



2025



Second Quarter Management Discussion & Analysis

AUTOCAN.CA





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

For the three-month and six-month periods ended June 30, 2025





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MANAGEMENT'S DISCUSSION AND ANALYSIS

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1. READER ADVISORIES AND FORWARD-LOOKING STATEMENTS

This Management's Discussion & Analysis ("MD&A") was prepared as of August 13, 2025, to assist readers in understanding AutoCanada Inc.'s (the "Company" or "AutoCanada") consolidated financial performance for the three-month period and six-month period ended June 30, 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 and six-month period ended June 30, 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 August 13, 2025.

To provide more meaningful information, this MD&A typically refers to the operating results for the three-month period and six-month period ended June 30, 2025 of the Company, and compares these to the operating results of the Company for the three-month period and six-month period ended June 30, 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, expected run-rate operational expense savings from the implementation of the ACX Operating Method, the expected aggregate proceeds from the U.S. dealership divestitures, the completion and the anticipated timing of completion of the U.S. dealership disposition transactions, engagement in selling the remaining dealerships of the U.S. Operations segment, and the impact of the U.S. dealership divestitures on the Company's leverage ratio.

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 June 30, 2025, operates 64 franchised dealerships in Canada, comprised of 23 brands, in 8 provinces. AutoCanada currently sells Acura, Audi, BMW, Buick, Cadillac, Chevrolet, Chrysler, Dodge, 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 independent used dealerships dealerships ("Used Vehicle Operations") and 14 stand-alone collision centres within our group of 30 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 and six-month period ended June 30, 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 Second Quarter Key Highlights and Recent Developments

All comparisons presented below are between the three-month periods ended June 30, 2025 and June 30, 2024 and are based on continuing operations, unless otherwise indicated.

AutoCanada Key Highlights

- Revenue from continuing operations was \$1,338.2 million as compared to \$1,381.2 million in the prior year, a decrease of \$(43.0) million
- Net income for the period from total operations was \$18.9 million as compared to a net loss of \$(33.1) million in the prior year
 - Net income from continuing operations was \$18.9 million as compared to \$3.9 million in the prior year
 - Net loss from discontinued operations was \$0.0 million as compared to \$(37.0) million in the prior year
- Diluted net income per share from continuing operations was \$0.72 as compared to \$0.12 in the prior year
- Adjusted EBITDA¹ from total operations was \$68.5 million as compared to \$27.0 million in the prior year
 - Adjusted EBITDA from continuing operations was \$64.4 million as compared to \$33.5 million in the prior year
 - Adjusted EBITDA from discontinued operations was \$4.1 million as compared to \$(6.5) million in the prior year
- Total Net Funded Debt to Bank EBITDA Ratio³ reduced from 4.92x as at March 31, 2025 to 3.42x as at June 30, 2025

SECOND QUARTER RESULTS

Continuing Operations Financial Results	Three-Months Ended June 30		
	2025	2024 Revised ⁴	% Change
Revenue	1,338,199	1,381,150	(3.1)%
Same store revenue	1,317,396	1,327,438	(0.8)%
Gross profit	225,367	220,758	2.1%
Gross profit percentage ²	16.8%	16.0%	0.8 ppts
Operating expenses ("Opex")	170,737	186,497	(8.5)%
Net income	18,911	3,935	380.6%
Basic net income per share attributable to AutoCanada shareholders	0.75	0.12	525.0%
Diluted net income per share attributable to AutoCanada shareholders	0.72	0.12	500.0%
Adjusted EBITDA	64,380	33,469	92.4%
Adjusted EBITDA margin ¹	4.8%	2.4%	2.4 ppts
New retail vehicles sold (units) ²	8,790	9,311	(5.6)%
Used retail vehicles sold (units) ²	10,452	13,367	(21.8)%
New vehicle gross profit per retail unit ²	4,544	4,823	(5.8)%
Used vehicle gross profit per retail unit ²	1,774	760	133.4%
Parts and service ("P&S") gross profit	78,902	78,231	0.9%
Collision repair ("Collision") gross profit	16,561	16,122	2.7%
Finance, insurance and other ("F&I") gross profit per retail unit average ²	3,337	3,153	5.8%
Operating expenses before depreciation ²	157,094	172,680	(9.0)%
Operating expenses before depreciation as a % of gross profit ²	69.7%	78.2%	(8.5) ppts
Normalized opex before depreciation ¹	147,478	164,040	(10.1)%
Normalized opex before depreciation as a percentage of gross profit (%) ¹	65.4%	74.3%	(9.0) ppts
Floorplan financing expense	9,018	17,376	(48.1)%

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

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.

³ See Section 6 Liquidity and Capital Resources for further information regarding the composition of this financial covenant.

Revenue decreased by (3.1)% in the second quarter of 2025 compared to the second quarter of 2024, primarily due to decreases in used vehicle sales and F&I. This decline is partially offset by increases in revenue from new vehicle sales, parts and service and collision repair services.

Gross profit increased by 2.1% to \$225.4 million in the second quarter of 2025 compared to the second quarter of 2024, driven by increases in used vehicle and collision repair services gross profit. These increases were partially offset by decreases in new vehicle, parts and service, and F&I. A key factor contributing to the increase in gross profit is the improvement in used vehicle gross profit per retail unit, which offset the impact of lower overall total retail⁴ unit volumes from both new and used during the quarter. Used vehicle gross profit improvements are driven by better management of used vehicle inventory, which is a key focus of the ACX Operating Method and lapping a used vehicle provision taken in the second quarter of 2024.

Operating expenses before depreciation decreased by (9.0)% to \$157.1 million in the second quarter of 2025 compared to the second quarter of 2024. Normalized operating expenses before depreciation decreased by (10.1)% to \$147.5 million, and included the normalization of \$6.0 million of restructuring charges related to the ongoing initiatives targeting \$115.0 million in annual run-rate cost savings by the end of 2025. This guidance has been raised from \$100.0 million in annual run-rate cost savings in-light of faster-than-expected progress achieved to date.

Floorplan financing expenses decreased (48.1)% to \$9.0 million due to reduced new and used vehicle inventory levels and lower interest rates. Inventory management has been a focus in conjunction with the implementation of the ACX Operating Method.

Net income for the period increased by 380.6% to \$18.9 million in the second quarter of 2025 compared to the second quarter of 2024, as a result of items noted above, which is partially offset by higher income taxes.

Adjusted EBITDA increased by 92.4% to \$64.4 million in the second quarter of 2025 compared to the second quarter of 2024, while adjusted EBITDA margin improved 2.4 ppts to 4.8%. These improvements were driven by lower operating expenses before depreciation, lower floorplan financing expenses and improved gross profit as noted above.

Same Store Metrics - Continuing Operations Highlights

Same Store - Continuing Operations Financial Results	Three-Months Ended June 30		
	2025	2024 Revised ¹	% Change
Revenue	1,317,396	1,327,438	(0.8)%
Gross profit	219,157	210,815	4.0%
Gross profit percentage	16.6%	15.9%	0.7 ppts
New retail vehicles sold (units)	8,641	8,868	(2.6)%
Used retail vehicles sold (units)	10,352	12,208	(15.2)%
New vehicle gross profit per retail unit	4,530	4,855	(6.7)%
Used vehicle gross profit per retail unit	1,731	647	167.5%
P&S gross profit	77,774	73,883	5.3%
Collision gross profit	16,111	15,959	1.0%
F&I gross profit per retail unit average	3,361	3,273	2.7%

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

Same store results make up 98.5% of revenue and 97.3% of gross profit in the current quarter. Refer to Section 18 Same Store Results Data for further information.

Revenue decreased by (0.8)% primarily driven by lower used vehicle revenues (9.3)% and F&I (7.7)%, which are partially offset by higher new vehicle revenues 5.3%, Collision 20.8% and parts and service 5.4%. The average selling price per new vehicle sold⁴ increased 5.5% in the second quarter of 2025 compared to the second quarter of 2024, and was partially offset by a decrease in new retail vehicles sold of (2.6)%.

Gross profit increased 4.0% primarily as a result of improved used vehicle gross profit 161.0% and parts and service 5.3%, and 1.0% in Collision, partially offset by a decrease of (9.0)% in new vehicle gross profit, (7.5)% in F&I. New vehicle gross profit per unit decreased (6.7)%, consistent with the industry wide trends.

In the second quarter of 2025, used vehicle retail sales volumes declined by (15.2)% as compared with the second quarter of 2024. Tighter inventory management and changes in strategic used vehicle marketing providers⁵ impacted used retail vehicles sold in the second quarter of 2025. This was offset by stronger performance in used

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

⁵ See "Other Recent Developments" at the end of Section 2. Executive Summary for further information.

wholesale vehicle sales and an increase in used vehicle gross profit per retail unit of 167.5% to \$1,731 which is driven by increased focus on managing used vehicle inventory and lapping a used vehicle inventory provision in the second quarter of 2024.

Parts and service gross profit increased 5.3% in the second quarter of 2025 compared with the second quarter of 2024, driven mainly by a higher numbers of Service repair orders.

F&I gross profit per retail unit average increased 2.7% in the second quarter of 2025 compared with the prior year period, driven by an increase in products sold per deal.

Collision Operations Highlights

Collision Financial Results	Three-Months Ended June 30		
	2025	2024	% Change
Revenue	38,420	30,563	25.7%
Gross profit	16,561	16,122	2.7%
Gross profit percentage	43.1%	52.8%	(9.7) ppts
Adjusted EBITDA	3,737	3,065	21.9%
Same store revenue	36,869	30,510	20.8%
Same store gross profit	16,111	15,959	1.0%
Same store gross profit percentage	43.7%	52.3%	(8.6) 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 decreased due to an increase in paintless dent repair which has a lower margin profile than traditional collision repair.

Trends in the same store revenue, gross profit and gross profit percentage are consistent with overall business performance, with the reasons noted above.

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

Other Recent Developments

During 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 \$3.3 million in proceeds.
- On May 28, 2025, the Company terminated its Alfa Romeo and FIAT franchise at Maple Ridge Chrysler Dodge Jeep Ram & Fraser Valley Alfa Romeo, located in Maple Ridge, British Columbia.

After the quarter:

- On July 11, 2025, the Company announced that Paul Antony will transition from his role as Executive Chair. The Board of Directors has begun a search for a Chief Executive Officer.
- On July 16, 2025, the Company announced that it has entered into definitive agreements to sell 13 franchised dealerships in its U.S. Operations segment for expected aggregate proceeds of approximately \$82.7 million which includes approximately \$6.4 million for real estate. The transactions are subject to customary closing conditions, including OEM approvals, and are anticipated to close in the second half of 2025.
- On July 21, 2025, the Company announced that it has selected CarGurus as its preferred partner in Canada supporting digital marketing efforts.
- On July 29, 2025, the Company sold substantially all of the operating assets of Crystal Lake Chrysler Dodge Jeep Ram, located in Crystal Lake, Illinois, for cash consideration of \$9.9 million plus closing adjustments. Crystal Lake Chrysler Dodge Jeep Ram was presented as held for sale in the U.S. Operations segment as at June 30, 2025.
- On August 13, 2025, the Company announced the appointment of Felix-Etienne Lebel to the Board of Directors.

3. MARKET AND FINANCIAL OUTLOOK

The Canadian new light vehicle market remained resilient in the second quarter of 2025, with industry sales up approximately 7.8% year-over-year, supported by improved OEM incentives, lower interest rates, and a pull-forward of demand in anticipation of potential tariffs. Against this backdrop, the Company's same-store new light vehicle unit sales declined (2.6)% year-over-year, underperforming the broader market. This shortfall reflects a near-term trade-off as the Company accelerated execution of the ACX Operating Method. During this transitional period, frontline capacity and sales execution were temporarily constrained, particularly in locations undergoing store archetype transitions, as resources were redirected toward implementing sustainable cost and efficiency improvements. As the transformation concludes, the Company expects sales momentum to normalize, supported by a comprehensive restructuring that has established a more sustainable and efficient cost structure, positioning the business to refocus on rebuilding volume on a stronger, more profitable foundation.

Despite the temporary volume impact during the second quarter, the financial benefits from ACX Operating Method implementation are already accruing, driving meaningful improvements in profitability. As of June 30, 2025, the Company has achieved \$80.0 million in annualized run-rate savings, up from \$57.1 million at the end of Q1, measured against trailing twelve-month operating expenses of \$690.0 million as of June 30, 2024 (excluding depreciation, amortization, and one-time items). Early progress has provided greater visibility into the full potential of the program, and the Company has now identified a credible path to \$115.0 million in annualized savings, prompting an upward revision of its original \$100.0 million target.

This performance has been enabled by the scalable nature of the ACX Operating Method, which optimizes in-store resources with market demand, supporting improved margin stability in all market conditions. In parallel, enhanced used vehicle inventory strategies have delivered stronger and more profitable performance in the pre-owned segment. The collision repair business continues to grow steadily, and the F&I division remains a consistent leader in both product penetration and margin contribution.

Cost Optimization Update: Increased Savings Guidance and Timing Detail

As of June 30, 2025, cumulative run-rate savings realized from the time of launch in September 2024 of \$80.0 million reflect:

- \$45.8 million from to Store Archetype versus a year-end run rate target of \$70.0 million (\$63.0 million prior)
- \$18.8 million from Expense Management versus a year-end run rate target of \$27.5 million (\$23.0 million prior)
- \$12.4 million from Inventory Management versus a year-end run rate target of \$12.5 million (\$9.0 million prior)
- \$3.0 million from Centralized Services versus a year-end run rate target of \$5.0 million (unchanged)

The Company expects to achieve a total of \$115.0 million in run-rate annualized savings by year-end 2025, which is increased from prior guidance for \$100.0 million in total.

Given the faster-than-anticipated progress to date, the Company updated 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 Actual		Q3 2025 Expected		Q4 2025 Expected		FY2025 Expected	
In-Quarter Savings	Actual	14.1	Actual	19.7	Revised	20.5	Revised	23.5	Revised	77.8
	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)	Actual	(7.3)	Revised	(4.7)	Revised	(1.5)	Revised	(29.3)
	PG ³	(15.5)	PG ³	(9.5)	PG ³	(4.0)	PG ³	(1.5)	PG ³	(30.5)
Net In-Quarter Savings	Actual	(1.7)	Actual	12.4	Revised	15.8	Revised	22.0	Revised	48.5
	PG³	(10.2)	PG³	5.0	PG³	15.4	PG³	22.4	PG³	32.6
Cumulative Annualized Run-Rate Savings ²	Actual	57.1	Actual	80.0	Revised	90.0	Revised	115.0	Revised	115.0
	PG ³	36.0	PG ³	64.0	PG ³	82.0	PG ³	100.0	PG ³	100.0

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.

U.S. Divestiture Update: \$115.0 Million to \$130.0 Million In Total Proceeds Expected

In line with the Company's strategy to focus on Canadian dealership and collision operations, AutoCanada reclassified its U.S. dealerships as discontinued operations at year-end 2024 and began actively marketing the assets for sale. On July 16, 2025, the Company announced definitive agreements to sell 13 of its 17 U.S. franchised dealerships for expected proceeds of approximately \$82.7 million, net of working capital and including \$6.4 million of real estate.

The first transaction closed on July 29, 2025, with the sale of Crystal Lake Chrysler Jeep Dodge Ram for \$9.9 million in net proceeds, including the full \$6.4 million of real estate.

AutoCanada continues to advance the sale of its remaining U.S. dealerships and expects to generate total aggregate proceeds of \$115.0 million to \$130.0 million from the sale of the U.S. dealerships, net of working capital, including the \$9.9 million in proceeds that have been received from the completed sale of Crystal Lake Chrysler Jeep Dodge Ram.

The transactions are subject to customary closing conditions, including OEM approvals, and are anticipated to close in the second half of 2025.

Proceeds will be used to further strengthen the balance sheet and accelerate progress toward the Company's targeted 2.0x to 3.0x Total Net Funded Debt to Bank EBITDA leverage ratio.

Forward-Looking Statements and Financial Outlook

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 "Forward-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

Second 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 and six-month periods ended June 30.

	Three-Months Ended June 30			
	2025 \$	2024 Revised ¹ \$	Change \$	Change %
New vehicles	617,508	603,044	14,464	2.4%
Used vehicles	474,165	532,054	(57,889)	(10.9)%
Parts and service	137,546	136,934	612	0.4%
Collision repair	38,420	30,563	7,857	25.7%
Finance, insurance and other	70,560	78,555	(7,995)	(10.2)%
Total revenue	1,338,199	1,381,150	(42,951)	(3.1)%
New vehicles	40,534	45,398	(4,864)	(10.7)%
Used vehicles	25,157	9,504	15,653	164.7%
Parts and service	78,902	78,231	671	0.9%
Collision repair	16,561	16,122	439	2.7%
Finance, insurance and other	64,213	71,503	(7,290)	(10.2)%
Total gross profit	225,367	220,758	4,609	2.1%

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

	Six-Months Ended June 30			
	2025 \$	2024 Revised ¹ \$	Change \$	Change %
New vehicles	1,168,402	1,101,320	67,082	6.1%
Used vehicles	936,887	1,015,118	(78,231)	(7.7)%
Parts and service	260,359	267,773	(7,414)	(2.8)%
Collision repair	78,746	63,164	15,582	24.7%
Finance, insurance and other	133,905	145,812	(11,907)	(8.2)%
Total revenue	2,578,299	2,593,187	(14,888)	(0.6)%
New vehicles	76,953	85,568	(8,615)	(10.1)%
Used vehicles	44,580	21,008	23,572	112.2%
Parts and service	145,046	147,973	(2,927)	(2.0)%
Collision repair	34,759	30,426	4,333	14.2%
Finance, insurance and other	122,065	133,360	(11,295)	(8.5)%
Total gross profit	423,403	418,335	5,068	1.2%

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

	Three-Months Ended June 30			Six-Months Ended June 30		
	2025 %	2024 Revised ¹ %	Change ppts	2025 %	2024 Revised ¹ %	Change ppts
New vehicles	6.6%	7.5%	(0.9)	6.6%	7.8%	(1.2)
Used vehicles	5.3%	1.8%	3.5	4.8%	2.1%	2.7
Parts and service	57.4%	57.1%	0.3	55.7%	55.3%	0.4
Collision repair	43.1%	52.8%	(9.7)	44.1%	48.2%	(4.1)
Finance, insurance and other	91.0%	91.0%	—	91.2%	91.5%	(0.3)
Total gross profit percentage	16.8%	16.0%	0.8	16.4%	16.1%	0.3

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

For the three-months ended June 30, 2025, new and used vehicles generated 81.5% of revenue and 29.2% of gross profit, while F&I, parts and service and Collision generated 18.5% of revenue and contributed 63.5% of gross profit.

New vehicles

For the three-month period ended June 30, 2025

The following table summarizes the continuing operations and same store financial metrics for the three-month period ended June 30, 2025 and changes compared to the three-month period ended June 30, 2024.

New Vehicle Financial Results	Three-Months Ended June 30			
	2025 \$	2024 Revised ¹ \$	Change \$	Change %
Revenue	617,508	603,044	14,464	2.4%
Gross profit	40,534	45,398	(4,864)	(10.7)%
Gross profit percentage (%)	6.6%	7.5%	(0.9) ppts	
New retail vehicles sold (units)	8,790	9,311	(521)	(5.6)%
New vehicle gross profit per retail unit (\$)	4,544	4,823	(279)	(5.8)%
New Vehicle Inventory days of supply (days) ⁴	76	103	(27)	(26.2)%
Average selling price per new vehicle (\$)	65,623	61,933	3,690	6.0%
Same store revenue	607,563	577,128	30,435	5.3%
Same store gross profit	39,731	43,670	(3,939)	(9.0)%
Same store gross profit percentage (%)	6.5%	7.6%	(1.1) ppts	
Same store new retail vehicles sold (units)	8,641	8,868	(227)	(2.6)%

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 vehicle⁶ sales and this is partially offset by a decrease in new retail vehicles sold.

Gross profit decreased as a result of a decrease in new retail units sold and declining gross profit per retail unit which is consistent with the industry wide trends.

Gross profit percentage decreased in the second quarter of 2025 as compared to the second quarter of 2024 primarily driven by lower new vehicle gross profit per retail unit, combined with a higher volume of new fleet vehicle sales which is a lower margin business.

New vehicle inventory days of supply decreased by (27) to 76 days of supply during the quarter (2024 - 103 days). Driving a 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.

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

For the six-month period ended June 30, 2025

The following table summarizes the continuing operations and same store financial metrics for the six-month period ended June 30, 2025 and changes compared to the six-month period ended June 30, 2024.

	Six-Months Ended June 30			
	2025 \$	2024 Revised ¹ \$	Change \$	Change %
New Vehicle Financial Results				
Revenue	1,168,402	1,101,320	67,082	6.1%
Gross profit	76,953	85,568	(8,615)	(10.1)%
Gross profit percentage (%)	6.6%	7.8%		(1.2) ppts
New retail vehicles sold (units)	16,455	17,220	(765)	(4.4)%
New vehicle gross profit per retail unit (\$)	4,596	4,916	(320)	(6.5)%
New Vehicle Inventory days of supply (days) ⁶	84	108	(24)	(22.1)%
Average selling price per new vehicle (\$)	65,545	60,756	4,789	7.9%
Same store revenue	1,148,049	1,049,821	98,228	9.4%
Same store gross profit	75,347	81,992	(6,645)	(1.2)%
Same store gross profit percentage (%)	6.6%	7.8%		(1.2) ppts
Same store new retail vehicles sold (units)	16,162	16,371	(209)	(1.3)%

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

Continuing Operations

Revenue increased due to higher average selling price per new vehicle and an increase in revenue from new fleet vehicle⁷ sales, partially offset by a decrease in new retail vehicles sold.

Gross profit decreased as a result of a decrease in new retail units sold and declining gross profit per retail unit which is consistent with the industry wide trends.

New vehicle inventory days of supply decreased by (24) days to 84 days of supply (2024 - 108 days). Driving a 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 June 30, 2025

The following table summarizes the continuing operations and same store financial metrics for the three-month period ended June 30, 2025 and changes compared to the three-month period ended June 30, 2024.

	Three-Months Ended June 30			
	2025 \$	2024 Revised ¹ \$	Change \$	Change %
Used Vehicle Financial Results				
Revenue	474,165	532,054	(57,889)	(10.9)%
Gross profit	25,157	9,504	15,653	164.7%
Gross profit percentage (%)	5.3%	1.8%		3.5 ppts
Used retail vehicles sold (units)	10,452	13,367	(2,915)	(21.8)%
Used vehicle gross profit per retail unit (\$)	1,774	760	1,014	133.4%
Used Vehicle Inventory days of supply (days) ⁶	63	65	(2)	(3.5)%
Average selling price per used vehicle (\$) ⁶	45,366	39,804	5,562	14.0%
Same store revenue	467,110	515,088	(47,978)	(9.3)%
Same store gross profit	21,700	8,315	13,385	161.0%
Same store gross profit percentage (%)	4.6%	1.6%		3.0 ppts
Same store used retail vehicles sold (units)	10,352	12,208	(1,856)	(15.2)%

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

⁷ See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of these supplementary financial measures.

Continuing Operations

Revenue decreased as a result of lower used sales volumes, partially offset by higher used wholesale revenue. Tighter inventory management and changes in strategic used vehicle marketing providers⁸ impacted used retail vehicles sold in the second quarter of 2025.

Used vehicle gross profit, and gross profit per retail unit sold increased driven mainly by improvements in inventory management, and lapping a used vehicle provision in the second quarter of 2024. Used vehicle inventory days of supply decreased to 63 days (2024 - 65 days).

Same Store Results

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

For the six-month period ended June 30, 2025

The following table summarizes the continuing operations and same store financial metrics for the six-month period ended June 30, 2025 and changes compared to the six-month period ended June 30, 2024.

	Six-Months Ended June 30			
	2025	2024	Change	Change
Used Vehicle Financial Results	\$	Revised ¹ \$	\$	%
Revenue	936,887	1,015,118	(78,231)	(7.7)%
Gross profit	44,580	21,008	23,572	112.2%
Gross profit percentage (%)	4.8%	2.1%		2.7 ppts
Used retail vehicles sold (units)	20,498	24,278	(3,780)	(15.6)%
Used vehicle gross profit per retail unit (\$)	1,601	1,061	540	50.9%
Used Vehicle Inventory days of supply (days) ²	66	71	(5)	(7.7)%
Average selling price per used vehicle (\$) ²	45,706	41,812	3,894	9.3%
Same store revenue	926,324	986,012	(59,688)	(6.1)%
Same store gross profit	40,457	20,015	20,442	102.1%
Same store gross profit percentage (%)	4.4%	2.0%		2.4 ppts
Same store used retail vehicles sold (units)	20,344	22,737	(2,393)	(10.5)%

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

Continuing Operations

Revenue decreased as a result of lower used sales volumes, partially offset by higher used wholesale revenue. Tighter inventory management and changes in strategic used vehicle marketing providers impacted used retail vehicles sold in the first half of 2025.

Used vehicle gross profit, and profit per retail unit sold increased driven mainly by improved inventory management and lapping a used vehicle provision which was taken in the second quarter of 2024. Used vehicle inventory days of supply decreased to 66 days (2024 - 71 days).

Same Store Results

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

⁸ See "Other Recent Developments" at the end of Section 2. Executive Summary for further information.

Parts and service

For the three-month period ended June 30, 2025

The following table summarizes the continuing operations and same store financial metrics for the three-month period ended June 30, 2025 and changes compared to the three-month period ended June 30, 2024.

Parts and Service Financial Results	Three-Months Ended June 30			
	2025 \$	2024 Revised ¹ \$	Change \$	Change %
Revenue	137,546	136,934	612	0.4%
Gross profit	78,902	78,231	671	0.9%
Gross profit percentage (%)	57.4%	57.1%		0.3 ppts
Same store revenue	135,689	128,727	6,962	5.4%
Same store gross profit	77,774	73,883	3,891	5.3%
Same store gross profit percentage (%)	57.3%	57.4%		(0.1) ppts

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

Continuing Operations

Revenue and gross profit increased in the second quarter of 2025 as compared to the second quarter of 2024, driven mainly by an increase in Service repair orders, partially offset by divestitures which occurred in 2024.

Gross profit percentage remains consistent with prior year as management continues to prioritize gross profit on a per repair order⁹ basis.

Same Store Results

Revenue and gross profit increased, while gross profit percentage remained flat for the reasons noted above

For the six-month period ended June 30, 2025

The following table summarizes the continuing operations and same store financial metrics for the six-month period ended June 30, 2025 and changes compared to the six-month period ended June 30, 2024.

Parts and Service Financial Results	Six-Months Ended June 30			
	2025 \$	2024 Revised ¹ \$	Change \$	Change %
Revenue	260,359	267,773	(7,414)	(2.8)%
Gross profit	145,046	147,973	(2,927)	(2.0)%
Gross profit percentage (%)	55.7%	55.3%		0.4 ppts
Same store revenue	256,971	252,016	4,955	2.0%
Same store gross profit	143,025	140,220	2,805	2.0%
Same store gross profit percentage (%)	55.7%	55.6%		0.1 ppts

Continuing Operations

Revenue and gross profit decreased, mainly due to divestitures which occurred in 2024.

Gross profit percentage remains flat as management continues to prioritize gross profit on a per repair order basis.

Same Store Results

Revenue and gross profit increased primarily driven by higher number of Service repair orders.

⁹ See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this supplementary financial measure.

Collision repair

For the three-month period ended June 30, 2025

The following table summarizes the continuing operations and same store financial metrics for the three-month period ended June 30, 2025 and changes compared to the three-month period ended June 30, 2024.

Collision Repair Financial Results	Three-Months Ended June 30			
	2025 \$	2024 \$	Change \$	Change %
Revenue	38,420	30,563	7,857	25.7%
Gross profit	16,561	16,122	439	2.7%
Gross profit percentage (%)	43.1%	52.8%		(9.7) ppts
Same store revenue	36,869	30,510	6,359	20.8%
Same store gross profit	16,111	15,959	152	1.0%
Same store gross profit percentage (%)	43.7%	52.3%		(8.6) 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.

Gross profit percentage decreased due to an increase in paintless dent repair which has a lower margin profile than traditional collision repair.

Same Store Results

Revenue, gross profit, and gross profit percentage are consistent with continuing operations, for the reasons noted above.

For the six-month period ended June 30, 2025

The following table summarizes the continuing operations and same store financial metrics for the six-month period ended June 30, 2025 and changes compared to the six-month period ended June 30, 2024.

Collision Repair Financial Results	Six-Months Ended June 30			
	2025 \$	2024 \$	Change \$	Change %
Revenue	78,746	63,164	15,582	24.7%
Gross profit	34,759	30,426	4,333	14.2%
Gross profit percentage (%)	44.1%	48.2%		(4.1) ppts
Same store revenue	75,914	62,635	13,279	21.2%
Same store gross profit	33,645	30,108	3,537	11.7%
Same store gross profit percentage (%)	44.3%	48.1%		(3.8) 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.

Gross profit percentage decreased due to an increase in paintless dent repair which has a lower margin profile than traditional collision repair.

Same Store Results

Revenue, gross profit, and gross profit percentage are consistent with continuing operations, 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 June 30, 2025

The following table summarizes the continuing operations and same store financial metrics for the three-month period ended June 30, 2025 and changes compared to the three-month period ended June 30, 2024.

	Three-Months Ended June 30			
	2025	2024	Change	Change
F&I Financial Results	\$	Revised ¹	\$	%
Revenue	70,560	78,555	(7,995)	(10.2)%
Gross profit	64,213	71,503	(7,290)	(10.2)%
Gross profit percentage (%)	91.0%	91.0%		0.0 ppts
F&I gross profit per retail unit average (\$)	3,337	3,153	184	5.8%
Same store revenue	70,165	75,985	(5,820)	(7.7)%
Same store gross profit	63,841	68,988	(5,147)	(7.5)%
Same store gross profit percentage (%)	91.0%	90.8%		0.2 ppts
Same store F&I gross profit per retail unit average (\$)	3,361	3,273	88	2.7%

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

Continuing Operations

Revenue and gross profit decreased reflecting lower total retail vehicle sales volumes. F&I average gross profit per retail unit increased as compared to the second quarter of 2024, driven by an increase in products sold per deal.

Same Store Results

Revenue and gross profit decreased as a result of lower total retail volumes and F&I average gross profit per retail unit increased for the reasons noted above.

For the six-month period ended June 30, 2025

The following table summarizes the continuing operations and same store financial metrics for the six-month period ended June 30, 2025 and changes compared to the six-month period ended June 30, 2024.

	Six-Months Ended June 30			
	2025	2024	Change	Change
F&I Financial Results	\$	Revised ¹	\$	%
Revenue	133,905	145,812	(11,907)	(8.2)%
Gross profit	122,065	133,360	(11,295)	(8.5)%
Gross profit percentage (%)	91.2%	91.5%		(0.3) ppts
F&I gross profit per retail unit average (\$)	3,303	3,214	90	2.8%
Same store revenue	133,193	141,042	(7,849)	(5.6)%
Same store gross profit	121,402	128,733	(7,331)	(5.7)%
Same store gross profit percentage (%)	91.1%	91.3%		(0.2) ppts
Same store F&I gross profit per retail unit average (\$)	3,326	3,292	34	1.0%

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

Continuing Operations

Revenue and gross profit decreased reflecting lower total retail vehicle sales volumes. F&I gross profit per retail unit average increased as compared to the prior year period, driven by an increase in products sold per deal.

Same Store Results

Revenue and gross profit decreased as a result of lower total retail volumes and F&I average gross profit per retail unit increased 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 tables summarize 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 and six-month period ended June 30, 2025, and changes compared to the respective three-month period and six-month period ended June 30, 2024.

	Three-Months Ended June 30			
	2025 \$	2024 Revised ² \$	Change \$	Change %
Employee costs	106,347	118,376	(12,029)	(10.2)%
Administrative costs	50,187	53,992	(3,805)	(7.0)%
Facility lease costs	560	312	248	79.5%
Depreciation and amortization ¹	13,643	13,817	(174)	(1.3)%
Operating expenses ("Opex")	170,737	186,497	(15,760)	(8.5)%
Less: Depreciation and amortization ¹	(13,643)	(13,817)	174	1.3%
Opex before depreciation	157,094	172,680	(15,586)	(9.0)%
Less:				
Acquisition-related costs	(36)	(557)	521	(93.5)%
Software implementation costs	(1,256)	(1,183)	(73)	6.2%
Canadian franchise dealership restructuring charges	(5,984)	—	(5,984)	N/A
Key management transition costs	—	(4,704)	4,704	(100.0)%
Share-based compensation	(2,340)	(2,196)	(144)	6.6%
Normalized opex before depreciation	147,478	164,040	(16,562)	(10.1)%
Opex before depreciation as a percentage of gross profit (%)	69.7%	78.2%		(8.5) ppts
Normalized opex before depreciation as a percentage of gross profit (%)	65.4%	74.3%		(9.0) 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 June 30, 2025

Continuing Operations

Operating expenses before depreciation decreased (9.0)% to \$157.1 million in the second quarter of 2025 compared to the prior year period. On a normalized basis, it decreased by (10.1)% or (\$16.6) million year-over-year to \$147.5 million, including \$6.0 million of restructuring charges, which relates to our ongoing cost reduction initiatives targeting \$115.0 million in annual run-rate savings by the end of 2025.

Normalized operating expenses as a percentage of gross profit decreased to 65.4% in the second quarter of 2025 compared to 74.3% in the second quarter of 2024 which represents a 9.0 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 \$115.0 million in annual run-rate cost savings and this was partially offset by the increase in restructuring charges in the second quarter of 2025 as compared to the second quarter of 2024.

	Six-Months Ended June 30			
	2025 \$	2024 Revised ² \$	Change \$	Change %
Employee costs	212,556	225,525	(12,969)	(5.8)%
Administrative costs	104,563	107,174	(2,611)	(2.4)%
Facility lease costs	1,170	1,359	(189)	(13.9)%
Depreciation and amortization ¹	27,324	27,401	(77)	(0.3)%
Operating expenses ("Opex")	345,613	361,459	(15,846)	(4.4)%
Less: Depreciation and amortization ¹	(27,324)	(27,401)	77	0.3%
Opex before depreciation	318,289	334,058	(15,769)	(4.7)%
Less:				
Acquisition-related costs	(199)	(1,051)	852	(81.1)%
Software implementation costs	(1,706)	(1,840)	134	(7.3)%
Canadian franchise dealership restructuring charges	(21,750)	(2,000)	(19,750)	987.5%
RightRide restructuring charges	(1,683)	—	(1,683)	N/A
Key management transition costs	—	(4,704)	4,704	(100.0)%
Share-based compensation	(3,983)	(4,401)	418	(9.5)%
Normalized opex before depreciation	288,968	320,062	(31,094)	(9.7)%
Opex before depreciation as a percentage of gross profit (%)	75.2%	79.9%		(4.7) ppts
Normalized opex before depreciation as a percentage of gross profit (%)	68.2%	76.5%		(8.9) 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 six-month period ended June 30, 2025

Continuing Operations

Operating expenses before depreciation decreased (4.7)% to \$318.3 million for the first six months of 2025 compared to the prior year period. On a normalized basis, it decreased by (9.7)% or \$(31.1) million year-over-year to \$289.0 million, including \$21.8 million of restructuring charges, which relates to our ongoing cost reduction initiatives targeting \$115.0 million in annual run-rate savings by the end of 2025.

Normalized operating expenses as a percentage of gross profit decreased to 68.2% in the first six months of 2025 compared to 76.5% in the first six months of 2024 which represents an 8.9 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 \$115.0 million in annual run-rate cost savings and this was partially offset by the increase in restructuring charges in the first six months of 2025 as compared to the first six months 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 June 30, 2025

The following table summarizes net income, adjusted EBITDA, and adjusted EBITDA margin from continuing operations for the three-month periods ended June 30:

	Three-Months Ended June 30			
	2025 \$	2024 Revised ¹ \$	Change \$	Change %
Net income for the period	18,911	3,935	14,976	380.6%
Adjusted EBITDA	64,380	33,469	30,911	92.4%
Adjusted EBITDA margin	4.8%	2.4%		2.4 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 items noted above, partially offset by higher income taxes in the second quarter of 2025.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA and Adjusted EBITDA margin improved primarily driven by lower operating expenses before depreciation, lower floorplan financing expenses and improved gross profit as noted above.

For the six-month period ended June 30, 2025

The following table summarizes net income, adjusted EBITDA, and adjusted EBITDA margin from continuing operations for the six-month periods ended June 30:

	Six-Months Ended June 30			
	2025 \$	2024 Revised ¹ \$	Change \$	Change %
Net income for the period	28,618	11,988	16,630	138.7%
Adjusted EBITDA	107,377	60,317	47,060	78.0%
Adjusted EBITDA margin	4.2%	2.3%		1.9 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 items noted above and increases in gains on redemption liabilities. This was partially offset by decreases in gains on asset dispositions and higher income taxes in the first half of 2025.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA and Adjusted EBITDA margin improved primarily driven by lower operating expenses before depreciation, lower floorplan financing expenses and improved gross profit 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 \$125.0 million in swap contracts initially maturing in 2026 to 2027, subject to extension to 2029 to 2030, and \$177.8 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 21 in the Interim Financial Statements.

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

	Three-Months Ended June 30		Six-Months Ended June 30	
	2025 \$	2024 Revised ¹ \$	2025 \$	2024 Revised ¹ \$
Finance Costs				
Finance costs:				
Interest on long-term indebtedness	8,755	5,390	16,413	11,655
Interest on lease liabilities	7,655	7,659	15,300	15,269
Unrealized fair value changes on non-hedging instruments	(2,658)	1,306	1,121	934
	13,752	14,355	32,834	27,858
Floorplan financing	9,018	17,376	19,281	34,421
Interest rate swap settlements	396	(1,469)	394	(3,025)
Other finance costs	1,073	225	1,279	1,022
	24,239	30,487	53,788	60,276

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

During the three-month period ended June 30, 2025, floorplan financing costs decreased compared to the prior year period reflecting lower interest rate and lower new and used vehicle inventory balances. Interest on long-term indebtedness increased due to an increase in mortgage financing costs and change in the allocation methodology as a result of the divestiture of the U.S. dealerships.

During the six-month period ended June 30, 2025, floorplan financing costs decreased compared to the prior year period reflecting lower interest rate and lower new and used vehicle inventory balances. Interest on long-term indebtedness increased due to an increase in mortgage financing costs and change in the allocation methodology as a result of the divestiture of the U.S. dealerships.

Income taxes

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

	Three-Months Ended June 30		Six-Months Ended June 30	
	2025 \$	2024 Revised ¹ \$	2025 \$	2024 Revised ¹ \$
Current tax	1,818	3,098	3,293	4,110
Deferred tax	6,479	269	6,822	(1,595)
Total income tax expense	8,297	3,367	10,115	2,515
Effective income tax rate	30.5%	46.1%	26.1%	17.3%
Statutory income tax rate	25.5%	25.4%	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.

The tax expense recognized in other comprehensive income (loss) during the period:

	Three-month period ended		Six-month period ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	\$	\$	\$	\$
Tax expense on repurchase of preferred shares in U.S. Operations	1,226	—	1,226	—
Tax recovery relating to change in fair value of hedging instruments	—	—	—	(51)
Total income tax expense (recovery)	1,226	—	1,226	(51)

Discontinued Operations

For the three-month period ended June 30, 2025

Revenue decreased largely as a result of the continued softening of the used vehicle market and the closure of the RightRide business. Used vehicle unit sales were impacted by the closure of the RightRide business, and tighter inventory management resulting in a 60.6% decrease in used vehicle units sold.

Gross profit decreased largely due to a reduction in new vehicle and F&I operations. As expected, new vehicle gross profit percentage decreased driven by declining new vehicle gross profit per retail unit which is consistent with the industry wide trend, and partially offset by recent OEMs production pullbacks and supply pressures linked to ongoing tariff uncertainty. 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. This reflects a growing proportion of retail vehicle sales being purchased with less favourable OEM dealer financing.

Net loss for the period decreased as a result of decreases in operating expenses, lower impairments of fixed assets and the items noted above. 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 able to use these benefits.

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

For the six-month period ended June 30, 2025

Revenue decreased largely as a result of the continued softening of the used vehicle market and the closure of the RightRide business. Used vehicle unit sales were impacted by the closure of the RightRide business, and tighter inventory management, resulting in a 53.4% decrease in used vehicle units sold.

Gross profit decreased largely due to a reduction in new vehicle and F&I operations. As expected, new vehicle gross profit percentage decreased driven by declining new vehicle gross profit per retail unit which is consistent with the industry wide trend, and partially offset by recent OEMs production pullbacks and supply pressures linked to ongoing tariff uncertainty. 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. This reflects a growing proportion of retail vehicle sales being purchased with less favourable OEM dealer financing.

Net loss for the period improved as a result of decreases in operating expenses, lower impairments of fixed assets and the items noted above. 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 able to use these benefits.

Adjusted EBITDA for the period increased largely as a result of the noted decrease 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 required 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.

Termination of Alfa Romeo and FIAT franchise

On May 28, 2025, the Company terminated its Alfa Romeo and FIAT franchise at Maple Ridge Chrysler Dodge Jeep Ram & Fraser Valley Alfa Romeo, located in Maple Ridge, British Columbia.

Divestitures

Divestiture of North Toronto Auction

On April 30, 2025, the Company sold substantially all of the operating assets and associated liabilities of North Toronto Auction located in Innisfil, Ontario for cash consideration. Gross proceeds of \$3.3 million resulted in a pre-tax loss on divestiture of \$1.5 million included in the Condensed Interim Consolidated Statements of Comprehensive Income (Loss).

Divestiture of Crystal Lake Chrysler Dodge Jeep Ram

On July 29, 2025, the Company sold substantially all of the operating assets of Crystal Lake Chrysler Dodge Jeep Ram, located in Crystal Lake, Illinois, for cash consideration of \$9.9 million plus closing adjustments. Crystal Lake Chrysler Dodge Jeep Ram was presented as held for sale in the U.S. Operations segment as at June 30, 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 six-month period ended June 30, 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 six-month period ended June 30, 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 and six-month periods ended June 30 are summarized as follows:

	Three-Months Ended June 30, 2025			Three-Months Ended June 30, 2024		
		Retail Automobile Dealerships - U.S.			Retail Automobile Dealerships - U.S.	
	RightRide \$	Operations \$	Total \$	RightRide \$	Operations \$	Total \$
Revenue	306	149,139	149,445	28,679	191,150	219,829
Cost of sales	(431)	(122,075)	(122,506)	(25,605)	(165,306)	(190,911)
Gross (loss) profit	(125)	27,064	26,939	3,074	25,844	28,918
Operating expenses	(300)	(23,221)	(23,521)	(4,281)	(30,388)	(34,669)
Operating (loss) income before other income and expense	(425)	3,843	3,418	(1,207)	(4,544)	(5,751)
Lease and other income, net	41	113	154	3	187	190
Loss on disposal of assets, net	—	(16)	(16)	—	—	—
Impairment of non-financial assets	—	—	—	—	(11,309)	(11,309)
Operating (loss) income	(384)	3,940	3,556	(1,204)	(15,666)	(16,870)
Finance costs	(77)	(3,511)	(3,588)	(301)	(6,252)	(6,553)
(Loss) income for the period before taxation from discontinued operations	(461)	429	(32)	(1,505)	(21,918)	(23,423)
Income tax expense	—	—	—	—	13,586	13,586
Net (loss) income from discontinued operations	(461)	429	(32)	(1,505)	(35,504)	(37,009)
Exchange differences on translation of discontinued operations	—	(7,168)	(7,168)	—	511	511
Income tax relating to these items	—	(1,226)	(1,226)	—	—	—
Other comprehensive (loss) income from discontinued operations	—	(8,394)	(8,394)	—	511	511

	Six-Months Ended June 30, 2025			Six-Months Ended June 30, 2024		
	Retail Automobile Dealerships - U.S.			Retail Automobile Dealerships - U.S.		
	RightRide \$	Operations \$	Total \$	RightRide \$	Operations \$	Total \$
Revenue	9,963	304,020	313,983	56,921	371,799	428,720
Cost of sales	(9,443)	(253,528)	(262,971)	(50,646)	(317,406)	(368,052)
Gross (loss) profit	520	50,492	51,012	6,275	54,393	60,668
Operating expenses	(2,184)	(48,816)	(51,000)	(8,484)	(61,996)	(70,480)
Operating (loss) income before other income and expense	(1,664)	1,676	12	(2,209)	(7,603)	(9,812)
Lease and other (losses) income, net	(427)	94	(333)	4	346	350
(Loss) gain on disposal of assets, net	(1,117)	881	(236)	—	—	—
Impairment of non-financial assets	(3,369)	—	(3,369)	—	(11,309)	(11,309)
Operating (loss) income	(6,577)	2,651	(3,926)	(2,205)	(18,566)	(20,771)
Finance costs	(169)	(8,796)	(8,965)	(672)	(12,394)	(13,066)
(Loss) income for the period before taxation from discontinued operations	(6,746)	(6,145)	(12,891)	(2,877)	(30,960)	(33,837)
Income tax expense	—	—	—	—	13,586	13,586
Net loss from discontinued operations	(6,746)	(6,145)	(12,891)	(2,877)	(44,546)	(47,423)
Exchange differences on translation of discontinued operations	—	(6,862)	(6,862)	—	2,959	2,959
Income tax relating to these items (Note 10)	—	(1,226)	(1,226)	—	—	—
Other comprehensive (loss) income from discontinued operations	—	(8,088)	(8,088)	—	2,959	2,959
	Three-Months Ended June 30			Six-Months Ended June 30		
	2025 \$		2024 \$	2025 \$		2024 \$
Net cash inflow from operating activities		6,000	24,431		3,179	24,108
Net cash outflow from investing activities		(1,861)	(7,143)		(967)	(8,574)
Net cash outflow from financing activities		(2,640)	(2,978)		(3,870)	(6,146)
Net increase (decrease) in cash from discontinued operations		1,499	14,310		(1,658)	9,388

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 six-month period ended June 30, 2025, the Company had a comprehensive income of \$7.6 million and cash flows from operations of \$38.3 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 June 30, 2025, the Company had total liquidity¹⁰ of \$319.8 million comprised of \$62.4 million cash and \$257.4 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.

¹⁰ 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 June 30, 2025:

Amended Financial Covenants	Requirement	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Total Net Funded Debt to Bank EBITDA Ratio	Shall not exceed	6.00	4.50	4.00	4.00
Fixed Charge Coverage Ratio	Shall not be less than	1.20	1.20	1.20	1.20

Type of Facility	Limit	Drawn	Available Capacity
Revolving credit ¹	375,000	117,600	257,400
Leasehold credit facility	25,000	—	25,000
Wholesale inventory floorplan and lease financing	1,235,000	517,558	717,442
Total	1,635,000	635,158	999,842

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 June 30, 2025:

Lender	Limit	Drawn	Available Capacity
Credit Facility – Floorplan	1,235,000	517,558	717,442
Other Canadian Floorplan Facilities	541,900	331,187	210,713
Other U.S. Floorplan Facility	164,244	32,562	131,682
Total	1,941,144	881,307	1,059,837

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 June 30, 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 June 30, 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 June 30, 2025:

Financial Covenants	Requirement	Q2 2025
Senior Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 2.50	0.58
Total Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 6.00	3.42
Fixed Charge Coverage Ratio	Shall not be less than 1.20	3.16

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.

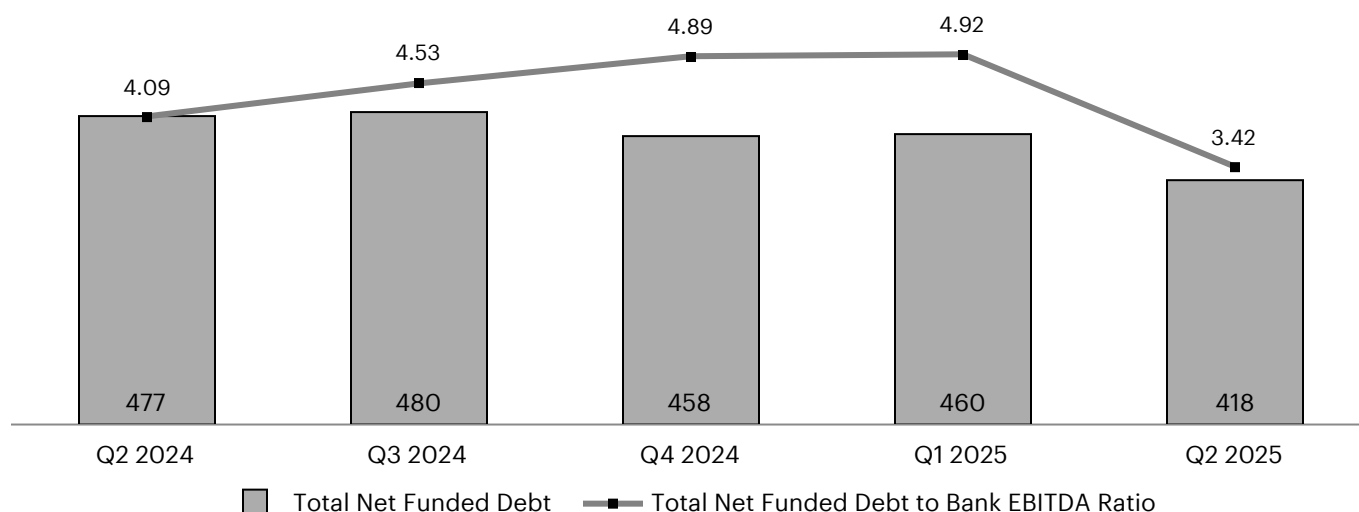
Total Net Funded Debt to Bank EBITDA Ratio Covenant Summary

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")

	June 30, 2025	December 31, 2024
	\$	\$
Credit Facility, net of unamortized deferred financing costs	115,777	154,878
\$350 Million Notes, net of unamortized deferred financing costs	346,750	346,300
Other funded debt according to Credit Facility	25,644	24,668
Total Funded Debt	488,171	525,846
Less: Allowable Cash Netting according to Credit Facility	(70,000)	(67,355)
Total Net Funded Debt	418,171	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 5.95% as at June 30, 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 June 30, 2025, the value of this mortgage, net of unamortized deferred financing costs, was \$23.0 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 June 30, 2025, the value of the mortgages, net of unamortized deferred financing costs, was \$16.4 million (2024 - \$17.3 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 Indebtedness¹¹ Summary

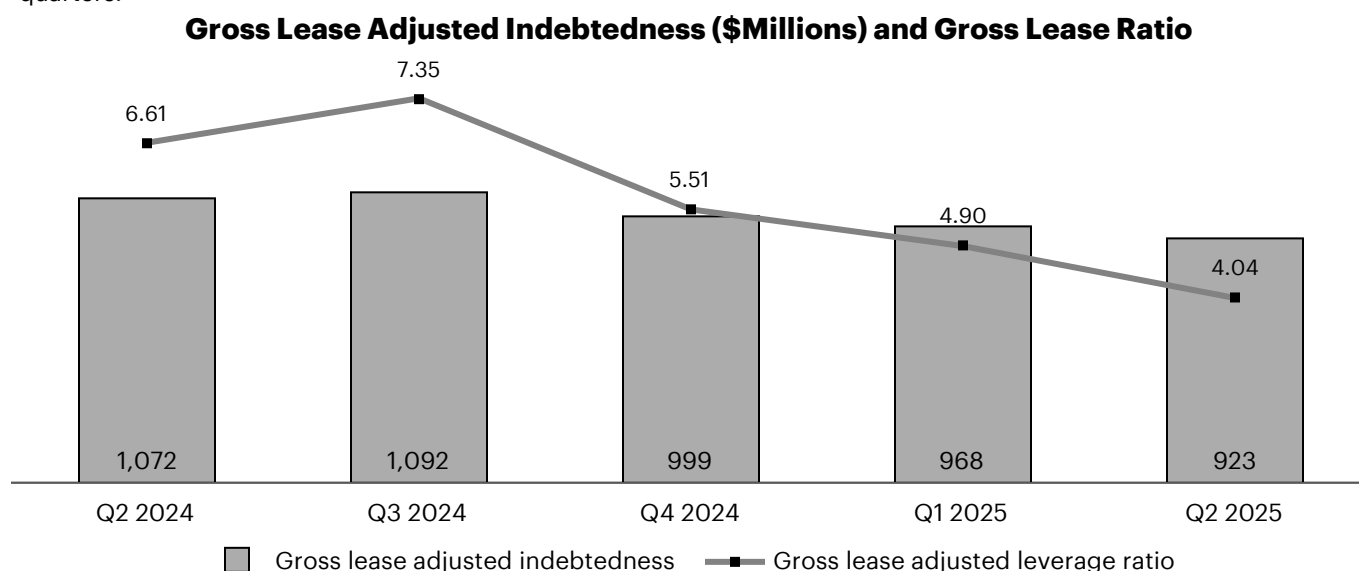
Gross lease adjusted leverage ratio¹² ("Gross Lease Ratio") is a leverage measure used by management to evaluate the leverage of the Company as it includes lease liabilities under IFRS 16 in the calculation of gross lease adjusted indebtedness.

The following summarizes the Company's gross lease adjusted indebtedness and Gross Lease Ratio from continuing operations as at June 30, 2025 and December 31, 2024.

	June 30, 2025 \$	December 31, 2024 Revised ¹ \$
Credit facility, net of unamortized deferred financing costs	115,777	154,878
\$350 Million Notes, net of unamortized deferred financing costs	346,750	346,300
Non-recourse mortgages and other debt	39,712	40,473
Total indebtedness	502,239	541,651
Add: Lease liabilities	420,659	457,172
Gross lease adjusted indebtedness	922,898	998,823
Adjusted EBITDA - trailing twelve months	228,311	181,305
Gross lease adjusted leverage ratio ("Gross Lease Ratio")	4.04x	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.



¹¹ See Section 13 Non-GAAP and Other Financial Measures for further information regarding the composition of this capital management measure.

¹² 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 six-months ended June 30, 2025, the Company incurred \$9.9 million in capital expenditures related to growth initiatives in collision and to a lesser extent, OEM mandated reimagining of various dealership properties.

Capital expenditures is reported in aggregate in Note 16 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 June 30		Six-Months Ended June 30	
	2025	2024	2025	2024
	\$	\$	\$	\$
Non-growth capital expenditures	468	1,070	636	2,171
Growth capital expenditures	8,535	5,793	10,948	12,954
Total capital expenditures	9,003	6,863	11,584	15,125
Real estate acquisition expenditures	924	—	1,741	—
Total capital related expenditures	9,927	6,863	13,325	15,125

Capital Commitments

At June 30, 2025, the Company is committed to capital expenditure obligations in the amount of approximately \$0.7 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. S&P issued the following research updates and updated the Company's ratings and outlook as follows:

- On January 12, 2022, Senior Notes Rating was increased to 'B+' from 'B'.
- On July 30, 2024, Credit Rating was reaffirmed at 'B+' and our outlook was revised from 'Stable' to 'Negative'.

7. RELATED PARTY TRANSACTIONS

Transactions with related parties

During the three-month and six-month periods ended June 30, 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		Six-month period ended	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
	\$	\$	\$	\$
Administrative and other support and transportation fees	578	549	980	990
Vehicle purchases from related parties	—	162	—	162
Vehicle sales to related parties	829	480	1,278	545

8. OUTSTANDING SHARES

As at June 30, 2025, the Company had 23,150,233 (2024 - 23,267,933) common shares outstanding. Basic and diluted weighted average number of shares outstanding for the three-month period ended June 30, 2025 were 23,145,912 and 24,208,467, respectively. As at August 13, 2025, there were 23,150,233 common shares issued and outstanding.

As at June 30, 2025, the value of the shares held in trust, to hedge equity-based compensation plans, was \$0.1 million (2024 - \$0.5 million), which was comprised of 1,928 (2024 - 17,794) 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 June 30, 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 geopolitical 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.

The successful execution of our U.S. divestiture strategy is subject to the willingness of buyers, satisfaction of customary closing conditions, and securing all necessary OEM approvals, which may be difficult to obtain and could lead to delays or the termination of a transaction.

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, and share-based compensation amounts attributable to certain equity issuances as part of the transformation plan).

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 tables illustrate segmented adjusted EBITDA for the three-month and six-month periods ended June 30:

	Three-Months Ended June 30, 2025			Three-Months Ended June 30, 2024 Revised ¹		
	Canada	U.S.	Total	Canada	U.S.	Total
Period from April 1 to June 30						
Net income (loss) for the period	18,576	303	18,879	2,430	(35,504)	(33,074)
Add back (deduct):						
Income tax expense	8,297	—	8,297	3,367	13,586	16,953
Depreciation of property and equipment	5,332	5	5,337	5,752	618	6,370
Interest on long-term indebtedness	8,755	937	9,692	5,390	3,016	8,406
Depreciation of right of use assets	8,181	—	8,181	8,020	756	8,776
Amortization of intangible assets	125	—	125	125	—	125
Lease liability interest	7,732	746	8,478	7,741	803	8,544
Impairment of non-financial assets	2,380	—	2,380	—	11,309	11,309
Loss on redemption liabilities	1,183	—	1,183	642	—	642
Canadian franchise dealership restructuring charges	5,984	—	5,984	—	—	—
Unrealized fair value changes in derivative instruments	(3,454)	—	(3,454)	1,124	—	1,124
Unrealized foreign exchange losses (gains)	2,338	—	2,338	(29)	—	(29)
Software implementation costs	1,256	—	1,256	1,183	—	1,183
Cybersecurity incident costs	473	—	473	—	—	—
Acquisition related costs	36	—	36	—	—	—
Share-based compensation for transformation plan awards	1,281	—	1,281	—	—	—
(Gain) loss on disposal of assets	(1,979)	16	(1,963)	(3,359)	—	(3,359)
Adjusted EBITDA	66,496	2,007	68,503	32,386	(5,416)	26,970
Adjusted EBITDA from discontinued operations	(1,995)	(2,128)	(4,123)	1,083	5,416	6,499
Adjusted EBITDA from continuing operations	64,501	(121)	64,380	33,469	—	33,469

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

	Six-Months Ended June 30, 2025			Six-Months Ended June 30, 2024 Revised ¹		
	Canada	U.S.	Total	Canada	U.S.	Total
Period from January 1 to June 30						
Net income (loss) for the period	22,093	(6,366)	15,727	9,111	(44,546)	(35,435)
Add back (deduct):						
Income tax expense	10,115	—	10,115	2,515	13,586	16,101
Depreciation of property and equipment	10,689	5	10,694	11,450	1,196	12,646
Interest on long-term indebtedness	16,413	3,177	19,590	11,655	6,062	17,717
Depreciation of right of use assets	16,493	—	16,493	15,861	1,501	17,362
Amortization of intangible assets	248	—	248	251	—	251
Lease liability interest	15,448	1,457	16,905	15,436	1,541	16,977
Impairment of non-financial assets	5,749	—	5,749	7,200	11,309	18,509
Loss (gain) on redemption liabilities	(1,141)	—	(1,141)	642	—	642
Canadian franchise dealership restructuring charges	21,750	—	21,750	2,000	—	2,000
Unrealized fair value changes in derivative instruments	(1,022)	—	(1,022)	3,125	—	3,125
Unrealized foreign exchange losses (gains)	1,264	—	1,264	(173)	—	(173)
Software implementation costs	1,706	—	1,706	1,840	—	1,840
Cybersecurity incident costs	601	—	601	—	—	—
RightRide restructuring charges	1,683	—	1,683	—	—	—
Acquisition related costs	199	—	199	—	—	—
Share-based compensation for transformation plan awards	1,281	—	1,281	—	—	—
Gain on disposal of assets	(13,914)	(878)	(14,792)	(22,626)	—	(22,626)
Adjusted EBITDA	109,655	(2,605)	107,050	58,287	(9,351)	48,936
Adjusted EBITDA from discontinued operations	(2,062)	2,389	327	2,030	9,351	11,381
Adjusted EBITDA from continuing operations	107,593	(216)	107,377	60,317	—	60,317

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 June 30. There is no discontinued operation in Collision Operations.

Collision Operations	Three-Months Ended June 30, 2025			Three-Months Ended June 30, 2024		
	Canada	U.S.	Total	Canada	U.S.	Total
Period from April 1 to June 30						
Net income (loss) for the period	1,856	(126)	1,730	1,344	—	1,344
Add back (deduct):						
Depreciation of right of use assets	698	—	698	538	—	538
Depreciation of property and equipment	463	5	468	398	—	398
Lease liability interest	973	—	973	775	—	775
Loss (gain) on disposal of assets	(132)	—	(132)	10	—	10
Adjusted EBITDA	3,858	(121)	3,737	3,065	—	3,065

Collision Operations	Six-Months Ended June 30, 2025			Six-Months Ended June 30, 2024		
	Canada	U.S.	Total	Canada	U.S.	Total
Period from January 1 to June 30						
Net income (loss) for the period	6,134	(221)	5,913	2,316	—	2,316
Add back (deduct):						
Depreciation of right of use assets	1,305	—	1,305	1,070	—	1,070
Depreciation of property and equipment	903	5	908	806	—	806
Lease liability interest	1,799	—	1,799	1,548	—	1,548
Loss (gain) on disposal of assets	(132)	—	(132)	10	—	10
Adjusted EBITDA	10,009	(216)	9,793	5,750	—	5,750

Adjusted EBITDA Margin

The following tables illustrate segmented adjusted EBITDA margin from continuing operations for the three-month periods and six-month periods ended June 30:

	Three-Months Ended June 30, 2025			Three-Months Ended June 30, 2024 Revised ¹		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA	64,501	(121)	64,380	33,469	—	33,469
Revenue	1,337,674	525	1,338,199	1,381,150	—	1,381,150
Adjusted EBITDA Margin	4.8%	(23.0)%	4.8%	2.4%	—%	2.4%

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

	Six-Months Ended June 30, 2025			Six-Months Ended June 30, 2024 Revised ¹		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA	107,593	(216)	107,377	60,317	—	60,317
Revenue	2,577,774	525	2,578,299	2,593,187	—	2,593,187
Adjusted EBITDA Margin	4.2%	(41.1)%	4.2%	2.3%	—%	2.3%

The following tables illustrate collision adjusted EBITDA margin for the three-month periods and six-month periods ended June 30:

Collision Operations	Three-Months Ended June 30, 2025			Three-Months Ended June 30, 2024		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA	3,858	(121)	3,737	3,065	—	3,065
Revenue	37,895	525	38,420	30,563	—	30,563
Adjusted EBITDA Margin	10.2 %	(23.0)%	9.7 %	10.0 %	— %	10.0 %

Collision Operations	Six-Months Ended June 30, 2025			Six-Months Ended June 30, 2024		
	Canada	U.S.	Total	Canada	U.S.	Total
Adjusted EBITDA	10,009	(216)	9,793	5,750	—	5,750
Revenue	78,221	525	78,746	63,164	—	63,164
Adjusted EBITDA Margin	12.8 %	(41.1)%	12.4 %	9.1 %	— %	9.1 %

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

The following tables illustrate segmented normalized opex before depreciation and normalized opex before depreciation as a percentage of gross profit from continuing operations for the three-month periods and six-month periods ended June 30:

	Three-Months Ended June 30, 2025			Three-Months Ended June 30, 2024 Revised ¹		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses before depreciation	156,786	308	157,094	172,680	—	172,680
Normalizing Items:						
Add back:						
Acquisition-related costs	(36)	—	(36)	(557)	—	(557)
Software implementation costs	(1,256)	—	(1,256)	(1,183)	—	(1,183)
Canadian franchise dealership restructuring charges	(5,984)	—	(5,984)	—	—	—
Management transition costs	—	—	—	(4,704)	—	(4,704)
Share-based compensation expense	(2,340)	—	(2,340)	(2,196)	—	(2,196)
Normalized Opex before depreciation	147,170	308	147,478	164,040	—	164,040
Gross profit	225,180	187	225,367	220,758	—	220,758
Normalized Opex Before Depreciation as a percentage of gross profit (%)	65.4%	164.7%	65.4%	74.3%	—%	74.3%

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

	Six-Months Ended June 30, 2025			Six-Months Ended June 30, 2024 Revised ¹		
	Canada	U.S.	Total	Canada	U.S.	Total
Operating expenses before depreciation	317,886	403	318,289	334,058	—	334,058
Normalizing Items:						
Add back:						
Acquisition-related costs	(199)	—	(199)	(1,051)	—	(1,051)
Software implementation costs	(1,706)	—	(1,706)	(1,840)	—	(1,840)
Canadian franchise dealership restructuring charges	(21,750)	—	(21,750)	(2,000)	—	(2,000)
RightRide restructuring charges	(1,683)	—	(1,683)	—	—	—
Management transition costs	—	—	—	(4,704)	—	(4,704)
Share-based compensation expense	(3,983)	—	(3,983)	(4,401)	—	(4,401)
Normalized Opex before depreciation	288,565	403	288,968	320,062	—	320,062
Gross profit	423,216	187	423,403	418,335	—	418,335
Normalized Opex Before Depreciation as a percentage of gross profit (%)	68.2%	215.5%	68.2%	76.5%	—%	76.5%

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 June 30, 2025 and December 31, 2024:

	June 30, 2025 \$	December 31, 2024 Revised ¹ \$
Credit facility, net of unamortized deferred financing costs	115,777	154,878
\$350 Million Notes, net of unamortized deferred financing costs	346,750	346,300
Non-recourse mortgages and other debt	39,712	40,473
Total indebtedness	502,239	541,651
Add: Lease liabilities	420,659	457,172
Gross lease adjusted indebtedness	922,898	998,823
Adjusted EBITDA - trailing twelve months	228,311	181,305
Gross lease adjusted leverage ratio	4.04x	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	2,305,785	2,241,517
Used vehicles	1,980,801	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	5,271,554	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	272,107	291,963
Gross Profit	875,441	958,640
Gross profit %	16.6%	17.6 %
Operating expenses	720,299	756,659
Operating expenses as a % of gross profit	82.3%	78.9 %
Operating profit	182,942	215,867
Impairment (recovery) of non-financial assets	4,542	(3,538)
Net income (loss)	48,936	66,244
Diluted net income per share attributable to AutoCanada shareholders	1.97	2.57
Adjusted EBITDA	181,222	249,047
Operating Data		
New retail vehicles sold	35,363	34,843
Used retail vehicles sold	48,938	52,094
Total retail vehicles sold	84,301	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	Q2 2025	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
Income Statement Data								
New vehicles	617,508	550,894	574,968	629,496	603,044	498,277	524,568	593,004
Used vehicles	474,165	462,722	440,838	524,845	532,054	483,064	476,882	562,891
Parts and service ³	137,546	122,813	144,524	144,000	136,934	130,839	145,665	140,219
Collision repair ³	38,420	40,326	36,262	31,487	30,563	32,601	32,415	29,014
Finance, insurance and other	70,560	63,345	69,245	82,701	78,555	67,257	68,101	77,619
Revenue	1,338,199	1,240,100	1,265,837	1,412,529	1,381,150	1,212,038	1,247,631	1,402,747
New vehicles	40,534	36,419	40,303	44,597	45,526	40,171	44,925	52,870
Used vehicles	25,157	19,423	18,517	26,170	9,372	11,503	22,441	22,305
Parts and service ³	78,902	66,144	76,843	77,164	78,231	69,742	76,063	75,428
Collision repair ³	16,561	18,198	17,242	17,527	16,122	14,304	17,312	14,074
Finance, insurance and other	64,213	57,852	63,214	75,529	71,507	61,857	62,736	78,213
Gross Profit	225,367	198,036	216,119	240,987	220,758	197,577	223,477	242,890
Gross profit percentage	16.8%	16.0%	17.1%	17.1%	16.0%	16.3%	17.9%	17.3%
Operating expenses	170,737	174,876	178,674	180,166	186,497	174,962	212,675	183,742
Operating expenses as a % of gross profit	75.8%	88.3%	82.7%	74.8%	84.5%	88.6%	95.2%	75.6%
Net income (loss)	18,911	9,707	9,765	27,267	3,935	7,969	(18,908)	25,421
Diluted net income (loss) per share attributable to AutoCanada shareholders	0.72	0.37	0.44	1.10	0.12	0.34	(0.66)	0.92
Adjusted EBITDA	64,380	42,997	55,320	65,614	33,469	26,819	50,740	65,263
Operating Data								
New retail vehicles sold	8,790	7,665	8,544	9,599	9,311	7,909	8,161	9,185
Used retail vehicles sold	10,452	10,046	10,821	13,839	13,367	10,911	11,081	13,785
Total retail vehicles sold	19,242	17,711	19,365	23,438	22,678	18,820	19,242	22,970
# of dealerships at period end ¹	67	68	68	69	71	70	69	69
# of same store dealerships ^{1,2}	66	66	66	67	68	68	67	64
# of service bays at period end	1,143	1,143	1,151	1,173	1,186	1,167	1,152	1,152

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

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 Q3 2023. We have revised the 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 June 30, 2025 and June 30, 2024.

	Three-Months Ended June 30, 2025			Three-Months Ended June 30, 2024		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
New vehicles	617,508	82,798	700,306	603,172	90,847	694,019
Used vehicles	474,481	33,835	508,316	558,635	65,450	624,085
Parts and service	137,546	25,301	162,847	136,934	25,513	162,447
Collision repair	37,895	525	38,420	30,563	—	30,563
Finance, insurance and other	70,550	7,205	77,755	80,525	9,340	89,865
Total revenue	1,337,980	149,664	1,487,644	1,409,829	191,150	1,600,979
New vehicles	40,534	3,022	43,556	45,526	5,572	51,098
Used vehicles	25,042	1,666	26,708	10,486	(4,139)	6,347
Parts and service	78,902	15,170	94,072	78,231	15,071	93,302
Collision repair	16,374	187	16,561	16,122	—	16,122
Finance, insurance and other	64,203	7,206	71,409	73,467	9,340	82,807
Total gross profit	225,055	27,251	252,306	223,832	25,844	249,676
Employee costs	106,311	13,668	119,979	120,623	17,545	138,168
Administrative costs	50,326	9,241	59,567	55,529	11,469	66,998
Facility lease and storage costs	449	620	1,069	729	—	729
Depreciation of right-of-use assets	8,181	—	8,181	8,020	756	8,776
Depreciation of property and equipment	5,332	5	5,337	5,752	618	6,370
Amortization of intangible assets	125	—	125	125	—	125
Total operating expenses	170,724	23,534	194,258	190,778	30,388	221,166
Operating profit (loss) before other income	54,331	3,717	58,048	33,054	(4,544)	28,510
Operating data						
New retail vehicles sold	8,790	1,439	10,229	9,311	1,498	10,809
Used retail vehicles sold	10,452	1,011	11,463	13,367	1,862	15,229
Total retail vehicles sold	19,242	2,450	21,692	22,678	3,360	26,038
# of dealerships at period end ¹	67	17	84	71	18	89
# of service bays at period end	1,143	235	1,378	1,186	230	1,416

¹ Dealerships is defined as 64 Canadian franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships) as at June 30, 2025.

The following table shows the segmented operating results for the Company for the six-month period ended June 30, 2025 and June 30, 2024.

	Six-Months Ended June 30, 2025			Six-Months Ended June 30, 2024		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
New vehicles	1,168,448	163,529	1,331,977	1,101,648	172,873	1,274,521
Used vehicles	946,545	75,713	1,022,258	1,067,933	129,863	1,197,796
Parts and service	260,359	50,015	310,374	267,773	49,303	317,076
Collision repair	78,221	525	78,746	63,164	—	63,164
Finance, insurance and other	134,164	14,763	148,927	149,590	19,760	169,350
Total revenue	2,587,737	304,545	2,892,282	2,650,108	371,799	3,021,907
New vehicles	76,999	4,927	81,926	85,896	10,816	96,712
Used vehicles	44,795	1,046	45,841	23,195	(4,770)	18,425
Parts and service	145,046	29,756	174,802	147,973	28,587	176,560
Collision repair	34,572	187	34,759	30,426	—	30,426
Finance, insurance and other	122,323	14,764	137,087	137,120	19,760	156,880
Total gross profit	423,735	50,680	474,415	424,610	54,393	479,003
Employee costs	213,612	28,340	241,952	229,877	35,812	265,689
Government assistance	—	—	—	—	—	—
Administrative costs	105,161	20,079	125,240	110,312	23,487	133,799
Facility lease and storage costs	1,185	800	1,985	2,192	—	2,192
Depreciation of right-of-use assets	16,493	—	16,493	15,861	1,501	17,362
Depreciation of property and equipment	10,689	5	10,694	11,450	1,196	12,646
Amortization of intangible assets	248	—	248	251	—	251
Total operating expenses¹	347,388	49,224	396,612	369,943	61,996	431,939
Operating profit (loss) before other income	76,347	1,456	77,803	54,667	(7,603)	47,064
Operating data						
New vehicles sold	16,455	2,776	19,231	17,220	2,876	20,096
Used retail vehicles sold	20,498	2,174	22,672	24,278	3,592	27,870
Total retail vehicles sold	36,953	4,950	41,903	41,498	6,468	47,966
# of dealerships at period end ²	67	17	84	71	18	89
# of service bays at period end	1,143	235	1,378	1,186	230	1,416

¹ Expected credit losses amounting to \$1.6 Million, Canada and \$0.0 Million, U.S. in the prior year is revised to reflect current period presentation as net impairment losses on trade and other receivables on the Consolidated Statement of Comprehensive Income (Loss).

² Dealerships is defined as 64 Canadian franchised automobile dealerships and Used Digital Division dealerships (including 3 used vehicle dealerships) as at June 30, 2025.

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 and six-month periods ended June 30:

	Three-Months Ended June 30		Six-Months Ended June 30	
	2025 \$	2024 Revised ¹ \$	2025 \$	2024 Revised ¹ \$
New vehicles	607,563	577,128	1,148,049	1,049,821
Used vehicles	467,110	515,088	926,324	986,012
Parts and service	135,689	128,727	256,971	252,016
Collision repair	36,869	30,510	75,914	62,635
Finance, insurance and other	70,165	75,985	133,193	141,042
Total revenue	1,317,396	1,327,438	2,540,451	2,491,526
New vehicles	39,731	43,670	75,347	81,992
Used vehicles	21,700	8,315	40,457	20,015
Parts and service	77,774	73,883	143,025	140,220
Collision repair	16,111	15,959	33,645	30,108
Finance, insurance and other	63,841	68,988	121,402	128,733
Total gross profit	219,157	210,815	413,876	401,068
New vehicles (%)	6.5%	7.6%	6.6%	7.8%
Used vehicles (%)	4.6%	1.6%	4.4%	2.0%
Parts and service (%)	57.3%	57.4%	55.7%	55.6%
Collision repair (%)	43.7%	52.3%	44.3%	48.1%
Finance, insurance and other (%)	91.0%	90.8%	91.1%	91.3%
Total gross profit percentage (%)	16.6%	15.9%	16.3%	16.1%
New retail vehicles sold (units)	8,641	8,868	16,162	16,371
Used retail vehicles sold (units)	10,352	12,208	20,344	22,737
Total vehicles retailed (units)	18,993	21,076	36,506	39,108

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 and six-month periods ended June 30:

	Three-Months Ended June 30			Six-Months Ended June 30		
	2025	2024 Revised ¹	% Change	2025	2024 Revised ¹	% Change
British Columbia	108,521	123,592	(12.2)%	223,119	228,745	(2.5)%
Alberta	373,067	359,604	3.7 %	749,072	718,312	4.3%
Saskatchewan	100,280	99,621	0.7 %	203,665	191,231	6.5%
Manitoba	111,355	114,542	(2.8)%	221,604	204,122	8.6%
Ontario	391,386	408,960	(4.3)%	738,686	757,287	(2.5)%
Quebec	191,499	184,072	4.0 %	329,208	318,961	3.2%
Atlantic	41,288	37,047	11.4 %	75,097	72,868	3.1%
Total revenue	1,317,396	1,327,438	(0.8)%	2,540,451	2,491,526	2.0%
British Columbia	17,557	19,677	(10.8)%	33,731	35,601	(5.3)%
Alberta	62,391	53,816	15.9%	123,850	114,317	8.3%
Saskatchewan	17,182	16,820	2.2%	34,173	32,068	6.6%
Manitoba	19,255	20,123	(4.3)%	37,735	36,034	4.7%
Ontario	67,407	67,888	(0.7)%	121,770	125,632	(3.1)%
Quebec	29,972	27,070	10.7%	52,574	46,724	12.5%
Atlantic	5,393	5,421	(0.5)%	10,043	10,692	(6.1)%
Total gross profit	219,157	210,815	4.0%	413,876	401,068	3.2%

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 June 30, 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	63	3	3	30	14
Alberta	17	17	—	—	6	4
Atlantic	2	2	—	—	1	—
British Columbia	9	9	—	—	1	1
Manitoba	5	5	1	1	4	—
Ontario	23	22	2	2	10	6
Quebec	4	4	—	—	4	2
Saskatchewan	4	4	—	—	4	1
U.S.	16	—	—	—	—	—
Illinois ^{2,3}	16	—	—	—	—	—
Total	80	63	3	3	30	14

¹ Collision centres includes 14 stand-alone collision centres within our group of 30 collision centres. DCCHail Illinois is excluded from the Collision centre count as there is no physical location.

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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