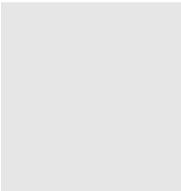




2022

 **AutoCanada**

2022
First Quarter
Management
Discussion
& Analysis



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

For the three-month period ended March 31, 2022



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MANAGEMENT'S DISCUSSION AND ANALYSIS

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1. READER ADVISORIES

This Management's Discussion & Analysis ("MD&A") was prepared as of May 4, 2022, to assist readers in understanding AutoCanada Inc.'s (the "Company" or "AutoCanada") consolidated financial performance for the three-month period ended March 31, 2022, and significant trends that may affect AutoCanada's future performance. The following discussion and analysis should be read in conjunction with the unaudited condensed interim consolidated financial statements and accompanying notes (the "Interim Consolidated Financial Statements") of AutoCanada as at and for the three-month period ended March 31, 2022, the audited annual consolidated financial statements and accompanying notes (the "Consolidated Financial Statements") of AutoCanada as at and for the year ended December 31, 2021, and the MD&A for the year ended December 31, 2021. Results are reported in Canadian dollars and have been rounded to the nearest thousand dollars, unless otherwise stated.

To provide more meaningful information, this MD&A typically refers to the operating results for the three-month period ended March 31, 2022 of the Company, and compares these to the operating results of the Company for the three-month period ended March 31, 2021.

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

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

Additional information regarding our Company, including our 2021 Annual Information Form, dated March 2, 2022, 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 62 franchised dealerships in Canada, comprised of 25 brands, in 8 provinces. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Alfa Romeo, Chevrolet, GMC, Buick, Cadillac, Infiniti, Nissan, Hyundai, Subaru, Audi, Volkswagen, Mazda, Mercedes-Benz, BMW, MINI, Ford, Acura, Honda, Kia, and Porsche branded vehicles. In addition, AutoCanada's Canadian Operations segment currently operates 2 used vehicle dealerships supporting the Used Digital Retail Division, the RightRide division operates 7 locations, and 4 stand-alone collision centres (within our group of 18 collision centres). In 2021, our Canadian dealerships sold approximately 72,500 new and used vehicles and processed approximately 712,000 service and collision repair orders in our 1,085 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 2021, our U.S. dealerships sold approximately 13,900 new and used vehicles and processed 117,000 service and collision repair orders in our 218 service bays.

2022 First Quarter Key Highlights and Recent Developments

All comparisons presented below are between the three-month period ended March 31, 2022 and the three-month period ended March 31, 2021, unless otherwise indicated.

AutoCanada Key Highlights

AUTOCANADA REPORTS RECORD FIRST QUARTER RESULTS

- Revenue was \$1,342.4 million as compared to \$969.8 million in the prior year, an increase of 38.4% and the highest first quarter revenue reported in the Company's history
- Net income for the period was \$4.3 million versus \$21.3 million in the prior year and includes a loss on extinguishment of embedded derivative of \$(29.3) million and a loss on extinguishment of debt of \$(9.9) million in Q1 2022
- Adjusted EBITDA¹ was \$62.2 million versus \$47.2 million in the prior year, an increase of 31.7%; normalized increase of 60.6% as compared to prior year normalized adjusted EBITDA¹ of \$38.7 million
 - Adjusted EBITDA margin¹ was 4.6% versus 4.9% in the prior year, a decrease of (0.3) percentage points; normalized increase of 0.6 percentage points as compared to prior year normalized adjusted EBITDA margin¹ of 4.0%
- Diluted earnings per share was \$0.10, a decrease of \$(0.61) from \$0.71 in the prior year
- Indebtedness of \$358.5 million at the end of Q1 2022 compares to \$285.9 million at the end of Q4 2021
- Net indebtedness² of \$248.8 million at the end of Q1 2022 compares to \$212.7 million at the end of Q4 2021

Executive Overview

The Company set another first quarter record as revenue reached \$1,342.4 million as compared to \$969.8 million in the prior year, an increase of 38.4%. Record Q1 2022 results were driven by strong performance across all areas of our complete business model, in particular our used vehicle and finance and insurance ("F&I") business operations, and continued material improvements from our U.S. Operations.

Net income for the period was \$4.3 million, as compared to \$21.3 million in Q1 2021, including a loss on extinguishment of embedded derivative of \$(29.3) million and a loss on extinguishment of debt of \$(9.9) million in Q1 2022. Diluted earnings per share was \$0.10, a decrease of \$(0.61) from \$0.71 in the prior year.

Adjusted EBITDA for the period was \$62.2 million as compared to \$47.2 million reported in Q1 2021, an improvement of 31.7%. Prior year results include \$8.5 million of government assistance related to COVID. Excluding these typically non-recurring income items in the prior year, adjusted EBITDA of \$62.2 million compares to normalized adjusted EBITDA of \$38.7 million in the prior year, a normalized improvement of 60.6%. Adjusted EBITDA margin of 4.6% compares to normalized adjusted EBITDA margin of 4.0% in the prior year, an increase of 0.6 percentage points ("ppts").

Gross profit increased by \$79.7 million to \$247.3 million, an increase of 47.5%, as compared to prior year. This increase was largely driven by the increases of \$13.6 million from used vehicles and \$26.8 million from F&I. In addition, used retail vehicles³ sales increased by 4,338 units, up 44.6%, to 14,072, which contributed to the consolidated used to new retail units ratio³ moving to 1.55 from 1.18. F&I gross profit per retail unit average³ increased to \$3,406, up 17.9% or \$516 per unit. Gross profit percentage³ of 18.4% was a result of strong performance across all areas of the business and compares to 17.3% in the prior year.

Our U.S. Operations continues to demonstrate strong growth and contributed \$38.9 million of gross profit, an increase of \$23.5 million or 152% as compared to prior year. This improvement in gross profit was driven by gains across all aspects of the business, resulting in a gross profit percentage of 18.4%.

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

² See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this capital management measures.

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

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 first quarter. We continue to manage our new vehicle inventory as the chip shortage remains an issue, particularly impacting new vehicle inventory supply. While we are gradually seeing improvements in both available new vehicle inventory and allocations, we are not expecting a return to "normalcy" in inventory levels until late 2023 to 2024. Compensating for reduced new vehicle supply, we more than doubled our used vehicle inventory position to \$717.3 million as at March 31, 2022 as compared to \$311.4 million in Q1 2021. Management continues to monitor the used vehicle market and actively manage our used vehicle inventory position to ensure it is appropriate to meet current market demand.

Net indebtedness increased by \$36.0 million from December 31, 2021 to \$248.8 million at the end of Q1 2022. This increase is primarily driven by the repurchase and cancellation of \$(31.2) million of shares under the authorized Normal Course Issuer Bid ("NCIB"). Free cash flow⁴ on a trailing twelve month ("TTM") basis was \$93.6 million at Q1 2022 as compared to \$144.6 million in Q1 2021; the decline in free cash flow between years was driven primarily by reduced government assistance in 2021, increased cash taxes, stock based compensation related cash payments, and changes in working capital. Additionally, our net indebtedness leverage ratio⁴ of 1.1x remained well below our target range at the end of Q1 2022, as compared to 0.7x in Q1 2021.

Had all of the completed acquisitions, as identified in Section 5 Acquisitions, Divestitures, Relocations and Real Estate, occurred at April 1, 2021, consolidated pro forma net income would have been \$155.7 million for the TTM ended March 31, 2022, as compared to consolidated pro forma net income of \$174.8 million for the year ended December 31, 2021. Pro forma normalized adjusted EBITDA⁴ would be \$282.4 million for the TTM ended March 31, 2022, as compared to pro forma normalized adjusted EBITDA of \$266.4 million for the year ended December 31, 2021.

We remain well-positioned to continue to execute on our acquisition strategy in the coming quarters. We continue to develop a transaction pipeline with a number of dealerships currently being evaluated.

The Company welcomed Jeffery Thorpe, President, Canadian Operations, Brian Feldman, Senior Vice President, Canadian Operations and Disruptive Technologies, and Lee Wittick, Senior Vice President, Operations and OEM Relations to the executive team in April 2022 to continue to drive the Company's ongoing growth, synergies, and efficiencies. All three executive team members have significant industry expertise operating a dealership platform at scale using centralized services through head office, which closely mirrors AutoCanada's operating rhythm. With our 2022 strategic growth pillars and the new executive team in place, we are poised to demonstrate our best in class operations, and continue to grow our scalable and repeatable business model.

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 and the Russia-Ukraine war. 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 the impacts on 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 condition.

⁴ See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of these non-GAAP measures.

Consolidated AutoCanada Highlights

ANOTHER RECORD SETTING FIRST QUARTER

AutoCanada delivered another record setting first quarter.

Refer to Section 5 Acquisitions, Divestitures, Relocations and Real Estate for acquisitions included in Q1 2022 results.

For the three-month period ended March 31, 2022:

- Revenue was \$1,342.4 million, an increase of \$372.6 million or 38.4%
- Total vehicles⁵ sold were 23,414, an increase of 4,707 units or 25.2%
 - Used retail vehicles sold increased by 4,338 or 44.6%
- Net income for the period was \$4.3 million (or \$0.11 per basic share) versus \$21.3 million (or \$0.71 per diluted share)
 - Loss on extinguishment of embedded derivative of \$(29.3) million and loss on extinguishment of debt of \$(9.9) million were recognized in Q1 2022
- Adjusted EBITDA increased by 31.7% to \$62.2 million, an increase of \$15.0 million
 - Adjusted EBITDA increased by 60.6% over prior year normalized adjusted EBITDA of \$38.7 million, an increase of \$23.5 million
 - Adjusted EBITDA on a trailing twelve month basis was \$266.8 million
- Net indebtedness of \$248.8 million reflected an increase of \$36.0 million from the end of Q4 2021

Canadian Operations Highlights

OUTPERFORMED NEW RETAIL MARKET BY 6.6 PPTS, USED RETAIL UNIT SALES INCREASED BY 30%

We outperformed the Canadian market, as same store new retail unit⁵ sales decreased by (6.8)% as compared to the market decrease of (13.4)%, for same store brands represented by AutoCanada as reported by DesRosiers Automotive Consultants ("DesRosiers"), an outperformance of 6.6 ppts.

Our used vehicle and F&I segments were key drivers of the record earnings in Q1 2022. Used vehicle gross profit percentage increased to 7.0% as compared to 6.7% in the prior year. F&I gross profit per retail unit average increased to \$3,368, up 12.7% or \$379 per unit.

Unless stated otherwise, all results for acquired businesses are included in all Canadian references in the MD&A.

For the three-month period ended March 31, 2022:

- Revenue was \$1,131.0 million, an increase of 30.9%
- Used retail vehicles sold increased by 2,620 or 29.6%
 - Average TTM Canadian used retail unit sales per dealership per month, excluding Used Digital Retail Division dealerships⁵, improved to 54, as compared to 50 in the prior year
- Used to new retail units ratio⁵ increased to 1.50 from 1.29
 - TTM used to new retail ratio⁵ improved to 1.48 at Q1 2022 as compared to 1.01 at Q1 2021
- F&I gross profit per retail unit average increased to \$3,368, up 12.7% or \$379 per unit
- Net loss for the period was \$(1.0) million, down (104.8)% from a net income of \$21.0 million in 2021
 - Loss on extinguishment of embedded derivative of \$(29.3) million and loss on extinguishment of debt of \$(9.9) million were recognized in Q1 2022
- Adjusted EBITDA increased 23.6% to \$53.4 million, an increase of \$10.2 million
 - Adjusted EBITDA increased by 33.1% over prior year normalized adjusted EBITDA of \$40.1 million
 - Adjusted EBITDA margin was 4.7% as compared to normalized adjusted EBITDA margin of 4.6% in the prior year, an increase of 0.1 ppts

⁵ See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of these supplementary financial measures.

U.S. Operations Highlights

REVENUE DOUBLED TO \$211 MILLION

U.S. Operations continues to improve under the new management team, as demonstrated by the fourth consecutive quarter of year-over-year growth in adjusted EBITDA. This growth was driven by improvements across all aspects of the business and resulted in a gross profit percentage of 18.4% and a 77.3% increase in total retail unit sales.

- Revenue was \$211.4 million, an increase of 99%, from \$106.0 million
- Used retail vehicles sold increased by 1,718 units or 192%
- F&I gross profit per retail unit average increased to \$3,583 per unit, up 62.3% or \$1,375 per unit
- Net income for the period increased by \$5.0 million to \$5.3 million, from \$0.3 million
 - Net income on a trailing twelve month basis was \$22.1 million
- Adjusted EBITDA was \$8.8 million as compared to \$4.0 million, an increase of \$4.8 million
 - Normalized adjusted EBITDA for the prior year was \$(1.4) million, resulting in a normalized increase of \$10.2 million
 - Adjusted EBITDA on a trailing twelve month basis was \$36.0 million

Same Store Metrics - Canadian Operations

F&I GROSS PROFIT PER RETAIL UNIT AVERAGE INCREASED TO \$3,702, UP 20% OR \$617 PER UNIT

We outperformed the Canadian market by 6.6 pts as same store new retail units decreased by (6.8)% as compared to the market decrease of (13.4)%, for same store brands represented by AutoCanada as reported by DesRosiers. The continued optimization of the Company's complete business model is highlighted by the year-over-year 23.2% improvement in gross profit across each individual business segment which collectively totaled \$179.6 million.

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

- Revenue increased to \$926.7 million, an increase of 17.2%
- Gross profit increased by \$33.8 million or 23.2%
- Used to new retail units ratio increased to 1.46 from 1.19
 - Used retail unit sales increased by 14.0%, an increase of 1,144 units
- For the fourteenth consecutive quarter of year-over-year growth, F&I gross profit per retail unit average increased to \$3,702, up 20.0% or \$617 per unit; gross profit increased to \$58.1 million as compared to \$46.3 million in the prior year, an increase of 25.4%
- Parts, service and collision repair ("PS&CR") gross profit increased to \$59.2 million, an increase of 17.3%
 - PS&CR gross profit percentage decreased to 52.2% as compared to 54.6% in the prior year

Financing and Investing Activities and Other Recent Developments

ISSUED \$350 MILLION SENIOR UNSECURED NOTES

Net indebtedness of \$248.8 million resulted in a net indebtedness leverage ratio of 1.1x. Financing and investing activities included the following:

- On January 12, 2022, S&P Global Ratings ("S&P") issued a research update and raised both the issuer credit rating and the Company's senior unsecured notes to 'B+'.
- On February 7, 2022, amended and extended our existing credit facility for total aggregate bank facilities of \$1.3 billion, with a maturity date of April 14, 2025.
- On February 7, 2022, issued \$350 million of Senior Unsecured Notes at 5.75%, due February 7, 2029, with the proceeds used to fund the redemption of the outstanding \$250 million 8.75% Senior Unsecured Notes due February 11, 2025, to reduce the outstanding balance under its syndicated credit facility and for general corporate purposes including acquisitions.

- On May 2, 2022, the Company acquired substantially all of the assets used in or relating to the Audi Windsor and Porsche of London dealerships, located in London and Windsor, Ontario, respectively. The acquisition supports management's strategic objectives of further establishing the Company's presence in the province of Ontario, increasing both brand diversity and luxury mix within our portfolio. The acquisition included the underlying real estate for both dealerships.
- On May 4, 2022, the Company entered into an arrangement with the Bank of Nova Scotia to provide non-recourse mortgage financing for a previously purchased property in Maple Ridge, BC. The non-recourse mortgage arrangement will fund land value as well as construction costs associated with the development of two dealerships. The non-recourse mortgage is secured by the real estate as collateral. The credit facility allows for up to \$100 million of non-recourse mortgage financing. The non-recourse mortgage liability is not considered a liability for purposes of calculating our credit facility financial covenants.

Business Objectives and Strategic Growth Pillars

The Company will focus on optimizing our strategic growth pillars to create a scalable business with sustainable growth. We continue to optimize existing processes to support our dealership network.

2022 Strategic Growth Pillars	Q1 2022 Progress Update
Finance and Insurance ("F&I")	
<ul style="list-style-type: none"> • Dedicated F&I team leading efforts across all dealerships • Data analytics, in-house training, and incentives are key elements of success • Methodical, intentional, and consistent across all provinces and brands • High value opportunity for synergies from future acquisitions 	<ul style="list-style-type: none"> • Same store F&I gross profit per retail unit increased to \$3,702, up 20.0%; fourteenth consecutive quarter of year-over-year growth • Same store F&I gross profit increased by 25.4% to \$58.1 million as compared to \$46.3 million in the prior year
Used Retail Vehicles	
<ul style="list-style-type: none"> • Focus on used retail acts as stabilizer to business model • Additive to new vehicles to grow total retail unit sales • Counter cyclical to new vehicle sales • Key driver to incremental margins from F&I and PS&CR 	<ul style="list-style-type: none"> • TTM Canadian used to new retail units ratio increased to 1.48 at Q1 2022 as compared to 1.01 at Q1 2021 • Average TTM Canadian used retail unit sales per dealership per month, excluding Used Digital Retail Division dealerships improved to 54, as compared to 50 in the prior year
Parts and Service	
<ul style="list-style-type: none"> • Key element to our long term sustainable profit improvement plan • Leverage centralized call centre (Business Development Centre or "BDC") to handle all inbound and outbound service work appointment bookings • Management focus on effective labour rate, service hours sold and customer satisfaction index • Customer retention a key focus area (tire storage, warranties, maintenance plans); factory trained technicians 	<ul style="list-style-type: none"> • Same store PS&CR revenue up 22.7% and same store gross profit up 17.3%, year over year • Canadian service bay occupancy has increased by approximately 2 ppts when compared to the prior year. See Section 15 for supplementary financial measure • Same store service labour hours has increased by approximately 3% as compared to the prior year. See Section 15 for supplementary financial measure
RightRide	
<ul style="list-style-type: none"> • Emphasizes sale of used vehicles to credit-challenged customers; capex light stand-alone locations • Partners with third party financing partners, retains no credit risk • Digital sales and marketing strategy allows customers to apply for credit online and purchase a vehicle from anywhere in Canada • Integration with Used Digital Retail Division under review to create omnichannel used car platform 	<ul style="list-style-type: none"> • Operating as stand-alone operations separate from our existing dealerships, we have 7 operating locations as at Q1 2022 • Management anticipates between 18 and 20 stand-alone locations to be operating by end of 2022 • Management has set a longer term objective of 75 locations over the next 3 to 5 years

Used Digital Retail Division

- Used Digital strategy complimentary to existing Complete Business Model
- Seamless omnichannel buying experience for customers that supports in-store and online requirements for used vehicles
- Development of national network of used vehicle dealerships through physical and online presence
- Leverage AutoCanada's scale, domain expertise and existing industry relationships across Canada
- 2 used digital retail dealership locations acquired in the last 18 months
- Dealerships acquired represent approximately 6,000 used retail units on an annualized basis.

Collision Centres

- Dedicated leadership team driving growth by acquiring stand-alone OEM certified collision centres
- Leverage geographic areas where we have multiple dealerships, enabling a "hub and spoke" model
- Inherent synergies with existing dealerships, enhancing service model to entire vehicle selling and repair process
- Strategy prioritizes access to OEM repair procedures, OEM certifications and OEM parts procurement
- 18 collision centres under one leadership team, including the acquisition of 4 stand-alone collision centres
- Currently have certifications for 25 OEM unique brands
- Management anticipates between 28 to 30 collision centres to be operating by end of 2022
- Management has set a longer term objective of 75 collision centres over the next 5 years

M&A Strategy

- Leverage our platform to create tangible value through acquisition roll up strategy
- Industry comprised of fragmented independently owned dealerships (approximately 3,300 across Canada in 2018)
- Employ disciplined hurdle return framework to price transactions
- Deals will add diversity by geography and OEM brands
- Completed acquisition of 12 OEM franchise dealerships, 4 collision centres, and 2 used digital retail dealerships for a total purchase price of \$210 million, in the last 18 months
- Continuing to develop a transaction pipeline with a number of OEM franchise dealerships and collision shops under review
- Most recently acquired Audi Windsor and Porsche of London on May 2, 2022

First Quarter Financial Information

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

Consolidated Operational Data	Three Months Ended March 31		
	2022	2021	% Change
Revenue	1,342,438	969,824	38.4%
Gross profit	247,339	167,636	47.5%
Gross profit %	18.4%	17.3%	1.1%
Operating expenses	193,646	127,948	51.3%
Operating profit	56,690	41,664	36.1%
Net income for the period	4,322	21,334	(79.7)%
Basic net income per share attributable to AutoCanada shareholders	0.11	0.77	(85.7)%
Diluted net income per share attributable to AutoCanada shareholders	0.10	0.71	(85.9)%
Adjusted EBITDA ¹	62,196	47,234	31.7%
New retail vehicles sold (units)	9,052	8,233	9.9%
New fleet vehicles ² sold (units)	290	740	(60.8)%
Total new vehicles ² sold (units)	9,342	8,973	4.1%
Used retail vehicles sold (units)	14,072	9,734	44.6%
Total vehicles sold	23,414	18,707	25.2%
Same store new retail vehicles sold (units)	6,383	6,848	(6.8)%
Same store new fleet vehicles sold (units)	264	739	(64.3)%
Same store used retail vehicles sold (units)	9,306	8,162	14.0%
Same store total vehicles sold	15,953	15,749	1.3%
Same store revenue	926,660	790,798	17.2%
Same store gross profit	179,559	145,799	23.2%
Same store gross profit %	19.4%	18.4%	1.0%

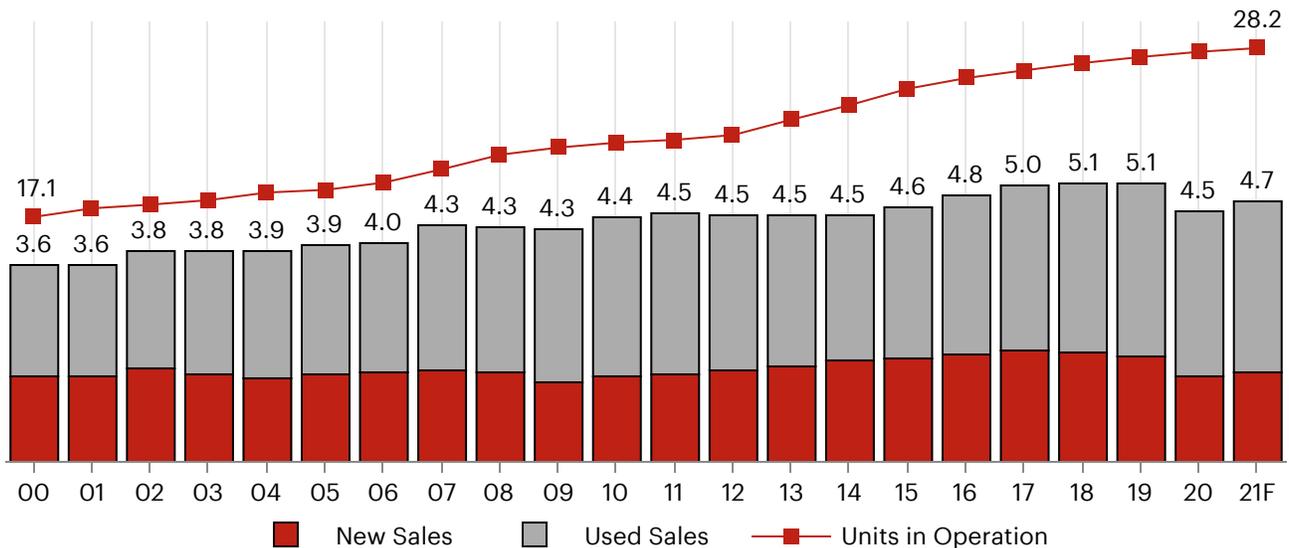
¹ See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this non-GAAP measure.

² See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of these supplementary financial measures.

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 Rate⁶ ("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 which supports our continued growth. With the overall trend of increases in total vehicle sales, the Company's strategy is to improve used retail sales in addition to its continued focus on new retail sales in order to capitalize on the anticipated growth in consumer demand.

According to DesRosiers, Seasonally Adjusted Annual Rate ("SAAR") for March 2022 decreased by (20)% to 1.5 million units as compared to 1.9 million units in March 2021. 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. Due to the unique situation caused by the COVID-19 pandemic over the last two years, significant sales fluctuations throughout the year have occurred. This resulted in recently noted trend of decreasing SAAR, counter to the noted improvement from FY2020 to FY2021 for actual Canadian light vehicles sold.

According to DesRosiers, the Canadian light vehicles sales forecast for 2022 ranges from 1.5 million units to 1.7 million units. Actual sales may differ materially as there continues to be a high level of uncertainty regarding the near-term and long-term impacts of COVID-19. In addition to the direct impacts of COVID-19 on our operations, there continues to be disruptions to the global automotive manufacturing supply chain, because of factors such as the current micro chip inventory shortage that are impacting new vehicle inventory production, and have resulted in limited access to inventory. In addition, there remain possibilities for other impacts on general economic conditions resulting in reduced demand for vehicle sales and service, such as the Russia-Ukraine war.

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.

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

Performance vs. the Canadian Vehicle Market

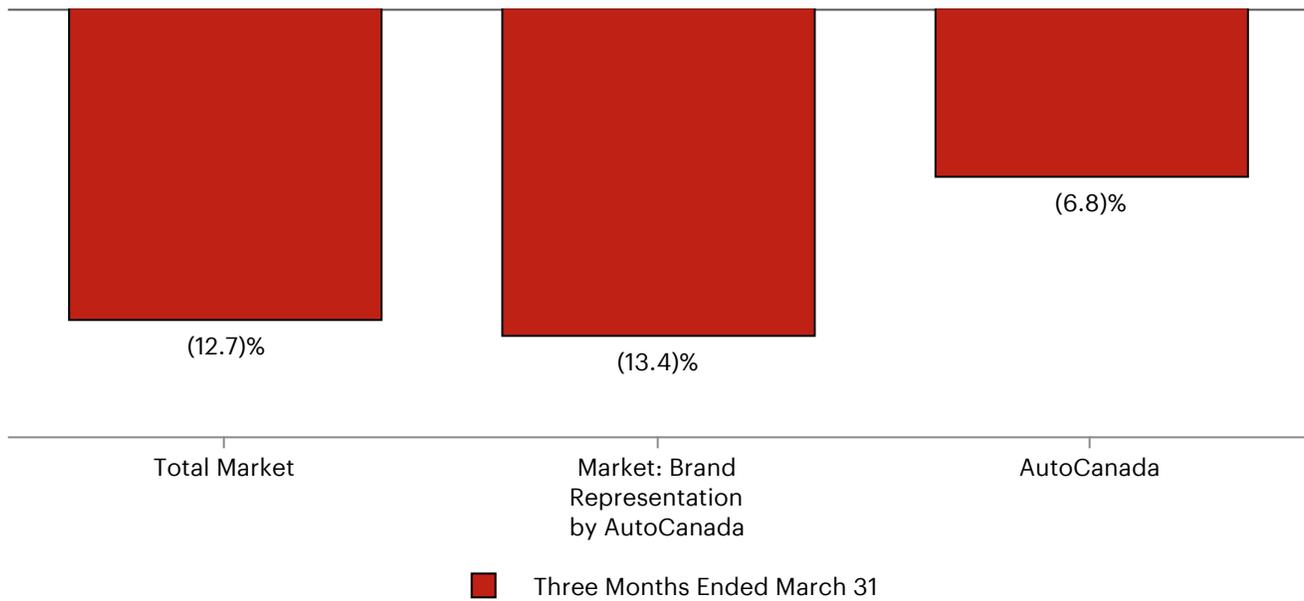
Based on market data provided by DesRosiers, the overall Canadian automotive new retail vehicle sector for the three-month period ended March 31, 2022 decreased by (12.7)% compared to the prior year.

Outperformance of Canadian New Vehicle Market by 6.6 pts

For the quarter, same store new retail units decreased by (6.8)% and compares with a decrease of (13.4)% in the Canadian new vehicle market for the same store brands represented by AutoCanada, as reported by DesRosiers.

The Company outperforming the Canadian new retail market twelve times in thirteen quarters demonstrates the effectiveness and sustainability of our operations. Refer to prior periods MD&A for further details of our market outperformance.

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



4. RESULTS OF OPERATIONS

First Quarter Operating Results

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

Revised Comparatives

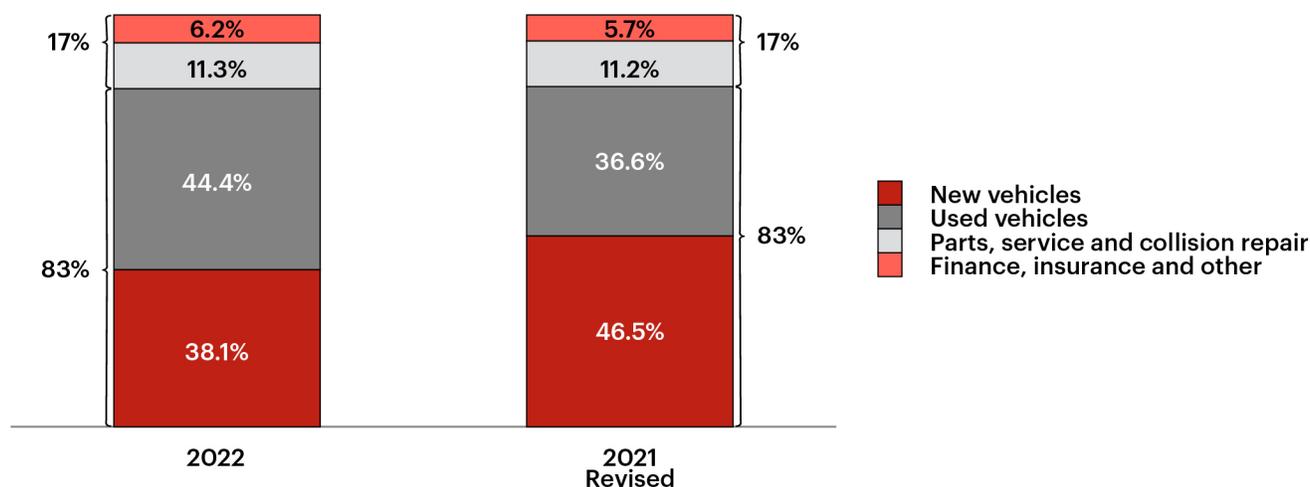
During the three-month period ended March 31, 2021, certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations other than as described in Note 2 of the Interim Consolidated Financial Statements. Refer to Section 17 Selected Quarterly Financial Information for further details.

Revenues

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

	Three Months Ended March 31			
	2022 \$	2021 \$ Revised	Change \$	Change %
New vehicles	511,195	451,061	60,134	13.3%
Used vehicles	595,514	354,922	240,592	67.8%
Parts, service and collision repair	152,009	108,427	43,582	40.2%
Finance, insurance and other	83,720	55,414	28,306	51.1%
Total revenue	1,342,438	969,824	372,614	38.4%

Allocation of Revenue for the Three Months Ended March 31

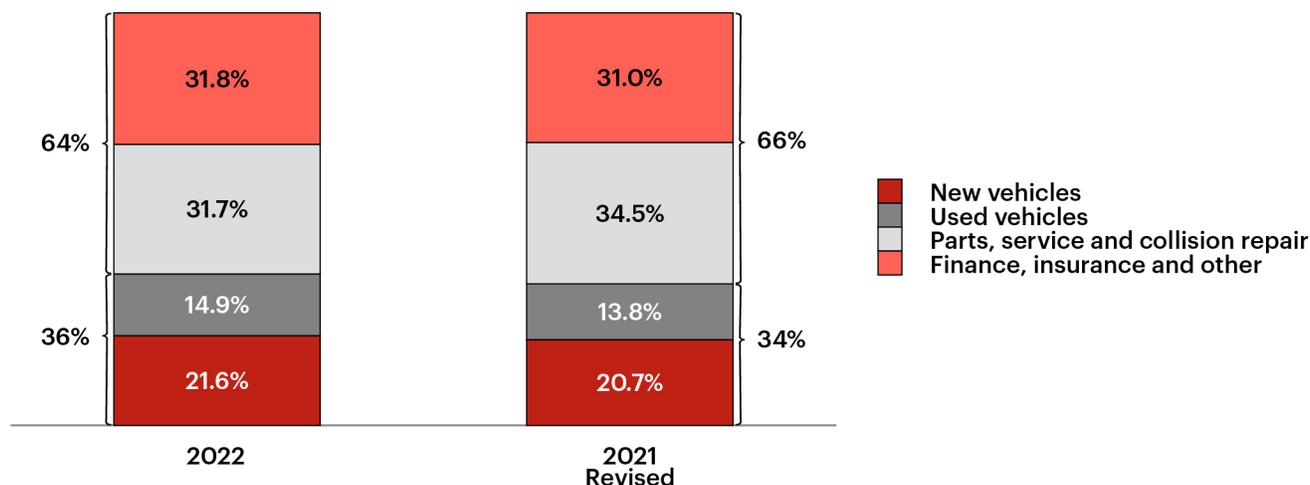


Gross Profit

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

	Three Months Ended March 31			
	2022 \$	2021 \$ Revised	Change \$	Change %
New vehicles	53,384	34,639	18,745	54.1%
Used vehicles	36,772	23,206	13,566	58.5%
Parts, service and collision repair	78,431	57,874	20,557	35.5%
Finance, insurance and other	78,752	51,917	26,835	51.7%
Total gross profit	247,339	167,636	79,703	47.5%

Allocation of Gross Profit for the Three Months Ended March 31



Gross Profit Percentages

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

	Three Months Ended March 31		
	2022	2021 Revised	Change ppts
New vehicles	10.4%	7.7%	2.7
Used vehicles	6.2%	6.5%	(0.3)
Parts, service and collision repair	51.6%	53.4%	(1.8)
Finance, insurance and other	94.1%	93.7%	0.4
Total gross profit %	18.4%	17.3%	1.1

For the three-months ended March 31, 2022, 17.5% of the Company's revenue generated from F&I and PS&CR contributed 63.5% of the Company's total gross profit. This relationship continues to be key to a stable business model and supports management's key initiatives to further develop our higher profit margin generating divisions.

New vehicles

For the three-month period ended March 31, 2022

Consolidated Operations

New vehicle revenue increased by 13.3% with new vehicle gross profit increasing by 54.1%. New vehicle gross profit percentage increased to 10.4% as compared to 7.7% in the prior year.

New vehicle results was largely driven by the continued disruptions to the global automotive manufacturing supply chain, particularly the micro chip inventory shortage, resulting in a constrained availability of new vehicle inventory.

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.

Canadian Operations and Same Stores Results

New vehicle revenue increased by 11.3% and new vehicle gross profit percentage increased to 9.4% as compared to 8.1% in the prior year. The increase in gross profit percentage reflects a 1.3 ppts increase in same store new retail gross profit percentage, in addition to the impact of a change in vehicle mix of retail and fleet.

Same store new vehicle retail units decreased by (465) units to 6,383 units, a decrease of (6.8)% as compared to the prior year. This decrease was largely driven by the noted 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 (2.0)%, while same store new retail vehicle gross profit percentage increased to 10.1% as compared 8.8% in the prior year.

U.S. Operations

New vehicle revenue increased by 26.0% and new vehicle gross profit increased by \$9.2 million, an increase of 269.8%. New vehicle gross profit percentage increased to 15.8% as compared to 5.4% in the prior year.

These improvements are attributable to the management team transition which occurred in late Q1 2021 and the resulting culture shift which 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 to OEM Customer Satisfaction Index ("CSI") performance.

The new vehicle gross profit percentage increase to 15.8% is driven by the current pronounced market demand factors including limited new vehicle inventory. Within our U.S. Operations, the strong gross profit percentage is further supported by the ability to sell new vehicles above Manufacturer's Suggested Retail Price ("MSRP"). While this level of demand is unlikely to be sustainable, with the noted improvements management has made to our fundamental operational structure and processes, we anticipate the core strength of new vehicle gross profit to remain in the future. The anticipated eventual decrease in gross profit percentage, once inventories normalize, is anticipated to be offset by an increase in new retail vehicle unit sales supporting and maintaining the current level of profitability.

Used vehicles

For the three-month period ended March 31, 2022

Consolidated Operations

Used vehicle revenue increased by 67.8%. Used vehicle gross profit increased by 58.5% and gross profit per used vehicle sold increased by \$229 per unit.

Used vehicle results were largely driven by the surge in demand for used cars as a result of the noted shortage of new vehicle inventory. Wholesale and auction prices continue to remain at record highs, and management continues to prioritize the strategic build up of used vehicle inventory to meet market demand. We increased our used vehicle inventory position by 130.4% to \$717.3 million as at March 31, 2022 as compared to \$311.4 million in the prior year. We continue to remain diligent and are able to source quality used vehicles from multiple sources.

We continue to prioritize retailing of used vehicles over wholesaling used vehicles and ensure 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.

While used vehicle pricing continues to remain strong relative to historical demand, and the rate of growth has begun to moderate, we do not anticipate a sharp decrease in pricing and demand over the longer term. Management continues to actively manage our used inventory portfolio and ensure it is suited to meet market demand.

Canadian Operations and Same Stores Results

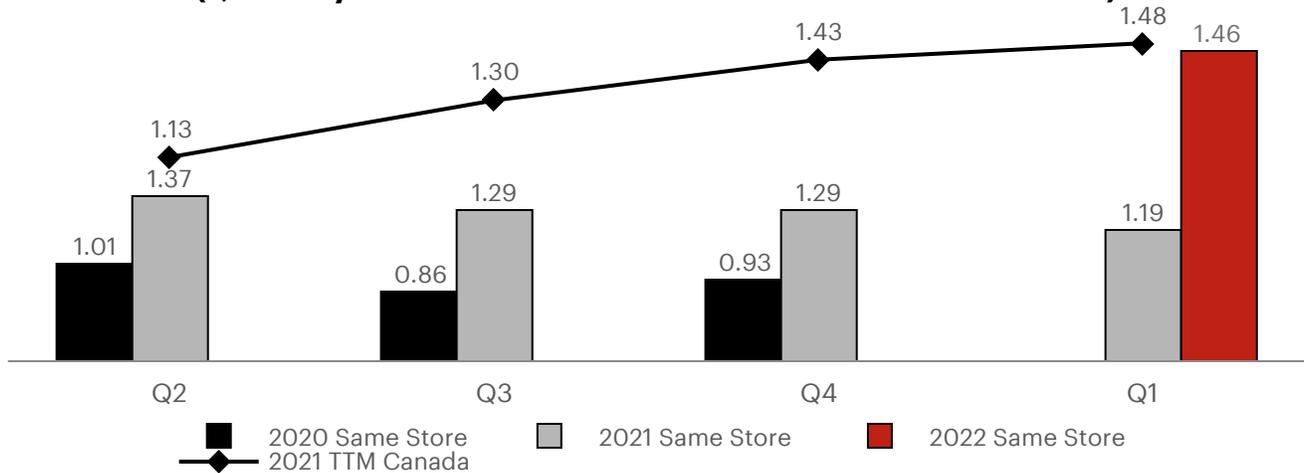
Used vehicle revenue increased by 50.4% and used vehicle gross profit increased by 56.0%. Used vehicle gross profit percentage increased to 7.0% as compared to 6.7% in the prior year.

Same store used vehicle revenue increased by 42.3% and same store used vehicle gross profit increased by 40.3% to \$25.0 million as compared to prior year. Same store used vehicle gross profit percentage remained relatively flat at 6.7% as compared to 6.8% in the prior year.

As mentioned, increased demand for used vehicles was a key driver for the improvements in used vehicle gross profit. 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 maintains an all-time high at 165 points in March 2022, an increase of 39.1% compared to prior year and an increase of 0.8% compared to the previous record high in February 2022.

With our strategic build up of used vehicle inventory through Q4 2021 and Q1 2022, 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 1,144 units to 9,306 units and the continued improvement in our same store used to new retail unit ratio which increased to 1.46 for Q1 2022 as compared to 1.19 in the prior year.

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



U.S. Operations

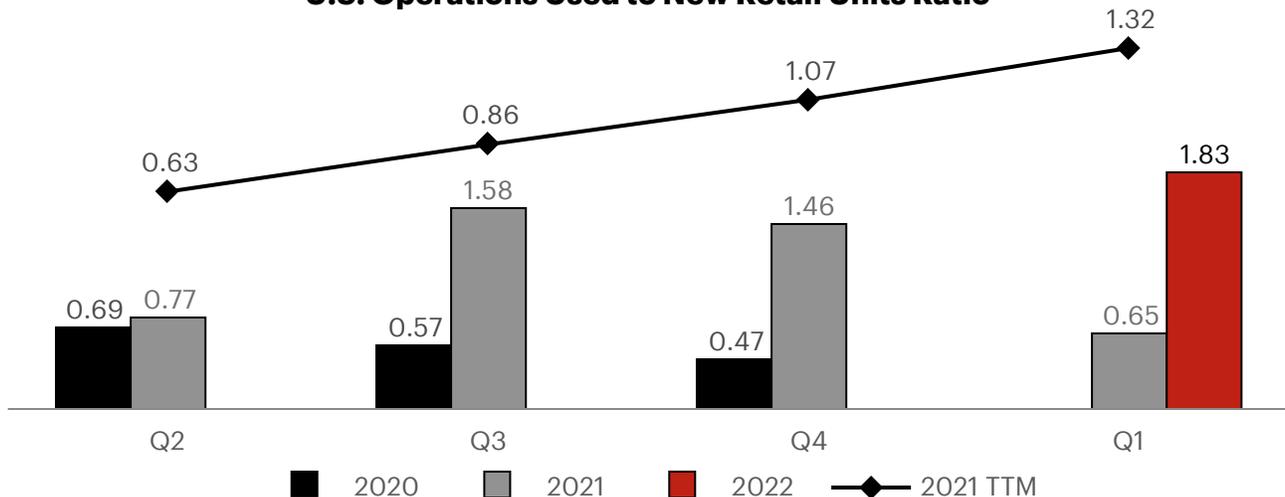
Used vehicle revenue increased by 301.1% and used vehicle gross profit increased by 112.7%. Used vehicle gross profit percentage decreased to 2.2% as compared to 4.1% in the prior year.

Due to strong market demand for used vehicles, management prioritized the build up of used vehicle inventory and resulted in an increase in used retail vehicles sold by 1,718 units to 2,615 units as compared to the prior year.

The dedicated used vehicle retailing process, including a more robust used vehicle inspection and reconditioning service continues to support the dealerships used retailing and buying process, and was critical to support the increase in used retail vehicles sold to 2,615 in Q1 2022, as compared to 897 sold in Q1 2021, an increase of 191.5%. U.S. Operations prioritized selling volume due to the aging used vehicle profile as used vehicle supply remains competitive. The 2.2% used vehicle gross profit percentage in the current year supported the increase in used vehicle gross profit of 112.7%.

The Mannheim Used Vehicle Value Index ("MUVVI") represents a seasonally adjusted measurement of used vehicle prices. The MUVVI decreased from a record high of 236.3 in January 2022 to 223.5 in March 2022. Despite the decreasing trend noted, the index continues to remain strong as compared to historical demand. The MUVVI of 223.5 in March 2022 is still greater than all historical MUVVI prior to and including September 2021.

U.S. Operations Used to New Retail Units Ratio



Parts, service and collision repair

For the three-month period ended March 31, 2022

Consolidated Operations

PS&CR revenue increased by 40.2% and gross profit increased by 35.5%.

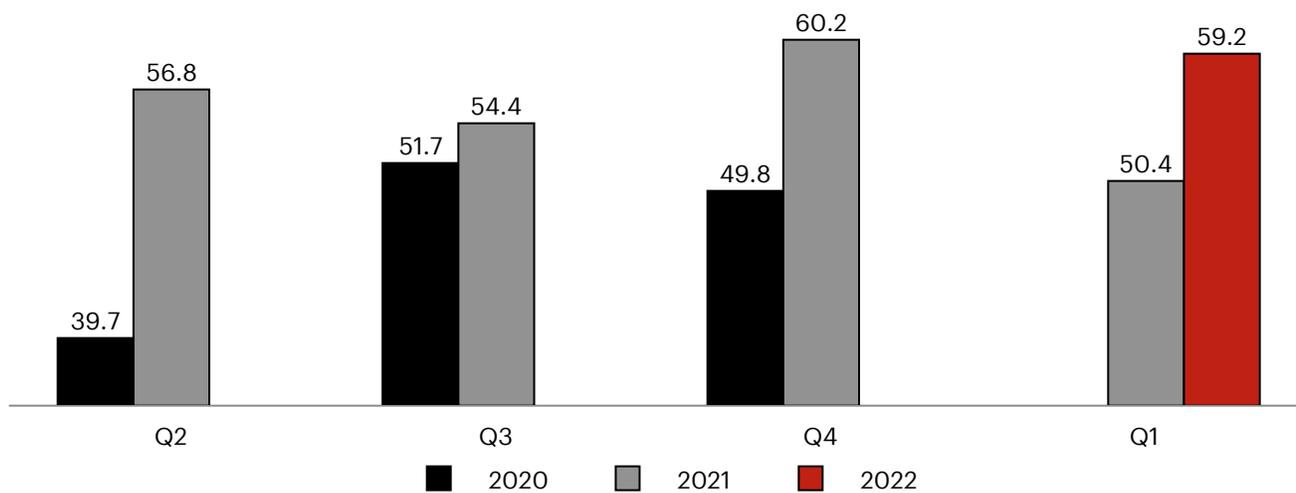
Canadian Operations and Same Stores Results

PS&CR revenue increased by 40.1% and gross profit increased by 32.6%. PS&CR gross profit percentage decreased to 51.3% as compared to 54.2% in the prior year.

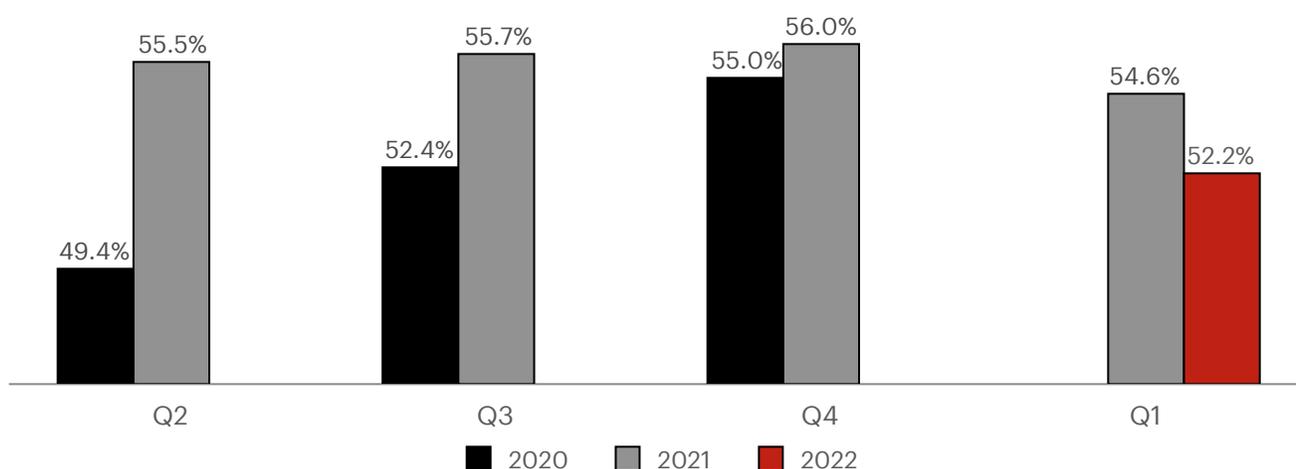
Same stores results saw PS&CR revenue increase by 22.7%, while gross profit increased by 17.3%. Same store PS&CR gross profit percentage decreased to 52.2% as compared to 54.6% in the prior year. The decrease in same store PS&CR gross profit percentage is largely driven by a 19.7% increase in our service and collision repair orders⁷, and an increase in our service bay occupancy of approximately 2 ppts as compared to prior year.

Our BDC strategy has been implemented at all Canadian dealerships locations, and have been implemented at all Canadian collision centre locations, excluding recent collision centre acquisitions. Further optimization entails a number of elements including occupancy tracking, technician recruitment, and call list development for vehicle recall and overdue maintenance follow up.

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



Same Store Parts, Service & Collision Repair Gross Profit Percentage



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

U.S. Operations

PS&CR revenue increased by 41.0% and gross profit increased by 60.7%. PS&CR gross profit percentage increased to 53.5% as compared to 46.9% 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, for the two months ended February 2022, vehicle miles on all roads and streets increased by 7.2% as compared to the prior year. Service and collision repair orders increased by 30.2% 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 PS&CR teams at our U.S. dealerships to ensure we are able to accommodate increased traffic, with U.S. Operations completing 33,239 repair orders, an increase of 30.2% as compared to the prior year. In addition, management continues to prioritize training and standardization of operating processes to ensure best practices are applied to all customer interactions.

Finance, insurance and other

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

For the three-month period ended March 31, 2022

Consolidated Operations

F&I revenue increased by 51.1% and gross profit increased by 51.7%. Gross profit per retail unit average increased by \$516 per unit.

The strong foundation our F&I initiative has built and the continued optimization of our dedicated in-house training program supports the continued gross profit performance noted.

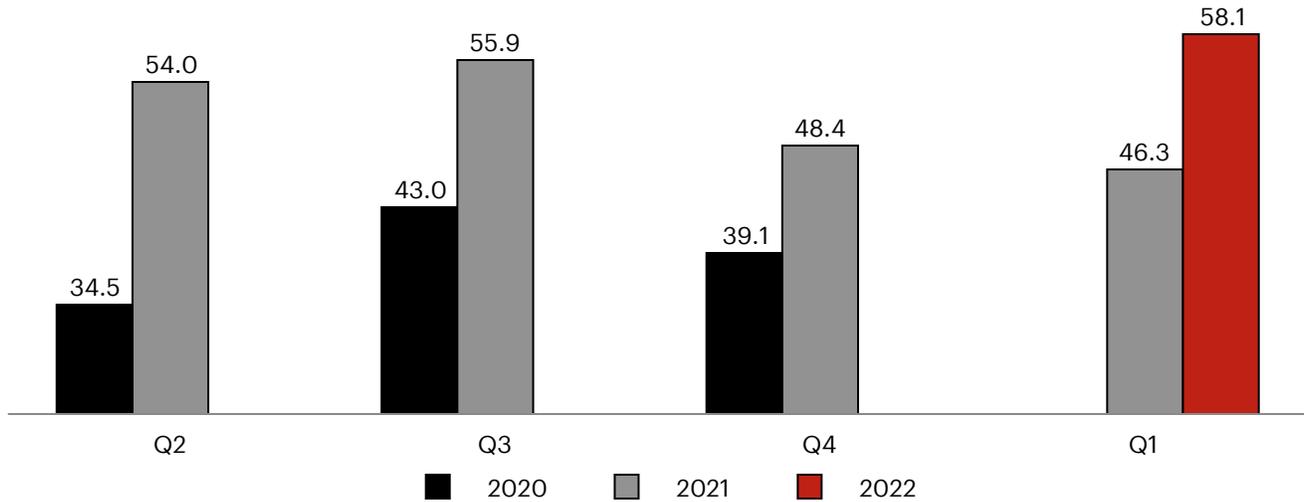
The training program leverages available data and applies a rigorous approach to training our finance managers to better understand our product portfolio to cater to customer preferences. Improving our insight into customers' product preferences allows us to provide value generating products for our 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. As we execute our acquisition strategy, our comprehensive F&I platform remains one of our greatest opportunity areas for growth and synergies.

Canadian Operations and Same Stores Results

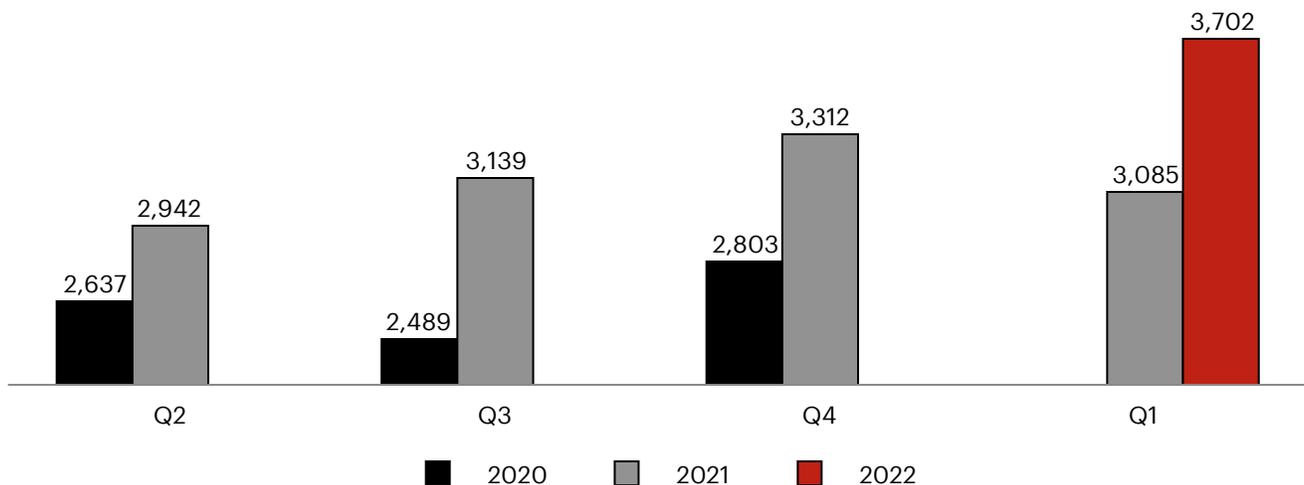
F&I revenue increased by 37.6% and gross profit increased by 37.1%. Gross profit percentage decreased to 93.0% as compared to 93.4% in the prior year. Gross profit per retail unit average increased to \$3,368, an increase of \$379 per retail unit.

Same stores results saw F&I revenue increase by 24.9% and gross profit increased by 25.4% to \$58.1 million. Same store F&I gross profit percentage increased by 0.4 ppts to 93.7% as compared to 93.3% in the prior year. Gross profit per retail unit average increased to \$3,702, up 20.0% or \$617 per retail unit, as compared to \$3,085 in the prior year. Gross profit increased due to both the noted improvement in gross profit per retail unit average along with the increase of 679 retail units to total same store retail units of 15,689.

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



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

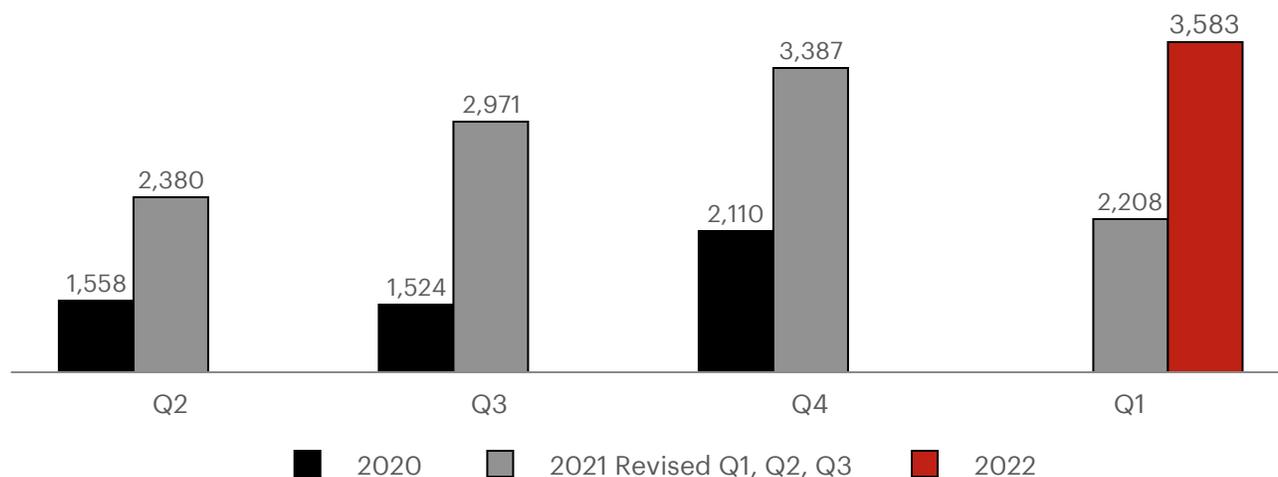


U.S. Operations

F&I revenue increased by 180.1% and gross profit increased by 187.8%. Gross profit percentage increased to 99.0% as compared to 96.3% in the prior year. Gross profit per retail unit average increased to \$3,583, an increase of \$1,375 per retail unit.

The strong gross profit per retail unit average is largely due to management's continued focus on improving our formal F&I structure and process certifications. The formal structure and training, now in place for two full quarters, 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. Management continues to refine and optimize the processes and has resulted in improvements across all areas of the department and is a key contributor to the 187.8% growth in gross profit.

U.S. Finance, Insurance and Other Gross Profit per Retail Unit Average



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 CSI, 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 an information management department that includes data analytics and information technology support, to the dealerships in order to leverage the size of the group to lower the operating costs of the dealerships.

Facility Lease and Storage Costs

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

Depreciation of Property and Equipment

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

Depreciation of Right-of-Use Assets

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

The following table summarizes operating expenses:

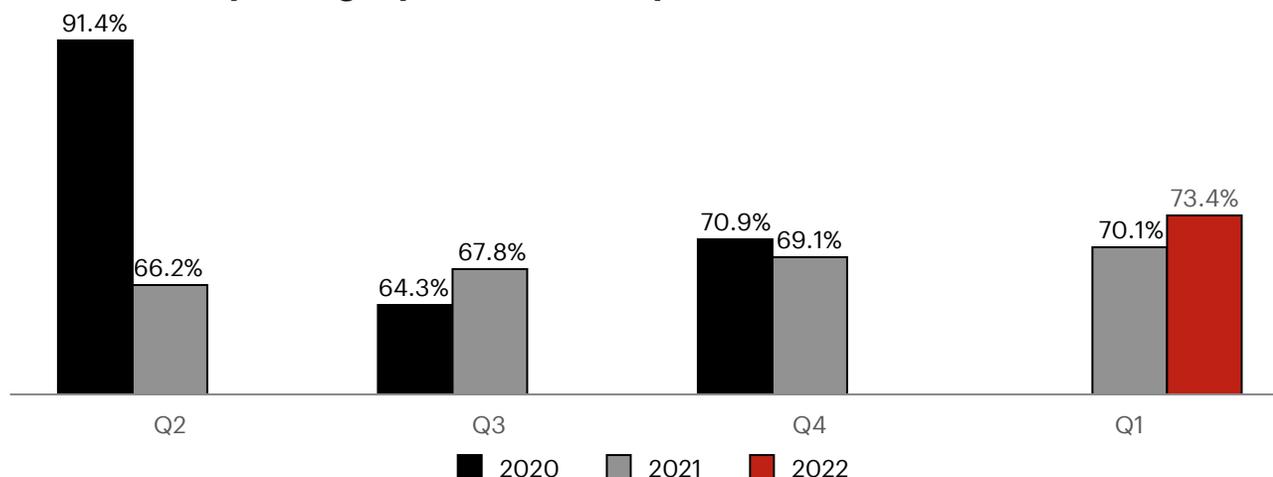
	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
Employee costs	104,138	21,085	125,223	74,155	9,332	83,487
Government assistance	(264)	—	(264)	(3,101)	(5,398)	(8,499)
Administrative costs	46,576	8,979	55,555	35,512	6,916	42,428
Facility lease and storage costs	961	—	961	134	—	134
Depreciation of property and equipment	4,382	358	4,740	3,745	309	4,054
Depreciation of right-of-use assets	6,759	672	7,431	5,677	667	6,344
Total operating expenses	162,552	31,094	193,646	116,122	11,826	127,948

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 profit⁸ a more accurate measure of operating performance.

The following table summarizes operating expenses before depreciation as a percentage of gross profit and normalized operating expenses before depreciation as a percentage of gross profit⁹:

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
Operating expenses before depreciation	72.7%	77.2%	73.4%	70.1%	70.1%	70.1%
Normalized operating expenses before depreciation	72.7%	77.2%	73.4%	72.2%	105.0%	75.2%

Operating expenses before depreciation as % of Gross Profit



Total Operating Expenses

For the three-month period ended March 31, 2022

Consolidated Operations

Operating expenses before depreciation as a percentage of gross profit increased by 3.3 ppts to 73.4% and operating expenses as a percentage of gross profit increased by 2.0 ppts to 78.3%, as compared to prior year.

⁸ See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.

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

Operating expenses before depreciation as a percentage of gross profit decreased by (1.8) ppts from normalized operating expenses before depreciation as a percentage of gross profit of 75.2% in Q1 2021, after adjusting for Canada Emergency Wage Subsidy ("CEWS") income of \$2.9 million, Canada Emergency Rent Subsidy ("CERS") income of \$0.2 million and the forgiveness of \$5.4 million of Paycheck Protection Program ("PPP") loans received in Q2 2020 for U.S. dealerships in the prior year.

The low operating expenses as a percentage of gross profit of 78.3% 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 72.7% as compared to prior year.

As a result of the optimized business model, employee costs as a percentage of gross profit¹⁰ increased by 1.3 ppts to 50.0%.

U.S. Operations

Operating expenses before depreciation as a percentage of gross profit increased by 7.1 ppts to 77.2%.

The decrease in employee costs as a percentage of gross profit by (6.2) ppts to 54.1% 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 all areas of the business, and improvements to total gross profit.

Net Income for the Period and Adjusted EBITDA

The following table summarizes net income and adjusted EBITDA for the three months ended March 31:

	Three Months Ended March 31		
	2022	2021	Change
	\$	\$	\$
Net income for the period	4,322	21,334	(17,012)
Adjusted EBITDA	62,196	47,234	14,962

Net Income for the Period

Net income for the three-month period ended March 31, 2022 decreased by \$(17.0) million, compared to prior year. The drivers of this change include:

- Canadian Operations segment contributed a decrease of \$(22.1) million in the first quarter.
 - Loss on extinguishment of embedded derivative of \$(29.3) million was recognized in Q1 2022
- U.S. Operations segment contributed an increase of \$5.0 million in the first quarter

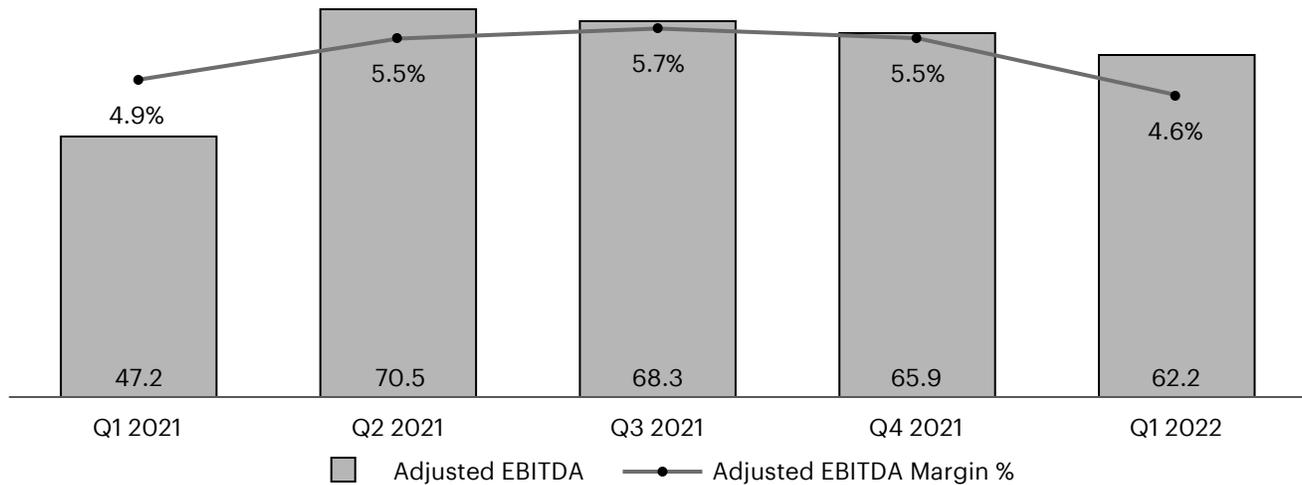
Adjusted EBITDA

Adjusted EBITDA for the three-month period ended March 31, 2022 increased by \$15.0 million, compared to prior year.

- Adjusted EBITDA was \$62.2 million as compared to normalized adjusted EBITDA of \$38.7 million in the prior year, an improvement of 60.6%
- Adjusted EBITDA margin was 4.6% as compared to 4.9% in the prior year, a decrease of (0.3) ppts
- Normalized adjusted EBITDA margin was 4.6% as compared to 4.0% in the prior year, an increase of 0.6 ppts

¹⁰ See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.

Adjusted EBITDA (\$ Millions) and Adjusted EBITDA Margin %



Finance Costs

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

On February 7, 2022, the Company issued Senior Unsecured Notes of \$350 million aggregate principal amount at par for a stated interest rate of 5.75% to fund a redemption of the then outstanding \$250 million Notes. The Company redeemed the full \$250 million outstanding balance on February 10, 2022. A loss of \$9.9 million was recognized in relation to the extinguishment of the notes. Concurrent with the redemption of the Notes, the associated embedded derivative was extinguished, resulting in a loss on extinguishment of embedded derivative of \$29.3 million. As at March 31, 2022, the fair value of the embedded derivative relating to the \$350 million Senior Unsecured Notes was \$nil. For further details over the embedded derivatives, refer to Note 15 and Note 19 in the Interim Consolidated Financial Statements for the three-month period ended March 31, 2022.

The unrealized fair value changes on interest rate swaps represents the unrealized changes in derivative financial instruments held for the purpose of managing exposures to fluctuations in interest rates. Changes in the fair value of these instruments will be recorded in finance costs as the Company has not elected to apply hedge accounting to these contracts. Existing interest rate swaps of \$97.2 million maturing in 2023 to 2024, and \$177.8 million maturing in 2025 provides continued protection against the current rising interest rate environment. For further details, refer to Note 16 in the Interim Consolidated Financial Statements for the three-month period ended March 31, 2022.

During the three-month period ended March 31, 2022, finance costs on our revolving floorplan facilities decreased by (5.0)% to \$3.3 million from \$3.5 million, in the same period of the prior year. The decrease is primarily driven by both a reduction in our floored total vehicles, particularly our new vehicle base.

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

	Three Months Ended March 31	
	2022	2021
	\$	\$
Finance costs:		
Interest on long-term indebtedness	7,158	4,663
Interest on lease liabilities	7,372	5,722
Loss on extinguishment of debt	9,860	—
Unrealized fair value changes on non-hedging instruments	(6,835)	(3,279)
Amortization of terminated hedges	817	817
Loss on extinguishment of embedded derivatives	29,306	—
	47,678	7,923
Floorplan financing	3,336	3,511
Interest rate swap settlements	1,118	939
Other finance costs	1,349	905
	53,481	13,278

Income Taxes

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

	Three Months Ended March 31	
	2022	2021
	\$	\$
Current tax	9,640	4,816
Deferred tax	(10,103)	2,404
Total income tax (recovery) expense	(463)	7,220
Effective income tax rate	(12.0)%	25.3%
Statutory income tax rate	25.5%	25.4%

The period-over-period change in effective rate for the three-months ended March 31, 2022 is primarily due to unrecognized deferred tax assets 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. On December 17, 2021, the Company acquired the dealership real estate under development in Maple Ridge, BC. The Company commenced construction in Q1 2022 and expects construction to be completed in 2023.

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 centre located in Airdrie, Alberta. The acquisition supports management's strategic objectives of expanding the Company's collision centre capacity and also allows the Company to leverage existing dealerships in Alberta.

Crystal Lake Chrysler Dodge Jeep Ram Inc.

On November 4, 2021, the Company acquired certain franchise rights, inventories and assets to be used in the operations of Crystal Lake Chrysler Dodge Jeep Ram, Inc., a Stellantis dealership located in Crystal Lake, Illinois, and the related dealership real estate. The acquisition supports management's strategic objectives of further establishing the Company's presence in the greater Chicago area.

Autopoint Group

On December 1, 2021 the Company acquired substantially all of the assets of eleven dealerships from the Autopoint Group. The acquisition provides geographic diversification by more than doubling AutoCanada's Ontario footprint. Moreover, the acquisition provides brand diversification by adding three new brands to AutoCanada's Canadian platform.

Audi Windsor and Porsche of London

On May 2, 2022, the Company acquired substantially all of the assets used in or relating to the Audi Windsor and Porsche of London dealerships, located in London and Windsor, Ontario, respectively. The acquisition supports management's strategic objectives of further establishing the Company's presence in the province of Ontario, increasing both brand diversity and luxury mix within our portfolio. The acquisition included the underlying real estate for both dealerships.

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 December 1, 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 amendment included administrative and other structural changes made to support the acquisition of Autopoint Group and planned future growth. The maturity of the Credit Facility remains 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 March 31, 2022:

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit ¹	225,000	15,000	210,000
Inventory floorplan financing	1,075,000	712,161	362,839
Total	1,300,000	727,161	572,839

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

Amended Credit Facilities

On February 7, 2022, the Company amended the \$1,300 million Credit Facility and included the addition of The Toronto-Dominion Bank ("TD") to its existing syndicate of lenders which includes Scotiabank, CIBC, RBC, HSBC, ATB, BMO, while maintaining its existing specified-use tranches and facility limits. The amendment included changes to the interest rate structure, covenants, and other administrative and structural changes to add flexibility to meet the Company's operational needs on an ongoing basis. Concurrently, the amendment was also executed to support both the issuance of the \$350 million senior unsecured notes issued on February 7, 2022 and the repayment of the previous \$250 million senior unsecured notes. We have reset the three-year tenor of the facility by extending the maturity of the Credit Facility to April 14, 2025.

Revolving Credit Capacity

The Credit Facility in effect at March 31, 2022 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 March 31, 2022 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 March 31, 2022 is as follows:

Lender	Limit	Drawn	Available Capacity
Syndicated Credit Facility - Floorplan	1,075,000	712,161	362,839
Other Canadian Floorplan Facilities	368,895	249,116	119,779
Other U.S. Floorplan Facility	159,324	90,999	68,325
Total	1,603,219	1,052,276	550,943

Financial Covenants

Under the terms of the Credit Facility as well as the various standalone floorplan financing facilities and OEM franchise agreements, the Company is required to comply with certain financial covenants. At March 31, 2022, we were in compliance with all of our financial covenants.

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

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

Financial Covenant Ratios	2022	Acquisition Increase -
	Q1 & Thereafter ¹	Rolling 4 Quarter Period If Elected
Senior net funded debt to bank EBITDA	<2.50x	<3.00x
Total net funded debt to bank EBITDA	<4.00x	<4.50x
Fixed charge coverage	>1.20x	>1.20x

¹ Effective February 7, 2022, the previously established covenant relief period has been amended; the covenant thresholds in effect at December 31, 2021 are as per the terms of the amendment executed on February 7, 2022.

Senior Net Funded Debt, as defined in the Credit Facility, is comprised of the outstanding indebtedness under the Credit Facility (inclusive of letters of credits), mortgage balance, derivative financial instruments balance, and other long-term debt, while allowing for the netting of up to \$70 million of cash and cash equivalents. Total Net Funded Debt as defined in the Credit Facility approximates the Company's total indebtedness excluding non-recourse mortgage liabilities and lease liabilities, which are 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 \$70 million of cash and cash equivalents.

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

The following table summarizes the Company's financial covenants under the Credit Facility as at March 31, 2022:

Financial Covenant	Requirement	Q1 2022
Syndicated Revolver:		
Senior Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 2.50	0.00
Total Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 4.00	1.39
Fixed Charge Coverage Ratio	Shall not be less than 1.20	6.04

Senior Unsecured Notes - \$125 million Issuance

The Company issued \$125 million 8.75% Senior Unsecured Notes (the "Original 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 Original Notes have a term of five years and mature on February 11, 2025.

The Original 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 Original 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.

Senior Unsecured Notes - \$125 million 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"), for a total outstanding \$250 million Senior Unsecured Notes (collectively the "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.

Senior Unsecured Notes - \$350 million Issuance and \$250 million Redemption

On February 7, 2022, the Company issued Senior Unsecured Notes ("the New Issuance Notes") of \$350 million aggregate principal amount at 5.75% to fund a redemption of the then outstanding \$250 million Notes, to reduce the outstanding balance under its syndicated credit facility, and for general corporate purposes including acquisitions. The Company redeemed the full \$250 million outstanding balance on February 10, 2022. The New Issuance Notes have a term of seven years and mature on February 7, 2029. Interest is payable semi-annually on February 7 and August 7 of each year the New Issuance Notes are outstanding. Concurrent with the redemption of the Notes, the associated embedded derivative was extinguished.

The Company can redeem all or part of the New Issuance Notes at prices set forth in the indenture for the New Issuance Notes from proceeds of an equity offering or following certain dates specified in the indenture. In addition, the New Issuance Note holders have the right to require the Company to redeem the New Issuance 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,

Non-Recourse Mortgage Financing

On May 4, 2022, the Company entered into an arrangement with the Bank of Nova Scotia to provide non-recourse mortgage financing for a previously purchased property in Maple Ridge, BC. The non-recourse mortgage arrangement will fund land value as well as construction costs associated with the development of two dealerships. The non-recourse mortgage is secured by the real estate as collateral.

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

Indebtedness Summary

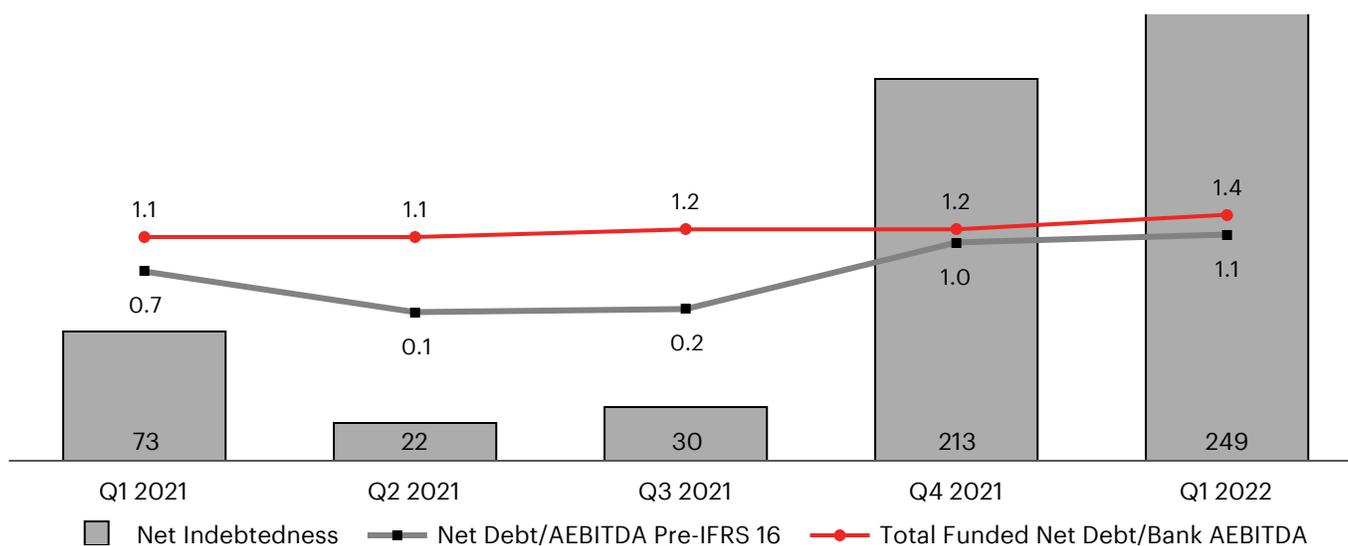
The following table summarizes the Company's net indebtedness as at March 31, 2022:

	March 31, 2022	December 31, 2021
	\$	\$
Syndicated Credit Facility - Revolving Credit	13,886	63,842
Senior unsecured notes (including embedded derivative asset)	344,120	221,965
Mortgage and other debt	501	101
Total indebtedness	358,507	285,908
Add back:		
Embedded derivative asset	—	29,306
Indebtedness for net indebtedness purpose	358,507	315,214
Cash and cash equivalents	(109,753)	(102,480)
Net indebtedness	248,754	212,734

The Company had total liquidity¹¹ of \$319.8 million based on cash and cash equivalents and the \$210.0 million available under our syndicated credit facility.

The following illustrates the Company's net indebtedness and applicable net indebtedness leverage ratios for the trailing five quarters. The Company executed its latest Credit Facility amendment on February 7, 2022. 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

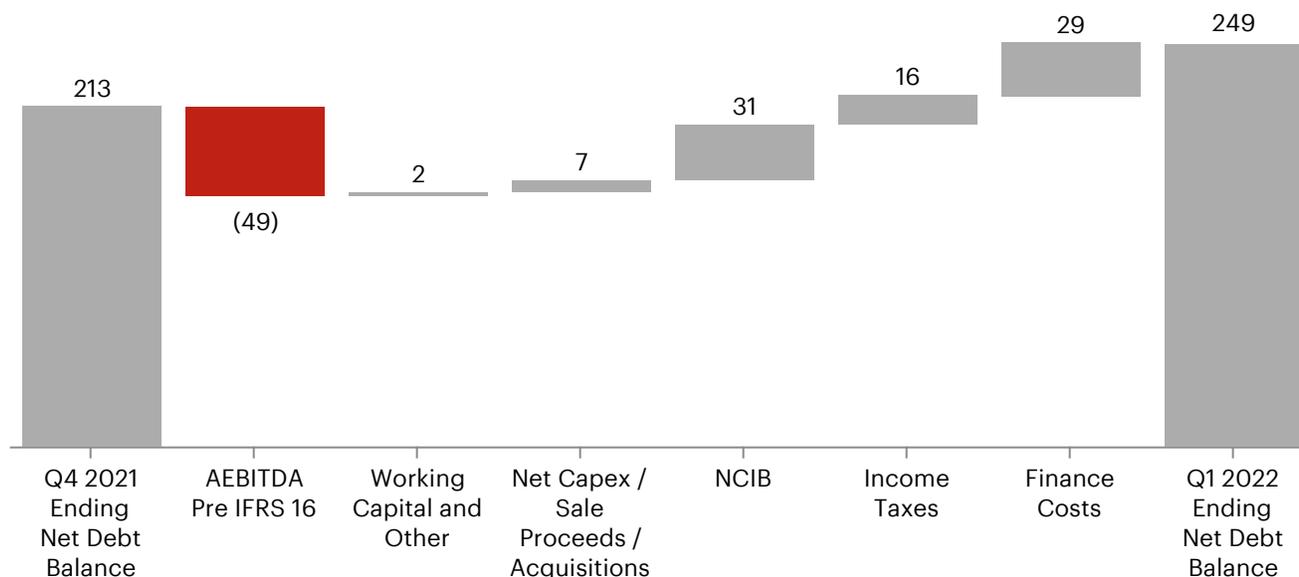


The Company ended the quarter at a net indebtedness leverage ratio of 1.1x and was below our target leverage ratio of 2.5x to 3.0x. Strong Q1 2022 operational performance and continued efficient working capital management were the primary drivers contributing to the continued strong net debt leverage. Total Net Funded Debt to Bank EBITDA ratio of 1.4x at the end of Q1 2022 was well within our covenant threshold of 4.00x.

¹¹ See Section 15 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.

The movement of net indebtedness between Q4 2021 and Q1 2022 is highlighted in the following chart:

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



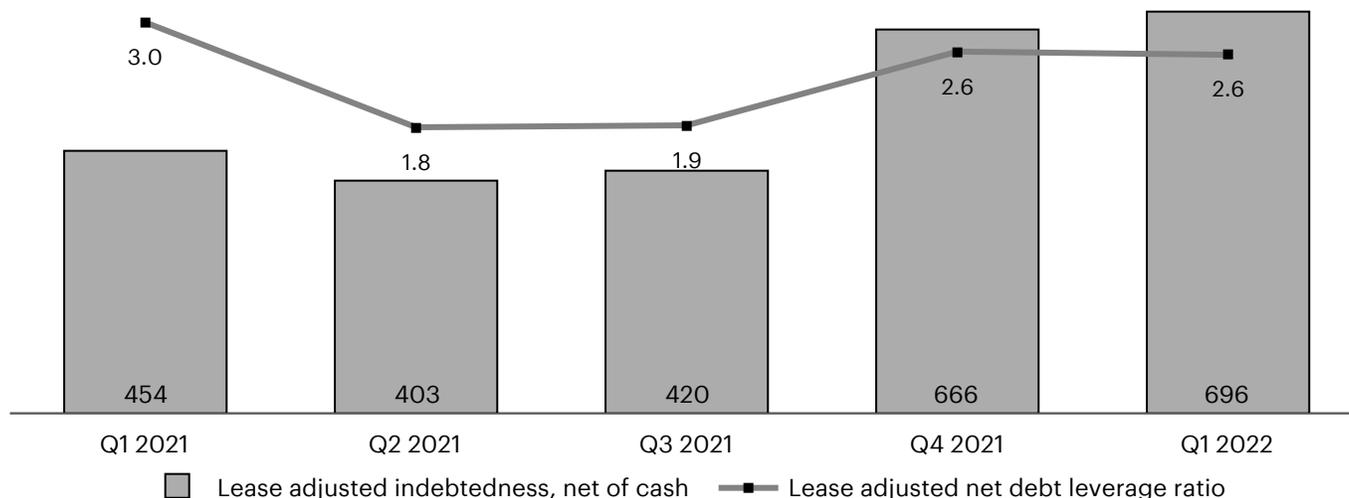
Another view the Company takes toward its indebtedness and leverage is its lease adjusted net debt leverage ratio. Lease adjusted indebtedness considers total indebtedness (inclusive of IFRS 16 lease liabilities), including amounts drawn under the Credit Facility, the New Issuance Notes and mortgage debt less cash and cash equivalents compared to adjusted EBITDA.

The Company has targeted lease adjusted net debt leverage ratio to approximate 4.5x or better.

Lease Adjusted Net Debt Leverage Ratio	Q1 2022	Q4 2021
Syndicated Credit Facility - revolving credit	13,886	63,842
Senior unsecured notes (excluding embedded derivative asset)	344,120	251,271
Mortgage and other debt	501	101
Lease liabilities	447,191	452,817
Total lease adjusted indebtedness	805,698	768,031
Cash and cash equivalents	(109,753)	(102,480)
Lease adjusted indebtedness, net of cash	695,945	665,551
Adjusted EBITDA - trailing twelve months	266,825	251,863
Lease adjusted net debt leverage ratio	2.6x	2.6x

The following illustrates the Company's lease adjusted net debt leverage ratios for the trailing five quarters:

**Lease Adjusted Indebtedness, Net of Cash (\$Millions)
and Lease Adjusted Net Debt Leverage Ratio**



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. Based on the three-year average from 2019 to 2021, non-growth capital expenditures averaged \$6 million on an annual basis. With the growth of the Company, we expect to incur additional annual non-growth capital expenditures to support the growth in capital assets.

Non-growth maintenance is largely affected by replacement and purchases of fixed operations equipment. Given the strength of our balance sheet position, operational performance, 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 three-year average from 2019 to 2021, growth capital expenditures averaged \$13 million on an annual basis. As we develop and execute on planned capital projects to support the growth of the Company, management expects to increase growth capital expenditures over the next two years, when compared to this historical average.

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 Interim Consolidated Financial Statements.

	Three Months Ended March 31	
	2022	2021
	\$	\$
Non-growth capital expenditures	1,427	1,115
Growth capital expenditures	5,493	1,855
Total capital expenditures	6,920	2,970

Capital Commitments

At March 31, 2022, the Company is committed to capital expenditure obligations in the amount of approximately \$25.6 million related to dealership relocations, dealership re-imaginings, 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-imaginings 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-imagining 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 for the periods indicated:

	Three Months Ended March 31	
	2022	2021
	\$	\$
Repairs and maintenance expenditures	2,597	1,917

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

- AutoCanada Issuer Credit Rating: 'B+' (Stable) from 'B'
- Senior Notes Rating: 'B+' from '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 period, there were transactions with companies whose partners or senior officers are Directors of the Company or related to Directors of the Company. These counterparties are:

- A 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; and
- A company that is controlled by a family member of the former 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 is as follows:

	Three-month period ended	
	March 31, 2022	March 31, 2021
	\$	\$
Consulting services, administrative and other support and sourcing fees	700	471

8. OUTSTANDING SHARES

As at March 31, 2022, the Company had 26,595,441 common shares outstanding. Basic and diluted weighted average number of shares outstanding for the three-month period ended March 31, 2022 were 27,074,050 and 29,059,639, respectively.

As at March 31, 2022, the value of the shares held in trust, to hedge equity-based compensation plans, was \$2.2 million (2021 - \$3.9 million), which was comprised of 224,596 (2021 - 372,567) in shares. As at May 4, 2022, there were 26,134,095 common shares issued and outstanding.

Normal Course Issuer Bid

During the three month period ended March 31, 2022, the Company repurchased and cancelled 897,575 common shares (2021 - nil) under its NCIB for cash consideration of \$31.2 million.

9. DIVIDENDS

In response to the effects COVID-19 is having on the business and the industry, the Board of Directors of the Company decided to suspend the quarterly dividend until further notice. 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

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

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Cash provided by operating activities	7,279	10,153	13,721	68,604	20,506	20,447	54,366	54,114
Deduct:								
Purchase of non-growth property and equipment	(1,427)	(2,550)	(1,349)	(801)	(1,115)	(1,207)	(922)	(1,557)
Free cash flow	5,852	7,603	12,372	67,803	19,391	19,240	53,444	52,557
Free cash flow - TTM	93,630	107,169	118,806	159,878	144,632	131,396	177,981	179,325

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

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

The following table summarizes the net increase (decrease) in cash due to changes in non-cash working capital for the three-month periods ended March 31, 2022 and March 31, 2021:

	Three-month period ended	
	2022	2021
	\$	\$
Trade and other receivables	(51,344)	(40,064)
Inventories	(322,143)	(104,109)
Other current assets	(5,790)	(1,496)
Other liabilities	—	1,487
Trade and other payables	9,512	11,969
Revolving floorplan facilities	344,897	132,395
Net change in non-cash working capital	(24,868)	182

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, 2021. Updates related to the Interim Consolidated Financial Statements are disclosed in Note 4.

12. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the quarter ended March 31, 2022, there were no changes in the Company's disclosure controls or internal controls over financial reporting that materially affected, or would be reasonable likely to materially affect, such controls.

13. RISK FACTORS

We face a number of business risks that could cause our actual results to differ materially from those disclosed in this MD&A (See Section 14, Forward-Looking Statements). Investors and the public should carefully consider our business risks, other uncertainties and potential events as well as the inherent uncertainty of forward looking statements when making investment decisions with respect to AutoCanada. If any of the business risks identified by AutoCanada were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, the trading price of our shares could decline. The impact of the COVID-19 pandemic could have a material adverse impact on our business and operations. There may be disruptions to the global automotive manufacturing supply chain, resulting in limited access to inventory. For example, many OEMs have announced production disruptions caused by a shortage of automotive microchips. If new vehicle days' supply of inventory declines, it will impact our ability to satisfy customer demand. It is not possible to predict with certainty the duration of the microchip shortage. In addition, there may be impacts on general economic conditions resulting in reduced demand for vehicle sales and service. 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 2021 Annual Information Form, dated March 2, 2022, 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 AND OTHER FINANCIAL MEASURES

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

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

- Canadian Operations segment: See Section 18 Segmented Operating Results Data for additional information
- U.S. Operations segment: See Section 18 Segmented Operating Results Data for additional information
- Consolidated basis
- Same store basis: See Section 19 Same Stores Results Data for additional information
- Canadian Operations segment excluding Used Digital Retail Division

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

Non-GAAP Measures

Cautionary Note Regarding Non-GAAP Measures

Adjusted EBITDA, adjusted EBITDA margin, normalized adjusted EBITDA, normalized adjusted EBITDA margin, income statement impacts and adjusted EBITDA on a pre-IFRS 16 basis, adjusted EBITDA margin on a pre-IFRS 16 basis, pro forma adjusted EBITDA, pro forma normalized adjusted EBITDA, normalized operating expenses before depreciation as a percentage of gross profit, 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 referenced non-GAAP measures may differ from the methods used by other issuers. Therefore, these measures may not be comparable to similar measures presented by other issuers.

It should be noted that certain of the financial measures described below include pro forma items estimating the impact of the acquisitions if they had occurred on the first day of the relevant period, or as of a specified date. Readers should understand that these estimates were determined by management in good faith and are not indicative of what the historical results of the businesses acquired in the acquisitions actually were for the relevant period, or what those results would have been if the acquisitions had occurred on the dates indicated, or what they will be for any future period. As a result, the pro forma financial measures may not be indicative of the Company's financial position that would have prevailed, or operating results that would have been obtained, if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. These pro forma financial measures are not a forecast or projection of future results. The actual financial position and results of operations of the Company for any period following the closing of the acquisitions will vary from the amounts set forth following pro forma financial measures, and such variation may be material.

We list and define non-GAAP measures below:

Adjusted EBITDA

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

- Interest expense (other than interest expense on floorplan financing), income taxes, depreciation, and amortization;

- Charges that introduce volatility unrelated to operating performance by virtue of the impact of external factors (such as share-based compensation amounts attributed to certain equity issuances as 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.

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.

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:

- CEWS income expected to recur until the Company is no longer eligible for the subsidy;
- CERS expected to recur until the Company is no longer eligible for the subsidy; and
- One-time forgiveness of Small Business Association PPP loans.

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 for the three-months ended March 31, 2022 for further details.

Pro Forma Adjusted EBITDA and Pro Forma Normalized Adjusted EBITDA

The Company believes pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA provides improved understanding of the progress of our acquisition strategy as if the acquisitions had occurred at the beginning of the period. Pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA includes management's estimate of the net income generated by our acquisitions prior to interest expense (other than interest expense on floorplan financing), income taxes, depreciation, and amortization, assuming acquisitions in the year had occurred on the first day of the 12 month period ended December 31, prior to any synergies, pursuant to the terms of the credit facilities. Pro forma adjustments estimated by management were derived from dealership financial statements. The Company's blended rate of Canadian corporate tax of 25.4% was applied to pro forma adjustments where applicable.

Refer to the Notes to the Interim Consolidated Financial Statements for the three-months ended March 31, 2022 and Section 5. Acquisitions, Divestitures, Relocations and Real Estate for further details. Refer to the MD&A for the year ended December 31, 2021 for the reconciliation of the pro forma normalized adjusted EBITDA for the year ended December 31, 2021.

Adjusted EBITDA Margin, Normalized Adjusted EBITDA margin, and Adjusted EBITDA Margin on a Pre-IFRS 16 Basis

Adjusted EBITDA margin is an indicator of a company's operating performance specifically in relation to our revenue performance. Normalized adjusted EBITDA margin is an indicator of a company's operating performance specifically in relation to our revenue performance, normalized for government programs subsidies that are non-recurring in nature related to the pandemic such as:

- CEWS income expected to recur until the Company is no longer eligible for the subsidy;
- CERS expected to recur until the Company is no longer eligible for the subsidy; and
- One-time forgiveness of Small Business Association PPP loans.

The Company believes adjusted EBITDA margin, normalized adjusted EBITDA margin and adjusted EBITDA margin on a pre-IFRS 16 basis provides improved continuity with respect to the comparison of our operating performance with retaining and growing profitability as our revenue and scale increases over a period of time.

Income Statement Impacts and Adjusted EBITDA on a Pre-IFRS 16 basis

The Company adopted IFRS 16 on January 1, 2019. On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of IAS 17 Leases.

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. There are also corresponding income statement impacts to net income and other comprehensive income.

The Company believes adjusted EBITDA on a pre-IFRS 16 basis provides improved continuity for purposes of comparing to our historical operating performance prior to fiscal year 2019. Our Credit Facility financial covenants are calculated and presented on a pre-IFRS 16 basis. In addition, the net indebtedness leverage ratio is calculated on a pre-IFRS 16 basis.

Adjusted EBITDA on a pre-IFRS 16 basis is calculated as adjusted EBITDA less the rental expense, fair market value rent adjustment, and step lease rent adjustment eliminated from the adoption of IFRS 16 lease liabilities accounting standards. Refer to the Notes to the Consolidated Financial Statements for the year ended December 31, 2021 for further details.

Normalized Operating Expenses Before Depreciation as a Percentage of Gross Profit

Normalized operating expenses before depreciation as a percentage of gross profit is an indicator of a company's operating performance over a period of time and ability to manage operating expenses, normalized for government programs subsidies that are non-recurring in nature related to the pandemic such as:

- CEWS income expected to recur until the Company is no longer eligible for the subsidy;
- CERS expected to recur until the Company is no longer eligible for the subsidy; and
- One-time forgiveness of Small Business Association PPP loans.

The Company believes normalized operating expenses before depreciation as a percentage of gross profit 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 for the three-months ended March 31, 2022 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 Leverage Ratio

Net indebtedness leverage ratio is a measure used by management to evaluate the liquidity of the Company.

The Company believes presenting the net indebtedness leverage ratio on a pre-IFRS 16 basis provides improved continuity for purposes of comparing to our historical operating performance prior to fiscal year 2019 and remains relevant while our Credit Facility financial covenants continues to be calculated and presented on a pre-IFRS 16 basis. 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.

Capital Management Measures

We define net indebtedness, a capital management measure below:

Net Indebtedness

Net indebtedness is 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.

Supplementary Financial Measures

We list and define supplementary financial measures below:

Average Used Retail Unit Sales per Dealership per Month

Average used retail unit sales per dealership per month is used retail vehicle for the referenced period, divided by the average number of referenced dealerships owned during the referenced period, and divided by the number of months in the referenced period.

Compound Annual Growth Rate

Compound annual growth rate represents the percentage annualized increase in the overall Canadian market for vehicles sales as provided by DesRosiers for the period from 2000 to 2019.

Employee Costs as a Percentage of Gross Profit

Employee costs as a percentage of gross profit is employee costs divided by gross profit.

F&I Gross Profit Per Retail Unit Average

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

Gross profit percentage

Gross profit percentage is gross profit divided by revenue.

Liquidity

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

Net income margin

Net income margin is net income divided by revenue.

New Fleet Vehicles

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

New Retail Vehicles

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

Operating Expenses Before Depreciation as a Percentage of Gross Profit

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

Service Bay Occupancy

Service bay occupancy is total service bay hours sold divided by total available service bay hours. Total available service bay hours is calculated by multiplying the following:

- Number of working days in the applicable period
- Assumed eight business hours
- Number of service bays during that period

Service and Collision Repair Orders

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

Service Labour Hours

Service labour hours is total service labour hours sold in the completion of service only repair orders.

Total Retail Vehicles

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

Total Vehicles

Total vehicles represents total vehicles (including retail, fleet, and wholesale vehicles) sold by the Company,

Used Retail Vehicles

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

Used to new retail units ratio

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

Used Wholesale Vehicles

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

16. NON-GAAP AND OTHER FINANCIAL MEASURE RECONCILIATIONS

Adjusted EBITDA and Normalized Adjusted EBITDA

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

	2022	2021
Period from January 1 to March 31		
Net income for the period	4,322	21,334
Add back:		
Income tax (recovery) expense	(463)	7,220
Depreciation of property and equipment	4,740	4,054
Interest on long-term indebtedness	7,158	4,663
Depreciation of right of use assets	7,431	6,344
Lease liability interest	7,372	5,722
	30,560	49,337
Add back:		
Loss on extinguishment of debt	9,860	—
Unrealized fair value changes in derivative instruments	(7,795)	(2,919)
Amortization of loss on terminated hedges	817	817
Unrealized foreign exchange (gains) losses	(268)	57
Loss on extinguishment of embedded derivative	29,306	—
Gain on disposal of assets	(284)	(58)
Adjusted EBITDA	62,196	47,234
Normalizing items:		
Less:		
Canada Emergency Wage Subsidy	—	(2,901)
Canada Emergency Rent Subsidy	—	(200)
Forgiveness of PPP loans	—	(5,398)
Normalized Adjusted EBITDA	62,196	38,735

Segmented Adjusted EBITDA and Segmented Normalized Adjusted EBITDA

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

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Period from January 1 to March 31						
Net (loss) income for the period	(1,006)	5,328	4,322	21,044	290	21,334
Add back:						
Income tax (recovery) expense	(677)	214	(463)	7,220	—	7,220
Depreciation of property and equipment	4,382	358	4,740	3,745	309	4,054
Interest on long-term indebtedness	5,787	1,371	7,158	2,825	1,838	4,663
Depreciation of right of use assets	6,759	672	7,431	5,677	667	6,344
Lease liability interest	6,492	880	7,372	4,786	936	5,722
	21,737	8,823	30,560	45,297	4,040	49,337
Add back:						
Loss on extinguishment of debt	9,860	—	9,860	—	—	—
Unrealized fair value changes in derivative instruments	(7,795)	—	(7,795)	(2,919)	—	(2,919)
Amortization of loss on terminated hedges	817	—	817	817	—	817
Unrealized foreign exchange (gains) losses	(268)	—	(268)	57	—	57
Loss on extinguishment of embedded derivative	29,306	—	29,306	—	—	—
Gain on disposal of assets	(284)	—	(284)	(58)	—	(58)
Adjusted EBITDA	53,373	8,823	62,196	43,194	4,040	47,234
Normalizing Items:						
Less:						
Canada Emergency Wage Subsidy	—	—	—	(2,901)	—	(2,901)
Canada Emergency Rent Subsidy	—	—	—	(200)	—	(200)
Forgiveness of PPP loans	—	—	—	—	(5,398)	(5,398)
Normalized Adjusted EBITDA	53,373	8,823	62,196	40,093	(1,358)	38,735

Pro Forma Adjusted EBITDA and Pro Forma Normalized Adjusted EBITDA Reconciliation

The following table illustrates pro forma adjusted EBITDA and pro forma normalized adjusted EBITDA for the trailing twelve month period ended March 31, over the last two years of operations:

	2022	2021
Period from April 1 to March 31		
Net income for the period	150,187	61,564
Add back:		
Income tax expense	46,338	15,775
Depreciation of property and equipment	17,958	17,039
Interest on long-term indebtedness	24,395	17,190
Depreciation of right of use assets	27,507	24,895
Lease liability interest	24,712	22,274
	291,097	158,737
Add back:		
(Recoveries) impairment of non-financial assets, net	(39,846)	(7,338)
Share-based compensation (Used Digital Retail Division)	—	435
Loss (gain) on redemption liabilities	14,116	(762)
Loss on extinguishment of debt	10,988	—
Unrealized fair value changes in derivative instruments	(12,749)	(1,579)
Amortization of loss on terminated hedges	3,268	2,810
Unrealized foreign exchange (gains) losses	(210)	2,193
Loss on termination of lease, net	427	—
Gain on disposal of assets	(266)	(1,399)
Adjusted EBITDA	266,825	153,097
Normalizing items:		
Add back:		
Inventory write-down	—	22,725
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
One-time employee recognition payments	—	309
Operational incentive payments	—	851
Less:		
Canada Emergency Wage Subsidy	(1,487)	(38,165)
Canada Emergency Rent Subsidy	(136)	(400)
Forgiveness of PPP loans	(1,330)	(5,398)
Normalized Adjusted EBITDA	263,872	155,381
Pro forma items had the acquisitions occurred on April 1:		
Net income for the period	5,481	2,153
Add back:		
Income tax expense	1,769	695
Depreciation of property and equipment	1,262	504
Interest on long-term indebtedness	3,966	1,732
Depreciation of right of use assets	2,278	946
Lease liability interest	3,738	1,498
Pro Forma Adjusted EBITDA	285,319	160,625
Pro Forma Normalized Adjusted EBITDA	282,366	162,909

Quarter-to-Date Adjusted EBITDA Margin

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

	2022	2021
Period from January 1 to March 31		
Adjusted EBITDA	62,196	47,234
Revenue	1,342,438	969,824
Adjusted EBITDA Margin	4.6%	4.9%

Quarter-to-Date Normalized Adjusted EBITDA Margin

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

	2022	2021
Period from January 1 to March 31		
Normalized Adjusted EBITDA	62,196	38,735
Revenue	1,342,438	969,824
Normalized Adjusted EBITDA Margin	4.6%	4.0%

Quarter-to-Date Adjusted EBITDA Margin on a Pre-IFRS 16 basis

The following table illustrates adjusted EBITDA margin on a pre-IFRS 16 basis for the three-month periods ended March 31, over the last two years of operations:

	2022	2021
Period from January 1 to March 31		
Adjusted EBITDA on a pre-IFRS 16 basis	49,196	36,100
Revenue	1,342,438	969,824
Adjusted EBITDA Margin on a Pre-IFRS 16 basis	3.7%	3.7%

Quarter-to-Date Adjusted EBITDA on a Pre-IFRS 16 Basis Reconciliation

The following table illustrates segmented adjusted EBITDA on a pre-IFRS 16 basis, for the three-month periods ended March 31, over the last two years of operations:

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA	53,373	8,823	62,196	43,194	4,040	47,234
Rental expense	(11,616)	(2,160)	(13,776)	(9,921)	(2,182)	(12,103)
FMV rent adjustment	—	1,040	1,040	—	1,056	1,056
Step lease adjustment	(252)	(12)	(264)	(87)	—	(87)
Adjusted EBITDA on a pre-IFRS 16 basis	41,505	7,691	49,196	33,186	2,914	36,100

Normalized Operating Expenses Before Depreciation as a Percentage of Gross Profit

The following table illustrates segmented normalized operating expenses before depreciation as a percentage of gross profit, for the three-month periods ended March 31, over the last two years of operations:

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses before depreciation	151,411	30,064	181,475	106,700	10,850	117,550
Normalizing Items:						
Add back:						
Canada Emergency Wage Subsidy	—	—	—	2,901	—	2,901
Canada Emergency Rent Subsidy	—	—	—	200	—	200
Forgiveness of PPP loans	—	—	—	—	5,398	5,398
Normalized operating expenses before depreciation	151,411	30,064	181,475	109,801	16,248	126,049
Gross profit	208,393	38,946	247,339	152,157	15,479	167,636
Normalized operating expenses before depreciation as a percentage of gross profit	72.7%	77.2%	73.4%	72.2%	105.0%	75.2%

Free Cash Flow

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

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Cash provided by operating activities	7,279	10,153	13,721	68,604	20,506	20,447	54,366	54,114
Deduct:								
Purchase of non-growth property and equipment	(1,427)	(2,550)	(1,349)	(801)	(1,115)	(1,207)	(922)	(1,557)
Free cash flow	5,852	7,603	12,372	67,803	19,391	19,240	53,444	52,557
Free cash flow - TTM	93,630	107,169	118,806	159,878	144,632	131,396	177,981	179,325

Lease Adjusted Net Debt Leverage Ratio Reconciliation

The following table illustrates the Company's lease adjusted net debt leverage ratio as at March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	\$	\$
Syndicated Credit Facility - Revolving Credit	13,886	63,842
Senior unsecured notes (excluding embedded derivative asset)	344,120	251,271
Mortgage and other debt	501	101
Lease liabilities	447,191	452,817
Total lease adjusted indebtedness	805,698	768,031
Cash and cash equivalents	(109,753)	(102,480)
Lease adjusted indebtedness, net of cash	695,945	665,551
Adjusted EBITDA - trailing twelve months	266,825	251,863
Lease adjusted net debt leverage ratio	2.6x	2.6x

Net Indebtedness and Net Indebtedness Leverage Ratio Reconciliation

The following table illustrates the Company's net indebtedness and net indebtedness leverage ratio as at March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	\$	\$
Syndicated Credit Facility - Revolving Credit	13,886	63,842
Senior unsecured notes (including embedded derivative asset)	344,120	221,965
Mortgage and other debt	501	101
Total indebtedness	358,507	285,908
Add back:		
Embedded derivative asset	—	29,306
Indebtedness for net indebtedness purpose	358,507	315,214
Cash and cash equivalents	(109,753)	(102,480)
Net indebtedness	248,754	212,734
Adjusted EBITDA pre-IFRS 16 - trailing twelve months	219,680	206,584
Net indebtedness leverage ratio	1.1x	1.0x

17. SELECTED QUARTERLY FINANCIAL INFORMATION

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

	Q1 2022	Q4 2021	Q3 2021 REVISED	Q2 2021 REVISED	Q1 2021 REVISED	Q4 2020	Q3 2020	Q2 2020
Income Statement Data ⁴								
New vehicles ⁷	511,195	467,085	498,142	547,593	451,061	466,468	544,415	381,427
Used vehicles ⁷	595,514	524,043	518,791	539,785	354,922	257,301	309,193	215,032
Parts, service and collision repair ⁷	152,009	136,800	116,953	122,459	108,427	105,362	111,739	90,417
Finance, insurance and other ⁷	83,720	67,854	72,868	71,218	55,414	46,990	51,753	40,571
Revenue	1,342,438	1,195,782	1,206,754	1,281,055	969,824	876,121	1,017,100	727,447
New vehicles ⁷	53,384	50,632	46,525	44,619	34,639	31,199	42,230	10,634
Used vehicles ⁷	36,772	38,118	39,669	40,269	23,206	19,787	29,819	4,224
Parts, service and collision repair ⁷	78,431	75,917	64,748	68,115	57,874	58,109	59,056	45,836
Finance, insurance and other ⁷	78,752	63,847	69,250	64,838	51,917	43,642	48,307	37,185
Gross Profit	247,339	228,514	220,192	217,841	167,636	152,737	179,412	97,879
Gross profit %	18.4%	19.1%	18.2%	17.0%	17.3%	17.4%	17.6%	13.5%
Operating expenses	193,646	170,008	159,880	154,773	127,948	119,442	125,785	99,736
Operating expenses as a % of gross profit	78.3%	74.4%	72.6%	71.0%	76.3%	78.2%	70.1%	101.9%
Operating profit (loss)	56,690	99,410	62,841	66,153	41,664	46,664	56,884	(4,388)
(Recoveries) impairment of non-financial assets	—	(39,846)	—	—	—	(11,248)	—	3,910
Net income (loss)	4,322	69,398	38,769	37,698	21,334	24,320	35,962	(20,052)
Basic net income (loss) per share attributable to AutoCanada shareholders	0.11	2.54	1.37	1.33	0.77	0.87	1.29	(0.72)
Diluted net income (loss) per share attributable to AutoCanada shareholders	0.10	2.38	1.27	1.23	0.71	0.81	1.23	(0.72)
Dividends declared per share	—	—	—	—	—	—	—	—
Adjusted EBITDA ²	62,196	65,873	68,265	70,491	47,234	40,472	61,054	4,828
Free cash flow ²	5,852	7,603	12,372	67,803	19,391	19,240	53,444	52,557
Operating Data ⁴								
New retail vehicles sold ³	9,052	8,204	9,255	10,107	8,233	8,623	10,750	7,526
New fleet vehicles sold ³	290	199	358	575	740	964	582	340
Total new vehicles sold ³	9,342	8,403	9,613	10,682	8,973	9,587	11,332	7,866
Used retail vehicles sold ³	14,072	11,893	13,831	13,271	9,734	7,389	8,836	7,228
Total vehicles sold ³	23,414	20,296	23,444	23,953	18,707	16,976	20,168	15,094
# of service and collision repair orders completed ^{3,5}	221,632	232,373	199,870	214,149	182,869	203,086	195,004	172,956
# of dealerships at period end ⁶	80	80	68	67	67	67	62	63
# of same store dealerships ¹	49	49	49	49	49	47	47	48
# of service bays at period end	1,293	1,303	1,108	1,098	1,098	1,098	1,039	1,044
Same stores revenue growth ¹	17.2%	14.1%	15.0%	54.2%	27.8%	6.3%	(1.1)%	(22.4)%
Same stores gross profit growth ¹	23.2%	29.4%	18.6%	102.5%	35.0%	7.7%	17.1%	(33.9)%

- 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 and Other Financial 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 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 may have also caused significant 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 Q2 2020 and 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.
- 7 In Q4 2021, it was determined there were Revenues and Cost of sales accounts incorrectly classified between revenue streams in the first three quarters of 2021 within the U.S. Operations segment. As a result, the classification of these accounts has been corrected and we have revised the Q1, Q2, and Q3 2021 amounts. This reclassification had no impact on total gross profit.

18. SEGMENTED OPERATING RESULTS DATA

Canadian Operations and U.S. Operations Segmented Operating Highlights

The following table shows the segmented operating results for the Company for the three-month periods ended March 31, 2022 and March 31, 2021.

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021 REVISÉD		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
New vehicles ²	431,414	79,781	511,195	387,728	63,333	451,061
Used vehicles ²	496,612	98,902	595,514	330,263	24,659	354,922
Parts, service and collision repair ²	133,941	18,068	152,009	95,612	12,815	108,427
Finance, insurance and other ²	69,071	14,649	83,720	50,185	5,229	55,414
Total revenue	1,131,038	211,400	1,342,438	863,788	106,036	969,824
New vehicles ²	40,754	12,630	53,384	31,224	3,415	34,639
Used vehicles ²	34,617	2,155	36,772	22,193	1,013	23,206
Parts, service and collision repair ²	68,771	9,660	78,431	51,861	6,013	57,874
Finance, insurance and other ²	64,251	14,501	78,752	46,879	5,038	51,917
Total gross profit	208,393	38,946	247,339	152,157	15,479	167,636
Employee costs	104,138	21,085	125,223	74,155	9,332	83,487
Government assistance	(264)	—	(264)	(3,101)	(5,398)	(8,499)
Administrative costs	46,576	8,979	55,555	35,512	6,916	42,428
Facility lease and storage costs	961	—	961	134	—	134
Depreciation of property and equipment	4,382	358	4,740	3,745	309	4,054
Depreciation of right-of-use assets	6,759	672	7,431	5,677	667	6,344
Total operating expenses	162,552	31,094	193,646	116,122	11,826	127,948
Operating profit before other income	45,841	7,852	53,693	36,035	3,653	39,688
Operating data						
New retail vehicles sold ¹	7,620	1,432	9,052	6,848	1,385	8,233
New fleet vehicles sold ¹	290	—	290	739	1	740
Total new vehicles sold ¹	7,910	1,432	9,342	7,587	1,386	8,973
Used retail vehicles sold ¹	11,457	2,615	14,072	8,837	897	9,734
Total vehicles sold ¹	19,367	4,047	23,414	16,424	2,283	18,707
# of service and collision repair orders completed ¹	188,393	33,239	221,632	157,338	25,531	182,869
# of dealerships at period end ²	62	18	80	50	17	67
# of service bays at period end	1,075	218	1,293	902	196	1,098

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 2021, it was determined there were Revenues and Cost of sales accounts incorrectly classified between revenue streams in the first three quarters of 2021 within the U.S. Operations segment. As a result, the classification of these accounts has been corrected and we have revised the Q1, Q2, and Q3 2021 amounts. This reclassification had no impact on total gross profit.

The following table shows net (loss) income for the period and adjusted EBITDA for three-month periods ended March 31, 2022 and March 31, 2021.

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Net (loss) income for the period	(1,006)	5,328	4,322	21,044	290	21,334
Adjusted EBITDA ¹	53,373	8,823	62,196	43,194	4,040	47,234

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

The following tables show the segmented operating expenses as a percentage of gross profit for the three-month periods ended March 31, 2022 and March 31, 2021.

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses as a % of gross profit						
Employee costs	50.0%	54.1%	50.6%	48.7%	60.3%	49.8%
Government assistance	(0.1)%	—%	(0.1)%	(2.0)%	(34.9)%	(5.1)%
Administrative costs - Variable	16.9%	17.4%	17.1%	17.8%	32.1%	19.2%
Total variable expenses	66.8%	71.5%	67.6%	64.5%	57.5%	63.9%
Administrative costs - Fixed	5.4%	5.7%	5.4%	5.5%	12.6%	6.1%
Facility lease and storage costs	0.5%	—%	0.4%	0.1%	—%	0.1%
Fixed expenses before depreciation	5.9%	5.7%	5.8%	5.6%	12.6%	6.2%
Operating expenses before depreciation	72.7%	77.2%	73.4%	70.1%	70.1%	70.1%
Depreciation of property and equipment	2.1%	0.9%	1.9%	2.5%	2.0%	2.4%
Depreciation of right-of-use assets	3.2%	1.7%	3.0%	3.7%	4.3%	3.8%
Total fixed expenses	11.2%	8.3%	10.7%	11.8%	18.9%	12.4%
Total operating expenses	78.0%	79.8%	78.3%	76.3%	76.4%	76.3%

19. SAME STORES RESULTS DATA

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

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

Number of Same Stores by Province

The following table summarizes the number of Same Stores for the three-month period ended March 31, 2022 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 March 31		
	2022	2021	% Change
Revenue source			
New vehicles - Retail	367,404	354,142	3.7%
New vehicles - Fleet	12,591	33,586	(62.5)%
Total new vehicles	379,995	387,728	(2.0)%
Used vehicles - Retail	335,005	225,060	48.9%
Used vehicles - wholesale ¹	36,319	35,966	1.0%
Total used vehicles	371,324	261,026	42.3%
Parts, service and collision repair	113,382	92,429	22.7%
Finance, insurance and other	61,959	49,615	24.9%
Total	926,660	790,798	17.2%
New retail vehicles sold (units)	6,383	6,848	(6.8)%
New fleet vehicles sold (units)	264	739	(64.3)%
Total new vehicles sold (units)	6,647	7,587	(12.4)%
Used retail vehicles sold (units)	9,306	8,162	14.0%
Total vehicles sold (units)	15,953	15,749	1.3%
Total vehicles retailed (units)	15,689	15,010	4.5%

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

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

	Three Months Ended March 31		
	2022	2021	% Change
British Columbia	153,866	130,338	18.1%
Alberta	333,471	287,211	16.1%
Saskatchewan	85,796	79,690	7.7%
Manitoba	73,264	66,801	9.7%
Ontario	116,888	94,308	23.9%
Quebec	122,460	92,104	33.0%
Atlantic	40,915	40,346	1.4%
Total	926,660	790,798	17.2%

Same Stores Gross Profit and Gross Profit Percentage

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

	Three Months Ended March 31				
	Gross Profit			Gross Profit %	
	2022	2021	% Change	2022	2021
Revenue source					
New vehicles - retail	36,976	31,151	18.7%	10.1%	8.8%
New vehicles - fleet	303	73	315.1%	2.4%	0.2%
Total new vehicles	37,279	31,224	19.4%	9.8%	8.1%
Used vehicles - retail	23,620	16,005	47.6%	7.1%	7.1%
Used vehicles - wholesale	1,396	1,828	(23.6)%	3.8%	5.1%
Total used vehicles	25,016	17,833	40.3%	6.7%	6.8%
Parts, service and collision repair	59,182	50,433	17.3%	52.2%	54.6%
Finance, insurance and other	58,082	46,309	25.4%	93.7%	93.3%
Total	179,559	145,799	23.2%	19.4%	18.4%

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

	Three Months Ended March 31		
	2022	2021	% Change
British Columbia	29,649	23,975	23.7%
Alberta	67,529	57,856	16.7%
Saskatchewan	16,614	14,543	14.2%
Manitoba	15,138	12,634	19.8%
Ontario	21,406	15,861	35.0%
Quebec	22,307	14,547	53.3%
Atlantic	6,916	6,383	8.4%
Total	179,559	145,799	23.2%

20. 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	Owned
Prince George, BC	Northland Chrysler Dodge Jeep Ram	Stellantis	2002	Y	Owned
Prince George, BC	Northland Hyundai	Hyundai	2005	Y	Owned
Prince George, BC	Northland Nissan	Nissan	2007	Y	Owned
Airdrie, AB	Airdrie Chrysler Dodge Jeep Ram	Stellantis	2015	Y	Leased
Calgary, AB	Courtesy Chrysler Dodge Jeep Ram	Stellantis	2013	Y	Leased
Calgary, AB	Crowfoot Hyundai	Hyundai	2014	Y	Leased
Calgary, AB	Northland Volkswagen	Volkswagen	2014	Y	Leased
Calgary, AB	Fish Creek Nissan	Nissan	2014	Y	Leased
Calgary, AB	Hyatt Infiniti	Infiniti	2014	Y	Leased
Calgary, AB	Tower Chrysler Dodge Jeep Ram	Stellantis	2014	Y	Leased
Edmonton, AB	Crosstown Chrysler Dodge Jeep Ram	Stellantis	1994	Y	Leased
Edmonton, AB	Capital Chrysler Dodge Jeep Ram	Stellantis	2003	Y	Leased
Edmonton, AB	Mercedes-Benz Heritage Valley	Mercedes-Benz	2018	Y	Leased
Grande Prairie, AB	Grande Prairie Chrysler Dodge Jeep Ram	Stellantis	1998	Y	Leased
Grande Prairie, AB	Grande Prairie Hyundai	Hyundai	2005	Y	Leased
Grande Prairie, AB	Grande Prairie Subaru	Subaru	1998	Y	Owned
Grande Prairie, AB	Grande Prairie Nissan	Nissan	2007	Y	Leased
Grande Prairie, AB	Grande Prairie Volkswagen	Volkswagen	2013	Y	Owned
Ponoka, AB	Ponoka Chrysler Dodge Jeep Ram	Stellantis	1998	Y	Owned
Sherwood Park, AB	Sherwood Park Hyundai	Hyundai	2006	Y	Owned
Sherwood Park, AB	Sherwood Park Volkswagen	Volkswagen	2017	Y	Leased
Spruce Grove, AB	Parkland Chrysler Dodge Jeep Ram	Stellantis	2015	Y	Leased
Saskatoon, SK	Dodge City Chrysler Dodge Jeep Ram	Stellantis	2014	Y	Leased
Winnipeg, MB	Audi Winnipeg	Audi	2013	Y	Leased
Winnipeg, MB	St. James Volkswagen	Volkswagen	2013	Y	Leased
Winnipeg, MB	Eastern Chrysler Dodge Jeep Ram	Stellantis	2014	Y	Owned
Brantford, ON	Brantford Honda	Honda	2021	Q1 2024	Leased
Cambridge, ON	Cambridge Hyundai	Hyundai	2008	Y	Owned
Guelph, ON	Guelph Hyundai	Hyundai	2016	Y	Leased
Guelph, ON	Guelph Kia	Kia	2021	Q1 2024	Leased
Guelph, ON	Wellington Motors	Stellantis	2016	Y	Leased
Hamilton, ON	Acura of Hamilton	Acura	2021	Q1 2024	Leased
Hamilton, ON	Kia of Hamilton	Kia	2021	Q1 2024	Leased
Hamilton, ON	Plaza Nissan	Nissan	2021	Q1 2024	Leased
Hamilton, ON	Subaru of Hamilton	Subaru	2021	Q1 2024	Leased
London, ON	London Honda	Honda	2021	Q1 2024	Leased
London, ON	London Kia	Kia	2021	Q1 2024	Leased

Location	Operating Name	Franchise	Year Opened or Acquired	Same Store ¹	Owned or Leased ²
London, ON	South London Nissan	Nissan	2021	Q1 2024	Leased
London, ON	London Infiniti	Infiniti	2021	Q1 2024	Leased
London, ON	Porsche of London	Porsche	2022	Q3 2024	Owned
Mississauga, ON	401 Dixie Hyundai	Hyundai	2008	Y	Leased
Ottawa, ON	Hunt Club Nissan	Nissan	2015	Y	Leased
Ottawa, ON	417 Nissan	Nissan	2015	Y	Leased
Waterloo, ON	Waterloo Honda	Honda	2021	Q1 2024	Leased
Windsor, ON	Rose City Ford	Ford	2018	Y	Leased
Windsor, ON	Audi Windsor	Audi	2022	Q3 2024	Owned
Montréal, 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
Crystal Lake, IL	Crystal Lake Chrysler Dodge Jeep Ram	Stellantis	2021	Q1 2024	Owned
Lincolnwood, IL	Hyundai of Lincolnwood	Hyundai	2018	Y	Leased
Lincolnwood, IL	Kia of Lincolnwood	Kia	2018	Y	Leased
Lincolnwood, IL	Toyota of Lincolnwood	Toyota	2018	Y	Leased
Bloomington/Normal, IL	Bloomington/Normal Auto Mall ³	Various	2018	Y	Leased
Palatine, IL	Hyundai of Palatine	Hyundai	2018	Y	Leased
Palatine, IL	Chevrolet of Palatine	General Motors	2018	Y	Leased
Peoria, IL	Autohaus of Peoria ⁴	Various	2020	Q1 2023	Leased
Majority Owned:					
Duncan, BC	Island Chevrolet Buick GMC	General Motors	2013	Y	Leased
North Battleford, SK	Bridges Chevrolet Buick GMC	General Motors	2014	Y	Owned
Prince Albert, SK	Mann-Northway Auto Source	General Motors	2014	Y	Leased
Saskatoon, SK	Saskatoon Motor Products	General Motors	2014	Y	Leased
Winnipeg, MB	McNaught Cadillac 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 Stores. If the dealership is not indicated with the letter "Y", in the indicated quarter is the first quarter in which the dealership will be included for Same Store analysis. For Same Stores analysis purposes, we have only considered Canadian dealerships.

2 This column summarizes whether the dealership property is owned or leased.

3 This dealership consists of the following individual storefronts and franchises: Audi, Mercedes-Benz, Lincoln, Subaru, Volkswagen and Volvo.

4 This dealership consists of the following individual storefronts and franchises: Porsche, Audi, Mercedes-Benz and Volkswagen.

The following table sets forth the 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 Store¹	Owned or Leased²
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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