these to the operating results of the Company for the three-month period and nine-month period ended September 30, 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 2 used vehicle dealerships supporting the Used Digital Retail Division, and 4 stand-alone collision centres (within our group of 18 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 18 franchises comprised of 16 brands, in Illinois, USA. Leader Automotive Group currently sells Chevrolet, Hyundai, Kia, Subaru, Audi, Volkswagen, Mercedes-Benz, Toyota, Honda, Lincoln, Volvo, Porsche, Chrysler, Dodge, Jeep, and Ram branded vehicles. In 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 Third Quarter Key Highlights and Recent Developments

All comparisons presented below are between the three-month period ended September 30, 2021 and the three-month period ended September 30, 2020, unless otherwise indicated.

AutoCanada Key Highlights

AUTOCANADA REPORTS RECORD THIRD QUARTER RESULTS - RECORD REVENUE OF $1.2 BILLION - ADJUSTED EBITDA OF $68.3 MILLION AHEAD OF PRIOR YEAR BY 12% AND BY 25% ON A NORMALIZED BASIS

- Revenue was $1,206.8 million as compared to $1,017.1 million in the prior year, an increase of 19% and the highest third quarter revenue reported in the Company's history
- Net income for the period was $38.8 million versus $36.0 million in 2020
- Adjusted EBITDA was $68.3 million versus $61.1 million in the prior year, an increase of 12%; normalizing for non-recurring government assistance of $6.3 million in the prior year, results were ahead of prior year by 25%
- Net indebtedness of $29.8 million at the end of Q3 2021 compares to $21.6 million at the end of Q2 2021; net debt leverage on a pre-IFRS 16 basis was 0.2x

Executive Overview

The Company reported another record-setting performance as revenue for the third quarter of 2021 reached $1,206.8 million compared to prior year third quarter revenue of $1,017.1 million, an increase of 18.6%. In particular, the record Q3 2021 was driven by the continued strong performance of our used vehicle and finance and insurance ("F&I") business operations, and our U.S. Operations.

Net income for the period was $38.8 million, as compared to $36.0 million in Q3 2020. Fully diluted earnings per share was $1.27, an increase of $0.04 from $1.23 in the prior year.

Adjusted EBITDA for the period was $68.3 million as compared to $61.1 million reported in Q3 2020.

Normalizing for the typically non-recurring Canada Emergency Wage Subsidy ("CEWS") income of $6.3 million in the prior year, Adjusted EBITDA margin was 5.7% as compared to a normalized 5.4% in the prior year, an increase of 0.3 percentage points ("ppts").

Total gross profit increased by 22.7% to $220.2 million, attributable to the Company's continued focus on the used vehicle market and strong F&I outperformance. Canadian used retail unit sales increased by 43.8% and U.S. used retail unit sales increased by 178%, respectively, over the prior year; consolidated used retail unit sales of 13,831 exceeded the 8,836 reported in the prior year, an increase of 56.5%. Strong used retail sales resulted in our consolidated used to new retail unit ratio improving to 1.49 from 0.82, and to 1.22 on a trailing twelve month ("TTM") basis, moving beyond the targeted annual 1.0 ratio. Consolidated used vehicle gross profit increased by 45.1% to $43.3 million as compared to the prior year. Same store F&I gross profit per retail unit average increased to $3,139 per unit, an increase of $650 per unit, the twelfth consecutive quarter of year-over-year growth.

Q3 2021 was another strong quarter for U.S. Operations, with Adjusted EBITDA setting a third quarter U.S. record at $7.4 million, an improvement of $2.7 million or 57.7%, against $4.7 million reported in Q3 2020. The strong performance, while capitalizing on favourable market conditions, was a result of the successful fundamental shift in the operating and sales culture. Specifically, gross profit increased by $14.5 million to $32.5 million, an improvement of 80.7%.

Proactive inventory management for both new and used vehicles continued to be a key driver to the Company's success in delivering both strong revenue and retail margin growth across all our business operations in the third quarter.

Normalizing for CEWS income in the prior year, operating expenses as a percentage of gross profit improves by 1.0 ppts to 72.6% in the current year as compared to a normalized 73.6% in the prior year, and is well below the five-year third quarter historical average of 81.5%. 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 increased by $8.2 million from June 30, 2021 to $29.8 million. Acquisition expenditures in the quarter were $18.2 million. Free cash flow for the quarter was $12.4 million at Q3 2021 as compared to $53.4 million in Q3 2020, and on a TTM basis was $118.8 million at Q3 2021 as compared to $178.0 million in Q3 2020. Additionally, our net indebtedness leverage ratio remained well below our target range at 0.2x at the end of Q3 2021, as compared to 0.1x in Q2 2021.

The Company remains well-positioned to execute on its acquisition strategy in the coming quarters. We have established a substantial transaction pipeline with a number of dealerships currently being evaluated. We currently have $400 million in annual revenue under signed letters of intent ("LOI's") and purchase agreements. LOI's, subject to due diligence, represent $100 million in annual revenue. Signed purchase agreements for dealerships located in Ontario, subject to OEM approvals and other standard closing conditions, represent $300 million in annual revenue – inclusive of brands we do not currently operate today.

Our performance, both in Canada and U.S. Operations, continues our trend of sustainable improvement and demonstrates the efficacy of our complete business model and strategic initiatives. We remain aware that uncertainty continues to exist in the macroeconomic environment given the ongoing challenges associated with the 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 THIRD QUARTER

Owing to execution against its complete business model strategy, AutoCanada delivered a record setting third quarter and continues to experience strong performance.

For the three-month period ended September 30, 2021:

- Revenue was $1,206.8 million, an increase of $189.7 million or 18.6% and the highest third quarter revenue reported in the Company's history
- Total vehicles sold were 23,444, an increase of 3,276 units or 16.2%
    - Used retail vehicles sold increased by 4,995 or 56.5%
- Net income for the period was $38.8 million (or $1.37 per basic share) versus $36.0 million (or $1.29 per basic share) in 2020
- Adjusted EBITDA increased by 11.8% to $68.3 million, an increase of $7.2 million
    - Adjusting for CEWS income of $6.3 million in Q3 2020, Adjusted EBITDA was $68.3 million, ahead of normalized prior year Adjusted EBITDA by $13.5 million or 24.6%
    - Pre-IFRS 16 Adjusted EBITDA was $57.4 million, as compared to normalized $43.9 million in the prior year, an improvement of 30.7%
- Ending net indebtedness of $29.8 million reflected an increase of $8.2 million from Q2 2021.

Canadian Operations Highlights

USED RETAIL UNIT SALES GROWTH OF 44%

Used vehicle and F&I segments were key drivers of improved earnings in Q3 2021. Total gross profit percentage increased to 18.4% as compared to 17.7% in the prior year. Used vehicle gross profit increased by 32.2% to $35.0 million as compared to the prior year. For the twelfth consecutive quarter of year-over-year growth, same store F&I gross profit per retail unit average increased to $3,139, up 26.1% or $650 per unit from prior year.

Current period results include the acquisitions of Auto Bugatti collision centre and Haldimand Motors which occurred in Q4 2020, PG Klassic Autobody collision centre on April 1, 2021, Mark Wilson's Better Used Cars on August 9, 2021, and Autolux MB Collision on September 9, 2021. Unless stated otherwise, all results for acquired businesses are included in all Canadian references in the MD&A.

For the three-month period ended September 30, 2021:

- Revenue was $1,018.4 million, an increase of 11.7%; the highest third quarter Canadian revenue reported in the Company's history
- Total retail vehicles sold were 19,264, an increase of 2,000 units or 11.6%
    - Used retail unit sales increased by 3,499 or 43.8%
    - Average TTM Canadian used retail unit sales per dealership per month, excluding Used Digital Retail Division dealerships, reached 59, as compared to 45 in the prior year
- Used to new retail units ratio increased to 1.48 from 0.86
    - Trailing twelve month ratio improved to 1.30 at Q3 2021 as compared to 0.93 at Q3 2020
- Finance and insurance gross profit per retail unit average increased to $3,005, up 15.9% or $412 per unit
- Net income for the period was $33.8 million, down $(0.5) million from a net income of $34.3 million in 2020
    - Income tax expense increased by $3.6 million to $8.4 million primarily due to adjustments in respect of prior years and other permanent items
- Adjusted EBITDA increased 8% to $60.8 million, an increase of $4.5 million
    - Adjusting for CEWS income in the prior year, Adjusted EBITDA increases to $60.8 million, ahead of normalized prior year Adjusted EBITDA by $10.8 million or 21.5%
    - Adjusted EBITDA margin was 6.0% as compared to normalized 5.5% in the prior year, an increase of 0.5 ppts
    - Pre-IFRS 16 Adjusted EBITDA was $51.1 million, as compared to normalized $40.1 million in the prior year, an improvement of 27.4%

U.S. Operations Highlights

USED RETAIL UNIT SALES GROWTH OF 178%

The U.S. management team transition that occurred in late Q1 2021 drove a fundamental shift in the operating and sales culture of the dealerships and led to improved metrics on multiple fronts. Strategic decisions executed throughout Q2 2021 set the U.S. Operations for another strong quarter, where, along with a 64.6% improvement in retail unit sales, total gross profit percentage set a third quarter record of 17.3%. Actions taken over the last two quarters included the strategic build-up of used vehicle inventory, the creation of a dedicated used vehicle team, top-grading dealership management, expanding team across all levels of the business, and the execution of operational best practices.

Current period results include the acquisition of Autohaus of Peoria which occurred on October 29, 2020.

- Revenue was $188.3 million, an increase of 79.3%
- Retail unit sales increased to 3,822 units, up 1,500 units or 64.6%
    - Used retail unit sales increased by 1,496 or 177.7%
- Net income for the period increased by $3.3 million to $4.9 million from $1.7 million in 2020
- Adjusted EBITDA was $7.4 million, an increase of $2.7 million from 2020, an improvement of 57.7%
    - Adjusting for COVID-19 related typically non-recurring items, normalized Adjusted EBITDA on a TTM basis was $15.0 million as compared to $1.6 million in 2020

Same Store Metrics - Canadian Operations

SAME STORE F&I GROSS PROFIT PER RETAIL UNIT AVERAGE OF $3,139 PER UNIT

We outperformed the Canada market by 1.5 ppts. Same store new retail units decreased by (16.2)% as compared to the market decrease of (17.7)%, for brands represented by AutoCanada as reported by DesRosiers Automotive Consultants ("DesRosiers"). Same store used retail units increased by 2,032 retail units to 10,026, an increase of 25.4% as compared to prior year. The continued optimization of the Company's complete business model is highlighted by the year-over-year 18.6% improvement in gross profit across every business segment which collectively totaled $28.2 million.

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

- Revenue increased to $983.9 million, an increase of 15.0%
- Gross profit increased by $28.2 million or 18.6%
- Used to new retail units ratio increased to 1.29 from 0.86
    - Used retail unit sales increased by 25.4%, an increase of 2,032 units
- F&I gross profit per retail unit average increased to $3,139, up 26.1% or $650 per unit; gross profit increased to $55.9 million as compared to $43.0 million in the prior year, an increase of $12.9 million or 30.0%
- Parts, service and collision repair gross profit increased to $54.4 million, an increase of 5.2%
    - Parts, service and collision repair gross profit percentage increased to 55.7% as compared to 52.4% in the prior year, an increase of 3.4 ppts, driven by various initiatives to improve margin retention

Financing and Investing Activities and Other Recent Developments

ACQUISITION PIPELINE SUPPORTED BY HEALTHY BALANCE SHEET AND LIQUIDITY STRUCTURE

In the quarter, net indebtedness increased by $8.2 million to $29.8 million, resulting in a net debt leverage of 0.2x. Acquisition expenditures in the quarter were $18.2 million.

The following acquisitions occurred:

- On August 9, 2021, the Company acquired 100% of the shares in Mark Wilson's Better Used Cars, an independent used vehicle dealership in Guelph, Ontario as part of the development of the Used Digital Retail Division.
- On September 9, 2021, the Company acquired 100% of the shares in Autolux MB Collision, a luxury-brand focused collision centre located in Montreal, Quebec.
- On October 1, 2021, the Company acquired 100% of the shares in Airdrie Autobody Ltd., a collision centre located in Airdrie, Alberta.
- On November 4, 2021, the Company acquired substantially all of the assets of Crystal Lake Chrysler Jeep Dodge Ram Inc., a Stellantis dealership located in Crystal Lake, Illinois.

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	Q3 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 0.2x at the end of Q3 2021. • Lease adjusted net debt leverage ratio of 1.9x at the end of Q3 2021. • Net indebtedness reduced from $90 million at December 31, 2020 to $29.8 million at the end of Q3 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 $3,139, up 26.1%; twelfth consecutive quarter of year-over-year growth. • Same store F&I gross profit increased by 30.0% to $55.9 million as compared to $43.0 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 remained relatively flat 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 Used Digital Retail Division dealerships, reached 59 as compared to 45 in the prior year. • TTM Canadian used to new retail units ratio increased to 1.30 at Q3 2021 as compared to 0.93 at Q3 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. RightRide plans to scale up to 35 operating locations within Canada over the next 3 to 5 years.	• Operating as stand-alone operations separate from our existing dealerships, we have 7 operating locations as at Q3 2021.
Collision Centres	
A division to monitor and optimize our collision centre operations across Canada, by focusing on stand-alone collision centres in areas where we have multiple dealerships, to create a "hub and spoke" model.	• 17 collision centres (including 3 stand-alone collision centres) under one leadership team. • Acquisition of Autolux MB Collision, a luxury-brand focused collision centre located in Montreal, Quebec in Q3 2021. • 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.	• Adjusted EBITDA increased to $7.4 million for Q3 2021, an increase of $2.7 million from $4.7 million in Q3 2020. • Adjusting for COVID-19 related typically non-recurring items, normalized Adjusted EBITDA on a TTM basis was $15.0 million as compared to $1.6 million in Q3 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 in Q4 2020 and Mark Wilson's Better Used Cars in Q3 2021, as well as an online platform, and will represent Canada's first national used vehicle platform. On an annualized basis, dealerships acquired represent approximately 6,000 used retail units, which represents approximately 30% of the planned 20,000 retail units noted below as a Key Objective within the Crawl phase.

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 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.

We have established a significant transaction pipeline, with dealerships and collision centres representing over $400 million in annual revenue currently being evaluated, inclusive of brands we do not currently operate today. We are at varying stages of the acquisition process with these targets, ranging from signed LOI's to signed purchase agreements, with the potential deals remaining subject to due diligence, OEM approvals, and other standard closing conditions.

Third Quarter Financial Information

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

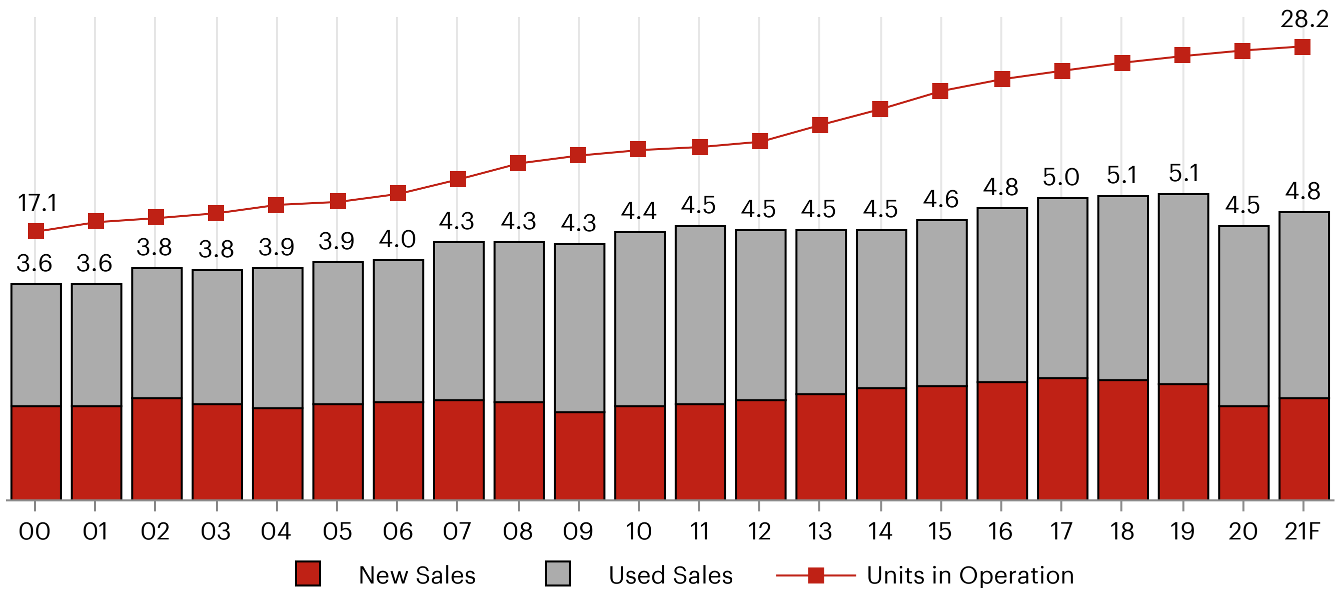
	Three Months Ended September 30		
Consolidated Operational Data	**2021**	**2020**	**% Change**
Revenue	1,206,754	1,017,100	18.6%
Gross profit	220,192	179,412	22.7%
Gross profit %	18.2%	17.6%	0.6%
Operating expenses	159,880	125,785	27.1%
Operating profit	62,841	56,884	10.5%
Net income for the period	38,769	35,962	7.8%
Basic net income per share attributable to AutoCanada shareholders	1.37	1.29	6.2%
Diluted net income per share attributable to AutoCanada shareholders	1.27	1.23	3.3%
Adjusted EBITDA [1]	68,265	61,054	11.8%
New retail vehicles sold (units)	9,255	10,750	(13.9)%
New fleet vehicles sold (units)	358	582	(38.5)%
Total new vehicles sold (units)	9,613	11,332	(15.2)%
Used retail vehicles sold (units)	13,831	8,836	56.5%
Total vehicles sold	23,444	20,168	16.2%
Same store new retail vehicles sold (units)	7,771	9,270	(16.2)%
Same store new fleet vehicles sold (units)	358	582	(38.5)%
Same store used retail vehicles sold (units)	10,026	7,994	25.4%
Same store total vehicles sold	18,155	17,846	1.7%
Same store revenue	983,897	855,591	15.0%
Same store gross profit	179,870	151,636	18.6%
Same store gross profit %	18.3%	17.7%	0.6%

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

Total Canadian Vehicle Sales (Millions of Units)



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 September 2021 decreased by (18)% to 1.6 million units as compared to 1.9 million units in September 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. According to DesRosiers, the market forecast for Canadian light vehicles sales in 2021 is expected to increase by 8.0% to 1.7 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 New Vehicle Market

Based on market data provided by DesRosiers, the overall Canadian automotive new retail vehicle sector for the nine-month periods ended September 30, 2021 increased by 13.2%, compared to the prior year.

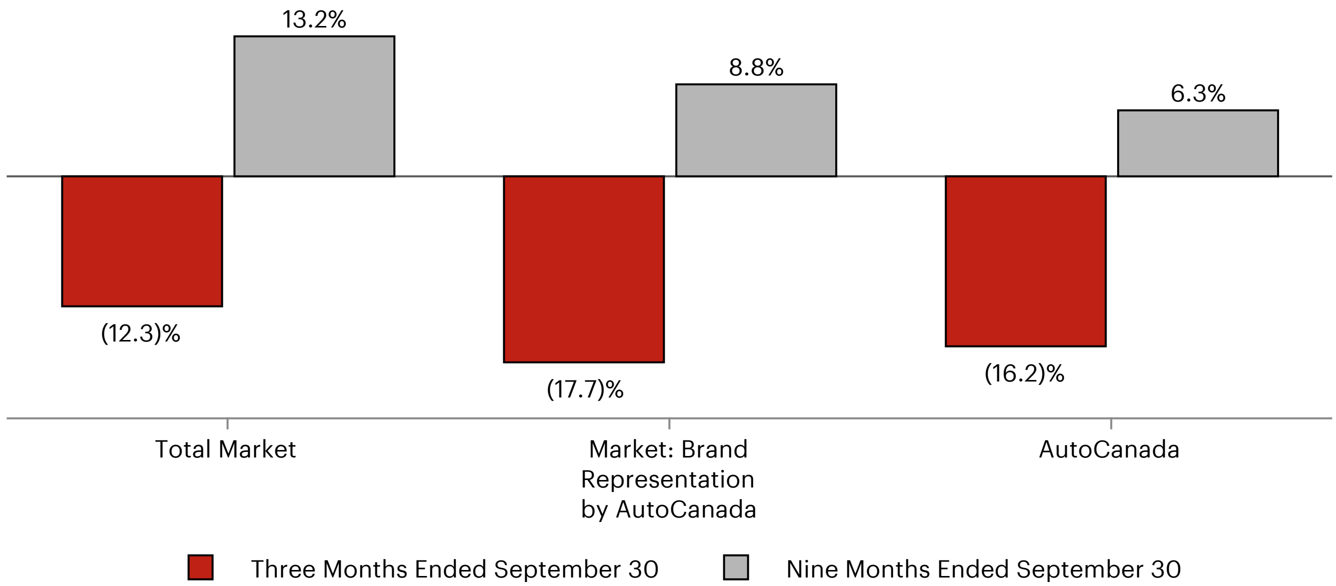
New Vehicle Outperformance of 1.5 ppts as compared to Market

For the quarter, same store new retail units decreased by (16.2)% and compares with a decrease of (17.7)% in the Canadian new vehicle market for the brands represented by AutoCanada, as reported by DesRosiers, an outperformance of 1.5 ppts.

Year to date, same store new retail units increased by 6.3% and compares with an increase of 8.8% in the Canadian new vehicle market for the brands represented by AutoCanada, as reported by DesRosiers

Building on the Q3 2020 outperformance of the Canadian new vehicle market in the prior year, by 7.7 ppts for the quarter and by 11.3 ppts on a year to date basis, our current quarter outperformance of 1.5 ppts continues to signal the strength of our operations. Refer to Q3 2020 MD&A for further details of our strong outperformance of the market in Q3 2020. Prior to Q2 2021, the Company had outperformed the Canadian new retail vehicle market for nine consecutive quarters.

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



Source: DesRosiers Automotive Consultants

Key contributing factors to our continued strong performance include the following:

- Dealerships remained open for business, where possible and within government guidelines, during the initial onset of COVID-19
- Active management of the business using 10-day sprints to monitor the business on a real-time basis
- Development and consistent execution of AutoCanada best practices creating reliable and repeatable performance
- 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

Third Quarter Operating Results

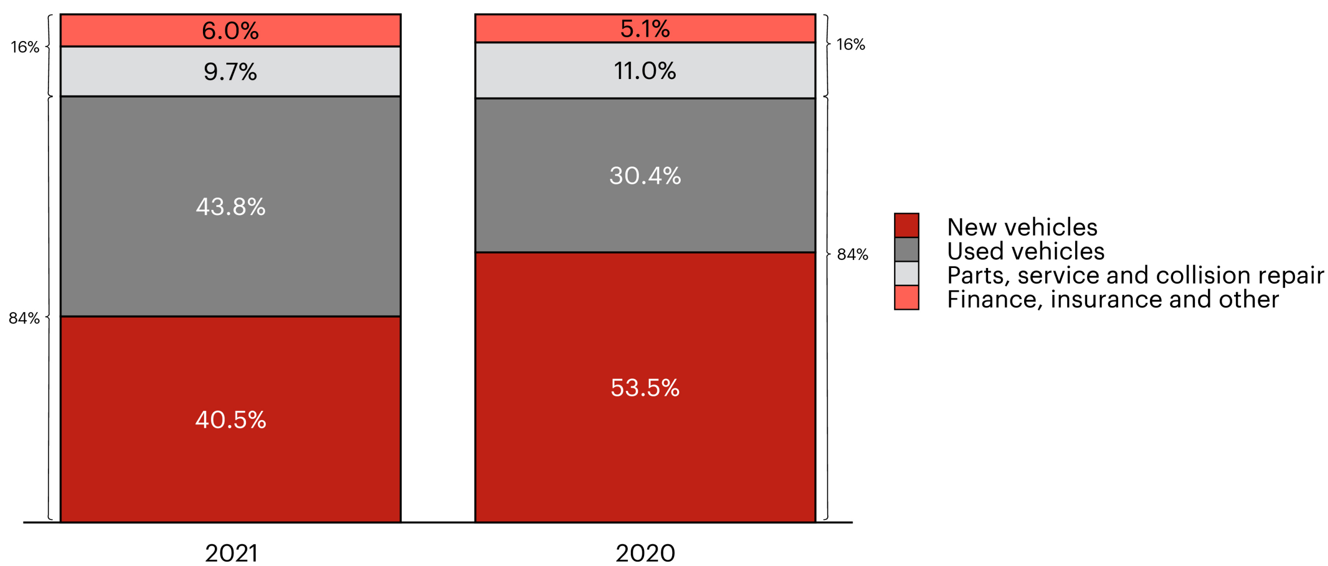
Same stores metrics include only Canadian dealerships which have been owned for at least two full years since acquisition.

Revenues

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

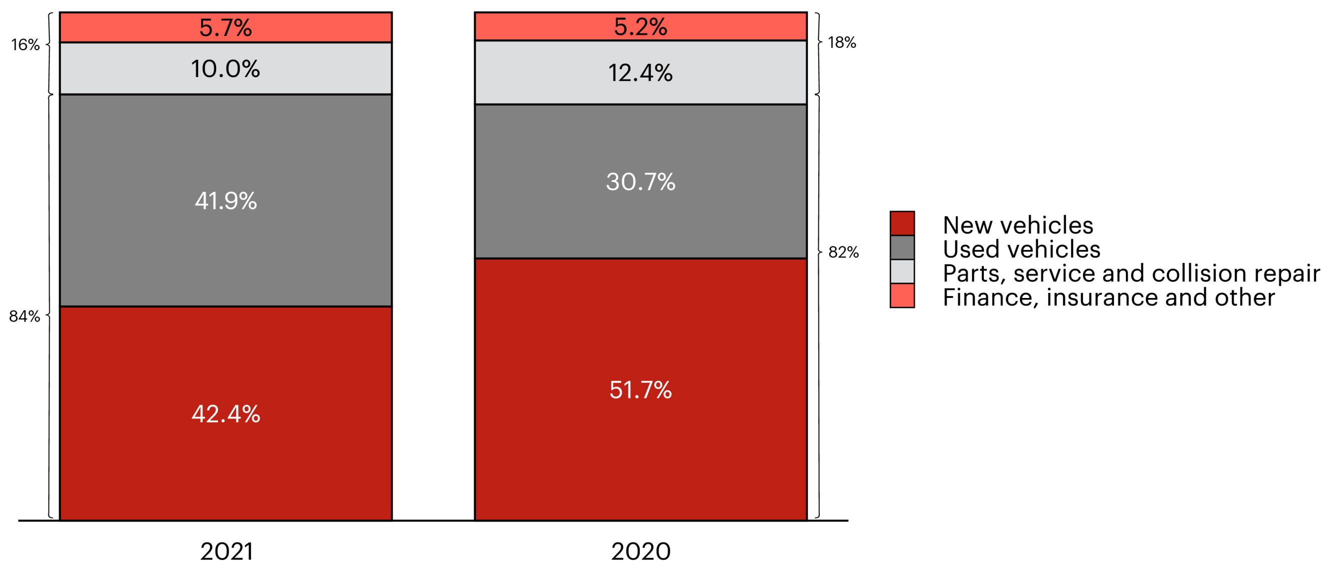
	Three Months Ended September 30			
	2021 $	2020 $	Change $	Change %
New vehicles	489,192	544,415	(55,223)	(10.1)%
Used vehicles	528,827	309,193	219,634	71.0%
Parts, service and collision repair	116,724	111,739	4,985	4.5%
Finance, insurance and other	72,011	51,753	20,258	39.1%
Total revenue	1,206,754	1,017,100	189,654	18.6%

% Allocation of Revenue for the Three Months Ended September 30



	Nine Months Ended September 30			
	2021 $	2020 $	Change $	Change %
New vehicles	1,465,792	1,267,423	198,369	15.7%
Used vehicles	1,446,788	753,580	693,208	92.0%
Parts, service and collision repair	347,169	304,609	42,560	14.0%
Finance, insurance and other	197,884	127,761	70,123	54.9%
Total revenue	3,457,633	2,453,373	1,004,260	40.9%

% Allocation of Revenue for the Nine Months Ended September 30

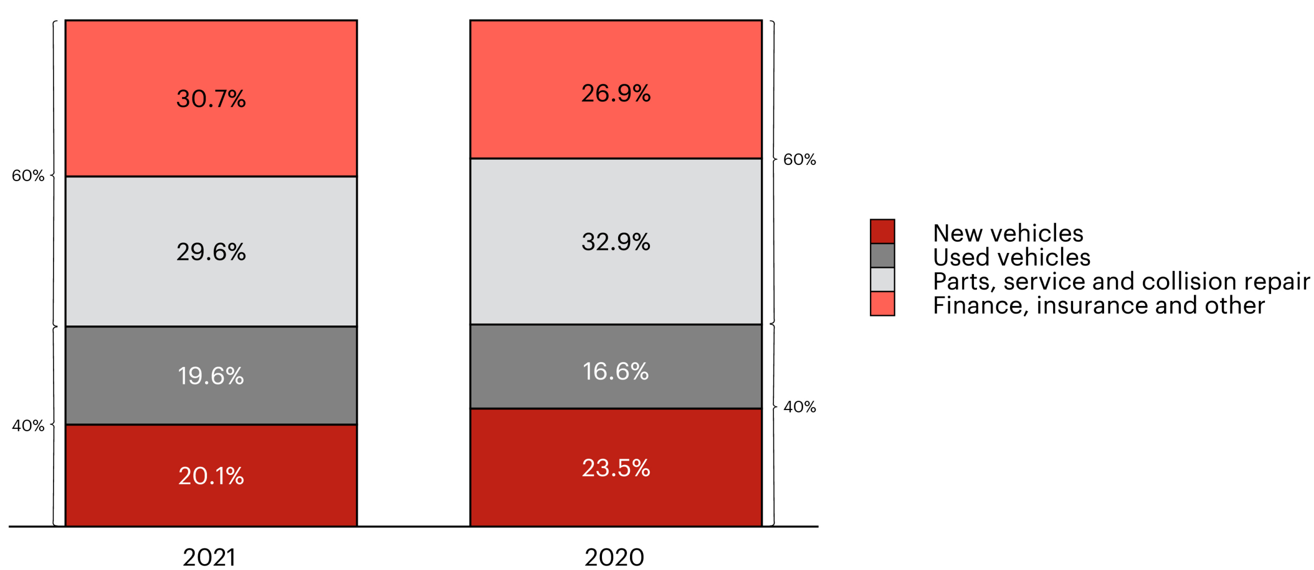


Gross Profit

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

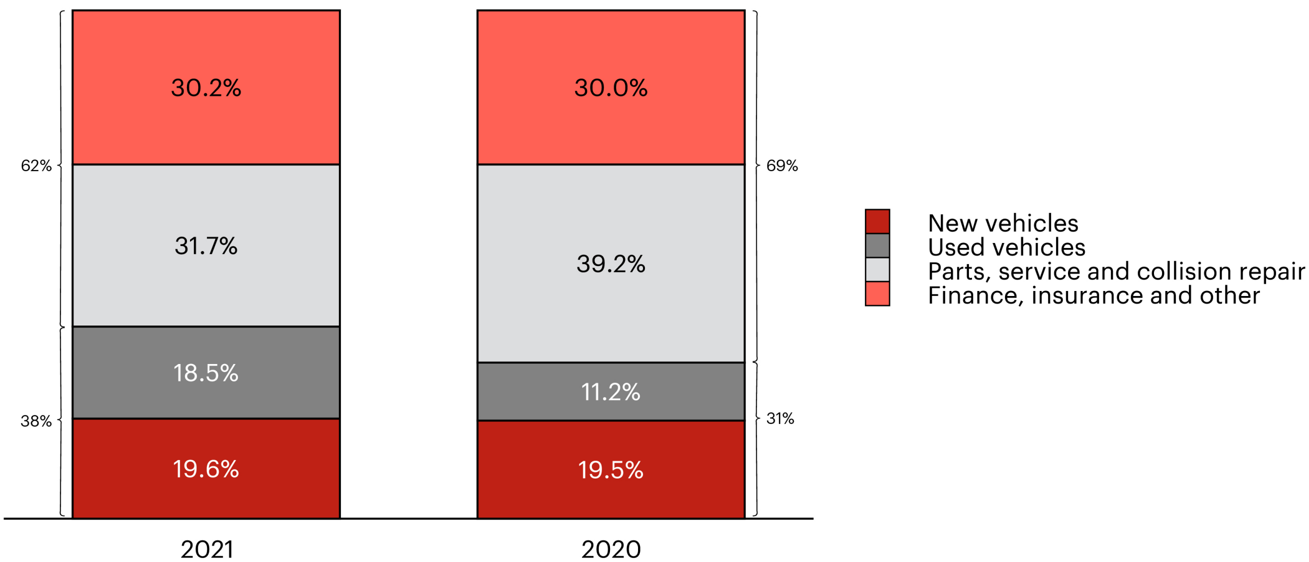
	Three Months Ended September 30			
	2021 $	**2020 $**	**Change $**	**Change %**
New vehicles	44,155	42,230	1,925	4.6%
Used vehicles	43,262	29,819	13,443	45.1%
Parts, service and collision repair	65,226	59,056	6,170	10.4%
Finance, insurance and other	67,549	48,307	19,242	39.8%
Total gross profit	220,192	179,412	40,780	22.7%

% Allocation of Gross Profit for the Three Months Ended September 30



	Nine Months Ended September 30			
	2021 $	2020 $	Change $	Change %
New vehicles	118,564	77,131	41,433	53.7%
Used vehicles	111,848	44,216	67,632	153.0%
Parts, service and collision repair	192,167	154,861	37,306	24.1%
Finance, insurance and other	183,090	118,381	64,709	54.7%
Total gross profit	605,669	394,589	211,080	53.5%

% Allocation of Gross Profit for the Nine Months Ended September 30



Gross Profit Percentages

The following table summarizes gross profit percentages for the three-months ended September 30:

	Three Months Ended September 30		
	2021	2020	Change ppts
New vehicles	9.0%	7.8%	1.2
Used vehicles	8.2%	9.6%	(1.4)
Parts, service and collision repair	55.9%	52.9%	3.0
Finance, insurance and other	93.8%	93.3%	0.5
Total gross profit %	18.2%	17.6%	0.6

For the three-months ended September 30, 2021, 15.7% of the Company's revenue generated from F&I and Parts, service and collision repair ("PS&CR") contributed 60.3% of the Company's total gross profit. This relationship is driven by the higher gross profit percentages of 93.8% and 55.9% respectively for F&I and PS&CR, compared to the lower gross profit percentages for new and used vehicles.

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

	Nine Months Ended September 30		
	2021	2020	Change ppts
New vehicles	8.1%	6.1%	2.0
Used vehicles	7.7%	5.9%	1.8
Parts, service and collision repair	55.4%	50.8%	4.6
Finance, insurance and other	92.5%	92.7%	(0.2)
Total gross profit %	17.5%	16.1%	1.4

For the nine-months ended September 30, 2021, 15.8% of the Company's revenue generated from F&I and PS&CR contributed 62.0% of the Company's total gross profit. This relationship is driven by the higher gross profit percentages of 92.5% and 55.4% respectively for F&I and PS&CR, 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 September 30, 2021

Consolidated Operations

New vehicle revenue decreased by (10.1)% with new vehicle gross profit increasing by 4.6%. New vehicle gross profit percentage increased to 9.0% as compared to 7.8% in the prior year.

Canadian Operations and Same Stores Results

New vehicle revenue decreased by (12.5)% and new vehicle gross profit percentage increased to 8.8% as compared to 8.0% in the prior year.

Same store new vehicle retail units decreased by (1,499) units to 7,771 units, a decrease of (16.2)% as compared to the prior year. This decrease was largely driven by the continued disruptions to the global automotive manufacturing supply chain resulting in a constrained availability of new vehicle inventory. Due to the reduced retail sales volume, same store new vehicle revenue decreased by (11.0)%, while same store new retail vehicle gross profit percentage increased to 9.2% as compared 7.7% 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 market performance, we have sufficient new vehicle inventory to maintain current sales pace.

U.S. Operations

New vehicle revenue increased by 8.6% and new vehicle gross profit increased by $3.2 million, an increase of 89.6%. New vehicle gross profit percentage increased to 10.2% as compared to 5.9% in the prior year.

These improvements are attributable to the management team transition which occurred in late Q1 2021 and the resulting culture shift from one that focused on cost control to one that prioritizes growth, customer experience and expanded operational scope. This shift in posture included actions taken to build a strong sales team, and implementing rigorous training and processes to allow for the execution of best practices which drive sales across all segments. A key aspect of the success includes ensuring the sales team is providing a high level of service to customers, and has resulted in an improvement OEM Customer Satisfaction Index ("CSI") performance.

In addition, the strong gross profit margin is partially attributed to the more pronounced market demand factors within our U.S. Operations. Market demand factors were driven by both the constrained availability of new inventory resulting from the closure of vehicle assembly plants at the onset of the pandemic, and the relaxation of the more stringent lockdown restrictions imposed by the State of Illinois and the City of Chicago.

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

For the nine-month period ended September 30, 2021

Consolidated Operations

New vehicle revenue increased by 15.7% and new vehicle gross profit increased by 53.7%. Gross profit per new vehicle sold increased by $1,143 per unit.

Canadian Operations and Same Stores Results

New vehicle revenue increased by 11.8% and new vehicle gross profit increased by 38.9%.

Same stores new vehicle revenue increased by 12.6% and same stores new vehicle gross profit increased by 46.2%. Same store new vehicle gross profit percentage increased to 8.3% as compared to 6.4% in the prior year.

New retail units increased by 1,320 units, or 6.3%, with same stores seeing an increase in new retail units of 1,320, or 6.3%.

Key drivers to new vehicle sales and gross profit for the three-month period noted above also apply to year to date performance. In addition, in the three-months ended June 30, 2020, same store new vehicle retail gross profit was reduced by an inventory write-down of $8.6 million taken to adjust inventory cost base to market values.

U.S. Operations

New vehicle revenue increased by 45.2% and new vehicle gross profit increased by $12.2 million, an increase of 645.7%. New vehicle gross profit percentage increased to 6.6% as compared to 1.3% in the prior year.

Key drivers to new vehicle sales and gross profit for the three-month period noted above also apply to year to date performance. In addition, in the three-months ended June 30, 2020, same store new vehicle retail gross profit was reduced by an inventory write-down of $2.6 million taken to adjust inventory cost base to market values.

Used vehicles

For the three-month period ended September 30, 2021

Consolidated Operations

Used vehicle revenue increased by 71.0%. Used vehicle gross profit increased by 45.1% and gross profit per used vehicle sold decreased by $(247) per unit.

Canadian Operations and Same Stores Results

Used vehicle revenue increased by 52.5% and used vehicle gross profit increased by 32%. Used vehicle gross profit percentage decreased to 8.1% as compared to 9.4% in the prior year.

Same store used vehicle revenue increased by 71.3% and same store used vehicle gross profit increased by 54.1% to $29.2 million as compared to prior year. Same store used gross profit percentage decreased to 8.0% as compared to 9.3% in the prior year.

Same store used retail gross profit percentage decreased to 9.6% as compared to 10.2% in the prior year as a result of selling an increased number of older used vehicles along with a significant increase in same store retail vehicle unit sales volume by 25.4% to 10,026 units as compared 7,994 units in the prior year.

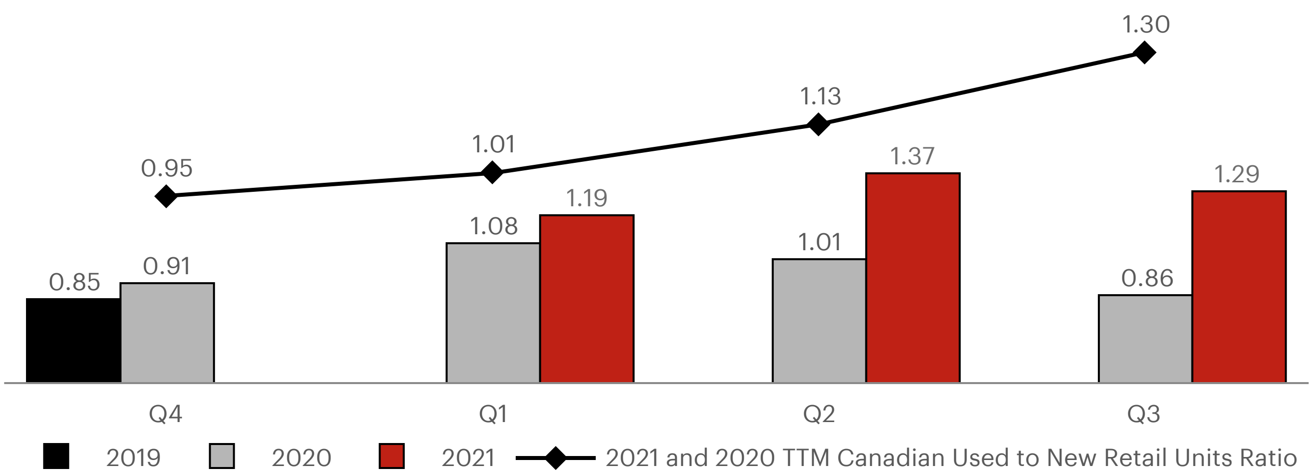
Increased demand for used vehicles was a key driver for the improvements in used vehicle gross profit. Due to both the recent surge in demand for used cars and shortage of inventory, wholesale and auction prices returned to record highs in September 2021. Insight into this trend is provided by the Canadian 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 returned to an all-time high at 132.6 points in September 2021, an increase of 21.7% compared to prior year and an increase of 3.8% compared to August 2021.

With our Project 50 initiative and our strategic build up of used vehicle inventory through Q4 2020 and Q1 2021, we were well positioned and able to meet the demand for used vehicles, as demonstrated by our same store used retail vehicle unit sales increasing by 2,032 units to 10,026 units. We continue to prioritize retailing of used vehicles over wholesaling 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 1.29 for Q3 2021 as compared to 0.86 in the prior year. The TTM Canadian used to new retail unit ratio for the year improved to 1.30 at Q3 2021 as compared to 0.93 at Q3 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 45 used retail units in the prior year to 59 used retail units in the current year, excluding Haldimand Motors and Mark Wilson's Better Used Cars.

Continuing from our strategic decision to build up our used vehicle inventory supply, our used vehicle inventory position increased to $281.7 million as at September 30, 2021 as compared to $122.8 million in the prior year, an increase of $158.9 million or 129.4%. After the CBBUVRI showed indications of a cooling off in wholesale pricing in the month of July 2021, the index returned to reaching all-time highs for the months of August (127.8 points) and September 2021 (132.6 points). While wholesale pricing may be challenged to continue its trend of all-time highs, the market remains robust and near all-time high levels. Management actively tracks and manages market trends in order to maintain a competitive used vehicle inventory supply and strategically increased its wholesaling of targeted used vehicles in late Q2 2021 to de-risk and optimize its used vehicle inventory portfolio. While it is anticipated that the used market will remain strong relative to historical demand, Management will continue to monitor and analyze the used vehicle market to ensure our used inventory portfolio is best suited to meet market demand.

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.

Comparisons to the prior year are impacted by the acquisition of Haldimand Motors on December 1, 2020, and Mark Wilson's Better Used Cars on August 9, 2021.

U.S. Operations

Used vehicle revenue increased by 266.1% and used vehicle gross profit increased by 145.7%. Used vehicle gross profit percentage decreased to 8.5% as compared to 12.6% 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 1,496 units to 2,338 units as compared to the prior year.

The current used vehicle gross profit percentage of 8.5% is a result of both the market demand, and the transition to the new management team. The used vehicle team, established in Q2 2021, to support the dealerships used retailing and buying process was critical to support the increase in used retail vehicles sold to 2,338 in Q3 2021, as compared to 842 sold in Q3 2020, an increase of 177.7%. In addition, the strong 8.5% used vehicle gross profit percentage in the current year supported the increase in used vehicle gross profit of 145.7%. The unprecedented 12.6% gross profit percentage in Q3 2020 was a result of the unique market conditions in Q3 2020 and low number of 842 used vehicles sold.

The Mannheim Used Vehicle Value Index ("MUVVI") represents a seasonally adjusted measurement of used vehicle prices. MUVVI decreased from 203.0 in May 2021 to 195.4 in August 2021 and increased to a record high of 204.8 in September 2021. With the recent trend of slow down of used vehicle prices in mind, management will continue to actively monitor the used vehicle market conditions and ensure our used vehicle inventory is at an appropriate level to meet market demand.

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

For the nine-month period ended September 30, 2021

Consolidated Operations

Used vehicle revenue increased by 92.0% and used vehicle gross profit increased by 153.0%. Gross margin increased by $1,069 per unit.

Canadian Operations and Same Stores Results

Used vehicle revenue increased by 80.4% and used vehicle gross profit increased by 143.9%. Used vehicle gross profit percentage increased to 7.6% as compared to 5.6% in the prior year.

Same stores results for the nine-month period ended September 30, 2021, saw used vehicle revenue increase by 70.1%, while same stores used vehicle gross profit increased by 138.9%. Used vehicle gross profit percentage increased to 7.8% as compared to 5.6% in the prior year.

Same stores used retail vehicle revenue increased by $355.3 million and used retail vehicle gross profit increased by $40.3 million. Same stores used to new retail vehicles sold ratio increased to 1.29 from 0.96.

Key drivers to used vehicle sales and gross profit for the three-month period noted above also apply to year to date performance. An additional driver for the reduction in used vehicle gross profit is a $2.3 million charge taken in the three-months ended March 31, 2020 to eliminate all forward contract exposure associated with the cross-border wholesale division. In addition, in the three-months ended June 30, 2020, same store used vehicle gross profit was reduced by an inventory write-down of $4.6 million taken to adjust inventory cost base to market values.

U.S. Operations

Used vehicle revenue increase by 211.2% and used vehicle gross profit increased by 212.6%. Used vehicle gross profit percentage remained flat at 8.7% as compared to 8.7% in the prior year.

Key drivers to used vehicle sales and gross profit for the three-month period noted above also apply to year to date performance. In addition, in the three-months ended June 30, 2020, used vehicle gross profit was reduced by an inventory write-down of $0.4 million taken to adjust inventory cost base to market values.

Parts, service and collision repair

For the three-month period ended September 30, 2021

Consolidated Operations

Parts, service and collision repair revenue increased by 4.5% and gross profit increased by 10.4%.

Canadian Operations and Same Stores Results

Parts, service and collision repair revenue increased by 4.9% and gross profit increased by 11.4%. PS&CR gross profit percentage increased to 55.6% as compared to 52.3% in the prior year.

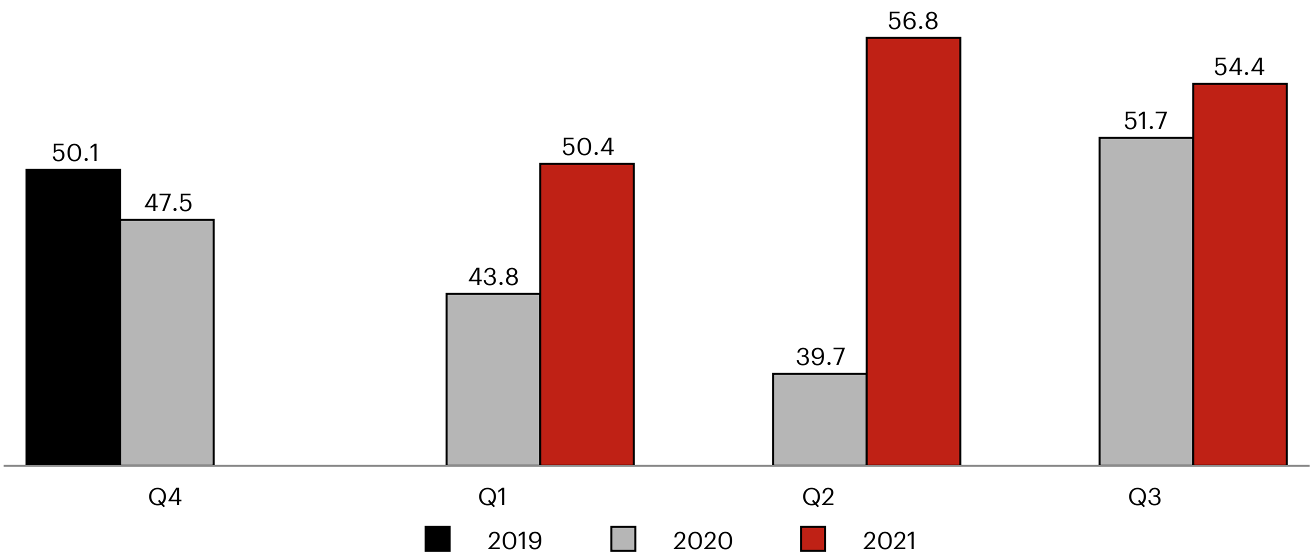
With the gradual relaxation of COVID-19 related restrictions in Q3 2021, according to Apple Maps Mobility Trends Report using January 13, 2020 as a benchmark, driving mobility increased by an average of 15.7% in Q3 2021 as compared to Q3 2020. This trend of measured recovery contributed to the increase in routine maintenance transactions, and in both revenue and gross profit. With the slow recovery in kilometres driven, service and collision repair orders increased by 1.0% and our service bay occupancy has remained relatively flat compared to prior year.

Same stores results saw PS&CR revenue decrease by (1.2)%. Same store PS&CR gross profit percentage increased to 55.7% as compared to 52.4% in the prior year. The increase in same store parts, service and collision repair gross profit percentage is driven by the continued focus on improving and optimizing margin thresholds.

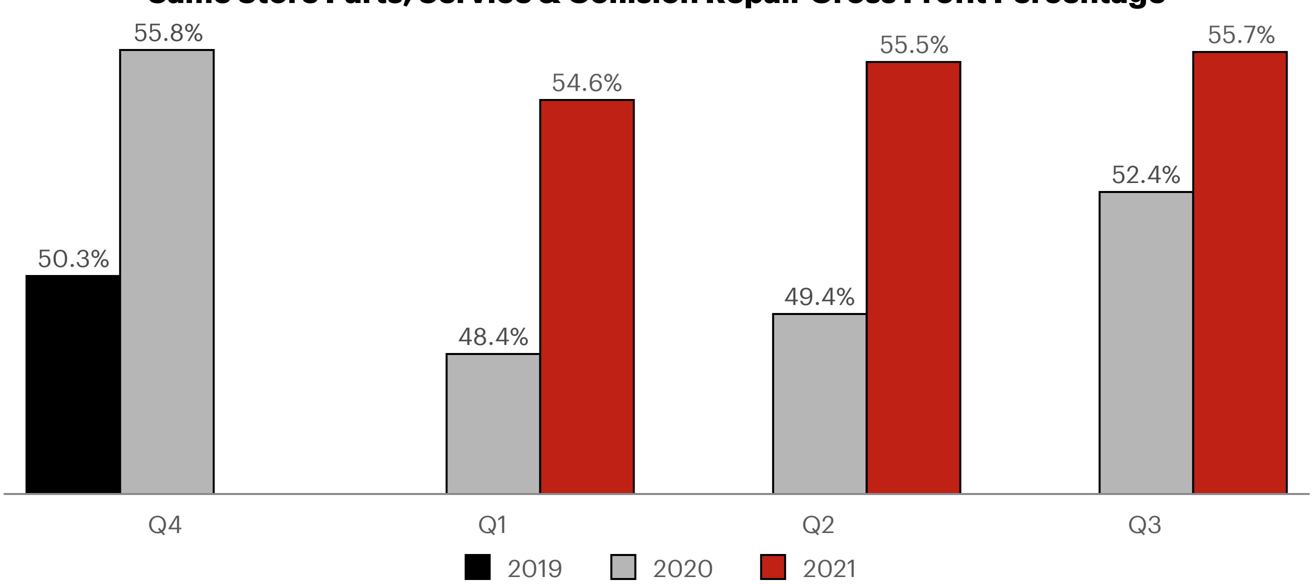
We continue to implement our BDC strategy, which involves leveraging the large database of our customer information across our Canadian dealership network to centralize the service work appointment booking process. Our BDC strategy has been implemented at all Canadian dealerships locations, and should be implemented at all Canadian collision centre locations by Q4 2021. In addition, this strategy will grow in scale and will be integrated 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.

Comparisons to the prior year are impacted by the closure of an embedded collision centre on June 30, 2021, the acquisitions of Auto Bugatti collision centre on October 6, 2020, PG Klassic Autobody collision centre on April 1, 2021, and Autolux MB Collision collision centre on September 9, 2021.

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 1.3% and gross profit increased by 3.7%. Parts, service and collision repair gross profit percentage increased to 58.2% as compared to 56.8% in the prior year.

Similar to drivers noted in the Canadian Operations, the gradual relaxation of lockdown restrictions resulted in an overall increase in miles driven. According to the Federal Highway Administration of the U.S. Department of Transportation, vehicle miles on all roads and streets increased by 10.0% as compared to the prior year for the months of July and August 2021. Service and collision repair orders increased by 11.7% as compared to prior year and contributed to the increases in both revenue and gross profit.

The increase in gross profit percentage is attributable to management's team focus on expanding the parts, service and collision repair teams at our U.S. dealerships to ensure we are able to accommodate increased traffic, with the U.S. Operations completing 30,360 repair orders, an increase of 11.7% as compared to the prior year. In addition, management has prioritized training and standardization of operating processes to ensure best practices are applied to all customer interactions, to support strong OEM CSI's and build customer retention.

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

For the nine-month period ended September 30, 2021

Consolidated Operations

Parts, service and collision repair revenue increased by 14.0% and gross profit increased by 24.1%.

Canadian Operations and Same Stores Results

Parts, service and collision repair revenue increased by 13.8% and gross profit increased by 25.7%. Parts, service and collision repair gross profit percentage increased to 55.4% as compared to 50.1% in the prior year.

Same stores results saw parts, service and collision repair revenue increase by 8.4%, while gross profit increased by 19.5%. Same store gross profit percentage increased to 55.3% as compared to 50.2% in the prior year.

Key drivers to parts, service and collision repairs sales and gross profit for the three-month period noted above also apply to year to date performance. In the three-months ended June 30, 2020, same store parts, service and collision repair gross profit was reduced by an inventory write-down of $3.7 million taken to adjust inventory cost base to market values.

U.S. Operations

Parts, service and collision repair revenue and gross profit increased by 15.4% and 13.0% respectively. Parts, service and collision repair gross profit percentage decreased to 55.0% as compared to 56.1% in the prior year.

Key drivers to parts, service and collision repairs sales and gross profit for the three-month period noted above also apply to year to date performance.

Finance, insurance and other

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

For the three-month period ended September 30, 2021

Consolidated Operations

Finance, insurance and other revenue increased by 39.1% and gross profit increased by 39.8%. Gross profit per vehicle increased by $460 per unit.

Canadian Operations and Same Stores Results

Finance, insurance and other revenue increased by 28.7% and gross profit increased by 29.3%. Gross profit percentage increased to 93.7% as compared to 93.3% in the prior year. Gross profit per retail unit average increased to $3,005, an increase of $412 per retail unit.

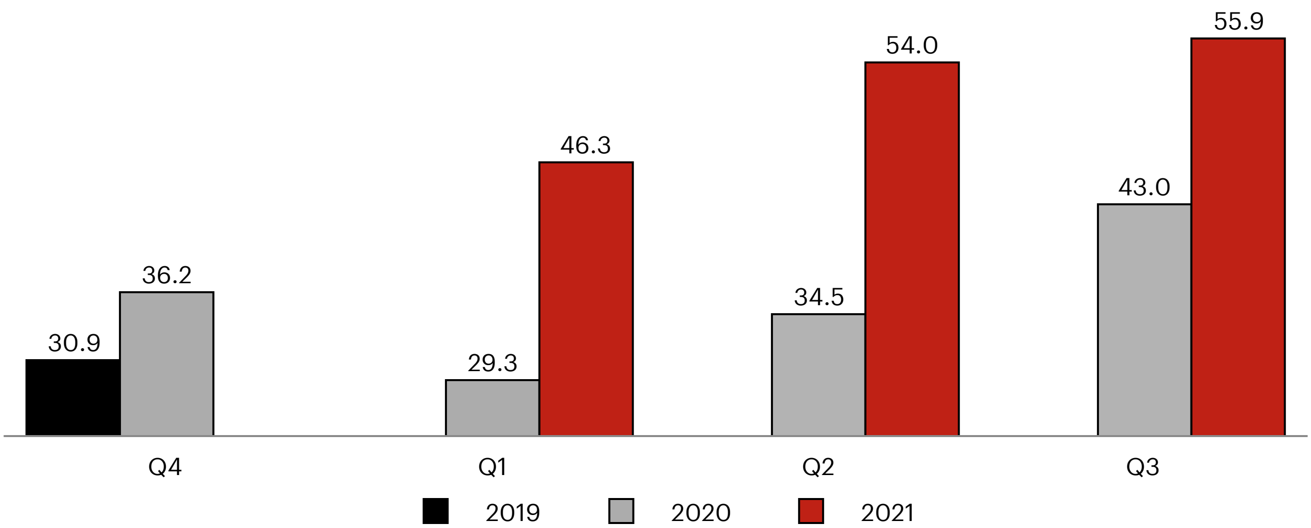
Same stores results saw finance, insurance and other revenue increase by 29.8% and gross profit increased by 30.0% to $55.9 million. Same store finance, insurance and other gross profit percentage remained strong at 93.5% as compared to 93.3% in the prior year. Same store gross profit per retail unit average increased to $3,139, up 26.1% or $650 per retail unit, as compared to $2,489 in the prior year. Gross profit increased due to both the improvements on a per retail unit basis along with the increase of 533 retail units to total same store retail units of 17,797.

The $650 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. The improvements noted have been consistently applied across all regions and brands and support the sustainability of our current performance.

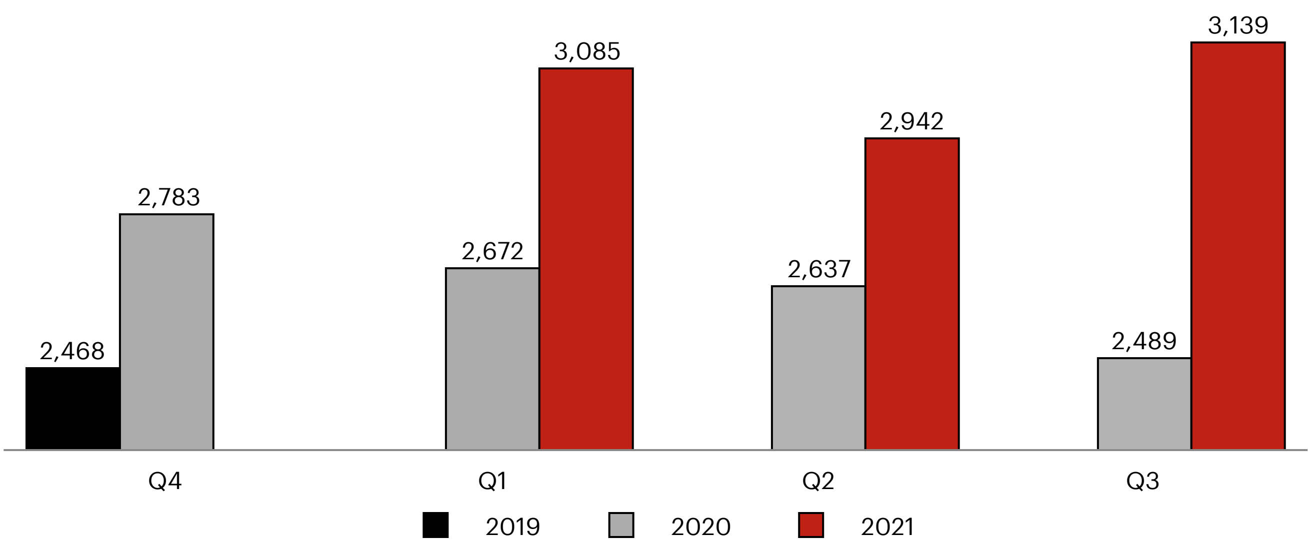
F&I continues to have the highest gross profit retention in the Company. We are constantly optimizing the various inputs and value added product menu, with an emphasis to drive consistent improvements in our F&I performance.

Comparisons to the prior year are impacted by the acquisition of Haldimand Motors on December 1, 2020, and Mark Wilson's Better Used Cars on August 9, 2021.

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 172.7% and gross profit increased by 172.9%. Gross profit percentage remained flat at 94.3% as compared to 94.2% in the prior year.

The gross profit percentage continues to remain strong at 94.3% and is attributable 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.

For the nine-month period ended September 30, 2021

Consolidated Operations

Finance, insurance and other revenue increased by 54.9% and gross profit increased by 54.7%. Gross profit per vehicle increased by $325 per unit.

Canadian Operations and Same Stores Results

Finance, insurance and other revenue increased by 47.2% and gross profit increased by 47.0%. Gross profit percentage increased to 92.4% as compared to 92.4% in the prior year.

Same stores finance, insurance and other revenue increased by 46.8%, while gross profit increased by 46.4%. Gross profit percentage decreased to 92.2% as compared to 92.4% in the prior year.

Key drivers to finance, insurance and other sales and gross profit for the three-month period noted above also apply to year to date performance. Gross profit per retail unit average is influenced by incentives and financing products offered by third party financing institutions and OEMs.

U.S. Operations

Finance, insurance and other revenue increased by 143.9% and gross profit increased by 139.9%. Gross profit percentage decreased to 93.7% as compared to 95.2% in the prior year.

Key drivers to finance, insurance and other sales and gross profit for the three-month period noted above also apply to year to date performance.

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.

Depreciation of Right-of-Use Assets

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

The following tables summarize operating expenses:

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Employee costs	85,969	16,428	102,397	73,760	7,340	81,100
Government assistance	(317)	—	(317)	(6,252)	—	(6,252)
Administrative costs	38,608	8,502	47,110	34,971	5,282	40,253
Facility lease and storage costs	105	—	105	377	—	377
Depreciation of property and equipment	3,811	310	4,121	3,815	296	4,111
Depreciation of right-of-use assets	5,767	697	6,464	5,710	486	6,196
Total operating expenses	133,943	25,937	159,880	112,381	13,404	125,785

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Employee costs	245,714	39,335	285,049	198,662	21,228	219,890
Government assistance	(5,041)	(6,728)	(11,769)	(32,475)	—	(32,475)
Administrative costs	113,580	23,724	137,304	105,173	17,101	122,274
Facility lease and storage costs	620	—	620	1,261	—	1,261
Depreciation of property and equipment	11,528	914	12,442	11,657	892	12,549
Depreciation of right-of-use assets	16,963	1,992	18,955	17,018	1,704	18,722
Total operating expenses	383,364	59,237	442,601	301,296	40,925	342,221

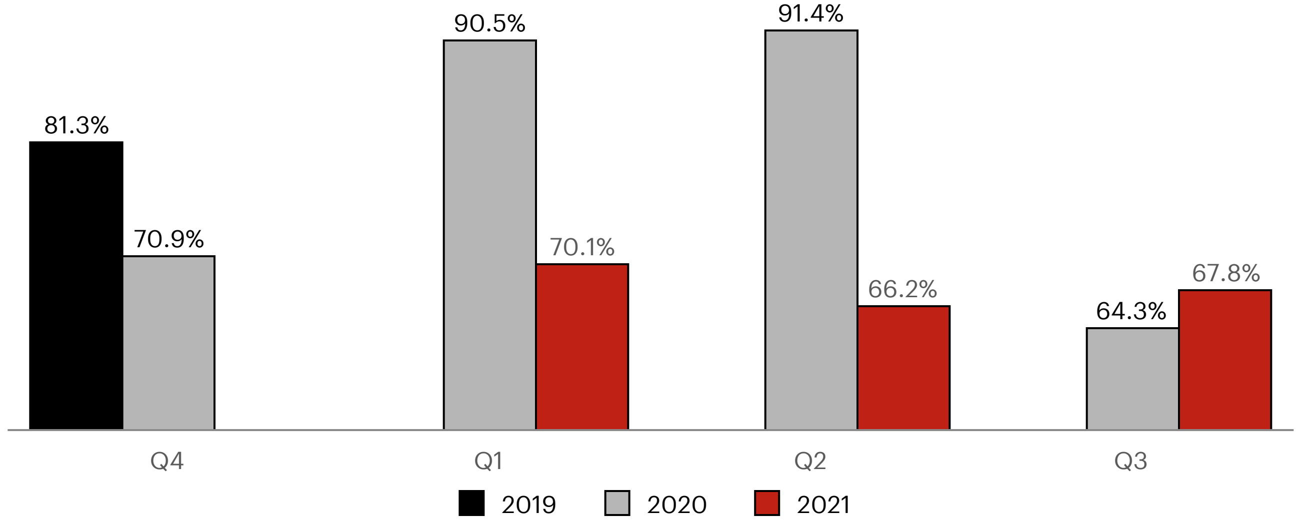
While management considers operating expenses as a percentage of gross profit to be a good indicator of expense control, as many operating expenses are variable in nature, the Company considers operating expenses before depreciation as a percentage of gross profit a more accurate measure of operating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

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

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Operating expenses before depreciation	66.3%	76.6%	67.8%	63.7%	70.1%	64.3%
Total operating expenses	71.4%	79.7%	72.6%	69.6%	74.4%	70.1%

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Operating expenses before depreciation	67.2%	72.3%	67.9%	76.3%	103.0%	78.8%
Total operating expenses	72.6%	76.1%	73.1%	84.4%	110.0%	86.7%

Operating expenses before depreciation as % of Gross Profit



Total Operating Expenses

For the three-month period ended September 30, 2021

Consolidated Operations

Operating expenses before depreciation as a percentage of gross profit increased by 3.5 ppts to 67.8% and operating expenses as a percentage of gross profit increased by 2.5 ppts to 72.6%, as compared to prior year.

Adjusting for CEWS of $6.3 million in Q3 2020, operating expenses before depreciation as a percentage of gross profit remained flat at 67.8% as compared to normalized 67.8% in the prior year.

The low operating expenses as a percentage of gross profit of 72.6% 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 increased by 2.6 ppts to 66.3% as compared to prior year.

Adjusting for CEWS of $6.3 million in the prior year, operating expenses before depreciation as a percentage of gross profit decreased to 66.3% as compared to normalized 67.6% in the prior year.

As a result of the optimized business model, employee costs as a percentage of gross profit remains at a strong 45.8%.

Comparisons to the prior year are impacted by the closure of an embedded collision centre on June 30, 2021, the acquisitions of Haldimand Motors on December 1, 2020, Auto Bugatti collision centre on October 6, 2020, PG Klassic Autobody collision centre on April 1, 2021, Mark Wilson's Better Used Cars on August 9, 2021, and Autolux MB Collision collision centre on September 9, 2021.

U.S. Operations

Operating expenses before depreciation as a percentage of gross profit increased by 6.5 ppts to 76.6%.

This increase in employee costs as a percentage of gross profit by 9.7 ppts to 50.5% is largely driven by management's strategy to both build up a strong sales team to meet strong market demand, and to transition pay plans to suit a top-performing variable pay structure. The improved sales team resulted in improvements in new and used vehicle sales volume and profitability, and overall gross profit.

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

For the nine-month period ended September 30, 2021

Consolidated Operations

On a consolidated basis, there was a decrease of (10.9) ppts in operating expenses before depreciation as a percentage of gross profit when compared to the same period in the prior year. There was a decrease of (13.6) ppts in operating expenses as a percentage of gross profit when compared to the same period in the prior year.

Canadian Operations

There was a decrease of (9.1) ppts in operating expenses before depreciation as a percentage of gross profit when compared to the same period.

Key drivers to operating expenses for the three-month period noted above also apply to year to date performance. In addition, for the three-months ended June 30, 2020, the Company recognized $(20.9) million of COVID-19 related provisions and write-downs. The Company recognized government assistance of $3.1 million for the three-months ended March 31, 2021 and $1.6 million for the three-months ended June 30, 2021.

U.S. Operations

For the Company's U.S operating segment, there was a decrease of (30.7) ppts in operating expenses before depreciation as a percentage of gross profit when compared to the same period in the prior year.

Key drivers to operating expenses for the three-month period noted above also apply to year to date performance. In addition, for the three-months ended June 30, 2020, the Company recognized $(1.4) million of COVID-19 related provisions and write-downs. The Company recognized the forgiveness of PPP loans of $5.4 million for the three-months ended March 31, 2021 and $1.3 million for the three-months ended June 30, 2021.

Net Income (Loss) for the Period and Adjusted EBITDA

The following table summarizes Net income (loss) and Adjusted EBITDA for the three-month periods and nine-month periods ended September 30:

	Three Months Ended September 30			Nine Months Ended September 30		
	2021 $	2020 $	Change $	2021 $	2020 $	Change $
Net income (loss) for the period	38,769	35,962	2,807	97,801	(30,943)	128,744
Adjusted EBITDA [1]	68,265	61,054	7,211	185,990	71,621	114,369

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

Net Income (Loss) for the Period

Net income (loss) for the three-month period ended September 30, 2021 improved by $2.8 million, compared to prior year. The drivers of this change include:

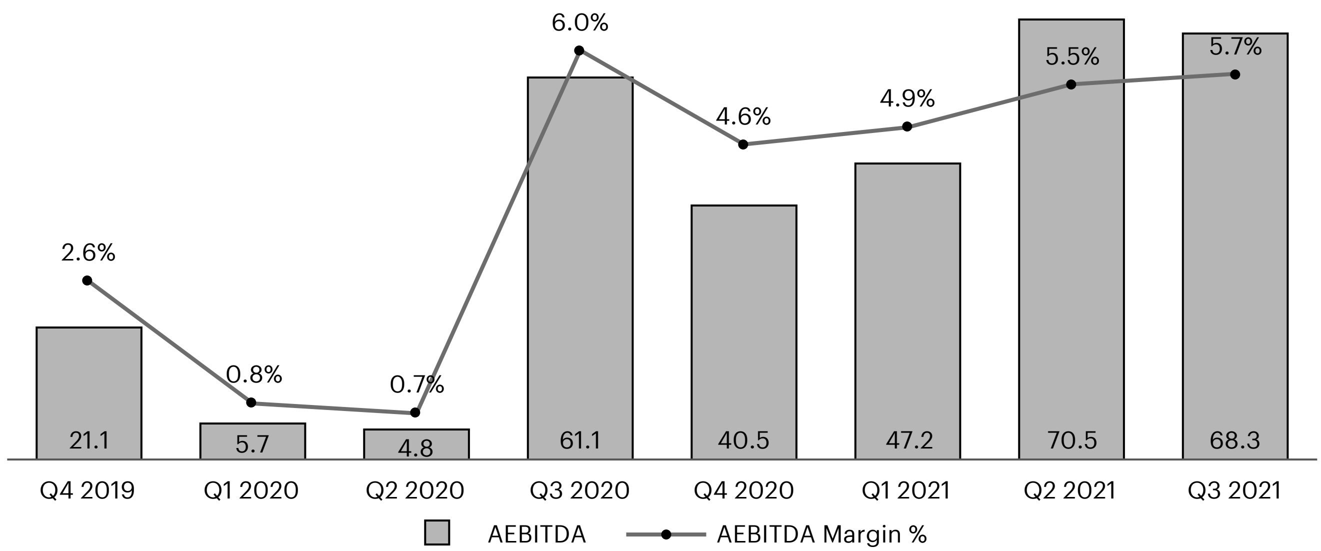
- Canadian Operations segment contributed a decrease of $(0.5) million in the third quarter
- U.S. Operations segment contributed an increase of $3.3 million in the third quarter

Adjusted EBITDA

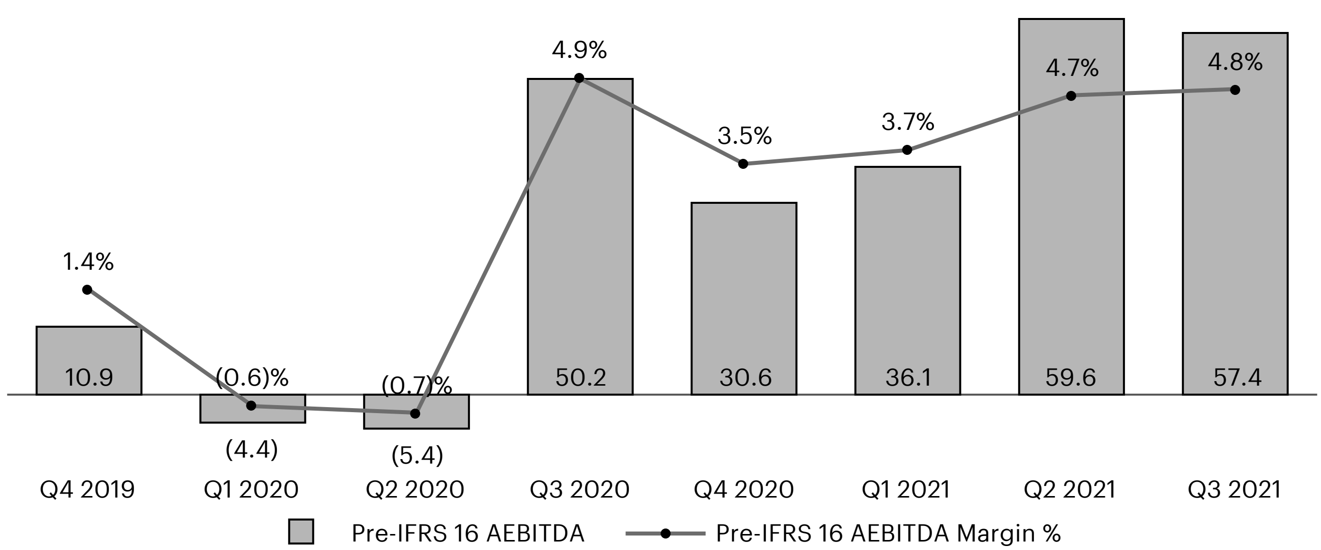
Adjusted EBITDA for the three-month period ended September 30, 2021 increased by $7.2 million, compared to prior year. The drivers of this increase include:

- Canadian Operations Adjusted EBITDA contributed an increase of $4.5 million in the third quarter year-over-year
  - Non-recurring CEWS income of $6.3 million included in Q3 2020
- U.S. Operations Adjusted EBITDA contributed an increase of $2.7 million in the third quarter year-over-year
- Adjusted EBITDA margin on a TTM basis was 5.2% as compared to 2.8% in the prior year
- Pre-IFRS 16 Adjusted EBITDA margin on a TTM basis was 4.2% as compared to 1.6% in the prior year

Adjusted EBITDA ($ Millions) and AEBITDA Margin %



Pre-IFRS 16 Adjusted EBITDA ($ Millions) and Pre-IFRS 16 AEBITDA Margin %



Finance Costs

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

On April 14, 2021, the Company amended the Credit Facility which resulted in the recognition of a $(1.1) million loss on extinguishment of debt for the current period. During the nine-month period ended September 30, 2020, loss on extinguishment of debt of $4.0 million was recognized in relation to the amendment of the Credit Facility and Senior Notes debenture add on that occurred on Feb 11, 2020.

On April 15, 2021, the Company completed a debenture add on to the existing 8.75% Senior Unsecured Notes and resulted in the recognition of an unrealized fair value changes on embedded derivative of $4.6 million. This gain represents the change in fair value of our option to redeem the 8.25% senior unsecured notes when taking the current low interest rate environment into consideration. For further details over the embedded derivatives gain, refer to Note 21 and Note 17 in the Interim Consolidated Financial Statements for the three-month period ended September 30, 2021.

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 21 in the Interim Consolidated Financial Statements for the three-month period ended September 30, 2021.

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

	Three Months Ended September 30		**Nine Months Ended September 30**	
	2021 $	**2020 $**	**2021 $**	**2020 $**
Finance costs:				
Interest on long-term indebtedness	5,591	4,343	15,739	12,236
Interest on lease liabilities	5,487	5,865	16,542	16,933
Loss on extinguishment of debt	—	—	1,128	4,002
Unrealized fair value changes on interest rate swaps	(1,221)	66	(5,436)	3,475
Amortization of terminated hedges	817	817	2,451	1,491
Unrealized fair value changes on embedded derivatives	116	—	(4,528)	—
	10,790	**11,091**	**25,896**	**38,137**
Floorplan financing	2,552	2,111	9,550	12,773
Interest rate swap settlements	1,701	985	5,089	2,084
Other finance costs	1,115	1,248	3,167	2,562
	16,158	**15,435**	**43,702**	**55,556**

Income Taxes

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

	Three Months Ended September 30		**Nine Months Ended September 30**	
	2021 $	**2020 $**	**2021 $**	**2020 $**
Current tax	864	8,260	17,967	11,990
Deferred tax	7,542	(3,436)	11,591	(14,602)
Total income tax expense (recovery)	**8,406**	**4,824**	**29,558**	**(2,612)**
Effective income tax rate	17.8%	11.8%	23.2%	7.8%
Statutory income tax rate	25.4%	26.2%	25.4%	26.2%

The period-over-period increase in effective rate for the three-months and nine-months ended September 30, 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 early 2023**.**

PG Klassic Autobody

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

Mark Wilson's Better Used Cars

On August 9, 2021, the Company acquired 100% of the shares in Mark Wilson's Better Used Cars, an independent used vehicle dealership in Guelph, Ontario. The acquisition forms part of management's strategic objective of developing a Used Digital Retail Division in the Canadian pre-owned vehicle market.

Autolux MB Collision

On September 9, 2021, the Company acquired 100% of the shares in Autolux MB Collision, a luxury-brand focused collision centre located in Montreal, Quebec. The acquisition supports management's strategic objectives of expanding the Company's collision centre capacity.

Airdrie Autobody Ltd.

On October 1, 2021, the Company acquired 100% of the shares in Airdrie Autobody Ltd., a collision repair facility located in Airdrie, Alberta. The acquisition supports management's strategic objectives of expanding the Company’s collision centre capacity.

Crystal Lake Chrysler Jeep Dodge Ram Inc.

On November 4, 2021, the Company acquired substantially all of the fixed and operating assets of Crystal Lake Chrysler Jeep Dodge Ram, Inc., a Stellantis dealership located in Crystal Lake, Illinois. The acquisition supports management's strategic objectives of further establishing the Company's presence in the greater Chicago area.

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

On April 14, 2021, the Company entered into an amended and restated $1,300 million syndicated credit agreement ("Credit Facility") with the Bank of Nova Scotia ("Scotiabank"), the Canadian Imperial Bank of Commerce ("CIBC"), the Royal Bank of Canada ("RBC"), HSBC Bank Canada ("HSBC"), ATB Financial ("ATB") and the Bank of Montreal ("BMO"). The Credit Facility has specified-use tranches and provides the Company with revolving credit capacity for operational and growth purposes as well as floorplan financing to assist with the purchasing of inventory. The maturity of the 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 superseded credit facility and which will accommodate the Company's current and future business and financial needs.

The following table reflects the composition of that Credit Facility as well as limits, amounts drawn and unused capacity as at September 30, 2021:

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit [1]	225,000	—	225,000
Inventory floorplan financing	1,075,000	345,701	729,299
Total	1,300,000	345,701	954,299

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

Revolving Credit Capacity

The Credit Facility in effect at September 30, 2021 provided a total of $225 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 September 30, 2021 provided a total of $1,075 million in credit limit capacity for the purposes of floorplan financing the wholesale purchase of new, used, demonstrator and leased vehicle inventory. The wholesale flooring facilities are demand in nature and draws on the facilities are secured by the inventory that is 'floored' under the facilities. As advances are secured by vehicle inventory and characterized as demand loans, the floorplan indebtedness is classified as current on the Company's consolidated balance sheet. While floorplan financing is interest-bearing indebtedness, it is excluded in the calculation of the Company's leverage ratios given that this form of financing is standard in the retail automotive industry and deemed to be an operational necessity. Similarly, interest charges associated with floorplan financing are excluded from the interest expense added back in the Company's calculation of Adjusted EBITDA.

Other Floorplan Financing

In addition to the floorplan financing provided through the Credit Facility, the Company has multiple standalone floorplan facilities with other lenders which provide inventory financing for its dealerships. The total composition of the Company's floorplan financing lenders as at September 30, 2021 is as follows:

Lender	Limit	Drawn	Available Capacity
Syndicated credit facility – floorplan	1,075,000	345,701	729,299
Other Canadian floorplan facilities	368,895	158,744	210,151
Other U.S. floorplan facility	138,240	65,479	72,761
Total	1,582,135	569,924	1,012,211

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 September 30, 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 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.*

The following table summarizes the Company's financial covenants under the Credit Facility as at September 30, 2021:

Credit Facility Financial Covenants	Requirement	Q3 2021
Senior net funded debt to bank EBITDA ratio	Shall not exceed 3.00	0.00
Total net funded debt to bank EBITDA ratio	Shall not exceed 4.50	1.18
Fixed charge coverage ratio	Shall not be less than 1.20	6.48

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

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 15, 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

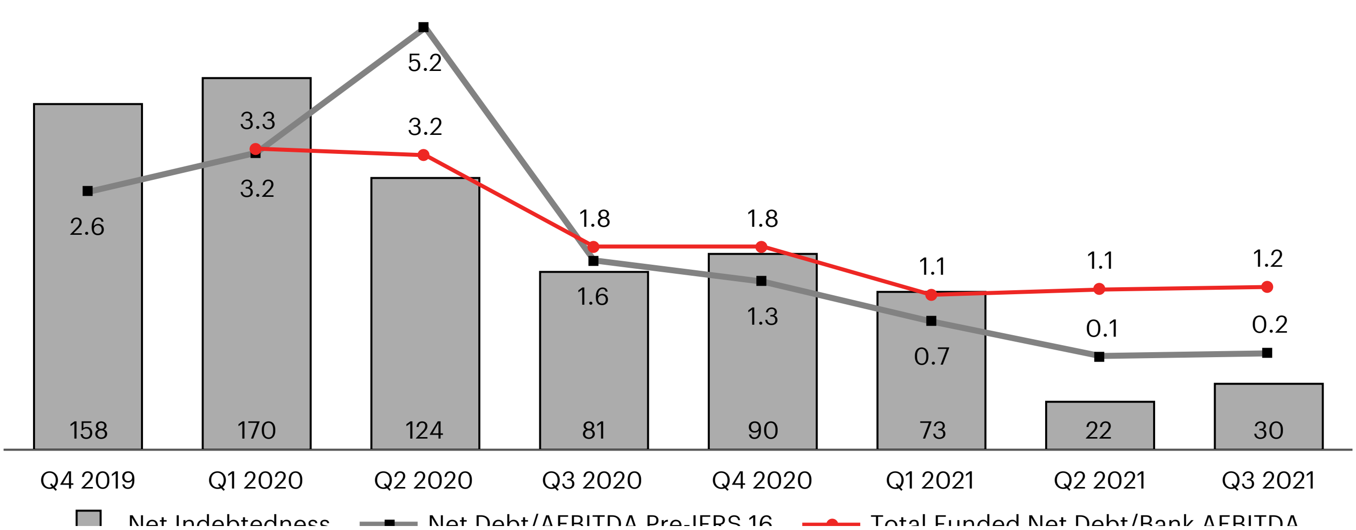
The following table summarizes the Company's indebtedness, net of unamortized deferred financing costs, and net indebtedness as at September 30, 2021:

	Balance Outstanding
Syndicated credit facility – revolving credit	(886)
Senior unsecured notes (including embedded derivative asset)	246,844
Mortgage and other debt	182
Total indebtedness as reported	**246,140**
Add back:	
Embedded derivative asset	4,528
Total indebtedness for net indebtedness purpose	**250,668**
Cash and cash equivalents	(220,857)
Net Indebtedness	**29,811**

The Company had total liquidity of $445.9 million based on cash and cash equivalents and the $225.0 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 amendment on April 14, 2021. Balances shown which precede this date reflect indebtedness under previous and now superseded syndicated credit facilities.

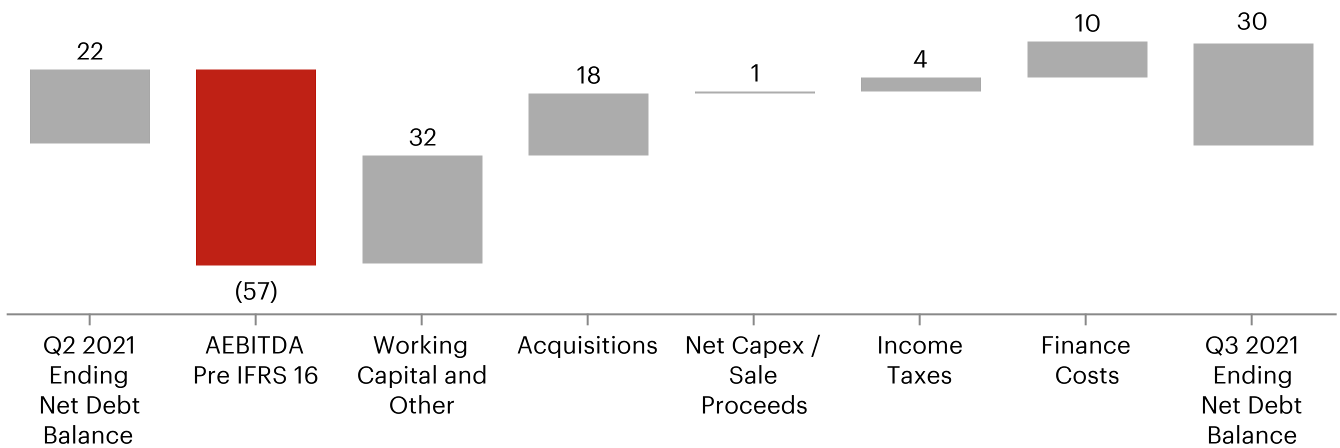
Net Indebtedness ($ Millions), Net Indebtedness Leverage and Total Funded Net Debt Bank Leverage



The Company ended the quarter at a net indebtedness leverage ratio of 0.2x and was well below our target leverage ratio of 2.5x to 3.0x. Strong Q3 2021 operational performance and continued efficient working capital management were the primary drivers contributing to the continued strong net debt leverage. 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. Total Net Funded Debt to Bank EBITDA ratio of 1.2x at the end of Q3 2021 was well within our covenant threshold of 4.50x.

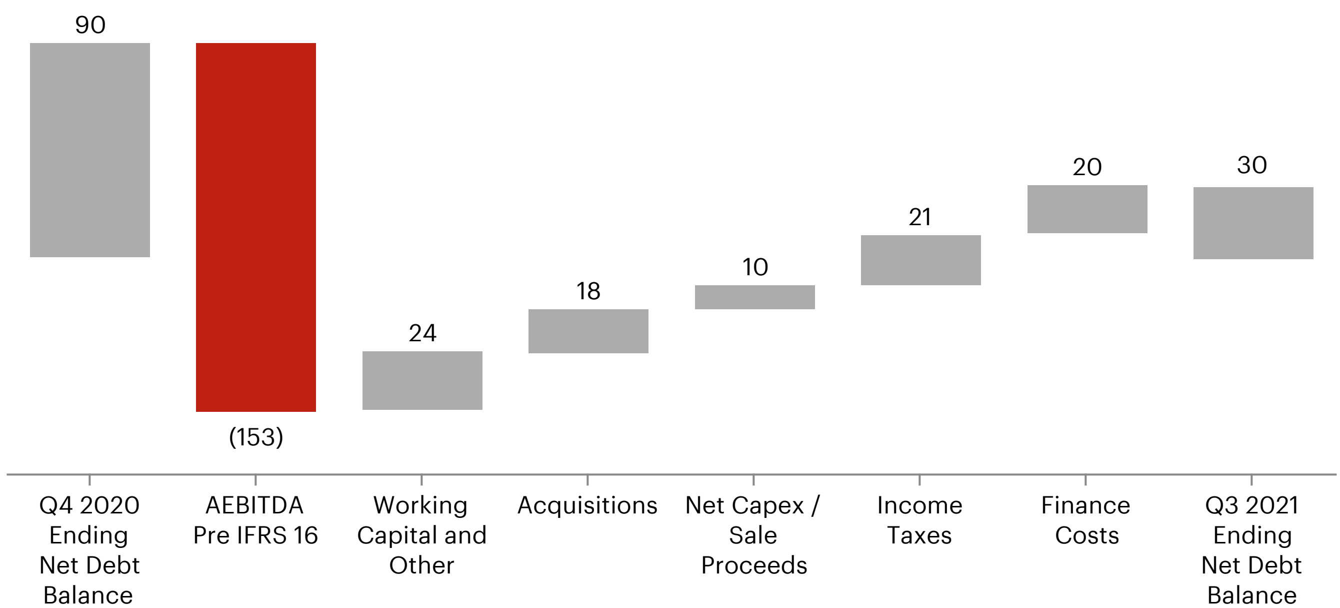
The movement of net indebtedness between Q2 2021 and Q3 2021 is highlighted in the following chart:

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



The movement of net indebtedness between Q4 2020 and Q3 2021 is highlighted in the following chart:

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



The $32 million reduction of Q3 2021 working capital and other includes a $(15.8) million settlement of tax withholdings on share appreciation rights and $(4.6) million of employee advances issued and collateralized by outstanding share-based awards. 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 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 approximate 4.5x or better.

Lease Adjusted Net Debt Leverage	Q3 2021	Q4 2020
Syndicated Credit Facility - revolving credit	(886)	68,827
Senior unsecured notes (excluding embedded derivative asset)	251,372	120,716
Mortgage and other debt	182	7,688
Lease liabilities	390,670	387,929
Total lease adjusted indebtedness	641,338	585,160
Cash and cash equivalents	(220,857)	(107,704)
Lease adjusted indebtedness, net of cash	420,481	477,456
Adjusted EBITDA - trailing twelve months	226,462	112,093
Lease adjusted net debt leverage ratio	1.9x	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 operational 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 September 30		Nine Months Ended September 30	
	2021 $	2020 $	2021 $	2020 $
Non-growth capital expenditures	1,349	922	3,265	3,674
Growth capital expenditures	514	4,157	8,979	16,166
Total capital expenditures	1,863	5,079	12,244	19,840

Capital Commitments

At September 30, 2021, the Company is committed to capital expenditure obligations in the amount of approximately $1.0 million related to dealership relocations, dealership re-imagings and dealership Open Points with expected completion of these commitments in 2023. The Company is always in conversation with OEM's to adjust spending and/or capital commitments as is deemed appropriate for changing conditions.

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

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

Repairs and Maintenance

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

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2021 $	2020 $	2021 $	2020 $
Repairs and maintenance expenditures	1,899	1,653	5,936	4,972

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)
- Senior Notes Rating: 'B'

7. RELATED PARTY TRANSACTIONS

Transactions with Companies Controlled by Directors

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

During the three-month period and nine-month period ended September 30, 2021, 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:

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

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

	Three-month period ended		Nine-month period ended	
	September 30, 2021 $	September 30, 2020 $	September 30, 2021 $	September 30, 2020 $
Consulting services, administrative and other support and sourcing fees	487	364	1,458	1,070
Used vehicle inventory purchases	—	—	5,997	—
Total	487	364	7,455	1,070

Executive Advance

During the three-month period ended September 30, 2021, the Company issued a $2.0 million Executive Advance to the President, collateralized by the President's outstanding stock options under the Company's existing Stock Option Plan (the "Plan"). The Executive Advance is repayable in full on the earlier of i) March 31, 2022, or ii) the exercise and settlement of the President's outstanding stock options under the Plan. Interest is payable annually at a rate of 1%. The Executive Advance was considered to represent an advance against share-based compensation secured against the Company's own shares and is treated as an equity instrument rather than an asset of the Company. Refer to Note 19 of the Interim Consolidated Financial Statements for further details.

8. OUTSTANDING SHARES

As at September 30, 2021, the Company had 27,493,016 common shares outstanding. Basic and diluted weighted average number of shares outstanding for the three-month period ended September 30, 2021 were 27,483,596 and 29,599,494, respectively.

As at September 30, 2021, the value of the shares held in trust, to hedge equity-based compensation plans, was $2.7 million (2020 – $2.5 million), which was comprised of 265,998 (2020 - 232,980) in shares. As at November 9, 2021, there were 27,493,016 common shares issued and outstanding.

9. DIVIDENDS

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

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

10. FREE CASH FLOW

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).

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Cash provided by operating activities	13,721	68,604	20,506	20,447	54,366	54,114	7,350	69,574
Deduct:								
Purchase of non-growth property and equipment	(1,349)	(801)	(1,115)	(1,207)	(922)	(1,557)	(1,195)	(3,749)
Free cash flow	12,372	67,803	19,391	19,240	53,444	52,557	6,155	65,825
Weighted average shares outstanding at end of period	29,599,494	29,224,342	29,148,402	29,195,778	28,483,801	27,370,013	27,431,377	27,424,374
Free cash flow per share	0.42	2.32	0.67	0.66	1.88	1.92	0.22	2.40
Free cash flow - trailing 12 month	118,806	159,878	144,632	131,396	177,981	179,325	104,987	99,866

Management believes that free cash flow (see Section 15, Non-GAAP Measures) can fluctuate significantly as a result of seasonality in our business operations that occur on a quarterly basis, and 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 movement in the balances of trade and other receivables, inventories, finance lease receivables, assets held for sale, other current assets, trade and other payables, vehicle repurchase obligations and revolving floorplan facilities. Factors that can affect these items include seasonal sales trends, strategic decisions regarding inventory levels, the addition of new dealerships, and the day of the week on which period end cutoffs occur.

The following table summarizes the net increase (decrease) in cash due to changes in non-cash working capital for the nine-month periods ended September 30, 2021 and September 30, 2020:

	Nine Months Ended September 30	
	2021 $	2020 $
Trade and other receivables	(25,776)	(7,514)
Inventories	183,428	270,266
Other current assets	(654)	(1,957)
Other liabilities	(61)	(2,025)
Trade and other payables	36,902	24,750
Vehicle repurchase obligations	—	(3,492)
Revolving floorplan facilities	(200,715)	(199,660)
Net change in non-cash working capital	(6,876)	80,368

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 September 30, 2021, there were no changes in the Company's disclosure controls or internal controls over financial reporting that materially affected, or would be reasonably likely to materially affect, such controls.

13. RISK FACTORS

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. In particular, the impact of the outbreak of the novel coronavirus/ COVID-19 and the resulting 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. 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, normalized adjusted EBITDA, free cash flow, net indebtedness, net indebtedness leverage ratio, and lease adjusted net debt leverage ratio are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that these non-GAAP measures should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's methods of calculating adjusted EBITDA, normalized 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.

Normalized Adjusted EBITDA

With the onset of COVID-19 during the second quarter of 2020, the impact of COVID-19 related government restrictions resulted in charges that are one-time in nature, and related government programs resulted in subsidies that are non-recurring in the future. In addition, at the onset of the pandemic and related government lockdowns, the Company used the opportunity to complete a comprehensive review of all aspects of the business, in essence re-engineering the business model where applicable. As a result of the impacts of COVID-19 and the accompanying initial review, the Company recognized income, subsidies, write-downs, provisions, and non-recurring charges for impacts related to the pandemic.

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

- Canada Emergency Wage Subsidy ("CEWS") income, expected to recur until the Company is no longer eligible for the subsidy;
- Canada Emergency Rent Subsidy ("CERS"), expected to recur until the Company is no longer eligible for the subsidy;
- One-time forgiveness of Small Business Association Paycheck Protection Program ("PPP") loans;
- One-time inventory write-downs for decreased demand for new and used vehicle inventory;
- One-time severance charges related to the reduction in the Company's workforce;
- One-time retention and recognition payments for key dealership employees;
- One-time write-off of prepaid advertising leads provisions for decreased new and used vehicles demand;
- One-time write-off of aged accounts receivable and onerous provisions; and
- True-up of accruals and other liabilities as a result of the COVID-19 related comprehensive review.

The Company believes normalized adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance normalized for impacts related to the COVID-19 pandemic. Refer to the COVID-19 impacts section of Note 4 of the Interim Consolidated Financial Statements in addition to the COVID-19 Response section of the Q2 2020 MD&A for further details.

Free Cash Flow

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

Net Indebtedness 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, net of unamortized deferred financing costs, adding back embedded derivative asset, and 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 MEASURE RECONCILIATIONS

Section 2 - Executive Summary

Quarter-to-Date Consolidated Adjusted EBITDA and Consolidated Normalized Adjusted EBITDA Reconciliation

The following table illustrates adjusted EBITDA and normalized adjusted EBITDA, for the three-month period ended September 30, for the last two years of operations:

	2021	2020
Period from July 1 to September 30		
Net income for the period	38,769	35,962
Add back:		
Income tax expense	8,406	4,824
Depreciation of property and equipment	4,121	4,111
Interest on long-term indebtedness	5,591	4,343
Depreciation of right of use assets	6,464	6,196
Lease liability interest	5,487	5,865
	68,838	61,301
Add back:		
Loss on redemption liabilities	—	1,346
Unrealized fair value changes in derivative instruments	(2,151)	241
Amortization of loss on terminated hedges	817	817
Unrealized foreign exchange gains	(265)	(576)
Unrealized fair value changes on embedded derivative	116	—
Loss (gain) on disposal of assets	910	(2,075)
Adjusted EBITDA	68,265	61,054
Normalizing Items:		
Less:		
Canada Emergency Wage Subsidy	—	(6,252)
Normalized Adjusted EBITDA	68,265	54,802

Section 4 - Results of Operations

Year-to-Date Consolidated Adjusted EBITDA and Consolidated Normalized Adjusted EBITDA Reconciliation

The following table illustrates adjusted EBITDA and normalized adjusted EBITDA for the nine-month periods ended September 30, for the last two years of operations:

	2021	**2020**
Period from January 1 to September 30		
Net income (loss) for the period	97,801	(30,943)
Add back:		
Income tax expense (recovery)	29,558	(2,612)
Depreciation of property and equipment	12,442	12,549
Interest on long-term indebtedness	15,739	12,236
Depreciation of right of use assets	18,955	18,722
Lease liability interest	16,542	16,933
	191,037	26,885
Add back:		
Impairment of non-financial assets, net	—	35,455
Loss on redemption liabilities	—	1,346
Loss on extinguishment of debt	1,128	4,002
Unrealized fair value changes in derivative instruments	(5,020)	3,650
Amortization of loss on terminated hedges	2,451	1,491
Unrealized foreign exchange losses	90	711
Unrealized fair value changes on embedded derivative	(4,528)	—
Loss (gain) on disposal of assets	832	(1,919)
Adjusted EBITDA	185,990	71,621
Normalizing Items:		
Add back:		
Inventory write-down	—	20,884
Severance charges	—	8,170
Write-off of prepaid advertising leads	—	2,131
One-time retention and recognition payments for key dealership employees	—	1,742
One-time write-off of accounts receivable and onerous provisions	—	5,633
Other charges including true-up of accruals and other liabilities	—	4,686
Less:		
Canada Emergency Wage Subsidy	(4,388)	(32,475)
Canada Emergency Rent Subsidy	(336)	—
Forgiveness of PPP loans	(6,728)	—
Normalized Adjusted EBITDA	174,538	82,392

Adjusted EBITDA and Normalized Adjusted EBITDA

The following table illustrates adjusted EBITDA and normalized adjusted EBITDA, for the three-month period ended September 30, for the last two years of operations:

	Three Months Ended September 30, 2021			**Three Months Ended September 30, 2020**		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from July 1 to September 30						
Net income for the period	33,839	4,930	38,769	34,308	1,654	35,962
Add back:						
Income tax expense	8,406	—	8,406	4,824	—	4,824
Depreciation of property and equipment	3,811	310	4,121	3,815	296	4,111
Interest on long-term indebtedness	4,979	612	5,591	3,116	1,227	4,343
Depreciation of right of use assets	5,767	697	6,464	5,710	486	6,196
Lease liability interest	4,618	869	5,487	4,962	903	5,865
	61,420	7,418	68,838	56,735	4,566	61,301
Add back:						
Loss on redemption liabilities	—	—	—	1,346	—	1,346
Unrealized fair value changes in derivative instruments	(2,151)	—	(2,151)	241	—	241
Amortization of loss on terminated hedges	817	—	817	678	139	817
Unrealized foreign exchange gains	(265)	—	(265)	(576)	—	(576)
Unrealized fair value changes on embedded derivative	116	—	116	—	—	—
Loss (gain) on disposal of assets	910	—	910	(2,075)	—	(2,075)
Adjusted EBITDA	60,847	7,418	68,265	56,349	4,705	61,054
Normalizing Items:						
Less:						
Canada Emergency Wage Subsidy	—	—	—	(6,252)	—	(6,252)
Normalized Adjusted EBITDA	60,847	7,418	68,265	50,097	4,705	54,802

The following table illustrates adjusted EBITDA and normalized adjusted EBITDA for the nine-month period ended September 30, for the last two years of operations:

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from January 1 to September 30						
Net income (loss) for the period	87,851	9,950	97,801	(12,012)	(18,931)	(30,943)
Add back:						
Income tax expense (recovery)	29,558	—	29,558	(2,612)	—	(2,612)
Depreciation of property and equipment	11,528	914	12,442	11,657	892	12,549
Interest on long-term indebtedness	10,813	4,926	15,739	9,611	2,625	12,236
Depreciation of right of use assets	16,963	1,992	18,955	17,018	1,704	18,722
Lease liability interest	13,873	2,669	16,542	14,178	2,755	16,933
	170,586	20,451	191,037	37,840	(10,955)	26,885
Add back:						
Impairment of non-financial assets, net	—	—	—	26,560	8,895	35,455
Loss on redemption liabilities	—	—	—	1,346	—	1,346
Loss on extinguishment of debt	1,128	—	1,128	4,002	—	4,002
Unrealized fair value changes in derivative instruments	(5,020)	—	(5,020)	3,650	—	3,650
Amortization of loss on terminated hedges	2,451	—	2,451	1,229	262	1,491
Unrealized foreign exchange losses	90	—	90	711	—	711
Unrealized fair value changes on embedded derivative	(4,528)	—	(4,528)	—	—	—
Loss (gain) on disposal of assets	832	—	832	(1,919)	—	(1,919)
Adjusted EBITDA	165,539	20,451	185,990	73,419	(1,798)	71,621
Normalizing Items:						
Add back:						
Inventory write-down	—	—	—	17,894	2,990	20,884
Severance charges	—	—	—	8,170	—	8,170
Write-off of prepaid advertising leads	—	—	—	2,131	—	2,131
One-time retention and recognition payments for key dealership employees	—	—	—	1,742	—	1,742
One-time write-off of accounts receivable and onerous provisions	—	—	—	5,633	—	5,633
Other charges including true-up of accruals and other liabilities	—	—	—	3,240	1,446	4,686
Less:						
Canada Emergency Wage Subsidy	(4,388)	—	(4,388)	(32,475)	—	(32,475)
Canada Emergency Rent Subsidy	(336)	—	(336)	—	—	—
Forgiveness of PPP loans	—	(6,728)	(6,728)	—	—	—
Normalized Adjusted EBITDA	160,815	13,723	174,538	79,754	2,638	82,392

Section 6 - Liquidity and Capital Resources

Net Indebtedness Reconciliation

The following table illustrates the Company's net indebtedness and net indebtedness leverage ratio as at September 30, 2021 and December 31, 2020:

Indebtedness	September 30, 2021 $	December 31, 2020 $
Syndicated Credit Facility - revolving credit	(886)	68,827
Senior unsecured notes (including embedded derivative asset)	246,844	120,716
Mortgage and other debt	182	7,688
Total indebtedness as reported	246,140	197,231
Add back:		
Embedded derivative asset	4,528	—
Total indebtedness for net indebtedness purpose	**250,668**	**197,231**
Cash and cash equivalents	(220,857)	(107,704)
Net indebtedness	29,811	89,527
Adjusted EBITDA - pre-IFRS 16 - trailing twelve months	183,679	70,939
Net indebtedness leverage ratio	0.2x	1.3x

Lease Adjusted Net Debt Leverage Ratio Reconciliation

The following table illustrates the Company's lease adjusted net debt leverage ratio as at September 30, 2021 and December 31, 2020:

Lease Adjusted Leverage	September 30, 2021 $	December 31, 2020 $
Syndicated Credit Facility - revolving credit	(886)	68,827
Senior unsecured notes (excluding embedded derivative asset)	251,372	120,716
Mortgage and other debt	182	7,688
Lease liabilities	390,670	387,929
Total lease adjusted indebtedness	641,338	585,160
Cash and cash equivalents	(220,857)	(107,704)
Lease adjusted indebtedness, net of cash	420,481	477,456
Adjusted EBITDA - trailing twelve months	226,462	112,093
Lease adjusted net debt leverage ratio	1.9x	4.3x

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.

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Income Statement Data [4]								
New vehicles	489,192	534,152	442,448	466,468	544,415	381,427	341,582	430,102
Used vehicles	528,827	553,889	364,072	257,301	309,193	215,032	229,355	217,063
Parts, service and collision repair	116,724	122,222	108,223	105,362	111,739	90,417	102,453	120,564
Finance, insurance and other	72,011	70,792	55,081	46,990	51,753	40,571	35,436	41,374
Revenue	1,206,754	1,281,055	969,824	876,121	1,017,100	727,447	708,826	809,103
New vehicles	44,155	40,821	33,588	31,199	42,230	10,634	24,267	29,570
Used vehicles	43,262	44,410	24,176	19,787	29,819	4,224	10,173	12,676
Parts, service and collision repair	65,226	68,614	58,327	58,109	59,056	45,836	49,969	58,763
Finance, insurance and other	67,549	63,996	51,545	43,642	48,307	37,185	32,889	38,667
Gross Profit	220,192	217,841	167,636	152,737	179,412	97,879	117,298	139,676
Gross profit %	18.2%	17.0%	17.3%	17.4%	17.6%	13.5%	16.5%	17.3%
Operating expenses	159,880	154,773	127,948	119,442	125,785	99,736	116,700	125,140
Operating expenses as a % of gross profit	72.6%	71.0%	76.3%	78.2%	70.1%	101.9%	99.5%	89.6%
Operating profit (loss)	62,841	66,153	41,664	46,664	56,884	(4,388)	(28,948)	(6,597)
(Recovery) impairment of non-financial assets	—	—	—	(11,248)	—	3,910	31,545	24,001
Net income (loss)	38,769	37,698	21,334	24,320	35,962	(20,052)	(46,853)	(16,786)
Basic net income (loss) per share attributable to AutoCanada shareholders	1.37	1.33	0.77	0.87	1.29	(0.72)	(1.70)	(0.63)
Diluted net income (loss) per share attributable to AutoCanada shareholders	1.27	1.23	0.71	0.81	1.23	(0.72)	(1.70)	(0.63)
Dividends declared per share	—	—	—	—	—	—	0.10	0.10
Adjusted EBITDA [2]	68,265	70,491	47,234	40,472	61,054	4,828	5,739	21,065
Free cash flow [2]	12,372	67,803	19,391	19,240	53,444	52,557	6,155	65,825
Operating Data [4]								
New retail vehicles sold [3]	9,255	10,107	8,233	8,623	10,750	7,526	6,289	8,796
New fleet vehicles sold [3]	358	575	740	964	582	340	1,037	840
Total new vehicles sold [3]	9,613	10,682	8,973	9,587	11,332	7,866	7,326	9,636
Used retail vehicles sold [3]	13,831	13,271	9,734	7,389	8,836	7,228	6,409	6,957
Total vehicles sold [3]	23,444	23,953	18,707	16,976	20,168	15,094	13,735	16,593
# of service and collision repair orders completed [3, 5]	199,870	214,149	182,869	203,086	195,004	172,956	185,452	232,227
# of dealerships at period end [6]	68	67	67	67	62	63	63	63
# of same store dealerships [1]	49	49	49	47	47	48	48	47
# of service bays at period end	1,108	1,098	1,098	1,098	1,039	1,044	1,044	1,047
Same stores revenue growth [1]	15.0%	54.2%	27.8%	6.3%	(1.1)%	(22.4)%	0.8%	8.7%
Same stores gross profit growth [1]	18.6%	102.5%	35.0%	7.7%	17.1%	(33.9)%	(2.1)%	11.8%

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 September 30, 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 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.*
6 *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 September 30, 2021 and September 30, 2020.

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
New vehicles	422,605	66,587	489,192	483,117	61,298	544,415
Used vehicles	430,712	98,115	528,827	282,396	26,797	309,193
Parts, service and collision repair	103,357	13,367	116,724	98,539	13,200	111,739
Finance, insurance and other	61,770	10,241	72,011	47,998	3,755	51,753
Total revenue	1,018,444	188,310	1,206,754	912,050	105,050	1,017,100
New vehicles	37,345	6,810	44,155	38,639	3,591	42,230
Used vehicles	34,971	8,291	43,262	26,444	3,375	29,819
Parts, service and collision repair	57,449	7,777	65,226	51,553	7,503	59,056
Finance, insurance and other	57,895	9,654	67,549	44,769	3,538	48,307
Total gross profit	187,660	32,532	220,192	161,405	18,007	179,412
Employee costs	85,969	16,428	102,397	73,760	7,340	81,100
Government assistance	(317)	—	(317)	(6,252)	—	(6,252)
Administrative costs	38,608	8,502	47,110	34,971	5,282	40,253
Facility lease and storage costs	105	—	105	377	—	377
Depreciation of property and equipment	3,811	310	4,121	3,815	296	4,111
Depreciation of right-of-use assets	5,767	697	6,464	5,710	486	6,196
Total operating expenses	133,943	25,937	159,880	112,381	13,404	125,785
Operating profit before other income	53,717	6,595	60,312	49,024	4,603	53,627
Operating data						
New retail vehicles sold [1]	7,771	1,484	9,255	9,270	1,480	10,750
New fleet vehicles sold [1]	358	—	358	582	—	582
Total new vehicles sold [1]	8,129	1,484	9,613	9,852	1,480	11,332
Used retail vehicles sold [1]	11,493	2,338	13,831	7,994	842	8,836
Total vehicles sold [1]	19,622	3,822	23,444	17,846	2,322	20,168
# of service and collision repair orders completed [1, 2]	169,510	30,360	199,870	167,834	27,170	195,004
# of dealerships at period end	51	17	68	49	13	62
# of service bays at period end	912	196	1,108	865	174	1,039

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 Q3 2020 quarterly balance to reflect the updated amount.*

The following table shows the segmented operating results for the Company for the nine-month periods ended September 30, 2021 and September 30, 2020.

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
New vehicles	1,253,981	211,811	1,465,792	1,121,561	145,862	1,267,423
Used vehicles	1,238,197	208,591	1,446,788	686,547	67,033	753,580
Parts, service and collision repair	306,540	40,629	347,169	269,391	35,218	304,609
Finance, insurance and other	172,973	24,911	197,884	117,546	10,215	127,761
Total revenue	2,971,691	485,942	3,457,633	2,195,045	258,328	2,453,373
New vehicles	104,500	14,064	118,564	75,245	1,886	77,131
Used vehicles	93,687	18,161	111,848	38,406	5,810	44,216
Parts, service and collision repair	169,820	22,347	192,167	135,088	19,773	154,861
Finance, insurance and other	159,755	23,335	183,090	108,655	9,726	118,381
Total gross profit	527,762	77,907	605,669	357,394	37,195	394,589
Employee costs	245,714	39,335	285,049	198,662	21,228	219,890
Government assistance	(5,041)	(6,728)	(11,769)	(32,475)	—	(32,475)
Administrative costs	113,580	23,724	137,304	105,173	17,101	122,274
Facility lease and storage costs	620	—	620	1,261	—	1,261
Depreciation of property and equipment	11,528	914	12,442	11,657	892	12,549
Depreciation of right-of-use assets	16,963	1,992	18,955	17,018	1,704	18,722
Total operating expenses	383,364	59,237	442,601	301,296	40,925	342,221
Operating profit (loss) before other income	144,398	18,670	163,068	56,098	(3,730)	52,368
Operating data						
New retail vehicles sold [1]	22,382	5,213	27,595	21,062	3,503	24,565
New fleet vehicles sold [1]	1,672	1	1,673	1,956	3	1,959
Total new vehicles sold [1]	24,054	5,214	29,268	23,018	3,506	26,524
Used retail vehicles sold [1]	31,804	5,032	36,836	20,210	2,263	22,473
Total vehicles sold [1]	55,858	10,246	66,104	43,228	5,769	48,997
# of service and collision repair orders completed [1, 2]	512,765	84,123	596,888	478,115	75,297	553,412
# of dealerships at period end	51	17	68	49	13	62
# of service bays at period end	912	196	1,108	865	174	1,039

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 Q3 2020 quarterly balance to reflect the updated amount.*

The following tables show net income for the period and adjusted EBITDA for three-month periods and nine-month periods ended September 30, 2021 and September 30, 2020.

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Net income for the period	33,839	4,930	38,769	34,308	1,654	35,962
Adjusted EBITDA [1]	60,847	7,418	68,265	56,349	4,705	61,054

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

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	Canada	U.S.	Total	Canada	U.S.	Total
Net income (loss) for the period	87,851	9,950	97,801	(12,012)	(18,931)	(30,943)
Adjusted EBITDA [1]	165,539	20,451	185,990	73,419	(1,798)	71,621

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

The following tables show the segmented operating expenses as a percentage of gross profit for the three-month periods and nine-month periods ended September 30, 2021 and September 30, 2020.

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses as a % of gross profit						
Employee costs before management transition costs	45.8%	50.5%	46.5%	45.7%	40.8%	45.2%
Government assistance	(0.2)%	—%	(0.1)%	(3.9)%	—%	(3.5)%
Administrative costs - Variable	16.2%	18.9%	16.6%	17.2%	24.5%	17.9%
Total variable expenses	61.8%	69.4%	63.0%	59.0%	65.3%	59.6%
Administrative costs - Fixed	4.4%	7.2%	4.8%	4.5%	4.8%	4.5%
Facility lease and storage costs	0.1%	—%	—%	0.2%	—%	0.2%
Fixed expenses before depreciation	4.5%	7.2%	4.8%	4.7%	4.8%	4.7%
Operating expenses before depreciation	66.3%	76.6%	67.8%	63.7%	70.1%	64.3%
Depreciation of property and equipment	2.0%	1.0%	1.9%	2.4%	1.6%	2.3%
Depreciation of right-of-use assets	3.1%	2.1%	2.9%	3.5%	2.7%	3.5%
Total fixed expenses	9.6%	10.3%	9.6%	10.6%	9.1%	10.5%
Total operating expenses	71.4%	79.7%	72.6%	69.6%	74.4%	70.1%

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses as a % of gross profit						
Employee costs before management transition costs	46.6%	50.5%	47.1%	55.6%	57.1%	55.7%
Government assistance	(1.0)%	(8.6)%	(1.9)%	(9.1)%	—%	(8.2)%
Administrative costs - Variable	16.7%	21.9%	17.4%	23.2%	34.4%	24.3%
Total variable expenses	62.3%	63.8%	62.6%	69.7%	91.5%	71.8%
Administrative costs - Fixed	4.8%	8.5%	5.2%	6.2%	11.5%	6.7%
Facility lease and storage costs	0.1%	—%	0.1%	0.4%	—%	0.3%
Fixed expenses before depreciation	4.9%	8.5%	5.3%	6.6%	11.5%	7.0%
Operating expenses before depreciation	67.2%	72.3%	67.9%	76.3%	103.0%	78.8%
Depreciation of property and equipment	2.2%	1.2%	2.1%	3.3%	2.4%	3.2%
Depreciation of right-of-use assets	3.2%	2.6%	3.1%	4.8%	4.6%	4.7%
Total fixed expenses	10.3%	12.3%	10.5%	14.7%	18.5%	14.9%
Total operating expenses	72.6%	76.1%	73.1%	84.4%	110.0%	86.7%

19. SAME STORES RESULTS DATA

Same stores is defined as a Canadian 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 stores 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 September 30, 2021 by Province:

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Atlantic	Total
Stellantis	3	8	1	1	1	—	2	16
Hyundai	1	3	—	—	3	—	—	7
General Motors	1	—	3	1	—	—	—	5
Volkswagen	3	3	—	1	—	—	—	7
Nissan/Infiniti	1	3	—	—	2	—	—	6
BMW/MINI	—	—	—	—	—	2	—	2
Audi	—	—	—	1	—	—	—	1
Subaru	—	1	—	—	—	—	—	1
Mercedes-Benz	—	1	—	—	—	1	—	2
Mazda	—	—	—	—	—	1	—	1
Ford	—	—	—	—	1	—	—	1
Total	9	19	4	4	7	4	2	49

Same Stores Revenue and Vehicles Sold

	Three Months Ended September 30			Nine Months Ended September 30		
	2021	2020	% Change	2021	2020	% Change
Revenue source						
New vehicles - retail	404,626	450,516	(10.2)%	1,174,113	1,030,769	13.9%
New vehicles - fleet	17,979	24,412	(26.4)%	79,868	82,603	(3.3)%
Total new vehicles	422,605	474,928	(11.0)%	1,253,981	1,113,372	12.6%
Used vehicles - retail	303,603	185,933	63.3%	842,986	487,652	72.9%
Used vehicles - wholesale	100,368	49,924	101.0%	187,065	117,926	58.6%
Total used vehicles	403,971	235,857	71.3%	1,030,051	605,578	70.1%
Parts, service and collision repair	97,577	98,764	(1.2)%	292,427	269,698	8.4%
Finance, insurance and other	59,744	46,042	29.8%	169,421	115,439	46.8%
Total	983,897	855,591	15.0%	2,745,880	2,104,087	30.5%
New retail vehicles sold (units)	7,771	9,270	(16.2)%	22,382	21,062	6.3%
New fleet vehicles sold (units)	358	582	(38.5)%	1,672	1,956	(14.5)%
Total new vehicles sold (units)	8,129	9,852	(17.5)%	24,054	23,018	4.5%
Used retail vehicles sold (units)	10,026	7,994	25.4%	28,787	20,210	42.4%
Total vehicles sold (units)	18,155	17,846	1.7%	52,841	43,228	22.2%
Total vehicles retailed (units)	17,797	17,264	3.1%	51,169	41,272	24.0%

The following table summarizes same stores total revenue for the three-month periods and nine-month periods ended September 30 by Province:

	Three Months Ended September 30			Nine Months Ended September 30		
	2021	2020	% Change	2021	2020	% Change
British Columbia	154,258	121,363	27.1%	443,925	310,467	43.0%
Alberta	361,918	288,594	25.4%	944,818	762,308	23.9%
Saskatchewan	74,112	66,648	11.2%	244,146	187,790	30.0%
Manitoba	71,981	73,287	(1.8)%	222,165	180,010	23.4%
Ontario	132,823	111,217	19.4%	359,912	248,117	45.1%
Quebec	153,927	151,877	1.3%	414,389	313,551	32.2%
Atlantic	34,878	42,605	(18.1)%	116,525	101,844	14.4%
Total	983,897	855,591	15.0%	2,745,880	2,104,087	30.5%

Same Stores Gross Profit and Gross Profit Percentage

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

	Three Months Ended September 30				
	Gross Profit			Gross Profit %	
	2021	2020	% Change	2021	2020
Revenue source					
New vehicles - retail	37,201	34,675	7.3%	9.2%	7.7%
New vehicles - fleet	165	237	(30.4)%	0.9%	1.0%
Total new vehicles	37,366	34,912	7.0%	8.8%	7.4%
Used vehicles - retail	29,194	18,941	54.1%	9.6%	10.2%
Used vehicles - wholesale	3,046	3,093	(1.5)%	3.0%	6.2%
Total used vehicles	32,240	22,034	46.3%	8.0%	9.3%
Parts, service and collision repair	54,396	51,715	5.2%	55.7%	52.4%
Finance, insurance and other	55,868	42,975	30.0%	93.5%	93.3%
Total	179,870	151,636	18.6%	18.3%	17.7%

	Nine Months Ended September 30				
	Gross Profit			Gross Profit %	
	2021	2020	% Change	2021	2020
Revenue source					
New vehicles - retail	105,278	70,893	48.5%	9.0%	6.9%
New vehicles - fleet	(757)	609	(224.3)%	(0.9)%	0.7%
Total new vehicles	104,521	71,502	46.2%	8.3%	6.4%
Used vehicles - retail	68,688	28,422	141.7%	8.1%	5.8%
Used vehicles - wholesale	12,049	5,380	124.0%	6.4%	4.6%
Total used vehicles	80,737	33,802	138.9%	7.8%	5.6%
Parts, service and collision repair	161,648	135,254	19.5%	55.3%	50.2%
Finance, insurance and other	156,202	106,710	46.4%	92.2%	92.4%
Total	503,108	347,268	44.9%	18.3%	16.5%

The following table summarizes same stores gross profit for the three-month periods and nine-month periods ended September 30 by Province:

	Three Months Ended September 30			Nine Months Ended September 30		
	2021	2020	% Change	2021	2020	% Change
British Columbia	29,741	22,810	30.4%	82,533	52,686	56.7%
Alberta	68,519	54,965	24.7%	190,143	133,030	42.9%
Saskatchewan	15,214	12,522	21.5%	46,441	31,881	45.7%
Manitoba	14,260	13,557	5.2%	41,721	31,369	33.0%
Ontario	22,711	18,453	23.1%	59,318	39,187	51.4%
Quebec	22,927	22,706	1.0%	62,929	44,458	41.5%
Atlantic	6,498	6,623	(1.9)%	20,023	14,657	36.6%
Total	179,870	151,636	18.6%	503,108	347,268	44.9%

20. IFRS 16 IMPACTS FOR THE PERIOD

The impact on the Condensed Interim Consolidated Statements of Comprehensive Income (Loss) for the three-month periods and nine-month periods ended September 30, 2021:

	Three Months Ended September 30			Nine Months Ended September 30		
	2021 $	Adjustment $	Pre-IFRS 16 $	2021 $	Adjustment $	Pre-IFRS 16 $
Revenue (Note 5)	1,206,754	—	1,206,754	3,457,633	—	3,457,633
Cost of sales (Note 6)	(986,562)	—	(986,562)	(2,851,964)	—	(2,851,964)
Gross profit	220,192	—	220,192	605,669	—	605,669
Operating expenses (Note 7)	(159,880)	—	(159,880)	(442,601)	—	(442,601)
Rental expense (net) [1]	—	10,845	(10,845)	—	32,870	(32,870)
Depreciation of right-of-use assets	—	(6,464)	6,464	—	(18,955)	18,955
Total effect on operating expense	—	4,381	(4,381)	—	13,915	(13,915)
Operating expenses without IFRS 16	—		(164,261)	—		(456,516)
Operating profit before other income	60,312	4,381	55,931	163,068	13,915	149,153
Lease and other income, net	3,439	—	3,439	8,422	—	8,422
Gain on disposal of assets, net	(910)	—	(910)	(832)	—	(832)
Operating profit	62,841	4,381	58,460	170,658	13,915	156,743
Finance costs (Note 8)	(16,158)	—	(16,158)	(43,702)	—	(43,702)
Interest on lease liabilities	—	(5,487)	5,487	—	(16,542)	16,542
Finance costs without IFRS 16			(10,671)			(27,160)
Finance income (Note 8)	223	—	223	628	—	628
Other gains (losses)	269	—	269	(225)	—	(225)
Net income (loss) for the period before taxation	47,175	(1,106)	48,281	127,359	(2,627)	129,986
Income tax expense (recovery) (Note 9)	8,406	(281)	8,687	29,558	(667)	30,225
Net income (loss) for the period	38,769	(825)	39,594	97,801	(1,960)	99,761
Other comprehensive income (loss)						
Items that may be reclassified to profit or loss						
Foreign operations currency translation	(470)	—	(470)	47	—	47
Change in fair value of cash flow hedge (Note 18)	1,845	—	1,845	6,271	—	6,271
Income tax relating to these items	(468)	—	(468)	(1,729)	—	(1,729)
Other comprehensive income for the period	907	—	907	4,589	—	4,589
Comprehensive income (loss) for the period	39,676	(825)	40,501	102,390	(1,960)	104,350

1 *For the three-month period ended September 30, 2021, gross rental expense was $9.9 million and $2.2 million for Canada and the U.S., respectively. For the nine-month period ended September 30, 2021, gross rental expense was $29.6 million and $6.4 million for Canada and the U.S., respectively.*

The following table illustrates the impact on segmented Adjusted EBITDA for the three-month periods ended September 30:

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA [1]	60,847	7,418	68,265	56,349	4,705	61,054
Rental expense	(9,527)	(2,150)	(11,677)	(9,508)	(1,970)	(11,478)
FMV rent adjustment	—	1,042	1,042	—	1,128	1,128
Step lease adjustment	(198)	(12)	(210)	(456)	(60)	(516)
Adjusted EBITDA pre-IFRS 16	51,122	6,298	57,420	46,385	3,803	50,188

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

The following table illustrates the impact on segmented Adjusted EBITDA for the nine-month periods ended September 30:

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA [1]	165,539	20,451	185,990	73,419	(1,798)	71,621
Rental expense	(29,190)	(6,448)	(35,638)	(27,545)	(6,053)	(33,598)
FMV rent adjustment	—	3,137	3,137	—	3,330	3,330
Step lease adjustment	(470)	101	(369)	(788)	(185)	(973)
Adjusted EBITDA pre-IFRS 16	135,879	17,241	153,120	45,086	(4,706)	40,380

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

21. 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	Stellantis	2003	Y	Leased
Maple Ridge, BC	Maple Ridge Chrysler Dodge Jeep Ram & Fraser Valley Alfa Romeo	Stellantis	2005	Y	Leased
Maple Ridge, BC	Maple Ridge Volkswagen	Volkswagen	2008	Y	Leased
Prince George, BC	Northland Chrysler Dodge Jeep Ram	Stellantis	2002	Y	Owned
Prince George, BC	Northland Hyundai	Hyundai	2005	Y	Owned
Prince George, BC	Northland Nissan	Nissan	2007	Y	Owned
Airdrie, AB	Airdrie Chrysler Dodge Jeep Ram	Stellantis	2015	Y	Leased
Calgary, AB	Courtesy Chrysler Dodge Jeep Ram	Stellantis	2013	Y	Leased
Calgary, AB	Crowfoot Hyundai	Hyundai	2014	Y	Leased
Calgary, AB	Northland Volkswagen	Volkswagen	2014	Y	Leased
Calgary, AB	Fish Creek Nissan	Nissan	2014	Y	Leased
Calgary, AB	Hyatt Infiniti	Infiniti	2014	Y	Leased
Calgary, AB	Tower Chrysler Dodge Jeep Ram	Stellantis	2014	Y	Leased
Edmonton, AB	Crosstown Chrysler Dodge Jeep Ram	Stellantis	1994	Y	Leased
Edmonton, AB	Capital Chrysler Dodge Jeep Ram	Stellantis	2003	Y	Leased
Edmonton, AB	Mercedes-Benz Heritage Valley	Mercedes-Benz	2018	Y	Leased
Grande Prairie, AB	Grande Prairie Chrysler Dodge Jeep Ram	Stellantis	1998	Y	Leased
Grande Prairie, AB	Grande Prairie Hyundai	Hyundai	2005	Y	Leased
Grande Prairie, AB	Grande Prairie Subaru	Subaru	1998	Y	Owned
Grande Prairie, AB	Grande Prairie Nissan	Nissan	2007	Y	Leased
Grande Prairie, AB	Grande Prairie Volkswagen	Volkswagen	2013	Y	Owned
Ponoka, AB	Ponoka Chrysler Dodge Jeep Ram	Stellantis	1998	Y	Owned
Sherwood Park, AB	Sherwood Park Hyundai	Hyundai	2006	Y	Owned
Sherwood Park, AB	Sherwood Park Volkswagen	Volkswagen	2017	Y	Leased
Spruce Grove, AB	Parkland Chrysler Dodge Jeep Ram	Stellantis	2015	Y	Leased
Saskatoon, SK	Dodge City Chrysler Dodge Jeep Ram	Stellantis	2014	Y	Leased
Winnipeg, MB	Audi Winnipeg	Audi	2013	Y	Leased
Winnipeg, MB	St. James Volkswagen	Volkswagen	2013	Y	Leased
Winnipeg, MB	Eastern Chrysler Dodge Jeep Ram	Stellantis	2014	Y	Owned
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	Stellantis	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	Stellantis	2001	Y	Owned
Dartmouth, NS	Dartmouth Chrysler Dodge Jeep Ram	Stellantis	2006	Y	Leased
Chicago, IL	Toyota of Lincoln Park	Toyota	2018	Y	Leased
Chicago, IL	North City Honda	Honda	2018	Y	Leased
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
Crystal Lake, IL	Crystal Lake Chrysler Jeep Dodge Ram	Stellantis	2021	Q1 2024	Owned
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 consists of the following individual storefronts and franchises: Porsche, Audi, Mercedes-Benz and Volkswagen.*

The following table sets forth the dealerships that operate 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
Guelph, ON	Mark Wilson's Better Used Cars	2021	Q4 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
Montreal, QC	Autolux MB Collision	2021	Q4 2023	Leased
Airdrie, AB	Airdrie Autobody Ltd.	2021	Q1 2024	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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