2025

First Quarter FINANCIAL RESULTS

AUTOCAN.CA

Condensed Interim Consolidated Financial Statements (Unaudited)

Three-months ended March 31, 2025

AutoCanada Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss
(in thousands of Canadian dollars except for share and per share amounts)

	Three-month period ended	
	March 31, 2025 $	**March 31, 2024 Revised (1) $**
Continuing operations		
Revenue (Note 6)	1,240,100	1,212,038
Cost of sales (Note 7)	(1,042,064)	(1,014,461)
Gross profit	198,036	197,577
Operating expenses (Note 8)	(174,876)	(174,962)
Operating profit before other income and expense	23,160	22,615
Lease and other income, net	2,149	2,389
Gain on disposal of assets, net (Note 26)	13,053	19,267
Net impairment losses on trade and other receivables	(1,122)	(891)
Impairment of non-financial assets (Note 13, 16)	—	(7,200)
Operating profit	37,240	36,180
Finance costs (Note 9)	(29,549)	(29,874)
Finance income (Note 9)	436	728
Gain on redemption liabilities	2,324	—
Other gains, net	1,074	83
Income for the period before taxation from continuing operations	11,525	7,117
Income tax expense (recovery) (Note 10)	1,818	(852)
Net income for the period from continuing operations	9,707	7,969
Net loss for the period from discontinued operations (Note 14)	(12,859)	(10,330)
Net loss for the period	(3,152)	(2,361)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign operations currency translation	306	2,448
Change in fair value of hedging instruments (Note 20)	—	(206)
Income tax relating to these items	—	51
Other comprehensive income for the period	306	2,293
Comprehensive loss for the period	(2,846)	(68)
Net loss for the period attributable to:		
AutoCanada shareholders	(3,824)	(2,407)
Non-controlling interests	672	46
	(3,152)	(2,361)
Net loss for the period attributable to AutoCanada shareholders arises from:		
Continuing operations	9,035	7,923
Discontinued operations	(12,859)	(10,330)
	(3,824)	(2,407)
Comprehensive loss for the period attributable to:		
AutoCanada shareholders	(3,518)	(114)
Non-controlling interests	672	46
	(2,846)	(68)
Comprehensive loss for the period attributable to AutoCanada shareholders arises from:		
Continuing operations	2,845	7,768
Discontinued operations	(6,363)	(7,882)
	(3,518)	(114)

AutoCanada Inc.

Condensed Interim Consolidated Statements of Comprehensive Loss (continued)

(Unaudited)

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

	Three-month period ended	
	March 31, 2025 $	**March 31, 2024 Revised [1] $**
Net loss per share attributable to AutoCanada shareholders:		
Basic from continuing operations	0.39	0.34
Basic from discontinued operations	(0.56)	(0.44)
Basic	(0.17)	(0.10)
Diluted from continuing operations	0.37	0.34
Diluted from discontinued operations	(0.53)	(0.44)
Diluted	(0.16)	(0.10)
Weighted average shares		
Basic (Note 22)	23,141,691	23,583,406
Diluted (Note 22)	24,172,766	23,583,406

[1] *Comparative period revised to reflect current period presentation. See Note 14 - "Discontinued Operations" for additional information*

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

AutoCanada Inc.

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

	March 31, 2025 (Unaudited) $	December 31, 2024 $
ASSETS		
Current assets		
Cash	101,468	67,343
Trade and other receivables (Note 11)	191,372	173,568
Inventories (Note 12)	866,547	947,278
Current tax recoverable	12,282	10,205
Other current assets (Note 17)	16,268	11,993
Derivative financial instrument (Note 20)	75	376
	1,188,012	1,210,763
Assets held for sale (Note 13)	345,343	332,693
Total current assets	1,533,355	1,543,456
Property and equipment (Note 15)	300,376	312,014
Right-of-use assets	357,281	389,958
Other long-term assets (Note 17)	13,555	16,501
Deferred income tax	18,937	18,840
Intangible assets	622,574	630,467
Goodwill	90,013	94,592
Total assets	2,936,091	3,005,828
LIABILITIES		
Current liabilities		
Trade and other payables (Note 18)	198,140	177,473
Revolving floorplan facilities (Note 19)	977,813	1,010,579
Current tax payable	—	3,766
Vehicle repurchase obligations	3,788	3,705
Indebtedness (Note 19)	23,872	24,108
Lease liabilities	24,970	35,780
Redemption liabilities	20,741	23,066
Other liabilities (Note 20)	11,063	11,063
Derivative financial instruments (Note 20)	394	1,741
	1,260,781	1,291,281
Liabilities directly associated with assets held for sale (Note 13)	184,803	201,966
Total current liabilities	1,445,584	1,493,247
Long-term indebtedness (Note 19)	517,442	517,543
Long-term lease liabilities	401,390	421,392
Long-term redemption liabilities	25,000	25,000
Derivative financial instruments (Note 20)	12,181	8,705
Deferred income tax	46,627	44,613
Total liabilities	2,448,224	2,510,500
EQUITY		
Attributable to AutoCanada shareholders	465,829	468,027
Attributable to non-controlling interests	22,038	27,301
Total equity	487,867	495,328
	2,936,091	3,005,828

Commitments (Note 15)

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

AutoCanada Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)
(in thousands of Canadian dollars)

	Attributable to AutoCanada shareholders								Non-controlling interests	Total equity
	Share capital $	**Treasury shares $**	**Contributed surplus $**	**Share repurchase (deficit) $**	**Cumulative translation adjustment $**	**OCI hedge reserve $**	**Retained earnings $**	**Total capital $**	**Non-controlling interests $**	**Total equity $**
Balance, January 1, 2025	**426,146**	**(315)**	**7,591**	**(52,981)**	**15,921**	**—**	**71,665**	**468,027**	**27,301**	**495,328**
Net (loss) income	—	—	—	—	—	—	(3,824)	(3,824)	672	(3,152)
Other comprehensive income	—	—	—	—	306	—	—	306	—	306
Dividends paid by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	(4,958)	(4,958)
Acquisition of non-controlling interests	—	—	(33)	—	—	—	—	(33)	(977)	(1,010)
Deferred tax on share-based payments	—	—	(290)	—	—	—	—	(290)	—	(290)
Share-based compensation (Note 21)	—	—	1,643	—	—	—	—	1,643	—	1,643
Balance, March 31, 2025	**426,146**	**(315)**	**8,911**	**(52,981)**	**16,227**	**—**	**67,841**	**465,829**	**22,038**	**487,867**

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

AutoCanada Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)
(in thousands of Canadian dollars)

	Attributable to AutoCanada shareholders									
	Share capital $	**Treasury shares $**	**Contributed surplus (deficit) $**	**Share repurchase (deficit) $**	**Cumulative translation adjustment $**	**OCI hedge reserve $**	**Retained earnings $**	**Total capital $**	**Non-controlling interests $**	**Total equity $**
Balance, January 1, 2024	**434,632**	**(319)**	**4,117**	**(51,525)**	**7,889**	**155**	**139,898**	**534,847**	**29,982**	**564,829**
Net (loss) income	—	—	—	—	—	—	(2,407)	(2,407)	46	(2,361)
Other comprehensive income	—	—	—	—	2,448	(155)	—	2,293	—	2,293
Dividends paid by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	(4,294)	(4,294)
Non-controlling interests issued	—	—	—	—	—	—	—	—	1,010	1,010
Repurchase of common shares under the Normal Course Issuer Bid (Note 22)	(1,449)	—	—	(494)	—	—	—	(1,943)	—	(1,943)
Settlement of share-based awards		—	346		—	—	—	346	—	346
Treasury shares acquired (Note 22)	—	(554)	—	—	—	—	—	(554)	—	(554)
Deferred tax on share-based payments	—	—	363	—	—	—	—	363	—	363
Shares settled from treasury (Note 22)	—	23	(23)	—	—	—	—	—	—	—
Share-based compensation (Note 21)	—	—	2,205	—	—	—	—	2,205	—	2,205
Balance, March 31, 2024	**433,183**	**(850)**	**7,008**	**(52,019)**	**10,337**	**—**	**137,491**	**535,150**	**26,744**	**561,894**

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

AutoCanada Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)
(in thousands of Canadian dollars)

	Three-month period ended	
	March 31, 2025 $	March 31, 2024 $
Cash provided by (used in):		
Operating activities		
Net loss for the period	(3,152)	(2,361)
Adjustments for:		
Income tax expense (Note 10)	1,818	(852)
Finance costs (Note 9, 14)	34,926	36,302
Depreciation of right-of-use assets (Note 8)	8,238	8,586
Depreciation of property and equipment (Note 8)	5,320	6,276
Amortization of intangible assets	123	126
Gain on disposal of assets, net (Note 13)	(13,053)	(19,267)
Share-based compensation (Note 21)	1,643	2,205
Unrealized fair value changes on foreign exchange forward contracts (Note 20)	(1,347)	2,373
Gain on redemption liabilities	(2,324)	—
Impairment of non-financial assets (Note 13, 14)	3,369	7,200
Net change in non-cash working capital (Note 25)	26,171	20,220
	61,732	60,808
Income taxes paid	(7,229)	(12,567)
Interest paid	(35,800)	(41,686)
Settlement of share-based awards, net	—	(41)
	18,703	6,514
Investing activities		
Purchases of property and equipment	(3,002)	(11,278)
Additions to intangible assets	(70)	(341)
Adjustments to prior year business acquisitions	—	(14)
Proceeds on sale of property and equipment	26	41,405
Proceeds on termination of loan agreement with subsidiary (Note 26)	30,107	—
Proceeds on franchise termination (Note 26)	894	—
	27,955	29,772
Financing activities		
Proceeds from indebtedness	174,812	205,822
Repayment of indebtedness	(175,539)	(203,214)
Repurchase of common shares under Normal Course Issuer Bid	—	(1,944)
Shares settled from treasury, net (Note 22)	—	(531)
Payments for purchase of Used Digital Division minority interest	—	(22,500)
Dividends paid to non-controlling interests	(4,958)	(4,294)
Repayment of loans by non-controlling interests	—	2,236
Acquisition of non-controlling interests	(1,010)	—
Principal portion of lease payments, net	(8,440)	(7,794)
	(15,135)	(32,219)
Effect of exchange rate changes on cash	424	699
Net increase in cash	31,947	4,766
Cash at beginning of period per balance sheet	67,343	103,146
Cash at beginning of period included in assets held for sale related to discontinued operations (Note 14)	40,005	—
Cash at end of period	139,295	107,912
Included in cash per balance sheet	101,468	107,912
Included in the assets of the discontinued operations (Note 14)	37,827	—

Cash flows of discontinued operations (Note 14)

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

1 General information

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

2 Basis of presentation

These condensed interim consolidated financial statements ("Interim Financial Statements") have been prepared in accordance with IFRS Accounting Standards (as issued by the International Accounting Standards Board) applicable to preparation of interim financial statements under International Accounting Standard 34, Interim Financial Reporting. These Interim Financial Statements do not include all the disclosures normally provided in the annual audited consolidated financial statements ("Annual Financial Statements") and should be read in conjunction with the Annual Financial Statements for the year ended December 31, 2024, which have been prepared in accordance with IFRS Accounting Standards.

The Company's retail automobile dealerships and related businesses in its Canadian Operations and its collision repair services in its U.S. Operations are presented herein as continuing operations. The Company's RightRide division in its Canadian Operations and retail automobile dealerships in its U.S. Operations have been classified and presented as discontinued operations (Note 14).

These Interim Financial Statements were approved by the Board of Directors on May 14, 2025.

3 Material accounting policy information

The material accounting policies used in the preparation of these Interim Financial Statements are the same accounting policies and method of computation as disclosed in the Annual Financial Statements for the year ended December 31, 2024.

4 New and amended accounting standards issued

Accounting standards and amendments issued and adopted in 2025

The Company has adopted amendments to various standards effective January 1, 2025, which did not have a significant impact to these Interim Financial Statements. The Company has not early adopted any standard, interpretation, or amendment that has been issued but is not yet effective.

5 Critical accounting estimates

Except as otherwise noted, the critical accounting estimates, judgments, and measurement uncertainty used in the preparation of these Interim Financial Statements are the same as disclosed in the Annual Financial Statements for the year ended December 31, 2024.

6 Revenue

	Three-month period ended	
	March 31, 2025 $	March 31, 2024 Revised [1] $
New vehicles	550,894	498,277
Used vehicles	462,722	483,064
Parts and service	122,813	130,839
Collision repair	40,326	32,601
Finance, insurance and other	63,345	67,257
Revenue	1,240,100	1,212,038

[1] *Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 14).*

7 Cost of sales

	Three-month period ended	
	March 31, 2025 $	March 31, 2024 Revised [1] $
New vehicles	514,475	458,106
Used vehicles	443,299	471,561
Parts and service	56,669	61,097
Collision repair	22,128	18,297
Finance, insurance and other	5,493	5,400
Cost of sales	1,042,064	1,014,461

[1] *Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 14).*

8 Operating expenses

	Three-month period ended	
	March 31, 2025 $	March 31, 2024 Revised [1] $
Employee costs	106,209	107,149
Administrative costs	54,376	53,182
Facility lease costs	610	1,047
Depreciation of right-of-use assets	8,238	7,841
Depreciation of property and equipment	5,320	5,617
Amortization of intangible assets	123	126
Operating expenses	174,876	174,962

[1] *Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 14).*

9 Finance costs and finance income

	Three-month period ended	
	March 31, 2025 $	March 31, 2024 Revised (1) $
Finance costs		
Interest on long-term indebtedness	7,658	6,265
Interest on lease liabilities	7,645	7,695
Unrealized fair value changes on non-hedging instruments (Note 20)	3,779	(372)
	19,082	13,588
Floorplan financing	10,263	17,045
Interest rate swap settlements (Note 20)	(2)	(1,556)
Other finance costs	206	797
	29,549	29,874
Finance income		
Interest on net investment in finance lease	14	15
Short-term bank deposits	422	713
	436	728

[1] *Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 14).*

10 Taxation

Components of income tax were as follows:

	Three-month period ended	
	March 31, 2025 $	March 31, 2024 Revised (1) $
Current tax	1,475	1,012
Deferred tax	343	(1,864)
Total income tax expense (recovery)	1,818	(852)

[1] *Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 14).*

	Three-month period ended	
	March 31, 2025 $	March 31, 2024 $
Continuing operations:		
Income tax expense	1,475	1,012
Deferred income tax expense (recovery)	343	(1,864)
	1,818	(852)
Discontinued operation:		
Income tax expense (recovery)	—	—
Deferred income tax expense	—	—
	—	—
Total income tax expense	1,818	(852)

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual statutory tax rate used for the three-month period ended March 31, 2025 was 25.5% (2024 - 25.4%).

Deferred tax asset has not been recognized in respect of Discontinued Operations on the basis it is not probable that future taxable profit will be available against which the Company will be be able to use these benefits.

11 Trade and other receivables

	March 31, 2025 $	December 31, 2024 $
Trade receivables	150,509	137,831
Sales tax receivable	30,107	29,363
Other receivables	12,877	8,324
	193,493	175,518
Less: Expected loss allowance	(2,121)	(1,950)
Trade and other receivables	191,372	173,568

12 Inventories

	March 31, 2025 $	December 31, 2024 $
New vehicles	454,315	487,955
Demonstrator vehicles	65,872	78,919
Used vehicles	301,818	333,933
Parts and accessories	44,542	46,471
Inventories	866,547	947,278

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

	Three-month period ended	
	March 31, 2025 $	March 31, 2024 Revised (1) $
Inventory expensed as cost of sales	1,185,186	1,003,718
Writedowns on vehicles included in cost of sales	7,499	2,383
Demonstrator expenses (recoveries) included in administrative costs	1,339	(605)

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 14).*

13 Assets and liabilities held for sale

Land and buildings

The Company has committed to a plan to sell specific properties consisting of land and buildings in Alberta, Ontario, New Brunswick and Manitoba, which are included in the Canadian Operations. The net assets have been classified as held for sale in the Condensed Interim Consolidated Statements of Financial Position.

As at March 31, 2025, the assets held for sale in the Canadian Operations segment include land and buildings of $13,422 (2024 - $6,658).

Used vehicle auction business

The Company has committed to a plan to sell substantially all of the operating and fixed assets of Northern Auto Auctions of Canada Inc. ("North Toronto Auction"), a used vehicle auction business operating in Innisfil, Ontario, which is included in the Canadian Operations segment. The assets and liabilities of North Toronto Auction have been reclassified as held for sale as at March 31, 2025. The Company completed the sale on April 30, 2025 (Note 30).

As at March 31, 2025, assets held for sale in the Canadian Operations segment include North Toronto Auction of $17,433 and liabilities directly associated with these assets held for sale are $14,301.

The reconciliation of assets held for sale on the Consolidated Statements of Financial Position is as follows:

	March 31, 2025 $	**December 31, 2024 $**
Assets held for sale from continuing operations	30,855	6,658
Assets held for sale directly associated with discontinued operations (Note 14)	314,488	326,035
Assets held for sale	345,343	332,693
Liabilities directly associated with assets held for sale from continuing operations	14,301	—
Liabilities directly associated with assets held for sale from discontinued operations (Note 14)	170,502	201,966
Liabilities directly associated with assets held for sale	184,803	201,966

Prior year impairment charge as a result of reclassification as held for sale

During the three-month period ended March 31, 2024, the Company recorded an impairment charge of $7,200 related to a dealership in the Canadian Operations segment that was determined to be impaired. The impairment charge was allocated to intangible assets as goodwill was previously fully impaired.

14 Discontinued operations

On December 31, 2024, the Company was engaged in an active program to locate buyers for its retail automobile dealerships in its U.S. Operations segment. The Company's retail automobile dealerships in its U.S. Operations segment continue to be reported as a discontinued operation for the three-month period ended March 31, 2025.

On March 4, 2025, the Company closed all remaining locations within its RightRide division, which are included within the Canadian Operations segment. The Company's RightRide division is reported as a discontinued operation for the three-month period ended March 31, 2025. The Company recorded an impairment charge of $3,369 related to right-of-use assets that were determined to be impaired as a result of the classification as a discontinued operation.

Financial performance and cash flow information

The financial performance and cash flow information for the three-month period ended March 31, 2025, and March 31, 2024 is summarized as follows:

	March 31, 2025			March 31, 2024		
	RightRide $	Retail Automobile Dealerships - U.S. Operations $	Total $	RightRide $	Retail Automobile Dealerships - U.S. Operations $	Total $
Revenue	9,657	154,881	164,538	28,241	180,649	208,890
Cost of sales	(9,013)	(131,453)	(140,466)	(25,041)	(152,100)	(177,141)
Gross profit	644	23,428	24,072	3,200	28,549	31,749
Operating expenses	(1,883)	(25,594)	(27,477)	(4,203)	(31,608)	(35,811)
Operating loss before other income and expense	(1,239)	(2,166)	(3,405)	(1,003)	(3,059)	(4,062)
Lease and other (losses) income, net	(468)	(20)	(488)	1	159	160
Loss on disposal of assets, net (Note 26)	(1,117)	897	(220)	—	—	—
Impairment of non-financial assets	(3,369)	—	(3,369)	—	—	—
Operating loss	(6,193)	(1,289)	(7,482)	(1,002)	(2,900)	(3,902)
Finance costs	(92)	(5,285)	(5,377)	(286)	(6,142)	(6,428)
Loss for the period before taxation from discontinued operations	(6,285)	(6,574)	(12,859)	(1,288)	(9,042)	(10,330)
Income tax expense (Note 10)	—	—	—	—	—	—
Net loss from discontinued operations	(6,285)	(6,574)	(12,859)	(1,288)	(9,042)	(10,330)
Exchange differences on translation of discontinued operations	—	306	306	—	2,448	2,448
Other comprehensive income from discontinued operations	—	306	306	—	2,448	2,448

	March 31, 2025 $	March 31, 2024 $
Net cash inflow from operating activities	(2,821)	(323)
Net cash outflow from investing activities	894	(1,431)
Net cash outflow from financing activities	(1,230)	(3,168)
Net decrease in cash from discontinued operations	(3,157)	(4,922)

The following assets and liabilities relate to the discontinued operations as at March 31, 2025:

	March 31, 2025 $	December 31, 2024 $
Current assets:		
Cash	6,598	—
Trade and other receivables	725	—
Inventories	203	—
Other current assets	157	—
Assets held for sale directly associated with discontinued operations (Note 13)	314,488	326,035
	322,171	326,035
Current liabilities:		
Trade and other payables	11,132	—
Lease liabilities	437	—
Liabilities directly associated with assets held for sale from discontinued operations (Note 13)	170,502	201,966
	182,071	201,966
Long-term lease liabilities	4,304	—
	186,375	201,966

The following assets and liabilities were classified as held for sale in relation to the Company's retail automobile dealerships in its U.S. Operations segment as at March 31, 2025:

	March 31, 2025 $	December 31, 2024 $
Current assets:		
Cash	37,827	40,005
Trade and other receivables	29,591	28,389
Inventories	116,266	127,456
Current tax recoverable	1,202	1,203
Other current assets	—	369
	184,886	197,422
Property and equipment	47,692	47,619
Right-of-use assets	41,509	40,555
Intangible assets	36,728	36,762
Goodwill	3,673	3,677
Assets held for sale directly associated with discontinued operations	314,488	326,035
Current liabilities:		
Trade and other payables	14,992	47,904
Revolving floorplan facilities	82,340	79,789
Lease liabilities	16,378	7,472
Other liabilities	1,372	1,373
	115,082	136,538
Long-term lease liabilities	55,420	65,313
Other long-term liabilities	—	115
Liabilities directly associated with assets held for sale directly associated with discontinued operations	170,502	201,966

The cumulative foreign exchange losses recognized in other comprehensive income in relation to the discontinued operations as at March 31, 2025 were $16,227 (2024 - $10,330).

15 Property and equipment

During the three-month period ended March 31, 2025, the Company purchased land and buildings of $817 (2024 - $nil) and equipment of $2,581 (2024 - $8,262).

Capital commitments

As at March 31, 2025, the Company is committed to capital expenditure obligations in the amount of $2,726 (2024 - $3,781) related to dealership relocations and re-imagings with expected completion of these commitments in 2025.

16 Impairment of non-financial assets

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

During the three-month period ended March 31, 2025, the Company determined there were indicators of impairment as a result of the decline in market capitalization of the Company when compared to the book value of the net assets at March 31, 2025 and for specific CGUs that had actual results that fell short of previous estimates. The Company performed an interim test for impairment of indefinite-lived identifiable intangible assets in these specific CGUs as at March 31, 2025 and no impairment charge was recorded (2024 - $nil).

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

17 Other assets

	March 31, 2025 $		December 31, 2024 $	
	Current	**Long-term**	**Current**	**Long-term**
Prepaid expenses	16,141	1,626	11,923	2,092
Other assets	—	11,151	—	13,557
Net investment in lease	127	778	70	852
Other assets	16,268	13,555	11,993	16,501

Other assets $11,151 (2024 - $13,557) relates to long-term loans receivable from the respective non-controlling interests.

18 Trade and other payables

	March 31, 2025 $	December 31, 2024 $
Trade payables	74,571	76,789
Accruals and provisions	55,734	36,687
Sales tax payable	32,722	30,300
Wages and withholding taxes payable	35,113	33,697
Trade and other payables	198,140	177,473

19 Revolving floorplan facilities and indebtedness

	March 31, 2025 $	December 31, 2024 $
Revolving floorplan facilities	**977,813**	**1,010,579**
Indebtedness		
Revolving term facilities		
Revolving term facility	156,824	156,931
Unamortized deferred financing costs	(2,012)	(2,053)
	154,812	154,878
Non-revolving term facilities		
Non-recourse mortgages	39,682	40,104
Unamortized deferred financing costs	(33)	(45)
	39,649	40,059
Senior unsecured notes		
Senior unsecured notes	350,000	350,000
Unamortized deferred financing costs	(3,550)	(3,700)
	346,450	346,300
Other debt		
Other long-term debt	403	414
Total indebtedness	**541,314**	**541,651**
Current indebtedness	23,872	24,108
Long-term indebtedness	517,442	517,543

Credit facility change

On March 31, 2025, the Company obtained lender consent to change its syndicated credit agreement to increase the Company's maximum permitted Total Net Funded Debt to EBITDA Ratio from 5.50:1.00 to 6.00:1.00 for the period from April 1, 2025 to June 30, 2025. On July 1, 2025, the Company's maximum permitted Total Net Funded Debt to EBITDA Ratio will revert to 4.50:1.00 (Note 24).

The Company was in compliance with its debt covenants as at March 31, 2025.

20 Derivative financial instruments and other liabilities

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

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

	Foreign exchange forward contracts Non-hedges $	Interest rate swaps Non-hedges $	Total $
March 31, 2025			
Derivative financial instruments - current assets (Note 17)	—	75	75
Derivative financial instruments - current liabilities	394	—	394
Derivative financial instruments - non-current liabilities	—	12,181	12,181
Notional values	77,700 USD	352,800 CAD	
Maturity (Year)	2025	2025 - 2030	
December 31, 2024			
Derivative financial instruments - current assets	—	376	376
Derivative financial instruments - current liabilities	1,741	—	1,741
Derivative financial instruments - non current liabilities	—	8,705	8,705
Notional values	56,800 USD	480,600 CAD	
Maturity (Year)	2025	2025 - 2030	

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

	Net income $	Other comprehensive income $	Total $
For the three-month period ended March 31, 2025			
Unrealized fair value changes on non-hedging instruments (Note 9)	(3,779)	—	(3,779)
Interest rate swap settlements (Note 9)	2	—	2
Unrealized fair value changes on foreign exchange forward contracts	1,347	—	1,347
Realized loss on foreign exchange forward contracts	(1,964)	—	(1,964)
	(4,394)	—	(4,394)
For the three-month period ended March 31, 2024			
Change in fair value of hedging instruments	—	(206)	(206)
Unrealized fair value changes on non-hedging instruments (Note 9)	372	—	372
Interest rate swap settlements (Note 9)	1,556	—	1,556
Unrealized fair value changes on foreign exchange forward contracts	(2,373)	—	(2,373)
Realized gain on foreign exchange forward contracts	538	—	538
	93	(206)	(113)

Other liabilities

Equity forward liability

As at March 31, 2025, the Company has equity forward agreements on 350,000 (2024 - 350,000) outstanding common shares with an outstanding liability amounting to $11,063 (2024 - $11,063). The outstanding liability is classified as a current liability as the Company and the counterparty have the option to settle the equity forward agreements in advance of the contractual settlement dates.

21 Share-based payments

Performance share units ("PSUs")

During the three-month period ended March 31, 2025, 521,663 performance share units ("PSUs") (2024 - 277,408) were granted at a weighted average fair value of $11.12 (2024 - $nil). The fair value of the PSUs granted is recognized as an expense over the period in which the PSUs are expected to vest. The PSUs granted are scheduled to vest based on the achievement of specific non-market performance goals over three years, conditional upon continued employment with the Company. The fair value at grant date has been determined using a Monte Carlo Simulation.

Share appreciation rights ("SARs")

During the three-month period ended March 31, 2025, 100,000 (2024 - 190,000) SARs were granted under the Phantom Option Plan. The weighted average fair value at grant date was $13.97 per award. The fair value at grant date has been determined using a Monte Carlo Simulation.

Share-based compensation expense

Total expenses, net of recoveries, arising from share-based payment transactions recognized during the three-month period ended March 31, 2025 included in employee costs are as follows:

	Three-month period ended	
	March 31, 2025 $	March 31, 2024 $
Stock options	—	347
Restricted share units	79	96
Deferred share units	304	278
Share appreciation rights	974	1,343
Performance share units	286	141
Share-based compensation expense	1,643	2,205

22 Share capital and equity

Common shares

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

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

	March 31, 2025		March 31, 2024	
	Number of common shares	$	Number of common shares	$
Issued, beginning of the period	23,150,233	426,146	23,611,175	434,632
Shares repurchased and cancelled under Normal Course Issuer Bid	—	—	(78,688)	(1,449)
Issued, end of the period	23,150,233	426,146	23,532,487	433,183

Treasury shares

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

	March 31, 2025		March 31, 2024	
	Number of treasury shares	**$**	**Number of treasury shares**	**$**
Outstanding, beginning of the period	(8,542)	(315)	(12,465)	(319)
Treasury shares acquired	—	—	(21,096)	(554)
Treasury shares settled	—	—	2,265	23
Outstanding, end of the period	(8,542)	(315)	(31,296)	(850)

Earnings per share

The following table shows the weighted-average number of shares outstanding outstanding and the effect of dilution on earnings per share from continuing operations for the three-month period ended:

	Three-month period ended	
	March 31, 2025	**March 31, 2024**
Basic	23,141,691	23,583,406
Effect of dilution from equity forward	273,176	—
Effect of dilution from RSUs	—	—
Effect of dilution from stock options	450,739	—
Effect of dilution from SARs	—	—
Effect of dilution from PSUs	307,160	—
Effect of dilution from stock units	—	—
Diluted	24,172,766	23,583,406

Options are dilutive at the level of net income from continuing operations and have been treated as dilutive for the purpose of diluted earnings per share. The diluted net loss per share is lower than basic net loss per share due to the impact of net loss on discontinued operations.

23 Capital disclosures

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

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

	March 31, 2025 $	**December 31, 2024 $**
Long-term indebtedness (Note 19)	517,442	517,543
Equity	487,867	495,328
	1,005,309	1,012,871

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

Gross lease adjusted indebtedness

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

	March 31, 2025 $	December 31, 2024 $
Total indebtedness (Note 19)	541,314	541,651
Lease liabilities	426,360	457,172
Gross lease adjusted indebtedness	**967,674**	**998,823**

24 Financial instruments

Fair value of financial instruments

The Company's financial instruments as at March 31, 2025 are represented by cash, trade and other receivables, other assets, trade and other payables, other liabilities, revolving floorplan facilities, vehicle repurchase obligations, indebtedness, redemption liabilities, and derivative financial instruments.

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

The call option included in other assets (Level 3) is remeasured at fair value each reporting period with the gain or loss being recognized through profit or loss. The fair value of the call option is calculated based on the equity value of the related subsidiary using the discounted cash flow method. The fair value of the call option is $nil (2024 - $nil).

The indebtedness has a carrying value that approximates the fair value due to the floating rate nature of the debt. While there is a portion that has a fixed rate, the indebtedness has a carrying value that is not materially different from its fair value except for senior unsecured notes. The fair value of senior unsecured notes is $328,125 (2024 - $326,956). The fair value of senior unsecured notes is based on discounted cash flows using a current market rate.

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

Redemption liabilities (Level 3) are remeasured at fair value each reporting period with the gain or loss being recognized through profit or loss. Fair value of the 15154871 Canada Inc. (the "Online C2C F&I Business") redemption liability is calculated based on the enterprise value of the related subsidiary using the discounted cash flow method. Fair value of the other redemption liabilities are calculated based on an applicable multiple applied to projected earnings before interest, taxes, depreciation, and amortization.

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

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

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

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

Liquidity risk

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

As at March 31, 2025, the Company's liquidity consists of $101,468 in cash on hand, and $218,176 available to borrow under the Company's revolving term facilities. The Company monitors for compliance with bank covenants under these facilities which are used to manage capital requirements and other operational activities. The Company's ability to borrow under these credit facilities requires it to comply with its financial covenants. In order to advance under these credit facilities, no material adverse change shall have occurred and no circumstances shall exist that could reasonably be expected to cause a material adverse effect on the Company. As disclosed in Note 19, the Company was in compliance with all covenants as at March 31, 2025. Under the amended and extended credit facility, the Company is required to comply with the following covenants at the end of each quarter:

Financial Covenants	Requirement	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Total Net Funded Debt to Bank EBITDA Ratio	Shall not exceed	7.50	6.00	4.50	4.00
Fixed Charge Coverage Ratio	Shall not be less than	1.00	1.20	1.20	1.20

During the three-month period ended March 31, 2025, the Company had a comprehensive loss of $(2,846) and cash flows from operations of $18,703. 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 March 31, 2025 (which has been identified as an impairment indicator (Note 16)) may impact the ability to raise additional capital in the future.

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

As explained in Note 19, the Company obtained lender consent to change its syndicated credit agreement to increase the Company's maximum permitted Total Net Funded Debt to EBITDA 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.

25 Net change in non-cash working capital

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

	Three-month period ended	
	March 31, 2025 $	**March 31, 2024 $**
Trade and other receivables	(22,070)	17,748
Inventories	92,827	(45,982)
Other current assets	10,664	579
Trade and other payables	(25,145)	(6,061)
Revolving floorplan facilities	(30,105)	53,935
Other liabilities	—	1
Net change in non-cash working capital	26,171	20,220

26 Dealership terminations

Termination of Volvo franchise

On February 14, 2025, the Company terminated its Volvo franchise at Bloomington/Normal Auto Mall, located in Illinois, for cash consideration of $894. The Volvo franchise was previously held for sale in the U.S. Operations segment, which was presented as a discontinued operation, as at December 31, 2024. A gain of $894 was recognized on the termination.

Termination of loan agreement with a subsidiary

On March 7, 2025, the Company terminated an agreement with a Subsidiary within the Canadian Operations segment, which impacted the contractual rights that provided control over the subsidiary, such that it is no longer controlled by the Company upon termination of the agreement.The termination agreement requires the counterparty to pay the Company $14,502 for repayment of loans in addition to $15,605 for accrued interest, accrued royalty fees, and a termination fee. A gain of $11,598 was recognized on the termination.

27 Related party transactions

Transactions with related parties

During the three-month period ended March 31, 2025, there were transactions with companies controlled by the Executive Chair. These counterparties are:

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

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

	Three-month period ended	
	March 31, 2025 $	**March 31, 2024 $**
Administrative and other support and transportation fees	402	441
Vehicle sales to related parties	449	65

28 Segmented reporting

During the three-month period ended March 31, 2025, the Executive Chair served as the function of the Chief Operating Decision Maker (CODM). The Executive Chair is responsible for allocating resources and assessing the performance of the following segments: Canadian Operations and U.S. Operations.

Each reportable operating segment is comprised of retail automobile dealerships and related businesses. The Company's RightRide division in its Canadian Operations and retail automobile dealerships in its U.S. Operations have been classified and presented as discontinued operations (Note 14).

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

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

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

	Three-month period ended March 31, 2025			**Three-month period ended March 31, 2024 Revised [1]**		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Revenue						
Total revenue	1,249,757	154,881	1,404,638	1,240,279	180,649	1,420,928
Revenue from discontinued operations (Note 14)	(9,657)	(154,881)	(164,538)	(28,241)	(180,649)	(208,890)
Total revenue	1,240,100	—	1,240,100	1,212,038	—	1,212,038

[1] *Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 14).*

	Three-month period ended March 31, 2025			Three-month period ended March 31, 2024 Revised [1]		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
Operating profit (loss) before other income	22,016	(2,261)	19,755	21,612	(3,059)	18,553
Lease and other income, net	1,681	(20)	1,661	2,390	159	2,549
Gains on disposal of assets, net	11,936	897	12,833	19,267	—	19,267
Expected credit losses on trade and other receivables	(1,122)	—	(1,122)	(891)	—	(891)
Impairment of non-financial assets (Note 14)	(3,369)	—	(3,369)	(7,200)	—	(7,200)
Operating profit (loss)	31,142	(1,384)	29,758	35,178	(2,900)	32,278
Finance costs (Note 9)	(29,641)	(5,285)	(34,926)	(30,160)	(6,142)	(36,302)
Finance income (Note 9)	436	—	436	728	—	728
Gain on redemption liabilities	2,324	—	2,324	—	—	—
Other gains, net	1,074	—	1,074	83	—	83
Income (loss) for the period before taxation	5,335	(6,669)	(1,334)	5,829	(9,042)	(3,213)
Income for the period before taxation from discontinued operations (Note 14)	6,285	6,574	12,859	1,288	9,042	10,330
Income (loss) for the period before taxation from continuing operations	11,620	(95)	11,525	7,117	—	7,117

[1] *Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 14).*

	As at March 31, 2025			As at December 31, 2024		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
Assets held for sale (Note 13, 14)	30,855	314,488	345,343	6,658	326,035	332,693
Segment assets	2,613,822	322,269	2,936,091	2,672,660	333,168	3,005,828
Capital expenditures and acquisition of real estate	3,398	—	3,398	25,154	2,664	27,818
Liabilities held for sale (Note 13, 14)	14,301	170,502	184,803	—	201,966	201,966
Segment liabilities	1,849,022	599,202	2,448,224	1,906,801	603,699	2,510,500

29 Seasonal nature of the business

The Company's results from operations for the three-month period ended March 31, 2025 are not necessarily indicative of the results that may be expected for the full fiscal year due to seasonal variations in sales levels. The results from operations and financial performance of the Company have historically been lower in the first and fourth quarters of each year, largely due to consumer purchasing patterns during the holiday season, inclement weather, and the number of business days during the period. The timing of acquisitions and divestitures may also cause substantial fluctuations in operating results from quarter to quarter.

30 Subsequent events

Sale of used vehicle auction business

On April 30, 2025, the Company completed the sale of substantially all of the operating and fixed assets of North Toronto Auction, a used vehicle auction business operating in Innisfil, Ontario for cash consideration of $3,459. The assets and liabilities of the used vehicle auction business were included as held for sale as at March 31, 2025 (Note 13).

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