AutoCanada

First Quarter

Management Discussion & Analysis

autocan.ca

2024

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

For the three-month period ended March 31, 2024

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. READER ADVISORIES AND FORWARD-LOOKING STATEMENTS

This Management's Discussion & Analysis ("MD&A") was prepared as of May 1, 2024, to assist readers in understanding AutoCanada Inc.'s (the "Company" or "AutoCanada") consolidated financial performance for the three-month period ended March 31, 2024, 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 of AutoCanada as at and for the three-month period ended March 31, 2024 (the "Interim Financial Statements"), the audited annual consolidated financial statements and accompanying notes of AutoCanada as at and for the year ended December 31, 2023 (the "Annual Financial Statements"), and the MD&A for the year ended December 31, 2023. The Interim Financial Statements have been prepared in accordance with IFRS Accounting Standards (as issued by the International Accounting Standards Board) applicable to preparation of interim financial statements under IAS 34, The Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards. IFRS Accounting Standards are referred to as GAAP in this MD&A. Results are reported in Canadian dollars and have been rounded to the nearest thousand dollars, unless otherwise stated.

The Company's Board of Directors, upon recommendation of its Audit Committee, approved the contents of this MD&A on May 1, 2024.

To provide more meaningful information, this MD&A typically refers to the operating results for the three-month period ended March 31, 2024 of the Company, and compares these to the operating results of the Company for the three-month period ended March 31, 2023.

This MD&A also makes reference to certain non-GAAP measures ("Non-GAAP Measures"), capital management measures, and supplementary financial measures to assist users in assessing AutoCanada's performance. Non-GAAP measures and other financial measures do not have any standard meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures are identified and described under section 13 Non-GAAP and Other Financial Measures.

Same store metrics include dealerships and related businesses which have been owned for at least one full year since acquisition or opening and as a result comparisons to prior year results may be impacted by acquisitions. Refer to Section 5 Acquisitions, Divestitures, and Other Recent Developments and Section 17 Same Store Results Data for further details.

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

2. EXECUTIVE SUMMARY

Business Overview

Canadian Operations

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

AutoCanada's U.S. Operations segment, operating as Leader Automotive Group ("Leader"), currently operates 18 franchised dealerships comprised of 16 brands, in Illinois, USA. Leader currently sells Audi, Chevrolet, Chrysler, Dodge, Honda, Hyundai, Jeep, Kia, Lincoln, Mercedes-Benz, Porsche, Ram, Subaru, Toyota, Volkswagen, and Volvo branded vehicles. In 2023, our U.S. dealerships sold approximately 13,800 new and used retail vehicles.

Seasonality

The Company's results from operations for the three-month period ended March 31, 2024 are not necessarily indicative of the results that may be expected for the full fiscal year due to seasonal variations in sales levels. The Company's operating results and financial performance have historically been lower in the first and fourth quarters than during the second and third quarters of each year. The timing of acquisitions and divestitures may also cause substantial fluctuations in operating results from quarter to quarter.

2024 First Quarter Key Highlights and Recent Developments

All comparisons presented below are between the three-month periods ended March 31, 2024 and March 31, 2023, unless otherwise indicated.

AutoCanada Key Highlights

- Revenue was $1,420.9 million as compared to $1,539.3 million in the prior year, a decrease of (7.7)%
- Net (loss) income for the period was $(2.4) million as compared to $8.4 million in the prior year, a decrease of (128.2)%
- Diluted earnings (loss) per share was $(0.10) as compared to $0.32 in the prior year
- Adjusted EBITDA[1] was $22.0 million versus $45.0 million in the prior year, a decrease of $(23.0) million

FIRST QUARTER RESULTS

	Three-Months Ended March 31		
Consolidated Financial Results	**2024**	**2023**	**% Change**
Revenue	1,420,928	1,539,326	(7.7)%
Same store revenue	1,377,993	1,528,883	(9.9)%
Gross profit	229,327	254,982	(10.1)%
Gross profit percentage [2]	16.1%	16.6%	(0.5) ppts
Operating expenses	211,664	211,601	0.0%
Net (loss) income	(2,361)	8,384	(128.2)%
Basic net (loss) income per share attributable to AutoCanada shareholders	(0.10)	0.33	(130.3)%
Diluted net (loss) income per share attributable to AutoCanada shareholders	(0.10)	0.32	(131.3)%
Adjusted EBITDA	21,966	45,028	(51.2)%
Adjusted EBITDA margin [1]	1.5%	2.9%	(1.4) ppts
New retail vehicles sold (units) [2]	9,287	8,771	5.9%
Used retail vehicles sold (units) [2]	13,330	15,290	(12.8)%
New vehicle gross profit per retail unit [2]	4,859	5,337	(9.0)%
Used vehicle gross profit per retail unit [2]	1,264	1,317	(4.0)%
Parts and service ("P&S") gross profit	83,258	83,231	0.0%
Collision repair ("Collision") gross profit	14,304	10,645	34.4%
Finance, insurance and other ("F&I") gross profit per retail unit average [2]	3,275	3,462	(5.4)%
Normalized operating expenses before depreciation [1]	191,321	194,414	(1.6)%
Normalized operating expenses before depreciation as a % of gross profit [1]	83.4%	76.2%	7.2 ppts
Floorplan financing expense	19,617	15,697	25.0%

Consolidated revenue decreased due to lower used retail vehicle sales, and lower F&I revenues, partially offset by higher new vehicle sales, positive contributions from collision operations and recent acquisitions.

Consolidated gross profit decreased primarily due to lower used retail vehicle sales and lower contributions from F&I.

Normalized operating expenses before depreciation, which excludes share-based compensation, transaction costs, and other non-recurring costs, declined due to lower employee costs. Normalized operating expenses before depreciation as a percentage of gross profit increased due to compressed gross profit.

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

Net loss for the period resulted from lower gross profits for the reasons stated above, an impairment charge in the current quarter for an asset held for sale, and higher floorplan financing expenses, partially offset by gains from the sale of two properties completed during the quarter.

Adjusted EBITDA for the period and adjusted EBITDA margin decreased primarily as a result of lower gross profits combined with higher floorplan financing expenses.

[1] *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of these Non-GAAP Measures.*

Canadian Operations Highlights

Canadian Financial Results	Three-Months Ended March 31 2024	2023	% Change
Revenue	1,240,279	1,340,255	(7.5)%
Gross profit	200,778	220,373	(8.9)%
Gross profit percentage	16.2%	16.4%	(0.2) ppts
Operating expenses	180,056	177,396	1.5%
Net income	6,681	12,428	(46.2)%
Adjusted EBITDA	25,901	44,566	(41.9)%
Adjusted EBITDA margin	2.1%	3.3%	(1.2) ppts
New retail vehicles sold (units)	7,909	7,603	4.0%
Used retail vehicles sold (units)	11,600	13,106	(11.5)%
Used-to-new retail units ratio [3]	1.47	1.72	(14.5)%
New vehicle gross profit per retail unit	5,026	5,386	(6.7)%
Used vehicle gross profit per retail unit	1,484	1,431	3.7%
P&S gross profit	69,742	71,738	(2.8)%
Collision gross profit	14,304	10,645	34.4%
F&I gross profit per retail unit average	3,263	3,473	(6.0)%

Revenue and gross profit decreased as a result of lower used vehicle sales and F&I operations, partially offset by contributions from collision operations, new vehicle sales and recent acquisitions. Growth in collision gross profit was driven by strong customer demand, increased production capacity and acquisitions. Used vehicle gross profit per retail unit increased due to a larger inventory writedown provision recognized in the prior year. F&I gross profit per retail unit average decreased as a growing proportion of retail vehicle sales are being purchased without dealer financing, resulting in fewer opportunities to sell higher margin warranty and insurance products.

Adjusted EBITDA declined due to the reasons stated above combined with higher floorplan financing expenses.

Refer to Section 5 Acquisitions, Divestitures, and Other Recent Developments for acquisitions included in the Q1 2024 results.

Same Store Metrics - Canadian Operations Highlights

Same store metrics include operations that have been owned for at least one full year since acquisition. As there have been no acquisitions or divestitures in the U.S. Operations in the past 13 months, U.S. Operations are all same store. Therefore, the table below discloses same store metrics on a Canadian Operations basis only.

Same Store - Canadian Operations Financial Results	Three-Months Ended March 31 2024	2023	% Change
Revenue	1,197,343	1,329,813	(10.0)%
Gross profit	194,974	216,956	(10.1)%
Gross profit percentage	16.3%	16.3%	0.0 ppts
New retail vehicles sold (units)	7,535	7,453	1.1%
Used retail vehicles sold (units)	11,321	12,993	(12.9)%
Used-to-new retail units ratio	1.50	1.74	(13.8)%
New vehicle gross profit per retail unit	5,026	5,432	(7.5)%
Used vehicle gross profit per retail unit	1,485	1,420	4.6%
P&S gross profit	67,906	70,955	(4.3)%
Collision gross profit	12,092	9,212	31.3%
F&I gross profit per retail unit average	3,307	3,491	(5.3)%

For Canadian Operations, same store results make up 96.5% of revenue and 97.1% of gross profit in the current quarter. Refer to Section 17 Same Store Results Data for further information.

Revenue and gross profit decreased primarily as a result of reduction in both used retail vehicles sold and average selling price per used vehicle[2], partially offset by collision operations. The reduction in used retail vehicles sales volume reflects more new vehicle product availability with the normalization of new vehicle inventory. The lower average selling price per used vehicle reflects consumers preference for lower priced vehicles in the current high

[2] *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

interest rate environment.

New vehicle gross profit per retail unit declined reflecting higher sales of lower priced vehicles compared to last year. Used vehicle gross profit per retail unit increased reflecting a larger used vehicle inventory writedown provision recorded in the prior year, a lower average selling price per used vehicle, and the continued market pressure on used vehicle margins. The increase in collision gross profit resulted from strong demand and acquisitions. The decrease in F&I gross profit per retail unit average reflects lower retail sales volumes and higher non-dealer financed transactions.

U.S. Operations Highlights

	Three-Months Ended March 31		
U.S. Financial Results	**2024**	**2023**	**% Change**
Revenue	180,649	199,071	(9.3)%
Gross profit	28,549	34,609	(17.5)%
Gross profit percentage	15.8%	17.4%	(1.6) ppts
Operating expenses	31,608	34,205	(7.6)%
Net loss	(9,042)	(4,044)	(123.6)%
Adjusted EBITDA	(3,935)	462	(951.7)%
Adjusted EBITDA margin	(2.2)%	0.2%	(2.4) ppts
New retail vehicles sold (units)	1,378	1,168	18.0%
Used retail vehicles sold (units)	1,730	2,184	(20.8)%
Used-to-new retail units ratio	1.26	1.87	(32.6)%
New vehicle gross profit per retail unit	3,904	5,023	(22.3)%
Used vehicle gross profit per retail unit	(213)	634	(133.6)%
P&S gross profit	13,516	11,493	17.6%
F&I gross profit per retail unit average	3,353	3,400	(1.4)%

Revenue and gross profit declined due to lower used retail vehicle sales and lower F&I performance, partially offset by contributions from P&S operations and new retail vehicle sales. Used vehicle performance was negatively impacted by market dynamics that made sourcing optimal used vehicle inventory more challenging. P&S gross profit increased due to the successful implementation of various initiatives to improve operational effectiveness.

Adjusted EBITDA declined due to lower used vehicle gross profits and higher floorplan financing costs, partially offset by higher P&S gross profit.

Collision Centre Operations Highlights

	Three-Months Ended March 31		
Collision Centre Financial Results	**2024**	**2023**	**% Change**
Revenue	32,601	27,751	17.5%
Gross profit	14,304	10,645	34.4%
Gross profit percentage	43.9%	38.4%	5.5 ppts
Adjusted EBITDA	2,685	2,580	4.1%
Same store revenue	26,851	26,199	2.5%
Same store gross profit	12,092	9,212	31.3%
Same store gross profit percentage	45.0%	35.2%	9.8 ppts

Collision revenue, gross profit, and gross profit percentage increased reflecting contributions from acquisitions and strong customer demand supported by increased Original Equipment Manufacturers ("OEM") certifications and insurance referrals.

Same store revenue, gross profit, and gross profit percentage increased for the reasons noted.

Adjusted EBITDA increased for the reasons noted above.

Other Recent Developments

During the quarter:

- On February 1, 2024, the Company entered into a $75.0 million interest rate swap with a fixed one-month Canadian Dollar Offered Rate ("CDOR") of 3.77%. The swap has an initial settlement date of February 1, 2027 and may be extended by the counterparty to February 1, 2029.
- On February 1, 2024, the Company completed the previously announced sale of two properties located in British Columbia and Alberta for cash consideration of $41.4 million plus customary closing adjustments. Refer to Section 5 Acquisitions, Divestitures, and Other Recent Developments for additional information.
- On March 1, 2024, the newly built open point dealership, Maple Ridge GM, located in Maple Ridge, B.C., commenced operations. The dealership consists of a dealership and service facility with 14 service bays and is the Company's first GM dealership in the Metro Vancouver area.
- On March 7, 2024, the Company announced that it had received approval from the Toronto Stock Exchange ("TSX") for the renewal of its normal course issuer bid ("NCIB"). Pursuant to the NCIB, AutoCanada may purchase up to 1,329,106 common shares during the twelve-month period commencing March 11, 2024 and ending March 10, 2025 or such earlier date as the Company may complete its purchases under the NCIB. For the period ended March 31, 2024, the Company has repurchased and cancelled 78,688 common shares for an average price of $24.67 and total cash consideration of approximately $1.9 million.
- On March 27, 2024, in connection with its previously announced NCIB, AutoCanada received approval from the TSX to implement an automatic share purchase plan ("ASPP") with its designated broker. The ASPP will terminate on March 10, 2025, unless terminated earlier in accordance with its terms.

After the quarter:

- For the period from April 1, 2024 to May 1, 2024, under the NCIB and ASPP, the Company has repurchased and cancelled 78,000 common shares for an average price of $24.53 and total cash consideration of approximately $1.9 million.
- On April 22, 2024, the Company entered into the fourth amended and restated credit agreement ("New Credit Facility") with the existing lending syndicate. The New Credit Facility includes the following:
  - Extend the maturity date to April 22, 2027 to maintain a three-year term;
  - Creation of a new $25 million capital expenditure term facility, and a corresponding $25 million accordion facility, to support the anticipated leasehold spending in the coming quarters;
  - Total aggregate bank facilities increased from $1.610 billion to $1.635 billion, with no changes to the revolving, wholesale flooring, and wholesale leasing facilities;
  - Enhancements to the Company's ability to floor a higher proportion of used vehicles;
  - Transition from CDOR to Canadian Overnight Repo Rate Average ("CORRA"); and
  - Certain administrative changes.
- On May 1, 2024, the Company completed the sale of specific land and building in Alberta for cash consideration of $10.0 million plus closing adjustments resulting in a gain of $3.4 million. The land and buildings were presented as held for sale in the Interim Financial Statements.

3. MARKET AND OUTLOOK

New light vehicle inventory is replenishing in North America following the supply shortages that occurred during the pandemic. According to Wards Intelligence, seasonally adjusted new light vehicle inventory in the U.S. has increased in 23 of the last 24 months, with inventory replenishment in Canada lagging the U.S. by approximately six to nine months.

In Canada, DesRosiers Automotive Consultants is currently forecasting 2024 new vehicle sales of approximately 1.8 million units, compared to 1.7 million units in 2023. Increases in new light vehicle inventory combined with a higher cost of borrowing, which creates consumer desire to minimize vehicle acquisition financing, is resulting in normalizing total gross profit per new retail unit. This trend has been established over the past year in the U.S., where inventory replenishment is more advanced, and is also playing out in Canada. Additionally, pandemic era new light vehicle supply shortages interrupted the normal course development of affordable, quality used vehicles. This has created a challenge in sourcing sufficient used vehicle inventory that is aligned with consumer preferences.

Against the backdrop of challenging market conditions, AutoCanada remains focused on its strategies to outperform the broader market while protecting profitability. Improving used vehicle acquisition to optimize unit profitability, careful new and used inventory management, along with a committed focus on cost savings and efficiency opportunities remain key priorities. Furthermore, the Company is focused on the commercial launch of the Kijiji F&I and Instant Cash Offer ("ICO") initiatives, which are slated to occur in the third and fourth quarter of 2024, respectively.

In August 2023, Project Elevate was launched across the organization. It is a five-year business plan that is focused on three priorities:

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

In January 2024, management initiated a restructuring plan at its U.S. Operations, including the implementation of its Canadian operating standards in its U.S. business. This included new and used vehicle sales practices, new and used inventory procurement and management, F&I certification and training, and P&S and collision best practices. These changes are expected to bring the U.S. segment to sustainable profitability by the end of 2024.

Management also made progress on execution of Project Elevate initiatives in its Canadian Operations during the first quarter of 2024. Projects to modernize corporate infrastructure in support of achieving efficiencies are underway in Finance, HR, and Information Technology, and best practices playbooks have been implemented across several functions. Management has developed new standard operating expense targets by brand, which will be implemented across its Canadian Operations, by the end of June 2024. These initiatives are foundational to our five-year objective to close the gap to normalized peer profitability.

Despite a challenging macro environment, AutoCanada remains dedicated to the execution of our five-year Project Elevate plan, which is the pathway to a more profitable and lower cost business in the future. We also remain diligent and agile given our expectation that the challenging market conditions experienced during the first quarter of 2024 may remain in the near term. We continue to be opportunistic in our approach to capital allocation between share buybacks, acquisitions, and other growth initiatives, with the objective of maximizing shareholder returns over the long term.

4. RESULTS OF OPERATIONS

First Quarter Operating Results

Revenues, Gross Profit and Gross Profit Percentages

The following table summarizes revenue and gross profit for the three-month periods ended March 31:

	Three-Months Ended March 31			
	2024 $	**2023 $**	**Change $**	**Change %**
New vehicles	580,502	568,596	11,906	2.1%
Used vehicles	573,711	703,499	(129,788)	(18.4)%
Parts and service	154,629	150,997	3,632	2.4%
Collision repair	32,601	27,751	4,850	17.5%
Finance, insurance and other	79,485	88,483	(8,998)	(10.2)%
Total revenue	1,420,928	1,539,326	(118,398)	(7.7)%
New vehicles	45,614	47,484	(1,870)	(3.9)%
Used vehicles	12,078	30,312	(18,234)	(60.2)%
Parts and service	83,258	83,231	27	0.0%
Collision repair	14,304	10,645	3,659	34.4%
Finance, insurance and other	74,073	83,310	(9,237)	(11.1)%
Total gross profit	229,327	254,982	(25,655)	(10.1)%

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

	Three-Months Ended March 31		
	2024	**2023**	**Change ppts**
New vehicles	7.9%	8.4%	(0.5)
Used vehicles	2.1%	4.3%	(2.2)
Parts and service	53.8%	55.1%	(1.3)
Collision repair	43.9%	38.4%	5.5
Finance, insurance and other	93.2%	94.2%	(1.0)
Total gross profit percentage	16.1%	16.6%	(0.5)

New vehicles

For the three-month period ended March 31, 2024

The following table summarizes the financial metrics for the three-month period ended March 31, 2024 and changes compared to the three-month period ended March 31, 2023.

	Three-Months Ended March 31, 2024			Change		
New Vehicle Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	498,476	82,026	580,502	0.3%	14.9%	2.1%
Gross profit	40,370	5,244	45,614	(3.0)%	(10.6)%	(3.9)%
Gross profit percentage (%)	8.1%	6.4%	7.9%	(0.3) ppts	(1.8) ppts	(0.5) ppts
New retail vehicles sold (units)	7,909	1,378	9,287	4.0%	18.0%	5.9%
New vehicle gross profit per retail unit ($)	5,026	3,904	4,859	(6.7)%	(22.3)%	(9.0)%
New Vehicle Inventory days of supply (days)	118	69	111	25	11	22
Average selling price per new vehicle ($)[1]	59,413	59,525	59,429	(0.4)%	(2.6)%	(0.6)%
Same store revenue	476,537	82,026	558,563	(2.9)%	14.9%	(0.6)%
Same store gross profit	38,493	5,244	43,737	(6.5)%	(10.6)%	(7.0)%
Same store gross profit percentage (%)	8.1%	6.4%	7.8%	(0.3) ppts	(1.8) ppts	(0.6) ppts
Same store new retail vehicles sold (units)	7,535	1,378	8,913	1.1%	18.0%	3.4%

1 *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

Consolidated Operations

New Vehicle revenue increased due to higher new vehicle sales volumes and contributions from recent acquisitions, partially offset by lower average selling prices in Canada and the U.S. as new vehicle inventory levels normalize. Gross profit and gross profit percentage decreased as a result of increased sales of lower priced units. New vehicle inventory levels continue to recover with new vehicle inventory days of supply increasing to 111 days during the quarter (2023 - 89 days).

Canadian Operations and Same Store Results

Canadian Operations revenue increased and gross profit decreased for the reasons stated above.

Same store new vehicle revenue and gross profit decreased due to lower average selling price per new vehicle as customers continue to prioritize lower priced vehicles in the current high interest rate environment.

U.S. Operations

Revenue increased due to higher retail sales volumes partially offset by lower average selling prices, which are normalizing with rising new vehicle inventory levels. Gross profit decreased for the reasons stated above.

Used vehicles

For the three-month period ended March 31, 2024

The following table summarizes the financial metrics for the three-month period ended March 31, 2024 and changes compared to the three-month period ended March 31, 2023.

	Three-Months Ended March 31, 2024			Change		
Used Vehicle Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	509,298	64,413	573,711	(16.6)%	(30.5)%	(18.4)%
Gross profit (loss)	12,709	(631)	12,078	(48.0)%	(110.8)%	(60.2)%
Gross profit percentage (%)	2.5%	(1.0)%	2.1%	(1.5) ppts	(7.3) ppts	(2.2) ppts
Used retail vehicles sold (units)	11,600	1,730	13,330	(11.5)%	(20.8)%	(12.8)%
Used vehicle gross profit per retail unit ($)	1,484	(213)	1,264	3.7%	(133.6)%	(4.0)%
Used Vehicle Inventory days of supply (days)	74	68	74	5	5	5
Average selling price per used vehicle ($)	43,905	37,233	43,039	(5.8)%	(12.3)%	(6.5)%
Same store revenue	498,707	64,414	563,121	(18.1)%	(30.5)%	(19.7)%
Same store gross profit	14,133	(630)	13,503	(41.7)%	(110.8)%	(55.1)%
Same store gross profit percentage (%)	2.8%	(1.0)%	2.4%	(1.2) ppts	(7.3) ppts	(1.9) ppts
Same store used retail vehicles sold (units)	11,321	1,730	13,051	(12.9)%	(20.8)%	(14.0)%

Consolidated Operations

Revenue and gross profit decreased as a result of a lower used sales volume due to limited availability of used vehicles, a larger used vehicle inventory provision recorded in Canadian Operations in the prior year, and a decrease in used vehicle wholesale[3] due to the cross-border wholesale export operations benefiting from fluctuating used vehicle prices in the prior year. In addition, lower average selling price per used vehicle reflecting consumer demand for lower priced vehicles also contributed to lower revenues and gross profits.

Used vehicle gross profit per retail unit sold decreased due to continued market pressure on used vehicle margins, corresponding with the lower average selling price per used vehicle. U.S. Operations were also negatively impacted by market dynamics that made sourcing optimal lower priced used vehicle inventory more challenging and resulted in difficulty selling higher priced inventory. Active inventory management resulted in used vehicle inventory days of supply increasing to 74 days (2023 - 68 days). As a result of selling more new vehicles, the used-to-new retail units ratio for the current quarter decreased from 1.74 to 1.44.

Canadian Operations and Same Store Results

Canadian Operations and same store used vehicle revenues, gross profits, and gross profit percentage decreased for the reasons noted above.

Used vehicle gross profit per retail unit increased due to the noted used vehicle inventory provision recorded in the prior year coupled with the lower average selling price per used vehicle and corresponding decrease in vehicle margins.

[3] *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

U.S. Operations

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

Parts and service

For the three-month period ended March 31, 2024

The following table summarizes the financial metrics for the three-month period ended March 31, 2024 and changes compared to the three-month period ended March 31, 2023.

Parts and Service Financial Results	Three-Months Ended March 31, 2024			Change		
	Canada	U.S.	Total	Canada	U.S.	Total
Revenue	130,839	23,790	154,629	2.5%	1.6%	2.4%
Gross profit	69,742	13,516	83,258	(2.8)%	17.6%	0.0%
Gross profit percentage (%)	53.3%	56.8%	53.8%	(2.9) ppts	7.7 ppts	(1.3) ppts
Same store revenue	127,557	23,790	151,347	(0.1)%	1.6%	0.2%
Same store gross profit	67,906	13,516	81,422	(4.3)%	17.6%	(1.2)%
Same store gross profit percentage (%)	53.2%	56.8%	53.8%	(2.4) ppts	7.7 ppts	(0.8) ppts

Consolidated Operations

Revenue increased in both Canada and the U.S. reflecting strong consumer demand and higher customer rates. Gross profits remained relatively flat led by contributions from U.S. Operations and recent acquisitions.

Canadian Operations and Same Store Results

Canadian Operations revenue increased reflecting contributions from recent acquisitions and higher customer rates. Gross profit and gross profit percentage decreased as a result of a change in sales mix, including more lower margin warranty work.

Same store revenue was consistent to the prior year. Same store gross profit, and gross profit percentage decreased for the reasons stated above.

U.S. Operations

Revenue, gross profit, and gross profit percentage increased due to strong customer demand and implementation of various initiatives during the quarter.

Collision repair

For the three-month period ended March 31, 2024

The following table summarizes the financial metrics for the three-month period ended March 31, 2024 and changes compared to the three-month period ended March 31, 2023.

Collision Repair Financial Results	Three-Months Ended March 31, 2024			Change		
	Canada	U.S.	Total	Canada	U.S.	Total
Revenue	32,601	N/A	32,601	17.5%	N/A	17.5%
Gross profit	14,304	N/A	14,304	34.4%	N/A	34.4%
Gross profit percentage (%)	43.9%	N/A	43.9%	5.5 ppts	N/A	5.5 ppts
Same store revenue	26,851	N/A	26,851	2.5%	N/A	2.5%
Same store gross profit	12,092	N/A	12,092	31.3%	N/A	31.3%
Same store gross profit percentage (%)	45.0%	N/A	45.0%	9.8 ppts	N/A	9.8 ppts

Consolidated Operations

Revenue, gross profit, and gross profit percentage increased reflecting contributions from recent acquisitions and increased OEM certifications and insurance referrals. As part of Project Elevate initiative, management has been actively negotiating vendor agreements to reduce the costs, and has successfully implemented the collision playbook and training process to increase capacity and productivity during the quarter.

Canadian Operations and Same Store Results

Canadian Operations and same store revenue, gross profit, and gross profit percentage increased for the reasons stated above.

Finance, insurance and other

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

For the three-month period ended March 31, 2024

The following table summarizes the financial metrics for the three-month period ended March 31, 2024 and changes compared to the three-month period ended March 31, 2023.

	Three-Months Ended March 31, 2024			Change		
F&I Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	69,065	10,420	79,485	(10.2)%	(9.9)%	(10.2)%
Gross profit	63,653	10,420	74,073	(11.5)%	(8.6)%	(11.1)%
Gross profit percentage (%)	92.2%	100.0%	93.2%	(1.3) ppts	1.5 ppts	(1.0) ppts
F&I gross profit per retail unit average ($)	3,263	3,353	3,275	(6.0)%	(1.4)%	(5.4)%
Same store revenue	67,691	10,420	78,111	(11.4)%	(9.9)%	(11.2)%
Same store gross profit	62,350	10,420	72,770	(12.7)%	(8.6)%	(12.1)%
Same store gross profit percentage (%)	92.1%	100.0%	93.2%	(1.3) ppts	1.5 ppts	(0.9) ppts
Same store F&I gross profit per retail unit average ($)	3,307	3,353	3,313	(5.3)%	(1.4)%	(4.8)%

Consolidated Operations

F&I revenue, gross profit and gross profit per retail unit average decreased reflecting a lower total retail vehicle[4] sales volumes and a growing proportion of retail vehicle sales being purchased without dealer financing resulting in fewer opportunities to sell warranty and insurance products.

Canadian Operations and Same Store Results

Canadian Operations and same store revenue, gross profit, gross profit per retail unit average, and gross profit percentage decreased for the reasons stated above.

U.S. Operations

F&I revenue, gross profit and gross profit per retail unit average decreased for the reasons stated above.

Operating expenses

Operating expenses exclude floorplan financing costs, which are presented as Finance Costs. The components of operating expenses are noted below.

Employee Costs

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

Administrative Costs

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

Facility Lease and Storage Costs

Cost of short-term ancillary and supplemental leasing arrangements that support dealership facilities.

Depreciation of Right-of-Use Assets

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

Depreciation of Property and Equipment

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

[4] *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

The Company considers operating expenses before depreciation ("Opex") as a percentage of gross profit and normalized operating expenses before depreciation ("Normalized Opex") as a percentage of gross profit indicators of operating performance and expense control. Normalized Opex excludes share-based compensation, transaction costs, software implementation costs, and other non-recurring costs.

The following table summarizes operating expenses, operating expenses before depreciation, normalized operating expenses before depreciation, operating expenses before depreciation as a percentage of gross profit, and normalized operating expenses before depreciation as a percentage of gross profit for the three-month period ended March 31, 2024, and changes compared to the respective three-month period ended March 31, 2023.

	Three-Months Ended March 31, 2024			Change		
	Canada	U.S.	Total	Canada	U.S.	Total
Employee costs	109,254	18,267	127,521	(0.8)%	(16.9)%	(3.5)%
Administrative costs	54,783	12,018	66,801	2.7%	10.0%	3.9%
Expected credit losses on trade and other receivables	891	—	891	240.1%	(100.0)%	159.0%
Facility lease and storage costs	1,463	—	1,463	38.8%	N/A	38.8%
Depreciation and amortization [1]	13,665	1,323	14,988	8.2%	8.6%	8.2%
Operating expenses	180,056	31,608	211,664	1.5%	(7.6)%	0.0%
Less: Depreciation and amortization [1]	(13,665)	(1,323)	(14,988)	(8.2)%	(8.6)%	(8.2)%
Operating expenses before depreciation	166,391	30,285	196,676	1.0%	(8.2)%	(0.5)%
Less:						
Acquisition-related costs	(493)	—	(493)	(66.6)%	N/A	(66.6)%
Software implementation costs	(657)	—	(657)	N/A	N/A	N/A
Restructuring charges	(2,000)	—	(2,000)	N/A	N/A	N/A
Share-based compensation expense	(2,205)	—	(2,205)	18.5%	N/A	18.5%
Normalized operating expenses before depreciation	161,036	30,285	191,321	(0.2)%	(8.2)%	(1.6)%
Operating expenses before depreciation as a percentage of gross profit (%)	82.9%	106.1%	85.8%	8.1 ppts	10.8 ppts	8.2 ppts
Normalized operating expenses before depreciation as a percentage of gross profit (%)	80.2%	106.1%	83.4%	7.0 ppts	10.8 ppts	7.2 ppts

1. *See Section 16 Segmented Operating Results Data for a breakdown of the types of depreciation and amortization.*

Operating Expenses

For the three-month period ended March 31, 2024

Consolidated Operations

Opex and Normalized Opex remained consistent with the prior year. Normalized Opex as a percentage of gross profit increased largely due to compressed gross profit.

Canadian Operations

Opex increased slightly as a result of recent acquisitions. Normalized Opex as a percentage of gross profit increased due to lower gross profit.

U.S. Operations

Opex decreased due to reduction in variable employee costs and Opex as a percentage of gross profit increased due to lower gross profit.

Net Income (Loss) and Adjusted EBITDA

See Section 14 Non-GAAP and Other Financial Measure Reconciliations for the composition of adjusted EBITDA and adjusted EBITDA margin.

For the three-month period ended March 31, 2024

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

	Three-Months Ended March 31, 2024			Three-Months Ended March 31, 2023		
	Canada	U.S.	Total	Canada	U.S.	Total
Net income (loss) for the period	6,681	(9,042)	(2,361)	12,428	(4,044)	8,384
Adjusted EBITDA	25,901	(3,935)	21,966	44,566	462	45,028
Adjusted EBITDA margin	2.1%	(2.2)%	1.5%	3.3%	0.2%	2.9%

Net Income (Loss)

Net income (loss) decreased as a result of lower gross profits from used vehicles and F&I operations, higher floorplan costs, and an impairment charge in the current quarter, partially offset by higher gross profits from collision, contributions from recent acquisitions, and gain from the sale of two properties.

Adjusted EBITDA

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

Finance costs

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

The Company enters into interest swap agreements for the purpose of managing exposure to interest rate fluctuations. Any changes in the fair value of these instruments are recorded as finance costs as the Company has elected to not apply hedge accounting to these contracts. Current interest rate swap agreements include $177.8 million swap contracts that matures in 2025, and $125.0 million in swap contracts initially maturing in 2026 to 2027, subject to extension to 2029, which help to mitigate interest rate risk in the current high interest rate environment. For further details, refer to Note 18 in the Interim Financial Statements.

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

	Three-Months Ended March 31	
Finance Costs	**2024 $**	**2023 $**
Interest on long-term indebtedness	9,311	9,413
Interest on lease liabilities	8,433	7,823
Loss on extinguishment of debt	—	1,382
Unrealized fair value changes on non-hedging instruments	(372)	460
Amortization of terminated hedges	—	817
	17,372	**19,895**
Floorplan financing	19,617	15,697
Interest rate swap settlements	(1,556)	(251)
Other finance costs	869	486
	36,302	**35,827**

During the three-month period ended March 31, 2024, floorplan financing costs increased compared to prior year reflecting an increase in interest rates and higher new vehicle inventory balances, partially offset by lower used vehicle inventories.

Income taxes

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

	Three-Months Ended March 31	
	2024 $	**2023 $**
Current tax	1,012	3,099
Deferred tax	(1,864)	328
Total income tax (recovery) expense	**(852)**	**3,427**
Effective income tax rate	26.5%	29.0%
Statutory income tax rate	25.4%	25.5%

The change in income tax (recovery) expense reflects changes to underlying earnings, unrecognized deferred tax assets, adjustments in respect of prior years, and other permanent items.

5. ACQUISITIONS, DIVESTITURES, AND OTHER RECENT DEVELOPMENTS

The following are a list of open points, acquisitions or divestitures that have occurred since January 1, 2024.

Dealership Open Points

Maple Ridge GM

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

Divestitures

Settlement of Legal Proceedings and Sale of Properties

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

On February 1, 2024, the Company completed the sale of two land and building parcels in British Columbia and Alberta for cash consideration of $41.4 million plus customary closing adjustments.

Sale of Property in Alberta

On May 1, 2024, the Company completed the sale of specific land and building in Alberta for cash consideration of $10.0 million plus closing adjustments resulting in a gain of $3.4 million. The land and buildings were presented as held for sale in the Interim Financial Statements.

6. LIQUIDITY AND CAPITAL RESOURCES

Management is focused on maximizing enterprise liquidity while minimizing cost and risk within the Company's overall strategic framework. Liquidity risk may arise due to general day-to-day cash requirements and in the management of assets, liabilities and capital resources. Liquidity risk is managed against financial leverage to meet obligations and commitments in a balanced manner.

The principal uses of funds are for capital expenditures, funding acquisitions, debt service and share repurchases. The Company has historically met these requirements by using cash generated from operating activities and through short-term and long-term indebtedness.

Sources of Cash

Credit Facilities

The Company entered into an amended and restated $1,610 million syndicated credit agreement ("Credit Facility") with the Bank of Nova Scotia ("Scotiabank"), Canadian Imperial Bank of Commerce ("CIBC"), Royal Bank of Canada ("RBC"), Bank of Montreal ("BMO"), HSBC Bank Canada ("HSBC"), ATB Financial ("ATB"), and Toronto Dominion Bank ("TD").

On February 3, 2023, the Company amended the Credit Facility including: (i) increases to the revolving and flooring facility limits (ii) changes to the pricing grid, (iii) other administrative and structural changes to meet ongoing operational needs, and (iv) extended the maturity date to April 14, 2026. The $375 million revolving facility is comprised of a $225 million borrowing base facility tranche and $150 million goodwill facility tranche. The Credit Facility includes an accordion feature that allows the revolving credit facility and the wholesale flooring facilities to be increased by certain amounts. The Credit Facility agreement can be found at www.sedarplus.ca.

The following table reflects the limits, amounts drawn and capacity of the Credit Facility as at March 31, 2024:

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit [1]	375,000	190,000	185,000
Inventory floorplan and lease financing	1,235,000	772,324	462,676
Total	1,610,000	962,324	647,676

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

As at March 31, 2024, the Company had total liquidity[5] of $292.9 million comprised of cash and $185.0 million available under the Credit Facility.

Revolving Credit Capacity

The revolving facility provides capacity for operational and growth purposes. The revolving credit balance is included in the calculation of the Company's leverage ratios and certain associated interest charges are added back in the Company's calculation of Adjusted EBITDA.

Floorplan Financing Capacity

The wholesale flooring facilities provides capacity for the purposes of financing the wholesale purchase of new, used, demonstrator and leased vehicle inventory. The facilities are demand in nature and draws are secured by 'floored' inventory. As advances are secured by vehicle inventory and characterized as demand loans, the floorplan indebtedness is classified as a current liability on the Company's consolidated balance sheet. As floorplan financing is standard in the retail automotive industry and considered to be an operational necessity, the floorplan balance is excluded in the calculation of the Company's leverage ratios and related floorplan financing expenses are included in the Company's calculation of adjusted EBITDA.

Other Floorplan Financing

The Company has multiple standalone floorplan facilities with other lenders outside of the Credit Facility. The following table provides a breakdown of the Company's floorplan facilities as at March 31, 2024:

Lender	Limit	Drawn	Available Capacity
Credit Facility – Floorplan	1,235,000	772,324	462,676
Other Canadian Floorplan Facilities	457,345	346,981	110,364
Other U.S. Floorplan Facility	172,763	112,241	60,522
Total	1,865,108	1,231,546	633,562

5 *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.*

Financial Covenants

Under the terms of the Credit Facility and various standalone floorplan financing facilities and Original Equipment Manufacturers ("OEM") franchise agreements, the Company is required to comply with certain financial covenants. At March 31, 2024, the Company was in compliance with all of these financial covenants.

The following table summarizes financial covenants under the Credit Facility as at March 31, 2024:

Credit Facility Financial Covenants	**Requirement**	**Q1 2024**
Senior net funded debt to bank EBITDA ratio	Shall not exceed 2.50	0.79
Total net funded debt to bank EBITDA ratio	Shall not exceed 4.00	2.79
Fixed charge coverage ratio	Shall not be less than 1.20	2.75

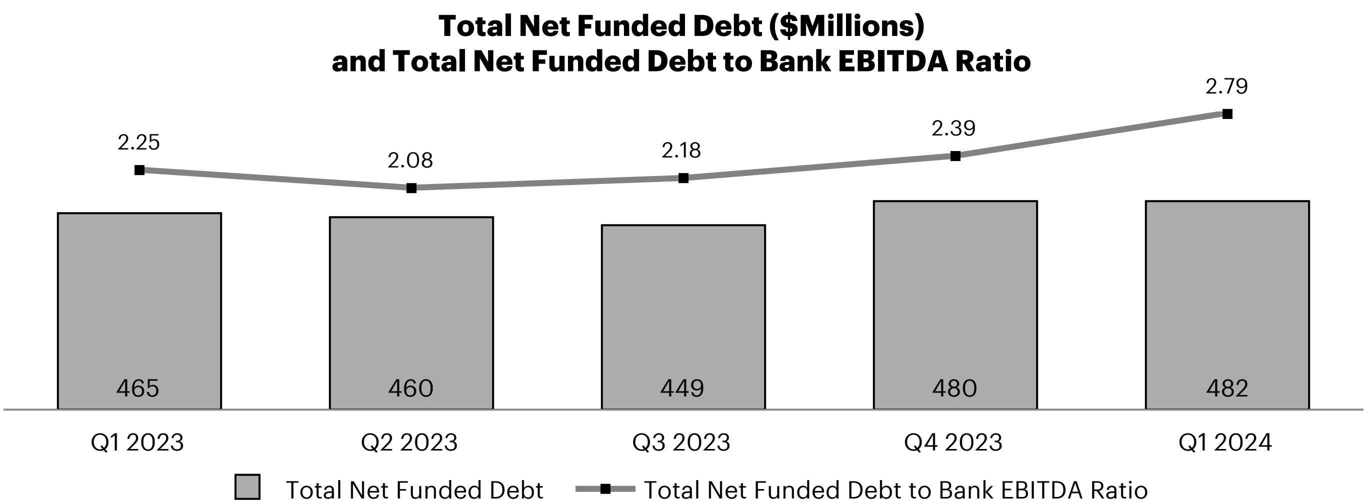
The Credit Facility financial covenants are calculated on a pre-IFRS 16 basis. As the majority of the Company's subsidiaries are parties to the Credit Facility, the financial covenants are generally based on the consolidated financial statements of the Company with modifications and adjustments as agreed to and permitted under the terms of the Credit Facility. As such, the precise inputs for the Credit Facility financial covenant calculations, including but not limited to bank EBITDA and other funded debt, cannot be directly derived from the financial information available within the Company's consolidated financial statements.

Total Net Funded Debt Covenant Summary

The following table summarizes the Company's Total Net Funded Debt for purposes of calculating Total Net Funded Debt to Bank EBITDA Ratio:

	March 31, 2024 **$**	**December 31, 2023** **$**
Credit Facility, net of unamortized deferred financing costs	189,142	186,222
$350 Million Notes, net of unamortized deferred financing costs	345,626	345,401
Other funded debt according to Credit Facility	17,587	18,263
Total Funded Debt	552,355	549,886
Less: Allowable Cash Netting according to Credit Facility	(70,000)	(69,788)
Total Net Funded Debt	**482,355**	**480,098**

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



Senior Unsecured Notes

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

Non-Recourse Mortgage Financing

On June 22, 2022, the Company executed a non-recourse mortgage for the land and construction costs associated with the development of two dealerships on a property in Maple Ridge, British Columbia. The mortgage is comprised of three facilities with an aggregate limit of $39.0 million, at a variable interest rate of prime + 1.50% (combined total rate of 8.70% as at March 31, 2024). The mortgage has a three-year term, twenty-year amortization, and require monthly interest-only payments until construction is complete. As at March 31, 2024, the value of this mortgage, net of unamortized deferred financing costs, was $13.5 million (2023 - $13.5 million). The outstanding balance is considered current in nature as the construction of the Maple Ridge GM open point has been completed.

On June 30, 2022, the Company executed two non-recourse mortgages totaling $18.6 million to fund the purchase of land and buildings in Windsor, Ontario and London, Ontario. The mortgages have a five-year term with a fixed interest rate of 7.07%, and require quarterly installments of principal and interest based on a twenty-five-year amortization, with the outstanding mortgage balance due at the end of the term. As at March 31, 2024, the value of the mortgages, net of unamortized deferred financing costs, was $17.6 million (2023 - $18.4 million).

As at March 31, 2024, the combined value of the mortgages, net of unamortized deferred financing costs, was $31.0 million (2023 - $31.9 million). The Credit Facility allows for up to $100 million of non-recourse mortgages which are excluded for purposes of calculating the Credit Facility financial covenants.

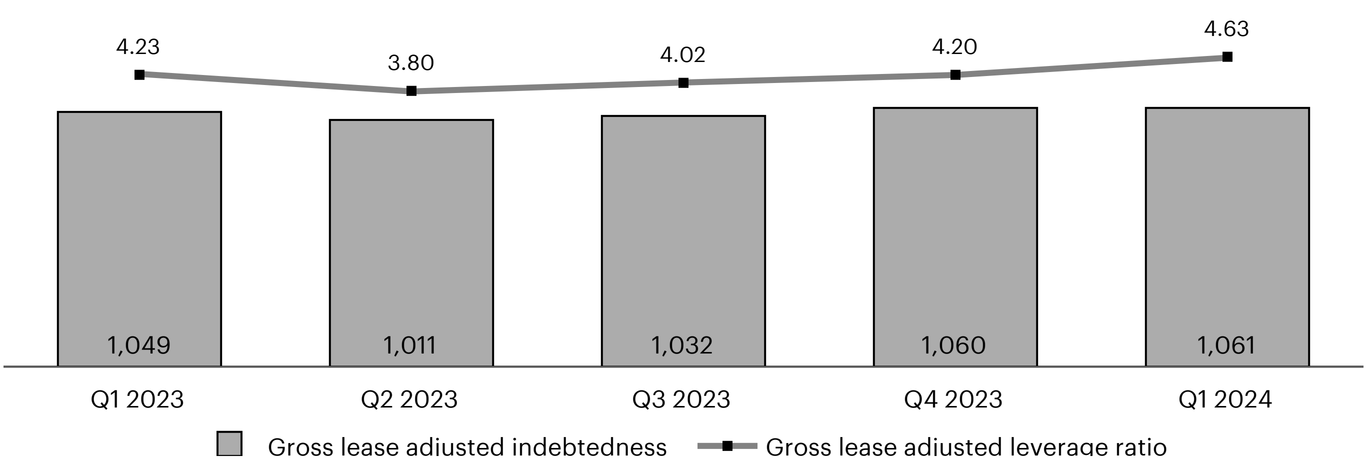
Gross Lease Adjusted Indebtedness[6] Summary

Gross lease adjusted leverage ratio[7] ("Gross Lease Ratio") is a leverage measure used by management to evaluate the leverage of the Company as it includes lease liabilities under IFRS 16 in the calculation of gross lease adjusted indebtedness. The following table summarizes the Company's gross lease adjusted indebtedness and gross lease ratio.

	March 31, 2024 $	December 31, 2023 $
Credit facility, net of unamortized deferred financing costs	189,142	186,222
$350 Million Notes, net of unamortized deferred financing costs	345,626	345,401
Non-recourse mortgages and other debt	31,083	31,299
Total indebtedness	565,851	562,922
Add: Lease liabilities	495,480	497,424
Gross lease adjusted indebtedness	**1,061,331**	**1,060,346**
Adjusted EBITDA - trailing twelve months	229,177	252,239
Gross lease adjusted leverage ratio ("Gross lease ratio")	**4.63x**	**4.20x**

The following chart illustrates the gross lease adjusted indebtedness and gross lease ratios for the trailing five quarters. The Q1 2023 to Q3 2023 gross lease ratios in the following chart have been revised to exclude $0.4 million of amortization of intangible assets of the applicable TTM adjusted EBITDA.

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



[6] See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this capital management measure.
[7] See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this Non-GAAP Measure.

Uses of Cash

Non-Growth Capital Expenditures

Non-growth capital expenditures are capital expenditures incurred to maintain existing levels of service and is largely affected by replacement and purchases of fixed operations equipment. These include the following:

- Capital expenditures to replace property and equipment
- Any costs incurred to enhance the operational life of existing property and equipment

Non-growth capital expenditures can fluctuate from period to period depending on our needs to upgrade or replace existing property and equipment.

Growth Capital Expenditures

Growth capital expenditures are discretionary capital expenditures incurred to expand sales and service capacity. They represent cash outlays intended to provide additional future cash flows and are expected to provide benefit in future periods. These include the following:

- Expansions
- New locations and open point construction
- Re-imaging mandated by manufacturers
- Relocations

For the three-months ended March 31, 2024, the Company incurred $7.2 million in capital expenditures related to the construction of the Maple Ridge GM Open Point and OEM mandated reimaging of various dealership properties.

Capital expenditures is reported in aggregate in Note 14 of the Interim Financial Statements. The following table breaks down capital expenditures for the periods indicated into non-growth and growth capital expenditures and real estate acquisitions.

	Three-Months Ended March 31	
	2024 **$**	**2023** **$**
Non-growth capital expenditures	1,101	3,494
Growth capital expenditures [1]	7,161	4,832
Total capital expenditures	8,262	8,326
Real estate acquisition expenditures [1]	—	7,202
Total capital related expenditures	8,262	15,528

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

Capital Commitments

At March 31, 2024, the Company is committed to capital expenditure obligations in the amount of approximately $2.8 million related to dealership relocations, reimagings, and open points with expected completion of these commitments in 2024. The Company is in discussions with OEMs to adjust spending and/or capital commitments as appropriate for changing conditions.

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

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

Working Capital

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

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

Corporate Credit Rating

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

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

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

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

7. RELATED PARTY TRANSACTIONS

Transactions with related parties

During the three-month period ended March 31, 2024, there were transactions with companies controlled by the Executive Chair. These counterparties are:

- A vehicle wholesale and export business that supplies and purchases used vehicles with the Company; and
- A firm, that provides administrative, limited transportation, and other support services.

All significant transactions between AutoCanada and related parties are reviewed by the Company's Board of Directors and are based on normal commercial terms and conditions. A summary of the transactions is as follows:

	Three-month period ended	
	March 31, 2024 $	March 31, 2023 $
Administrative and other support and transportation fees	441	445
Used vehicle sales to related parties	(65)	(391)

Used Digital Division

During the three-month period ended March 31, 2024, the Company made cash payments of $22.5 million to the company controlled by the Executive Chair for amounts owing for the purchase of the 15% common interest in AutoCanada UD LP (the "UD LP Minority Interest") in December 2023. The agreement requires $15.0 million of the cash purchase consideration to be used by the company controlled by the Executive Chair to purchase the Company's common shares within a two-year period from the closing date. Cash is advanced to the company controlled by the Executive Chair upon request with excess cash not used to purchase the Company's common shares returned to the Company until the agreement expires. The company controlled by the Executive Chair purchased 134,175 of the Company's common shares with the cash advanced.

As at March 31, 2024, the Company has $nil (December 31, 2023 - $22.5 million) recorded in accruals and provisions within trade and other payables for amounts owing to the Executive Chair related to the purchase of the UD LP Minority Interest. The company controlled by the Executive Chair returned cash of $11.8 million to the Company on April 4, 2024. All returned amounts are available for request until the agreement expires.

8. OUTSTANDING SHARES

As at March 31, 2024, the Company had 23,532,487 common shares outstanding. Basic and diluted weighted average number of shares outstanding for the three-month period ended March 31, 2024 were 23,583,406 and 23,583,406, respectively. As at May 1, 2024, there were 23,466,187 common shares issued and outstanding.

As at March 31, 2024, the value of the shares held in trust, to hedge equity-based compensation plans, was $0.9 million, which was comprised of 31,296 shares, as compared to $0.3 million as at December 31, 2023, which was comprised of 12,465 shares.

Normal Course Issuer Bid

On March 7, 2024, the Company announced that it had received approval from the TSX for the renewal of its NCIB. Pursuant to the NCIB, AutoCanada may purchase up to 1,329,106 common shares during the twelve-month period commencing March 11, 2024 and ending March 10, 2025 or such earlier date as the Company may complete its purchases under the NCIB. For the three-month period ended March 31, 2024, the Company repurchased and cancelled 78,688 common shares for an average price of $24.67 and total cash consideration of approximately $1.9 million.

On March 27, 2024, in connection with its previously announced NCIB, AutoCanada received approval from the TSX to implement an ASPP with its designated broker. The ASPP will terminate on March 10, 2025, unless earlier terminated in accordance with its terms.

9. DIVIDENDS

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

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

10. CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICY DEVELOPMENTS

A complete listing of critical accounting policies, estimates, judgments and measurement uncertainty can be found in Notes 3, 4 and 5 of the Annual Financial Statements for the year ended December 31, 2023. If applicable, updates are disclosed in Note 3 of the Interim Financial Statements.

11. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the three-month period ended March 31, 2024, there were no changes in the Company's disclosure controls or internal controls over financial reporting that materially affected, or would be reasonably likely to materially affect, such controls. Details relating to disclosure controls and procedures, and internal controls over financial reporting, are disclosed in Section 12 of the Company's Annual MD&A for the year ended December 31, 2023.

12. RISK FACTORS

AutoCanada faces a number of business risks that could cause future results to differ materially from those results disclosed in this MD&A. Investors and the public should carefully consider our business risks, other uncertainties and potential events as well as the inherent uncertainty of forward looking statements (See Section 1, Reader Advisories and Forward-Looking Statements) when making investment decisions with respect to AutoCanada. If any of the business risks identified by AutoCanada were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, the trading price of our shares could decline. There may be impacts on general economic conditions, as a result of elevated inflation and/or broadening of inflationary pressures across a wide array of goods and services, higher interest rates, economic recession, the ongoing Ukrainian and Middle East conflicts, pandemics, and other factors, resulting in reduced demand for vehicle sales and service. When and if these economic conditions worsen or stagnate, it can have a material adverse effect on consumer demand for vehicles or service generally, demand from particular consumer categories or demand for particular vehicle types. It can also negatively impact availability of credit to finance vehicle purchases for all or certain categories of consumers. This could result in lower sales, decreased margins on units sold, and decreased profits. Any significant change or deterioration in economic conditions could have a material adverse effect on AutoCanada's business, financial condition, results of operations, cash flows or prospects.

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

13. NON-GAAP AND OTHER FINANCIAL MEASURES

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

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

- Canadian Operations segment: See Section 16 Segmented Operating Results Data for additional information
- U.S. Operations segment: See Section 16 Segmented Operating Results Data for additional information
- Collision Centre Operations segment as part of the Canadian Operations segment
- Consolidated basis: See Section 16 Segmented Operating Results Data for additional information
- Same store basis: See Section 17 Same Store Results Data for additional information

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

<u>Non-GAAP Measures and Capital Management Measures</u>

Cautionary Note Regarding Non-GAAP Measures

Adjusted EBITDA, adjusted EBITDA margin, gross lease adjusted leverage ratio, normalized operating expenses before depreciation and normalized operating expenses before depreciation as a percentage of gross profit are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that these Non-GAAP Measures should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Company's performance, cash flows from operating, investing and financing activities or as a measure of liquidity and cash flows. The Company's methods of calculating referenced Non-GAAP Measures may differ from the methods used by other issuers. Therefore, these measures may not be comparable to similar measures presented by other issuers.

We list and define Non-GAAP Measures below:

Adjusted EBITDA

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

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

The Company believes adjusted EBITDA provides improved continuity with respect to the comparison of our operating performance over a period of time.

Adjusted EBITDA Margin

Adjusted EBITDA margin is an indicator of a company's operating performance specifically in relation to our revenue performance.

The Company believes adjusted EBITDA margin provides improved continuity with respect to the comparison of our operating performance with retaining and growing profitability as our revenue and scale increases over a period of time.

Gross Lease Adjusted Leverage Ratio

Gross lease adjusted leverage ratio is a measure used by management to evaluate the leverage of the Company.

The Company believes this measure provides more meaningful analysis as this measure is used by the credit rating agency for their analysis. Gross lease adjusted leverage ratio is calculated as gross lease adjusted indebtedness divided by Adjusted EBITDA on a TTM basis.

Gross Lease Adjusted Indebtedness - Capital Management Measure

Gross lease adjusted indebtedness is a capital management measure used by management to evaluate the leverage of the Company.

Gross lease adjusted indebtedness is calculated as total indebtedness, which is net of unamortized deferred financing costs, adjusted for embedded derivative, plus lease liabilities (under IFRS 16).

Normalized Operating Expenses Before Depreciation

Normalized operating expenses before depreciation is an indicator of a company's operating expense before depreciation over a period of time, normalized for the following items:

- Transaction costs related to acquisitions, dispositions, and open points;
- Software implementation costs associated with the configuration or customization of software as a service arrangement;
- Restructuring charges relate to non-recurring organizational changes to improve the Company's profitability and overall efficiency; and
- Share-based compensation expense.

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

Normalized Operating Expenses Before Depreciation as a Percentage of Gross Profit

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

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

Supplementary Financial Measures

We list and define supplementary financial measures below:

Average Selling Price per New Vehicle

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

Average Selling Price per Used Vehicle

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

F&I Gross Profit Per Retail Unit Average

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

Gross profit percentage

Gross profit percentage is gross profit divided by revenue.

Liquidity

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

New Fleet Vehicles

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

New Vehicle Gross Profit Per Retail Unit

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

New Retail Vehicles

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

New Vehicle Inventory Days of Supply

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

Operating Expenses Before Depreciation

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

Operating Expenses Before Depreciation as a Percentage of Gross Profit

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

Total New Vehicles

Total new vehicles represents new fleet and new retail vehicles sold by the Company.

Total Retail Vehicles

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

Total Vehicles

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

Used Vehicle Gross Profit Per Retail Unit

Used vehicle gross profit per retail unit is used retail vehicle (excluding wholesale vehicles) gross profit divided by used retail vehicles sold by the Company.

Used Retail Vehicles

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

Used-to-new retail units ratio

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

Used Vehicle Inventory Days of Supply

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

Used Wholesale Vehicles

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

14. NON-GAAP AND OTHER FINANCIAL MEASURE RECONCILIATIONS

Adjusted EBITDA

The following table illustrates segmented adjusted EBITDA for the three-month periods ended March 31:

	Three-Months Ended March 31, 2024			Three-Months Ended March 31, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from January 1 to March 31						
Net income (loss) for the period	6,681	(9,042)	(2,361)	12,428	(4,044)	8,384
Add back:						
Income tax (recovery) expense	(852)	—	(852)	3,427	—	3,427
Depreciation of right of use assets	7,841	745	8,586	7,365	739	8,104
Depreciation of property and equipment	5,698	578	6,276	5,144	479	5,623
Amortization of intangible assets	126	—	126	—	—	—
Interest on long-term indebtedness	6,265	3,046	9,311	6,923	2,490	9,413
Lease liability interest	7,695	738	8,433	7,025	798	7,823
	33,454	(3,935)	29,519	42,312	462	42,774
Add back:						
Impairment of non-financial assets	7,200	—	7,200	—	—	—
Restructuring charges	2,000	—	2,000	—	—	—
Loss on extinguishment of debt	—	—	—	1,382	—	1,382
Unrealized fair value changes in derivative instruments	2,001	—	2,001	(7)	—	(7)
Amortization of loss on terminated hedges	—	—	—	817	—	817
Unrealized foreign exchange (gains) losses	(144)	—	(144)	67	—	67
Software implementation costs	657	—	657	—	—	—
Gain on disposal of assets	(19,267)	—	(19,267)	(5)	—	(5)
Adjusted EBITDA	25,901	(3,935)	21,966	44,566	462	45,028

The following table illustrates collision adjusted EBITDA for the three-month periods ended March 31:

	Three-Months Ended March 31, 2024			Three-Months Ended March 31, 2023		
Collision Operations	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from January 1 to March 31						
Net income for the period	972	—	972	1,057	—	1,057
Add back:						
Income tax recovery	—	—	—	(10)	—	(10)
Depreciation of right of use assets	532	—	532	200	—	200
Depreciation of property and equipment	408	—	408	339	—	339
Interest on long-term indebtedness	—	—	—	—	—	—
Lease liability interest	773	—	773	994	—	994
Adjusted EBITDA	2,685	—	2,685	2,580	—	2,580

Adjusted EBITDA Margin

The following table illustrates segmented adjusted EBITDA margin for the three-month periods ended March 31:

	Three-Months Ended March 31, 2024			Three-Months Ended March 31, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Adjusted EBITDA	25,901	(3,935)	21,966	44,566	462	45,028
Revenue	1,240,279	180,649	1,420,928	1,340,255	199,071	1,539,326
Adjusted EBITDA Margin	2.1%	(2.2)%	1.5%	3.3%	0.2%	2.9%

Normalized Operating Expenses Before Depreciation and Normalized Operating Expenses Before Depreciation as a Percentage of Gross Profit

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

	Three-Months Ended March 31, 2024			Three-Months Ended March 31, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Operating expenses	180,056	31,608	211,664	177,396	34,205	211,601
Deduct:						
Depreciation of right of use assets	(7,841)	(745)	(8,586)	(7,365)	(739)	(8,104)
Depreciation of property and equipment	(5,698)	(578)	(6,276)	(5,144)	(479)	(5,623)
Amortization of intangible assets	(126)	—	(126)	(122)	—	(122)
Operating expenses before depreciation	166,391	30,285	196,676	164,765	32,987	197,752
Normalizing Items:						
Add back:						
Acquisition-related costs	(493)	—	(493)	(1,477)	—	(1,477)
Software implementation costs	(657)	—	(657)	—	—	—
Restructuring charges	(2,000)	—	(2,000)	—	—	—
Share-based compensation expense	(2,205)	—	(2,205)	(1,861)	—	(1,861)
Normalized operating expenses before depreciation	161,036	30,285	191,321	161,427	32,987	194,414
Gross profit	200,778	28,549	229,327	220,373	34,609	254,982
Normalized operating expenses before depreciation as a percentage of gross profit	80.2%	106.1%	83.4%	73.3%	95.3%	76.2%

Gross Lease Adjusted Indebtedness and Gross Lease Adjusted Leverage Ratio Reconciliation

The following table illustrates the Company's gross lease adjusted indebtedness and gross lease adjusted leverage ratio as at March 31, 2024 and December 31, 2023:

	March 31, 2024 $	**December 31, 2023 $**
Credit facility, net of unamortized deferred financing costs	189,142	186,222
$350 Million Notes, net of unamortized deferred financing costs	345,626	345,401
Non-recourse mortgages and other debt	31,083	31,299
Total indebtedness	565,851	562,922
Add: Lease liabilities	495,480	497,424
Gross lease adjusted indebtedness	**1,061,331**	**1,060,346**
Adjusted EBITDA - trailing twelve months	229,177	252,239
Gross lease adjusted leverage ratio	**4.63x**	**4.20x**

15. SELECTED QUARTERLY FINANCIAL INFORMATION

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

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Income Statement Data								
New vehicles	580,502	605,918	673,363	706,350	568,596	508,008	557,492	583,870
Used vehicles	573,711	592,990	690,071	739,916	703,499	626,397	807,236	840,998
Parts and service	154,629	170,033	160,798	184,375	150,997	149,694	147,955	148,643
Collision repair	32,601	32,415	35,364	20,593	27,751	18,850	13,850	11,664
Finance, insurance and other	79,485	82,438	97,825	105,028	88,483	85,257	97,416	100,851
Revenue	1,420,928	1,483,794	1,657,421	1,756,262	1,539,326	1,388,206	1,623,949	1,686,026
New vehicles	45,614	52,728	60,304	62,324	47,484	48,218	58,760	58,950
Used vehicles	12,078	20,004	31,862	47,035	30,312	17,775	32,627	34,125
Parts and service	83,258	90,742	87,343	98,638	83,231	85,608	79,532	82,357
Collision repair	14,304	17,312	16,792	12,323	10,645	10,053	9,175	8,356
Finance, insurance and other	74,073	77,056	93,924	98,418	83,310	80,968	93,540	95,490
Gross Profit	229,327	257,842	290,225	318,738	254,982	242,622	273,634	279,278
Gross profit percentage	16.1%	17.4%	17.5%	18.1%	16.6%	17.5%	16.8%	16.6%
Operating expenses	211,664	250,816	223,830	229,016	211,601	197,397	207,266	212,709
Operating expenses as a % of gross profit	92.3%	97.3%	77.1%	71.9%	83.0%	81.4%	75.7%	76.2%
Net (loss) income	(2,361)	(22,630)	22,799	45,228	8,384	14,810	32,870	39,058
Diluted net (loss) income per share attributable to AutoCanada shareholders	(0.10)	(0.81)	0.81	1.75	0.32	0.52	1.16	1.33
Adjusted EBITDA [3]	21,966	46,437	66,719	94,055	45,028	51,043	76,374	75,561
Operating Data								
New retail vehicles sold	9,287	9,580	10,555	11,257	8,771	8,100	9,186	9,878
Used retail vehicles sold	13,330	13,777	16,878	17,222	15,290	14,418	17,381	17,740
Total retail vehicles sold	22,617	23,357	27,433	28,479	24,061	22,518	26,567	27,618
# of dealerships at period end [1]	88	87	87	87	86	86	85	82
# of same store dealerships [1, 2]	86	85	82	80	80	68	67	67
# of service bays at period end	1,397	1,382	1,382	1,355	1,354	1,367	1,331	1,322

1 *Dealerships is defined as 84 franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships and 1 used vehicle auction).*

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

3 *The Company has revised the Q4 2022 comparative figure to back out $374 of amortization of intangible assets.*

16. 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, 2024 and March 31, 2023.

	Three-Months Ended March 31, 2024			Three-Months Ended March 31, 2023		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles	498,476	82,026	580,502	497,186	71,410	568,596
Used vehicles	509,298	64,413	573,711	610,807	92,692	703,499
Parts and service	130,839	23,790	154,629	127,593	23,404	150,997
Collision repair	32,601	—	32,601	27,751	—	27,751
Finance, insurance and other	69,065	10,420	79,485	76,918	11,565	88,483
Total revenue	1,240,279	180,649	1,420,928	1,340,255	199,071	1,539,326
New vehicles	40,370	5,244	45,614	41,617	5,867	47,484
Used vehicles	12,709	(631)	12,078	24,460	5,852	30,312
Parts and service	69,742	13,516	83,258	71,738	11,493	83,231
Collision repair	14,304	—	14,304	10,645	—	10,645
Finance, insurance and other	63,653	10,420	74,073	71,913	11,397	83,310
Total gross profit	200,778	28,549	229,327	220,373	34,609	254,982
Employee costs	109,254	18,267	127,521	110,113	21,976	132,089
Administrative costs	54,783	12,018	66,801	53,336	10,929	64,265
Expected credit losses on trade and other receivables	891	—	891	262	82	344
Facility lease and storage costs	1,463	—	1,463	1,054	—	1,054
Depreciation of right-of-use assets	7,841	745	8,586	7,365	739	8,104
Depreciation of property and equipment	5,698	578	6,276	5,144	479	5,623
Amortization of intangible assets	126	—	126	122	—	122
Total operating expenses	180,056	31,608	211,664	177,396	34,205	211,601
Operating profit (loss) before other income	20,722	(3,059)	17,663	42,977	404	43,381
Operating data						
New retail vehicles sold	7,909	1,378	9,287	7,603	1,168	8,771
Used retail vehicles sold	11,600	1,730	13,330	13,106	2,184	15,290
Total retail vehicles sold	19,509	3,108	22,617	20,709	3,352	24,061
# of dealerships at period end [1]	70	18	88	68	18	86
# of service bays at period end	1,167	230	1,397	1,124	230	1,354

1 *Dealerships is defined as 18 U.S. franchised automobile dealerships, 66 Canadian franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships and 1 used vehicle auction) as at March 31, 2024.*

17. SAME STORE RESULTS DATA

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

The following table summarizes the number of same store as at March 31, 2024 by Province:

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	Atlantic	Illinois	Total
Stellantis	3	8	1	1	1	—	2	1	17
Hyundai	1	3	—	—	6	—	—	2	12
General Motors	1	—	3	1	—	—	—	1	6
Volkswagen	3	3	—	1	—	—	—	2	9
Nissan/Infiniti	1	3	—	—	5	—	—	—	9
BMW/MINI	—	—	—	—	—	2	—	—	2
Audi	—	—	—	1	1	—	—	2	4
Subaru	—	1	—	—	1	—	—	1	3
Mercedes-Benz	—	1	—	—	—	1	—	2	4
Mazda	—	—	—	—	—	1	—	—	1
Ford	—	—	—	1	1	—	—	—	2
Honda	—	—	—	—	4	—	—	1	5
Toyota	—	—	—	—	—	—	—	2	2
Kia	—	—	—	—	—	—	—	1	1
Other	—	—	—	—	2	—	—	3	5
RightRide	1	3	1	1	4	—	1	—	11
Used Digital	—	—	—	1	3	—	—	—	4
Collision centres	1	1	1	—	4	2	—	—	9
Total	11	23	6	7	32	6	3	18	106

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

	Three-Months Ended March 31, 2024			Three-Months Ended March 31, 2023		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles	476,537	82,026	558,563	490,696	71,410	562,106
Used vehicles	498,707	64,414	563,121	608,834	92,691	701,525
Parts and service	127,557	23,790	151,347	127,695	23,404	151,099
Collision repair	26,851	—	26,851	26,199	—	26,199
Finance, insurance and other	67,691	10,420	78,111	76,389	11,565	87,954
Total revenue	1,197,343	180,650	1,377,993	1,329,813	199,070	1,528,883
New vehicles	38,493	5,244	43,737	41,156	5,867	47,023
Used vehicles	14,133	(630)	13,503	24,248	5,851	30,099
Parts and service	67,906	13,516	81,422	70,955	11,493	82,448
Collision repair	12,092	—	12,092	9,212	—	9,212
Finance, insurance and other	62,350	10,420	72,770	71,385	11,397	82,782
Total gross profit	194,974	28,550	223,524	216,956	34,608	251,564
New vehicles (%)	8.1%	6.4%	7.8%	8.4%	8.2%	8.4%
Used vehicles (%)	2.8%	(1.0)%	2.4%	4.0%	6.3%	4.3%
Parts and service (%)	53.2%	56.8%	53.8%	55.6%	49.1%	54.6%
Collision repair (%)	45.0%	N/A	45.0%	35.2%	N/A	35.2%
Finance, insurance and other (%)	92.1%	100.0%	93.2%	93.4%	98.5%	94.1%
Total gross profit percentage (%)	16.3%	15.8%	16.2%	16.3%	17.4%	16.5%
New retail vehicles sold (units)	7,535	1,378	8,913	7,453	1,168	8,621
Used retail vehicles sold (units)	11,321	1,730	13,051	12,993	2,184	15,177
Total vehicles retailed (units)	18,856	3,108	21,964	20,446	3,352	23,798

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

	Three-Months Ended March 31		
	2024	**2023**	**% Change**
British Columbia	118,383	155,451	(23.8)%
Alberta	379,748	437,810	(13.3)%
Saskatchewan	94,786	97,569	(2.9)%
Manitoba	92,934	105,069	(11.5)%
Ontario	340,524	336,137	1.3%
Quebec	134,889	155,189	(13.1)%
Atlantic	36,080	42,588	(15.3)%
Illinois	180,649	199,070	(9.3)%
Total revenue	1,377,993	1,528,883	(9.9)%
British Columbia	17,822	23,914	(25.5)%
Alberta	63,120	78,284	(19.4)%
Saskatchewan	15,483	17,291	(10.5)%
Manitoba	16,334	16,095	1.5%
Ontario	57,256	54,626	4.8%
Quebec	19,654	20,796	(5.5)%
Atlantic	5,306	5,950	(10.8)%
Illinois	28,549	34,608	(17.5)%
Total gross profit	223,524	251,564	(11.1)%

18. COUNT OF OPERATIONS

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

Location	Franchised Dealerships	Same Store Franchised Dealerships [1]	RightRide Locations	Same Store RightRide Locations [1]	Collision Centres [2]	Same Store Stand-Alone Collision Centres [1]
Canada	**66**	**64**	**17**	**15**	**27**	**9**
Alberta	19	19	4	3	4	1
Atlantic	2	2	1	1	1	—
British Columbia	10	9	1	1	1	1
Manitoba	5	5	2	2	4	—
Ontario	22	21	8	7	9	4
Quebec	4	4	—	—	4	2
Saskatchewan	4	4	1	1	4	1
U.S.	**18**	**18**	**—**	**—**	**—**	**—**
Illinois [3]	18	18	—	—	—	—
Total	**84**	**82**	**17**	**15**	**27**	**9**

1 *Same store means the franchised automobile dealership, used digital operating entity, stand-alone collision centre, and RightRide location has been owned for at least one full year since opening or acquisition. The operating location is then considered in the quarter, thereafter, as same store.*

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

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

AutoCanada Inc.

200 - 15511 123 Avenue NW
Edmonton, AB • T5V 0C3 www.autocan.ca