AutoCanada

2025

First Quarter Management Discussion & Analysis

AUTOCAN.CA

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

For the three-month period ended March 31, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

1. READER ADVISORIES AND FORWARD-LOOKING STATEMENTS

This Management's Discussion & Analysis ("MD&A") was prepared as of May 14, 2025, to assist readers in understanding AutoCanada Inc.'s (the "Company" or "AutoCanada") consolidated financial performance for the three-month period ended March 31, 2025, 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 ended March 31, 2025 (the "Interim Financial Statements"), the audited annual consolidated financial statements and accompanying notes of AutoCanada as at and for the year ended December 31, 2024 (the "Annual Financial Statements"), and the MD&A for the year ended December 31, 2024. 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 May 14, 2025.

To provide more meaningful information, this MD&A typically refers to the operating results for the three-month period ended March 31, 2025 of the Company, and compares these to the operating results of the Company for the three-month period ended March 31, 2024.

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, collision centres 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 18 Same Store Results Data for further details.

Additional information regarding the Company, including AutoCanada's most recent Annual Information Form (the "AIF"), is available on the System for Electronic Document Analysis and Retrieval ("SEDAR+") website 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 all 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 and financial outlook 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 or financial outlook. 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 and financial outlook 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

Operations

AutoCanada's Canadian Operations segment, as of March 31, 2025, operates 64 franchised dealerships in Canada, comprised of 25 brands, in 8 provinces. AutoCanada currently sells Acura, Alfa Romeo, Audi, BMW, Buick, Cadillac, Chevrolet, Chrysler, Dodge, FIAT, Ford, GMC, Honda, Hyundai, Infiniti, Jeep, Kia, Mazda, Mercedes-Benz, MINI, Nissan, Porsche, Ram, Subaru, and Volkswagen branded vehicles. In addition, AutoCanada's Canadian Operations segment currently operates 3 Used Digital Division dealerships ("Used Vehicle Operations") and 12 stand-alone collision centres within our group of 29 collision centres ("Collision Centres"). In 2024, our Canadian dealerships sold approximately 85,000 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"), operates 17 franchised dealerships comprised of 15 brands, in Illinois, USA. Leader currently sells Audi, Chevrolet, Chrysler, Dodge, Honda, Hyundai, Jeep, Kia, Lincoln, Mercedes-Benz, Porsche, Ram, Subaru, Toyota, and Volkswagen branded vehicles. In 2024, our U.S. dealerships sold approximately 12,900 new and used retail vehicles.

Presentation of Continuing Operations and Discontinued Operations

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. Refer to Section 5 Acquisitions, Divestitures, and Other Recent Developments in this MD&A and the Annual Financial Statements for further information.

Seasonality

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 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.

2025 First Quarter Key Highlights and Recent Developments

All comparisons presented below are between the three-month periods ended March 31, 2025 and March 31, 2024 and are based on continuing operations, unless otherwise indicated.

AutoCanada Key Highlights

- Revenue from continuing operations was $1,240.1 million as compared to $1,212.0 million in the prior year, an increase of $28.1 million
- Net loss for the period from total operations was $(3.2) million as compared to a net loss of $(2.3) million in the prior year
  - Net income from continuing operations was $9.7 million as compared to $8.0 million in the prior year
  - Net loss from discontinued operations was $(12.9) million as compared to $(10.3) million in the prior year
- Diluted net income per share from continuing operations was $0.37 as compared to $0.34 in the prior year
- Adjusted EBITDA[1] from total operations was $38.5 million as compared to $22.0 million in the prior year
  - Adjusted EBITDA from continuing operations was $43.0 million as compared to $26.8 million in the prior year
  - Adjusted EBITDA from discontinued operations was $(4.5) million as compared to $(4.9) million in the prior year

FIRST QUARTER RESULTS

	Three-Months Ended March 31		
Continuing Operations Financial Results	**2025**	**2024 Revised [3]**	**% Change**
Revenue	1,240,100	1,212,038	2.3%
Same store revenue	1,203,228	1,162,261	3.5%
Gross profit	198,036	197,577	0.2%
Gross profit percentage [2]	16.0%	16.3%	(0.3) ppts
Operating expenses ("Opex")	174,876	174,962	0.0%
Net income	9,707	7,969	21.8%
Basic net income per share attributable to AutoCanada shareholders	0.39	0.34	14.7%
Diluted net income per share attributable to AutoCanada shareholders	0.37	0.34	8.8%
Adjusted EBITDA	42,997	26,819	60.3%
Adjusted EBITDA margin [1]	3.5%	2.2%	1.3 ppts
New retail vehicles sold (units) [2]	7,665	7,909	(3.1)%
Used retail vehicles sold (units) [2]	10,046	10,911	(7.9)%
New vehicle gross profit per retail unit [2]	4,656	5,026	(7.4)%
Used vehicle gross profit per retail unit [2]	1,421	1,578	(10.0)%
Parts and service ("P&S") gross profit	66,144	69,742	(5.2)%
Collision repair ("Collision") gross profit	18,198	14,304	27.2%
Finance, insurance and other ("F&I") gross profit per retail unit average [2]	3,266	3,287	(0.6)%
Operating expenses before depreciation [2]	161,195	161,378	(0.1)%
Operating expenses before depreciation as a % of gross profit [2]	81.4%	81.7%	(0.3) ppts
Normalized opex before depreciation [1]	143,173	156,023	(8.2)%
Normalized opex before depreciation as a percentage of gross profit (%) [1]	72.3%	79.0%	(6.7) ppts
Floorplan financing expense	10,263	17,045	(39.8)%

3 Comparative period revised to reflect current period presentation for reclassification of discontinued operations.

Revenue increased by 2.3% in the first quarter of 2025 compared to the first quarter of 2024. Increases in revenue from new vehicle sales and collision are partially offset by decreases in used vehicle sales, parts and service, and F&I.

[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.*

Gross profit increased by 0.2% in the first quarter of 2025 compared to the first quarter of 2024. Increases in both used vehicle gross profit which is driven by improvements in used wholesale vehicles[3] and collision. These increases are partially offset by decreases in new vehicle sales, parts and service, and F&I. A contributing factor to the decrease in gross profit for new, parts and service, and F&I is the decrease in total retail[4] units sold.

Operating expenses before depreciation were flat in the first quarter of 2025 compared to the first quarter of 2024. Normalized operating expenses before depreciation decreased by $(12.9) million, and included the normalizing of $15.8 million of restructuring charges from Q1 2025 related to the ongoing initiatives targeting $100 million in annual run-rate cost savings by the end of 2025.

Floorplan financing expenses decreased as a result of lower new and used inventory levels, which has been a focus in conjunction with the implementation of the ACX Operating Method, and interest rate declines.

Net income for the period increased as a result of items noted above as well as increases in gains on redemption liabilities and decreases in impairment charges compared to the first quarter of 2024, this was partially offset by decreases in gains on asset dispositions in the first quarter of 2025.

Adjusted EBITDA and adjusted EBITDA margin for the period increased primarily as a result of lower operating expenses before depreciation and floorplan financing expenses as discussed above.

Same Store Metrics - Continuing Operations Highlights

	Three-Months Ended March 31		
Same Store - Continuing Operations Financial Results	**2025**	**2024 Revised [1]**	**% Change**
Revenue	1,203,228	1,162,261	3.5%
Gross profit	193,649	191,156	1.3%
Gross profit percentage	16.1%	16.4%	(0.3) ppts
New retail vehicles sold (units)	7,391	7,476	(1.1)%
Used retail vehicles sold (units)	9,900	10,522	(5.9)%
New vehicle gross profit per retail unit	4,551	5,018	(9.3)%
Used vehicle gross profit per retail unit	1,451	1,432	1.3%
P&S gross profit	64,616	66,345	(2.6)%
Collision gross profit	17,534	14,149	23.9%
F&I gross profit per retail unit average	3,286	3,314	(0.8)%

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

Same store results make up 97.0% of revenue and 97.8% of gross profit in the current quarter. Refer to Section 18 Same Store Results Data for further information.

Revenue increased as a result of new vehicle revenues and growth in collision which offsets decreases in used vehicle revenues, parts and service and F&I while gross profit increased primarily as a result of stronger used wholesale vehicle performance and collision.

The average selling price per new vehicle sold[3] increased in the first quarter of 2025 compared to the first quarter of 2024, this has been partially offset by a decrease in new retail units sold. As expected, new vehicle gross profit decreased consistent with the industry wide trend of new vehicle supply returning, which has continued to pressure margins relative to pandemic highs.

Used vehicle performance was negatively impacted by market dynamics including sourcing optimal used vehicle inventory, resulting in lower used retail vehicles sold. This was offset by stronger performance in used wholesale vehicle sales and an increase in used vehicle gross profit per retail unit in the first quarter of 2025 compared to the first quarter of 2024.

F&I gross profit per retail unit average remained relatively flat in the first quarter of 2025 compared with the first quarter of 2024, as bank reserve decreases were offset with an increase in product sales.

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

Collision Operations Highlights

	Three-Months Ended March 31		
Collision Financial Results	**2025**	**2024**	**% Change**
Revenue	40,326	32,601	23.7%
Gross profit	18,198	14,304	27.2%
Gross profit percentage	45.1%	43.9%	1.2 ppts
Adjusted EBITDA	6,056	2,685	125.5%
Same store revenue	39,045	32,125	21.5%
Same store gross profit	17,534	14,149	23.9%
Same store gross profit percentage	44.9%	44.0%	0.9 ppts

Revenue and gross profit increased as a result of strong customer demand, additional Original Equipment Manufacturer ("OEM") certifications, increased insurance referrals and increased hail repairs.

Gross profit percentage increased due to focused efforts on growing higher margin services including diagnostics, calibration and coatings.

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

Adjusted EBITDA increased as a result of revenue growth, gross profit, and gross profit margin percentage improvements described above.

Other Recent Developments

During the quarter:

- On February 14, 2025, the Company terminated its Volvo franchise at Bloomington/Normal Auto Mall, located in Illinois, for cash consideration of $0.9 million. The Volvo franchise was presented as assets held for sale in the U.S. Operations segment, which was presented as a discontinued operation, as at December 31, 2024. This decision is part of our active program to discontinue U.S. Operations.
- On March 4, 2025, the Company closed all remaining locations within RightRide. This decision is part of a larger strategic shift to refocus on core dealership and collision operations and reduce leverage.
- 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 $14.5 million for repayment of loans in addition to $15.6 million for accrued interest, accrued royalty fees, and a termination fee. This decision is part of a larger strategic shift to optimize operations and reduce leverage.
- On March 28, 2025, the Company obtained consent to increase the Company's maximum permitted Total Net Funded Debt to Bank EBITDA Ratio from 5.50:1.00 to 6.00:1.00 for the period from April 1, 2025 to June 30, 2025.

After the quarter:

- On April 30, 2025, the Company completed the divestiture of North Toronto Auction, a used vehicle auction business operating in Innisfil, Ontario for $3.5 million in proceeds.

3. MARKET AND FINANCIAL OUTLOOK

The Canadian automotive sector entered 2025 with mixed momentum. In Q4 2024, new light vehicle sales rose 6.7% year-over-year, driven by pent-up demand supported by improved OEM incentives and lower borrowing costs. While December saw a temporary 2% year-over-year decline, the market rebounded strongly in late Q1 2025, with March Canadian new light vehicle sales surging 11.4%, as consumers advanced purchases in anticipation of tariff-related price increases. This strength continued into Q2 2025, with April sales up 10.2% year-over-year.

However, the introduction of U.S. tariffs on light vehicles and auto parts manufactured in Canada, Mexico, and internationally during Q1 2025 creates substantial uncertainty. While executive orders have been issued, the scope and timing of implementation remain unclear. The most significant outstanding risk is the potential application of a 25% tariff on Canada-United States-Mexico Agreement ("CUSMA") compliant, non-U.S. parts. This uncertainty is weighing on automotive suppliers, consumer sentiment, and the broader economic outlook.

Despite a strong start to the year, we remain cautious. Tariff-related risks and emerging signs of consumer fatigue may temper sales momentum in the coming quarters. The Company continues to monitor trade developments closely and is positioning the business to preserve profits and protect supply chain continuity under multiple scenarios.

Against this backdrop, the Company accelerated execution of the ACX Operating Method in Q1 2025, which has a targeted goal of $100 million in annual run-rate cost savings by year-end. This target is benchmarked against trailing twelve-month operating expenses of $690 million as of June 30, 2024, excluding depreciation, amortization, and one-time items.

As of March 31, 2025, the Company has achieved a total of $57.1 million in run-rate annualized savings, adding $48.1 million during Q1 2025 to the $9 million realized from the time of launch in September 2024 to the end of December 2024.

Of the total run-rate annualized savings achieved to date:

- $45.8 million attributed to Store Archetype
- $3.9 million attributed to Expense Management
- $7.4 million attributed to Inventory Management

The Company is on track to achieve the full $100 million in run-rate annualized savings by year-end 2025. However, given the need to maintain stable operations during execution, the remaining initiatives are more complex and less likely to be accelerated.

Updated Financial Outlook

Given the faster-than-anticipated progress to date, the Company is updating its financial outlook on the timing of in-quarter savings, restructuring costs, net in-quarter savings, and cumulative annualized run-rate savings, as outlined in the table below.

ACX Operating Method

$ millions	Q1 2025 Actual		Q2 2025 Expected		Q3 2025 Expected		Q4 2025 Expected		FY2025 Expected	
In-Quarter Savings	Actual	14.1	Revised	15.5	Revised	18.3	Revised	20.5	Revised	68.4
	PG[3]	5.3	PG[3]	14.5	PG[3]	19.4	PG[3]	23.9	PG[3]	63.1
Restructuring Costs[1]	Actual	(15.8)	PG[3]	(9.5)	Revised	(3.7)	PG[3]	(1.5)	PG[3]	(30.5)
	PG[3]	(15.5)			PG[3]	(4.0)				
Net In-Quarter Savings	Actual	**(1.7)**	Revised	**6.0**	Revised	**14.6**	Revised	**19.0**	Revised	**37.9**
	PG[3]	**(10.2)**	PG[3]	**5.0**	PG[3]	**15.4**	PG[3]	**22.4**	PG[3]	**32.6**
Cumulative Annualized Run-Rate Savings[2]	Actual	57.1	Revised	73.0	PG[3]	82.0	PG[3]	100.0	PG[3]	100.0
	PG[3]	36.0	PG[3]	64.0						

1 *Restructuring costs include separation costs, strategic advisor fees and other charges.*
2 *Cumulative Annualized Run Rate Savings uses trailing twelve month Q2 2024 actuals as the baseline and reflects continuing operations.*
3 *Prior Guidance as disclosed in the MD&A for the year ended December 31, 2024.*

To sharpen its focus on Canadian dealership and collision operations, the Company reclassified its U.S. dealerships as a discontinued operation at year-end 2024, reflecting ongoing efforts to divest these assets. AutoCanada remains committed to reducing leverage to a 2.0x to 3.0x Total Net Funded Debt to Bank EBITDA ratio and expects to remain above its target leverage ratio until the U.S. divestiture is complete. All acquisitions and share repurchases are on hold to preserve financial flexibility during the Company's 2025 transformation.

This financial outlook with respect to the transformation plan and the ACX Operating Method 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

First Quarter Operating Results

Continuing Operations

Revenues, Gross Profit and Gross Profit Percentages

The following tables summarize revenue, gross profit and gross profit percentages for the three-month periods ended March 31:

	Three-Months Ended March 31			
	2025 $	2024 Revised[1] $	Change $	Change %
New vehicles	550,894	498,277	52,617	10.6%
Used vehicles	462,722	483,064	(20,342)	(4.2)%
Parts and service	122,813	130,839	(8,026)	(6.1)%
Collision repair	40,326	32,601	7,725	23.7%
Finance, insurance and other	63,345	67,257	(3,912)	(5.8)%
Total revenue	1,240,100	1,212,038	28,062	2.3%
New vehicles	36,419	40,171	(3,752)	(9.3)%
Used vehicles	19,423	11,503	7,920	68.9%
Parts and service	66,144	69,742	(3,598)	(5.2)%
Collision repair	18,198	14,304	3,894	27.2%
Finance, insurance and other	57,852	61,857	(4,005)	(6.5)%
Total gross profit	198,036	197,577	459	0.2%

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

	Three-Months Ended March 31		
	2025 %	2024 Revised[1] %	Change ppts
New vehicles	6.6%	8.1%	(1.5)
Used vehicles	4.2%	2.4%	1.8
Parts and service	53.9%	53.3%	0.6
Collision repair	45.1%	43.9%	1.2
Finance, insurance and other	91.3%	92.0%	(0.7)
Total gross profit percentage	16.0%	16.3%	(0.3)

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

For the three-months ended March 31, 2025, new and used vehicles generated 81.7% of revenue and 28.2% of gross profit, while F&I, parts and service and collision generated 18.3% of revenue and contributed 62.6% of gross profit.

New vehicles

For the three-month period ended March 31, 2025

The following table summarizes the continuing operations and same store financial metrics for the three-month period ended March 31, 2025 and changes compared to the three-month period ended March 31, 2024.

	Three-Months Ended March 31			
New Vehicle Financial Results	**2025 $**	**2024 Revised[1] $**	**Change $**	**Change %**
Revenue	550,894	498,277	52,617	10.6%
Gross profit	36,419	40,171	(3,752)	(9.3)%
Gross profit percentage (%)	6.6%	8.1%		(1.5) ppts
New retail vehicles sold (units)	7,665	7,909	(244)	(3.1)%
New vehicle gross profit per retail unit ($)	4,656	5,026	(370)	(7.4)%
New Vehicle Inventory days of supply (days)[4]	95	118	(23)	(19.5)%
Average selling price per new vehicle ($)	65,458	59,389	6,069	10.2%
Same store revenue	525,152	469,855	55,297	11.8%
Same store gross profit	34,452	38,128	(3,676)	(9.6)%
Same store gross profit percentage (%)	6.6%	8.1%		(1.5) ppts
Same store new retail vehicles sold (units)	7,391	7,476	(85)	(1.1)%

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

Continuing Operations

Revenue increased due to an increase in average selling price per new vehicle and an increase in revenue from new fleet vehicle[4] sales and this is partially offset by a decrease in new retail vehicles sold. Gross profit decreased as expected with the market continuing to normalize and inventory supply recovering.

Gross profit percentage decreased as there was a higher volume of new fleet vehicle sales in the first quarter of 2025 as compared to the first quarter of 2024. New vehicle inventory days of supply decreased to 95 days during the quarter (2024 - 118 days). Driving reduction in days of supply has been a focus of management in conjunction with the execution of the ACX Operating Method.

Same Store Results

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

Used vehicles

For the three-month period ended March 31, 2025

The following table summarizes the continuing operations and same store financial metrics for the three-month period ended March 31, 2025 and changes compared to the three-month period ended March 31, 2024.

	Three-Months Ended March 31			
Used Vehicle Financial Results	**2025 $**	**2024 Revised[1] $**	**Change $**	**Change %**
Revenue	462,722	483,064	(20,342)	(4.2)%
Gross profit (loss)	19,423	11,503	7,920	68.9%
Gross profit percentage (%)	4.2%	2.4%		1.8 ppts
Used retail vehicles sold (units)	10,046	10,911	(865)	(7.9)%
Used vehicle gross profit per retail unit ($)	1,421	1,578	(157)	(9.9)%
Used Vehicle Inventory days of supply (days) [2]	65	78	(13)	(16.7)%
Average selling price per used vehicle ($) [2]	46,060	44,273	1,787	4.0%
Same store revenue	456,713	472,104	(15,391)	(3.3)%
Same store gross profit	20,225	12,893	7,332	56.9%
Same store gross profit percentage (%)	4.4%	2.7%		1.7 ppts
Same store used retail vehicles sold (units)	9,900	10,522	(622)	(5.9)%

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

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

Continuing Operations

Revenue decreased as a result of lower used sales volumes which is driven from the normalization of new vehicle supply. The increase in used gross profit is attributable to used wholesale which is partially offset by decreases in gross profit per used retail unit sold.

Used vehicle gross profit per retail unit sold decreased due to continued market pressure on used vehicle margins. Used vehicle inventory continues to be negatively impacted by market dynamics that made sourcing optimal lower priced used vehicle inventory more challenging. Used vehicle inventory days of supply decreased to 65 days (2024 - 78 days).

Same Store Results

Revenue decreased while gross profits, and gross profit percentage increased for the reasons noted above.

Parts and service

For the three-month period ended March 31, 2025

The following table summarizes the continuing operations and same store financial metrics for the three-month period ended March 31, 2025 and changes compared to the three-month period ended March 31, 2024.

Parts and Service Financial Results	Three-Months Ended March 31 2025 $	2024 Revised[1] $	Change $	Change %
Revenue	122,813	130,839	(8,026)	(6.1)%
Gross profit	66,144	69,742	(3,598)	(5.2)%
Gross profit percentage (%)	53.9%	53.3%		0.6 ppts
Same store revenue	120,097	123,232	(3,135)	(2.5)%
Same store gross profit	64,616	66,345	(1,729)	(2.6)%
Same store gross profit percentage (%)	53.8%	53.8%		0.0 ppts

1 Comparative period revised to reflect current period presentation for reclassification of discontinued operations.

Continuing Operations

Revenue and gross profit decreased. This softness is largely due to the isolated underperformance in a handful of manufacturer brands. Management is actively working on a plan to improve the noted underperformance.

Gross profit percentage increased as management continues to prioritize gross profit on a per service repair order[5] basis, resulting in a sales mix shift to products with higher gross profit.

Same Store Results

Revenue and gross profit decreased for the reasons noted above.

Collision repair

For the three-month period ended March 31, 2025

The following table summarizes the continuing operations and same store financial metrics for the three-month period ended March 31, 2025 and changes compared to the three-month period ended March 31, 2024.

Collision Repair Financial Results	Three-Months Ended March 31 2025 $	2024 $	Change $	Change %
Revenue	40,326	32,601	7,725	23.7%
Gross profit	18,198	14,304	3,894	27.2%
Gross profit percentage (%)	45.1%	43.9%		1.2 ppts
Same store revenue	39,045	32,125	6,920	21.5%
Same store gross profit	17,534	14,149	3,385	23.9%
Same store gross profit percentage (%)	44.9%	44.0%		0.9 ppts

Continuing Operations

Revenue and gross profit increased as a result of strong customer demand, additional OEM certifications, increased insurance referrals, and increased hail repairs.

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

Gross profit percentage increased due to focused efforts on growing higher margin services like diagnostics, calibration and coatings. In addition to the focus on higher margin services, management is focused on optimizing variable costs by expanding the apprenticeship program, partnering with more technical colleges to develop skilled labour and optimizing parts procurement to leverage the scale of operations.

Same Store Results

Revenue, gross profit, and gross profit percentage increased for the reasons noted above.

Finance, insurance and other

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

For the three-month period ended March 31, 2025

The following table summarizes the continuing operations and same store financial metrics for the three-month period ended March 31, 2025 and changes compared to the three-month period ended March 31, 2024.

	Three-Months Ended March 31			
F&I Financial Results	**2025 $**	**2024 Revised[1] $**	**Change $**	**Change %**
Revenue	63,345	67,257	(3,912)	(5.8)%
Gross profit	57,852	61,857	(4,005)	(6.5)%
Gross profit percentage (%)	91.3%	92.0%		(0.7) ppts
F&I gross profit per retail unit average ($)	3,266	3,287	(21)	(0.6)%
Same store revenue	62,221	64,945	(2,724)	(4.2)%
Same store gross profit	56,822	59,641	(2,819)	(4.7)%
Same store gross profit percentage (%)	91.3%	91.8%		(0.5) ppts
Same store F&I gross profit per retail unit average ($)	3,286	3,314	(28)	(0.8)%

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

Continuing Operations

Revenue and gross profit decreased reflecting noted lower total retail vehicle sales volumes. F&I gross profit per retail unit average remained relatively flat as compared to the prior year, as bank reserve decreases were offset with an increase in product sales.

Same Store Results

Revenue, gross profit, and F&I gross profit per retail unit average decreased for the reasons noted 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, operating expenses before depreciation as a percentage of gross profit, normalized operating expenses before depreciation, and normalized operating expenses before depreciation as a percentage of gross profit indicators of operating performance and expense control.

The following table summarizes operating expenses, operating expenses before depreciation, operating expenses before depreciation as a percentage of gross profit, normalized operating expenses before depreciation, and normalized operating expenses before depreciation as a percentage of gross profit from continuing operations for the three-month period ended March 31, 2025, and changes compared to the respective three-month period ended March 31, 2024.

	Three-Months Ended March 31			
	2025 $	**2024 Revised[2] $**	**Change $**	**Change %**
Employee costs	106,209	107,149	(940)	(0.9)%
Administrative costs	54,376	53,182	1,194	2.2%
Facility lease costs	610	1,047	(437)	(41.7)%
Depreciation and amortization[1]	13,681	13,584	97	0.7%
Operating expenses ("Opex")	174,876	174,962	(86)	0.0%
Less: Depreciation and amortization[1]	(13,681)	(13,584)	(97)	(0.7)%
Opex before depreciation	161,195	161,378	(183)	(0.1)%
Less:				
Acquisition-related costs	(163)	(493)	330	(66.9)%
Software implementation costs	(450)	(657)	207	(31.5)%
Canadian franchise dealership restructuring charges	(15,766)	(2,000)	(13,766)	688.3%
Share-based compensation	(1,643)	(2,205)	562	(25.5)%
Normalized opex before depreciation	143,173	156,023	(12,850)	(8.2)%
Opex before depreciation as a percentage of gross profit (%)	81.4%	81.7%		(0.3) ppts
Normalized opex before depreciation as a percentage of gross profit (%)	72.3%	79.0%		(6.7) ppts

1 *See Section 17 Segmented Operating Results Data for a breakdown of the types of depreciation and amortization.*
2 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

Operating Expenses

For the three-month period ended March 31, 2025

Continuing Operations

Operating expenses before depreciation were flat in the first quarter of 2025 compared to the first quarter of 2024. After normalizing the first quarter of 2025 which includes $15.8 million of restructuring charges related to the ongoing initiative targeting $100 million in annual run-rate cost savings, and for normalizing items in the first quarter of 2024 normalized operating expenses before depreciation decreased by $12.9 million.

Normalized operating expenses as a percentage of gross profit decreased to 72.3% in the first quarter of 2025 compared to 79.0% in the first quarter of 2024 which represents a 6.7 ppts improvement as management continues the execution of the ACX Operating Method.

Operating expenses before depreciation as a percentage of gross profit decreased largely due to the ongoing initiatives targeting $100 million in annual run-rate cost savings and this was partially offset by increases in restructuring charges in the first quarter of 2025 as compared to the first quarter of 2024.

Net Income and Adjusted EBITDA and Adjusted EBITDA Margin

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

For the three-month period ended March 31, 2025

The following table summarizes net income, adjusted EBITDA, and adjusted EBITDA margin from continuing operations for the three-month periods ended March 31:

	Three-Months Ended March 31			
	2025 $	2024 Revised[1] $	Change $	Change %
Net income for the period	9,707	7,969	1,738	21.8%
Adjusted EBITDA	42,997	26,819	16,178	60.3%
Adjusted EBITDA margin	3.5%	2.2%		1.3 ppts

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

Net Income

Net income for the period increased as a result of increases in gains on redemption liabilities and decreases in impairment charges as compared to the first quarter of 2024, this was partially offset by decreases in gains on asset dispositions in the first quarter of 2025.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA and Adjusted EBITDA margin both improved primarily as a result of lower operating expenses before depreciation and floorplan financing expenses as noted above.

Finance costs

The Company incurs finance costs on its revolving floorplan facilities, indebtedness, lease liabilities, 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 $50.0 million swap contracts that mature in 2025, upon maturity to be extended to 2030 on a forward basis, $125.0 million in swap contracts initially maturing in 2026 to 2027, subject to extension to 2029, and $127.8 million swap contracts that mature in 2030, which help to mitigate interest rate risk in the current fluctuating interest rate environment. For further details, refer to Note 20 in the Interim Financial Statements.

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

	Three-Months Ended March 31	
Finance Costs	2025 $	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	3,779	(372)
	19,082	**13,588**
Floorplan financing	10,263	17,045
Interest rate swap settlements	(2)	(1,556)
Other finance costs	206	797
	29,549	**29,874**

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

During the three-month period ended March 31, 2025, floorplan financing costs decreased compared to prior year reflecting lower new and used vehicle inventory balances.

Income taxes

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

	Three-Months Ended March 31	
	2025 $	2024 Revised[1] $
Current tax	1,475	1,012
Deferred tax	343	(1,864)
Total income tax expense	**1,818**	**(852)**
Effective income tax rate	15.8%	(12.0)%
Statutory income tax rate	25.5%	25.4%

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

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.

Discontinued Operations

For the three-month period ended March 31, 2025

Revenue decreased largely as a result of the continued softening of the used vehicle market. Used vehicle performance continues to be impacted by market dynamics that made sourcing optimal used vehicle inventory more challenging, resulting in a 45.8% decrease in used vehicle units sold.

Gross profit decreased largely due to a reduction in the new vehicle and F&I operations. As expected, new vehicle gross profit percentage decreased as the market continues to normalize and supply returns, while the reduction in F&I gross profit is driven by both lower total retail vehicle sales volume and a lower F&I gross profit per retail unit average, reflecting a growing proportion of retail vehicle sales being purchased with less favourable OEM dealer financing resulting.

Net loss for the period decreased as a result of the items noted above, as well as $3.4 million of impairment of non-financial assets, which is partially offset by a decrease in operating expenses.

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.

Adjusted EBITDA for the period increased largely as a result of the noted decreased in operating expenses, partially offset by a decrease in gross profit.

5. ACQUISITIONS, DIVESTITURES, AND OTHER RECENT DEVELOPMENTS

The following is a list of open points, acquisitions, divestitures, wind-downs, or other recent developments that have occurred since January 1, 2025.

Wind-downs and Restructuring

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 $0.9 million. 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 $0.9 million 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 $14.5 million for repayment of loans in addition to $15.6 million for accrued interest, accrued royalty fees, and a termination fee. A gain of $11.6 million was recognized on the termination.

Divestiture

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 $3.5 million. The assets and liabilities of the used vehicle auction business were included as held for sale as at March 31, 2025.

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 $3.4 million related to right-of-use assets that were determined to be impaired as a result of the classification as a discontinued operation.

The financial performance and cash flow information from discontinued operations for the three-month periods ended March 31 are 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)

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 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, and may arise due to general day-to-day cash requirements and in the management of assets, liabilities and capital resources.

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.

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.

During the three-month period ended March 31, 2025, the Company had a comprehensive loss of $(2.8) million and cash flows from operations of $18.7 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 March 31, 2025 (which has been identified as an impairment indicator) 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 at March 31, 2025, the Company had total liquidity[6] of $319.6 million comprised of $101.5 million cash and $218.2 million available under the revolving credit facility.

Sources of Cash

Credit Facilities

On April 22, 2024, the Company entered into the fourth amended and restated $1,635 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"), ATB Financial ("ATB"), and Toronto Dominion Bank ("TD"). The 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 Credit Facility agreement can be found on the SEDAR+ website at www.sedarplus.ca.

On June 28, 2024, due to the CDK Outage, the Company obtained consent 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 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"). 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 all facilities, a reduction in the proportion of used floorplan, and other administrative limitations that are applicable during the covenant relief period.

On December 27, 2024, the Company amended the Credit Facility to include add-backs of up to $35 million for specific one-time expenses, including $20 million USD provisioned for FTC settlement expenses, in the definition of EBITDA for purposes of calculating the Company's financial covenants for the period from December 31, 2024 to September 30, 2025.

On March 28, 2025, the Company obtained consent to increase the Company's maximum permitted Total Net Funded Debt to Bank EBITDA Ratio from 5.50:1.00 to 6.00:1.00 for the period from April 1, 2025 to June 30, 2025.

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

The following tables summarize the amended financial covenants and the limits, amounts drawn and capacity of the Credit Facility as at March 31, 2025:

Amended 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

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit [1]	375,000	156,824	218,176
Leasehold credit facility	25,000	—	25,000
Wholesale inventory floorplan and lease financing	1,235,000	559,185	675,815
Total	**1,635,000**	**716,009**	**918,991**

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 facilities balance is excluded in the calculation of the Company's leverage ratios and related floorplan financing expenses are included in the Company's calculation of adjusted EBITDA.

Other Floorplan Financing

The Company has multiple standalone floorplan facilities with other lenders outside of the Credit Facility. The following table provides a breakdown of the Company's floorplan facilities as at March 31, 2025:

Lender	Limit	Drawn	Available Capacity
Credit Facility – Floorplan	1,235,000	559,185	675,815
Other Canadian Floorplan Facilities	541,900	380,487	161,413
Other U.S. Floorplan Facility	183,294	38,141	145,153
Total	**1,960,194**	**977,813**	**982,381**

Financial Covenants

The Company is required to comply with certain financial covenants, under the terms of the Credit Facility, various standalone floorplan financing facilities and OEM franchise agreements. 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. At March 31, 2025, the Company was in compliance with all of these financial covenants.

The Credit Facility financial covenants are calculated on a pre-IFRS 16 basis. While the Company is disclosing financial performance and cash flow performance for the three-month period ended March 31, 2025 and December 31, 2024 on a continuing operations basis, the financial covenants under the Credit Facility continues to be consolidated on a total (continuing and discontinued) operations basis, with modifications and adjustments as agreed to and permitted under the terms of the 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 Credit Facility as at March 31, 2025:

Financial Covenants	Requirement	Q1 2025
Senior Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 2.50	1.21
Total Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 7.50	4.92
Fixed Charge Coverage Ratio	Shall not be less than 1.00	2.38

As noted, the Company obtained lender consent to change the Credit Facility to increase the Company's maximum permitted Total Net Funded Debt to Bank 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, sale of assets and liabilities held for sale, 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.

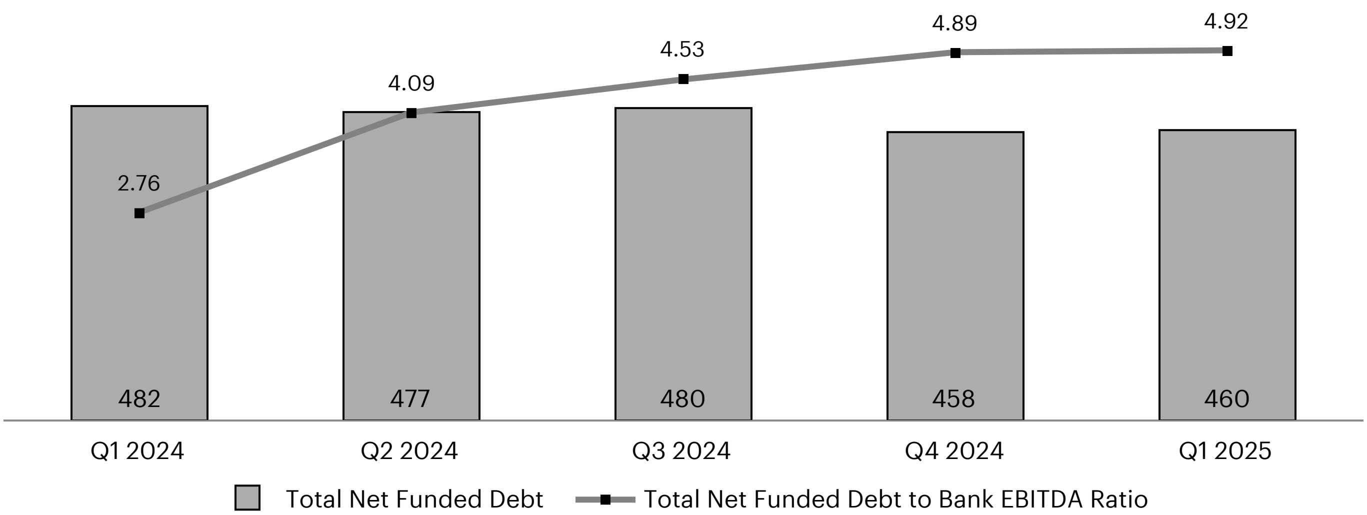
Total Net Funded Debt to Bank EBITDA Ratio Covenant Summary

The following table summarizes the Company’s Total Net Funded Debt for purposes of calculating Total Net Funded Debt to Bank EBITDA Ratio ("Total Net Funded Debt Ratio")

	March 31, 2025 $	**December 31, 2024 $**
Credit Facility, net of unamortized deferred financing costs	154,812	154,878
$350 Million Notes, net of unamortized deferred financing costs	346,450	346,300
Other funded debt according to Credit Facility	28,435	24,668
Total Funded Debt	529,697	525,846
Less: Allowable Cash Netting according to Credit Facility	(70,000)	(67,355)
Total Net Funded Debt	**459,697**	**458,491**

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

Total Net Funded Debt ($Millions) and Total Net Funded Debt Ratio



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 on the SEDAR+ website 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 comprised of three facilities with an aggregate limit of $39.0 million, at a variable interest rate of prime + 1.50%. The mortgage had a three-year term and twenty-year amortization. It required monthly interest-only payments until construction was complete. On September 27, 2024, the Company updated the mortgage terms and advanced an additional $10.0

million on the non-recourse mortgage. The updated mortgage has a one-year term with a variable interest rate of prime + 1.00% (combined total rate of 6.45% as at March 31, 2025) 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 March 31, 2025, the value of this mortgage, net of unamortized deferred financing costs, was $23.1 million (2024 - $13.6 million).

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 March 31, 2025, the value of the mortgages, net of unamortized deferred financing costs, was $16.5 million (2024 - $17.5 million).

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

Gross Lease Adjusted Indebtedness[7] Summary

Gross lease adjusted leverage ratio[8] ("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.

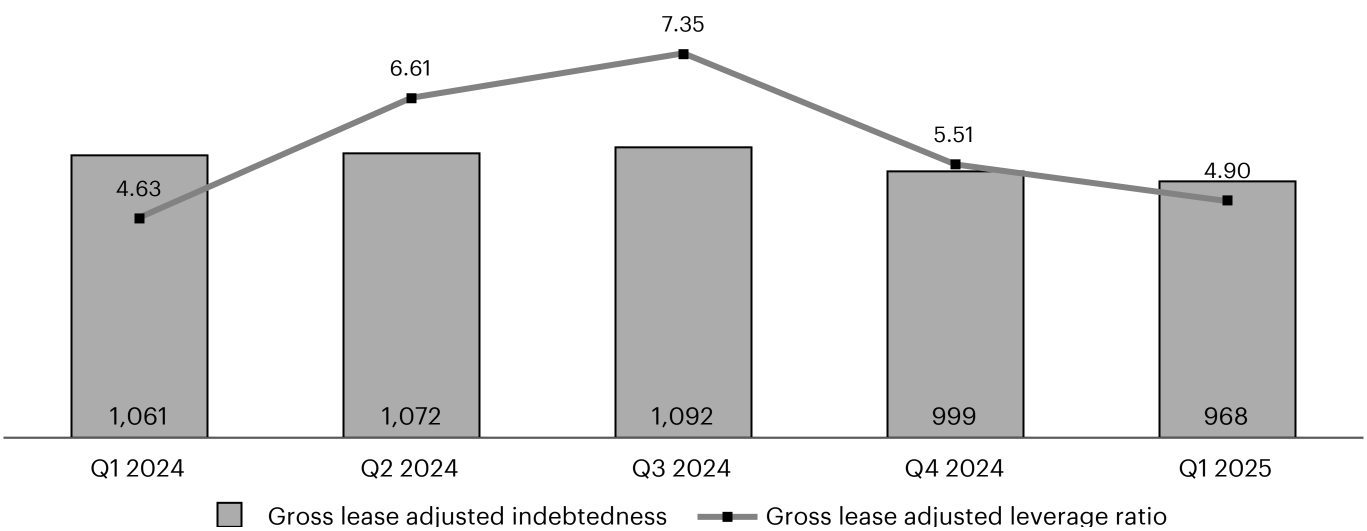
The following summarizes the Company's gross lease adjusted indebtedness and Gross Lease Ratio from continuing operations as at March 31, 2025 and December 31, 2024.

	March 31, 2025 $	**December 31, 2024 Revised[1] $**
Credit facility, net of unamortized deferred financing costs	154,812	154,878
$350 Million Notes, net of unamortized deferred financing costs	346,450	346,300
Non-recourse mortgages and other debt	40,052	40,473
Total indebtedness	541,314	541,651
Add: Lease liabilities	426,360	457,172
Gross lease adjusted indebtedness	**967,674**	**998,823**
Adjusted EBITDA - trailing twelve months	197,454	181,305
Gross lease adjusted leverage ratio ("Gross Lease Ratio")	**4.9x**	**5.51x**

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

The following chart illustrates the gross lease adjusted indebtedness and Gross Lease Ratios for the trailing five quarters.

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



7 *See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this capital management measure.*
8 *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 three-months ended March 31, 2025, the Company incurred $3.4 million in capital expenditures related to growth initiatives in collision and to a lesser extent, 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 March 31	
	2025 $	2024 $
Non-growth capital expenditures	168	1,101
Growth capital expenditures	2,413	7,161
Total capital expenditures	2,581	8,262
Real estate acquisition expenditures	817	—
Total capital related expenditures	3,398	8,262

Capital Commitments

At March 31, 2025, the Company is committed to capital expenditure obligations in the amount of approximately $2.7 million related to dealership relocations, and reimagings with expected completion of these commitments in 2025. The Company is in discussions with OEMs to adjust spending and/or capital commitments as appropriate for changing conditions.

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

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

Working Capital

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

The Company is focused on managing working capital, including improved collection processes, management of payables and maximizing the utilization of inventory floorplan financing. The efficacy and effectiveness of these processes 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. 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 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

8. OUTSTANDING SHARES

As at March 31, 2025, the Company had 23,150,233 (2024 - 23,532,487) common shares outstanding. Basic and diluted weighted average number of shares outstanding for the three-month period ended March 31, 2025 were 23,141,691 and 24,172,766, respectively. As at May 14, 2025, there were 23,150,233 common shares issued and outstanding.

As at March 31, 2025, the value of the shares held in trust, to hedge equity-based compensation plans, was $0.3 million (2024 - $0.9 million), which was comprised of 8,542 (2024 - 31,296) shares.

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, 2024. If applicable, updates are disclosed in Note 3 of the Interim Financial Statements.

11. DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the three-month period ended March 31, 2025, 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, 2024.

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, changes in U.S. and international trade policy including elevated tariff activity, as more fully described in Section 3 Market and Financial Outlook, the ongoing Ukrainian and Middle East conflicts, pandemics, and other factors, resulting in reduced demand for vehicle sales and service. When and if these economic conditions worsen or stagnate, it can have a material adverse effect on consumer demand for vehicles or service generally, demand from particular consumer categories or demand for particular vehicle types. It can also negatively impact availability of credit to finance vehicle purchases for all or certain categories of consumers. This could result in lower sales, decreased margins on units sold, and decreased profits. Any significant change or deterioration in economic conditions could have a material adverse effect on AutoCanada’s business, financial condition, as more fully described in Section 6 Liquidity and Capital Resources, 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 17 Segmented Operating Results Data for additional information
- U.S. Operations segment: See Section 17 Segmented Operating Results Data for additional information
- Collision Centre Operations segment as part of the Canadian Operations segment
- Consolidated basis: See Section 17 Segmented Operating Results Data for additional information
- Same store basis: See Section 18 Same Store Results Data for additional information
- Continuing Operations
- Discontinued Operations
- Total Operations

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 resolution of lawsuits and legal claims).

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 ("Opex") 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.

Demonstrator ("Demo") Vehicle

Demo vehicles represents demonstrator vehicles (a subset of new retail vehicles) sold by the Company.

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 Vehicle Inventory Days of Supply

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

Used Wholesale Vehicles

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

14. NON-GAAP AND OTHER FINANCIAL MEASURE RECONCILIATIONS

Adjusted EBITDA

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

	Three-Months Ended March 31, 2025			Three-Months Ended March 31, 2024 Revised [1]		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from January 1 to March 31						
Net income (loss) for the period	3,517	(6,669)	(3,152)	6,681	(9,042)	(2,361)
Add back (deduct):						
Income tax expense (recovery)	1,818	—	1,818	(852)	—	(852)
Depreciation of property and equipment	5,357	—	5,357	5,698	578	6,276
Interest on long-term indebtedness	7,658	2,240	9,898	6,265	3,046	9,311
Depreciation of right of use assets	8,312	—	8,312	7,841	745	8,586
Amortization of intangible assets	123	—	123	126	—	126
Lease liability interest	7,716	711	8,427	7,695	738	8,433
Impairment of non-financial assets	3,369	—	3,369	7,200	—	7,200
Gain on redemption liabilities	(2,324)	—	(2,324)	—	—	—
Canadian franchise dealership restructuring charges	15,766	—	15,766	2,000	—	2,000
Unrealized fair value changes in derivative instruments	2,432	—	2,432	2,001	—	2,001
Unrealized foreign exchange gains	(1,074)	—	(1,074)	(144)	—	(144)
Software implementation costs	450	—	450	657	—	657
Cybersecurity incident costs	128	—	128	—	—	—
RightRide restructuring charges	1,683	—	1,683	—	—	—
Acquisition related costs	163	—	163	—	—	—
Gain on disposal of assets	(11,935)	(894)	(12,829)	(19,267)	—	(19,267)
Adjusted EBITDA	43,159	(4,612)	38,547	25,901	(3,935)	21,966
Adjusted EBITDA from discontinued operations	(67)	4,517	4,450	918	3,935	4,853
Adjusted EBITDA from continuing operations	43,092	(95)	42,997	26,819	—	26,819

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

The following table illustrate segmented collision adjusted EBITDA from continuing operations for the three-months ended March 31. There is no discontinued operation in Collision Operations.

	Three-Months Ended March 31, 2025			Three-Months Ended March 31, 2024		
Collision Operations	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Period from January 1 to March 31						
Net income (loss) for the period	4,278	(95)	4,183	972	—	972
Add back (deduct):						
Income tax expense	—	—	—	—	—	—
Depreciation of right of use assets	607	—	607	532	—	532
Depreciation of property and equipment	440	—	440	408	—	408
Lease liability interest	826	—	826	773	—	773
Adjusted EBITDA	6,151	(95)	6,056	2,685	—	2,685

Adjusted EBITDA Margin

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

	Three-Months Ended March 31, 2025			Three-Months Ended March 31, 2024 Revised [1]		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Adjusted EBITDA	43,092	(95)	42,997	26,819	—	26,819
Revenue	1,240,100	—	1,240,100	1,212,038	—	1,212,038
Adjusted EBITDA Margin	3.5%	—%	3.5%	2.2%	—%	2.2%

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

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

	Three-Months Ended March 31, 2025			Three-Months Ended March 31, 2024		
Collision Operations	**Canada**	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Adjusted EBITDA	6,151	(95)	6,056	2,685	—	2,685
Revenue	40,326	—	40,326	32,601		32,601
Adjusted EBITDA Margin	15.3 %	— %	15.0 %	8.2 %	— %	8.2 %

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

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

	Three-Months Ended March 31, 2025			Three-Months Ended March 31, 2024 Revised [1]		
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**
Operating expenses before depreciation	161,100	95	161,195	161,378	—	161,378
Normalizing Items:						
Add back:						
Acquisition-related costs	(163)	—	(163)	(493)	—	(493)
Software implementation costs	(450)	—	(450)	(657)	—	(657)
Canadian franchise dealership restructuring charges	(15,766)	—	(15,766)	(2,000)	—	(2,000)
Share-based compensation expense	(1,643)	—	(1,643)	(2,205)	—	(2,205)
Normalized Opex before depreciation	143,078	95	143,173	156,023	—	156,023
Gross profit	198,036	—	198,036	197,577	—	197,577
Normalized Opex Before Depreciation as a percentage of gross profit (%)	72.2%	—%	72.3%	79.0%	—%	79.0%

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

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 from continuing operations as at March 31, 2025 and December 31, 2024:

	March 31, 2025 **$**	**December 31, 2024** **Revised[1]** **$**
Credit facility, net of unamortized deferred financing costs	154,812	154,878
$350 Million Notes, net of unamortized deferred financing costs	346,450	346,300
Non-recourse mortgages and other debt	40,052	40,473
Total indebtedness	541,314	541,651
Add: Lease liabilities	426,360	457,172
Gross lease adjusted indebtedness	**967,674**	**998,823**
Adjusted EBITDA - trailing twelve months	197,454	181,305
Gross lease adjusted leverage ratio	**4.9x**	**5.51x**

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

15. SELECTED ANNUAL COMPARATIVE INFORMATION

The following table shows the revised continuing operations results of the Company for the years ended December 31, 2024 and December 31, 2023.

Continuing Operations	2024 Revised[1]	2023 Revised[1]
Income Statement Data		
New vehicles	2,305,913	2,241,517
Used vehicles	1,980,670	2,211,437
Parts and service	556,297	565,571
Collision repair	130,913	116,123
Finance, insurance and other	297,758	312,615
Revenue	5,271,551	5,447,263
New vehicles	170,597	195,709
Used vehicles	65,562	109,256
Parts and service	301,980	304,640
Collision repair	65,195	57,072
Finance, insurance and other	272,106	291,963
Gross Profit	875,440	958,640
Gross profit %	16.6%	17.6 %
Operating expenses	720,353	756,659
Operating expenses as a % of gross profit	82.3%	78.9 %
Operating profit	171,766	215,867
Impairment (recovery) of non-financial assets	4,542	(3,538)
Net income (loss)	48,882	66,244
Diluted net income per share attributable to AutoCanada shareholders	1.96	2.57
Adjusted EBITDA	181,276	249,034
Operating Data		
New retail vehicles sold	35,363	34,843
Used retail vehicles sold	48,941	52,094
Total retail vehicles sold	84,304	86,937

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

16. 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.

Continuing Operations	Q1 2025	Q4 2024 Revised [4]	Q3 2024 Revised [4]	Q2 2024 Revised [4]	Q1 2024 Revised [4]	Q4 2023 Revised [4]	Q3 2023 Revised [4]	Q2 2023 Revised [4]
Income Statement Data								
New vehicles	550,894	574,968	629,496	603,172	498,277	524,568	593,004	626,759
Used vehicles	462,722	440,838	524,845	531,923	483,064	476,882	562,891	609,439
Parts and service [3]	122,813	144,524	144,000	136,934	130,839	145,665	140,219	152,094
Collision repair [3]	40,326	36,262	31,487	30,563	32,601	32,415	29,014	26,943
Finance, insurance and other	63,345	69,245	82,701	78,555	67,257	68,101	77,619	91,050
Revenue	1,240,100	1,265,837	1,412,529	1,381,147	1,212,038	1,247,631	1,402,747	1,506,285
New vehicles	36,419	40,303	44,597	45,526	40,171	44,925	52,870	56,297
Used vehicles	19,423	18,517	26,170	9,372	11,503	22,441	22,305	40,626
Parts and service [3]	66,144	76,843	77,164	78,231	69,742	76,063	75,428	81,411
Collision repair [3]	18,198	17,242	17,527	16,122	14,304	17,312	14,074	15,041
Finance, insurance and other	57,852	63,214	75,529	71,506	61,857	62,736	78,213	82,522
Gross Profit	198,036	216,119	240,987	220,757	197,577	223,477	242,890	275,897
Gross profit percentage	16.0%	17.1%	17.1%	16.0%	16.3%	17.9%	17.3%	18.3%
Operating expenses	174,876	178,674	180,166	186,551	174,962	212,675	183,742	188,828
Operating expenses as a % of gross profit	88.3%	82.7%	74.8%	84.5%	88.6%	95.2%	75.6%	68.4%
Net income (loss)	9,707	9,765	27,267	3,881	7,969	(18,908)	25,421	46,230
Diluted net income (loss) per share attributable to AutoCanada shareholders	0.37	0.44	1.10	0.11	0.34	(0.81)	0.81	1.75
Adjusted EBITDA	42,997	55,374	65,613	33,470	26,819	50,740	65,250	88,478
Operating Data								
New retail vehicles sold	7,665	8,544	9,599	9,311	7,909	8,161	9,185	9,894
Used retail vehicles sold	10,046	10,821	13,839	13,370	10,911	11,081	13,785	14,122
Total retail vehicles sold	17,711	19,365	23,438	22,681	18,820	19,242	22,970	24,016
# of dealerships at period end [1]	68	68	69	71	70	69	69	69
# of same store dealerships [1, 2]	66	66	67	68	68	67	64	62
# of service bays at period end	1,143	1,151	1,173	1,186	1,167	1,152	1,152	1,125

1 *Dealerships is defined as 64 franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships and 1 used vehicle auction).*

2 *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. Same store results are based on continuing operations. Results from same stores divested, discontinued, or wound down in the current period are removed from both the current period and the comparative period.*

3 *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.*

4 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

17. SEGMENTED OPERATING RESULTS DATA

Canadian Operations and U.S. Operations Segmented Operating Highlights

The following table shows the segmented operating results for the Company for the three-month periods ended March 31, 2025 and March 31, 2024.

	Three-Months Ended March 31, 2025			Three-Months Ended March 31, 2024 Revised [2]		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
New vehicles	550,894	80,731	631,625	498,277	82,026	580,303
Used vehicles	462,722	41,878	504,600	483,064	64,413	547,477
Parts and service	122,813	24,714	147,527	130,839	23,790	154,629
Collision repair	40,326	—	40,326	32,601	—	32,601
Finance, insurance and other	63,345	7,558	70,903	67,257	10,420	77,677
Total revenue	1,240,100	154,881	1,394,981	1,212,038	180,649	1,392,687
New vehicles	36,419	1,905	38,324	40,171	5,244	45,415
Used vehicles	19,423	(620)	18,803	11,503	(631)	10,872
Parts and service	66,144	14,586	80,730	69,742	10,420	80,162
Collision repair	18,198	—	18,198	14,304	—	14,304
Finance, insurance and other	57,852	7,558	65,410	61,857	13,516	75,373
Total gross profit	198,036	23,429	221,465	197,577	28,549	226,126
Employee costs	106,160	14,672	120,832	107,149	18,267	125,416
Administrative costs	54,330	10,838	65,168	53,182	12,018	65,200
Facility lease and storage costs	610	180	790	1,047	—	1,047
Depreciation of right-of-use assets	8,238	—	8,238	7,841	745	8,586
Depreciation of property and equipment	5,320	—	5,320	5,617	578	6,195
Amortization of intangible assets	123	—	123	126	—	126
Total operating expenses	174,781	25,690	200,471	174,962	31,608	206,570
Operating profit (loss) before other income	23,255	(2,261)	20,994	22,615	(3,059)	19,556
Operating data						
New retail vehicles sold	7,665	1,337	9,002	7,909	1,378	9,287
Used retail vehicles sold	10,046	1,163	11,209	10,911	1,730	12,641
Total retail vehicles sold	17,711	2,500	20,211	18,820	3,108	21,928
# of dealerships at period end [1]	68	18	86	70	18	88
# of service bays at period end	1,143	235	1,378	1,167	230	1,397

1 *Dealerships is defined as 64 Canadian franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships and 1 used vehicle auction) as at March 31, 2025.*
2 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

18. 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. Same store results are based on continuing operations. Results from same stores divested, discontinued, 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 table summarizes same store revenue, gross profit, gross profit percentage, and vehicles sold for the three-month periods ended March 31:

	Three-Months Ended March 31	
	2025 $	2024 Revised[1] $
New vehicles	525,152	469,855
Used vehicles	456,713	472,104
Parts and service	120,097	123,232
Collision repair	39,045	32,125
Finance, insurance and other	62,221	64,945
Total revenue	1,203,228	1,162,261
New vehicles	34,452	38,128
Used vehicles	20,225	12,893
Parts and service	64,616	66,345
Collision repair	17,534	14,149
Finance, insurance and other	56,822	59,641
Total gross profit	193,649	191,156
New vehicles (%)	6.6%	8.1%
Used vehicles (%)	4.4%	2.7%
Parts and service (%)	53.8%	53.8%
Collision repair (%)	44.9%	44.0%
Finance, insurance and other (%)	91.3%	91.8%
Total gross profit percentage (%)	16.1%	16.4%
New retail vehicles sold (units)	7,391	7,476
Used retail vehicles sold (units)	9,900	10,522
Total vehicles retailed (units)	17,291	17,998

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

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

	Three-Months Ended March 31		
	2025	2024 Revised[1]	% Change
British Columbia	92,890	101,820	(8.8)%
Alberta	376,005	358,706	4.8 %
Saskatchewan	103,382	91,610	12.9 %
Manitoba	110,249	89,580	23.1 %
Ontario	349,184	349,835	(0.2)%
Quebec	137,709	134,889	2.1 %
Atlantic	33,809	35,821	(5.6)%
Total revenue	1,203,228	1,162,261	3.5 %
British Columbia	13,530	15,528	(12.9)%
Alberta	61,457	60,501	1.6%
Saskatchewan	16,991	15,248	11.4%
Manitoba	18,480	15,911	16.1%
Ontario	55,939	59,043	(5.3)%
Quebec	22,602	19,654	15.0%
Atlantic	4,650	5,271	(11.8)%
Total gross profit	193,649	191,156	1.3%

1 *Comparative period revised to reflect current period presentation for reclassification of discontinued operations.*

19. 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 March 31, 2025 from continuing operations.

Location	Franchised Dealerships	Same Store Franchised Dealerships[1]	Used Vehicle Operations	Same Store Used Vehicle Operations	Collision Centres[1]	Same Store Stand-Alone Collision Centres
Canada	**64**	**62**	**4**	**4**	**28**	**11**
Alberta	17	17	—	—	4	2
Atlantic	2	2	—	—	1	—
British Columbia	9	8	—	—	1	1
Manitoba	5	5	1	1	4	—
Ontario	23	22	3	3	10	5
Quebec	4	4	—	—	4	2
Saskatchewan	4	4	—	—	4	1
U.S.	**18**	**—**	**—**	**—**	**1**	**—**
Illinois[2, 3]	18	—	—	—	1	—
Total	**82**	**62**	**4**	**4**	**29**	**11**

1 *Collision centres includes 12 stand-alone collision centres within our group of 29 collision centres.*
2 *This franchise dealership count includes 2 individual storefronts that consists of multiple franchises. One including: Audi, Mercedes-Benz, Lincoln, Subaru, and Volkswagen and another including: Porsche, Audi, Mercedes-Benz and Volkswagen.*
3 *The Company's franchised dealerships in its U.S. Operations have been classified and presented as discontinued operations.*

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