

AUTOCANADA ANNOUNCES FIXED INCOME INVESTOR UPDATE AND SELECTED PRELIMINARY 2021 FOURTH QUARTER RESULTS

EDMONTON, Alberta, January 17, 2022 - AutoCanada Inc. ("AutoCanada" or the "Company") (TSX: ACQ), a leading multi-location North American automobile dealership group, is pleased to announce that it is meeting with fixed income investors to provide an update on its operations and acquisitions, including its recently announced acquisition of 11 dealerships from the Autopoint Group. In connection with its update to fixed income investors, AutoCanada is providing the following preliminary unaudited highlights of what it expects to report in respect of its fourth quarter 2021 results, as well as management's estimates relating to the financial impact of the acquisitions announced or completed during Q4 2020 and fiscal 2021 (the "Acquisitions"), including those announced in the fourth quarter of 2021.

Preliminary Unaudited Fourth Quarter 2021 Operating Results

For the three month period ended December 31, 2021 ("Q4 2021"), on a preliminary unaudited basis (as discussed in further detail below), management expects to report the following highlights:

- Q4 2021 revenue of approximately \$1,130 to \$1,170 million, representing growth of approximately 30% over the same period in 2020 ("Q4 2020");
- Same store¹ total retail unit sales growth of approximately 13% as compared to 3.9% in Q4 2020;
- An increase in AutoCanada's same store¹ used-to-new vehicles sold ratio to approximately 1.30 in Q4 2021 from 0.91 in Q4 2020; and
- An increase in net debt by approximately \$170 to \$190 million in the quarter, from \$29.8 million as at September 30, 2021, to approximately \$200 to \$220 million as at December 31, 2021. The increase includes debt incurred in connection with the acquisition of 11 dealerships from the Autopoint Group, the acquisitions of Airdrie Autobody in Canada and Crystal Lake Stellantis in the U.S., and the purchase of dealership real estate under development in Maple Ridge, BC, which represented a total cash outflow of approximately \$191 million during the quarter.

Paul Antony, Executive Chairman of the Company, stated, "We are on track for another record fourth quarter, reflecting the ongoing positive momentum across our business and the fundamental strength and resiliency of our operating platform and balance sheet. This strong operational and financial performance enables us to continue to develop organically while executing on our disciplined acquisition and innovation strategy."

Estimated Financial Impact of the Acquisitions

For the 12 month period ending September 30, 2021, AutoCanada's reported net income was \$122 million and it had Normalized Adjusted EBITDA (Pre-IFRS 16)² of \$172 million and Normalized Adjusted EBITDA (inclusive of IFRS 16 impacts)² of \$215 million. Management estimates that if the Acquisitions had occurred on the first day of the 12 month period ending September 30, 2021, the Company would have reported approximately \$194 million in Pro Forma Normalized Adjusted EBITDA (Pre-IFRS 16)² and approximately \$242 million of Pro Forma Normalized Adjusted EBITDA (inclusive of IFRS 16 impacts)² for that period.

Management further estimates that if the Acquisitions had occurred on the first day of the 12 month period ending September 30, 2021, AutoCanada would have had sales of over 94,000 new and used vehicles in that period, as compared to over 71,000 in the 12 month period ending September 30, 2019, and Pro Forma Revenues² of \$4.9 billion in the 12 month period ending September 30, 2021 as compared to \$3.4 billion in the 12 month period ending September 30, 2019.

Management estimates that if the Acquisitions had been completed on the first day of the 12 month period ending September 30, 2021, and providing for assumptions on debt associated with such Acquisitions, it would have resulted in the following select credit metrics as of September 30, 2021:

¹ Same stores includes only Canadian dealerships which have been owned for at least two full years since acquisition.

² See "Non-GAAP Measures and Pro Forma Financial Information and Credit Metrics" below.

- Pro Forma Secured Debt^{2,3} / Pro Forma Normalized Adjusted EBITDA (Pre-IFRS 16)² of approximately 0.3x
- Pro Forma Total Debt^{2,3} / Pro Forma Normalized Adjusted EBITDA (Pre-IFRS 16)² of approximately 1.6x
- Pro Forma Net Debt^{2,3} / Pro Forma Normalized Adjusted EBITDA (Pre-IFRS 16)² of approximately 1.1x
- Pro Forma Total Debt (including Lease Liabilities)^{2,3} / Pro Forma Normalized Adjusted EBITDA (inclusive of IFRS 16 impacts)² of approximately 3.2x
- Pro Forma Net Debt (including Lease Liabilities)^{2,3} / Pro Forma Normalized Adjusted EBITDA (inclusive of IFRS 16 impacts)² of approximately 2.8x

The Company has not yet completed its financial closing process for Q4 2021, and the selected unaudited results provided above, as well as the Company's estimates of Pro Forma Normalized Adjusted EBITDA (Pre-IFRS 16)² and Pro Forma Normalized Adjusted EBITDA (inclusive of IFRS 16 impacts)² and the related pro forma credit metrics, are preliminary estimates. Actual results may differ materially from these estimates due to the completion of the Company's financial closing procedures, final adjustments, review by the Company's auditors and other developments that may arise between now and the time the financial results are finalized. These estimates are not a comprehensive statement of the Company's financial results for Q4 2021 or for any other period and should not be viewed as a substitute for full financial statements prepared in accordance with International Financial Reporting Standards, and these estimates are not necessarily indicative of the results to be achieved for Q4 2021 or for any other period. The Company is issuing preliminary results in order to enable it to disclose such information in connection with its update to fixed income investors, and the Company does not intend to provide preliminary results in the future. The preliminary results provided in this press release constitute forward-looking statements within the meaning of applicable securities laws, are based on a number of assumptions and are subject to a number of risks and uncertainties. Please see the section below entitled "Forward-Looking Statements". The preliminary results have been prepared by, and are the responsibility of, management of the Company. The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has not reviewed the preliminary results. Neither PricewaterhouseCoopers LLP nor any other independent accountants express an opinion or any other form of assurance with respect to the preliminary results.

About AutoCanada

AutoCanada is a leading North American multi-location automobile dealership group operating 78 franchised dealerships, comprised of 28 brands, in eight provinces in Canada as well as a group in Illinois, USA. AutoCanada currently sells Chrysler, Dodge, Jeep, Ram, FIAT, Alfa Romeo, Chevrolet, GMC, Buick, Cadillac, Ford, Infiniti, Nissan, Hyundai, Subaru, Audi, Volkswagen, Kia, Mazda, Mercedes-Benz, BMW, MINI, Volvo, Toyota, Lincoln, Honda, Porsche and Acura branded vehicles. Additionally, the Company's Canadian operations segment currently operates two used vehicle dealership supporting the Used Digital Retail Division, and four stand-alone collision centres (within our group of 18 collision centres). In 2020, our then dealerships sold approximately 66,000 vehicles and processed over 756,000 service and collision repair orders in our 1,098 service bays generating revenue in excess of \$3 billion.

Non-GAAP Measures and Pro Forma Financial Information and Credit Metrics

This press release includes certain financial measures that do not have any standardized meaning prescribed by Canadian GAAP including (i) Pro Forma Normalized Adjusted EBITDA (Pre-IFRS 16); (ii) Pro Forma Normalized Adjusted EBITDA (inclusive of IFRS 16 impacts); (iii) Pro Forma Secured Debt; (iv) Pro Forma Total Debt; (v) Pro Forma Net Debt; (vi) Pro Forma Total Debt (including Lease Liabilities); (vi) Pro Forma Net Debt (including Lease Liabilities); (vii) Pro Forma Revenue; (viii) Adjusted EBITDA; (ix) Normalized Adjusted EBITDA; and (x) Normalized Adjusted EBITDA (Pre-IFRS 16). Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Readers are cautioned these measures should not

³ Pro forma includes debt incurred in connection with the acquisition of 11 dealerships from the Autopoint Group, the acquisitions of Airdrie Autobody in Canada and Crystal Lake Stellantis in the U.S., and the purchase of dealership real estate under development in Maple Ridge, BC, during the fourth quarter of 2021.

be construed as an alternative to net income (loss), cash and cash equivalents, lease liabilities, and total indebtedness determined in accordance with Canadian GAAP, as indicators of our performance or as a measure of our liquidity. We provide these measures to assist investors in determining our ability to generate earnings and to provide additional information on how cash resources are used.

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 and credit metrics below 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 and credit metrics 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 credit metrics, and such variation may be material.

The following table illustrates Pro Forma Revenue, for the twelve-month periods ended September 30, over the last two years of operations:

(dollars in thousands)	September 30, 2021	September 30, 2020
Period from October 1 to September 30		
Revenue	4,333,754	3,262,476
Pro Forma Item:		
Estimate of the impact of the Acquisitions if they had occurred on the first day of the period, prior to any synergies	544,660	-
Pro Forma Revenue	4,878,414	3,262,476

The following table illustrates Pro Forma Normalized Adjusted EBITDA (Pre-IFRS 16) and Pro Forma Normalized Adjusted EBITDA (inclusive of IFRS 16 impacts), for the twelve-month periods ended September 30, over the last two years of operations:

(dollars in thousands)	September 30, 2021	September 30, 2020
Period from October 1 to September 30		
Net income (loss) for the period	122,121	(47,729)
Add back:		
Income tax expense (recovery)	37,588	(10,786)
Depreciation of property and equipment	17,265	17,933
Interest on long-term indebtedness	19,703	15,966
Depreciation of right of use assets	24,992	24,897
Lease liability interest	21,798	22,891
	243,467	23,172
Add back:		
Impairment of non-financial assets, net	(11,248)	59,456
Share-based compensation (Used Digital Retail Division)	435	-
Loss on redemption liabilities	(2,108)	1,896
Loss on extinguishment of debt	1,128	4,002
Unrealized fair value changes in derivative instruments	(5,861)	3,650
Amortization of loss on terminated hedges	3,268	1,491
Unrealized foreign exchange losses	532	711
Unrealized fair value changes on embedded derivative	(4,528)	-
Loss on land and building sales (Q4 2019)	-	227
Loss (gain) on disposal of assets	1,377	(1,919)
Adjusted EBITDA	226,462	92,686
Normalizing Items:		
Add back:		
Inventory write-down	1,841	20,884
Severance charges	-	8,170

Write-off of prepaid advertising leads	-	2,131
One-time retention and recognition payments for key dealership employees	1,209	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
<i>Less:</i>		
Canada Emergency Wage Subsidy	(7,177)	(32,475)
Canada Emergency Rent Subsidy	(536)	-
Forgiveness of PPP loans	(6,728)	-
Normalized Adjusted EBITDA	215,071	103,457
Pro Forma Item:		
Estimate of the impact of the Acquisitions if they had occurred on the first day of the period, prior to any synergies	27,392	-
Pro Forma Normalized Adjusted EBITDA (inclusive of IFRS 16 impacts)	242,463	103,457
Pre-IFRS 16 Adjustments:		
Rental expense	(46,370)	(44,940)
FMV rent adjustment	4,240	4,531
Step lease adjustment	(653)	(973)
	(42,783)	(41,382)
Pro Forma Item:		
Estimate of the impact of the Acquisitions if they had occurred on the first day of the period, prior to any synergies	(5,235)	-
Pro Forma Normalized Adjusted EBITDA (Pre-IFRS 16)	194,445	62,075

The following table illustrates Normalized Adjusted EBITDA (Pre-IFRS 16), for the twelve-month periods ended September 30, over the last two years of operations:

(dollars in thousands)	September 30, 2021	September 30, 2020
Period from October 1 to September 30		
Normalized Adjusted EBITDA	215,071	103,457
Pre-IFRS 16 Adjustments:		
Rental expense	(46,370)	(44,940)
FMV rent adjustment	4,240	4,531
Step lease adjustment	(653)	(973)
	(42,783)	(41,382)
Normalized Adjusted EBITDA (Pre-IFRS 16)	172,288	62,075

The following table illustrates Pro Forma Secured Debt, Pro Forma Total Debt, and Pro Forma Net Debt as at September 30:

(dollars in thousands)	September 30, 2021	September 30, 2020
Total indebtedness	246,140	192,281
<i>Add back:</i>		
Embedded derivative	4,528	-
	250,668	192,281
Pro Forma Item:		
Estimate of the impact of the Acquisitions, if they had occurred on such date, on the Company's borrowings under the Revolving facilities	65,000	-
Pro Forma Total Debt³	315,668	192,281
<i>Less:</i>		
Senior unsecured notes	(256,494)	(123,920)
<i>Add back:</i>		
Unamortized deferred financing cost	5,122	3,360
Pro Forma Secured Debt³	64,296	71,721
(dollars in thousands)	September 30, 2021	September 30, 2020
Pro Forma Total Debt³	315,668	192,281
Cash and cash equivalents	(220,857)	(110,858)
Pro Forma Item:		
Estimated reduction in Cash and cash equivalents as a result of the Acquisitions, if they had occurred on such date	126,295	-
Pro Forma Net Debt³	221,106	81,423

The following table illustrates Pro Forma Total Debt (including Lease Liabilities) and Pro Forma Net Debt (including Lease Liabilities) as at September 30:

(dollars in thousands)	September 30, 2021	September 30, 2020
Pro Forma Total Debt³	315,668	192,281
Lease liabilities	390,670	377,184
Pro Forma Item:		
Estimate of the impact of the Acquisitions on Lease liabilities, if they had occurred on such date	63,543	-
Pro Forma Total Debt (including Lease Liabilities)³	769,881	569,465

(dollars in thousands)	September 30, 2021	September 30, 2020
Pro Forma Net Debt⁴	221,106	81,423
Lease liabilities	390,670	377,184
Pro Forma Item:		
Estimate of the impact of the Acquisitions on Lease liabilities, if they had occurred on such date	63,544	-
Pro Forma Net Debt (including Lease Liabilities)³	675,320	458,607

Forward Looking Statements

Certain statements contained in this press release are forward-looking statements and information (collectively "forward-looking statements"), within the meaning of the applicable Canadian securities legislation. We hereby provide cautionary statements identifying important factors that could cause 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 of 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. In particular, this press release contains forward-looking statements with respect to, among other things, AutoCanada's preliminary operating and financial results for Q4 2021 and the expected impact of acquisitions completed in fiscal 2021.

The forward-looking statements included in this press release are not guarantees of future performance and should not be unduly relied upon. Readers are cautioned that forward-looking statements are based on current expectations, estimates and projections that, by their nature, involve a number of known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. These known and unknown risks and uncertainties include, but are not limited to: potential changes in the regulatory and legislative environment; political uncertainty and instability in North America and internationally; volatility in interest and tax rates; operating risks inherent in the automotive retail industry; and changes in general economic conditions including the capital and credit markets.

Forward-looking statements 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. In particular, in presenting its forward-looking statements, AutoCanada has made assumptions respecting, among other things: the relative stability of general North American economic conditions; and regulatory and legislative conditions. Therefore, any such forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this press release.

AutoCanada cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive.

The Company's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website at 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.

Additional Information

Additional information about AutoCanada is available at the Company's website at www.autocan.ca and www.sedar.com.

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