AutoCanada

Third Quarter
Management Discussion & Analysis

autocan.ca

2024

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

For the three-month and nine-month periods ended September 30, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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1. READER ADVISORIES AND FORWARD-LOOKING STATEMENTS

This Management's Discussion & Analysis ("MD&A") was prepared as of November 13, 2024, to assist readers in understanding AutoCanada Inc.'s (the "Company" or "AutoCanada") consolidated financial performance for the three-month period and nine-month period ended September 30, 2024, and significant trends that may affect AutoCanada's future performance. The MD&A 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 and nine-month period ended September 30, 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 International Accounting Standard 34, *Interim Financial Reporting*. 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 November 13, 2024.

To provide more meaningful information, this MD&A typically refers to the operating results for the three-month period and nine-month period ended September 30, 2024 of the Company, and compares these to the operating results of the Company for the three-month period and nine-month period ended September 30, 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. Results from same stores divested or wound down in the current period are removed from both the current period and the comparative period. Therefore, amounts presented in the comparative period may differ from the same store amounts presented in the prior year. 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) and the financial outlook in Section 3 Market and Financial Outlook in this MD&A 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.

Forward-looking statements and financial outlook in this MD&A include: AutoCanada's future financial position and expected run-rate operational expense savings from the transformation plan.

Forward-looking statements and financial outlook provide information about management's expectations and plans for the future and may not be appropriate for other purposes. Forward looking statements and financial outlook are based on various assumptions, and expectations that AutoCanada believes are reasonable in the circumstances. No assurance can be given that these assumptions and expectations will prove correct. Those assumptions and expectations are based on information currently available to AutoCanada, including information obtained from third-party consultants and other third-party sources, and the historic performance of AutoCanada's businesses.

AutoCanada cautions that the assumptions used to prepare such forward-looking statements and financial outlook, including AutoCanada's expected run-rate operational expense savings through the transformation plan, could prove to be incorrect or inaccurate.

In preparing the forward-looking statements and financial outlook, AutoCanada considered numerous economic, market and operational assumptions, including key assumptions listed under Section 3 Market and Financial Outlook of this MD&A.

The forward-looking statements and financial outlook are also subject to the risks and uncertainties set forth below. By their very nature, forward-looking statements involve numerous assumptions, risks and uncertainties, both general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond our control, AutoCanada's actual performance and financial results may vary materially from those estimates and expectations contemplated, expressed or implied in the forward-looking statements. These risks and uncertainties include risks relating to failure to realize expected cost-savings, cost overruns in one-time restructuring expenses, compliance with laws and regulations, reduced customer demand, operational risks, force majeure, labour relations matters, our ability to access external sources of debt and equity capital, and the risks identified in (i) this MD&A under Section 12 Risk Factors and (ii) AutoCanada's most recent AIF. The preceding list of assumptions, risks and uncertainties is not exhaustive.

Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements and financial outlook. Therefore, any such forward-looking statements and financial outlook 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.

When relying on our forward-looking statements and financial outlook to make decisions with respect to AutoCanada, investors and others should carefully consider the preceding factors, other uncertainties and potential events. Any forward-looking statements and financial outlook are provided as of the date of this document and, except as required by law, AutoCanada does not undertake to update or revise such statements to reflect new information, subsequent or otherwise. For the reasons set forth above, investors should not place undue reliance on forward-looking statements or financial outlook.

2. EXECUTIVE SUMMARY

Business Overview

Canadian Operations

AutoCanada's Canadian Operations segment currently operates 65 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 9 RightRide and Used Digital Division dealerships ("Used Vehicle Operations") 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 and nine-month period 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 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 Third Quarter Key Highlights and Recent Developments

All comparisons presented below are between the three-month periods ended September 30, 2024 and September 30, 2023, unless otherwise indicated.

AutoCanada Key Highlights

- Revenue was $1,627.9 million as compared to $1,657.4 million in the prior year, a decrease of $(29.6) million
- Net income for the period was $7.1 million as compared to $22.8 million in the prior year, a decrease of $(15.7) million
- Diluted earnings per share was $0.25 as compared to $0.81 in the prior year
- Adjusted EBITDA[1] was $53.2 million as compared to $66.7 million in the prior year, a decrease of $(13.5) million

THIRD QUARTER RESULTS

	Three-Months Ended September 30		
Consolidated Financial Results	**2024**	**2023**	**% Change**
Revenue	1,627,862	1,657,421	(1.8)%
Same store revenue	1,553,875	1,606,346	(3.3)%
Gross profit	264,992	290,225	(8.7)%
Gross profit percentage [2]	16.3%	17.5%	(1.2) ppts
Operating expenses	216,148	223,830	(3.4)%
Net income	7,053	22,799	(69.1)%
Basic net income per share attributable to AutoCanada shareholders	0.26	0.84	(69.0)%
Diluted net income per share attributable to AutoCanada shareholders	0.25	0.81	(69.1)%
Adjusted EBITDA	53,239	66,719	(20.2)%
Adjusted EBITDA margin [1]	3.3%	4.0%	(0.7) ppts
New retail vehicles sold (units) [2]	11,208	10,555	6.2%
Used retail vehicles sold (units) [2]	15,591	16,878	(7.6)%
New vehicle gross profit per retail unit [2]	4,189	5,648	(25.8)%
Used vehicle gross profit per retail unit [2]	1,351	1,919	(29.6)%
Parts and service ("P&S") gross profit	92,503	90,061	2.7%
Collision repair ("Collision") gross profit	17,527	14,074	24.5%
Finance, insurance and other ("F&I") gross profit per retail unit average [2]	3,206	3,424	(6.4)%
Operating expenses before depreciation [2]	200,581	208,349	(3.7)%
Operating expenses before depreciation as a % of gross profit [2]	75.7%	71.8%	3.9 ppts
Floorplan financing expense	18,583	17,573	5.7%

Consolidated revenue decreased due to weaker performance across used vehicle and F&I operations.

Consolidated gross profit decreased due to declining new vehicle gross profit per retail unit seen industry wide, continued negative pressure from structural issues in our U.S. Operations, and declining used vehicle sales, all resulting in lower contributions from F&I operations, partially offset by positive contributions from P&S and collision operations, and recent acquisitions.

Operating expenses before depreciation declined due to lower variable employee costs as a result of weaker gross profit and greater restrictions on hiring and discretionary spend.

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

Net income for the period decreased as a result of lower gross profits and higher floorplan financing expenses as discussed above.

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

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

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

Canadian Operations Highlights

Canadian Financial Results	Three-Months Ended September 30 2024	2023	% Change
Revenue	1,439,643	1,440,572	(0.1)%
Gross profit	240,737	252,698	(4.7)%
Gross profit percentage	16.7%	17.5%	(0.8) ppts
Operating expenses	184,937	188,683	(2.0)%
Net income	20,422	25,910	(21.2)%
Adjusted EBITDA	61,195	64,856	(5.6)%
Adjusted EBITDA margin	4.3%	4.5%	(0.2) ppts
New retail vehicles sold (units)	9,599	9,185	4.5%
Used retail vehicles sold (units)	13,838	14,642	(5.5)%
Used-to-new retail units ratio [3]	1.44	1.59	(9.4)%
New vehicle gross profit per retail unit	4,607	5,761	(20.0)%
Used vehicle gross profit per retail unit	1,670	1,986	(15.9)%
P&S gross profit	77,164	75,428	2.3%
Collision gross profit	17,527	14,074	24.5%
F&I gross profit per retail unit average	3,282	3,353	(2.1)%
Floorplan financing expenses	16,082	15,398	4.4%

Revenue and gross profit decreased due to weaker performance across new vehicle, used vehicle, and F&I operations, partially offset by positive contributions from P&S and collision operations, and recent acquisitions.

New vehicle gross profit per retail unit decreased as new vehicle market normalizes and inventory supply increased.

Used vehicle gross profit per retail unit decreased as a result of current used vehicle market dynamics resulting in the prioritization of lower priced vehicles and lower used retail vehicles sold.

F&I gross profit per retail unit average decreased slightly as the continued high interest rate environment has shifted payment mix towards more cash, Original Equipment Manufacturers ("OEM") finance, and lease transactions and away from more profitable bank finance deals. This negative pressure has been partially offset with higher product penetrations on all deal types.

Growth in collision gross profit was largely driven by strong customer demand from increased insurance referrals and additional OEM certifications.

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

Same Store Metrics - Canadian Operations Highlights

Same Store - Canadian Operations Financial Results	Three-Months Ended September 30 2024	2023	% Change
Revenue	1,365,656	1,389,497	(1.7)%
Gross profit	231,847	245,554	(5.6)%
Gross profit percentage	17.0%	17.7%	(0.7) ppts
New retail vehicles sold (units)	9,015	8,825	2.2%
Used retail vehicles sold (units)	13,323	14,029	(5.0)%
Used-to-new retail units ratio	1.48	1.59	(6.9)%
New vehicle gross profit per retail unit	4,635	5,804	(20.1)%
Used vehicle gross profit per retail unit	1,770	1,991	(11.1)%
P&S gross profit	72,527	72,519	0.0%
Collision gross profit	16,844	13,882	21.3%
F&I gross profit per retail unit average	3,316	3,390	(2.2)%

Same store Canadian Operations results make up 94.9% of revenue and 96.3% 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 weaker performance across new vehicle, used vehicle, and F&I operations. Despite an increase in new retail vehicles sold, revenue decreased as a result of customers prioritizing the purchase of lower priced vehicles. New vehicle gross profit per retail unit decreased as the new vehicle market normalizes and inventory supply increased.

Used vehicle performance was negatively impacted by market dynamics including sourcing optimal used vehicle inventory, resulting in lower used retail vehicles sold and lower average selling price per used vehicle[3] as consumers move to lower priced vehicles.

The decrease in F&I gross profit per retail unit average reflects a shift in payment mix towards more cash, OEM finance, and lease transactions and away from more profitable bank finance deals. This negative pressure has been partially offset by higher product penetration on all deal types.

The increase in collision gross profit was largely driven by strong customer demand from increased insurance referrals and additional OEM certifications.

U.S. Operations Highlights

	Three-Months Ended September 30		
U.S. Financial Results	**2024**	**2023**	**% Change**
Revenue	188,219	216,849	(13.2)%
Gross profit	24,255	37,527	(35.4)%
Gross profit percentage	12.9%	17.3%	(4.4) ppts
Operating expenses	31,211	35,147	(11.2)%
Net loss	(13,369)	(3,111)	(329.7)%
Adjusted EBITDA	(7,956)	1,863	(527.1)%
Adjusted EBITDA margin	(4.2)%	0.9%	(5.1) ppts
New retail vehicles sold (units)	1,609	1,370	17.4%
Used retail vehicles sold (units)	1,753	2,236	(21.6)%
Used-to-new retail units ratio	1.09	1.63	(33.1)%
New vehicle gross profit per retail unit	1,697	4,893	(65.3)%
Used vehicle gross profit per retail unit	(1,168)	1,481	(178.9)%
P&S gross profit	15,339	14,633	4.8%
F&I gross profit per retail unit average	2,682	3,892	(31.1)%
Floorplan financing costs	2,501	2,175	15.0%

Revenue declined largely due to lower used retail vehicle sales. Gross profit declined due to weaker new vehicles, used vehicles and F&I performance, including an increase in the used vehicle inventory writedown recognized into cost of 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 a pricing initiative, including the creation of a parts pricing matrix and updating of warranty labour rates and pricing.

Net income decreased due to lower gross profits as noted above and higher financing costs.

Adjusted EBITDA declined due to lower gross profits and higher floorplan financing costs as noted above.

Collision Operations Highlights

	Three-Months Ended September 30		
Collision Financial Results	**2024**	**2023**	**% Change**
Revenue	31,487	29,014	8.5%
Gross profit	17,527	14,074	24.5%
Gross profit percentage	55.7%	48.5%	7.2 ppts
Adjusted EBITDA	4,865	3,454	40.9%
Same store revenue	29,920	28,621	4.5%
Same store gross profit	16,844	13,882	21.3%
Same store gross profit percentage	56.3%	48.5%	7.8 ppts

Collision revenue and gross profit increased reflecting contributions from increased insurance referrals and strong customer demand supported by additional OEM certifications.

Collision gross profit percentage increased due to continued negotiation of parts discount agreements with our vendors, improved parts procurement practices to obtain the best discounts on OEM parts, and implementation of the collision playbook and training process to increase capacity and productivity during the quarter.

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

Adjusted EBITDA increased due to higher gross profits as noted above.

3 *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of these supplementary financial measures.*

Other Recent Developments

During the quarter:

- For the period from July 1 to August 14, 2024, the Company repurchased and cancelled 117,700 shares for an average price of $18.86 under its Normal Course Issuer Bid ("NCIB") and automatic share purchase plan ("ASPP") for consideration of $2.2 million. On August 15, 2024, the ASPP was terminated early in accordance with its terms.
- On July 30, 2024, S&P Global Ratings (“S&P”) issued a research update where the Company's Credit Rating was reaffirmed at 'B+' and outlook was revised from 'Stable' to' Negative'.
- AutoCanada identified a cybersecurity incident on August 11, 2024 that impacted its internal information technology ("IT") systems. This incident has been contained and remediation and investigation efforts are ongoing.
- On September 10, 2024, the Company completed the strategic divestiture of two Stellantis stores located in Ponoka, Alberta and Airdrie, Alberta.
- On September 24, 2024, the Company announced the restructuring of its RightRide operations, including the closure of several underperforming RightRide locations.
- On September 27, 2024, the Company announced an amendment to its senior credit facility that offers additional covenant headroom for the period from September 30, 2024 to September 30, 2025.

3. MARKET AND FINANCIAL OUTLOOK

The Canadian automotive industry continues to feel the impact of elevated prices, a softening labor market, and higher interest rates. While recent rate cuts may ease affordability pressures over time, lingering inflation is expected to steer Canadian consumers toward less expensive vehicles in the near term. Furthermore, there remains an oversupply of new light vehicle inventory in key brands in our Canadian dealerships, while structural issues continue to challenge our US operations. Management anticipates that fourth-quarter sales and gross profit will reflect these trends, as well as typical fourth quarter seasonality.

During the third quarter, AutoCanada made progress in efforts to enhance the performance of its core dealership operations, launching a full strategic review of all non-core and unprofitable operations. This strategic review so far has resulted in the divestment of two Stellantis dealerships and the restructuring of RightRide operations, including the closure of seven unprofitable locations and repositioning of the remaining stores to an inventory light business model focused on providing credit solutions to credit challenged used light vehicle customers.

Additionally, in September management placed heightened restrictions on discretionary spending and hiring and paused all acquisitions and capital return initiatives. These steps are expected to improve profitability in the coming quarters, while management executes its transformation plan with Bain & Company, Inc. ("Bain").

Following the close of the third quarter, AutoCanada formally initiated its transformation plan, beginning with four pilot dealerships in Western Canada. Although the process is still in its early stages, management anticipates realizing at least $100 million in annualized run-rate operational expense savings by the end of 2025. This financial outlook is disclosed to assist current and future shareholders to evaluate the effectiveness of AutoCanada’s transformation plan and readers are cautioned that it may not be suitable for any other purpose.

The expected run-rate operational expense savings are based on the assumptions that staffing optimization, improved store efficiencies and productivity gains, and consolidation of operations will decrease labour and overhead costs. Additional key assumptions or risk factors with respect to achieving the operational expense savings include successful execution, no overruns in one-time restructuring costs incurred in connection with the transformation plan, economic stability, and other external factors. In addition to the significant assumptions referred to in this paragraph, refer to “Forwarding-Looking Statements” within Section 1 Reader Advisories and Forward-Looking Statements and Section 12 Risk Factors for a detailed review of significant business risks affecting AutoCanada.

As AutoCanada navigates challenging business dynamics, the company remains focused on strategic realignment and disciplined execution to build resilience, reduce leverage, enhance profitability, and secure a foundation for sustainable growth.

4. RESULTS OF OPERATIONS

Third Quarter Operating Results

The Company's year-to-date results were negatively impacted by a cyber incident with CDK Global ("CDK"), resulting in lost sales of vehicles and related F&I deals, lost service repair orders[4], and other one-time incremental costs to support the business. The outage started on June 19, 2024 and officially ended on July 1, 2024 (the "CDK Outage").

Revenues, Gross Profit and Gross Profit Percentages

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

	Three-Months Ended September 30			
	2024 $	**2023 $**	**Change $**	**Change %**
New vehicles	718,709	673,363	45,346	6.7%
Used vehicles	614,555	690,071	(75,516)	(10.9)%
Parts and service	170,034	167,148	2,886	1.7%
Collision repair	31,487	29,014	2,473	8.5%
Finance, insurance and other	93,077	97,825	(4,748)	(4.9)%
Total revenue	1,627,862	1,657,421	(29,559)	(1.8)%
New vehicles	47,260	60,304	(13,044)	(21.6)%
Used vehicles	21,775	31,862	(10,087)	(31.7)%
Parts and service	92,503	90,061	2,442	2.7%
Collision repair	17,527	14,074	3,453	24.5%
Finance, insurance and other	85,927	93,924	(7,997)	(8.5)%
Total gross profit	264,992	290,225	(25,233)	(8.7)%

	Nine-Months Ended September 30			
	2024 $	**2023 $**	**Change $**	**Change %**
New vehicles	1,993,230	1,948,309	44,921	2.3%
Used vehicles	1,812,351	2,133,486	(321,135)	(15.1)%
Parts and service	487,110	496,170	(9,060)	(1.8)%
Collision repair	94,651	83,708	10,943	13.1%
Finance, insurance and other	262,427	291,336	(28,909)	(9.9)%
Total revenue	4,649,769	4,953,009	(303,240)	(6.1)%
New vehicles	143,972	170,112	(26,140)	(15.4)%
Used vehicles	40,200	109,209	(69,009)	(63.2)%
Parts and service	269,063	269,212	(149)	(0.1)%
Collision repair	47,953	39,760	8,193	20.6%
Finance, insurance and other	242,807	275,652	(32,845)	(11.9)%
Total gross profit	743,995	863,945	(119,950)	(13.9)%

The following table summarizes gross profit percentages for the three-month periods and nine-month periods ended September 30:

	Three-Months Ended September 30			Nine-Months Ended September 30		
	2024	**2023**	**Change ppts**	**2024**	**2023**	**Change ppts**
New vehicles	6.6%	9.0%	(2.4)	7.2 %	8.7 %	(1.5)
Used vehicles	3.5%	4.6%	(1.1)	2.2 %	5.1 %	(2.9)
Parts and service	54.4%	53.9%	0.5	55.2 %	54.3 %	0.9
Collision repair	55.7%	48.5%	7.2	50.7 %	47.5 %	3.2
Finance, insurance and other	92.3%	96.0%	(3.7)	92.5 %	94.6 %	(2.1)
Total gross profit percentage	16.3%	17.5%	(1.2)	16.0 %	17.4 %	(1.4)

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

New vehicles

For the three-month period ended September 30, 2024

The following table summarizes the financial metrics for the three-month period ended September 30, 2024 and changes compared to the three-month period ended September 30, 2023.

	Three-Months Ended September 30, 2024			Change		
New Vehicle Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	629,496	89,213	718,709	6.0%	12.0%	6.7%
Gross profit	44,597	2,663	47,260	(16.8)%	(60.3)%	(21.6)%
Gross profit percentage (%)	7.1%	3.0%	6.6%	(1.9) ppts	(5.4) ppts	(2.4) ppts
New retail vehicles sold (units)	9,599	1,609	11,208	4.5%	17.4%	6.2%
New vehicle gross profit per retail unit ($)	4,607	1,697	4,189	(20.0)%	(65.3)%	(25.8)%
New Vehicle Inventory days of supply (days)[1]	97	94	96	22	47	25
Average selling price per new vehicle ($)[1]	62,668	55,446	61,671	3.2%	(4.6)%	2.1%
Same store revenue	590,553	89,213	679,766	2.9%	12.0%	4.0%
Same store gross profit	42,248	2,663	44,911	(18.6)%	(60.3)%	(23.4)%
Same store gross profit percentage (%)	7.2%	3.0%	6.6%	(1.8) ppts	(5.4) ppts	(2.4) ppts
Same store new retail vehicles sold (units)	9,015	1,609	10,624	2.2%	17.4%	4.2%

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

Consolidated Operations

New vehicle revenue increased due to higher new retail vehicle sales. Gross profit and gross profit percentage decreased as the new vehicle market normalizes and inventory supply recovers, combined with a change in sales mix to lower priced units. New vehicle inventory levels have increased with new vehicle inventory days of supply increasing to 96 days during the quarter (2023 - 71 days).

Canadian Operations and Same Store Results

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

U.S. Operations

Revenue increased due to higher retail sales volumes, partially offset by lower average selling prices as a result of increasing new vehicle inventory levels. Gross profit and gross profit percentage decreased as a result of a reduction in the sale of aftermarket vehicle products.

For the nine-month period ended September 30, 2024

The following table summarizes the financial metrics for the nine-month period ended September 30, 2024 and changes compared to the nine-month period ended September 30, 2023.

	Nine-Months Ended September 30, 2024			Change		
New Vehicle Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	1,731,144	262,086	1,993,230	0.8%	13.6%	2.3%
Gross profit	130,493	13,479	143,972	(13.9)%	(27.5)%	(15.4)%
Gross profit percentage (%)	7.5%	5.1%	7.2%	(1.3) ppts	(3.0) ppts	(1.5) ppts
New retail vehicles sold (units)	26,819	4,485	31,304	0.5%	15.0%	2.4%
New vehicle gross profit per retail unit ($)	4,805	3,079	4,558	(14.3)%	(35.4)%	(17.1)%
Average selling price per new vehicle ($)	61,449	58,436	61,035	2.3%	(1.2)%	1.8%
Same store revenue	1,644,101	262,086	1,906,187	(1.1)%	13.6%	0.7%
Same store gross profit	124,400	13,479	137,879	(15.0)%	(27.5)%	(16.5)%
Same store gross profit percentage (%)	7.6%	5.1%	7.2%	(1.2) ppts	(3.0) ppts	(1.5) ppts
Same store new retail vehicles sold (units)	25,429	4,485	29,914	(1.0)%	15.0%	1.1%

Consolidated Operations

New vehicle operations was impacted by the CDK Outage. New vehicle revenues increased due to higher retail sales volume in U.S., and relatively flat new retail sales volumes in Canada. Gross profit and gross profit percentage decreased as a result of no longer selling above Manufacturer's Suggested Retail Price ("MSRP") in the

U.S., as a result of increasing new vehicle inventory levels, and a change in sales mix to lower priced vehicles as compared to the prior year.

Canadian Operations and Same Store Results

Canadian Operations and same store revenue remained relatively flat and gross profit decreased for the reasons stated above.

U.S. Operations

Revenue increased and gross profit decreased for the reasons stated above.

Used vehicles

For the three-month period ended September 30, 2024

The following table summarizes the financial metrics for the three-month period ended September 30, 2024 and changes compared to the three-month period ended September 30, 2023.

	Three-Months Ended September 30, 2024			Change		
Used Vehicle Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	550,600	63,955	614,555	(7.3)%	(33.5)%	(10.9)%
Gross profit (loss)	24,539	(2,764)	21,775	(17.4)%	(228.3)%	(31.7)%
Gross profit percentage (%)	4.5%	(4.3)%	3.5%	(0.5) ppts	(6.5) ppts	(1.1) ppts
Used retail vehicles sold (units)	13,838	1,753	15,591	(5.5)%	(21.6)%	(7.6)%
Used vehicle gross profit per retail unit ($)	1,670	(1,168)	1,351	(15.9)%	(178.9)%	(29.6)%
Used Vehicle Inventory days of supply (days)[1]	57	58	57	(9)	(17)	(10)
Average selling price per used vehicle ($)	39,789	36,483	39,417	(1.9)%	(15.1)%	(3.6)%
Same store revenue	528,538	63,955	592,493	(7.5)%	(33.5)%	(11.2)%
Same store gross profit	26,161	(2,764)	23,397	(12.1)%	(228.3)%	(26.7)%
Same store gross profit percentage (%)	4.9%	(4.3)%	3.9%	(0.3) ppts	(6.5) ppts	(0.9) ppts
Same store used retail vehicles sold (units)	13,323	1,753	15,076	(5.0)%	(21.6)%	(7.3)%

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

Consolidated Operations

Revenue and gross profit decreased as a result of a lower used sales volume due to limited availability of used vehicles and current soft used vehicle market. 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, and the increased used vehicle inventory writedown recognized in U.S. Operations in the current quarter. U.S. Operations continues to be negatively impacted by market dynamics that made sourcing optimal lower priced used vehicle inventory more challenging and resulted in difficulty selling higher priced inventory. As a result, used vehicle inventory days of supply decreased to 57 days (2023 - 67 days) and the used-to-new retail units ratio for the current quarter decreased from 1.60 to 1.39.

Canadian Operations and Same Store Results

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

U.S. Operations

Revenue, gross profit, and gross profit percentage decreased for the reasons stated above.

For the nine-month period ended September 30, 2024

The following table summarizes the financial metrics for the nine-month period ended September 30, 2024 and changes compared to the nine-month period ended September 30, 2023.

Used Vehicle Financial Results	**Nine-Months Ended September 30, 2024**			**Change**		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	1,618,533	193,818	1,812,351	(12.8)%	(30.2)%	(15.1)%
Gross profit	47,734	(7,534)	40,200	(50.0)%	(154.8)%	(63.2)%
Gross profit percentage (%)	2.9%	(3.9)%	2.2%	(2.2) ppts	(8.9) ppts	(2.9) ppts
Used retail vehicles sold (units)	38,801	5,345	44,146	(9.6)%	(17.5)%	(10.6)%
Used vehicle gross profit per retail unit ($)	1,333	(1,039)	1,046	(27.6)%	(169.3)%	(41.8)%
Average selling price per used vehicle ($)	41,714	36,262	41,054	(3.5)%	(15.4)%	(5.0)%
Same store revenue	1,559,977	193,818	1,753,795	(12.1)%	(30.2)%	(14.6)%
Same store gross profit	51,182	(7,534)	43,648	(44.4)%	(154.8)%	(58.8)%
Same store gross profit percentage (%)	3.3%	(3.9)%	2.5 %	(1.9) ppts	(8.9) ppts	(2.7) ppts
Same store used retail vehicles sold (units)	37,325	5,345	42,670	(8.3)%	(17.5)%	(9.6)%

Consolidated Operations

Used vehicle operations was impacted by the noted CDK Outage. Revenue and gross profit decreased as a result of lower used retail and wholesale sales volumes coupled with lower average selling prices as a result of declining affordability in the current high interest rate environment. Used vehicle wholesale declined due to the cross-border wholesale export operations benefiting from fluctuating used vehicle prices in the prior year. In addition, there was an increase in the used vehicle inventory writedown recorded in the current year.

Canadian Operations and Same Store Results

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

U.S. Operations

Revenue and gross profit decreased for the reasons stated above.

Parts and service

For the three-month period ended September 30, 2024

The following table summarizes the financial metrics for the three-month period ended September 30, 2024 and changes compared to the three-month period ended September 30, 2023.

Parts and Service Financial Results	**Three-Months Ended September 30, 2024**			**Change**		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	144,000	26,034	170,034	2.7%	(3.3)%	1.7%
Gross profit	77,164	15,339	92,503	2.3%	4.8%	2.7%
Gross profit percentage (%)	53.6%	58.9%	54.4%	(0.2) ppts	4.6 ppts	0.5 ppts
Same store revenue	135,559	26,034	161,593	0.9%	(3.3)%	0.2%
Same store gross profit	72,527	15,339	87,866	0.0%	4.8%	0.8%
Same store gross profit percentage (%)	53.5%	58.9%	54.4%	(0.5) ppts	4.6 ppts	0.4 ppts

Consolidated Operations

Revenue and gross profit increased reflecting the current inflationary and high interest rate environment leading to prioritization of repairs over purchasing vehicles. Gross profit percentage increased as a result of the recent implementation of a pricing initiative in the U.S., including the creation of a parts pricing matrix and the updating of OEM warranty labour rates and pricing, to improve gross margin retention.

Canadian Operations and Same Store Results

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

U.S. Operations

Revenue decreased slightly reflecting a change in sales mix while gross profit and gross profit percentage increased for the reasons stated above.

For the nine-month period ended September 30, 2024

The following table summarizes the financial metrics for the nine-month period ended September 30, 2024 and changes compared to the nine-month period ended September 30, 2023.

P&S Financial Results	Nine-Months Ended September 30, 2024			Change		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	411,773	75,337	487,110	(1.9)%	(1.2)%	(1.8)%
Gross profit	225,137	43,926	269,063	(1.5)%	8.1%	(0.1)%
Gross profit percentage (%)	54.7%	58.3%	55.2%	0.3 ppts	5.0 ppts	0.9 ppts
Same store revenue	389,867	75,337	465,204	(2.9)%	(1.2)%	(2.7)%
Same store gross profit	213,649	43,926	257,575	(2.8)%	8.1%	(1.1)%
Same store gross profit percentage (%)	54.8%	58.3%	55.4%	0.1 ppts	5.0 ppts	0.9 ppts

Consolidated Operations

Revenue and gross profit decreased slightly, due to lost sales from the CDK Outage. Gross profit percentage increased as a result of improving gross profit retention on a per repair order basis, including the successful implementation of a pricing initiative in the U.S., including the creation of a parts pricing matrix and the updating of OEM warranty labour rates and pricing, to improve gross margin retention.

Canadian Operations and Same Store Results

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

U.S. Operations

Revenue remained relatively flat while gross profit and gross profit percentage increased for the reasons stated above.

Collision repair

For the three-month period ended September 30, 2024

The following table summarizes the financial metrics for the three-month period ended September 30, 2024 and changes compared to the three-month period ended September 30, 2023.

Collision Repair Financial Results	Three-Months Ended September 30, 2024			Change		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	31,487	N/A	31,487	8.5%	N/A	8.5%
Gross profit	17,527	N/A	17,527	24.5%	N/A	24.5%
Gross profit percentage (%)	55.7%	N/A	55.7%	7.2 ppts	N/A	7.2 ppts
Same store revenue	29,920	N/A	29,920	4.5%	N/A	4.5%
Same store gross profit	16,844	N/A	16,844	21.3%	N/A	21.3%
Same store gross profit percentage (%)	56.3%	N/A	56.3%	7.8 ppts	N/A	7.8 ppts

Consolidated Operations and Same Store Results

Revenue and gross profit increased reflecting contributions from increased insurance referrals, as a result of additional direct repair agreements with insurance providers, and strong customer demand supported by additional OEM certifications.

Gross profit percentage increased due to continued negotiation of parts discount agreements with our vendors, improved parts procurement practices to obtain the best discounts on OEM parts, and implementation of the collision playbook and training process to increase capacity and productivity during the quarter. Additionally, gross profit percentage increased due to a new apprenticeship program which assisted in reducing labour costs. Management continues to focus on higher margin revenue streams such as diagnostics, calibration, and coatings.

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

For the nine-month period ended September 30, 2024

The following table summarizes the financial metrics for the nine-month period ended September 30, 2024 and changes compared to the nine-month period ended September 30, 2023.

	Nine-Months Ended September 30, 2024			Change		
Collision Repair Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	94,651	N/A	94,651	13.1%	N/A	13.1%
Gross profit	47,953	N/A	47,953	20.6%	N/A	20.6%
Gross profit percentage (%)	50.7%	N/A	50.7%	3.2 ppts	N/A	3.2 ppts
Same store revenue	92,555	N/A	92,555	11.5%	N/A	11.5%
Same store gross profit	46,952	N/A	46,952	19.3%	N/A	19.3%
Same store gross profit percentage (%)	50.7%	N/A	50.7%	3.3 ppts	N/A	3.3 ppts

Consolidated Operations and Same Store Results

Consolidated and same store revenue, gross profit increased reflecting contributions from increased production capacity, re-negotiation of vendor agreements to reduce cost, and strong customer demand supported by increased OEM certifications and increased insurance referrals.

Consolidated and same store and gross profit percentage increased due to continued negotiation of parts discount agreements with our vendors and implementation of best practices and improved training processes.

Finance, insurance and other

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

For the three-month period ended September 30, 2024

The following table summarizes the financial metrics for the three-month period ended September 30, 2024 and changes compared to the three-month period ended September 30, 2023.

	Three-Months Ended September 30, 2024			Change		
F&I Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	84,060	9,017	93,077	0.5%	(36.3)%	(4.9)%
Gross profit	76,910	9,017	85,927	(3.7)%	(35.8)%	(8.5)%
Gross profit percentage (%)	91.5%	100.0%	92.3%	(4.0) ppts	0.8 ppts	(3.7) ppts
F&I gross profit per retail unit average ($)	3,282	2,682	3,206	(2.1)%	(31.1)%	(6.4)%
Same store revenue	81,086	9,017	90,103	(0.2)%	(36.3)%	(5.5)%
Same store gross profit	74,067	9,017	83,084	(4.4)%	(35.8)%	(9.2)%
Same store gross profit percentage (%)	91.3%	100.0%	92.2%	(4.1) ppts	0.8 ppts	(3.8) ppts
Same store F&I gross profit per retail unit average ($)	3,316	2,682	3,233	(2.2)%	(31.1)%	(6.5)%

Consolidated Operations

Revenue and gross profit decreased reflecting noted lower total retail vehicle[5] sales volumes. F&I gross profit per retail unit average and gross profit percentage decreased reflecting a growing proportion of retail vehicle sales being purchased without dealer financing, that are favourable to the Company, resulting in a higher proportion of less profitable deals.

Canadian Operations and Same Store Results

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

U.S. Operations

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

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

For the nine-month period ended September 30, 2024

The following table summarizes the financial metrics for the nine-month period ended September 30, 2024 and changes compared to the nine-month period ended September 30, 2023.

	Nine-Months Ended September 30, 2024			Change		
F&I Financial Results	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Revenue	233,650	28,777	262,427	(7.5)%	(25.9)%	(9.9)%
Gross profit	214,030	28,777	242,807	(9.8)%	(25.1)%	(11.9)%
Gross profit percentage (%)	91.6%	100.0%	92.5%	(2.3) ppts	1.0 ppts	(2.1) ppts
F&I gross profit per retail unit average ($)	3,262	2,927	3,218	(4.3)%	(20.9)%	(6.6)%
Same store revenue	225,760	28,777	254,537	(7.5)%	(25.9)%	(10.0)%
Same store gross profit	206,442	28,777	235,219	(9.8)%	(25.1)%	(12.0)%
Same store gross profit percentage (%)	91.4%	100.0%	92.4%	(2.4) ppts	1.0 ppts	(2.1) ppts
Same store F&I gross profit per retail unit average ($)	3,290	2,927	3,241	(4.6)%	(20.9)%	(6.9)%

Consolidated Operations

F&I operations was impacted by the noted CDK Outage and current market conditions resulting in lower total retail units sold. Revenue and gross profit decreased reflecting noted lower total retail vehicle sales volumes. F&I gross profit per retail unit average and gross profit percentage decreased reflecting a growing proportion of retail vehicle sales being purchased without favourable dealer financing resulting in a higher proportion of less profitable deals.

Canadian Operations and Same Store Results

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

U.S. Operations

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

Operating expenses

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 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.

The Company considers operating expenses before depreciation ("opex before depreciation") as a percentage of gross profit and normalized operating expenses before depreciation as a percentage of gross profit[6] indicators of operating performance and expense control. Normalized operating expenses before depreciation[8] excludes share-based compensation, transaction costs, software implementation costs, and other non-recurring costs.

The following tables summarize operating expenses, opex before depreciation, and opex before depreciation as a percentage of gross profit for the three-month period and nine-month period ended September 30, 2024, and changes compared to the respective three-month period and nine-month period ended September 30, 2023.

	Three-Months Ended September 30, 2024			Change		
	Canada	U.S.	Total	Canada	U.S.	Total
Employee costs	112,088	17,574	129,662	(4.4)%	(21.5)%	(7.2)%
Administrative costs	56,351	12,460	68,811	0.9%	10.3%	2.5%
Expected credit losses on trade and other receivables	462	—	462	51.0%	(100.0)%	14.6%
Facility lease and storage costs	1,646	—	1,646	42.3%	N/A	42.3%
Depreciation and amortization [1]	14,390	1,177	15,567	2.0%	(14.4)%	0.6%
Operating expenses	184,937	31,211	216,148	(2.0)%	(11.2)%	(3.4)%
Less: Depreciation and amortization [1]	(14,390)	(1,177)	(15,567)	(2.0)%	14.4%	(0.6)%
Operating expenses before depreciation	170,547	30,034	200,581	(2.3)%	(11.1)%	(3.7)%
Opex before depreciation as a percentage of gross profit (%)	70.8%	123.8%	75.7%	1.8 ppts	33.8 ppts	3.9 ppts

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

	Nine-Months Ended September 30, 2024			Change		
	Canada	U.S.	Total	Canada	U.S.	Total
Employee costs	341,965	53,386	395,351	(2.7)%	(19.5)%	(5.4)%
Administrative costs	166,663	35,947	202,610	1.2%	8.1%	2.4%
Expected credit losses on trade and other receivables	2,062	—	2,062	105.2%	(100.0)%	56.0%
Facility lease and storage costs	3,838	—	3,838	2.8%	N/A	2.8%
Depreciation and amortization [1]	41,952	3,874	45,826	5.2%	1.0%	4.8%
Operating expenses	556,480	93,207	649,687	(0.8)%	(10.2)%	(2.2)%
Less: Depreciation and amortization [1]	(41,952)	(3,874)	(45,826)	(5.2)%	(1.0)%	(4.8)%
Operating expenses before depreciation	514,528	89,333	603,861	(1.2)%	(10.6)%	(2.7)%
Opex before depreciation as a percentage of gross profit (%)	77.3%	113.6%	81.2%	8.1 ppts	23.9 ppts	9.3 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 September 30, 2024

Consolidated Operations

Operating expenses before depreciation decreased due to a reduction in variable employee costs corresponding with reduced gross profits and applicable commission, and greater restrictions on hiring and discretionary spend. Operating expenses before depreciation as a percentage of gross profit increased largely due to compressed gross profit.

Canadian Operations

Operating expenses before depreciation decreased and operating expenses before depreciation as a percentage of gross profit increased for the reasons stated above.

U.S. Operations

Operating expenses before depreciation decreased and operating expenses before depreciation as a percentage of gross profit increased for the reasons stated above.

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

For the nine-month period ended September 30, 2024

Consolidated Operations

Operating expenses was impacted by the CDK Outage. Operating expenses before depreciation decreased largely due to a reduction in variable employee costs corresponding with reduced gross profits and applicable commission, and applicable commission and greater restrictions on hiring and discretionary spend, partially offset by one-time costs related to management transition. Operating expenses before depreciation as a percentage of gross profit increased largely due to compressed gross profit.

Canadian Operations

Operating expenses before depreciation decreased and operating expenses before depreciation as a percentage of gross profit increased for the reasons stated above.

U.S. Operations

Operating expenses before depreciation decreased and operating expenses before depreciation as a percentage of gross profit increased for the reasons stated above.

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 September 30, 2024

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

	Three-Months Ended September 30, 2024			Three-Months Ended September 30, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Net income (loss) for the period	20,422	(13,369)	7,053	25,910	(3,111)	22,799
Adjusted EBITDA	61,195	(7,956)	53,239	64,856	1,863	66,719
Adjusted EBITDA margin	4.3%	(4.2)%	3.3%	4.5%	0.9%	4.0%

Net Income (Loss)

Net income (loss) decreased due to declining new vehicle gross profit per retail unit seen industry wide, continued negative pressure from structural issues in our U.S. Operations, and declining used vehicle sales, all resulting in lower contributions from F&I operations, combined with higher floorplan financing costs, partially offset by higher gross profits from P&S and collision operations, contributions from recent acquisitions.

Adjusted EBITDA

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

For the nine-month period ended September 30, 2024

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

	Nine-Months Ended September 30, 2024			Nine-Months Ended September 30, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Net income (loss) for the period	29,533	(57,915)	(28,382)	83,993	(7,582)	76,411
Adjusted EBITDA	119,482	(17,307)	102,175	198,577	7,225	205,802
Adjusted EBITDA margin	2.9 %	(3.1)%	2.2 %	4.6 %	1.2 %	4.2 %

Net Income (Loss)

Net income (loss) decreased largely due to lower gross profits from used vehicles and F&I operations, higher floorplan financing costs, impairment of non-financial assets and write off of deferred tax assets relating to U.S. Operations recognized in the current year, partially offset by higher gross profits from collision operations, contributions from recent acquisitions, and gains from the sale of three properties.

Adjusted EBITDA

Adjusted EBITDA and adjusted EBITDA margin declined for the 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 mature 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 21 in the Interim Financial Statements.

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

	Three-Months Ended September 30		Nine-Months Ended September 30	
Finance Costs	**2024 $**	**2023 $**	**2024 $**	**2023 $**
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	5,380	241	6,314	(283)
Amortization of terminated hedges	—	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	(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**

During the three-month period ended September 30, 2024, floorplan financing costs increased compared to prior year reflecting higher new vehicle inventory balances, partially offset by lower used vehicle inventories and decreasing interest rate environment.

Income taxes

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

	Three-Months Ended September 30		Nine-Months Ended September 30	
	2024 $	**2023 $**	**2024 $**	**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**
Effective income tax rate	38.2%	25.2%	(258.5)%	25.4%
Statutory income tax rate	25.4%	25.5%	25.4%	25.5%

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

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 $13.6 million as at September 30, 2024. 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.

5. ACQUISITIONS, DIVESTITURES, AND OTHER RECENT DEVELOPMENTS

The following are a list of open points, acquisitions, divestitures, wind-downs, or other recent developments that have occurred since January 1, 2024.

<u>Dealership Open Points</u>

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.

<u>Divestitures and Restructuring</u>

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. A gain of $19.2 million was recognized on the sale.

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.

On September 10, 2024, the Company completed the sale of specific land and building in Alberta for cash consideration of $2.3 million plus closing adjustments resulting in a gain of $1.2 million.

Sale of 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 of $8.6 million plus closing adjustments resulting in an immaterial gain. This disposition aligns with the company's commitment to improve profitability and reduce leverage.

Sale of 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 of $24.6 million plus closing adjustments resulting in a loss of $0.7 million. This disposition aligns with the company's commitment to improve profitability and reduce leverage.

Restructuring of RightRide Business

On September 24, 2024, the Company announced the restructuring of its RightRide operations, including the closure of several underperforming locations within RightRide. This decision is part of a larger strategic shift to optimize operations and reduce leverage.

As part of this initiative, AutoCanada has closed seven unprofitable locations, while maintaining a select number of performing RightRide stores. The remaining locations have been shifted to an inventory-light business model and re-focused on the original strategy to provide credit solutions to credit challenged used light vehicle customers. This realignment is expected to strengthen the Company's position in the market and return RightRide to profitability.

For the three-month period ended September 30, 2024, restructuring charges of $2.5 million were recognized in cost of sales and operating expenses, and a loss of $2.1 million was recognized in loss on disposal of assets, net.

Acquisitions

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.

Wind-downs

On June 30, 2024, the Company wound down the operations of Windsor Premier Collision Centre, located in Windsor Ontario, and successfully consolidated the collision customer base to the nearby Rose City Collision Centre, also located in Windsor Ontario.

Other Recent Developments

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. If the FTC files a suit against the Company based on these allegations, whether meritorious or not, it may adversely affect AutoCanada's ability to attract customers, result in the loss of existing customers, harm our reputation, and cause the Company to incur defence costs and other expenses.

CDK Outage

AutoCanada was negatively impacted by a cyber incident with CDK Global ("CDK"), our dealer management system ("DMS"). CDK is used across our dealership operations and supports many aspects critical to our business, including the management of our sales, parts and service, inventory, business development, and accounting functions. The CDK outage started on June 19, 2024, and officially ended on July 1, 2024 ("CDK Outage"). The recovery, validation, and cleanup process for CDK to be "back to normal" was not fully completed until end of July 2024.

Once we became aware of the CDK outage, we immediately enacted measures to safeguard our system and data environments. We also performed a thorough assessment of the potential impact to our operations and enacted a plan to ensure business continuity. We subsequently fortified our internal security measures and increased our threat detection efforts.

While our dealership operations were able to transition to a manual dealership operating process, our Q2 2024 results were ultimately negatively impacted by lost sales of new and used vehicles and related F&I deals, lost service repair orders, and other one-time incremental costs to support the business.

Cybersecurity Incident

AutoCanada identified a cybersecurity incident on August 11, 2024 that impacted its internal information technology ("IT") systems (the "Incident").

Immediately upon detecting the Incident, AutoCanada took action to safeguard its network and data. This included engaging with leading cybersecurity experts to assist us with containment and remediation efforts, as well as conducting a thorough investigation to understand the scope and impact of the Incident.

As the investigation is ongoing, the full scope, nature and impact of the incident, including the extent to which any customer, supplier or employee data has been accessed is not yet known. While operations remain unaffected at this time, remediation and investigation efforts are ongoing.

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 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.

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.

As at September 30, 2024, the Company had total liquidity[7] of $323.8 million comprised of $132.8 million cash and $191.0 million available under the revolving credit facility.

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.

On April 22, 2024, the Company entered into the fourth amended and restated $1,635 million syndicated credit agreement ("New Credit Facility") with Scotiabank, CIBC, RBC, BMO, ATB, and TD. The New Credit Facility included the creation of a new $25.0 million leasehold capital expenditure term facility, with a corresponding $25.0 million accordion facility, to support anticipated leasehold spending. There are no changes to the revolving credit, wholesale flooring, and wholesale leasing facilities. Other changes included administrative enhancements to the Company's ability to floor a higher proportion of used vehicles and extending the maturity date to April 22, 2027. The New Credit Facility agreement can be found at www.sedarplus.ca.

On June 28, 2024, due to the CDK Outage, the Company amended the New Credit Facility to increase the Company's maximum permitted Total Net Funded Debt to Bank EBITDA Ratio from 4.00:1.00 to 4.50:1.00 for the period June 28, 2024 to September 29, 2024.

On September 27, 2024, the Company amended the New Credit Facility to increase the Company's maximum permitted Total Net Funded Debt to EBITDA Ratio and the minimum permitted Fixed Charge Coverage Ratio from July 1, 2024 to September 30, 2025 (the "covenant relief period"). No changes were made to the Company's Senior Net Funded Debt to EBITDA Ratio. After September 30, 2025, the Company's covenants will revert to original covenant until the end of the agreement term. 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 following table summarizes financial covenants under the New Credit Facility as at September 30, 2024:

Amended 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

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

The following table reflects the limits, amounts drawn and capacity of the New Credit Facility as at September 30, 2024:

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit [1]	375,000	184,000	191,000
Leasehold credit facility	25,000	—	25,000
Wholesale inventory floorplan and lease financing	1,235,000	660,045	574,955
Total	1,635,000	844,045	790,955

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

Revolving Credit Capacity

The revolving credit 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 financing the wholesale purchase of new, used, demonstrator and leased vehicle inventory. As the facilities are demand in nature and draws are secured by floored inventory, 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 is considered 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 New Credit Facility. The following table provides a breakdown of the Company's floorplan facilities as at September 30, 2024:

Lender	Limit	Drawn	Available Capacity
New Credit Facility – Floorplan	1,235,000	660,045	574,955
Other Canadian Floorplan Facilities	512,545	495,634	16,911
Other U.S. Floorplan Facility	172,112	—	172,112
Total	1,919,657	1,155,679	763,978

Financial Covenants

Under the terms of the New Credit Facility and various standalone floorplan financing facilities and OEM franchise agreements, the Company is required to comply with certain financial covenants. 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. At September 30, 2024, the Company was in compliance with all of these financial covenants.

The New Credit Facility financial covenants are calculated on a pre-IFRS 16 basis. 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 New Credit Facility. As such, the precise inputs for the applicable 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.

The following table summarizes financial covenants under the New Credit Facility as at September 30, 2024:

Financial Covenants	Requirement	Q3 2024
Senior Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 2.50	1.26
Total Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 7.00	4.53
Fixed Charge Coverage Ratio	Shall not be less than 1.00	2.41

During the nine-month period ended September 30, 2024, the Company had a comprehensive loss of $(26.1) million and cash flows from operations of $46.5 million. 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.

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.

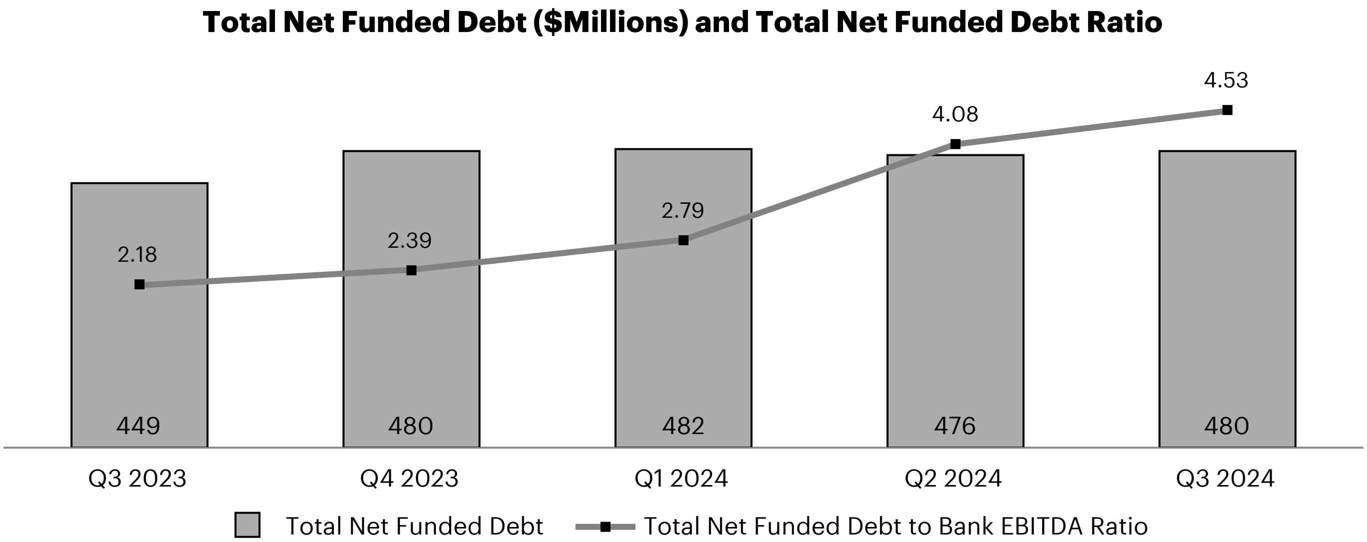
At this time, the Company's ability to comply with its financial covenants in the next twelve months is dependent on continued agreement with the Company's lenders, accelerating initiatives to improve profitability, suspending mergers and acquisitions and capital return initiatives, freezing discretionary 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.

Total Net Funded Debt Ratio Covenant Summary

The following table summarizes the Company's Total Net Funded Debt for purposes of calculating Total Net Funded Debt Ratio.

	September 30, 2024 $	December 31, 2023 $
New Credit Facility, net of unamortized deferred financing costs	181,965	186,222
$350 Million Notes, net of unamortized deferred financing costs	346,076	345,401
Other funded debt according to Credit Facility	21,685	18,263
Total Funded Debt	549,726	549,886
Less: Allowable Cash Netting according to Credit Facility	(70,000)	(69,788)
Total Net Funded Debt	**479,726**	**480,098**

The following illustrates Total Net Funded Debt and Total Net Funded Debt 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 8.45% as at September 30, 2024). The mortgage has a three-year term, twenty-year amortization, and requires monthly interest-only payments until construction is complete.

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 requires 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 September 30, 2024, the value of the mortgages, net of unamortized deferred financing costs, was $17.1 million (2023 - $17.6 million).

On September 27, 2024, the Company updated the mortgage terms and advanced an additional $10.0 million on the Maple Ridge non-recourse mortgage. The updated mortgage has a one-year term with a variable interest rate of prime + 1.00% (combined total rate of 7.45% as at September 30, 2024 and requires monthly installments of principal and interest based on a twenty-five-year amortization. The outstanding balance is due at the end of the one-year term and is considered current in nature. As at September 30, 2024, the value of this mortgage, net of unamortized deferred financing costs, was $23.6 million (2023 - $13.5 million).

The New Credit Facility allows for up to $100 million of non-recourse mortgages which are excluded for purposes of calculating the New Credit Facility financial covenants.

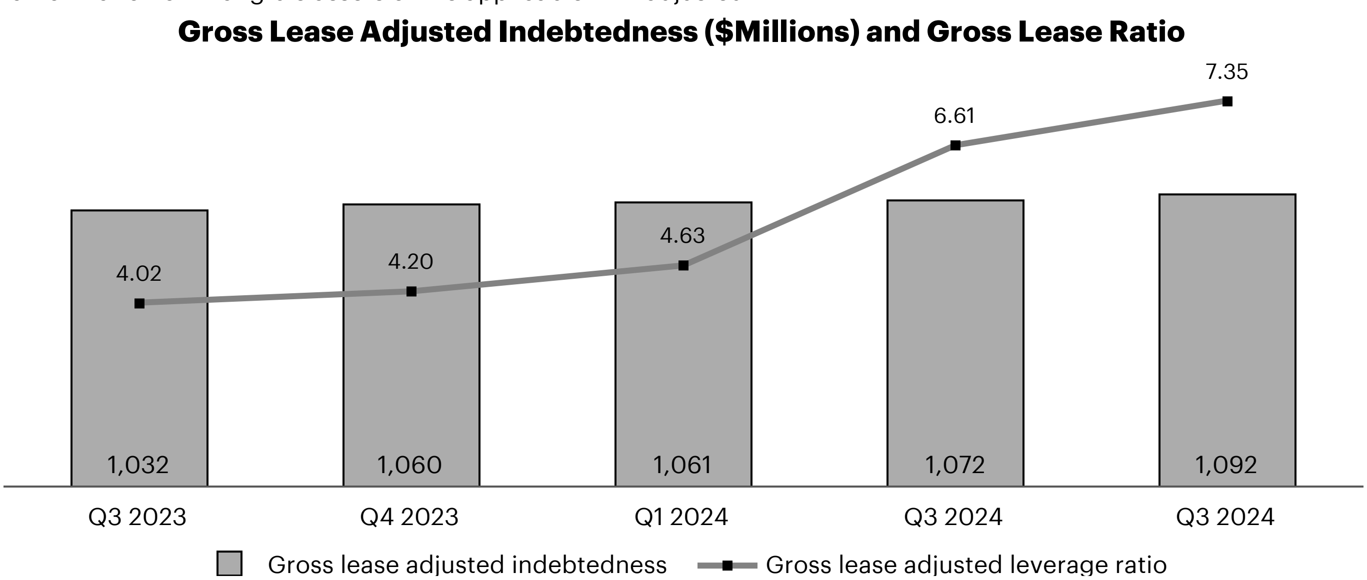
Gross Lease Adjusted Indebtedness[8] Summary

Gross lease adjusted leverage ratio[9] ("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 summarizes the Company's gross lease adjusted indebtedness and Gross Lease Ratio.

	September 30, 2024 $	December 31, 2023 $
New Credit facility, net of unamortized deferred financing costs	181,965	186,222
$350 Million Notes, net of unamortized deferred financing costs	346,076	345,401
Non-recourse mortgages and other debt	40,751	31,299
Total indebtedness	568,792	562,922
Add: Lease liabilities	523,464	497,424
Gross lease adjusted indebtedness	**1,092,256**	**1,060,346**
Adjusted EBITDA - trailing twelve months	148,612	252,239
Gross lease adjusted leverage ratio ("Gross Lease Ratio")	**7.35x**	**4.20x**

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



[8] *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this capital management measure.*
[9] *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, and can fluctuate from period to period depending on our needs to upgrade or replace existing property and 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

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 nine-months ended September 30, 2024, the Company incurred $17.6 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 15 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 September 30		Nine-Months Ended September 30	
	2024 $	2023 $	2024 $	2023 $
Non-growth capital expenditures	931	2,304	3,102	11,687
Growth capital expenditures [1]	4,690	5,481	17,644	17,416
Total capital expenditures	5,621	7,785	20,746	29,103
Real estate acquisition expenditures [1]	—	12,702	—	27,564
Total capital related expenditures	5,621	20,487	20,746	56,667

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 September 30, 2024, the Company is committed to capital expenditure obligations in the amount of approximately $0.1 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 New 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+'.

On July 30, 2024, S&P issued a research update where the Company's Credit Rating was reaffirmed at 'B+' and our outlook was revised from 'Stable' to' Negative'.

7. 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 $22.5 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 701,253 of the Company's common shares with the cash advanced.

As at September 30, 2024, the Company has $nil (December 31, 2023 - $22.5 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.

Key management personnel compensation

During the nine-month period ended September 30, 2024, the Company paid $2.5 million for termination benefits related to key management personnel.

8. OUTSTANDING SHARES

As at September 30, 2024, the Company had 23,150,233 common shares outstanding. Basic and diluted weighted average number of shares outstanding for the three-month period ended September 30, 2024 were 23,167,774 and 23,835,049, respectively. As at November 13, 2024, there were 23,150,233 common shares issued and outstanding.

As at September 30, 2024, the value of the shares held in trust, to hedge equity-based compensation plans, was $0.3 million, which was comprised of 8,542 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 for the nine-month period ended September 30, 2024, the Company repurchased and cancelled 460,942 common shares for an average price of $21.19 and total cash consideration of $9.9 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. On August 15, 2024, the ASPP was terminated early 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 September 30, 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, changes in U.S. and international trade policy, 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. There is also no assurance that AutoCanada will fully realize on the anticipated operational expense savings from its transformation plan, as these depend on the successful implementation, stable economic conditions, and other external risk factors. If the transformation plan does not achieve expected operational expense savings or incur unforeseen costs, actual financial performance may differ from projections, impacting AutoCanada's financial position and results of operations.

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.

Non-GAAP Measures and Capital Management Measures

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 and capital management 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 considers this measure meaningful as it 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 considers this measure meaningful as it provides improved continuity with respect to the comparison of our operating performance with retaining and growing profitability as our revenue and scale changes over a period of time.

Gross Lease Adjusted Leverage Ratio ("Gross Lease Ratio")

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

The Company considers this measure meaningful as it is used by the credit rating agency for their analysis. Gross lease 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;
- Management transition costs; and
- Share-based compensation expense.

The Company considers this measure meaningful as it provides a comparison of our operating expense normalized for transactions that are not indicative of the Company's operating expenses over time.

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 considers this measure meaningful as it provides a comparison of our operating performance, normalized for transactions that are not indicative of the Company's operating expenses, with our growing profitability as our gross profit and scale changes over a period of 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 ("Opex 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.

Service Repair Orders ("Service RO's")

Service repair orders represents total repair orders completed and sold by the Company's parts and service departments.

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 tables illustrate segmented adjusted EBITDA for the three-month periods and nine-month periods ended September 30:

	Three-Months Ended September 30, 2024			Three-Months Ended September 30, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from July 1 to September 30						
Net income (loss) for the period	20,422	(13,369)	7,053	25,910	(3,111)	22,799
Add back (deduct):						
Income tax expense (recovery)	4,347	18	4,365	7,777	(104)	7,673
Depreciation of right of use assets	8,400	613	9,013	7,565	733	8,298
Depreciation of property and equipment	5,864	564	6,428	6,140	642	6,782
Amortization of intangible assets	126	—	126	401	—	401
Interest on long-term indebtedness	6,396	3,574	9,970	7,525	2,859	10,384
Lease liability interest	8,274	629	8,903	7,546	844	8,390
Impairment of non-financial assets	582	15	597	—	—	—
Gain on redemption liabilities	(1,269)	—	(1,269)	—	—	—
Canadian franchise dealership restructuring charges	(1,628)	—	(1,628)	—	—	—
Unrealized fair value changes in derivative instruments	5,268	—	5,268	1,173	—	1,173
Amortization of loss on terminated hedges	—	—	—	817	—	817
Unrealized foreign exchange losses (gains)	378	—	378	(37)	—	(37)
Software implementation costs	1,013	—	1,013	—	—	—
Cybersecurity incident costs	314	—	314	—	—	—
RightRide restructuring charges	2,511	—	2,511	—	—	—
Loss on disposal of assets	197	—	197	39	—	39
Adjusted EBITDA	61,195	(7,956)	53,239	64,856	1,863	66,719

	Nine-Months Ended September 30, 2024			Nine-Months Ended September 30, 2023		
	Canada	U.S.	Total	Canada	U.S.	Total
Period from January 1 to September 30						
Net income (loss) for the period	29,533	(57,915)	(28,382)	83,993	(7,582)	76,411
Add back (deduct):						
Income tax expense (recovery)	6,862	13,604	20,466	26,153	(104)	26,049
Depreciation of right of use assets	24,261	2,114	26,375	22,552	2,205	24,757
Depreciation of property and equipment	17,314	1,760	19,074	16,939	1,632	18,571
Amortization of intangible assets [1]	377	—	377	401	—	401
Interest on long-term indebtedness	18,051	9,636	27,687	22,478	8,575	31,053
Lease liability interest	23,710	2,170	25,880	22,050	2,499	24,549
Impairment of non-financial assets	7,782	11,324	19,106	—	—	—
Gain on redemption liabilities	(627)	—	(627)	—	—	—
Canadian franchise dealership restructuring charges	372	—	372	—	—	—
Loss on extinguishment of debt	—	—	—	1,382	—	1,382
Unrealized fair value changes in derivative instruments	8,393	—	8,393	98	—	98
Amortization of loss on terminated hedges	—	—	—	2,451	—	2,451
Unrealized foreign exchange losses	205	—	205	147	—	147
Software implementation costs	2,853	—	2,853	—	—	—
Cybersecurity incident costs	314	—	314	—	—	—
RightRide restructuring charges	2,511	—	2,511	—	—	—
Gain on disposal of assets	(22,429)	—	(22,429)	(67)	—	(67)
Adjusted EBITDA	119,482	(17,307)	102,175	198,577	7,225	205,802

The following tables illustrate segmented collision adjusted EBITDA for the three-month periods and nine-month periods ended September 30:

	Three-Months Ended September 30, 2024			Three-Months Ended September 30, 2023		
Collision Operations	Canada	U.S.	Total	Canada	U.S.	Total
Period from July 1 to September 30						
Net income for the period	2,955	—	2,955	1,790	—	1,790
Add back (deduct):						
Income tax expense	—	—	—	9	—	9
Depreciation of right of use assets	585	—	585	588	—	588
Depreciation of property and equipment	485	—	485	430	—	430
Lease liability interest	840	—	840	661	—	661
Gain on disposal of assets	—	—	—	(24)	—	(24)
Adjusted EBITDA	4,865	—	4,865	3,454	—	3,454

	Nine-Months Ended September 30, 2024			Nine-Months Ended September 30, 2023		
Collision Operations	Canada	U.S.	Total	Canada	U.S.	Total
Period from January 1 to September 30						
Net income for the period	5,271	—	5,271	6,357	—	6,357
Add back (deduct):						
Income tax expense (recovery)	—	—	—	(1)	—	(1)
Depreciation of right of use assets	1,655	—	1,655	1,344	—	1,344
Depreciation of property and equipment	1,291	—	1,291	1,199	—	1,199
Lease liability interest	2,388	—	2,388	1,824	—	1,824
Loss (gain) on disposal of assets	10	—	10	(24)	—	(24)
Adjusted EBITDA	10,615	—	10,615	10,699	—	10,699

Adjusted EBITDA Margin

The following tables illustrate segmented adjusted EBITDA margin for the three-month periods and nine-month periods ended September 30:

	Three-Months Ended September 30, 2024			Three-Months Ended September 30, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Adjusted EBITDA	61,195	(7,956)	53,239	64,856	1,863	66,719
Revenue	1,439,643	188,219	1,627,862	1,440,572	216,849	1,657,421
Adjusted EBITDA Margin	4.3%	(4.2)%	3.3%	4.5%	0.9%	4.0%

	Nine-Months Ended September 30, 2024			Nine-Months Ended September 30, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Adjusted EBITDA	119,482	(17,307)	102,175	198,577	7,225	205,802
Revenue	4,089,751	560,018	4,649,769	4,329,442	623,567	4,953,009
Adjusted EBITDA Margin	2.9 %	(3.1)%	2.2 %	4.6 %	1.2 %	4.2 %

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

The following tables illustrate segmented normalized opex before depreciation and normalized opex before depreciation as a percentage of gross profit, for the three-month periods and nine-month periods ended September 30:

	Three-Months Ended September 30, 2024			Three-Months Ended September 30, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Operating expenses before depreciation	170,547	30,034	200,581	174,577	33,772	208,349
Normalizing Items:						
Add back:						
Acquisition-related costs	(351)	—	(351)	(799)	—	(799)
Software implementation costs	(1,013)	—	(1,013)	—	—	—
Canadian franchise dealership restructuring charges	(1,628)	—	(1,628)	—	—	—
Share-based compensation expense	(1,873)	—	(1,873)	(1,740)	—	(1,740)
Normalized Opex before depreciation	165,682	30,034	195,716	172,038	33,772	205,810
Gross profit	240,737	24,255	264,992	252,698	37,527	290,225
Normalized Opex Before Depreciation as a percentage of gross profit (%)	68.8%	123.8%	73.9%	68.1%	90.0%	70.9%

	Nine-Months Ended September 30, 2024			Nine-Months Ended September 30, 2023		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Operating expenses before depreciation	514,528	89,333	603,861	520,798	99,920	620,718
Normalizing Items:						
Add back:						
Acquisition-related costs	(1,402)	—	(1,402)	(2,976)		(2,976)
Software implementation costs	(2,853)	—	(2,853)	—	—	—
Canadian franchise dealership restructuring charges	372	—	372	—	—	—
Management transition costs	(4,704)	—	(4,704)	—	—	—
Share-based compensation expense	(6,274)	—	(6,274)	(4,677)	—	(4,677)
Normalized Opex before depreciation	499,667	89,333	589,000	513,145	99,920	613,065
Gross profit	665,347	78,648	743,995	752,528	111,417	863,945
Normalized Opex Before Depreciation as a percentage of gross profit (%)	75.1 %	113.6 %	79.2 %	68.2 %	89.7 %	71.0 %

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 September 30, 2024 and December 31, 2023:

	September 30, 2024 $	**December 31, 2023 $**
New Credit facility, net of unamortized deferred financing costs	181,965	186,222
$350 Million Notes, net of unamortized deferred financing costs	346,076	345,401
Non-recourse mortgages and other debt	40,751	31,299
Total indebtedness	568,792	562,922
Add: Lease liabilities	523,464	497,424
Gross lease adjusted indebtedness	**1,092,256**	**1,060,346**
Adjusted EBITDA - trailing twelve months	148,612	252,239
Gross lease adjusted leverage ratio	**7.35x**	**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.

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Income Statement Data								
New vehicles	718,709	694,019	580,502	605,918	673,363	706,350	568,596	508,008
Used vehicles	614,555	624,085	573,711	592,990	690,071	739,916	703,499	626,397
Parts and service [4]	170,034	162,447	154,629	170,033	167,148	178,025	150,997	149,694
Collision repair [4]	31,487	30,563	32,601	32,415	29,014	26,943	27,751	18,850
Finance, insurance and other	93,077	89,865	79,485	82,438	97,825	105,028	88,483	85,257
Revenue	1,627,862	1,600,979	1,420,928	1,483,794	1,657,421	1,756,262	1,539,326	1,388,206
New vehicles	47,260	51,098	45,614	52,728	60,304	62,324	47,484	48,218
Used vehicles	21,775	6,347	12,078	20,004	31,862	47,035	30,312	17,775
Parts and service [4]	92,503	93,302	83,258	90,742	90,061	95,920	83,231	85,608
Collision repair [4]	17,527	16,122	14,304	17,312	14,074	15,041	10,645	10,053
Finance, insurance and other	85,927	82,807	74,073	77,056	93,924	98,418	83,310	80,968
Gross Profit	264,992	249,676	229,327	257,842	290,225	318,738	254,982	242,622
Gross profit percentage	16.3%	15.6%	16.1%	17.4%	17.5%	18.1%	16.6%	17.5%
Operating expenses	216,148	221,875	211,664	250,816	223,830	229,016	211,601	197,397
Operating expenses as a % of gross profit	81.6%	88.9%	92.3%	97.3%	77.1%	71.9%	83.0%	81.4%
Net income (loss)	7,053	(33,074)	(2,361)	(22,630)	22,799	45,228	8,384	14,810
Diluted net income (loss) per share attributable to AutoCanada shareholders	0.25	(1.47)	(0.10)	(0.81)	0.81	1.75	0.32	0.52
Adjusted EBITDA [3]	53,239	26,970	21,966	46,437	66,719	94,055	45,028	51,043
Operating Data								
New retail vehicles sold	11,208	10,809	9,287	9,580	10,555	11,257	8,771	8,100
Used retail vehicles sold	15,591	15,225	13,330	13,777	16,878	17,222	15,290	14,418
Total retail vehicles sold	26,799	26,034	22,617	23,357	27,433	28,479	24,061	22,518
# of dealerships at period end [1]	87	89	88	87	87	87	86	86
# of same store dealerships [1, 2]	85	86	86	85	82	80	80	68
# of service bays at period end	1,408	1,416	1,397	1,382	1,382	1,355	1,354	1,367

1 *Dealerships is defined as 83 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.*

4 *In Q2 2024, it was determined there were revenues and cost of sales accounts incorrectly classified between the parts, service and collision repair revenue streams for Q2 2023 and Q3 2023. We have revised the Q2 2023 and Q3 2023 amounts and the classification of these accounts has been corrected. This reclassification had no impact on total revenues or total cost of sales.*

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 September 30, 2024 and September 30, 2023.

	Three-Months Ended September 30, 2024			Three-Months Ended September 30, 2023		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles	629,496	89,213	718,709	593,734	79,629	673,363
Used vehicles	550,600	63,955	614,555	593,934	96,137	690,071
Parts and service	144,000	26,034	170,034	140,219	26,929	167,148
Collision repair	31,487	—	31,487	29,014	—	29,014
Finance, insurance and other	84,060	9,017	93,077	83,671	14,154	97,825
Total revenue	1,439,643	188,219	1,627,862	1,440,572	216,849	1,657,421
New vehicles	44,597	2,663	47,260	53,600	6,704	60,304
Used vehicles	24,539	(2,764)	21,775	29,707	2,155	31,862
Parts and service	77,164	15,339	92,503	75,428	14,633	90,061
Collision repair	17,527	—	17,527	14,074	—	14,074
Finance, insurance and other	76,910	9,017	85,927	79,889	14,035	93,924
Total gross profit	240,737	24,255	264,992	252,698	37,527	290,225
Employee costs	112,088	17,574	129,662	117,272	22,380	139,652
Administrative costs	56,351	12,460	68,811	55,842	11,295	67,137
Expected credit losses on trade and other receivables	462	—	462	306	97	403
Facility lease and storage costs	1,646	—	1,646	1,157	—	1,157
Depreciation of right-of-use assets	8,400	613	9,013	7,565	733	8,298
Depreciation of property and equipment	5,864	564	6,428	6,140	642	6,782
Amortization of intangible assets	126	—	126	401	—	401
Total operating expenses	184,937	31,211	216,148	188,683	35,147	223,830
Operating profit (loss) before other income	55,800	(6,956)	48,844	64,015	2,380	66,395
Operating data						
New retail vehicles sold	9,599	1,609	11,208	9,185	1,370	10,555
Used retail vehicles sold	13,838	1,753	15,591	14,642	2,236	16,878
Total retail vehicles sold	23,437	3,362	26,799	23,827	3,606	27,433
# of dealerships at period end [1]	69	18	87	69	18	87
# of service bays at period end	1,173	235	1,408	1,152	230	1,382

1 *Dealerships is defined as 18 U.S. franchised automobile dealerships, 65 Canadian franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships and 1 used vehicle auction) as at September 30, 2024.*

The following table shows the segmented operating results for the Company for the nine-month period ended September 30, 2024 and September 30, 2023.

	Nine-Months Ended September 30, 2024			Nine-Months Ended September 30, 2023		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
New vehicles	1,731,144	262,086	1,993,230	1,717,679	230,630	1,948,309
Used vehicles	1,618,533	193,818	1,812,351	1,855,638	277,848	2,133,486
Parts and service	411,773	75,337	487,110	419,906	76,264	496,170
Collision repair	94,651	—	94,651	83,708	—	83,708
Finance, insurance and other	233,650	28,777	262,427	252,511	38,825	291,336
Total revenue	4,089,751	560,018	4,649,769	4,329,442	623,567	4,953,009
New vehicles	130,493	13,479	143,972	151,514	18,598	170,112
Used vehicles	47,734	(7,534)	40,200	95,449	13,760	109,209
Parts and service	225,137	43,926	269,063	228,577	40,635	269,212
Collision repair	47,953	—	47,953	39,760	—	39,760
Finance, insurance and other	214,030	28,777	242,807	237,228	38,424	275,652
Total gross profit	665,347	78,648	743,995	752,528	111,417	863,945
Employee costs	341,965	53,386	395,351	351,453	66,356	417,809
Administrative costs	166,663	35,947	202,610	164,607	33,247	197,854
Expected credit losses on trade and other receivables	2,062	—	2,062	1,005	317	1,322
Facility lease and storage costs	3,838	—	3,838	3,733	—	3,733
Depreciation of right-of-use assets	24,261	2,114	26,375	22,552	2,205	24,757
Depreciation of property and equipment	17,314	1,760	19,074	16,939	1,632	18,571
Amortization of intangible assets	377	—	377	401	—	401
Total operating expenses	556,480	93,207	649,687	560,690	103,757	664,447
Operating profit (loss) before other income	108,867	(14,559)	94,308	191,838	7,660	199,498
Operating data						
New retail vehicles sold	26,819	4,485	31,304	26,682	3,901	30,583
Used retail vehicles sold	38,801	5,345	44,146	42,909	6,481	49,390
Total retail vehicles sold	65,620	9,830	75,450	69,591	10,382	79,973
# of dealerships at period end [1]	69	18	87	69	18	87
# of service bays at period end	1,173	235	1,408	1,152	230	1,382

1 *Dealerships is defined as 18 U.S. franchised automobile dealerships, 65 Canadian franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships and 1 used vehicle auction) as at September 30, 2024.*

17. SAME STORE RESULTS DATA

Same store is defined as a franchised automobile dealership, stand-alone collision centre, and Used Vehicle Operation that has been owned for at least one full year since acquisition or opening. Results from same stores divested or wound down in the current period are removed from both the current period and the comparative period. Therefore, amounts presented in the comparative period may differ from the same store amounts presented in the prior year.

The following tables summarize same store revenue, gross profit, gross profit percentage, and vehicles sold for the three-month periods and nine-month periods ended September 30:

	Three-Months Ended September 30, 2024			Three-Months Ended September 30, 2023		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
New vehicles	590,553	89,213	679,766	574,058	79,629	653,687
Used vehicles	528,538	63,955	592,493	571,239	96,137	667,376
Parts and service	135,559	26,034	161,593	134,366	26,929	161,295
Collision repair	29,920	—	29,920	28,621	—	28,621
Finance, insurance and other	81,086	9,017	90,103	81,213	14,154	95,367
Total revenue	1,365,656	188,219	1,553,875	1,389,497	216,849	1,606,346
New vehicles	42,248	2,663	44,911	51,900	6,704	58,604
Used vehicles	26,161	(2,764)	23,397	29,770	2,155	31,925
Parts and service	72,527	15,339	87,866	72,519	14,633	87,152
Collision repair	16,844	—	16,844	13,882	—	13,882
Finance, insurance and other	74,067	9,017	83,084	77,483	14,035	91,518
Total gross profit	231,847	24,255	256,102	245,554	37,527	283,081
New vehicles (%)	7.2%	3.0%	6.6%	9.0%	8.4%	9.0%
Used vehicles (%)	4.9%	(4.3)%	3.9%	5.2%	2.2%	4.8%
Parts and service (%)	53.5%	58.9%	54.4%	54.0%	54.3%	54.0%
Collision repair (%)	56.3%	N/A	56.3%	48.5%	N/A	48.5%
Finance, insurance and other (%)	91.3%	100.0%	92.2%	95.4%	99.2%	96.0%
Total gross profit percentage (%)	17.0%	12.9%	16.5%	17.7%	17.3%	17.6%
New retail vehicles sold (units)	9,015	1,609	10,624	8,825	1,370	10,195
Used retail vehicles sold (units)	13,323	1,753	15,076	14,029	2,236	16,265
Total vehicles retailed (units)	22,338	3,362	25,700	22,854	3,606	26,460

	Nine-Months Ended September 30, 2024			Nine-Months Ended September 30, 2023		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles	1,644,101	262,086	1,906,187	1,662,773	230,630	1,893,403
Used vehicles	1,559,977	193,818	1,753,795	1,775,667	277,848	2,053,515
Parts and service	389,867	75,337	465,204	401,612	76,264	477,876
Collision repair	92,555	—	92,555	83,045	—	83,045
Finance, insurance and other	225,760	28,777	254,537	244,012	38,825	282,837
Total revenue	3,912,260	560,018	4,472,278	4,167,109	623,567	4,790,676
New vehicles	124,400	13,479	137,879	146,439	18,598	165,037
Used vehicles	51,182	(7,534)	43,648	92,112	13,760	105,872
Parts and service	213,649	43,926	257,575	219,851	40,635	260,486
Collision repair	46,952	—	46,952	39,371	—	39,371
Finance, insurance and other	206,442	28,777	235,219	228,978	38,424	267,402
Total gross profit	642,625	78,648	721,273	726,751	111,417	838,168
New vehicles (%)	7.6%	5.1%	7.2%	8.8%	8.1%	8.7%
Used vehicles (%)	3.3%	(3.9)%	2.5%	5.2%	5.0%	5.2%
Parts and service (%)	54.8%	58.3%	55.4%	54.7%	53.3%	54.5%
Collision repair (%)	50.7%	N/A	50.7%	47.4%	N/A	47.4%
Finance, insurance and other (%)	91.4%	100.0%	92.4%	93.8%	99.0%	94.5%
Total gross profit percentage (%)	16.4%	14.0%	16.1%	17.4%	17.9%	17.5%
New retail vehicles sold (units)	25,429	4,485	29,914	25,679	3,901	29,580
Used retail vehicles sold (units)	37,325	5,345	42,670	40,714	6,481	47,195
Total vehicles retailed (units)	62,754	9,830	72,584	66,393	10,382	76,775

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

	Three-Months Ended September 30			Nine-Months Ended September 30		
	2024	2023	% Change	2024	2023	% Change
British Columbia	119,588	153,136	(21.9)%	361,857	460,001	(21.3)%
Alberta	397,176	384,858	3.2 %	1,123,880	1,229,999	(8.6)%
Saskatchewan	101,491	101,173	0.3 %	298,732	298,443	0.1%
Manitoba	121,245	110,395	9.8 %	332,810	329,885	0.9%
Ontario	419,219	414,264	1.2 %	1,196,215	1,191,826	0.4%
Quebec	167,660	181,474	(7.6)%	486,621	525,809	(7.5)%
Atlantic	39,277	44,197	(11.1)%	112,145	131,146	(14.5)%
Illinois	188,219	216,849	(13.2)%	560,018	623,567	(10.2)%
Total revenue	1,553,875	1,606,346	(3.3)%	4,472,278	4,790,676	(6.6)%
British Columbia	19,311	24,625	(21.6)%	57,008	75,813	(24.8)%
Alberta	79,063	79,323	(0.3)%	195,080	241,862	(19.3)%
Saskatchewan	16,831	17,716	(5.0)%	49,427	53,348	(7.3)%
Manitoba	20,308	19,861	2.3%	57,292	57,012	0.5%
Ontario	66,811	71,291	(6.3)%	196,879	203,140	(3.1)%
Quebec	24,128	26,769	(9.9)%	70,852	77,091	(8.1)%
Atlantic	5,395	5,969	(9.6)%	16,087	18,485	(13.0)%
Illinois	24,255	37,527	(35.4)%	78,648	111,417	(29.4)%
Total gross profit	256,102	283,081	(9.5)%	721,273	838,168	(13.9)%

18. COUNT OF OPERATIONS

The following table lists the count and same store count for franchised dealerships, Used Vehicle Operations, and collision centres, organized by province and state as of September 30, 2024.

Location	Franchised Dealerships	Same Store Franchised Dealerships [1]	Used Vehicle Operations	Same Store Used Vehicle Operations [1]	Collision Centres [2]	Same Store Stand-Alone Collision Centres [1]
Canada	**65**	**63**	**10**	**10**	**27**	**11**
Alberta	17	17	2	2	4	2
Atlantic	2	2	—	—	1	—
British Columbia	10	9	—	—	1	1
Manitoba	5	5	2	2	4	—
Ontario	23	22	5	5	9	5
Quebec	4	4	—	—	4	2
Saskatchewan	4	4	1	1	4	1
U.S.	**18**	**18**	**—**	**—**	**—**	**—**
Illinois [3]	18	18	—	—	—	—
Total	**83**	**81**	**10**	**10**	**27**	**11**

1 *Same store means the franchised automobile dealership, Used Vehicle Operation, and stand-alone collision centre 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.*

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