



2025

Annual Financial Results



The Collision division
of AutoCanada



Consolidated Financial Statements

■ *For the year ended December 31, 2025*





Independent auditor's report

To the Shareholders of AutoCanada Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of AutoCanada Inc. and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of comprehensive income (loss) for the years ended December 31, 2025 and 2024;
- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

PricewaterhouseCoopers LLP
Stantec Tower, 10220 103rd Avenue North West, Suite 2200
Edmonton, Alberta, Canada T5J 0K4
T.: +1 780 441 6700, F.: +1 780 441 6776
Fax to mail: ca_edmonton_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of indefinite life intangible assets and goodwill – Canadian Operations</p> <p>Refer to note 3 – Material accounting policy information, note 5 – Critical accounting estimates and note 20 – Intangible assets and goodwill to the consolidated financial statements.</p> <p>The Company had indefinite life intangible assets of \$606,178 thousand and goodwill of \$91,905 thousand as at December 31, 2025, of which the entirety relates to the Canadian Operations segment. Management performs an impairment test at least annually, or more frequently if events or changes in circumstances indicate that they may be impaired. For the purposes of assessing impairment, assets are grouped as cash generating units (CGUs), the lowest levels</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Tested how management determined the recoverable amount for certain CGUs for which events or changes in circumstances have been identified, which included the following:<ul style="list-style-type: none">– tested the appropriateness of the approaches used and the mathematical accuracy of FVLCD and VIU calculations;– tested the reasonableness of the projected operating margins, growth rates and discount rates applied by management in the applicable calculations by comparing them to the budget,

Key audit matter

for which there are separately identifiable cash flows. Impairments are recorded when the recoverable amounts of assets are less than their carrying amounts. The recoverable amount is the higher of an asset's fair value less costs to dispose (FVLCD) or its value in use (VIU). Impairment losses, other than those relating to goodwill, are evaluated for potential reversals of impairment when events or changes in circumstances warrant such consideration. Under the FVLCD approach, fair value is calculated based on an applicable multiple applied to projected earnings before interest, taxes, depreciation and amortization (EBITDA). In arriving at the FVLCD, management considers projected operating margins, growth rates and EBITDA multiples as significant assumptions. Under the VIU approach, the discounted cash flow (DCF) method is used, which involves projecting cash flows and converting them into a present value equivalent through discounting. Significant assumptions used in the VIU approach include projected EBITDA, growth rates and discount rates. Based on the impairment assessment, the net impairment for the year ended December 31, 2025 was \$8,934 thousand to indefinite life intangible assets within the Canadian Operations segment.

We considered this a key audit matter due to (i) the significance of the intangible asset balances and (ii) the significant judgment made by management in determining the recoverable amounts of the CGUs, including the use of significant assumptions. This has resulted in a high degree of subjectivity and audit effort in performing audit procedures to test the significant assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.

How our audit addressed the key audit matter

- management's strategic plans approved by the Board, available third party published economic data and the results historically achieved by the respective CGUs;
- professionals with specialized skill and knowledge in the field of valuation assisted in testing the reasonableness of the discount rates applied by management based on available data of comparable companies and in testing the reasonableness of the EBITDA multiples by comparing to market data, as well as assessing the valuation methodologies used;
 - tested the accuracy and completeness of underlying data used in the FVLCD and VIU calculations; and
 - tested the disclosures made in the consolidated financial statements including the sensitivity of the significant assumptions used.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Richard Probert.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Edmonton, Alberta

March 18, 2026

AutoCanada Inc.

Consolidated Statements of Comprehensive Income (Loss) For the Years Ended

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

	December 31, 2025 \$	December 31, 2024 Revised ⁽¹⁾ \$
Continuing operations		
Revenue (Note 6)	4,896,320	5,271,549
Cost of sales (Note 7)	(4,111,536)	(4,396,109)
Gross profit	784,784	875,440
Operating expenses (Note 8)	(657,632)	(720,408)
Operating profit before other income and expense	127,152	155,032
Lease and other income, net (Note 10)	6,540	7,783
Gain on disposal of assets, net (Note 10)	15,547	31,881
Net impairment losses on trade and other receivables	(2,107)	(8,737)
Impairment of non-financial assets (Note 20, 24)	(11,314)	(3,412)
Operating profit	135,818	182,547
Finance costs (Note 11)	(101,734)	(128,636)
Finance income (Note 11)	1,192	2,674
Gain (loss) on redemption liabilities (Note 14)	3,920	(486)
Other (losses) gains, net	(3,689)	846
Income for the year before tax from continuing operations	35,507	56,945
Income tax expense (Note 12)	12,121	8,035
Net income for the year from continuing operations	23,386	48,910
Net loss for the year from discontinued operations (Note 18)	(5,447)	(115,658)
Net income (loss) for the year	17,939	(66,748)
Other comprehensive income (loss)		
<i>Items that may be reclassified to profit or loss</i>		
Foreign operations currency translation (Note 18)	(6,131)	8,032
Reclassification of cumulative foreign operations currency translation on discontinued operations (Note 18)	(4,908)	—
Change in fair value of cash flow hedge (Note 25)	—	(206)
Income tax relating to these items (Note 12)	(604)	51
Other comprehensive (loss) income for the year, net of tax	(11,643)	7,877
Comprehensive income (loss) for the year	6,296	(58,871)
Net income (loss) for the year attributable to:		
AutoCanada shareholders	16,034	(68,233)
Non-controlling interests	1,905	1,485
	17,939	(66,748)
Net income (loss) for the year attributable to AutoCanada shareholders arises from:		
Continuing operations	21,481	47,425
Discontinued operations	(5,447)	(115,658)
	16,034	(68,233)
Comprehensive income (loss) for the year attributable to:		
AutoCanada shareholders	4,391	(60,356)
Non-controlling interests	1,905	1,485
	6,296	(58,871)
Comprehensive income (loss) for the year attributable to AutoCanada shareholders arises from:		
Continuing operations	16,552	47,270
Discontinued operations	(12,161)	(107,626)
	4,391	(60,356)

AutoCanada Inc.

Consolidated Statements of Comprehensive (Loss) Income (continued) For the Years Ended

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

	December 31, 2025 \$	December 31, 2024 Revised ⁽¹⁾ \$
Net income (loss) per share attributable to AutoCanada shareholders:		
Basic from continuing operations	0.93	2.03
Basic from discontinued operations	(0.24)	(4.96)
Basic	0.69	(2.93)
Diluted from continuing operations	0.89	1.96
Diluted from discontinued operations	(0.23)	(4.79)
Diluted	0.66	(2.83)
Weighted average shares		
Basic (Note 30)	23,103,884	23,316,008
Diluted (Note 30)	24,220,047	24,137,069

¹ Comparative period revised to reflect current period presentation. See Note 18 - "Discontinued Operations" for additional information.

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

Approved on behalf of the Company

(signed) Barry L. James

Barry L. James, Director

(signed) Rhonda English

Rhonda English, Director

AutoCanada Inc.

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	December 31, 2025 \$	December 31, 2024 \$
ASSETS		
Current assets		
Cash	87,963	67,343
Trade and other receivables (Note 15)	133,164	173,568
Inventories (Note 16)	895,928	947,278
Current tax recoverable	12,297	10,205
Other current assets (Note 21)	16,790	11,993
Derivative financial instruments (Note 25)	911	376
	1,147,053	1,210,763
Assets held for sale (Note 17, 18)	228,259	332,693
Total current assets	1,375,312	1,543,456
Property and equipment (Note 19)	301,385	312,014
Right-of-use assets (Note 24)	337,936	389,958
Other long-term assets (Note 21)	15,821	16,501
Deferred income tax (Note 12)	16,772	18,840
Intangible assets (Note 20)	607,765	630,467
Goodwill (Note 20)	91,905	94,592
Total assets	2,746,896	3,005,828
LIABILITIES		
Current liabilities		
Trade and other payables (Note 22)	149,517	177,473
Revolving floorplan facilities (Note 23)	962,616	1,010,579
Current tax payable	3,602	3,766
Vehicle repurchase obligations (Note 26)	2,582	3,705
Indebtedness (Note 23)	1,688	24,108
Lease liabilities (Note 24)	25,872	35,780
Redemption liabilities (Note 14)	19,146	23,066
Equity forward liabilities (Note 27)	22,970	11,063
Derivative financial instruments (Note 25)	2,109	1,741
	1,190,102	1,291,281
Liabilities directly associated with assets held for sale (Note 18)	98,357	201,966
Total current liabilities	1,288,459	1,493,247
Long-term indebtedness (Note 23)	513,021	517,543
Long-term lease liabilities (Note 24)	383,469	421,392
Long-term redemption liabilities (Note 14)	25,000	25,000
Derivative financial instruments (Note 25)	5,147	8,705
Deferred income tax (Note 12)	49,824	44,613
Total liabilities	2,264,920	2,510,500
EQUITY		
Attributable to AutoCanada shareholders	460,477	468,027
Attributable to non-controlling interests	21,499	27,301
Total equity	481,976	495,328
	2,746,896	3,005,828

Commitments and contingencies (Note 28)

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

AutoCanada Inc.

Consolidated Statements of Changes in Equity For the Year Ended

(in thousands of Canadian dollars)

	Attributable to AutoCanada shareholders							Non-controlling interests	Total equity
	Share capital	Treasury shares	Contributed surplus	Share repurchase (deficit)	Cumulative translation adjustment	Retained earnings	Total capital		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, January 1, 2025	426,146	(315)	7,591	(52,981)	15,921	71,665	468,027	27,301	495,328
Net income	—	—	—	—	—	16,034	16,034	1,905	17,939
Other comprehensive loss	—	—	—	—	(11,643)	—	(11,643)	—	(11,643)
Dividends paid by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	(3,694)	(3,694)
Non-controlling interests issued (Note 14)	—	—	2,378	—	—	—	2,378	3,797	6,175
Acquisition of non-controlling interests	—	—	(3,291)	—	—	—	(3,291)	(7,810)	(11,101)
Forward share purchase (Note 27)	—	—	—	(11,907)	—	—	(11,907)	—	(11,907)
Settlement of share-based awards (Note 29, 30)	—	—	(2,616)	—	—	—	(2,616)	—	(2,616)
Treasury shares acquired (Note 30)	—	(5,178)	—	—	—	—	(5,178)	—	(5,178)
Deferred tax on share-based payments	—	—	60	—	—	—	60	—	60
Shares settled from treasury (Note 30)	—	2,522	(2,522)	—	—	—	—	—	—
Share-based compensation (Note 29)	—	—	8,613	—	—	—	8,613	—	8,613
Balance, December 31, 2025	426,146	(2,971)	10,213	(64,888)	4,278	87,699	460,477	21,499	481,976

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

AutoCanada Inc.

Consolidated Statements of Changes in Equity For the Year Ended

(in thousands of Canadian dollars)

	Attributable to AutoCanada shareholders									
	Share capital \$	Treasury shares \$	Contributed surplus \$	Share repurchase (deficit) (Note 30) \$	Cumulative translation adjustment \$	OCI hedge reserve \$	Retained earnings \$	Total capital \$	Non-controlling interests \$	Total equity \$
Balance, January 1, 2024	434,632	(319)	4,117	(51,525)	7,889	155	139,898	534,847	29,982	564,829
Net (loss) income	—	—	—	—	—	—	(68,233)	(68,233)	1,485	(66,748)
Other comprehensive income	—	—	—	—	8,032	(155)	—	7,877	—	7,877
Dividends paid by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	(4,294)	(4,294)
Non-controlling interests issued	—	—	—	—	—	—	—	—	3,865	3,865
Repurchase of common shares under the Substantial Issuer Bids (Note 30)	(8,486)	—	—	(1,456)	—	—	—	(9,942)	—	(9,942)
Acquisition of non-controlling interests	—	—	(1,749)	—	—	—	—	(1,749)	(3,737)	(5,486)
Settlement of share-based awards (Note 29, 30)	—	—	(1,715)	—	—	—	—	(1,715)	—	(1,715)
Treasury shares acquired (Note 30)	—	(1,625)	—	—	—	—	—	(1,625)	—	(1,625)
Deferred tax on share-based payments	—	—	534	—	—	—	—	534	—	534
Shares settled from treasury (Note 30)	—	1,629	(1,629)	—	—	—	—	—	—	—
Share-based compensation (Note 29)	—	—	8,033	—	—	—	—	8,033	—	8,033
Balance, December 31, 2024	426,146	(315)	7,591	(52,981)	15,921	—	71,665	468,027	27,301	495,328

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

AutoCanada Inc.

Consolidated Statements of Cash Flows For the Years Ended

(in thousands of Canadian dollars)

	December 31, 2025 \$	December 31, 2024 \$
Cash provided by (used in):		
Operating activities		
Net income (loss) for the year	17,939	(66,748)
Adjustments for:		
Income tax expense (Note 12, 18)	12,742	21,733
Finance costs (Note 11, 18)	118,339	155,598
Depreciation of right-of-use assets (Note 24)	32,618	35,919
Depreciation of property and equipment (Note 19)	20,100	25,843
Amortization of intangible assets (Note 20)	733	503
Gain on disposal of assets, net (Note 10, 18)	(22,839)	(29,781)
Share-based compensation (Note 29)	8,613	8,033
Unrealized fair value changes on foreign exchange forward contracts (Note 25)	(2,652)	3,853
Revaluation of redemption liabilities (Note 14)	(3,920)	486
Net impairment of non-financial assets (Note 18, 20)	3,808	21,058
Net change in non-cash working capital (Note 36)	(34,068)	1,325
	151,413	177,822
Income taxes paid	(8,322)	(537)
Interest paid	(117,462)	(144,412)
Settlement of share-based awards, net	(2,587)	(1,247)
	23,042	31,626
Investing activities		
Business acquisitions, net of cash acquired (Note 13)	(2,174)	(20,197)
Purchases of property and equipment	(26,229)	(33,282)
Additions to intangible assets (Note 20)	(648)	(790)
Settlement of prior year business acquisitions	(46)	(491)
Proceeds on sale of property and equipment	10,433	63,123
Proceeds on divestiture of dealership (Note 34)	44,148	59,497
Proceeds on termination of loan agreement with subsidiary (Note 34)	30,107	—
Proceeds on franchise termination (Note 34)	894	—
	56,485	67,860
Financing activities		
Proceeds from indebtedness (Note 23)	760,680	635,046
Repayment of indebtedness (Note 23)	(789,539)	(657,730)
Repurchase of common shares under Normal Course Issuer Bid (Note 30)	—	(9,942)
Payments for purchase of Used Digital Division minority interest	—	(22,500)
Treasury shares acquired (Note 30)	(5,178)	(1,625)
Shares settled from treasury (Note 30)	2,522	1,629
Acquisition of non-controlling interests	(8,490)	(5,486)
Repayment of loan by non-controlling interests	4,477	2,961
Dividends paid to non-controlling interests	(3,694)	(4,294)
Principal portion of lease payments	(31,374)	(31,984)
	(70,596)	(93,925)
Effect of exchange rate changes on cash	(1,217)	(1,359)
Net increase in cash	7,714	4,202
Cash at beginning of year per balance sheet	67,343	103,146
Cash at the beginning of year included in discontinued operations (Note 18)	40,005	—
Cash at end of year	115,062	107,348
Included in cash per balance sheet	87,963	67,343
Included in the assets of the discontinued operations (Note 18)	27,099	40,005

Cash flows of discontinued operations (Note 18)

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

AutoCanada Inc.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

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

1 General information

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

2 Basis of presentation

These annual consolidated financial statements ("Annual Financial Statements") have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The preparation of Annual Financial Statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates. The areas where assumptions and estimates are significant to the Annual Financial Statements are described in Note 5.

The Company's retail automobile dealerships, collision operations, and related businesses in its Canadian Operations and its collision operations in its U.S. Operations are presented herein as continuing operations. The Company's RightRide division in its Canadian Operations and retail automobile dealerships in its U.S. Operations have been classified and presented as discontinued operations (Note 18).

These Annual Financial Statements were approved by the Board of Directors on March 18, 2026.

3 Material accounting policy information

The material accounting policies used in the preparation of these Annual Financial Statements are as follows:

Basis of measurement

The Annual Financial Statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments and redemption liabilities.

Principles of consolidation

The Annual Financial Statements comprise the financial statements of AutoCanada and its subsidiaries. Subsidiaries are all entities over which the Company has control. The Company uses judgment in determining the entities that it controls and therefore consolidates. Judgment is also applied in determining whether the Company controls the entities in which it does not have full ownership rights. Most often, judgment involves reviewing contractual rights to determine if rights are participating (giving power over one entity) or protective rights (protecting the Company's interest without giving it power). Subsidiaries are fully consolidated from the date control is transferred to the Company, and are no longer consolidated on the date control ceases.

Non-controlling interests represent equity interests in subsidiaries owned by outside parties.

Business combinations

Business combinations are accounted for using the acquisition method of accounting when the acquired set of activities and assets meet the definition of a business and control is transferred to the Company. This involves recognizing identifiable assets (including intangible assets not previously recognized by the acquiree) and liabilities (including contingent liabilities) of acquired businesses at fair value at the acquisition date. The excess of acquisition cost over the fair value of the identifiable net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets acquired, the fair value of the net assets is re-assessed and any remaining difference is recognized directly in the Consolidated Statements of Comprehensive Income (Loss). Transaction costs are expensed as incurred.

Contingent consideration is classified as either equity or a financial liability. Any subsequent change to the fair value of contingent consideration is recognized in the Consolidated Statements of Comprehensive Income (Loss).

Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's or entity's identifiable net assets at the date of acquisition or date the interest was granted.

Non-controlling interests issued in subsidiaries of the Company are recognized at their proportionate share at the date of issuance.

Revenue recognition

(a) New and Used vehicles

The Company sells new and used vehicles at its franchised dealerships, used dealerships, and related businesses. The transaction price for a vehicle sale is determined with the customer at the time of sale. Customers often trade in their own vehicle and apply the value against the purchase price of a new or used vehicle. The trade-in vehicle is considered non-cash consideration and is measured at fair value, based on external and internal market data, and applied toward the contract price for the purchased vehicle.

When a vehicle is sold, control is transferred at a point in time upon delivery of the vehicle to the customer, which is generally at time of sale. The Company does not directly finance customers' vehicle purchases or leases, however, in many cases, third-party financing is arranged for the sale or lease of vehicles to its customers in exchange for a fee paid to the Company by the third-party financial institution. The Company receives payment directly from the customer at the time of sale or from the third-party financial institution (referred to as contracts-in-transit or vehicle receivables, which are part of the Company's receivables from contracts with customers) within a short period of time following the sale.

(b) Parts and service, and Collision repair

The Company sells parts and services related to customer-paid repairs and maintenance, repairs and maintenance under manufacturer warranties and extended service contracts, and collision-related repairs.

Each automotive repair and maintenance service is a single performance obligation that includes both the parts and labour associated with the service. Payment for automotive service work is typically due upon completion of the service, which is generally completed within a short period of time from contract inception. The transaction price for automotive repair and maintenance services is based on the parts used, the number of labour hours applied, and standardized hourly labour rates. The Company satisfies its performance obligations, transfers control, and recognizes revenue over time for repair and maintenance services because it is creating an asset with no alternative use and has an enforceable right to payment for performance completed to date.

The transaction price for retail counter parts sales is determined at the time of sale based on the quantity and price of each product purchased. Payment is typically due at the time of sale, or within a short period of time following the sale. Control is generally considered to transfer at the point of sale or when the products are shipped, which typically occurs the same day as or within a few days of the sale.

(c) Finance insurance commissions and fees

The Company arranges financing for customers through various financial institutions and receives a commission from the lender based on the difference between the interest rate charged to the customer and the interest rate set by the financing institution, or a flat fee.

The Company also receives commissions for facilitating the sale of third-party insurance products to customers, including credit and life insurance policies and extended service contracts. These commissions are recorded as revenue at the time the customer enters into the contract and the Company is entitled to the commission. The Company is not the obligor under any of these contracts. In the case of finance contracts, a customer may fail to pay their contract, thereby terminating the contract. Customers may also terminate extended service contracts, which are fully paid at purchase, and become eligible for refunds of unused premiums. In these circumstances, a portion of the commissions the Company receives may be charged back to the Company based on the terms of the contracts. These chargebacks are a form of variable consideration, and the Company only recognizes commission revenue at the estimated amount of consideration to which it ultimately expects to be entitled. This estimate is based on historical chargeback experience arising from similar contracts, including the impact of refinance and default rates on retail finance contracts and cancellation rates on extended service contracts and other insurance products.

For the majority of finance and insurance product sales, the Company's performance obligation is to arrange for the provision of goods or services by another party. This performance obligation is satisfied when the finance and insurance product is delivered to the end-customer, generally at the time of the vehicle sale. As an agent, revenue is recognized as the net amount retained after paying the third-party provider for the goods or services that party is responsible for fulfilling.

Taxation

(a) Deferred tax

Deferred tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Statements of Financial Position. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period, and which are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax liabilities:

- Are generally recognized for all taxable temporary differences; and
- Are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets:

- Are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized; and
- Are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities, outside of a business combination, that affect neither accounting nor taxable profit and do not give rise to equal taxable and deductible temporary differences.

Deferred tax assets and liabilities are not recognized in respect of temporary differences between the carrying amount and tax bases of investments in subsidiaries where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(b) Current tax

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Manufacturer incentives and other rebates

Various incentives from manufacturers are received based on achieving certain objectives, such as specified sales volume targets. These incentives are typically based on units sold to retail or fleet customers. These manufacturer incentives are recognized as a reduction of new vehicle cost of sales when earned, generally at the latter of the time the related vehicles are sold or upon attainment of the particular program goals.

Manufacturer rebates to the Company's dealerships and assistance for floorplan interest are reflected as a reduction in the carrying value of each vehicle purchased by the Company. These incentives are recognized as a reduction to the cost of sales as the related vehicles are sold.

Manufacturer advertising rebates that are reimbursements of costs associated with specific advertising expenses are earned in accordance with the respective manufacturers' reimbursement-based advertising assistance programs, which is typically after the corresponding advertising expenses have been incurred, and are reflected as a reduction in advertising expense included in administrative costs as an operating expense in the Consolidated Statements of Comprehensive Income (Loss).

Financial instruments

The Company's financial assets, including cash, trade and other receivables, and other assets are measured at amortized cost.

The Company's financial liabilities include trade and other payables, revolving floorplan facilities, vehicle repurchase obligations, current and long-term indebtedness, derivative financial instruments, redemption liabilities and lease liabilities. Financial liabilities are measured at amortized cost except for redemption liabilities, non-hedge interest swaps, contingent consideration and embedded derivative, which are carried at fair value through profit or loss. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the Company considered both quantitative and qualitative factors in determining whether such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Consolidated Statements of Comprehensive Income (Loss).

Cash

Cash includes cash on hand, highly liquid investment grade short-term investments with maturities of three months or less and other liquid deposits held with financial institutions.

Trade and other receivables

Trade and other receivables are amounts due from customers, financial institutions and suppliers that arise from providing services or sale of goods in the ordinary course of business. Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The Company applies the simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance for all trade receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized as an expense in net impairment losses on trade and other receivables in the Consolidated Statements of Comprehensive Income (Loss).

When a trade and other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against net impairment losses on trade and other receivables in the Consolidated Statements of Comprehensive Income (Loss).

Inventories

New, used and demonstrator vehicle inventories are recorded at the lower of cost and net realizable value, with cost determined on a specific item basis. Parts and accessories inventories are carried at the lower of cost and net realizable value. Inventories of parts and accessories are accounted for using the "weighted-average cost" method.

In determining net realizable value for new vehicles, the Company primarily considers the age of the vehicles along with the timing of annual and model changeovers. For used vehicles, the Company considers seasonality, recent market data and trends such as loss histories along with the current age of the inventory. Parts inventories are primarily assessed considering excess quantity and continued usefulness of the part. The risk of loss in value related to parts inventories is minimized since excess or obsolete parts can generally be returned to the manufacturer.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction, rather than continuing use, and a sale is highly probable. Assets (or disposal groups) designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

Depreciation is not charged against property and equipment classified as held for sale (including those that are part of a disposal group).

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Consolidated Statements of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Consolidated Statements of Financial Position.

A discontinued operation is a component of the Company that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of a discontinued operation are presented separately in the Consolidated Statements of Comprehensive Income (Loss).

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Land is not depreciated. Other than as noted below, depreciation of property and equipment is provided for over the estimated useful life of the assets on a declining balance basis at the following annual rates:

Machinery and equipment	20 %
Furniture, fixtures and other	20 %
Company and lease vehicles	30 %
Computer equipment	30 %

Buildings are depreciated on a straight-line basis over the estimated useful lives of the buildings ranging from 10 to 40 years. Useful lives are determined based on independent appraisals.

The useful life of leasehold improvements is determined to be the lesser of the lease term or the estimated useful life of the improvement. Leasehold improvements are depreciated using the straight-line method over the useful life of the asset.

Depreciation of leased vehicles is based on a straight-line depreciation of the difference between the cost and the estimated residual value at the end of the lease over the term of the lease. Leased vehicle residual values are regularly reviewed to determine whether depreciation rates are reasonable.

Intangible assets

(a) Intangible assets

Intangible assets acquired in a business combination consist of rights under franchise agreements ("Dealer Agreements") and certifications with automobile manufacturers. The Company has determined that Dealer Agreements and certifications will continue to contribute to cash flows indefinitely and, therefore, have indefinite lives due to the following reasons:

- Specific Dealer Agreements continue indefinitely by their terms; and
- Specific Dealer Agreements and certifications have limited terms, but are routinely renewed without substantial cost to the Company.

Intangible assets are carried at cost less accumulated impairment losses. When acquired in a business combination, the cost is determined in connection with the purchase price allocation based on their respective fair values at the acquisition date. The fair value is determined based on the multi-period excess earnings method, using the discounted cash flow model. When market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs, or other appropriate criteria.

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

(b) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in operating expenses. During the period of development, the asset is tested for impairment annually.

(c) Software as a Service (SaaS)

Service fees associated with SaaS arrangements are recognized as an expense in the period that they are incurred, unless it can be determined that the terms of the service arrangement provide the Company with an identifiable asset. Costs that are incurred that are directly relatable to configuration or customization of such SaaS arrangements are also assessed for whether they meet the definition of an asset, those that do not meet the criteria are expensed as incurred or expensed over the term of the contract if they are not able to be separately identified from the SaaS arrangement.

Impairment

Impairments are recorded when the recoverable amounts of assets are less than their carrying amounts. The recoverable amount is the higher of an asset's fair value less costs to dispose or its value in use. Impairment losses, other than those relating to goodwill, are evaluated for potential reversals of impairment when events or changes in circumstances warrant such consideration.

(a) Non-financial assets

The carrying values of non-financial assets with finite lives, such as property and equipment and right-of-use assets, are assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purposes of assessing impairment, assets are grouped as cash generating units (CGUs), the lowest levels for which there are separately identifiable cash flows.

(b) Intangible assets and goodwill

The carrying values of all intangible assets with indefinite lives and goodwill are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Additionally, the carrying values of identifiable intangible assets with indefinite lives and goodwill are tested annually for impairment. Specifically:

- Our Dealer Agreements and certifications with indefinite lives are subject to an annual impairment assessment. For purposes of impairment testing, the fair value of the Company's Dealer Agreements is determined using a combination of a discounted cash flow approach and earnings multiple approach.
- For the purpose of impairment testing, goodwill is allocated to CGUs based on the level at which management monitors it, which is not higher than an operating segment before aggregation. Goodwill is allocated to those CGUs that are expected to benefit from the business combination in which the goodwill arose.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade and other payables are recognized initially at fair value, subsequently measured at amortized cost, and classified as current liabilities if payment is due within one year.

Leases

(a) The Company as a lessee

The Company leases various properties with agreements ranging from 1 to 23 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Company's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and office furniture.

(b) The Company as a lessor

Lease obligations are classified as either operating or finance, based on the substance of the transaction at inception of the lease. Classification is reassessed if the terms of the lease are changed.

(i) Finance leases

Leases in which substantially all the risks and rewards of ownership are transferred are classified as finance leases.

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income.

(ii) Operating leases

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases.

When assets are leased out under an operating lease, the asset is included in the Consolidated Statements of Financial Position based on the nature of the asset. Lease income on operating leases is recognized over the term of the lease on a straight-line basis.

Redemption liabilities

The potential cash payments related to put options issued by the Company over the equity of subsidiary companies are accounted for as financial liabilities when such options are to be settled in cash or a variable number of shares. The amount that may become payable under the option on exercise is initially recognized at fair value within redemption liabilities with a corresponding charge directly to equity attributable to AutoCanada shareholders or share-based compensation. Subsequently, if the Company revises its estimates, the carrying amount of the redemption liability is adjusted and the adjustment will be recognized as income or expenses in the Consolidated Statements of Comprehensive Income (Loss). Put options that are not exercisable for at least one year from the Consolidated Statements of Financial Position date are presented as long-term redemption liabilities.

Share-based payments

The Company operates a number of share-based compensation plans for the benefit of certain employees, directors, and consultants, as described in Note 29.

The accounting for a share-based payment plan is based on whether the arrangement is classified as equity-settled or cash-settled. Equity-settled arrangements are those in which the Company receives services as consideration for its own equity instruments. Cash-settled arrangements arise where the Company pays the employee cash amounts based on the value of the Company's shares.

The fair value of equity-settled awards is recognized as an expense over the vesting period with a corresponding increase in equity or redemption liabilities. The total amount to be expensed is determined by reference to the fair value of the options at the grant date.

Foreign operations currency translation

The financial results of the dealerships that operate in the United States (U.S.) are translated from the functional currency of U.S. dollars into the reporting currency of Canadian dollars upon consolidation. Assets and liabilities have been translated to the reporting currency of Canadian dollars using the exchange rates in effect on the Consolidated Statements of Financial Position dates. Revenue and expense accounts are translated using the average exchange rate during the period. The cumulative translation adjustments associated with the net assets of foreign subsidiaries are recorded in accumulated other comprehensive income in the Consolidated Statements of Changes in Equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at the closing exchange rate.

The Company uses the indirect method of consolidation and on disposal and partial disposal (including return of capital) of a foreign operation the proportionate share of exchanges differences accumulated in a foreign exchange translation reserve is reclassified to profit and loss.

Derivative financial instruments

Derivatives are recognized initially at fair value on the date of contract inception and are subsequently re-measured to current fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the instrument is designated as a hedging instrument and, if so, the nature of the item being hedged. The Company currently does not hold any derivatives for trading or speculative purposes.

At the inception of the hedge relationship, the Company documents the economic relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking hedge transactions. The effective portion of changes in the fair value of qualifying hedging derivatives is recognized as a reserve within equity. The gain or loss relating to any ineffective portion is recognized immediately in profit or loss. The periodic net settlement of the interest rate swap is recognized in profit or loss within finance costs at the same time as the interest expense on the hedged borrowings.

Upon the expiry, sale, or termination of a hedging instrument, any cumulative deferred gain or loss and deferred costs of hedging remain in equity until the original hedged transactions occur.

Further information on the Company's risk management and hedge accounting is presented in Note 25.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in Revenue and Finance costs, as disclosed in Note 25.

The full fair value of a derivative instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is greater than one year.

Segment reporting

The Company's Chief Operating Decision Maker ("CODM") is identified as the Interim Chief Executive Officer and Chief Financial Officer and is responsible for allocating resources and assessing the performance of each dealership. The Company will report segmented information by Canadian Operations and U.S. Operations. Each reportable operating segment is comprised of retail automobile dealerships and related businesses, which have been aggregated based on their economic similarities.

The Company's CODM measures the performance of each operating segment based on operating profit, which is defined as income before income taxes, net finance costs and other income (expense). The segmented information is set out in Note 37.

4 New and amended accounting standards issued

Accounting standards and amendments issued and adopted in 2025

Lack of Exchangeability (Amendments to IAS 21)

On August 15, 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not.

The amendment helps entities to assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking.

The amendment did not have an impact on the amounts recognized in prior periods and are not expected to affect the current or future periods.

Accounting standards and amendments issued but not yet adopted in 2025

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee (“IFRIC”) that are not effective for the year ended December 31, 2025, and have not been applied in the preparation of these Annual Financial Statements.

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

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

On May 30, 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- Update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after January 1, 2026, these amendments are to be applied retrospectively in accordance with IAS 8, with early adoption permitted. The Company is assessing the potential impact of this standard.

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

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The standard is effective for annual reporting periods beginning on or after January 1, 2027, this standard is to be applied retrospectively in accordance with IAS 8, with early adoption permitted. Based on the Company's preliminary assessment, IFRS 18 is expected to have a material impact on the Company's consolidated statement of comprehensive income (loss) and consolidated cash flows. The Company is continuing to assess the expected impact on the consolidated statement of financial position and the notes to the consolidated financial statements.

5 Critical accounting estimates

The preparation of Annual Financial Statements requires management to make estimates about the future. Estimates are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. Critical estimates and assumptions were used to determine the value of the following assets and liabilities.

Intangible assets and goodwill

Intangible assets and goodwill generally arise from business combinations. The Company applies the acquisition method of accounting for these transactions, which involves the allocation of the cost of an acquisition to the underlying net assets acquired based on their respective estimated fair values. As part of this allocation process, the Company must identify and attribute values to the intangible assets acquired. Management applies significant judgement in estimating the fair value of the intangible assets. These determinations involve significant estimates and assumptions regarding projected operating margins, terminal growth rates and discount rates.

These estimates and assumptions determine the amount allocated to intangible assets and goodwill. If future events or results differ significantly from these estimates and assumptions, the Company may record impairment charges in the future.

The Company tests at least annually or more frequently if events or changes in circumstances indicate that they may be impaired, in accordance with its accounting policies. The recoverable amounts of CGUs have been estimated based on the greater of fair value less costs to dispose and value in use calculations (Note 20).

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Consolidated Statements of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") method. The inputs to these models are taken from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 32 for further disclosure.

Inventories

Inventories are recorded at the lower of cost and net realizable value with cost determined on a specific item basis for new and used vehicles. In determining net realizable value for new vehicles, the Company primarily considers the age of the vehicles along with the timing of annual and model changeovers. For used vehicles, the Company considers seasonality, recent market data and trends such as loss histories along with the current age of the inventory. The determination of net realizable value for inventories involves the use of estimates.

Redemption liabilities

Redemption liabilities arise during business combinations where non-controlling interest shareholders have the right to require the Company to redeem their equity interests in certain non-wholly owned subsidiaries (refer to Note 14). The redemption amounts are determined with reference to the future profitability generated by those subsidiaries and their operating businesses. The Company will initially recognize a financial liability at the present value of the estimated redemption amount, and at the end of each subsequent reporting period, the Company will revisit its estimates. If the Company revises its estimates, the Company will adjust the carrying amount of the financial liability to reflect revised estimated profitability and the adjustments will be recognized as income or expenses in the Consolidated Statements of Comprehensive Income (Loss).

Leases

i. Critical judgments in determining the lease term

Extension and termination options are included in a number of property leases held by the Company. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability if it is not reasonably certain that the leases will be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs that affects this assessment and that is within the control of the lessee.

ii. Estimation uncertainty arising from variable lease payments

Certain leases contain variable payment terms that are linked to the consumer price index.

Deferred taxes

The extent to which deferred tax assets are recognized is based on estimates of future profitability. Management has concluded that it is probable that the deferred tax assets will be recovered using estimated future taxable income, based on approved business plans and budgets for each segment. The estimates will be updated in future periods, which may result in increases or decreases in the amount of deferred tax assets recognized based on the amount judged to be probable of recovery.

6 Revenue

	2025	2024
	\$	Revised ⁽¹⁾
		\$
New vehicles	2,228,280	2,305,698
Used vehicles	1,742,761	1,980,884
Parts and service	515,217	556,297
Collision repair	151,631	130,913
Finance, insurance and other	258,431	297,757
Revenue	4,896,320	5,271,549

¹ Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 18).

7 Cost of sales

	2025	2024
	\$	Revised ⁽¹⁾
		\$
New vehicles	2,090,988	2,135,316
Used vehicles	1,684,296	1,915,102
Parts and service	232,949	254,317
Collision repair	81,402	65,718
Finance, insurance and other	21,901	25,656
Cost of sales	4,111,536	4,396,109

¹ Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 18).

8 Operating expenses

	2025	2024
	\$	Revised ⁽¹⁾
		\$
Employee costs (Note 9)	401,388	438,577
Administrative costs	199,698	222,179
Facility lease costs	3,254	3,945
Depreciation of right-of-use assets (Note 24)	32,496	32,069
Depreciation of property and equipment (Note 19)	20,063	23,135
Amortization of intangible assets (Note 20)	733	503
Operating expenses	657,632	720,408

¹ Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 18).

9 Employee costs

Operating expenses incurred in respect of employees were as follows:

	2025	2024
	\$	Revised ⁽¹⁾
		\$
Wages, salaries and commissions	327,467	375,789
Withholding taxes and insurance	31,319	34,563
Employee benefits (Note 35)	14,816	14,454
Share-based compensation (Note 29)	8,613	8,033
Termination and other benefits (Note 35)	19,173	5,738
Employee costs	401,388	438,577

¹ Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 18).

10 Lease and other income and gain on disposal of assets, net

	2025	2024
	\$	Revised ⁽¹⁾
		\$
Lease and other income		
Lease and rental income	3,822	5,881
Other income	2,718	1,902
	6,540	7,783
Gain on disposal of assets, net		
Gain on termination of loan agreement with subsidiary (Note 34)	11,598	—
Gain (loss) on lease terminations, net	3,556	(251)
Gain on disposals of property and equipment, net	1,766	1,436
(Loss) gain on disposal of assets held for sale (Note 17)	(1,373)	30,696
	15,547	31,881

¹ Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 18).

11 Finance costs and finance income

	2025 \$	2024 Revised ⁽¹⁾ \$
Finance costs		
Interest on long-term indebtedness	33,094	25,560
Interest on lease liabilities (Note 24)	30,220	31,514
Unrealized fair value changes on non-hedging instruments (Note 25)	(1,071)	10,030
	62,243	67,104
Floorplan financing	36,483	63,399
Interest rate swap settlements (Note 25)	1,626	(4,774)
Other finance costs	1,382	2,907
	101,734	128,636
Finance income		
Interest on net investment in finance lease (Note 24)	54	58
Short-term bank deposits	1,138	2,616
	1,192	2,674

¹ Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 18).

12 Taxation

Reconciliation of effective income tax rate for the year ended December 31, 2025 is as follows:

	2025 \$	2024 Revised ⁽¹⁾ \$
Income for the year before tax from continuing operations	35,507	56,945
Income for the year before tax multiplied by the blended rate of Canadian corporate tax of 25.5% (2024 - 25.4%)	9,055	14,464
Effects of:		
Tax losses and deductible temporary differences not recognized	2,189	—
Adjustment in respect of prior years	1,567	627
Impact of non-deductible and other permanent items	(1,308)	(4,586)
Impact of recovery of non-financial assets	570	(289)
Impact of change in substantively enacted rates	(61)	(32)
Impact of income tax rate differentials	462	122
Other, net	(353)	(2,271)
Income tax expense	12,121	8,035
Effective income tax rate	34.1 %	14.1 %

¹ Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 18).

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

	2025 \$	2024 \$
Tax expense on repurchase of preferred shares in U.S. Operations	604	—
Tax recovery relating to change in fair value of hedging instruments	—	(51)
Total income tax expense (recovery)	604	(51)

Segmented components of income tax:

	2025	2024
	\$	\$
Canada	5,970	15,222
U.S.	—	—
Current income tax expense	5,970	15,222
Canada	6,151	(7,187)
U.S.	—	—
Deferred income tax expense	6,151	(7,187)
Total income tax expense	12,121	8,035

Income tax expense attributable to:

	2025	2024
	\$	\$
<i>Continuing operations:</i>		
Income tax expense	5,970	15,222
Deferred income tax (recovery) expense	6,151	(7,187)
	12,121	8,035
<i>Discontinued operations:</i>		
Income tax expense (recovery)	621	—
Deferred income tax expense	—	13,698
	621	13,698
Total income tax expense	12,742	21,733

Components of deferred income tax:

	2025	2024
	\$	\$
Deferred tax asset	16,772	18,840
Deferred tax liability	(49,824)	(44,613)
Net deferred tax liability	(33,052)	(25,773)

The movements of deferred tax assets and liabilities are shown below:

Deferred tax assets (liabilities)	Deferred income from partnerships	Property and equipment	Intangible assets and goodwill	Right-of-use assets net of lease liabilities	Derivative financial instruments	Non-capital losses	Share-based payments	Other	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
January 1, 2024	(6,779)	(1,587)	(40,979)	14,732	(3,987)	10,957	2,032	5,287	(20,324)
(Expense) benefit charged to income taxes	5,244	(1,578)	(2,845)	2,418	3,445	1,105	1,243	(1,845)	7,187
Amounts charged to other comprehensive income	—	—	—	—	51	—	—	—	51
Amounts charged to contributed surplus (deficit)	—	—	—	—	—	—	534	—	534
Derecognition of US deferred tax asset (Note 18)	—	—	(13,698)	—	—	—	—	472	(13,226)
Other	—	—	—	—	—	—	—	5	5
December 31, 2024	(1,535)	(3,165)	(57,522)	17,150	(491)	12,062	3,809	3,919	(25,773)
(Expense) benefit charged to income taxes	(652)	(944)	(499)	891	(911)	(3,572)	99	(563)	(6,151)
Amounts charged to other comprehensive income	—	—	—	—	—	—	—	—	—
Amounts charged to contributed surplus	—	—	—	—	—	—	(60)	—	(60)
Acquisition of subsidiaries (Note 13)	—	—	—	—	—	—	—	(16)	(16)
Disposition of subsidiaries	—	86	—	(447)	—	(827)	—	—	(1,188)
Other	—	—	—	—	—	—	—	136	136
December 31, 2025	(2,187)	(4,023)	(58,021)	17,594	(1,402)	7,663	3,848	3,476	(33,052)

Changes in the deferred income tax components are adjusted through deferred tax expense. Of the above components of the deferred income tax (liability) asset, (\$2,187) (2024 - (\$1,535)) is expected to be recovered within 12 months.

The unrecognized deductible temporary differences relating to the U.S Operations are as follows:

	2025	2024
	\$	\$
Total U.S. deductible temporary differences	176,370	187,302
Less:		
U.S. unrecognized deductible temporary differences, other than tax losses	(41,070)	(85,904)
U.S. unrecognized tax losses	(135,300)	(101,398)
Total unrecognized deductible temporary differences	(176,370)	(187,302)
Net recognized deductible temporary differences relating to the U.S. Operations	—	—
Net recognized deferred tax asset	—	—

As at December 31, 2025, the Company has recognized the benefit of \$nil (2024 - \$nil) of the deductible temporary differences relating to the U.S. discontinued operations, as a deferred tax asset. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company will be able to use these benefits.

The Company's U.S. Operations have federal and state net operating losses of \$135,300 and \$151,377, respectively (2024 - \$101,398 and \$118,225). The federal losses can be carried forward indefinitely, while the state losses expire, between 2038 and 2047.

The Company also has Canadian non-capital losses of \$30,986 (2024 - \$48,849) available to reduce future taxable income, until their expiry between 2034 and 2045.

The Company also has Canadian restricted interest and financing expenses (RIFE) of \$4,879 (2024 - nil) available to reduce future taxable income. There is no expiry for these restricted interest and financing expenses.

Pillar Two legislation has been enacted in Canada and is effective for the Group's financial year beginning 1 January 2024. AutoCanada has performed an assessment of the group's exposure to Pillar Two income taxes based on the most recent information available regarding the financial performance of the constituent entities of AutoCanada. Based on the assessment performed, AutoCanada is not subject to Pillar Two top-up taxes for the year ending December 31, 2025.

13 Business acquisitions

During the year ended December 31, 2025, the Company completed a business acquisition that was accounted for using the acquisition method.

Doug's Place Strathcona

On October 3, 2025, the Company acquired 100% of the shares of Doug's Place Collision Repair Inc., a collision and refinish repair facility in Edmonton, Alberta, which is included within the Canadian Operations segment. The acquisition supports management's strategic objectives of expanding the Company's collision repair capacity in the Edmonton market and enhances OEM and insurance partner coverage.

The estimated provisional purchase price allocation, which is subject to the finalization of the valuation of acquired assets and assumed liabilities, of the business acquisition completed during the year ended December 31, 2025 is summarized as follows:

	2025
	\$
Current assets	
Cash	289
Trade and other receivables	485
Inventories	117
	891
Long-term assets	
Property and equipment	135
Right-of-use assets	1,761
Total assets	2,787
Current liabilities	
Trade and other payables	393
Lease liabilities	68
	461
Long-term liabilities	
Lease liabilities	1,693
Deferred income tax	16
Total liabilities	2,170
Net identifiable assets acquired	617
Goodwill	1,846
Total net assets acquired	2,463
Total cash consideration	2,463

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

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

The results of operations of the acquired entity since the acquisition dates contributed an insignificant amount of revenue and net income to the Consolidated Statements of Comprehensive Income (Loss) for the period ended December 31, 2025. Had the acquisition occurred at January 1, 2025, consolidated pro-forma revenue and net income for the period ended December 31, 2025 would have been \$4,901,167 and \$18,182 respectively.

These amounts have been calculated using the subsidiary's results and adjusting them for:

- Income tax expense (recovery); and
- Leasing arrangements as if they had been entered into on January 1, 2025.

Transaction costs of \$3 have been expensed and recorded in operating expenses.

Prior year business acquisitions

During the 12-month period ended December 31, 2025, new information was obtained about circumstances that existed at the acquisition date, which resulted in certain adjustments of the fair value of net identifiable assets acquired for Nurse Chevrolet Cadillac and Collision Centre. These adjustments are not significant and have been adjusted for prospectively in these Annual Financial Statements. Provisional amounts upon acquisition were previously disclosed in the Annual Financial Statements for the year ended December 31, 2024 for the above acquisition.

14 Interest in subsidiaries

Certain subsidiaries of the Company have non-controlling interests ("NCI") held by other parties. The interests in these subsidiaries are summarized as follows:

Subsidiary	Principal place of business	Proportion of ownership interests held by non-controlling interests	Proportion of voting rights held by non-controlling interests
Ericksen M-B Ltd.	Alberta	10 %	10 %
GI G Auto HoldCo Inc.	British Columbia	5 %	5 %
WBG Auto HoldCo Ltd.	Manitoba	10 %	10 %
WAM Motors LP	Manitoba	5 %	5 %
MRBC G Holdings Inc.	British Columbia	10 %	10 %
PCCBG Auto HoldCo Inc.	Ontario	5 %	5 %
15154871 Canada Inc.	Ontario	10 %	— %
AutoCanada C Holdings Inc.	Quebec	15 %	15 %
Canbec Automobile Inc.	Quebec	15 %	15 %
RS M Motors LP	Quebec	5 %	5 %
NBFG Auto Holdco Inc.	Saskatchewan	5 %	5 %
NCC Auto Holdco Inc.	Ontario	5 %	5 %
2282239 Alberta Ltd.	Saskatchewan	5 %	5 %
2282237 Alberta Ltd.	Saskatchewan	5 %	5 %

The subsidiaries are companies that own automotive dealerships and related businesses. For purposes of disclosure, the non-controlling interest profit and loss, and accumulated non-controlling interest of the subsidiaries at the end of the reporting period are reported in aggregate as the subsidiaries are similar in nature and risk, based on assessment of the interest and industry classification.

The Company provides long-term loans to specific NCI parties, and these are presented as other assets (Note 21).

15154871 Canada Inc. redemption liability

A wholly owned subsidiary of the Company is the general partner of AutoCanada UD LP, a limited partnership ("Partnership") that holds the interest in 15154871 Canada Inc., a subsidiary of the Partnership, that sells finance, insurance, and warranty products to buyers of private owner-sold vehicles on Kijiji's online marketplaces (the "Online C2C F&I Business"). The arrangement with the non-controlling shareholder in the Online C2C F&I Business contains put options whereby the non-controlling shareholder is able to sell its shares back to the Company. The put options are recognized as redemption liabilities, measured at their fair value on the Consolidated Statements of Financial Position. The fair value is determined based on the equity value of the related subsidiary. The fair value of the put options and associated redemption liabilities has been determined as \$25,000 as at December 31, 2025 (2024 - \$25,000).

The arrangement also contains a call option whereby the Company is able to purchase the shares from the non-controlling shareholder at the higher of \$75,000 and the fair value of such shares. The call option is recognized as a financial asset, measured at fair value on the Consolidated Statements of Financial Position. The fair value is determined based on the equity value of the related subsidiary. The fair value of the call option and associated financial asset has been determined as \$nil as at December 31, 2025 (2024 - \$nil).

Other redemption liabilities

Certain NCI entities contain put options, whereby the non-controlling shareholders are able to sell their shares back to the Company. These put options are recognized as redemption liabilities, measured at their fair value on the Consolidated Statements of Financial Position. The fair value is determined based on the equity value of the related subsidiary (Note 33). Those options eligible to be executed in the next fiscal year are presented as current liabilities.

On October 31, 2025, the Company acquired a 100% ownership interest in 2737-6722 Quebec Inc., which owned 25% of Auto Bugatti Inc. Consideration payable for the shares of \$2,750 resulted in an extinguishment of the associated redemption liability. Following this transaction, the Company obtained full ownership of Auto Bugatti Inc. Upon the acquisition of the non-controlling interest above, the Company recognized a decrease in non-controlling interests of \$1,759, with a corresponding increase in equity attributable to owners of the parent.

During the year ended December 31, 2025, the Company reorganized capital in certain subsidiaries to bring in new non-controlling parties. The change in ownership did not result in a change of control. The transactions resulted in new loans of \$6,174 (2024 - \$2,689) being issued to some of these parties to purchase a non-controlling interest in the subsidiaries for \$3,797 (2024 - \$3,865), with a corresponding decrease in equity attributable to owners of the parent. These loans are recorded in Other long-term assets on the Consolidated Statements of Financial Position.

The continuity of the aggregate redemption liabilities is summarized as follows:

	December 31, 2025 \$	December 31, 2024 \$
Beginning of period	48,066	47,580
Derecognition	(1,759)	—
Adjustment to fair value	(2,161)	486
End of period	44,146	48,066
Current redemption liabilities	19,146	23,066
Long-term redemption liabilities	25,000	25,000

15 Trade and other receivables

	December 31, 2025 \$	December 31, 2024 \$
Trade receivables	104,266	137,831
Sales tax receivable	25,513	29,363
Other receivables	5,405	8,324
	135,184	175,518
Less: Expected loss allowance (Note 32)	(2,020)	(1,950)
Trade and other receivables	133,164	173,568

The Company is exposed to normal credit risk with respect to its accounts receivable and maintains provisions for expected credit losses (Note 32). Potential for such losses is mitigated because there is no significant exposure to any single customer and because customer creditworthiness is evaluated before credit is extended.

16 Inventories

	December 31, 2025 \$	December 31, 2024 \$
New vehicles	426,132	487,955
Demonstrator vehicles	63,126	78,919
Used vehicles	359,814	333,933
Parts and accessories	46,856	46,471
Inventories	895,928	947,278

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

	December 31, 2025 \$	December 31, 2024 ⁽¹⁾ \$
Inventory expensed as cost of sales	4,086,626	4,346,380
Writedowns on vehicles included in cost of sales	32,907	35,944
Demonstrator expenses included in administrative costs	4,082	5,978

¹ Comparative period revised to reflect current period presentation. See Note 18 Discontinued operations for additional information.

For the year ended December 31, 2025, the Company performed a comprehensive assessment on the net realizable value of inventory. Provisions recorded on inventory were based on specific criteria regarding model and year of production and reflect management's estimate of market pricing trends and seasonality.

17 Assets and liabilities held for sale

Land and buildings

The Company has committed to a plan to sell specific properties consisting of land and building in Alberta, Manitoba, and Ontario, which are included in the Canadian Operations segment. The net assets have been reclassified as held for sale in these Consolidated Statements of Financial Position.

On May 29, 2025, the Company completed the sale of a property consisting of land and buildings in New Brunswick for cash consideration of \$800. The property was previously held for sale as at March 31, 2025. A gain of \$140 was recognized on the sale.

During the year ended December 31, 2025, the Company recorded a gain on disposal of assets of \$140 (2024 - \$23,883).

As at December 31, 2025, assets held for sale in the Canadian Operations segment include land and buildings of \$12,762 (2024 - \$6,658).

Used vehicle auction business

On April 30, 2025, the Company completed the sale of Northern Auto Auctions of Canada Inc. ("North Toronto Auction") in the Canadian Operations segment for cash consideration of \$3,291 (Note 34). North Toronto Auction was previously held for sale as at March 31, 2025. A loss of \$1,513 was recognized on the sale.

Dealerships associated with continuing operations

The Company has committed to a plan to sell substantially all of the operating and fixed assets of one dealership in Ontario, which is included in the Canadian Operations segment, as part of our regular evaluation of dealership optimization. The assets of the dealership have been reclassified as held for sale as at December 31, 2025.

Dealerships associated with discontinued operations

During the year ended December 31, 2025, the Company completed the sale of four dealerships and terminated a dealership franchise in the U.S. Operations segment for cash consideration of \$41,751, net of transaction costs (Note 34). The four dealerships and the dealership franchise were previously held for sale as at December 31, 2024. A gain of \$1,728 was recognized on the sale which is included in net (loss) income from discontinued operations (Note 18).

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

	December 31, 2025				December 31, 2024		
	Canadian Operations		U.S. Operations	Total	Canadian Operations		U.S. Operations
	Land and buildings	Dealerships	Dealerships		Land and buildings	Dealerships	Total
	\$	\$	\$	\$	\$	\$	\$
Assets held for sale from continuing operations:							
Trade and other receivables	—	917	—	917	—	—	—
Inventories	—	7,266	—	7,266	—	—	—
Property and equipment	12,762	199	—	12,961	6,658	—	6,658
Intangible assets	—	3,464	—	3,464	—	—	—
Other assets	—	13	—	13	—	—	—
	12,762	11,859	—	24,621	6,658	—	6,658
Assets held for sale directly associated with discontinued operations (Note 18)	—	—	203,638	203,638	—	326,035	326,035
Assets held for sale	12,762	11,859	203,638	228,259	6,658	326,035	332,693
Liabilities directly associated with assets held for sale (Note 18)	—	—	98,357	98,357	—	201,966	201,966
Liabilities directly associated with assets held for sale	—	—	98,357	98,357	—	201,966	201,966

Impairment charges as a result of reclassification as held for sale

During the year ended year ended December 31, 2024, the Company recorded an impairment charge of \$7,782 related to a dealership in the Canadian Operations segment that was determined to be impaired. The impairment charge was allocated to intangible assets as goodwill was previously fully impaired.

18 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 represent a geographical area of the Company's operations, therefore, its results were presented as a discontinued operation. The Company's retail automobile dealerships in its U.S. Operations segment continue to be reported as a discontinued operation in the year ended December 31, 2025.

On March 4, 2025, the Company closed all remaining locations within its RightRide division, which are included within the Canadian Operations segment. The Company's RightRide division is reported as a discontinued operation for the year ended December 31, 2025. The Company recorded an impairment charge of \$3,369 (2024 - \$nil) related to right-of-use assets that were determined to be impaired as a result of the classification as a discontinued operation.

During the year ended December 31, 2025, the Company recorded an impairment on a property in Illinois amounting to \$1,486 (2024 - \$nil). Furthermore, the Company recognized a recovery of previously impaired intangible assets of \$12,361 related to the sale of two retail automobile dealerships in the U.S. Operations segment (Note 34) (2024 - \$11,393 impairment for three dealerships in the U.S. Operations segment).

Financial performance and cash flow information

The financial performance and cash flow information for the year ended December 31, 2025 and December 31, 2024 is summarized as follows:

	December 31, 2025			December 31, 2024		
	RightRide \$	Retail Automobile Dealerships - U.S. Operations \$	Total \$	RightRide \$	Retail Automobile Dealerships - U.S. Operations \$	Total \$
Revenue	10,006	511,068	521,074	80,123	747,300	827,423
Cost of sales	(9,446)	(426,231)	(435,677)	(73,286)	(644,941)	(718,227)
Gross profit	560	84,837	85,397	6,837	102,359	109,196
Operating expenses	(3,252)	(90,745)	(93,997)	(14,904)	(151,143)	(166,047)
Operating (loss) profit before other income	(2,692)	(5,908)	(8,600)	(8,067)	(48,784)	(56,851)
Lease and other income, net	(465)	292	(173)	67	1,532	1,599
Gain on dealerships disposed (Note 34)	—	1,728	1,728	—	—	—
Loss on disposal of assets, net	(1,131)	(743)	(1,874)	(2,153)	—	(2,153)
Gain on lease terminations	2,561	11,463	14,024	53	—	53
Write off of leasehold improvements	—	(6,586)	(6,586)	—	—	—
Recovery on trade and other receivables	—	846	846	—	—	—
Net (impairment) recovery of non-financial assets (Note 20)	(3,369)	10,875	7,506	(1,130)	(11,393)	(12,523)
Impairment loss recognized on remeasurement to fair value less cost to dispose (Note 20)	—	—	—	—	(5,123)	(5,123)
Operating (loss) profit	(5,096)	11,967	6,871	(11,230)	(63,768)	(74,998)
Finance costs	(243)	(16,362)	(16,605)	(1,042)	(25,920)	(26,962)
Recycled cumulative foreign currency translation on return of capital	—	4,908	4,908	—	—	—
Loss for the year before taxation from discontinued operations	(5,339)	513	(4,826)	(12,272)	(89,688)	(101,960)
Income tax expense (Note 12)	—	621	621	—	13,698	13,698
Net loss from discontinued operations	(5,339)	(108)	(5,447)	(12,272)	(103,386)	(115,658)

	December 31, 2025			December 31, 2024		
	RightRide	Retail Automobile Dealerships - U.S.	Total	RightRide	Retail Automobile Dealerships - U.S.	Total
		Operations			Operations	
	\$	\$	\$	\$	\$	\$
Exchange differences on translation of discontinued operations	—	(6,131)	(6,131)	—	8,032	8,032
Recycled cumulative foreign currency translation on return of capital	—	(4,908)	(4,908)	—	—	—
Income tax relating to these items (Note 12)	—	(604)	(604)	—	—	—
Other comprehensive (loss) income from discontinued operations	—	(11,643)	(11,643)	—	8,032	8,032

	December 31, 2025	December 31, 2024
	\$	\$
Net cash (outflow) inflow from operating activities	(16,419)	31,674
Net cash inflow (outflow) from investing activities	6,841	(2,442)
Net cash outflow from financing activities	(6,442)	(10,009)
Net (decrease) increase in cash from discontinued operations	(16,020)	19,223

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

	December 31, 2025	December 31, 2024
	\$	\$
Current assets:		
Cash	5,464	—
Trade and other receivables	1,185	—
Inventories	1,257	—
Other current assets	41	—
Assets held for sale directly associated with discontinued operations (Note 17)	203,638	326,035
	211,585	326,035
Property and equipment	3	—
	211,588	326,035
Current liabilities:		
Trade and other payables	1,036	—
Revolving floorplan facilities	672	—
Lease liabilities	402	—
Liabilities directly associated with assets held for sale from discontinued operations (Note 17)	98,357	201,966
	100,467	201,966
Long-term lease liabilities	1,568	—
	102,035	201,966

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

	December 31, 2025	December 31, 2024
	\$	\$
Current assets:		
Cash	27,099	40,005
Trade and other receivables	14,467	28,389
Inventories	73,879	127,456
Current tax recoverable	—	1,203
Other current assets	216	369
	115,661	197,422
Property and equipment	23,121	47,619
Right-of-use assets	35,206	40,555
Intangible assets	26,628	36,762
Goodwill	3,022	3,677
Assets held for sale directly associated with discontinued operations	203,638	326,035
Current liabilities:		
Trade and other payables	17,876	47,904
Revolving floorplan facilities	31,313	79,789
Lease liabilities	13,325	7,472
Other liabilities	109	1,373
	62,623	136,538
Long-term lease liabilities	35,734	65,313
Long-term other liabilities	—	115
Liabilities directly associated with assets held for sale directly associated with discontinued operations	98,357	201,966

The cumulative foreign exchange losses recognized in other comprehensive income in relation to the discontinued operations as at December 31, 2025 were \$4,278 (2024 - \$15,921).

19 Property and equipment

	Company & lease vehicles \$	Leasehold improvements \$	Machinery & equipment \$	Land & buildings ^{1,2} \$	Furniture, fixtures & other \$	Computer equipment \$	Total \$
Cost:							
January 1, 2024	44,097	104,559	54,192	249,900	24,757	14,685	492,190
Capital expenditures	—	13,358	7,814	11	3,217	3,418	27,818
Business combinations (Note 13)	27	859	419	—	190	—	1,495
Disposals	—	(16,816)	(1,900)	(10,911)	(1,196)	(1,645)	(32,468)
Transfers to assets held for sale	(8,911)	(14,873)	(10,087)	(26,979)	(4,008)	(1,739)	(66,597)
Transfers to inventory, net	(2,264)	—	—	—	—	—	(2,264)
Foreign currency translation	564	1,086	774	1,600	323	121	4,468
December 31, 2024	33,513	88,173	51,212	213,621	23,283	14,840	424,642
Capital expenditures	—	16,661	2,651	2,411	579	1,346	23,648
Business combinations (Note 13)	1	6	113	—	12	3	135
Disposals	—	(2,615)	(1,149)	(327)	(3,239)	(1,448)	(8,778)
Transfers to assets held for sale	(20)	(126)	(289)	(6,948)	(88)	(88)	(7,559)
Transfers to inventory, net	(8,330)	—	—	—	—	—	(8,330)
December 31, 2025	25,164	102,099	52,538	208,757	20,547	14,653	423,758
Accumulated depreciation:							
January 1, 2024	(10,612)	(27,223)	(28,657)	(24,941)	(13,745)	(8,743)	(113,921)
Depreciation (Note 8)	(5,048)	(3,221)	(4,737)	(5,438)	(2,940)	(1,751)	(23,135)
Depreciation recorded in discontinued operations	(260)	(685)	(1,027)	(131)	(384)	(221)	(2,708)
Disposals	—	5,874	1,451	1,795	909	1,430	11,459
Transfers to assets held for sale	1,063	1,432	5,588	500	2,447	1,290	12,320
Transfers to inventory, net	4,265	—	—	—	—	—	4,265
Foreign exchange	(77)	(98)	(418)	(31)	(185)	(99)	(908)
December 31, 2024	(10,669)	(23,921)	(27,800)	(28,246)	(13,898)	(8,094)	(112,628)
Depreciation (Note 8)	(3,398)	(2,110)	(4,414)	(5,610)	(2,634)	(1,897)	(20,063)
Depreciation recorded in discontinued operations	—	(35)	—	—	(2)	—	(37)
Disposals	—	1,185	640	327	3,067	786	6,005
Transfers to assets held for sale	8	29	212	177	86	77	589
Transfers to inventory, net	3,761	—	—	—	—	—	3,761
December 31, 2025	(10,298)	(24,852)	(31,362)	(33,352)	(13,381)	(9,128)	(122,373)
Carrying amount:							
December 31, 2024	22,844	64,252	23,412	185,375	9,385	6,746	312,014
December 31, 2025	14,866	77,247	21,176	175,405	7,166	5,525	301,385

1 As at December 31, 2025, the Company owns land of \$50,943 (2024 - \$60,571), which is not subject to depreciation.

2 As at December 31, 2025 \$19,001 (2024 - \$nil) of construction-in-progress amounts are included in land and buildings and are not subject to depreciation until the assets are available for use.

The Company started the construction of a dealership facility in Maple Ridge, British Columbia on January 24, 2022. This project was completed in 2024. The construction was financed with the Company's non-revolving term facilities (Note 23). The amount of borrowing costs capitalized during the year ended December 31, 2025 was \$nil (2024 - \$189).

During the year ended December 31, 2025, management recognized an impairment loss of \$1,486 (2024 - \$nil) related to a property located in Chicago, Illinois. This impairment loss is included within net (loss) income from discontinued operations (Note 18).

20 Intangible assets and goodwill

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

The Company determined there were indicators of impairment as a result of specific CGUs that had actual results that fell short of previous estimates. The Company performed an interim test for impairment of indefinite-lived identifiable intangible assets in these specific CGUs as at September 30, 2025, and recorded an impairment charge on indefinite-lived identifiable intangible assets of \$4,015 for three dealerships in the Canadian Operations segment (2024 - \$11,393).

The Company performed an annual test for impairment as at December 31, 2025, and recorded an impairment charge on indefinite-lived identifiable intangible assets of \$4,919 (2024 - \$3,241) for four dealerships in the Canadian Operations segment. For the year ended December 31, 2025, \$nil (2024 - \$nil) impairment charges on goodwill were recorded. As part of the annual test, no recovery of Canadian dealership (2024 - one) was recorded on indefinite-lived identifiable intangible assets (2024 - \$(7,612)). The impairment charges for three dealerships were determined using VIU and for one dealership was determined using FVLCTS.

During the year ended December 31, 2025, the Company recorded an impairment charge for abandoned internally generated software costs of \$2,380 (2024 - \$nil) in the Canadian Operations segment.

The net impairment (recovery) for the year ended December 31, 2025 relates to the Company's reportable segments as follows:

	December 31, 2025			December 31, 2024		
	Canadian Operations \$	U.S. Operations \$	Total \$	Canadian Operations \$	U.S. Operations \$	Total \$
<i>Continuing operations</i>						
Intangible assets	11,314	—	11,314	3,412	—	3,412
	11,314	—	11,314	3,412	—	3,412
<i>Discontinued operations</i>						
Leases (note 24)	3,369	—	3,369	1,130	—	1,130
Intangible assets	—	(12,361)	(12,361)	—	15,833	15,833
Property and equipment (note 18)	—	1,486	1,486	—	—	—
Goodwill	—	—	—	—	683	683
	3,369	(10,875)	(7,506)	1,130	16,516	17,646

The changes in the book value of intangible assets and goodwill for the year ended December 31, 2025 were as follows:

	Intangible assets			Goodwill	Total
	Indefinite life	Definite life	Total		
			\$	\$	\$
Cost:					
January 1, 2024	711,037	4,392	715,429	204,879	920,308
Acquisitions	14,820	—	14,820	1,226	16,046
Additions	53	737	790	—	790
Prior year business acquisitions	—	—	—	(892)	(892)
Transfer to assets held for sale (Note 18)	(57,472)	—	(57,472)	(83,248)	(140,720)
Divestitures	(22,267)	—	(22,267)	—	(22,267)
Effect of foreign currency translation	4,646	—	4,646	6,728	11,374
December 31, 2024	650,817	5,129	655,946	128,693	784,639
Acquisitions (Note 13)	—	—	—	1,846	1,846
Additions	45	603	648	—	648
Prior year business acquisitions	—	—	—	46	46
Transfer to assets held for sale (Note 18)	(3,464)	—	(3,464)	—	(3,464)
Divestitures (Note 34)	(7,839)	—	(7,839)	(4,579)	(12,418)
December 31, 2025	639,559	5,732	645,291	126,006	771,297
Accumulated amortization and impairment:					
January 1, 2024	32,763	529	33,292	106,613	139,905
Impairment	11,024	—	11,024	—	11,024
Recoveries of impairment	(7,612)	—	(7,612)	—	(7,612)
Impairment recorded in discontinued operations	15,833	—	15,833	683	16,516
Amortization of intangible assets (Note 8)	—	503	503	—	503
Transfer to assets held for sale (Note 18)	(20,710)	—	(20,710)	(79,571)	(100,281)
Divestitures (Note 17)	(7,782)	—	(7,782)	—	(7,782)
Effect of foreign currency translation	931	—	931	6,376	7,307
December 31, 2024	24,447	1,032	25,479	34,101	59,580
Impairment	8,934	2,380	11,314	—	11,314
Amortization of intangible assets (Note 8)	—	733	733	—	733
December 31, 2025	33,381	4,145	37,526	34,101	71,627
Carrying amount:					
December 31, 2024	626,370	4,097	630,467	94,592	725,059
December 31, 2025	606,178	1,587	607,765	91,905	699,670

Additions to intangible assets for internally generated software costs have a finite useful life.

Carrying value

CGUs have been determined to be individual dealerships. The following table shows the carrying amount of identifiable intangible assets and goodwill by CGU:

Cash Generating Unit	December 31, 2025			December 31, 2024		
	Intangible assets	Goodwill	Total	Intangible assets	Goodwill	Total
AL	27,807	6,135	33,942	27,807	6,135	33,942
AF	29,495	922	30,417	29,495	922	30,417
CI	27,265	2,919	30,184	27,265	2,919	30,184
AZ	21,250	3,970	25,220	21,250	3,970	25,220
U	24,494	506	25,000	24,494	506	25,000
AD	22,300	2,629	24,929	22,300	2,629	24,929
A	22,293	—	22,293	22,293	—	22,293
S	21,806	—	21,806	21,806	—	21,806
D	18,044	3,724	21,768	18,044	3,724	21,768
AO	21,687	—	21,687	21,687	—	21,687
AH	20,384	—	20,384	20,384	—	20,384
CR	18,940	382	19,322	18,940	382	19,322
T	18,599	—	18,599	18,599	—	18,599
BS	15,335	3,058	18,393	15,335	3,058	18,393
BI	10,305	6,111	16,416	10,305	6,111	16,416
SE	14,820	1,272	16,092	14,820	1,226	16,046
G	14,235	1,677	15,912	14,235	1,677	15,912
X	14,065	1,740	15,805	14,065	1,740	15,805
I	14,413	—	14,413	15,520	—	15,520
P	15,078	—	15,078	15,078	—	15,078
AE	14,091	—	14,091	14,496	—	14,496
CG	87	14,292	14,379	53	14,292	14,345
AP	12,496	941	13,437	12,496	941	13,437
AI	11,470	1,903	13,373	11,470	1,903	13,373
AK	12,481	—	12,481	13,176	—	13,176
CK	10,990	1,132	12,122	10,990	1,132	12,122
M	11,549	—	11,549	11,549	—	11,549
AR	9,263	950	10,213	9,263	950	10,213
Other CGUs less than \$10,000 ¹	132,723	37,642	170,365	153,252	40,375	193,627
Carrying amount	607,765	91,905	699,670	630,467	94,592	725,059

¹ CGUs under \$10,000 have been aggregated together, determined to be appropriate given the size of the Company.

Recoverable amounts

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

Canadian Operations

Cash Generating Unit	FVLCD or VIU	December 31, 2025 \$	December 31, 2024 \$
A	VIU	25,461	25,554
AE	VIU	17,300	20,434
AK	VIU	15,353	14,905
I	VIU	13,350	14,778
Other CGUs less than \$10,000 ⁽¹⁾	FVLCD and VIU	11,718	9,917

¹ CGUs under \$10,000 have been aggregated together, determined to be appropriate given the size of the Company. Comparatives in the table have been updated to aggregate CGU's under \$10,000.

Impairment test of indefinite life intangible assets

The assumptions and sensitivities applied in the intangible assets impairment test are described as follows:

Valuation techniques

The Company did not make any changes to the valuation methodology used to assess impairment in the current year. The recoverable amount of each CGU is based on the greater of fair value less cost to dispose and value in use.

Value in use

VIU is predicated upon the value of the future cash flows that a business will generate going forward. The DCF method is used, which involves projecting cash flows and converting them into a present value equivalent through discounting. The discounting process uses a rate of return that is commensurate with the risk associated with the business or asset and the time value of money. This model requires assumptions about growth rates, earnings before interest, taxes, depreciation, and amortization ("EBITDA"), and discount rates.

Fair value less costs to dispose

FVLCD assumes that companies operating in the same industry will share similar characteristics and that the Company's values will correlate to those characteristics. Therefore, a comparison of a CGU to similar companies may provide a reasonable basis to estimate fair value. Under this model, fair value is calculated based on an applicable multiple applied to projected EBITDA. Data for EBITDA multiples was based on recent comparable transactions and management estimates. Multiples used in the test for impairment for each CGU were in the range of 2.5 and 15.0 times forecasted EBITDA for CGUs tested for impairment on December 31, 2025 (2024 - 2.5 to 8.8 times).

Significant assumptions for VIU

Projected EBITDA and growth rates

The assumptions used are based on the Company's internal budget, which is approved by the Board of Directors. The Company projects operating margins and cash flows for a period of one year and applies growth rates in the cash flow forecast period commensurate with industry forecasts. In arriving at its forecasts, the Company considers past experiences, economic trends, and inflation as well as industry and market trends. Management applied a growth rate between 0.0% and 4.9% in its projections for CGUs tested for impairment on December 31, 2025 (2024 - 0.0% and 2.1%).

Discount rates

The Company applies a discount rate to calculate the present value of its projected cash flows. The discount rate represents the Company's internally computed weighted average cost of capital ("WACC") for each CGU with appropriate adjustments for the risks associated with the CGUs in which intangible assets are allocated. The WACC is an estimate of the overall required rate of return on an investment for both debt and equity owners and serves as the basis for developing an appropriate discount rate. Determination of the discount rate requires separate analysis of the cost of equity and debt, and considers a risk premium based on an assessment of risks related to the projected cash flows of each CGU. Management applied a discount

rate between 9.71% and 10.61% in its projections for CGUs tested for impairment on December 31, 2025 (2024 - 11.09% and 12.33%).

Significant assumptions for FVLCD

Projected EBITDA

The Company's assumptions for projected EBITDA are based on the Company's internal budget, which is approved by the Board of Directors. In arriving at the projected EBITDA, the Company considers projected operating margins and growth rates as significant assumptions, past experiences, economic trends, and inflation as well as industry and market trends.

EBITDA multiples

EBITDA multiples are based on recent comparable transactions, market comparatives, and management estimates.

Sensitivity

As there are CGUs that have intangible assets with original costs that exceed their current year carrying amounts, the Company expects future impairments and recoveries of impairments to occur as market conditions change and risk premiums used in developing the discount rate change.

The recoverable amount of each CGU is sensitive to changes in market conditions and could result in material changes in the carrying value of intangible assets in the future. Based on sensitivity analysis, no reasonably possible change in key assumptions would cause the recoverable amount of any CGU to have a significant change from its current valuation except for the CGUs identified below.

CGUs, which use VIU as the basis of recoverable amount, for which a reasonably possible change in key assumptions would cause an impairment, along with the change required for an impairment to occur are as follows:

Cash Generating Unit	Change in discount rate	Change in growth rate	Carrying amount \$	Recoverable amount exceeds carrying amount \$
December 31, 2025				
A	0.01 %	0.01 %	25,461	—
NM	0.18 %	0.92 %	2,560	121
CE	0.25 %	1.30 %	2,536	133
W	0.37 %	2.11 %	7,939	718
AT	0.42 %	2.60 %	7,648	590
December 31, 2024				
C	0.20 %	1.66 %	4,267	187
BS	0.25 %	2.12 %	22,409	562
AP	0.61 %	2.48 %	22,772	1,520
W	0.31 %	2.49 %	8,001	418
I	0.09 %	1.01 %	14,778	—

CGUs, which use FVLCD as the basis of recoverable amount, for which a reasonably possible change in key assumptions would cause an impairment, along with the change required for an impairment to occur are as follows:

Cash Generating Unit	Change in multiple	Recoverable amount \$	Carrying amount \$	Recoverable amount exceeds carrying amount \$
December 31, 2025				
CI	0.14	29,155	28,895	260
December 31, 2024				
AI	0.01	12,613	12,613	—

21 Other assets

	December 31, 2025		December 31, 2024	
	Current	Long-term	Current	Long-term
Prepaid expenses	15,380	617	11,923	2,092
Other assets	1,283	14,479	—	13,557
Net investment in lease (Note 24)	127	725	70	852
Other assets	16,790	15,821	11,993	16,501

Other assets includes \$13,909 (2024 - \$13,557) of long-term loans receivable from the respective non-controlling interests (Note 14).

22 Trade and other payables

	December 31, 2025	December 31, 2024
Trade payables	47,389	76,789
Accruals and provisions	47,953	36,687
Sales tax payable	24,224	30,300
Wages and withholding taxes payable	29,951	33,697
Trade and other payables	149,517	177,473

The following table provides a continuity schedule of all recorded provisions:

	Employee costs	Legal and other	Total
January 1, 2024	1,576	2,981	4,557
Provisions made during the year	1,636	—	1,636
Amounts expired or disbursed	(1,087)	—	(1,087)
December 31, 2024	2,125	2,981	5,106
Provisions made during the year	12,171	—	12,171
Amounts expired or disbursed	(10,682)	(200)	(10,882)
December 31, 2025	3,614	2,781	6,395

Employee costs

The balance represents management's best estimate of the most likely outcome of the Company's liability associated with termination benefits and employment claims.

23 Revolving floorplan facilities and indebtedness

This note provides information about the contractual terms of the Company's interest bearing debt, which is measured at amortized cost. For more information about the Company's exposure to interest rate, foreign currency, and liquidity risk, refer to Note 32.

	December 31, 2025 \$	December 31, 2024 \$
Revolving floorplan facilities		
Revolving floorplan facilities - Syndicate (ii)	549,106	596,585
Revolving floorplan facilities - Ally Financial (viii)	33,922	42,247
Revolving floorplan facilities - VW Credit Canada, Inc. (iii)	94,246	107,162
Revolving floorplan facilities - RBC (v)	79,982	80,160
Revolving floorplan facilities - BMW Financial (iv)	83,113	67,301
Revolving floorplan facilities - Mercedes-Benz Financial (vii)	53,091	55,756
Revolving floorplan facilities - GM Financial (vi)	69,156	61,368
Total revolving floorplan facilities	962,616	1,010,579
Indebtedness		
<i>Revolving term facilities (ii)</i>		
Revolving term facility	130,100	156,931
Unamortized deferred financing costs	(1,389)	(2,053)
	128,711	154,878
<i>Non-revolving term facilities</i>		
Non-recourse mortgages (ix)	38,416	40,104
Unamortized deferred financing costs	(11)	(45)
	38,405	40,059
<i>Senior unsecured notes</i>		
Senior unsecured notes (i)	350,000	350,000
Unamortized deferred financing costs	(2,800)	(3,700)
	347,200	346,300
<i>Other debt</i>		
Other long-term debt	393	414
Total indebtedness	514,709	541,651
Current indebtedness	1,688	24,108
Long-term indebtedness	513,021	517,543

The following table shows the movement of indebtedness during the years ended December 31, 2025 and December 31, 2024:

	2025 \$	2024 \$
Balance, January 1	541,651	562,922
Amortization of deferred financing costs	1,917	1,413
Draws and additions	760,680	635,046
Repayments and redemption	(789,539)	(657,730)
Balance, December 31	514,709	541,651

Terms and conditions of outstanding loans are as follows:

- i. The Company has Senior Unsecured Notes ("the New Issuance Notes"), with a \$350,000 aggregate principal amount (2024 - \$350,000), issued at par for a stated interest rate of 5.75% (2024 - 5.75%). The New Issuance Notes have a term of seven years and mature on February 7, 2029. Interest is payable semi-annually on February 7 and August 7 of each year the New Issuance Notes are outstanding.

The New Issuance Notes agreement contains certain redemption options whereby the Company can redeem all or part of the New Issuance Notes at prices set forth in the agreement, following certain dates specified in the agreement. In addition, at any time prior to February 7, 2025, the Company may at its option redeem up to 40% of the aggregate principal amount of the New Issuance Notes with net cash proceeds from equity offerings at a specified redemption price in the agreement. The Company did not exercise this option. The New Issuance Note holders also have the right to require the Company to redeem the New Issuance Notes or a portion thereof, at the redemption prices set forth in the agreement in the event of a change in control. These redemption features constitute embedded derivatives that are required to be separated from the New Issuance Notes and measured at fair value.

The embedded derivative components of these compound financial instruments are measured at fair value at each reporting date with gains or losses in fair value recognized through profit or loss. For the year ended December 31, 2025, the Company recognized an embedded derivative of \$nil (2024 - \$nil) related to these redemption options.

- ii. On March 28, 2025, the Company obtained lender consent to change its syndicated credit agreement 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. On July 1, 2025, the Company's maximum permitted Total Net Funded Debt to Bank EBITDA Ratio reverted to 4.50:1.00 and on October 1, 2025, the Company's maximum permitted Total Net Funded Debt to EBITDA Ratio reverted to 4.00:1.00 (Note 32).

On December 19, 2025, the Company amended its syndicated credit agreement to obtain lender consent to amend the definition of EBITDA, for purposes of determining compliance with the Company's financial covenants under the syndicated credit agreement for the rolling four quarter period from December 31, 2025, to December 31, 2026, to include add-backs of up to \$20.0 million for specific one-time expenses incurred by the Company from July 1, 2025 to December 31, 2026 in connection with the settlement and termination of certain senior officers of the Company (Note 32).

In the case of advances under the revolving facility, the margins above the prime rate, banker's acceptance rate or U.S. base rate are subject to a pricing grid based on the then applicable ratio of senior net funded debt to EBITDA as noted below. As at December 31, 2025, advances at the prime rate or U.S. base rate plus 1.50% (2024 - 1.75%) for total of 5.95% (2024 - 7.20%), or at the Canadian Overnight Repo Rate Average ("CORRA") rate plus 2.50% (2024 - 2.75%) for total of 5.03% (2024 - 6.65%) at December 31, 2025. The wholesale leasing facilities bear interest rates of CORRA plus 2.00% (2024 - CORRA plus 2.00%) for a total of 4.53% (2024 - 5.90%). The wholesale floorplan facilities bear interest rates of CORRA plus 1.00% to 1.15% (2024 - 1.00%-1.15%) for a total of 3.53% to 3.68% (2024 - 4.90% to 5.05%), except for facility for floorplan of used export vehicles, which bears interest rates of CORRA plus 1.50% (2024 - 1.50%) for total of 4.03% (2024 - 5.40%).

The agreement has certain reporting requirements and financial covenants. Financial covenants are based on total operations (continuing operations and discontinued operations). The floorplan facility is collateralized by each individual dealership's inventories that are directly financed by the facility. The revolving credit facility is collateralized by certain of the Company's real property and fixed assets, as well as certain current receivable and inventory assets not otherwise pledged as collateral.

- iii. VW Credit Canada, Inc. ("VCCI") provides floorplan financing for new and used vehicles for all of the Company's Volkswagen, Audi, and Porsche dealerships (the "VCCI facilities"). As at December 31, 2025, the maximum amount of financing was \$152,350 (2024 - \$152,350). The VCCI facilities bear interest of RBC prime rate plus 0.00%-0.25% (2024 - 0.00%-0.25%). The RBC prime rate was 4.45% at December 31, 2025 (2024 - 5.45%). The combined total interest rates were 4.45%-4.70% (2024 - 5.45%-5.70%). The VCCI facilities have certain reporting requirements and financial covenants and are collateralized by all of the dealerships' assets financed by VCCI. The individual notes payable of the VCCI facilities are due when the related vehicle is sold.
- iv. BMW Financial Services Canada ("BMW Financial"), a division of BMW Canada Inc., provides floorplan financing for new, used and demonstrator vehicles for all of the Company's BMW dealerships (the "BMW Facilities"). As at December 31, 2025, the maximum advance limit was \$118,750 (2024 - \$118,750). The BMW Facilities bears interest rate of prime minus 0.40% (2024 - 0.40%) per 360 day annum for a total of 4.05% at December 31, 2025 (2024 - 5.05%). The BMW Facilities have certain reporting requirements and financial covenants and are collateralized by the dealerships' movable and immovable property.

- v. Royal Bank of Canada ("RBC") provides floorplan financing for new, used and demonstrator vehicles for five of the Company's dealerships (the "RBC Facilities"). As at December 31, 2025, the maximum advance limit was \$129,500 (2024 - \$129,500). The RBC Facilities bear interest rates of RBC's Cost of Funds Rate plus 0.00%-0.15% (2024 - 0.00%-0.15%). As at December 31, 2025 the RBC's Cost of Funds Rate was 3.45% (2024 - 4.45%). The combined total interest rates were 3.45%-3.60% (2024 - 4.45%-4.60%). The RBC Facilities have certain reporting requirements and financial covenants and are collateralized by the new, used, and demonstrator inventory financed by RBC and a general security agreement from the dealerships financed by RBC.
- vi. General Motors Financial of Canada (the "GM Financial Facilities") provides floorplan financing for new, used, service loaner, and demonstrator vehicles for three of the Company's dealerships. GM Financial Facilities bear interest of prime rate minus 0.25%. As at December 31, 2025, the prime rate was 4.45% (2024 - 5.45%) for a total interest rate of 4.20% (2024 - 5.20%). The maximum amount of financing was \$75,800 (2024 - \$75,800). The GM Financial Facilities have certain reporting requirements and are collateralized by the new, used, and demonstrator inventory financed by GM Financial and a general security agreement from the Company's three dealerships financed by GM Financial.
- vii. Mercedes-Benz Financial (the "Mercedes-Benz Facilities") provides floorplan financing for new, used and demonstrator vehicles for two of the Company's dealerships. As at December 31, 2025, the maximum amount of financing was \$65,500 (2024 - \$65,500). The facilities bear interest at CORRA plus 1.80%-2.10% per annum (2024 - 1.80%-2.10%) for total of 4.04%-4.34% (2024 - 5.36%-5.66%). The Mercedes-Benz Facilities have certain reporting requirements and financial covenants and are collateralized by the new, used, and demonstrator inventory financed by Mercedes-Benz Financial and a general security agreement from the Company's dealerships financed by Mercedes-Benz Financial.
- viii. Ally Financial (the "Ally facility") provides U.S. floorplan financing for new, used, and demonstrator vehicles in the Company's U.S. dealerships. As at December 31, 2025, the facility limit was \$65,222 USD (2024 - \$127,500 USD). The Ally facility bears interest at Secured Overnight Financing Rate ("SOFR") plus 4.50% (2024 - SOFR plus 4.50%). As at December 31, 2025, the effective rate was 8.47% (2024 - 8.63%). The floorplan facility has certain reporting requirements and financial covenants and is collateralized by each individual dealership's inventories that are directly financed by the facility.
- ix. The Company executed a non-recourse mortgage financing for a previously purchased property in Maple Ridge, BC. The non-recourse mortgage arrangement funds land value as well as building associated with the development of two dealerships. The mortgage was refinanced as of September 2025 at a interest rate of CORRA plus 2.45% (2024 - Prime plus 1.00%) with a combined total rate of 4.98% as at December 31, 2025 (2024 - 6.45%). The mortgage has a two-year term, twenty-five-year amortization, and will require monthly interest plus principal payments. As at December 31, 2025, the Company has drawn \$22,420 (2024 - \$23,364) on the facilities to partially fund land and building value.

The Company has executed two non-recourse mortgage financings for previously purchased properties in Windsor, ON and London, ON. The \$7,120 and \$11,480 non-recourse mortgage arrangements (2024 - \$7,120 and \$11,480), respectively, funds land and building value only. The mortgages have a five-year term with a fixed interest rate of 7.07% (2024 - 7.07%). The mortgages require 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.

The underlying real estate is pledged as collateral on the non-recourse mortgages in the amount of the loan, as at December 31, 2025 the carrying value of the pledged real estate is \$83,889 (2024 - \$85,465).

As at December 31, 2025, \$1,688 (2024 - \$24,108) of non-recourse mortgage loans is classified as current.

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

24 Leases

The below table summarizes the right-of-use asset and lease liability movement for the Company's properties:

	December 31, 2025 \$	December 31, 2024 Revised ⁽¹⁾ \$
Right-of-use assets, beginning of period	389,958	405,105
Additions	6,483	48,981
Acquisitions (Note 13)	1,761	18,850
Depreciation (Note 8)	(32,496)	(32,069)
Depreciation recorded in discontinued operations	(122)	(3,850)
Disposals	(24,279)	(8,758)
Impairment recorded in discontinued operations (Note 18)	(3,369)	(1,130)
Effect of foreign currency translation	—	3,384
Transfers to assets held for sale (Note 18)	—	(40,555)
Right-of-use assets, end of period	337,936	389,958

	December 31, 2025 \$	December 31, 2024 Revised ⁽¹⁾ \$
Lease liabilities, beginning of period	457,172	497,424
Additions	6,483	48,981
Acquisitions (Note 13)	1,761	18,850
Repayments	(56,097)	(66,612)
Interest expense (Note 11)	30,220	31,514
Interest expense recorded in discontinued operations	222	3,453
Transfers to liabilities held for sale (Note 18)	—	(72,785)
Gain on modification of lease term	(75)	—
Disposals	(30,345)	(10,218)
Effect of foreign currency translation	—	6,565
Lease liabilities, end of period	409,341	457,172
Current lease liabilities	25,872	35,780
Long-term lease liabilities	383,469	421,392

¹ Comparative period revised to reflect current period presentation for reclassification of discontinued operations (Note 18).

For the year ended December 31, 2025, the Company had total cash outflows relating to the principal portion for leases of \$26,107 (2024 - \$24,934).

Other disclosures

Other than depreciation, the following amounts have been recognized in income:

	2025 \$	2024 \$
Expenses related to short-term leases (included in operating expenses)	641	363
Expenses related to leases of low-value assets that are not shown above as short-term leases (included in operating expenses)	—	46
Income from sub-leasing right-of-use assets (included in lease and other income)	54	58

As at December 31, 2025, potential undiscounted cash outflows of \$563,560 (2024 - \$589,945), have not been included in the lease liability as it is not reasonably certain the extension options will be exercised. The financial effect of including reasonably certain extension options in leases liabilities and right-of-use assets is \$96,852 (2024 - \$103,941).

Leases as lessor

Finance lease

For the year ended December 31, 2025, the Company has sub-leased one property that has been presented as a net investment in lease in other assets (Note 21) and recognized interest income on lease receivables of \$54 (2024 - \$58) (Note 11).

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after December 31, 2025:

	Total \$
2026	127
2027	133
2028	136
2029	142
2030	146
Thereafter	388
Total undiscounted lease receivable	1,072
Unearned finance income	220
Net investment in the lease	852

25 Derivative financial instruments

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

Foreign exchange risk

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

Interest rate risk

The Company enters into interest rate swap agreements to hedge the variable rates of the syndicated floorplan facility transforming the variable rate exposure to fixed rate obligations. As at December 31, 2025, the Company had no designated cash flow hedges.

On November 10, 2025, the Company entered into a new interest rate swap with a total notional amount of \$22,656 to economically hedge the variable rate of debt. This instrument has an effective date of October 27, 2025, and a maturity date of October 27, 2028. The agreement includes an option to extend the maturity to October 27, 2030, which is exercisable at the counterparty's option. Changes in the fair value of this instrument will be recorded in finance costs as the Company has not elected to apply hedge accounting to these contracts.

Swaps currently in place cover approximately 62.87% (2024 - 77.81%) of the variable principal outstanding on the syndicate revolving floorplan facilities. The swaps fix CORRA rates in the range between 2.57% - 4.53% (2024 - 2.46% - 4.53%) and the variable rates of the wholesale floorplan facilities bears an interest rate of CORRA plus 1.00% - 1.15% (2024 - 1.00%), which, at the end of the reporting period, was 3.53% to 3.68% (2024 - 4.90% to 5.05%).

The swap contracts require settlement of net interest receivable or payable every 28 to 32 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

During the years ended December 31, 2025, and December 31, 2024, there were no changes to the designation of cash flow hedges.

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

	Foreign exchange forward contracts Non-hedges \$	Interest rate swaps Non-hedges \$	Total \$
December 31, 2025			
Derivative financial instruments - current assets	911	—	911
Derivative financial instruments - current liabilities	—	2,109	2,109
Derivative financial instruments - non current liabilities	—	5,147	5,147
Notional values	58,000 USD	345,201 CAD	
Maturity	2026	2026 - 2030	
December 31, 2024			
Derivative financial instruments - current assets	—	376	376
Derivative financial instruments - current liabilities	1,741	—	1,741
Derivative financial instruments - non current liabilities	—	8,705	8,705
Notional values	56,800 USD	480,600 CAD	
Maturity	2025	2025 - 2030	

The weighted average hedge rate of cash flow hedges was 3.37% (2024 - 3.27%).

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

	Net income \$	Other comprehensive income \$	Total \$
For the year ended December 31, 2025			
Unrealized fair value changes on non-hedging instruments (Note 11)	1,071	—	1,071
Interest rate swap settlements (Note 11)	(1,626)	—	(1,626)
Unrealized fair value changes on foreign exchange forward contracts	2,652	—	2,652
Realized loss on foreign exchange forward contracts	(1,087)	—	(1,087)
	1,010	—	1,010
For the year ended December 31, 2024			
Change in fair value of hedging instruments	—	(206)	(206)
Unrealized fair value changes on non-hedging instruments (Note 11)	(10,030)	—	(10,030)
Interest rate swap settlements (Note 11)	4,774	—	4,774
Unrealized fair value changes on foreign exchange forward contracts	(3,853)	—	(3,853)
Realized loss on foreign exchange forward contracts	(2,292)	—	(2,292)
	(11,401)	(206)	(11,607)

26 Vehicle repurchase obligations

The Company operates service loaner programs and provides vehicles to a third-party vehicle rental company with individual terms not to exceed 12 months, at which time the Company has an obligation to repurchase each vehicle at a predetermined amount. As a result, the Company has recorded the contractual repurchase amounts as outstanding vehicle repurchase obligations and has classified the liability as current due to the short-term nature of the obligation.

27 Equity forward liabilities

Equity forward liabilities

The Company has entered into equity forward purchase agreements with a major Canadian financial institution to reduce its cash and income exposure to fluctuations in its share price relating to the Restricted Share Units ("RSUs"), Performance Share Units ("PSUs"), Stock Units, Deferred Share Units ("DSUs"), and Share Appreciation Rights ("SARs"). Pursuant to the agreement, the Company receives the economic benefit of share price appreciation and suffers the economic loss of share price depreciation, while providing payments to the financial institution for the institution's cost of funds minus dividends. As the agreement requires settlement in shares, the liability has been recorded as the present value of the settlement and is not subject to remeasurement. The equity forward purchase agreements give the Company and the counterparty the option to settle all of the common shares under the equity forward agreements in advance of the contractual settlement date.

On June 13, 2025, the Company amended one of its existing equity forward agreements on 100,000 common shares to extend the settlement date to December 17, 2026.

On June 23, 2025, the Company amended one of its existing equity forward agreements to increase the number of common shares from 100,000 to 104,400 with an outstanding liability amounting to \$2,255 (2024 - \$1,972).

On July 28, 2025, the Company entered into a new equity forward agreement for a total of 150,000 common shares with an outstanding liability amounting to \$3,744. The equity forward agreement settles on December 16, 2027, for 150,000 common shares.

On September 5, 2025, the Company entered into a new equity forward agreement for a total of 150,000 common shares with an outstanding liability amounting to \$4,787. The equity forward agreement settles on December 16, 2027, for 150,000 common shares.

On December 10, 2025, the Company entered into a new equity forward agreement for a total of 150,000 common shares with an outstanding liability amounting to \$3,093. The equity forward agreement settles on December 16, 2027, for 150,000 common shares.

As at December 31, 2025, the Company has equity forward agreements on 804,400 (2024 - 350,000) outstanding common shares with an outstanding liability amounting to \$22,970 (2024 - \$11,063). The outstanding liability is classified as a current liability.

The following table shows the change in the equity forward liability for the years ended:

	December 31, 2025		December 31, 2024	
	Number of shares	\$	Number of shares	\$
Outstanding, beginning of the period	350,000	11,063	350,000	11,063
Acquired	454,400	11,907	—	—
Outstanding, end of the period	804,400	22,970	350,000	11,063

28 Commitments and contingencies

Lawsuits and legal claims

The Company is engaged in various legal proceedings and claims that have arisen in the ordinary course of business. The outcome of all of the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company, taken as a whole. Note 22 includes provisions to account for information known to the Company and based on estimates of probable resolutions.

The Company's operations are subject to federal, provincial, state and local environmental laws and regulations in Canada and the U.S. While the Company has not identified any costs likely to be incurred in the next several years, based on known information for environmental matters, the Company's ongoing efforts to identify potential environmental concerns in connection with the properties it leases may result in the identification of environmental costs and liabilities. The magnitude of such additional liabilities and the costs of complying with environmental laws or remediating contamination cannot be reasonably estimated at the Consolidated Statements of Financial Position date due to lack of technical information, absence of third-party claims, the potential for new or revised laws and regulations and the ability to recover costs from any third parties. Thus, the likelihood of any such costs or whether such costs would be material cannot be determined at this time.

Civil investigation

On December 21, 2022, the Company received a Civil Investigative Demand ("CID") from the Federal Trade Commission ("FTC") requesting information and documents concerning the Company's U.S. Operations ("Leader Automotive Group" or "Leader"). The Company responded to the CID by producing information and documents for the period from April 1, 2018, to January 20, 2023. On July 8, 2024, the FTC staff counsel sent to the Company a proposed consent order and draft complaint, alleging that Leader had violated Section 5 of the Federal Trade Commission Act ("FTC Act"), the FTC's Used Motor Vehicle Trade Regulation Rule ("Used Car Rule"), and Illinois law in connection with advertising, sale, lease, and financing of vehicles, and advising that it would recommend the filing of an enforcement action if Leader did not settle the FTC's claims. On August 9, 2024, FTC staff informed the Company that the complaint recommendation of the Bureau of Consumer Protection had been forwarded to the Commissioners of the FTC. On December 19, 2024, the Company reached an agreement with the FTC to resolve the FTC's civil investigation. As part of the resolution, the Company will pay \$20,000 USD to the FTC and the State of Illinois in monetary relief, with no civil penalties.

On January 8, 2025, the Company paid \$28.9 million (\$20.0 million USD) to the FTC and the State of Illinois in monetary relief, with no civil penalties.

Wholesale transactions at Capital Chrysler Dodge Jeep Ram

On November 5, 2024, the Company received a decision from the Court of King's Bench of Alberta that decided that certain factual and legal opinions of the investigative receiver were binding on the parties to the action. The action was commenced by Capital Chrysler Dodge Jeep Ram respecting an ownership claim to certain new and used vehicles that were allegedly sold in a series of wholesale transactions in 2018 ("Wholesale Transactions in 2018"). The Decision is not final, as it is in the process of being appealed by Capital Chrysler Dodge Jeep Ram.

Letters of guarantee

The Company has outstanding letters of guarantee totaling \$4,859 as at December 31, 2025 (2024 - \$4,866) with various due dates.

The Company will settle obligations as they arise for which these letters have been issued as security and it is not the Company's intent that draws will be made on these letters.

Capital commitments

As at December 31, 2025, the Company is committed to capital expenditure obligations in the amount of \$2,488 (2024 - \$3,781) related to dealership relocations, re-imaginings, and dealership Open Points with expected completion of these commitments in 2030.

29 Share-based payments

The Company operates an equity-settled compensation plan under which it receives services from employees as consideration for share-based payments. The plans are as follows:

Restricted share units ("RSUs")

The Company grants RSUs to designated management employees. The RSUs are entitled to earn additional units based on dividend payments made by the Company and the share price on date of payment. The RSUs granted are scheduled to vest at different intervals over three years, conditional upon continued employment with the Company.

The number of RSUs granted is determined based on the grant value divided by the Company's volume weighted average share price for the five days prior to the grant date. For the year ended December 31, 2025, 102,371 RSUs (2024 - 37,919) were granted at a fair value of \$20.92 (2024 - \$22.05). The fair value of the RSUs granted is recognized as an expense over the period in which the RSUs are expected to vest.

The share unit plan settles by way of common shares based on the Company's share price on the vesting date. During the year ended December 31, 2025, 84,065 RSUs (2024 - 91,302) were settled, the weighted average share price at the date of exercise was \$21.06 (2024 - \$20.72).

During the year ended December 31, 2025, no RSUs (2024 - 7,470) were forfeited, the grant date fair value of the RSUs forfeited in the year was \$nil (2024 - \$16.08).

The following table shows the change in the number of RSUs for the years ended:

	December 31, 2025	December 31, 2024
	Number of RSUs	Number of RSUs
Outstanding, beginning of the year	74,754	135,607
Settled - equity	(84,065)	(91,302)
Granted	102,371	37,919
Forfeited units	—	(7,470)
Outstanding, end of the year	93,060	74,754

During the year ended December 31, 2025, no RSUs were vested but not settled.

Performance share units ("PSUs")

The Company grants PSUs to designated management employees under the existing share unit plan. The PSUs are entitled to earn additional units based on dividend payments made by the Company and the achievement of specific non-market performance goals, if applicable. The PSUs granted are scheduled to vest based on the achievement of specific non-market performance goals assessed over three or seven years, based upon adjusted EBITDA, dealership net income, or cost savings, conditional upon continued employment with the Company. The PSUs settle by way of common shares. The number of awards expected to vest at grant date has been determined using a Monte Carlo Simulation.

The number of PSUs granted is determined based on the grant value divided by the Company's volume weighted average share price for the five days prior to the grant date. During the year ended December 31, 2025, 618,305 PSUs (2024 - 562,511) were granted at a weighted average fair value of \$17.71 (2024 - \$22.85). The fair value of the PSUs granted is recognized as an expense over the period in which the PSUs are expected to vest.

During the year ended December 31, 2025, 68,747 PSUs (2024 - nil) were settled, the weighted average share price at the date of exercise was \$22.21 (2024 - \$nil).

During the year ended December 31, 2025, 397,855 PSUs (2024 - nil) were forfeited, the grant date fair value of the PSUs forfeited in the year was \$22.82 (2024 - \$nil).

The following table shows the change in the number of PSUs for the years ended:

	December 31, 2025	December 31, 2024
	Number of PSUs	Number of PSUs
Outstanding, beginning of the year	562,511	—
Settled - equity	(68,747)	—
Granted	618,305	562,511
Forfeited units	(397,855)	—
Outstanding, end of the year	714,214	562,511

During the year ended December 31, 2025, no PSUs were vested but not settled.

Deferred share units ("DSUs")

Independent members of the Board of Directors are paid a portion of their annual retainer in the form of DSUs. They may also elect to receive up to 100% of their remaining cash remuneration in the form of DSUs. The underlying security of DSUs are the Company's common shares and are valued based on the Company's average share price for the five business days prior to the date on which Directors' fees are granted. The DSUs are also entitled to earn additional units based on dividend payments made by the Company and the share price on date of payment. For the year ended December 31, 2025, 55,962 DSUs (2024 - 67,696) were granted at a fair value of \$20.93 (2024 - \$18.62). The fair value is recognized as an expense over the period in which the DSUs are granted. The DSUs settle by way of common shares.

DSUs vest upon granting. The DSUs are scheduled to settle upon the termination date of the Director, at which time, the DSUs will be settled in common shares no earlier than the termination date and no later than December 15 of the calendar year following the Director's termination date.

For the year ended December 31, 2025, 41,761 DSUs (2024 - 22,931) were settled, the weighted average share price at the date of exercise was of \$28.66 (2024 - 21.10). The weighted average share price value is based on the volume weighted average price of the Company's share price for the five business days prior to the date of settlement.

The following table shows the change in the number of DSUs for the years ended:

	December 31, 2025	December 31, 2024
	Number of DSUs	Number of DSUs
Outstanding, beginning of the year	238,145	193,380
Settled - equity	(41,761)	(22,931)
Granted	55,962	67,696
Outstanding, end of the year	252,346	238,145

Stock option plan ("Stock Options")

The Stock Option Plan (the "Plan") is designed to provide long-term incentives to designated management to deliver long-term shareholder returns. Under the Plan, participants are granted options which only vest if certain service and market conditions are met. The terms of the Plan specify that following retirement an employee may exercise vested options with the right to exercise continuing for 120 days following the retirement date.

Options are granted under the Plan for no consideration and carry no dividend or voting rights. When exercisable, each option is exercisable to acquire one common share. The exercise price of options is determined by the Board and shall not be lower than the closing price of the AutoCanada shares on the Toronto Stock Exchange immediately preceding the date of grant.

The following table shows the change in the number of stock options for the years ended:

	December 31, 2025		December 31, 2024	
	Average exercise price per Stock Option \$	Number of Stock Options	Average exercise price per Stock Option \$	Number of Stock Options
Outstanding, beginning of the year	13.04	1,697,696	13.57	1,797,696
Expired	—	—	22.63	(43,750)
Forfeited	35.72	(49,424)	22.63	(56,250)
Outstanding, end of the year	12.36	1,648,272	13.04	1,697,696
Vested and exercisable, end of the year	12.36	1,648,272	13.04	1,697,696

The following table shows the expiry date and exercise price for the Stock Options outstanding as at December 31, 2025:

Grant date	Expiry date	Exercise price \$	Number of Stock Options
August 14, 2018	August 14, 2028	10.05	1,500,000
December 7, 2021	December 7, 2026	35.72	148,272
Total			1,648,272
Weighted average remaining contractual life of options outstanding, end of the period			2.47 years

The weighted average remaining contractual life for the Stock Options outstanding as at December 31, 2025 was 2.47 years.

During the year ended December 31, 2025, there were expenses of \$nil (2024 - \$1,122) and \$nil recoveries (2024 - \$11).

Share appreciation rights ("SARs")

The SARs are designed to enable those granted rights under the plan to participate in the growth and profitability of the Company. Rights granted vest upon certain service and market conditions over a maximum period of four years. Vested rights are exercisable for a maximum period of six years after the grant date.

Each SAR that is exercised entitles the employee to receive a number of common shares that is equal to (i) the amount by which the fair market value of one common share exceeds the notional exercise price of the vested SAR; divided by (ii) the fair market value of one common share. The fair value of the SARs granted is recognized as an expense over the period in which the SARs are expected to vest.

The following table shows the change in the number of SARs for the year ended:

	December 31, 2025		December 31, 2024	
	Weighted average exercise price per SAR \$	Number of SARs	Weighted average exercise price per SAR \$	Number of SARs
Outstanding, beginning of the year	26.18	1,298,000	29.08	1,211,000
Granted	17.47	100,000	19.65	420,000
Exercised	22.07	(136,333)	12.00	(33,000)
Expired	24.11	(70,000)	31.26	(145,035)
Forfeited	16.10	(40,000)	30.77	(154,965)
Outstanding, end of the year	26.32	1,151,667	26.18	1,298,000
Vested and exercisable, end of the year	31.54	397,500	26.33	180,333

The weighted average contractual life remaining for these SARs as at December 31, 2025 is 3.23 years (2024 - 3.70 years).

The assessed weighted average fair value at grant date of the SARs granted during the year ended December 31, 2025 was \$7.14 ((2024 - \$10.78) per option. The fair value at grant date has been determined using the Black-Scholes Model. For certain SARs with market vesting conditions, the fair value at grant date has been determined using the Black-Scholes Model.

The weighted average model inputs for the SARs granted during the year ended December 31, 2025 include:

- Rights are granted for no consideration and vest based on varying service and market price conditions over a six year period. Vested rights are exercisable until March 28, 2031.
- Exercise price: \$17.47
- Expected life of option: 3.88 years
- Share price at grant date: \$16.12
- Expected price volatility of the Company's shares: 58.92%
- Expected dividend yield: 0.00%
- Risk-free interest rate: 2.58%

Expected price volatility was determined at the time of grant using the AutoCanada share price on a historical basis, adjusted for any expected changes to future volatility due to publicly available information. It reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Stock units ("Stock Units")

The Company awarded 328,617 Stock Units, that vested immediately, to a company controlled by the former Executive Chair as purchase consideration for the Used Digital Division minority interest on December 27, 2023. The Stock Units are settled by way of the Company's common shares purchased in the market. The Stock Units are also entitled to earn additional units based on dividend payments made by the Company and the share price on the date of payment. The number of Stock Units granted is determined based on the grant value divided by the average of the closing prices of the Company's shares for the seven days after the closing date of the purchase of the Used Digital Division minority interest. The Stock Units settle on the earlier of the third anniversary of the grant date and the achievement of specific market price conditions. Share-based compensation expense for these awards was fully recognized in the Annual Financial Statements for the year ended December 31, 2023.

On October 28, 2025, the former Executive Chair was granted the right to settle outstanding Stock Units in cash, concurrent with the completion of the Dealership Sale (Note 35).

During the year ended December 31, 2025, the Company granted nil Stock Units (2024 - 328,617).

As at December 31, 2025, 328,617 Stock Units (2024 - 328,617) were outstanding.

Share-based compensation expense

Total expenses net of recoveries arising from share-based payment transactions recognized during the year included in employee costs are as follows:

	2025	2024
	\$	\$
Restricted share units	1,032	762
Performance share units	2,683	802
Deferred share units	1,171	1,201
Stock options	—	1,111
Share appreciation rights	3,727	4,157
Share-based compensation expense	8,613	8,033

30 Share capital and equity

Common shares

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

The following table shows the change in common shares held during the years ended:

	December 31, 2025		December 31, 2024	
	Number of common shares	\$	Number of common shares	\$
Issued, beginning of the period	23,150,233	426,146	23,611,175	434,632
Shares repurchased and cancelled under the Normal Course Issuer Bid	—	—	(460,942)	(8,486)
Issued, end of the period	23,150,233	426,146	23,150,233	426,146

Normal Course Issuer Bid

On March 10, 2025, the Company's Normal Course Issuer Bid ("NCIB"), which was approved by the Toronto Stock Exchange ("TSX") on March 6, 2024, was terminated in accordance with its terms.

On December 15, 2025, the Company received approval from the TSX to commence an NCIB. The NCIB commenced on December 18, 2025, and will terminate on the earlier of December 17, 2026, and the date on which the maximum number of common shares that can be acquired pursuant to the NCIB have been purchased. Under the NCIB, the Company is authorized to purchase, for cancellation up to 1,177,539 common shares, representing approximately 10% of the public float of 11,775,396 of the Company's issued and outstanding common shares as at December 15, 2025. The Company is limited under the NCIB to purchase no more than 13,015 common shares on any given day, subject to the block purchase exemptions under the TSX rules.

During the year ended December 31, 2025, no common shares were repurchased and cancelled under the NCIB (2024 - 460,942) for cash consideration of \$nil (2024 - \$9,937), net of transaction costs of \$nil (2024 - \$5) which were recorded in share capital. The average share purchase price was \$nil (2024 - \$21.19), with prices ranging from \$nil (2024 - \$15.49 to \$26.49).

Treasury shares

Shares are held in trust to mitigate the risk of future share price increases from the time the equity-settled awards (Note 29) are granted to when they are fully vested and can be exercised. Under the Trust Agreement, the third-party trustee will administer the distribution of shares to the beneficiaries upon vesting, as directed by the Company. Dividends earned on the shares held in trust are reinvested to purchase additional shares. No dividends were earned during the year ended December 31, 2025 (2024 - \$nil). The shares held in trust are accounted for as treasury shares and are recognized on a first-in-first-out basis upon issuance and presented separately in the Consolidated Statements of Changes in Equity.

The following table shows the change in treasury shares held for the years ended:

	December 31, 2025		December 31, 2024	
	Number of treasury shares	\$	Number of treasury shares	\$
Issued, beginning of the period	(8,542)	(315)	(12,465)	(319)
Treasury shares acquired	(242,665)	(5,178)	(68,003)	(1,625)
Treasury shares settled	117,835	2,522	71,926	1,629
Issued, end of the period	(133,372)	(2,971)	(8,542)	(315)

Earnings per share

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

	2025	2024
	#	#
Basic	23,103,884	23,316,008
Effect of dilution from equity forward	225,793	214,757
Effect of dilution from RSUs	22,825	3,121
Effect of dilution from stock options	763,517	588,965
Effect of dilution from PSUs	104,028	14,218
Effect of dilution from stock units	—	—
Diluted	24,220,047	24,137,069

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

31 Capital disclosures

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

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

	December 31, 2025	December 31, 2024
	\$	\$
Long-term indebtedness (Note 23)	513,021	517,543
Equity	481,976	495,328
	994,997	1,012,871

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

Gross lease adjusted indebtedness

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

	December 31, 2025	December 31, 2024
	\$	\$
Total indebtedness (Note 23)	514,709	541,651
Lease liabilities (Note 24)	409,341	457,172
Gross lease adjusted indebtedness	924,050	998,823

32 Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability, are disclosed in the significant accounting policies (Note 3). The Company's financial assets are measured at amortized cost. The Company's financial liabilities are measured at amortized cost except for redemption liabilities and non-hedged interest swap agreements, which are carried at fair value through profit or loss. The carrying values of financial instruments approximate their fair values, excluding the senior unsecured notes. The fair value of the senior unsecured notes is \$346,500 (2024 - \$326,596).

Financial risk management objectives

The Company's activities are exposed to a variety of financial risks of varying degrees of significance, which could affect the Company's ability to achieve its strategic objectives. AutoCanada's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to reduce potential adverse effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall corporate governance. The principal financial risks to which the Company is exposed are described below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency and interest rates.

Foreign currency risk

The Company has operations in Canada and the United States. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant entity. The Company is exposed to foreign exchange risk because its Canadian and U.S. operations engage in transactions denominated in a currency other than their respective functional currency. Risk arises as a result of specific transfers associated with working capital between Canadian and U.S. operations as well as wholesale used vehicle transactions where Canadian operations will participate in disciplined cross-border sales when arbitrage opportunities are present.

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in Canadian dollars is as follows:

	2025	2024
	\$	\$
	USD	USD
Cash	1,560	7,915
Trade and other receivables	2,244	4,196
Derivative financial instruments (Note 25)	(2,109)	(1,741)
Trade and other payables	(638)	(462)

	2025	2024
	\$	\$
Net foreign currency exchange gains (losses) included in revenue	1,565	(6,145)
Net foreign currency exchange gains included in other gains (losses), net	11,217	849
Total net foreign exchange gains (losses) included in income for the year before income tax from continuing operations	12,782	(5,296)

	Impact on	Impact on
	post-tax profit	post-tax profit
	2025	2024
	\$	\$
USD/CAD exchange rate - increase 7% (2024 - 10%)	222	1,339
USD/CAD exchange rate - decrease 7% (2024 - 10%)	(222)	(1,339)

Interest rate risk

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section herein, the indebtedness note (Note 23), the assets and liabilities held for sale note (Note 17) and the derivative financial instruments note (Note 25).

	+/- 200 Basis Point		+/- 100 Basis Point	
	2025	2024	2025	2024
	\$	\$	\$	\$
Finance costs	15,454	19,837	7,727	9,918
Finance income	21	54	10	27

Embedded derivative

The early redemption embedded derivative asset on the new issuance notes (Note 23) is subject to interest rate risk in the form of impacting the fair market valuation of the embedded derivative recorded. There is no change in fair value based on +/-200 basis or +/-100 basis point change.

Credit risk

The Company's exposure to credit risk associated with its accounts receivable is the risk that a customer will be unable to pay amounts due to the Company. The concentration of credit risk with respect to contracts-in-transit and accounts receivable is limited primarily to automobile manufacturers and financial institutions. Credit risk arising from receivables with commercial customers is not significant due to the large number of customers dispersed across various geographic locations comprising the Company's customer base. Details of the aging of the Company's trade and other receivables are disclosed in the table below.

The Company applies the simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance for all trade receivables. The expected loss rates are based on the payment profiles of sales over the 12-month periods prior to December 31, 2025 and December 31, 2024 and the corresponding historical credit losses experienced within these periods.

The loss allowance for trade and other receivables as at December 31, 2025 and December 31, 2024 was determined as follows:

	December 31, 2025			December 31, 2024		
	Expected loss rate %	Gross carrying amount - Trade receivables \$	Expected loss allowance (Note 15) \$	Expected loss rate %	Gross carrying amount - Trade receivables \$	Expected loss allowance (Note 15) \$
Current	0.02	122,742	25	0.01	151,828	10
31 - 60 days	1.47	7,097	105	0.65	12,264	80
61 - 90 days	23.77	2,163	514	7.20	4,805	346
91 - 120 days	20.17	1,409	284	15.37	2,429	373
> 120 days	61.59	1,773	1,092	27.23	4,192	1,141
Total		135,184	2,020		175,518	1,950

The closing loss allowance for trade receivables reconciles to the opening loss allowance as follows:

	2025 \$	2024 \$
Balance, January 1	1,950	3,248
Loan loss (recovery) allowance recognized in profit or loss during the year	1,843	(262)
Receivables written off during the year	(1,773)	(1,036)
Balance, December 31	2,020	1,950

During the year ended December 31, 2025, net impairment losses on trade and other receivables includes a write-down of \$nil (2024 - \$7,592) for the Wholesale transactions at Capital Chrysler (Note 28).

The amounts disclosed on the Consolidated Statements of Financial Position for accounts receivable are net of the expected loss allowance, details of which are disclosed in Note 15. When a trade and other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Consolidated Statements of Comprehensive Income (Loss).

Concentration of cash exists due to the significant amount of cash held with a Canadian financial institution. The syndicated revolving floorplan facility (Note 23) allows the Company's dealerships to hold excess cash (used to satisfy working capital requirements of the Company's various Original Equipment Manufacturer ("OEM") partners) in an account with the financial institution which bears interest at 3.53% at December 31, 2025 (2024 - 4.899%). These cash balances are fully accessible by the Company's dealerships at any time; however, in the event of a default by a dealership in its floorplan obligation; the cash may be used to offset unpaid balances under the facility. As a result, there is a concentration of cash balances risk to the Company in the event of a default under the facility.

Liquidity risk

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

As at December 31, 2025, the Company's liquidity consists of \$87,963 in cash on hand, and \$244,900 available to borrow under the Company's revolving term facilities. The Company monitors for compliance with bank covenants under these facilities which are used to manage capital requirements and other operational activities. The Company's ability to borrow under these credit facilities requires it to comply with its financial covenants. In order to advance under these credit facilities, no material adverse change shall have occurred and no circumstances shall exist that could reasonably be expected to cause a material adverse effect on the Company. As disclosed in Note 23, the Company was in compliance with all covenants as at December 31, 2025. Under the amended and extended credit facility, the Company is required to comply with the following covenants at the end of each quarter:

Financial Covenants	Requirement	Q4 2025
Total Net Funded Debt to Bank EBITDA Ratio	Shall not exceed	4.00
Senior Net Funded Debt to Bank EBITDA Ratio	Shall not exceed	2.50
Fixed Charge Coverage Ratio	Shall not be less than	1.20

During the year ended December 31, 2025, the Company had a comprehensive income (loss) of \$6,296 (2024 - \$(58,871)) and cash flows from operations of \$23,042 (2024 - \$31,626). The Company is actively managing an increased liquidity risk as a result of the current financial performance.

Given the Company's increased risk of non-compliance with the Total Net Funded Debt to Bank EBITDA Ratio 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.

On March 28, 2025, the Company obtained lender consent to change its syndicated credit agreement 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. On October 1, 2025, the Company's maximum permitted Total Net Funded Debt to Bank EBITDA Ratio reverted to 4.00:1.00 (Note 23).

On December 19, 2025, the Company amended its syndicated credit agreement to obtain lender consent to amend the definition of EBITDA, for purposes of determining compliance with the Company's financial covenants under the syndicated credit agreement for the rolling four quarter period from December 31, 2025, to December 31, 2026, to include add-backs of up to \$20.0 million for specific one-time expenses incurred by the Company from July 1, 2025 to December 31, 2026 in connection with the settlement and termination of certain senior officers of the Company (Note 23).

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 capital return initiatives, completing the sale of dealerships classified as 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.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The amounts below have been determined based on the undiscounted contractual maturities of the financial liabilities. For contractual interest payable, the cash flows have been estimated using the interest rates applicable as at December 31, 2025.

	2026	2027	2028	2029	2030	Thereafter	Total
	\$	\$	\$	\$	\$	\$	\$
December 31, 2025							
Trade and other payables	149,517	—	—	—	—	—	149,517
Revolving floorplan facilities	962,616	—	—	—	—	—	962,616
Vehicle repurchase obligations	2,582	—	—	—	—	—	2,582
Indebtedness	1,688	132,181	1,688	1,688	351,688	29,976	518,909
Contractual interest payable	28,879	24,269	22,132	4,463	2,267	15,544	97,554
Lease liabilities	57,674	56,016	54,519	50,954	45,588	407,989	672,740
Derivative financial instruments	3,582	1,341	1,342	792	218	—	7,275
Equity forward liabilities	11,347	11,623	—	—	—	—	22,970
	1,217,885	225,430	79,681	57,897	399,761	453,509	2,434,163

	2025	2026	2027	2028	2029	Thereafter	Total
	\$	\$	\$	\$	\$	\$	\$
December 31, 2024							
Trade and other payables	177,473	—	—	—	—	—	177,473
Revolving floorplan facilities	1,010,579	—	—	—	—	—	1,010,579
Vehicle repurchase obligations	3,705	—	—	—	—	—	3,705
Indebtedness	1,688	2,195	158,619	1,688	351,688	31,664	547,542
Contractual interest payable	32,261	32,147	25,494	22,427	4,744	20,095	137,168
Lease liabilities	57,251	56,640	55,746	54,995	59,691	462,045	746,368
Derivative financial instruments	4,427	2,573	1,238	1,231	763	213	10,445
Equity forward liabilities	9,091	1,972	—	—	—	—	11,063
	1,296,475	95,527	241,097	80,341	416,886	514,017	2,644,343

33 Fair value of financial instruments

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

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

The call option included in other assets (Level 3) is remeasured at fair value each reporting period with the gain or loss being recognized through profit or loss (Note 14). The fair value of the call option is calculated based on the equity value of the related subsidiary using the DCF method.

The indebtedness has a carrying value that approximates the fair value due to the floating rate nature of the debt. While there is a portion that has a fixed rate, the indebtedness has a carrying value that is not materially different from its fair value.

The embedded derivative (Level 2) included within indebtedness (Note 23) is carried at fair value using the Hull White pricing model.

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

Redemption liabilities (Level 3) are remeasured at fair value each reporting period with the gain or loss being recognized through profit or loss (Note 14). Fair value of the 15154871 Canada Inc. redemption liability is based on the price that would be received in an orderly transaction between market participants (Note 14). Fair value of the other redemption liabilities are calculated based on an applicable multiple in the range of 6.5 to 8.0 times (2024 - 5.0 to 8.0 times) applied to projected EBITDA.

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

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

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

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

34 Dealership divestitures

Continuing operations

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 \$14,502 for repayment of loans in addition to \$15,605 for accrued interest, accrued royalty fees, and a termination fee. A gain of \$11,598 was recognized on the termination in net income for the period from continuing operations.

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. North Toronto Auction was previously held for sale in the Canadian Operations segment. Gross proceeds of \$3,291 resulted in a loss on divestiture of \$1,513 included in net income for the period from continuing operations.

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.

Discontinued operations

During the year ended December 31, 2025, the Company terminated its Volvo franchise at Bloomington/Normal Auto Mall and sold substantially all of the operating assets and associated liabilities of Crystal Lake Chrysler Dodge Jeep Ram, Hyundai of Palatine, Chevrolet of Palatine, and North City Honda. These were previously held for sale in the U.S. Operations segment and were presented as a discontinued operation as at December 31, 2024.

The net gain on the disposal of assets included in net loss for the period from discontinued operations (Note 18) is as follows:

	Volvo franchise at Bloomington /Normal Auto Mall	Crystal Lake Chrysler Dodge Jeep Ram	Hyundai of Palatine	Chevrolet of Palatine	North City Honda	Total
	\$	\$	\$	\$	\$	\$
Date of divestiture	February 14, 2025	July 29, 2025	August 20, 2025	August 20, 2025	August 26, 2025	
Inventories	—	15,526	14,641	8,708	7,656	46,531
Property and equipment	—	7,334	458	1,656	1,209	10,657
Other current assets	—	12	126	161	37	336
Intangible assets	—	3,480	70	139	17,192	20,881
Goodwill	—	—	278	209	—	487
Total assets	—	26,352	15,573	10,873	26,094	78,892
Trade and other payables	—	47	—	212	211	470
Revolving floorplan liabilities	—	13,074	12,417	7,190	5,718	38,399
Total liabilities	—	13,121	12,417	7,402	5,929	38,869
Net assets disposed	—	13,231	3,156	3,471	20,165	40,023
Net proceeds	894	10,788	5,778	5,021	19,270	41,751
Gain (loss) on disposal of assets	894	(2,443)	2,622	1,550	(895)	1,728

The following table shows the calculation of net proceeds:

	Volvo franchise at Bloomington /Normal Auto Mall \$	Crystal Lake Chrysler Dodge Jeep Ram \$	Hyundai of Palatine \$	Chevrolet of Palatine \$	North City Honda \$	Total \$
Gross proceeds	894	11,895	6,265	5,784	19,833	44,671
Transaction costs	—	(1,107)	(487)	(763)	(563)	(2,920)
Net proceeds	894	10,788	5,778	5,021	19,270	41,751

35 Related party transactions

Transactions with related parties

During the year, there were transactions with companies controlled by the former 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 were 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:

	2025 \$	2024 \$
Administrative and other support and transportation fees	1,402	1,697
Vehicle purchases from related parties	—	162
Vehicle sales to related parties	1,513	2,387

Key management personnel compensation

Key management personnel consists of the Company's executive officers and directors. Key management personnel compensation is as follows:

	2025 \$	2024 \$
Wages, salaries and commissions	9,790	4,153
Employee benefits	2,403	197
Share-based compensation	5,491	3,458
Termination and other benefits	10,168	2,503
	27,852	10,311

On October 28, 2025, the Company announced the appointment of AutoCanada's Chief Financial Officer to the role of Interim Chief Executive Officer. Concurrently, the Executive Chair transitioned out of his role as AutoCanada's Executive Chair and as a director of the Company. The transition agreement entered into between the Executive Chair and the Company provides that the Executive Chair will receive:

- A lump sum payment for employee benefits in accordance with his employment arrangements;
- Vesting and settlement of outstanding DSUs;
- The right to settle outstanding Stock Units in cash, concurrent with the completion of the Dealership Sale (described below);
- The right to settle outstanding Stock Options in cash, concurrent with the completion of the Dealership Sale (described below), subject to TSX approval. The Company may decline to pay cash, if considered advisable;

- The Company waived the remaining term of the contractual hold period on certain shares of the Company acquired by a company controlled by the Executive Chair as a result of the purchase of the Used Digital Division minority interest from the company controlled by the Executive Chair; and
- An option to acquire a Porsche dealership in London, Ontario, including associated lands and buildings and certain vacant lands in Windsor, Ontario for a purchase price equal to the greater of the Company's aggregate cost of such assets and the fair market value of such assets (the "Dealership Sale"). The option may be exercised prior to December 31, 2026.

The Company has also entered into a multi-year data license agreement to certain collision and mechanical data with a company controlled by the Executive Chair in exchange for an annual license fee.

During the year ended December 31, 2025, \$2,010 was recorded in employee benefits (Note 9) related to the transition of the Executive Chair.

In addition, the Company's Chief Strategy Officer & General Counsel transitioned out of his role on December 15, 2025. On November 13, 2025, the Company announced that AutoCanada's Chief Operating Officer and President, North American Operations transitioned out of their respective roles on January 4, 2026, and January 15, 2026, respectively. During the year ended December 31, 2025, \$10,725 was recorded in termination and other benefits (Note 9) related to the transition of these executive officers. As at December 31, 2025, \$6,625 was included in accruals and other provisions for these termination and other benefits (Note 22).

36 Net change in non-cash working capital

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

	December 31, 2025	December 31, 2024
	\$	\$
Trade and other receivables	52,966	22,758
Inventories	55,302	54,071
Other assets	4,639	2,806
Trade and other payables	(99,931)	17,739
Revolving floorplan facilities	(58,080)	(94,308)
Other liabilities	11,036	(1,741)
Net change in non-cash working capital	(34,068)	1,325

Factors that can affect these items include seasonal sales trends, strategic decisions regarding inventory levels, the addition of new dealerships, and the day of the week on which period-end cut-off occurs.

37 Segmented reporting

During the year ended December 31, 2025, the Interim Chief Executive Officer and Chief Financial Officer served as the function of the Chief Operating Decision Maker ("CODM"). The Interim Chief Executive Officer and Chief Financial Officer is responsible for allocating resources and assessing the performance of the following segments: Canadian Operations and U.S. Operations.

Each reportable operating segment is comprised of retail automobile dealerships and related businesses. The Company's RightRide division in its Canadian Operations and retail automobile dealerships in its U.S. Operations have been classified and presented as discontinued operations (Note 18).

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

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

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

	Year ended December 31, 2024					
	Year ended December 31, 2025			Revised ⁽¹⁾		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
Revenue						
Total revenue	4,904,238	513,156	5,417,394	5,351,672	747,300	6,098,972
Revenue from discontinued operations (Note 18)	(10,006)	(511,068)	(521,074)	(80,123)	(747,300)	(827,423)
Revenue from continuing operations	4,894,232	2,088	4,896,320	5,271,549	—	5,271,549

¹ Comparative period revised to reflect current period presentation. See Note 18 Discontinued operations for additional information.

	Year ended December 31, 2024					
	Year ended December 31, 2025			Revised ⁽¹⁾		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
Gross profit	784,631	85,550	870,181	882,277	102,359	984,636
Operating expenses (Note 8)	(659,761)	(91,868)	(751,629)	(735,312)	(151,143)	(886,455)
Operating profit (loss) before other income and expense	124,870	(6,318)	118,552	146,965	(48,784)	98,181
Lease and other income, net (Note 10)	6,075	292	6,367	7,850	1,532	9,382
Gain on disposal of assets, net (Note 10)	16,977	5862	22,839	29,781	—	29,781
Expected credit losses on trade and other receivables	(2,107)	846	(1,261)	(8,737)	—	(8,737)
(Impairment) recovery of non-financial assets (Note 20, 24)	(14,683)	10,875	(3,808)	(4,542)	(11,393)	(15,935)
Impairment loss recognized on remeasurement to fair value less cost to dispose	—	—	—	—	(5,123)	(5,123)
Operating profit (loss)	131,132	11,557	142,689	171,317	(63,768)	107,549
Finance costs (Note 11)	(101,977)	(16,362)	(118,339)	(129,678)	(25,920)	(155,598)
Recycled cumulative foreign currency translation on return of capital (Note 18)	—	4,908	4,908	—	—	—
Finance income (Note 11)	1,192	—	1,192	2,674	—	2,674
Gain (loss) on redemption liabilities (Note 14)	3,920	—	3,920	(486)	—	(486)
Other gains (losses), net	(3,689)	—	(3,689)	846	—	846
Income (loss) for the year before taxation	30,578	103	30,681	44,673	(89,688)	(45,015)
Loss (income) for the year before taxation from discontinued operations (Note 18)	5,339	(513)	4,826	12,272	89,688	101,960
Income (loss) for the year before taxation from continuing operations	35,917	(410)	35,507	56,945	—	56,945

¹ Comparative period revised to reflect current period presentation. See Note 18 Discontinued operations for additional information.

	As at December 31, 2025			As at December 31, 2024		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
Assets held for sale (Note 17, 18)	24,621	203,638	228,259	6,658	326,035	332,693
Segment assets	2,531,371	215,525	2,746,896	2,672,660	333,168	3,005,828
Capital expenditures and acquisition of real estate (Note 19)	23,479	169	23,648	25,154	2,664	27,818
Liabilities held for sale (Note 18)	—	98,357	98,357	—	201,966	201,966
Segment liabilities	1,756,665	508,255	2,264,920	1,906,801	603,699	2,510,500

Disaggregation of revenue

The significant majority of the Company's revenue is from contracts with customers. Taxes assessed by governmental authorities that are directly imposed on revenue transactions are excluded from revenue. In the following table, revenue is disaggregated by major lines of goods and services and timing of transfer of goods and services. The Company has determined that these categories depict how the nature, amount, timing, and uncertainty of its revenue and cash flows are affected by economic factors. The table below also includes a reconciliation of the disaggregated revenue with the Company's reportable segments:

	As at December 31, 2025			As at December 31, 2024		
	Canada \$	U.S. \$	Total \$	Canada \$	U.S. \$	Total \$
						Revised ⁽¹⁾
New vehicles	2,228,326	279,405	2,507,731	2,305,698	352,832	2,658,530
Used vehicles	1,752,478	124,885	1,877,363	2,054,855	254,932	2,309,787
Parts and service	515,217	84,239	599,456	556,297	101,955	658,252
Collision repair	149,543	2,088	151,631	130,913	—	130,913
Finance, insurance and other	258,674	22,539	281,213	303,909	37,581	341,490
Revenue	4,904,238	513,156	5,417,394	5,351,672	747,300	6,098,972
Revenue from discontinued operations (Note 18)	(10,006)	(511,068)	(521,074)	(80,123)	(747,300)	(827,423)
Revenue from continuing operations	4,894,232	2,088	4,896,320	5,271,549	—	5,271,549

¹ Comparative period revised to reflect current period presentation. See Note 18 Discontinued operations for additional information.

38 Subsequent events

Acquisition of Modern Autobody

On January 19, 2026, the Company completed the acquisition of Modern Autobody, a single-location collision and refinish repair facility located in Edmonton, Alberta for a provisional purchase price of \$8,778, subject to customary closing conditions. The acquisition supports management's strategic objectives of expanding the Company's collision repair capacity in the Edmonton market and enhances OEM and insurance partner coverage. At the time the financial statements were authorized for issue, the Company had not yet completed the accounting for the acquisition of Modern Autobody.

Divestiture of Toyota of Lincoln Park

On January 27, 2026, the Company sold substantially all of the operating assets of Toyota of Lincoln Park, located in Chicago, Illinois, for cash consideration of \$11,239 plus closing adjustments. Toyota of Lincoln Park was previously presented as held for sale in the U.S. Operations segment (Note 17).

Appointment of Chief Executive Officer

On February 18, 2026, the Company announced that its Board of Directors had appointed Samuel Cochrane as Chief Executive Officer, effective immediately. Mr. Cochrane will also serve as Interim Chief Financial Officer while the Company initiates a search for a permanent Chief Financial Officer.



AutoCanada Inc.

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