AutoCanada

Third Quarter
Financial Results

autocan.ca

2024

Condensed Interim Consolidated Financial Statements (Unaudited)

Three-month and nine-month periods ended September 30, 2024

AutoCanada Inc.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

(in thousands of Canadian dollars except for share and per share amounts)

	Three-month period ended		Nine-month period ended	
	September 30, 2024 $	**September 30, 2023 $**	**September 30, 2024 $**	**September 30, 2023 $**
Revenue (Note 6)	1,627,862	1,657,421	4,649,769	4,953,009
Cost of sales (Note 7)	(1,362,870)	(1,367,196)	(3,905,774)	(4,089,064)
Gross profit	264,992	290,225	743,995	863,945
Operating expenses (Note 8)	(216,148)	(223,830)	(649,687)	(664,447)
Operating profit before other income and expense	48,844	66,395	94,308	199,498
Lease and other income, net	3,301	2,182	7,236	7,770
(Loss) gain on disposal of assets, net (Note 12, 27)	(197)	(39)	22,429	67
Impairment of non-financial assets (Note 17)	(597)	—	(19,106)	—
Operating profit	51,351	68,538	104,867	207,335
Finance costs (Note 9)	(42,768)	(38,112)	(116,110)	(106,699)
Finance income (Note 9)	1,497	202	2,283	2,112
Gain on redemption liabilities	1,269	—	627	—
Other gains (losses), net	69	(156)	417	(288)
Income (loss) for the period before taxation	11,418	30,472	(7,916)	102,460
Income tax expense (Note 10)	4,365	7,673	20,466	26,049
Net income (loss) for the period	7,053	22,799	(28,382)	76,411
Other comprehensive (loss) income				
Items that may be reclassified to profit or loss				
Foreign operations currency translation	(552)	3,933	2,407	7,213
Change in fair value of cash flow hedge (Note 21)	—	396	(206)	1,486
Income tax relating to these items	—	(101)	51	(379)
Other comprehensive (loss) income for the period	(552)	4,228	2,252	8,320
Comprehensive income (loss) for the period	6,501	27,027	(26,130)	84,731
Net income (loss) for the period attributable to:				
AutoCanada shareholders	5,992	19,897	(30,697)	70,266
Non-controlling interests	1,061	2,902	2,315	6,145
	7,053	22,799	(28,382)	76,411
Comprehensive income (loss) for the period attributable to:				
AutoCanada shareholders	5,440	24,125	(28,445)	78,586
Non-controlling interests	1,061	2,902	2,315	6,145
	6,501	27,027	(26,130)	84,731
Net income (loss) per share attributable to AutoCanada shareholders:				
Basic	0.26	0.84	(1.31)	2.98
Diluted	0.25	0.81	(1.31)	2.87
Weighted average shares				
Basic (Note 23)	23,167,774	23,593,493	23,374,538	23,548,608
Diluted (Note 23)	23,835,049	24,498,108	23,374,538	24,443,285

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AutoCanada Inc.

Condensed Interim Consolidated Statements of Financial Position
(in thousands of Canadian dollars)

	September 30, 2024 (Unaudited) $	December 31, 2023 $
ASSETS		
Current assets		
Cash	132,800	103,146
Trade and other receivables (Note 13)	253,981	222,076
Inventories (Note 14)	1,075,578	1,154,311
Current tax recoverable	12,536	22,187
Other current assets (Note 18)	14,817	15,718
Assets held for sale (Note 12)	31,736	22,152
	1,521,448	1,539,590
Property and equipment (Note 15)	357,005	378,269
Right-of-use assets	428,312	405,105
Other long-term assets (Note 18)	17,025	16,708
Deferred income tax	18,618	35,444
Derivative financial instruments (Note 21)	—	3,920
Intangible assets	664,827	682,137
Goodwill	98,687	98,266
	3,105,922	3,159,439
LIABILITIES		
Current liabilities		
Trade and other payables (Note 19)	214,908	238,427
Revolving floorplan facilities (Note 20)	1,155,679	1,174,595
Vehicle repurchase obligations	1,793	1,982
Indebtedness (Note 20)	24,344	744
Lease liabilities	42,000	28,411
Redemption liabilities	21,953	22,580
Other liabilities (Note 21)	12,351	12,325
	1,473,028	1,479,064
Long-term indebtedness (Note 20)	544,448	562,178
Long-term lease liabilities	481,464	469,013
Long-term redemption liabilities	25,000	25,000
Derivative financial instruments (Note 21)	5,691	2,219
Other long-term liabilities	430	1,368
Deferred income tax	51,749	55,768
	2,581,810	2,594,610
EQUITY		
Attributable to AutoCanada shareholders	497,839	534,847
Attributable to non-controlling interests	26,273	29,982
	524,112	564,829
	3,105,922	3,159,439

Commitments and contingencies (Note 16)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AutoCanada Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)
(in thousands of Canadian dollars)

	Attributable to AutoCanada shareholders									
	Share capital $	**Treasury shares $**	**Contributed surplus $**	**Share repurchase (deficit) $**	**Cumulative translation adjustment $**	**OCI hedge reserve $**	**Retained earnings $**	**Total capital $**	**Non-controlling interests $**	**Total equity $**
Balance, January 1, 2024	**434,632**	**(319)**	**4,117**	**(51,525)**	**7,889**	**155**	**139,898**	**534,847**	**29,982**	**564,829**
Net (loss) income	—	—	—	—	—	—	(30,697)	(30,697)	2,315	(28,382)
Other comprehensive income (loss)	—	—	—	—	2,407	(155)	—	2,252	—	2,252
Dividends paid by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	(4,294)	(4,294)
Non-controlling interests issued	—	—	—	—	—	—	—	—	2,020	2,020
Repurchase of common shares under the Normal Course Issuer Bid (Note 23)	(8,486)	—	—	(1,456)	—	—	—	(9,942)	—	(9,942)
Acquisition of non-controlling interests	—	—	(1,749)	—	—	—	—	(1,749)	(3,750)	(5,499)
Settlement of share- based awards		—	(1,558)	—	—	—	—	(1,558)	—	(1,558)
Treasury shares acquired (Note 23)	—	(1,625)	—	—	—	—	—	(1,625)	—	(1,625)
Deferred tax on share-based payments	—	—	37	—	—	—	—	37	—	37
Shares settled from treasury (Note 23)	—	1,629	(1,629)	—	—	—	—	—	—	—
Share-based compensation (Note 22)	—	—	6,274	—	—	—	—	6,274	—	6,274
Balance, September 30, 2024	**426,146**	**(315)**	**5,492**	**(52,981)**	**10,296**	**—**	**109,201**	**497,839**	**26,273**	**524,112**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AutoCanada Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)

(in thousands of Canadian dollars)

	Attributable to AutoCanada shareholders									
	Share capital $	Treasury shares $	Contributed surplus (deficit) $	Share repurchase (deficit) $	Cumulative translation adjustment $	OCI hedge reserve $	Retained earnings $	Total capital $	Non-controlling interests $	Total equity $
Balance at December 31, 2022 as originally presented	**433,693**	**(672)**	**(64,743)**	—	**1,400**	**(1,187)**	**89,408**	**457,899**	**28,898**	**486,797**
Reclassification of share repurchase (deficit)	—	—	51,525	(51,525)	—	—	—	—	—	—
Balance, January 1, 2023	**433,693**	**(672)**	**(13,218)**	**(51,525)**	**1,400**	**(1,187)**	**89,408**	**457,899**	**28,898**	**486,797**
Net income	—	—	—	—	—	—	70,266	70,266	6,145	76,411
Other comprehensive income	—	—	—	—	7,213	1,107	—	8,320	—	8,320
Dividends paid by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	(3,830)	(3,830)
Forward share purchase	—	—	(1,972)		—	—	—	(1,972)	—	(1,972)
Repayment of Executive Advance	—	—	1,624	—	—	—	—	1,624	—	1,624
Settlement of share-based awards	939	—	(1,467)	—	—	—	—	(528)	—	(528)
Treasury shares acquired (Note 23)	—	(47)	—	—	—	—	—	(47)	—	(47)
Deferred tax on share-based payments	—	—	(49)	—	—	—	—	(49)	—	(49)
Shares settled from treasury (Note 23)	—	400	(400)	—	—	—	—	—	—	—
Share-based compensation (Note 22)	—	—	4,677	—	—	—	—	4,677	—	4,677
Balance, September 30, 2023	**434,632**	**(319)**	**(10,805)**	**(51,525)**	**8,613**	**(80)**	**159,674**	**540,190**	**31,213**	**571,403**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AutoCanada Inc.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)
(in thousands of Canadian dollars)

	Three-month period ended		Nine-month period ended	
	September 30, 2024 $	**September 30, 2023 $**	**September 30, 2024 $**	**September 30, 2023 $**
Cash provided by (used in):				
Operating activities				
Net income (loss) for the period	7,053	22,799	(28,382)	76,411
Adjustments for:				
Income tax expense (Note 10)	4,365	7,673	20,466	26,049
Finance costs (Note 9) [1]	42,768	38,112	116,110	106,699
Depreciation of right-of-use assets (Note 8)	9,013	8,298	26,375	24,757
Depreciation of property and equipment (Note 8)	6,428	6,782	19,074	18,571
Amortization of intangible assets (Note 8)	126	401	377	401
Loss (gain) on disposal of assets, net (Note 12, 27)	197	39	(22,429)	(67)
Share-based compensation (Note 22)	1,873	1,740	6,274	4,677
Unrealized fair value changes on foreign exchange forward contracts (Note 21)	(112)	932	2,079	381
Gain on redemption liabilities	(1,269)	—	(627)	—
Impairment of non-financial assets (Note 17)	597	—	19,106	—
Net change in non-cash working capital (Note 26)	(44,809)	(5,321)	954	36,372
	26,230	81,455	159,377	294,251
Income taxes recovered (paid)	19,043	(9,527)	2,494	(46,875)
Interest paid [1]	(42,140)	(41,289)	(114,095)	(107,367)
Settlement of share-based awards, net	(167)	389	(1,247)	(622)
	2,966	31,028	46,529	139,387
Investing activities				
Business acquisitions, net of cash acquired (Note 11)	—	(41)	(20,197)	(47,027)
Purchases of property and equipment (Note 15)	(5,710)	(16,161)	(25,731)	(64,939)
Additions to intangible assets	(70)	(241)	(742)	(1,227)
Adjustments to prior year business acquisitions	(1)	—	(506)	254
Proceeds on sale of property and equipment (Note 12)	2,295	328	53,923	844
Proceeds on divestiture of dealership (Note 12, 27)	33,211	—	33,211	—
	29,725	(16,115)	39,958	(112,095)
Financing activities				
Proceeds from indebtedness	142,058	160,486	495,071	472,528
Repayment of indebtedness	(133,823)	(140,054)	(490,228)	(488,969)
Repayment of Executive Advance	—	1,374	—	1,624
Repurchase of common shares under Normal Course Issuer Bid (Note 23)	(2,220)	—	(9,942)	—
Shares settled from treasury, net (Note 23)	185	1	4	353
Payments for purchase of UD LP minority interest (Note 28)	—	—	(22,500)	—
Dividends paid to non-controlling interests	—	—	(4,294)	(3,830)
Repayment of loans by non-controlling interests	725	—	2,961	3,087
Acquisition of non-controlling interests	(5,499)	—	(5,499)	—
Principal portion of lease payments, net	(7,499)	(7,256)	(23,253)	(21,423)
	(6,073)	14,551	(57,680)	(36,630)
Effect of exchange rate changes on cash	(16)	986	847	(115)
Net increase (decrease) in cash	26,602	30,450	29,654	(9,453)
Cash at beginning of period	106,198	68,398	103,146	108,301
Cash at end of period	132,800	98,848	132,800	98,848

[1] *Certain prior year figures have been reclassified to conform to the current year presentation (Note 31).*

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1 General information

AutoCanada Inc. ("AutoCanada" or the "Company") is incorporated in Alberta, Canada with common shares listed on the Toronto Stock Exchange ("TSX") under the symbol of "ACQ". The business of AutoCanada, held in its subsidiaries, is the operation of franchised automobile dealerships and related businesses in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, and in the State of Illinois in the United States. The Company offers a diversified range of automotive products and services, including new vehicles, used vehicles, vehicle leasing, vehicle parts, vehicle maintenance and collision repair services, extended service contracts, vehicle protection products, after-market products and auction services. The Company also arranges financing and insurance for vehicles purchased by its customers through third-party finance and insurance sources. The address of its registered office is 200, 15511 123 Avenue NW, Edmonton, Alberta, Canada, T5V 0C3.

2 Basis of presentation

These condensed interim consolidated financial statements ("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 International Accounting Standard 34, Interim Financial Reporting. These Interim Financial Statements do not include all the disclosures normally provided in the annual audited consolidated financial statements ("Annual Financial Statements") and should be read in conjunction with the Annual Financial Statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS Accounting Standards.

These Interim Financial Statements were approved by the Board of Directors on November 13, 2024.

3 Material accounting policy information

The material accounting policies used in the preparation of these Interim Financial Statements are the same accounting policies and method of computation as disclosed in the Annual Financial Statements for the year ended December 31, 2023.

4 New and amended accounting standards issued

Accounting standards and amendments issued and adopted in 2024

The Company has adopted amendments to various standards effective January 1, 2024, which did not have a significant impact to these Interim Financial Statements.

Accounting standards and amendments issued but not yet adopted in 2024

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the International Accounting Standards Board or International Financial Reporting Interpretations Committee ("IFRIC") that are not effective as of September 30, 2024, and have not been applied in the preparation of these Interim Financial Statements.

The standards issued that are applicable to the Company are as follows:

Disclosure of revenues and expenses for reportable segments (IFRS 8)

In July 2024, the IFRIC issued an agenda decision on Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8 Operating Segments). The agenda decision clarifies the requirements to disclose certain specified items of profit or loss if these are included in the measure of segment profit or loss reviewed by the Chief Operating Decision Maker (CODM), or are otherwise regularly provided to the CODM, even if not included in that measure of segment profit or loss, and the requirement to disclose 'material items of income and expense'. The Company is assessing the potential impact of this standard.

Lack of exchangeability (IAS 21)

Amendments to IAS 21, Lack of Exchangeability, including guidance about the determination of the exchange rate and disclosure when a currency is not exchangeable. The Company is assessing the potential impact of this standard.

Presentation and disclosure of information in financial statements (IFRS 18)

Introduction of IFRS 18, Presentation and Disclosure in Financial Statements, specifying new presentation requirements for subtotals and totals within the Statement of Comprehensive income (loss). The Company is assessing the potential impact of this standard.

5 Critical accounting estimates

Except as otherwise noted, the critical accounting estimates, judgments, and measurement uncertainty used in the preparation of these Interim Financial Statements are the same as disclosed in the Annual Financial Statements for the year ended December 31, 2023.

6 Revenue

	Three-month period ended		Nine-month period ended	
	September 30, 2024 $	**September 30, 2023 $**	**September 30, 2024 $**	**September 30, 2023 $**
New vehicles	718,709	673,363	1,993,230	1,948,309
Used vehicles	614,555	690,071	1,812,351	2,133,486
Parts and service	170,034	167,148	487,110	496,170
Collision repair	31,487	29,014	94,651	83,708
Finance, insurance and other	93,077	97,825	262,427	291,336
Revenue	1,627,862	1,657,421	4,649,769	4,953,009

Prior year comparatives amounting to $29,014 and $83,708 were reclassified from parts, service and collision repair to collision repair to conform to current presentation.

7 Cost of sales

	Three-month period ended		Nine-month period ended	
	September 30, 2024 $	**September 30, 2023 $**	**September 30, 2024 $**	**September 30, 2023 $**
New vehicles	671,449	613,059	1,849,258	1,778,197
Used vehicles	592,780	658,209	1,772,151	2,024,277
Parts and service	77,531	77,087	218,047	226,958
Collision repair	13,960	14,940	46,698	43,948
Finance, insurance and other	7,150	3,901	19,620	15,684
Cost of sales	1,362,870	1,367,196	3,905,774	4,089,064

Prior year comparatives amounting to $14,940 and $43,948 were reclassified from parts, service and collision repair to collision repair to conform to current presentation.

8 Operating expenses

	Three-month period ended		Nine-month period ended	
	September 30, 2024 $	September 30, 2023 $	September 30, 2024 $	September 30, 2023 $
Employee costs	129,662	139,652	395,351	417,809
Administrative costs	68,811	67,137	202,610	197,854
Expected credit losses on trade and other receivables	462	403	2,062	1,322
Facility lease costs	1,646	1,157	3,838	3,733
Depreciation of right-of-use assets	9,013	8,298	26,375	24,757
Depreciation of property and equipment	6,428	6,782	19,074	18,571
Amortization of intangible assets	126	401	377	401
Operating expenses	216,148	223,830	649,687	664,447

9 Finance costs and finance income

	Three-month period ended		Nine-month period ended	
	September 30, 2024 $	September 30, 2023 $	September 30, 2024 $	September 30, 2023 $
Finance costs				
Interest on long-term indebtedness	9,970	10,384	27,687	31,053
Interest on lease liabilities	8,903	8,390	25,880	24,549
Loss on extinguishment of debt	—	—	—	1,382
Unrealized fair value changes on non-hedging instruments (Note 21)	5,380	241	6,314	(283)
Amortization of terminated hedges (Note 21)	—	817	—	2,451
	24,253	19,832	59,881	59,152
Floorplan financing	18,583	17,573	58,212	48,787
Interest rate swap settlements (Note 21)	(1,133)	(1,816)	(4,158)	(4,845)
Other finance costs	1,065	2,523	2,175	3,605
	42,768	38,112	116,110	106,699
Finance income				
Interest on net investment in finance lease	15	15	44	46
Short-term bank deposits	1,482	187	2,239	2,066
	1,497	202	2,283	2,112

10 Taxation

Components of income tax were as follows:

	Three-month period ended		Nine-month period ended	
	September 30, 2024 $	September 30, 2023 $	September 30, 2024 $	September 30, 2023 $
Current tax	3,079	7,042	7,189	21,111
Deferred tax	1,286	631	13,277	4,938
Total income tax expense	4,365	7,673	20,466	26,049

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual statutory tax rate used for the nine-month period ended September 30, 2024 was 25.4% (2023 - 25.5%).

For the nine-month period ended September 30, 2024, the Company has concluded it is improbable that the recognized deferred tax assets relating to the U.S. Operations will be recovered using estimated future taxable income. As a result, the Company derecognized the deferred tax asset of $13,604. This estimate will be updated in future periods and may result in changes in the amount of deferred tax assets recognized based on the amount judged to be recoverable.

11 Business acquisitions

During the nine-month period ended September 30, 2024, the company completed a business acquisition that was accounted for using the acquisition method.

Acquisition of Nurse Chevrolet Cadillac and Collision Centre

On June 24, 2024, the Company acquired substantially all of the assets of Nurse Chevrolet Cadillac Dealership and Collision Centre in Oshawa, Ontario. The acquisition supports management's strategic objectives of further expanding the Company's automobile dealership presence and collision centre capacity in the province of Ontario.

The estimated provisional purchase price allocation, which is subject to finalization of the valuation of acquired assets and assumed liabilities, of the business acquisition completed during the nine-month period ended September 30, 2024 is summarized as follows:

	Total $
Current assets	
Cash	2
Trade and other receivables	76
Inventories	2,687
	2,765
Long-term assets	
Property and equipment	1,510
Right-of-use assets	18,850
Intangible assets	14,820
Total assets	37,945
Current liabilities	
Trade and other payables	122
Lease liabilities	70
	192
Long-term liabilities	
Lease liabilities	18,780
Total liabilities	18,972
Net identifiable assets acquired	18,973
Goodwill	1,226
Total net assets acquired	20,199
Total consideration	20,199

The goodwill is attributable to the workforce, synergies from combining operations of the acquiree, and profitability of the acquired business. Goodwill of $nil is deductible for tax purposes.

The results of the operations of the acquired entity are included in the Condensed Interim Consolidated Statements of Comprehensive Income from the date of acquisition. Such results of operations and the related assets and liabilities at the statement of financial position date are included in the Condensed Interim Consolidated Statements of Financial Position.

The results of operations of the acquired entity since the acquisition date contributed an insignificant amount of revenue and of net income to the Condensed Interim Consolidated Statements of Comprehensive Income for the period ended September 30, 2024. Had the acquisition occurred at January 1, 2024, consolidated pro-forma revenue and net loss for the period ended September 30, 2024 would have been $4,701,516 and $(28,776) respectively.

Transaction costs amounting to $198 have been expensed and recorded in operating expenses.

Prior year business acquisitions

During the nine-month period ended September 30, 2024, provisional amounts that were previously disclosed in the Annual Financial Statements for the year ended December 31, 2023, were finalized without any changes for the following acquisition:

- DCC Hail acquired in February 2023.

During the nine-month period ended September 30, 2024, new information was obtained about circumstances that existed at the acquisition date, which resulted in certain adjustments to the fair value of net identifiable assets acquired for the following acquisitions:

- Premier Chevrolet Cadillac Buick GMC Dealership and Collision Centre acquired in April 2023.
- London Auto Collision Limited acquired in May 2023.

These adjustments are not significant and have been adjusted for prospectively in these Interim Financial Statements. Provisional amounts upon acquisition were previously disclosed in the Annual Financial Statements for the year ended December 31, 2023 for the above acquisitions.

12 Assets and liabilities held for sale

Land and buildings

The Company has committed to a plan to sell specific properties consisting of land and buildings in Alberta, Ontario, and New Brunswick, which are included in the Canadian Operations segment, and in Chicago, which is included in the U.S. Operations segment, as part of our regular evaluation of capital allocation. The net assets have been reclassified as held for sale in the Condensed Interim Consolidated Statements of Financial Position.

On February 1, 2024, the Company completed the sale of two properties consisting of land and buildings in British Columbia and Alberta for cash consideration of $41,370 net of closing adjustments as part of a settlement agreement announced on September 8, 2023. These properties were previously held for sale as at December 31, 2023. A gain of $19,218 was recognized on the sale.

On May 1, 2024, the Company completed the sale of a property in Alberta consisting of land and building for cash consideration of $10,000. The property was previously held for sale as at March 31, 2024. A gain of $3,418 was recognized on the sale.

On September 10, 2024, the Company completed the sale of a property consisting of land and building in Alberta for cash consideration of $2,295. The property was previously held for sale as at June 30, 2024. A gain of $1,247 was recognized on the sale.

During the nine-month period ended September 30, 2024, the Company recorded a gain on disposal of assets of $23,883 (2023 - $nil).

Dealerships

The Company has committed to a plan to sell substantially all of the operating and fixed assets of one dealership in the Canadian Operations segment, as part of our regular evaluation of dealership optimization. The net assets and liabilities of the dealership have been reclassified as held for sale as at September 30, 2024.

During the nine-month period ended September 30, 2024, the Company completed the sale of two dealerships in the Canadian Operations segment for cash consideration of $33,211 (Note 27). The dealerships were previously held for sale as at June 30, 2024. A pre-tax loss of $715 was recognized on the sale.

Impairment charges as a result of reclassification as held for sale

Under IFRS Accounting Standards, when non-current assets meet the criteria to be classified as held for sale, this is also considered to be an impairment indicator and the non-current assets must be measured at the lower of cost and the fair value less costs to sell. Any resulting impairment must be allocated to goodwill and then to the other non-current assets on a pro-rata basis. For the nine-month period ended September 30, 2024, the Company recorded an impairment charge of $7,782 (Note 17) related to a dealership in the Canadian Operations segment that was determined to be impaired. The $7,782 impairment charge was allocated to intangible assets as goodwill was previously fully impaired.

The Canadian Operations and U.S. Operations segments are summarized as follows:

	September 30, 2024				December 31, 2023
	Canadian Operations		U.S. Operations		Canadian Operations
	Land and buildings $	Dealerships $	Land and building $	Total $	Land and building $
Account receivables	—	1,716	—	1,716	—
Inventories	—	15,476	—	15,476	—
Property and equipment	6,658	132	5,412	12,202	22,152
Intangible assets	—	1,726	—	1,726	—
Other assets	—	616	—	616	—
Assets held for sale	6,658	19,666	5,412	31,736	22,152

13 Trade and other receivables

	September 30, 2024 $	December 31, 2023 $
Trade receivables	209,942	185,919
Sales tax receivable	35,276	25,341
Other receivables	12,724	14,064
	257,942	225,324
Less: Expected loss allowance	(3,961)	(3,248)
Trade and other receivables	253,981	222,076

14 Inventories

	September 30, 2024 $	December 31, 2023 $
New vehicles	595,186	542,978
Demonstrator vehicles	88,287	78,092
Used vehicles	335,711	475,126
Parts and accessories	56,394	58,115
Inventories	1,075,578	1,154,311

Amounts recognized in the Condensed Interim Consolidated Statements of Comprehensive Income (Loss):

	Three-month period ended		Nine-month period ended	
	September 30, 2024 $	September 30, 2023 $	September 30, 2024 $	September 30, 2023 $
Inventory expensed as cost of sales	820,069	1,319,464	3,294,550	4,032,198
Writedowns on vehicles included in cost of sales	13,963	4,158	32,979	14,205
Demonstrator expenses included in administrative costs	2,180	3,286	3,970	10,468

15 Property and equipment

During the nine-month period ended September 30, 2024, the Company purchased land and buildings of $nil (2023 - $27,564) and equipment of $20,746 (2023 - $29,103).

16 Commitments and contingencies

Capital commitments

As at September 30, 2024, the Company is committed to capital expenditure obligations in the amount of $85 (December 31, 2023 - $5,404) related to dealership relocations and re-imagings with expected completion of these commitments in 2024.

Lawsuits and legal claims

On December 21, 2022, the Company received a Civil Investigative Demand ("CID") from the Federal Trade Commission ("FTC") requesting information and documents concerning the Company's U.S. Operations ("Leader Automotive Group" or "Leader"). The Company responded to the CID by producing information and documents for the period from April 1, 2018, to January 20, 2023. On July 8, 2024, the FTC staff counsel sent to the Company a proposed consent order and draft complaint, alleging that Leader had violated Section 5 of the Federal Trade Commission Act ("FTC Act"), the FTC's Used Motor Vehicle Trade Regulation Rule ("Used Car Rule"), and Illinois law in connection with advertising, sale, lease, and financing of vehicles, and advising that it would recommend the filing of an enforcement action if Leader did not settle the FTC's claims. On August 9, 2024, FTC staff informed the Company that the complaint recommendation of the Bureau of Consumer Protection had been forwarded to the Commissioners of the FTC. The Company disputes the FTC's allegations that it violated the FTC Act, the Used Car Rule, and Illinois law, and is currently involved in discussions with the FTC staff regarding the matter. There can be no assurance that negotiations between the Company and the FTC for a favourable settlement will be successful, or that the Company will succeed in any litigation as a result of the investigation.

As at September 30, 2024, a material cash outflow was assessed as not being probable.

17 Impairment of non-financial assets

Intangible assets consist of rights under franchise agreements with automobile manufacturers. Intangible assets and goodwill are tested for impairment annually as at December 31 or more frequently, if events or changes in circumstances indicate that they may be impaired.

During the nine-month period ended September 30, 2024, the Company determined there were indicators of impairment as a result of the decline in market capitalization of the Company when compared to the book value of the net assets at September 30, 2024 and for specific CGUs that had actual results that fell short of previous estimates. The Company performed an interim test for impairment on these specific CGUs as at September 30, 2024 and recorded an impairment charge on indefinite-lived identifiable intangible assets of $11,324 for three dealerships in the U.S. Operations. An impairment charge of $7,782 related to a dealership in the Canadian Operations was recorded as a result of its reclassification as held for sale (Note 12) (2023 - nil).

The charges were allocated to the assets of the respective CGU's as follows:

	Three-month period ended		Nine-month period ended	
	September 30, 2024 $	September 30, 2023 $	September 30, 2024 $	September 30, 2023 $
Assets held for sale (Note 12)	582	—	7,782	—
Intangible assets	15	—	11,324	—
	597	—	19,106	—

The impairment for the nine-month period ended September 30, 2024 relates to the Company's reportable segments as follows:

	Canadian Operations $	U.S. Operations $	Total $
Intangible assets	7,782	11,324	19,106
	7,782	11,324	19,106

The valuation methodology used to assess the recoverable value of the CGUs uses level 2 inputs, indirectly derived from the market, where possible, for key assumptions such as the discount rate. Where level 2 inputs are not available, as is the case with the growth rate, the Company uses level 3 inputs, which are unobservable to the market, but reflect management's best estimates from historical performance and expectations for the future.

The impairment amount for two dealerships in the U.S. Operations was determined using the Value in Use method ("VIU") and the impairment amount for one dealership was determined using the Fair Value less Cost to Dispose method ("FVLCD"). The recoverable amount of each CGU was based on the greater of fair value less cost to dispose and value in use. The Company did not make any material changes to the valuation methodology and significant assumptions used to assess impairment in the current period.

Recoverable amounts

The following table shows the recoverable amounts of CGUs, with impairments recorded in either the current year or prior year, that have not been fully impaired:

U.S. Operations

Cash Generating Unit	FVLCD or VIU	September 30, 2024 $	December 31, 2023 $
CF	VIU	8,747	3,232
CW	FVLCD	471	—
CT	VIU	5,317	—

18 Other assets

	September 30, 2024 $		December 31, 2023 $	
	Current	Long-term	Current	Long-term
Prepaid expenses	13,656	1,297	13,283	1,346
Derivative financial instruments (Note 21)	1,111	—	2,318	—
Other assets	6	14,840	—	14,498
Net investment in lease	44	888	117	864
Other assets	14,817	17,025	15,718	16,708

Other assets $14,840 (2023 - $14,498) relates to long-term loans receivable from the respective non-controlling interests.

19 Trade and other payables

	September 30, 2024 $	December 31, 2023 $
Trade payables	69,244	75,079
Accruals and provisions	60,325	87,445
Sales tax payable	45,011	32,757
Wages and withholding taxes payable	40,328	43,146
Trade and other payables	214,908	238,427

20 Revolving floorplan facilities and indebtedness

	September 30, 2024 $	December 31, 2023 $
Revolving floorplan facilities	**1,155,679**	**1,174,595**
Indebtedness		
Revolving term facilities		
Revolving term facility	184,000	187,000
Unamortized deferred financing costs	(2,035)	(778)
	181,965	186,222
Non-revolving term facilities		
Non-recourse mortgages	40,712	31,235
Unamortized deferred financing costs	(40)	(47)
	40,672	31,188
Senior unsecured notes		
Senior unsecured notes	350,000	350,000
Unamortized deferred financing costs	(3,924)	(4,599)
	346,076	345,401
Other debt		
Other long-term debt	79	111
Total indebtedness	**568,792**	**562,922**
Current indebtedness	24,344	744
Long-term indebtedness	544,448	562,178

Amended and extended credit facility

On April 22, 2024, the Company amended its syndicated credit agreement. The amendment included the creation of a $25 million leasehold facility and increasing total aggregate bank facilities to $1,635 million. The credit facility term was also extended to April 22, 2027.

On June 28, 2024, the Company amended its syndicated credit agreement to increase the Company's maximum permitted Total Net Funded Debt to EBITDA Ratio from 4.00:1.00 to 4.50:1.00 for the period from June 28, 2024, to September 29, 2024. After September 29, 2024, the Company's maximum permitted Total Net Funded Debt to EBITDA Ratio will revert to 4.00:1.00 until the end of the agreement term.

On September 27, 2024, the Company amended its syndicated credit agreement to increase the Company's maximum permitted Total Net Funded Debt to EBITDA Ratio from 4.00:1.00 to 7.00:1.00 for the period from July 1, 2024 to September 30, 2024, 7.50:1.00 for the period from October 1, 2024 to March 31, 2025, 5.50:1.00 for the period from April 1, 2025 to June 30, 2025, 4.50:1.00 for the period from July 1, 2025 to September 30, 2025. After September 30, 2025, the Company's maximum permitted Total Net Funded Debt to EBITDA Ratio will revert to 4.00:1.00 until the end of the agreement term. The Company's maximum permitted Fixed Charge Coverage Ratio was decreased from 1.20:1.00 to 1.00:1.00 for the period from July 1, 2024, to March 31, 2025. After March 31, 2025, the Company's maximum permitted Fixed Charge Coverage Ratio will revert to 1.20:1.00 until the end of the agreement term. No changes were made to the Company's Senior Net Funded Debt to EBITDA Ratio. Other changes included increased interest rates across the revolver, leasehold, floorplan and lease facilities, a reduction in the proportion of used floorplan, and other administrative limitations that are applicable during the covenant relief period.

The Company was in compliance with its debt covenants as at September 30, 2024.

21 Derivative financial instruments and other liabilities

Derivative financial instruments are held for the purpose of managing exposures to fluctuations in foreign exchange rates and interest rates.

Foreign exchange risk

The Company uses foreign exchange forward contracts to economically hedge foreign currency risk. These contracts are not designated as hedges for accounting purposes and changes in fair value are immediately recognized in net income.

Interest rate risk

The Company enters into interest rate swap agreements to hedge the variable rates of the syndicated floorplan facility transforming the variable rate exposure to fixed rate-obligations. Certain interest rate swaps are designated as cash flow hedges and periodically assessed for effectiveness. Where the hedging relationship is assessed as being effective, changes in fair value are recognized in other comprehensive income. Changes in fair value on derivative instruments not designated as hedging instruments are immediately recognized in net income.

On February 1, 2024, the Company entered into a new fixed interest rate swap that fixed Canadian Overnight Repo Rate Average ("CORRA") at 3.77% with a notional amount of $75,000 to economically hedge the variable rate of debt. The swap has an initial maturity date of February 1, 2029, but can be terminated earlier by the counterparty on February 1, 2027. Changes in the fair value of these instruments will be recorded in finance costs as the Company has not elected to apply hedge accounting to this contract.

The fair values and notional amounts of derivative financial instruments are as follows:

	Foreign exchange forward contracts	Interest rate swaps		
	Non-hedges $	Cash flow hedges $	Non-hedges $	Total $
September 30, 2024				
Other current assets (Note 18)	33	—	1,078	1,111
Derivative financial instruments - liabilities	—	—	5,691	5,691
Notional values	29,400 USD	—	302,800 CAD	
Maturity (Year)	2024 - 2025		2025 - 2029	
December 31, 2023				
Other current assets (Note 18)	2,112	206	—	2,318
Derivative financial instruments - assets	—	—	3,920	3,920
Derivative financial instruments - liabilities	—	—	2,219	2,219
Notional values	61,000 USD	50,000 CAD	227,800 CAD	
Maturity (Year)	2024	2024	2025 - 2026	
Change in fair value of outstanding hedging instruments since January 1	—	(196)	—	(196)
Change in value of hedged item used to determine hedge effectiveness	—	196	—	196

Unrealized and realized pre-tax gains and (losses) on derivative instruments recognized in net income and other comprehensive income on the Condensed Interim Consolidated Statements of Comprehensive Income (Loss):

	Net income $	Other comprehensive income $	Total $
For the three-month period ended September 30, 2024			
Change in fair value of hedging instruments	—	—	—
Unrealized fair value changes on non-hedging instruments (Note 9)	(5,380)	—	(5,380)
Interest rate swap settlements (Note 9)	1,133	—	1,133
Unrealized fair value changes on foreign exchange forward contracts	112	—	112
Realized loss on foreign exchange forward contracts	27	—	27
	(4,108)	—	(4,108)
For the nine-month period ended September 30, 2024			
Change in fair value of hedging instruments	—	(206)	(206)
Unrealized fair value changes on non-hedging instruments (Note 9)	(6,314)	—	(6,314)
Interest rate swap settlements (Note 9)	4,158	—	4,158
Unrealized fair value changes on foreign exchange forward contracts	(2,079)	—	(2,079)
Realized loss on foreign exchange forward contracts	(555)	—	(555)
	(4,790)	(206)	(4,996)
For the three-month period ended September 30, 2023			
Change in fair value of hedging instruments	—	(421)	(421)
Unrealized fair value changes on non-hedging instruments (Note 9)	(241)	—	(241)
Amortization of terminated hedges (Note 9)	(817)	817	—
Interest rate swap settlements (Note 9)	1,816	—	1,816
Unrealized fair value changes on foreign exchange forward contracts	(932)	—	(932)
Realized loss on foreign exchange forward contracts	(99)	—	(99)
	(273)	396	123
For the nine-month period ended September 30, 2023			
Change in fair value of hedging instruments	—	(965)	(965)
Unrealized fair value changes on non-hedging instruments (Note 9)	283	—	283
Amortization of terminated hedges (Note 9)	(2,451)	2,451	—
Interest rate swap settlements (Note 9)	4,845	—	4,845
Unrealized fair value changes on foreign exchange forward contracts	(381)	—	(381)
Realized gain on foreign exchange forward contracts	96	—	96
	2,392	1,486	3,878

Other liabilities

Equity forward liability

As at September 30, 2024, the Company has equity forward agreements on 350,000 (December 31, 2023 - 350,000) outstanding common shares with an outstanding liability amounting to $11,063 (December 31, 2023 - $11,063). The outstanding liability is classified as a current liability as the Company and the counterparty have the option to settle the equity forward agreements in advance of the contractual settlement dates.

On October 3, 2024, the Company amended one of its existing equity forward agreements on 150,000 common shares to extend the settlement date to December 17, 2026.

22 Share-based payments

Share-based compensation expense

Total expenses, net of recoveries, arising from share-based payment transactions recognized during the three-month and nine-month periods ended September 30, 2024 included in employee costs are as follows:

	Three-month period ended		**Nine-month period ended**	
	September 30, 2024 $	**September 30, 2023 $**	**September 30, 2024 $**	**September 30, 2023 $**
Stock options	255	347	939	500
Restricted share units	161	131	606	344
Deferred share units	304	288	897	838
Share appreciation rights	939	974	3,323	2,995
Performance share units	214	—	509	—
Share-based compensation expense	1,873	1,740	6,274	4,677

During the nine-month period ended September 30, 2024, 277,408 performance share units and 328,617 stock units awarded as consideration for the purchase of the UD LP minority interest in December 31, 2023 were granted. Share-based compensation expense for these awards was fully recognized in the Annual Financial Statements for the year ended December 31, 2023.

23 Share capital and equity

Common shares

Common shares of the Company are voting shares and have no par value. The authorized share capital is an unlimited number of shares.

The following table shows the change in common shares held during the nine-month periods ended:

	September 30, 2024		**September 30, 2023**	
	Number of common shares	**$**	**Number of common shares**	**$**
Issued, beginning of the period	23,611,175	434,632	23,551,137	433,693
Exercised stock options	—	—	60,038	939
Shares repurchased and cancelled under Normal Course Issuer Bid	(460,942)	(8,486)	—	—
Issued, end of the period	23,150,233	426,146	23,611,175	434,632

Normal Course Issuer Bid

On March 6, 2024, the Company received approval from the TSX to commence a Normal Course Issuer Bid ("NCIB"). The NCIB commenced on March 11, 2024, and will terminate on the earlier of March 10, 2025 and the date on which the maximum number of common shares that can be acquired pursuant to the NCIB have been purchased. Under the NCIB, the Company is authorized to purchase, for cancellation up to 1,329,106 common shares, representing approximately 5.6% of the 23,611,175 issued and outstanding common shares of the Company as at March 6, 2024. The Company is limited under the NCIB to purchase no more than 12,118 common shares on any given day, subject to the block purchase exemptions under the TSX rules.

In connection with the NCIB, the Company has established an automatic repurchase plan with its designated broker to facilitate the purchase of shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its shares due to regulatory restrictions or blackout periods.

During the nine-month period ended September 30, 2024, the Company repurchased and cancelled 460,942 common shares (2023 - nil) under its NCIB for cash consideration of $9,937 net of transaction cost of $5 which were recorded in share capital. The average share purchase price was $21.19, with prices ranging from $15.49 to $26.49.

Treasury shares

Shares are held in trust to mitigate the risk of future share price increases from the time the equity-settled awards are granted to when they are fully vested and can be exercised. Under the Trust Agreement, the third-party trustee will administer the distribution of shares to the beneficiaries upon vesting, as directed by the Company. The shares held in trust are accounted for as treasury shares and are recognized on a first-in-first-out basis upon issuance and presented separately in the Condensed Interim Consolidated Statements of Changes in Equity.

The following table shows the change in treasury shares held during the nine-month periods ended:

	September 30, 2024		**September 30, 2023**	
	Number of treasury shares	**$**	**Number of treasury shares**	**$**
Outstanding, beginning of the period	(12,465)	(319)	(48,667)	(672)
Treasury shares acquired	(68,003)	(1,625)	(1,808)	(47)
Treasury shares settled	71,926	1,629	38,010	400
Outstanding, end of the period	(8,542)	(315)	(12,465)	(319)

Earnings per share

Basic earnings per share was calculated by dividing net (loss) income attributable to AutoCanada shareholders by the weighted-average number of common shares outstanding during the period. Basic earnings per share are adjusted by the dilutive impact of all share-based payment plans to calculate the diluted earnings per share.

	2024 $	**2023 $**
Net (loss) income for the period attributable to AutoCanada shareholders	(30,697)	70,266

The following table shows the weighted-average number of shares outstanding for the three-month and nine-month periods ended:

	Three-month period ended		**Nine-month period ended**	
	September 30, 2024	**September 30, 2023**	**September 30, 2024**	**September 30, 2023**
Basic	23,167,774	23,593,493	23,374,538	23,548,608
Effect of dilution from equity forward	307,077	134,789	—	158,827
Effect of dilution from RSUs	—	72,443	—	69,981
Effect of dilution from stock options	360,198	697,383	—	665,869
Diluted	23,835,049	24,498,108	23,374,538	24,443,285

For the nine-month period ended September 30, 2024, potential common shares related to equity forward (194,092), RSUs (7,335), stock options (618,471), and PSUs (18,894) were excluded from the computation of diluted earnings per share because they were anti-dilutive.

24 Capital disclosures

The Company's objective when managing its capital is to safeguard the Company's assets and its ability to continue as a going concern while at the same time maximizing the growth of the business, returns to shareholders, and benefits for other stakeholders. The Company views its capital as the combination of long-term indebtedness and equity.

The calculation of the Company's capital is summarized below:

	September 30, 2024 $	**December 31, 2023 $**
Long-term indebtedness (Note 20)	544,448	562,178
Equity	524,112	564,829
	1,068,560	1,127,007

The Company manages its capital structure in accordance with changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may assume additional debt, refinance existing debt with different characteristics, sell assets to reduce debt, issue or repurchase shares, or adjust the amount of dividends paid to its shareholders.

Gross lease adjusted indebtedness

Gross lease adjusted indebtedness is one measure used by management to evaluate the leverage of the Company. Gross lease adjusted indebtedness is calculated as total indebtedness plus lease liabilities, as follows:

	September 30, 2024 $	**December 31, 2023 $**
Total indebtedness (Note 20)	568,792	562,922
Lease liabilities	523,464	497,424
Gross lease adjusted indebtedness	**1,092,256**	**1,060,346**

25 Financial instruments

Fair value of financial instruments

The Company's financial instruments as at September 30, 2024 are represented by cash, trade and other receivables, other assets, trade and other payables, other liabilities, revolving floorplan facilities, vehicle repurchase obligations, indebtedness, redemption liabilities, and derivative financial instruments.

The fair values of cash, trade and other receivables, trade and other payables, other liabilities, and revolving floorplan facilities approximate their carrying values due to their short-term nature.

The call option included in other assets (Level 3) is remeasured at fair value each reporting period with the gain or loss being recognized through profit or loss. The fair value of the call option is calculated based on the equity value of the related subsidiary using the discounted cash flow method. The fair value of the call option is $nil.

The indebtedness has a carrying value that approximates the fair value due to the floating rate nature of the debt. While there is a portion that has a fixed rate, the indebtedness has a carrying value that is not materially different from its fair value except for senior unsecured notes. The fair value of senior unsecured notes is $307,793 (2023 - $304,523). The fair value of senior unsecured notes is based on discounted cash flows using a current market rate.

Derivative instruments are made up of interest rate swap agreements and foreign exchange forward contracts (Level 2). The fair value of both instruments is calculated as the present value of the future cash flows. Both contractually agreed payments and forward rates are used to calculate the cash flows, which are then discounted on the basis of a yield curve that is observable in the market.

Redemption liabilities (Level 3) are remeasured at fair value each reporting period with the gain or loss being recognized through profit or loss. Fair value of these redemption liabilities are calculated based on an applicable multiple applied to projected earnings before interest, taxes, depreciation, and amortization.

The fair value was determined based on the prevailing and comparable market interest rates.

The fair value hierarchy categorizes fair value measurements into three levels based upon the inputs to valuation technique, which are defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (or unobservable inputs).

There were no transfers between the levels of the fair value hierarchy during the period.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's activity is financed through a combination of the cash flows from operations, borrowing under existing credit facilities, other debt, and the issuance of equity. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through adequate amounts of committed credit facilities. One of management's primary goals is to maintain an optimal level of liquidity through the active management of assets and liabilities as well as cash flows.

As at September 30, 2024, the Company's liquidity consists of $132,800 in cash on hand, and $191,000 available to borrow under the Company's revolving term facilities. The Company monitors for compliance with bank covenants under these facilities which are used to manage capital requirements and other operational activities. The Company's ability to borrow under these credit facilities requires it to comply with its financial covenants. As disclosed in Note 20, the Company was in compliance with all covenants as at September 30, 2024. Under the amended and extended credit facility, the Company is required to comply with the following covenants at the end of each quarter:

Financial Covenants	Requirement	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Total Net Funded Debt to Bank EBITDA Ratio	Shall not exceed	7.00	7.50	7.50	5.50	4.50	4.00
Fixed Charge Coverage Ratio	Shall not be less than	1.00	1.00	1.00	1.20	1.20	1.20

During the nine-month period ended September 30, 2024, the Company had a comprehensive loss of $(26,130) and cash flows from operations of $46,529. The Company is actively managing an increased liquidity risk as a result of the current financial performance. In addition, the decline in market capitalization of the Company when compared to the book value of the net assets at September 30, 2024 (which has been identified as an impairment indicator (Note 17)) may impact the ability to raise additional capital in the future.

Given the Company's increased risk of non-compliance with the Total Net Funded Debt to Bank EBITDA covenant, management is required to consider whether these conditions give rise to substantial doubt about the Company's ability to meet its obligations within one year from the balance sheet date, and if so, whether management's plans to negate these conditions will alleviate the increased liquidity risk and going concern risk.

As explained in Note 20, the Company amended its syndicated credit agreement to increase the Company's maximum permitted Total Net Funded Debt to EBITDA Ratio and decrease the Company's maximum permitted Fixed Charge Coverage Ratio to address the increased risk of non-compliance with covenants associated with the revolving term facilities.

At this time, the Company's ability to comply with its financial covenants in the next twelve months is dependent on continued agreement with the Company's lenders, accelerating initiatives to improve profitability, suspending mergers and acquisitions and capital return initiatives, freezing discretionary spending, and actively reviewing strategic alternatives for non-core and underperforming assets. It is the Company's view that those efforts will be successful, however this is an area of significant judgment that is reliant on the outcomes of those efforts and there are no assurances that those efforts will be successful.

26 Net change in non-cash working capital

The following table summarizes the net change in cash due to changes in non-cash working capital for the three-month and nine-month periods ended:

	Three-month period ended		Nine-month period ended	
	September 30, 2024 $	September 30, 2023 $	September 30, 2024 $	September 30, 2023 $
Trade and other receivables	(32,793)	(41,218)	(32,912)	(44,105)
Inventories	95,251	(75,883)	49,877	(71,081)
Other current assets	1,068	5,070	(1,513)	(6,484)
Trade and other payables	(10,668)	36,987	6,784	50,118
Revolving floorplan facilities	(97,667)	69,725	(21,282)	108,943
Other liabilities	—	(2)	—	(1,019)
Net change in non-cash working capital	(44,809)	(5,321)	954	36,372

27 Dealership divestitures

Ponoka Chrysler Dodge Jeep Ram

On September 10, 2024, the Company sold substantially all of the operating assets of Ponoka Chrysler Dodge Jeep Ram, located in Ponoka, Alberta, for cash consideration. Gross proceeds of $8,647 resulted in a loss on divestiture of $30, included in gain (loss) on disposal of assets in the Condensed Interim Consolidated Statements of Comprehensive Income (Loss).

Airdrie Chrysler Dodge Jeep Ram

On September 10, 2024, the Company sold substantially all of the operating assets of Airdrie Chrysler Dodge Jeep Ram, located in Airdrie, Alberta, for cash consideration. Gross proceeds of $24,564 resulted in a loss on divestiture of $685, included in gain (loss) on disposal of assets in the Condensed Interim Consolidated Statements of Comprehensive Income (Loss).

The dealership divestitures completed during the nine-month period ended September 30, 2024 are summarized as follows:

	Ponoka Chrysler Dodge Jeep Ram $	Airdrie Chrysler Dodge Jeep Ram $	Total $
Inventories	6,361	14,723	21,084
Property and equipment	131	215	346
Other current assets	1	71	72
Intangible assets	2,345	10,414	12,759
Total assets	8,838	25,423	34,261
Trade and other payables	161	174	335
Total liabilities	161	174	335
Net assets disposed	8,677	25,249	33,926
Net proceeds on divestiture	8,647	24,564	33,211
Net pre-tax loss on divestiture	(30)	(685)	(715)

28 Related party transactions

Transactions with related parties

During the three-month and nine-month periods ended September 30, 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		Nine-month period ended	
	September 30, 2024 $	September 30, 2023 $	September 30, 2024 $	September 30, 2023 $
Administrative and other support and transportation fees	357	378	1,348	1,151
Vehicle purchases from related parties	—	—	162	—
Vehicle sales to related parties	1,385	—	1,930	491

Used Digital Division

During the nine-month period ended September 30, 2024, the Company made cash payments of $22,500 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 $15,000 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 701,253 of the Company's common shares with the cash advanced.

As at September 30, 2024, the Company has $nil (December 31, 2023 - $22,500) 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.

Key management personnel compensation

During the nine-month period ended September 30, 2024, the Company paid $2,503 for termination benefits related to key management personnel.

29 Segmented reporting

During the nine-month period ended September 30, 2024, the Executive Chair served as the function of the Chief Operating Decision Maker (CODM). The Executive Chair is responsible for allocating resources and assessing the performance of the following segments: Canadian Operations and U.S. Operations.

Each reportable operating segment is comprised of retail automobile dealerships and related businesses.

Transactions between reportable segments are accounted for in accordance with the accounting policies described in the summary of significant accounting policies.

AutoCanada's corporate office has been included in the Canadian Operations segment, as it is located in Canada.

The Company's CODM measures the performance of each operating segment based on operating profit. The segmented information is set out in the following tables:

	Three-month period ended September 30, 2024			Three-month period ended September 30, 2023		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Revenue						
Total revenue	1,439,643	188,219	1,627,862	1,440,572	216,849	1,657,421

	Nine-month period ended September 30, 2024			Nine-month period ended September 30, 2023		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Revenue						
Total revenue	4,089,751	560,018	4,649,769	4,329,442	623,567	4,953,009

	Three-month period ended September 30, 2024			Three-month period ended September 30, 2023		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Operating profit (loss) before other income	55,800	(6,956)	48,844	64,015	2,380	66,395
Lease and other income, net	3,001	300	3,301	1,808	374	2,182
Gains on disposal of assets, net (Notes 12, 27)	(197)	—	(197)	(39)	—	(39)
Impairment of non-financial assets (Note 17)	(582)	(15)	(597)	—	—	—
Operating profit (loss)	58,022	(6,671)	51,351	65,784	2,754	68,538
Finance costs (Note 9)			(42,768)			(38,112)
Finance income (Note 9)			1,497			202
Loss on settlement of redemption liability			1,269			—
Other gains (losses), net			69			(156)
Income for the period before taxation			11,418			30,472

	Nine-month period ended September 30, 2024			Nine-month period ended September 30, 2023		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Operating profit (loss) before other income	108,867	(14,559)	94,308	191,838	7,660	199,498
Lease and other income, net	6,590	646	7,236	6,663	1,107	7,770
Gains on disposal of assets, net (Note 12, 27)	22,429	—	22,429	67	—	67
Impairment of non-financial assets (Note 17)	(7,782)	(11,324)	(19,106)	—	—	—
Operating profit (loss)	130,104	(25,237)	104,867	198,568	8,767	207,335
Finance costs (Note 9)			(116,110)			(106,699)
Finance income (Note 9)			2,283			2,112
Loss on settlement of redemption liability			627			—
Other gains (losses), net			417			(288)
(Loss) income for the period before taxation			(7,916)			102,460

	As at September 30, 2024			As at December 31, 2023		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Assets held for sale (Note 12)	26,324	5,412	31,736	22,152	—	22,152
Segment assets	2,779,991	325,931	3,105,922	2,834,012	325,427	3,159,439
Capital expenditures and acquisition of real estate	18,008	2,738	20,746	61,556	9,158	70,714
Segment liabilities	2,025,920	555,890	2,581,810	2,098,703	495,907	2,594,610

30 Seasonal nature of the business

The Company’s results from operations for the three-month and nine-month periods ended September 30, 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 results from operations and financial performance of the Company have historically been lower in the first and fourth quarters of each year, largely due to consumer purchasing patterns during the holiday season, inclement weather, and the number of business days during the period. The timing of acquisitions and divestitures may also cause substantial fluctuations in operating results from quarter to quarter.

31 Reclassification of comparatives

Management has reclassified certain items within the comparative consolidated statement of cash flows to enhance the clarity and comparability of the financial information presented. This reclassification had no effect on the reported results of operations other than as described directly below.

	Three-month period ended September 30, 2023		
	As originally presented $	**Reclassification of comparative figures $**	**Revised $**
Cash provided by (used in):			
Operating activities			
Finance costs (Note 9)	—	(38,112)	38,112
Amortization of deferred financing costs	299	299	—
Amortization of terminated hedges	817	817	—
Unrealized fair value changes on non-hedging instruments	241	241	—
Net change in non-cash working capital (Note 26)	(9,855)	(4,534)	(5,321)
Interest paid	—	41,289	(41,289)
	(8,498)	—	(8,498)
Net operating activities	**31,028**	**—**	**31,028**

	Nine-month period ended September 30, 2023		
	As originally presented $	**Reclassification of comparative figures $**	**Revised $**
Cash provided by (used in):			
Operating activities			
Finance costs (Note 9)	—	(106,699)	106,699
Loss on extinguishment of debt	1,382	1,382	—
Amortization of deferred financing costs	915	915	—
Amortization of terminated hedges	2,451	2,451	—
Unrealized fair value changes on non-hedging instruments	(283)	(283)	—
Net change in non-cash working capital (Note 26)	31,239	(5,133)	36,372
Interest paid	—	107,367	(107,367)
	35,704	—	35,704
Net operating activities	**139,387**	**—**	**139,387**

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