

2021



2021 First Quarter Financial Results





Condensed Interim Consolidated Financial Statements (Unaudited)

■ March 31, 2021



AutoCanada Inc.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

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

	Three-month period ended	
	March 31, 2021	March 31, 2020
	\$	\$
Revenue (Note 5)	969,824	708,826
Cost of sales (Note 6)	(802,188)	(591,528)
Gross profit	167,636	117,298
Operating expenses (Note 7)	(127,948)	(116,700)
Operating profit before other income	39,688	598
Lease and other income, net	1,918	1,970
Gain on disposal of assets, net	58	29
Impairment of non-financial assets	—	(31,545)
Operating profit (loss)	41,664	(28,948)
Finance costs (Note 8)	(13,278)	(22,320)
Finance income (Note 8)	225	119
Other gains (losses)	(57)	1,159
Net income (loss) for the period before taxation	28,554	(49,990)
Income tax expense (recovery) (Note 9)	7,220	(3,137)
Net income (loss) for the period	21,334	(46,853)
Other comprehensive loss		
<i>Items that may be reclassified to profit or loss</i>		
Foreign operations currency translation	(2,520)	(1,448)
Change in fair value of cash flow hedge (Note 16)	2,377	(14,390)
Income tax relating to these items	(681)	3,770
Other comprehensive loss for the period	(824)	(12,068)
Comprehensive income (loss) for the period	20,510	(58,921)
Net income (loss) for the period attributable to:		
AutoCanada shareholders	20,834	(46,685)
Non-controlling interest	500	(168)
	21,334	(46,853)
Comprehensive income (loss) for the period attributable to:		
AutoCanada shareholders	20,010	(58,753)
Non-controlling interest	500	(168)
	20,510	(58,921)
Net income (loss) per share attributable to AutoCanada shareholders:		
Basic	0.77	(1.70)
Diluted	0.71	(1.70)
Weighted average shares		
Basic (Note 17)	27,227,395	27,431,377
Diluted (Note 17)	29,148,402	27,431,377

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

AutoCanada Inc.

Condensed Interim Consolidated Statements of Financial Position

(In thousands of Canadian dollars)

	March 31, 2021 (Unaudited) \$	December 31, 2020 \$
ASSETS		
Current assets		
Cash and cash equivalents (Note 10)	119,630	107,704
Trade and other receivables (Note 11)	158,495	118,650
Inventories (Note 12)	800,551	699,200
Current tax recoverable	2,487	—
Other current assets	11,249	8,931
Assets held for sale	—	1,039
	1,092,412	935,524
Property and equipment (Note 13)	203,164	203,525
Right-of-use assets	301,994	308,897
Other long-term assets	13,458	14,337
Deferred income tax	12,575	12,732
Intangible assets	399,169	399,633
Goodwill	25,694	25,734
	2,048,466	1,900,382
LIABILITIES		
Current liabilities		
Trade and other payables (Note 14)	155,178	137,510
Revolving floorplan facilities (Note 15)	893,075	761,943
Current tax payable	—	5,030
Vehicle repurchase obligations	3,672	4,526
Indebtedness (Note 15)	53	65
Redemption liabilities	7,557	7,557
Lease liabilities	23,942	24,079
Other liabilities	5,438	2,176
	1,088,915	942,886
Long-term indebtedness (Note 15)	192,173	197,166
Long-term lease liabilities	357,000	363,850
Long-term redemption liabilities	435	435
Derivative financial instruments (Note 16)	15,820	22,146
Other long-term liabilities	4,601	8,428
Deferred income tax	5,754	2,651
	1,664,698	1,537,562
EQUITY		
Attributable to AutoCanada shareholders	362,401	341,874
Attributable to non-controlling interests	21,367	20,946
	383,768	362,820
	2,048,466	1,900,382

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

AutoCanada Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)

(in thousands of Canadian dollars)

	Attributable to AutoCanada shareholders						Non-controlling interests	Total equity
	Share capital	Contributed surplus	Cumulative translation adjustment	OCI hedge reserve	Accumulated deficit	Total capital		
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, January 1, 2021	508,112	9,995	(3,036)	(12,637)	(160,560)	341,874	20,946	362,820
Net income	—	—	—	—	20,834	20,834	500	21,334
Other comprehensive income (loss)	—	—	(2,520)	1,696	—	(824)	—	(824)
Dividends declared by subsidiaries to non-controlling interests	—	—	—	—	—	—	(79)	(79)
Forward share purchase (Note 16)	(1,676)	1,676	—	—	—	—	—	—
Settlement of share based awards	—	(184)	—	—	—	(184)	—	(184)
Shares settled from treasury (Note 17)	241	(241)	—	—	—	—	—	—
Share-based compensation	—	701	—	—	—	701	—	701
Balance, March 31, 2021	506,677	11,947	(5,556)	(10,941)	(139,726)	362,401	21,367	383,768

	Attributable to AutoCanada shareholders						Non-controlling interests	Total equity
	Share capital	Contributed surplus	Cumulative translation adjustment	OCI hedge reserve	Accumulated deficit	Total capital		
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, January 1, 2020	509,890	6,463	(947)	(4,535)	(157,264)	353,607	14,492	368,099
Net loss	—	—	—	—	(46,685)	(46,685)	(168)	(46,853)
Other comprehensive loss	—	—	(1,448)	(10,620)	—	(12,068)	—	(12,068)
Dividends declared on common shares	—	—	—	—	(2,743)	(2,743)	—	(2,743)
Dividends reinvested (Note 17)	(24)	—	—	—	—	(24)	—	(24)
Shares settled from treasury (Note 17)	9	(9)	—	—	—	—	—	—
Share-based compensation	—	843	—	—	—	843	—	843
Balance, March 31, 2020	509,875	7,297	(2,395)	(15,155)	(206,692)	292,930	14,324	307,254

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

AutoCanada Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

(in thousands of Canadian dollars)

	Three-month period ended	
	March 31, 2021	March 31, 2020
	\$	\$
Cash provided by (used in):		
Operating activities		
Net income (loss) for the period	21,334	(46,853)
Adjustments for:		
Income tax expense (recovery) (Note 9)	7,220	(3,137)
Depreciation of property and equipment (Note 7)	4,054	4,387
Depreciation of right-of-use assets (Note 7)	6,344	6,208
Gain on disposal of assets	(58)	(29)
Share-based compensation - equity-settled	701	843
Loss on extinguishment of debt (Note 8)	—	4,002
Loan forgiveness (Note 15)	(5,398)	—
Amortization of deferred financing costs	486	225
Amortization of terminated hedges (Note 8)	817	—
Unrealized fair value changes on interest swaps (Note 8)	(3,279)	1,469
Unrealized fair value changes on foreign exchange forward contracts (Note 16)	360	—
Income taxes paid	(12,257)	(66)
Impairment of non-financial assets	—	31,545
Net change in non-cash working capital (Note 18)	182	8,756
	20,506	7,350
Investing activities		
Purchases of property and equipment (Note 13)	(2,970)	(7,769)
Net change in non-cash investing working capital	1,324	—
Proceeds on sale of property and equipment	1,154	1,289
	(492)	(6,480)
Financing activities		
Proceeds from indebtedness	30,000	182,543
Repayment of indebtedness	(30,027)	(190,390)
Common shares settled, net (Note 17)	(1,435)	(15)
Dividends paid on common shares	—	(2,743)
Dividends paid to non-controlling interests	(79)	—
Principal portion of lease payments, net	(6,372)	(6,606)
	(7,913)	(17,211)
Effect of exchange rate changes on cash and cash equivalents	(175)	930
Net increase (decrease) in cash and cash equivalents	11,926	(15,411)
Cash and cash equivalents at beginning of period	107,704	55,555
Cash and cash equivalents at end of period (Note 10)	119,630	40,144

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

AutoCanada Inc.

Notes to the Condensed Interim Consolidated Financial Statements For the Period Ended March 31, 2021

(Unaudited)

(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 other after-market products. The Company also arranges financing and insurance for vehicles purchased by its customers through third-party finance and insurance sources. The address of its registered office is 200, 15511 123 Avenue NW, Edmonton, Alberta, Canada, T5V 0C3.

2 Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These condensed interim consolidated financial statements do not include all of the disclosures normally provided in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB.

These financial statements were approved by the Board of Directors on May 5, 2021.

3 Significant accounting policies

The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are the same accounting policies and method of computation as disclosed in the consolidated annual financial statements for the year ended December 31, 2020.

The Company has adopted amendments to various standards effective January 1, 2021, which did not have a significant impact to these financial statements.

4 Critical accounting estimates, judgments & measurement uncertainty

Except as otherwise noted, the critical accounting estimates, judgments, and measurement uncertainty used in the preparation of these condensed interim consolidated financial statements are the same as disclosed in the consolidated annual financial statements for the year ended December 31, 2020.

COVID-19 impacts

In response to the COVID-19 pandemic, global government authorities introduced various recommendations and emergency measures to limit the spread of the pandemic, including non-essential business closures, quarantines, self-isolation, social and physical distancing, and shelter-in-place. These measures continue to cause disruptions to businesses and capital markets globally, resulting in an economic slowdown.

Governments have reacted with significant monetary and fiscal intervention, including federal stimulus packages such as the COVID-19 Economic Response Plan in Canada and the CARES Act in the United States.

The Company has received funds under the Canada Emergency Wage Subsidy (CEWS) and Canadian Emergency Rent Subsidy (CERS) in Canada (Note 7) and the Small Business Association Paycheck Protection Program (SBA PPP) in the U.S. (Note 7 and 15).

Although the various recommendations and emergency measures introduced by government authorities have a potential to cause disruption in the Company's results, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control. Management expects COVID-19 related disruptions to continue, however, believes that the long-term estimates and assumptions do not require significant revisions for the three-month period ended March 31, 2021.

5 Revenue

	Three-month period ended	
	March 31, 2021	March 31, 2020
	\$	\$
New vehicles	442,448	341,582
Used vehicles	364,072	229,355
Parts, service and collision repair	108,223	102,453
Finance, insurance and other	55,081	35,436
Revenue	969,824	708,826

6 Cost of sales

	Three-month period ended	
	March 31, 2021	March 31, 2020
	\$	\$
New vehicles	408,860	317,315
Used vehicles	339,896	219,182
Parts, service and collision repair	49,896	52,484
Finance, insurance and other	3,536	2,547
Cost of sales	802,188	591,528

7 Operating expenses

	Three-month period ended	
	March 31, 2021	March 31, 2020
	\$	\$
Employee costs	83,487	66,492
Government assistance ^{1,2}	(8,499)	—
Administrative costs ³	42,428	39,376
Facility lease costs	134	237
Depreciation of right-of-use assets	6,344	6,208
Depreciation of property and equipment	4,054	4,387
Operating expenses	127,948	116,700

¹ Government assistance represents the Company's eligible claim of \$2,901 for the Canada Emergency Wage Subsidy (CEWS) and \$200 claim for the Canada Emergency Rent Subsidy (CERS) for the three-month period ended March 31, 2021, with \$3,731 included in Trade and other receivables (Note 11). There are no unfulfilled conditions or other contingencies attached to the subsidy recognized.

² During the three-month period ended March 31, 2021, \$5,398 of the loans from the Small Business Association Paycheck Protection Program (Note 15) were forgiven and included above as an offset to Operating expenses. There are no unfulfilled conditions or other contingencies attached to the forgiven loans.

³ Administrative costs include professional fees, consulting services, technology-related expenses, marketing, insurance, and other general and administrative costs.

8 Finance costs and finance income

	Three-month period ended	
	March 31, 2021	March 31, 2020
	\$	\$
Finance costs		
Interest on long-term indebtedness	4,663	3,673
Interest on lease liabilities	5,722	5,637
Loss on extinguishment of debt	—	4,002
Unrealized fair value changes on interest rate swaps (Note 16)	(3,279)	1,469
Amortization of terminated hedges (Note 16)	817	—
	7,923	14,781
Floorplan financing	3,511	6,566
Interest rate swap settlements (Note 16)	939	301
Other finance costs	905	672
	13,278	22,320
Finance income		
Short-term bank deposits	225	119

Cash interest paid during the three month period ended March 31, 2021 was \$17,642 (2020 - \$10,459), which includes \$5,722 (2020 - \$5,637) of cash interest paid related to interest on lease liabilities.

9 Taxation

Components of income tax were as follows:

	Three-month period ended	
	March 31, 2021	March 31, 2020
	\$	\$
Current tax	4,816	3,523
Deferred tax	2,404	(6,660)
Total income tax expense (recovery)	7,220	(3,137)

Income tax expense (recovery) is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual statutory rate used for the three month period ended March 31, 2021 was 25.4% (2020 - 26.2%).

10 Cash and cash equivalents

	March 31, 2021	December 31, 2020
	\$	\$
Cash at bank and on hand	119,617	107,704
Short-term deposits	13	—
Cash and cash equivalents	119,630	107,704

11 Trade and other receivables

	March 31, 2021 \$	December 31, 2020 \$
Trade receivables	150,571	109,405
Less: Expected loss allowance	(3,219)	(1,990)
Net trade receivables	147,352	107,415
Other receivables	11,143	11,235
Trade and other receivables	158,495	118,650

The Company is exposed to normal credit risk with respect to its accounts receivable and maintains provisions for potential credit losses. 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.

12 Inventories

	March 31, 2021 \$	December 31, 2020 \$
New vehicles	424,184	412,970
Demonstrator vehicles	37,530	36,911
Used vehicles	311,363	218,812
Parts and accessories	27,474	30,507
Inventories	800,551	699,200

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

	Three-month period ended	
	March 31, 2021 \$	March 31, 2020 \$
Inventory expensed as cost of sales	776,495	567,321
Net writedowns on vehicles included in cost of sales	815	87
Demonstrator expenses included in administrative costs	1,926	2,371

13 Property and equipment

During the three month period ended March 31, 2021, the Company purchased \$2,970 (2020 - \$7,769) of property and equipment — including land and buildings additions of \$711 (2020 - \$3,093) to be used for dealership relocations, dealership re-imaging, and dealership open points.

14 Trade and other payables

	March 31, 2021 \$	December 31, 2020 \$
Trade payables	71,742	65,806
Accruals and provisions	41,826	36,672
Sales tax payable	4,493	3,092
Wages and withholding taxes payable	37,117	31,940
Trade and other payables	155,178	137,510

15 Indebtedness

	March 31, 2021 \$	December 31, 2020 \$
Revolving floorplan facilities	893,075	761,943
Indebtedness		
Senior unsecured notes	121,055	120,716
Revolving term facilities	68,913	68,827
Other debt	2,258	7,688
Carrying value	192,226	197,231
Current indebtedness	53	65
Long-term indebtedness	192,173	197,166

Government assistance

For the year ended December 31, 2020, the Company received a loan of \$6,857 (\$5,395 USD) under the Small Business Association Paycheck Protection Program (SBA PPP). For the three-month period ended March 31, 2021, \$5,398 (\$4,278 USD) of the SBA PPP loan was forgiven and recognized as an offset to Operating expenses (Note 7). The remaining \$1,405 (\$1,117 USD) is reflected in Other debt.

16 Derivative financial instruments and other liabilities

Derivative financial instruments

Derivative financial instruments are held for the purpose of managing exposures 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 swaps to hedge the variable-rates of the syndicated floorplan facility, transforming the variable rate exposure to fixed rate-obligations. Certain interest rate swaps are designated as cash flow hedges and periodically assessed for effectiveness. Where the hedging relationship is assessed as being effective, changes in fair value are recognized in other comprehensive income. Changes in fair value on derivative instruments not designated as hedging instruments are immediately recognized in net income.

These instruments have a settlement period from April 2021 through to June 2025. Changes in the fair value of these instruments will be recorded in Finance costs as the Company has not elected to apply hedge accounting to these contracts.

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

	Foreign exchange contracts	Interest rate swaps		Total
	Non-hedges	Cash flow hedges	Non-hedges	
March 31, 2021				
Other current assets	6	—	—	6
Other liabilities - current	—	1,949	—	1,949
Derivative financial instruments - liabilities	—	4,012	11,808	15,820
Notional values	37,400 USD	222,200 CAD	177,800 CAD	
Maturity	2021	2021 - 2024	2025	
December 31, 2020				
Other current assets	366	—	—	366
Other liabilities - current	—	461	—	461
Derivative financial instruments - liabilities	—	7,060	15,086	22,146
Notional values	17,300 USD	222,200 CAD	177,800 CAD	
Maturity	2021	2021 - 2023	2025	

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

	Net income	Other comprehensive income	Total
For the three-month period ended March 31, 2021			
Change in fair value of hedging instruments	—	1,560	1,560
Change in fair value of non-hedging instruments (Note 8)	3,279	—	3,279
Amortization of terminated hedges (Note 8)	(817)	817	—
Interest rate swap settlements (Note 8)	(939)	—	(939)
Change in fair value of foreign exchange forward contracts	(360)	—	(360)
Realized gain on foreign exchange forward contracts	559	—	559
	1,722	2,377	4,099
For the three-month period ended March 31, 2020			
Change in fair value of hedging instruments	—	(14,390)	(14,390)
Change in fair value of non-hedging instruments (Note 8)	(1,469)	—	(1,469)
Interest rate swap settlements (Note 8)	(301)	—	(301)
Realized loss on foreign exchange contracts	(2,282)	—	(2,282)
	(4,052)	(14,390)	(18,442)

Other liabilities

Equity forward liability

The Company has entered into an equity forward purchase agreement with a major Canadian financial institution to reduce its cash and income exposure to fluctuations in its share price relating to the RSUs, DSUs, and 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.

During the three month period ended March 31, 2021, the Company settled 150,000 common shares pursuant to the equity forward agreement (Note 17). The remaining equity forward agreement covers 179,000 (2020 - 329,000) common shares of the Company and the associated current liability is valued at \$1,790 (2020 - \$nil), with the long-term liability valued at \$nil (2020 - \$3,466).

17 Share capital

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 shareholders' capital for the three month periods ended:

	March 31, 2021		March 31, 2020	
	Number of shares	\$	Number of shares	\$
Outstanding, beginning of the period	27,226,703	508,112	27,430,909	509,890
Dividends reinvested	—	—	(438)	(24)
Forward share purchase (Note 16)	(150,000)	(1,676)	—	—
Treasury shares settled	10,413	241	1,772	9
Outstanding, end of period	27,087,116	506,677	27,432,243	509,875
Shares held in trust for equity based awards	372,567	—	27,440	—
Issued, end of the period	27,459,683	506,677	27,459,683	509,875

Earnings per share

Basic earnings per share was calculated by dividing earnings attributable to common shares by the sum of the weighted-average number of shares outstanding during the period. Basic earnings per share are adjusted by the dilutive impact of all share based payment plans to calculate the diluted earnings per share.

The following table shows the weighted-average number of shares outstanding for the three-month periods ended:

	Three-month period ended	
	March 31, 2021	March 31, 2020
Basic	27,227,395	27,431,377
Effect of dilution from RSUs	96,066	—
Effect of dilution from SARs	198,159	—
Effect of dilution from stock options	1,626,782	—
Issued, end of the period	29,148,402	27,431,377

18 Net change in non-cash working capital

The following table summarizes the net increase (decrease) in cash due to changes in non-cash working capital for the three month periods ended:

	Three-month period ended	
	March 31, 2021	March 31, 2020
	\$	\$
Trade and other receivables	(40,064)	41,320
Inventories	(104,109)	(89,568)
Current tax recoverable/payable	—	(581)
Other current assets	(1,496)	(1,047)
Other liabilities	1,487	(1,056)
Trade and other payables	11,969	(32,739)
Vehicles repurchase obligations	—	(2,356)
Revolving floorplan facilities	132,395	94,783
Net change in non-cash working capital	182	8,756

19 Related party transactions

Transactions with companies controlled by Directors

During the three-month period ended March 31, 2021, there were transactions whose partners or senior officers are Directors of the Company or related to Directors of the Company. These counter parties are:

- Business associates of the Executive Chairman who provide consulting services;
- A firm, whose controlling partner is the Executive Chairman, that provides administrative, limited transportation, and other support services;
- A company that is controlled by a family member of the President of Canadian Operations, which provides the sourcing of customer leads.

All significant transactions between AutoCanada and companies related to Directors were approved by the Company's Board of Directors. A summary of these transactions are as follows:

	Three-month period ended	
	March 31, 2021	March 31, 2020
	\$	\$
Consulting services, administrative and other support fees	471	391

20 Segmented reporting

During the three month period ended March 31, 2021, the Executive Chairman served as the function of the Chief Operating Decision Maker (CODM). The Executive Chairman 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. Transactions between reportable segments are accounted for in accordance with the accounting policies described in the summary of significant accounting policies.

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

	Three-month period ended March 31, 2021			Three-month period ended March 31, 2020		
	Canada ¹ \$	U.S. \$	Total \$	Canada ¹ \$	U.S. \$	Total \$
Revenues						
External revenues	863,788	106,036	969,824	630,278	82,212	712,490
Inter-segment revenue	—	—	—	(3,664)	—	(3,664)
Total revenues	863,788	106,036	969,824	626,614	82,212	708,826

¹ AutoCanada's corporate office has been included with the Canadian operating segment, as it is located in Canada.

	Three-month period ended March 31, 2021			Three-month period ended March 31, 2020		
	Canada ¹ \$	U.S. \$	Total \$	Canada ¹ \$	U.S. \$	Total \$
Operating profit (loss) before other income	36,035	3,653	39,688	4,463	(3,865)	598
Lease and other income, net	1,786	132	1,918	1,561	409	1,970
Gain on disposal assets, net	58	—	58	29	—	29
Impairment of non-financial assets	—	—	—	(22,650)	(8,895)	(31,545)
Operating profit (loss)	37,879	3,785	41,664	(16,597)	(12,351)	(28,948)
Finance costs (Note 8)			(13,278)			(22,320)
Finance income (Note 8)			225			119
Other gains (losses)			(57)			1,159
Net income (loss) for the period before taxation			28,554			(49,990)

¹ AutoCanada's corporate office has been included with the Canadian operating segment, as it is located in Canada.

	As at March 31, 2021			As at December 31, 2020		
	Canada ¹ \$	U.S. \$	Total \$	Canada ¹ \$	U.S. \$	Total \$
Assets held for sale	—	—	—	1,039	—	1,039
Segment assets	1,801,695	246,771	2,048,466	1,667,960	232,422	1,900,382
Capital expenditures	2,907	63	2,970	20,667	299	20,966
Segment liabilities	1,356,339	308,359	1,664,698	1,235,119	302,443	1,537,562

¹ AutoCanada's corporate office has been included with the Canadian operating segment, as it is located in Canada.

21 Seasonal nature of the business

The Company's results from operations for the three month period ended March 31, 2021 are not necessarily indicative of the results that may be expected for the full fiscal year due to seasonal variations in sales levels. The results from operations of the Company have historically been lower in the first and fourth quarters of each year, largely due to consumer purchasing patterns during the holiday season, inclement weather and the number of business days during the period. The Company's financial performance is generally not as strong during the first and fourth quarters than during the other quarters of each fiscal year, although the COVID-19 pandemic has caused disruption to the seasonal nature of the Company's operations. The extent to which COVID-19 will or may impact the seasonal nature of the Company's operations is uncertain. The timing of acquisitions and divestitures may also cause substantial fluctuations in operating results from quarter to quarter.

22 Subsequent events

Acquisition of PG Klassic Autobody

On April 1, 2021, the Company acquired a 100% interest in PG Klassic AutoBody, a collision repair facility in Prince George, British Columbia. The acquisition supports management's strategic objectives of expanding the Company's collision centre capacity. The acquisition is not material and given the proximity of the transactions to the end of the quarter, the purchase accounting has not been completed.

Amended and Extended Credit Facilities

On April 14, 2021, the Company amended and extended its existing credit facility for three years to 2024. The amended credit facility increases the revolving facility by \$50 million to \$225 million, and includes a \$1,060 million wholesale floorplan financing facility and a \$15 million wholesale leasing facility, for total aggregate bank facilities of \$1.3 billion (the "New Credit Facilities"). New staged covenant thresholds were established as per the terms of the April 14, 2021 amended credit facility agreement; these new staged covenant thresholds are in effect at March 31, 2021.

Senior Unsecured Notes

On April 14, 2021, the Company issued an additional \$125 million aggregate principal amount of its existing 8.75% Senior Unsecured Notes due 2025 (the "New Notes"). The New Notes were issued at a premium issue price of \$1,066.25 per \$1,000 principal amount of notes (106.625%) for an issue yield of 5.595%. Interest is payable semi-annually on February 11 and August 11 of each year the Notes are outstanding. The initial interest payment date for the New Notes will be August 11, 2021.



AutoCanada Inc.

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