Second Quarter
Financial Results

autocan.ca

2024

Condensed Interim Consolidated Financial Statements (Unaudited)

Three-month and six-month periods ended June 30, 2024

AutoCanada Inc.

Condensed Interim Consolidated Statements of Comprehensive (Loss) Income

(Unaudited)

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

	Three-month period ended		Six-month period ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
Revenue (Note 5)	1,600,979	1,756,262	3,021,907	3,295,588
Cost of sales (Note 6)	(1,351,303)	(1,437,524)	(2,542,904)	(2,721,868)
Gross profit	249,676	318,738	479,003	573,720
Operating expenses (Note 7)	(221,875)	(229,016)	(433,539)	(440,617)
Operating profit before other income and expense	27,801	89,722	45,464	133,103
Lease and other income, net	1,386	2,345	3,935	5,588
Gain on disposal of assets, net (Note 11)	3,359	101	22,626	106
Impairment of non-financial assets (Note 15)	(11,309)	—	(18,509)	—
Operating profit	21,237	92,168	53,516	138,797
Finance costs (Note 8)	(37,040)	(32,760)	(73,342)	(68,587)
Finance income (Note 8)	58	808	786	1,910
Loss on redemption liabilities	(642)	—	(642)	—
Other gains (losses), net	266	(39)	348	(132)
(Loss) income for the period before taxation	(16,121)	60,177	(19,334)	71,988
Income tax expense (Note 9)	16,953	14,949	16,101	18,376
Net (loss) income for the period	(33,074)	45,228	(35,435)	53,612
Other comprehensive income				
Items that may be reclassified to profit or loss				
Foreign operations currency translation	511	1,039	2,959	3,280
Change in fair value of cash flow hedge (Note 19)	—	651	(206)	1,090
Income tax relating to these items	—	(167)	51	(278)
Other comprehensive income for the period	511	1,523	2,804	4,092
Comprehensive (loss) income for the period	(32,563)	46,751	(32,631)	57,704
Net (loss) income for the period attributable to:				
AutoCanada shareholders	(34,282)	42,562	(36,689)	50,369
Non-controlling interests	1,208	2,666	1,254	3,243
	(33,074)	45,228	(35,435)	53,612
Comprehensive (loss) income for the period attributable to:				
AutoCanada shareholders	(33,771)	44,085	(33,885)	54,461
Non-controlling interests	1,208	2,666	1,254	3,243
	(32,563)	46,751	(32,631)	57,704
Net (loss) income per share attributable to AutoCanada shareholders:				
Basic	(1.47)	1.81	(1.56)	2.14
Diluted	(1.47)	1.75	(1.56)	2.07
Weighted average shares				
Basic (Note 21)	23,374,790	23,548,162	23,479,098	23,525,793
Diluted (Note 21)	23,374,790	24,252,084	23,479,098	24,385,530

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)

	June 30, 2024 (Unaudited) $	December 31, 2023 $
ASSETS		
Current assets		
Cash	106,198	103,146
Trade and other receivables (Note 12)	223,171	222,076
Inventories (Note 13)	1,182,649	1,154,311
Current tax recoverable	34,681	22,187
Other current assets (Note 16)	18,917	15,718
Assets held for sale (Note 11)	51,184	22,152
	1,616,800	1,539,590
Property and equipment (Note 14)	362,421	378,269
Right-of-use assets	416,396	405,105
Other long-term assets (Note 16)	16,436	16,708
Deferred income tax	19,619	35,444
Derivative financial instruments (Note 19)	—	3,920
Intangible assets	667,149	682,137
Goodwill	98,694	98,266
	3,197,515	3,159,439
LIABILITIES		
Current liabilities		
Trade and other payables (Note 17)	229,002	238,427
Revolving floorplan facilities (Note 18)	1,254,976	1,174,595
Vehicle repurchase obligations	1,408	1,982
Indebtedness (Note 18)	14,344	744
Lease liabilities	27,908	28,411
Redemption liabilities	23,222	22,580
Other liabilities (Note 19)	12,448	12,325
Liabilities held for sale (Note 11)	1,184	—
	1,564,492	1,479,064
Long-term indebtedness (Note 18)	545,935	562,178
Long-term lease liabilities	483,796	469,013
Long-term redemption liabilities	25,000	25,000
Derivative financial instruments (Note 19)	1,859	2,219
Other long-term liabilities	762	1,368
Deferred income tax	51,608	55,768
	2,673,452	2,594,610
EQUITY		
Attributable to AutoCanada shareholders	495,101	534,847
Attributable to non-controlling interests	28,962	29,982
	524,063	564,829
	3,197,515	3,159,439

Commitments (Note 14)

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

AutoCanada Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)
(in thousands of Canadian dollars)

	Attributable to AutoCanada shareholders									
	Share capital $	Treasury shares $	Contributed surplus $	Share repurchase (deficit) $	Cumulative translation adjustment $	OCI hedge reserve $	Retained earnings $	Total capital $	Non-controlling interests $	Total equity $
Balance, January 1, 2024	**434,632**	**(319)**	**4,117**	**(51,525)**	**7,889**	**155**	**139,898**	**534,847**	**29,982**	**564,829**
Net (loss) income	—	—	—	—	—	—	(36,689)	(36,689)	1,254	(35,435)
Other comprehensive income (loss)	—	—	—	—	2,959	(155)	—	2,804	—	2,804
Dividends paid by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	(4,294)	(4,294)
Non-controlling interests issued	—	—	—	—	—	—	—	—	2,020	2,020
Repurchase of common shares under the Normal Course Issuer Bid (Note 21)	(6,319)	—	—	(1,403)	—	—	—	(7,722)	—	(7,722)
Settlement of share- based awards		—	(826)	—	—	—	—	(826)	—	(826)
Treasury shares acquired (Note 21)	—	(1,625)	—	—	—	—	—	(1,625)	—	(1,625)
Deferred tax on share-based payments	—	—	(89)	—	—	—	—	(89)	—	(89)
Shares settled from treasury (Note 21)	—	1,444	(1,444)	—	—	—	—	—	—	—
Share-based compensation (Note 20)	—	—	4,401	—	—	—	—	4,401	—	4,401
Balance, June 30, 2024	**428,313**	**(500)**	**6,159**	**(52,928)**	**10,848**	**—**	**103,209**	**495,101**	**28,962**	**524,063**

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

AutoCanada Inc.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)
(in thousands of Canadian dollars)

	Attributable to AutoCanada shareholders									
	Share capital $	**Treasury shares $**	**Contributed surplus (deficit) $**	**Share repurchase (deficit) $**	**Cumulative translation adjustment $**	**OCI hedge reserve $**	**Retained earnings $**	**Total capital $**	**Non-controlling interests $**	**Total equity $**
Balance at December 31, 2022 as originally presented	**433,693**	**(672)**	**(64,743)**	—	**1,400**	**(1,187)**	**89,408**	**457,899**	**28,898**	**486,797**
Reclassification of share repurchase (deficit)	—	—	51,525	(51,525)	—	—	—	—	—	—
Balance, January 1, 2023	**433,693**	**(672)**	**(13,218)**	**(51,525)**	**1,400**	**(1,187)**	**89,408**	**457,899**	**28,898**	**486,797**
Net income	—	—	—	—	—	—	50,369	50,369	3,243	53,612
Other comprehensive income	—	—	—	—	3,280	812	—	4,092	—	4,092
Dividends paid by subsidiaries to non-controlling interests	—	—	—	—	—	—	—	—	(3,830)	(3,830)
Forward share purchase (Note 18)	—	—	(1,972)		—	—	—	(1,972)	—	(1,972)
Repayment of Executive Advance	—	—	250	—	—	—	—	250	—	250
Settlement of share-based awards	462	—	(1,342)	—	—	—	—	(880)	—	(880)
Deferred tax on share-based payments	—	—	(131)	—	—	—	—	(131)	—	(131)
Shares settled from treasury (Note 21)	—	352	(352)	—	—	—	—	—	—	—
Share-based compensation (Note 20)	—	—	2,937	—	—	—	—	2,937	—	2,937
Balance, June 30, 2023	**434,155**	**(320)**	**(13,828)**	**(51,525)**	**4,680**	**(375)**	**139,777**	**512,564**	**28,311**	**540,875**

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 June 30, 2024 $	Three-month period ended June 30, 2023 $	Six-month period ended June 30, 2024 $	Six-month period ended June 30, 2023 $
Cash provided by (used in):				
Operating activities				
Net (loss) income for the period	(33,074)	45,228	(35,435)	53,612
Adjustments for:				
Income tax expense (Note 9)	16,953	14,949	16,101	18,376
Finance costs (Note 8) [1]	37,040	32,760	73,342	68,587
Depreciation of right-of-use assets (Note 7)	8,776	8,355	17,362	16,459
Depreciation of property and equipment (Note 7)	6,370	6,166	12,646	11,789
Amortization of intangible assets (Note 7)	125	124	251	246
Gain on disposal of assets, net (Note 11)	(3,359)	(101)	(22,626)	(106)
Share-based compensation (Note 20)	2,196	1,076	4,401	2,937
Unrealized fair value changes on foreign exchange forward contracts (Note 19)	(182)	(84)	2,191	(551)
Loss on redemption liabilities	642	—	642	—
Impairment of non-financial assets (Note 15)	11,309	—	18,509	—
Net change in non-cash working capital (Note 24)	25,542	4,831	45,762	41,447
	72,338	113,304	133,146	212,796
Income taxes paid	(3,982)	(30,675)	(16,549)	(37,348)
Interest paid [1]	(30,269)	(27,515)	(71,955)	(66,078)
Settlement of share-based awards, net	(1,038)	(109)	(1,079)	(1,011)
	37,049	55,005	43,563	108,359
Investing activities				
Business acquisitions, net of cash acquired (Note 10)	(20,197)	(29,317)	(20,197)	(46,986)
Purchases of property and equipment (Note 14)	(8,743)	(23,217)	(20,021)	(48,778)
Additions to intangible assets	(331)	(560)	(672)	(986)
Adjustments to prior year business acquisitions	(491)	254	(505)	254
Proceeds on sale of property and equipment (Note 11)	10,223	139	51,628	516
	(19,539)	(52,701)	10,233	(95,980)
Financing activities				
Proceeds from indebtedness	147,191	182,898	353,013	312,042
Repayment of indebtedness	(153,191)	(223,559)	(356,405)	(348,915)
Repayment of Executive Advance	—	121	—	250
Repurchase of common shares under Normal Course Issuer Bid (Note 21)	(5,778)	—	(7,722)	—
Shares settled from treasury, net (Note 21)	350	1	(181)	352
Payments for purchase of UD LP minority interest (Note 25)	—	—	(22,500)	—
Dividends paid to non-controlling interests	—	—	(4,294)	(3,830)
Repayment of loans by non-controlling interests	—	—	2,236	3,087
Principal portion of lease payments, net	(7,960)	(6,898)	(15,754)	(14,166)
	(19,388)	(47,437)	(51,607)	(51,180)
Effect of exchange rate changes on cash	164	(1,077)	863	(1,102)
Net (decrease) increase in cash	(1,714)	(46,210)	3,052	(39,903)
Cash at beginning of period	107,912	114,608	103,146	108,301
Cash at end of period	106,198	68,398	106,198	68,398

[1] *Certain prior year figures have been reclassified to conform to the current year presentation (Note 28).*

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

1 General information

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

2 Basis of presentation

These condensed interim consolidated financial statements ("Interim Financial Statements") have been prepared in accordance with IFRS Accounting Standards (as issued by the International Accounting Standards Board) applicable to preparation of interim financial statements under International Accounting Standard 34, Interim Financial Reporting. These Interim Financial Statements do not include all the disclosures normally provided in the annual audited consolidated financial statements ("Annual Financial Statements") and should be read in conjunction with the Annual Financial Statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS Accounting Standards.

These Interim Financial Statements were approved by the Board of Directors on August 13, 2024.

3 Material accounting policy information

The significant accounting policies used in the preparation of these Interim Financial Statements are the same accounting policies and method of computation as disclosed in the Annual Financial Statements for the year ended December 31, 2023.

New and amended accounting standards issued

The Company has adopted amendments to various standards effective January 1, 2024, which did not have a significant impact to these Interim Financial Statements.

4 Critical accounting estimates

Except as otherwise noted, the critical accounting estimates, judgments, and measurement uncertainty used in the preparation of these Interim Financial Statements are the same as disclosed in the Annual Financial Statements for the year ended December 31, 2023.

5 Revenue

	Three-month period ended		Six-month period ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
New vehicles	694,019	706,350	1,274,521	1,274,946
Used vehicles	624,085	739,916	1,197,796	1,443,415
Parts and service	162,447	178,025	317,076	329,022
Collision repair	30,563	26,943	63,164	54,694
Finance, insurance and other	89,865	105,028	169,350	193,511
Revenue	1,600,979	1,756,262	3,021,907	3,295,588

Prior year comparatives amounting to $26,943 and $54,694 were reclassified from parts, service and collision repair to collision repair to conform to current presentation.

6 Cost of sales

	Three-month period ended		Six-month period ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
New vehicles	642,921	644,026	1,177,809	1,165,138
Used vehicles	617,738	692,881	1,179,371	1,366,068
Parts and service	69,145	82,105	140,516	149,871
Collision repair	14,441	11,902	32,738	29,008
Finance, insurance and other	7,058	6,610	12,470	11,783
Cost of sales	1,351,303	1,437,524	2,542,904	2,721,868

Prior year comparatives amounting to $11,902 and $29,008 were reclassified from parts, service and collision repair to collision repair to conform to current presentation.

7 Operating expenses

	Three-month period ended		Six-month period ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
Employee costs	138,168	146,068	265,689	278,157
Administrative costs	66,998	66,206	133,799	130,471
Expected credit losses on trade and other receivables	709	575	1,600	919
Facility lease costs	729	1,522	2,192	2,576
Depreciation of right-of-use assets	8,776	8,355	17,362	16,459
Depreciation of property and equipment	6,370	6,166	12,646	11,789
Amortization of intangible assets	125	124	251	246
Operating expenses	221,875	229,016	433,539	440,617

8 Finance costs and finance income

	Three-month period ended		Six-month period ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
Finance costs				
Interest on long-term indebtedness	8,406	11,256	17,717	20,669
Interest on lease liabilities	8,544	8,336	16,977	16,159
Loss on extinguishment of debt	—	—	—	1,382
Unrealized fair value changes on non-hedging instruments (Note 19)	1,306	(984)	934	(524)
Amortization of terminated hedges (Note 19)	—	817	—	1,634
	18,256	19,425	35,628	39,320
Floorplan financing	20,012	15,517	39,629	31,214
Interest rate swap settlements (Note 19)	(1,469)	(2,778)	(3,025)	(3,029)
Other finance costs	241	596	1,110	1,082
	37,040	32,760	73,342	68,587
Finance income				
Interest on net investment in finance lease	14	15	29	31
Short-term bank deposits	44	793	757	1,879
	58	808	786	1,910

9 Taxation

Components of income tax were as follows:

	Three-month period ended		Six-month period ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
Current tax	3,098	10,970	4,110	14,069
Deferred tax	13,855	3,979	11,991	4,307
Total income tax expense	16,953	14,949	16,101	18,376

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual statutory tax rate used for the six-month period ended June 30, 2024 was 25.4% (2023 - 25.5%).

For the three-month period ended June 30, 2024, the Company has concluded it is improbable that the recognized deferred tax assets relating to the U.S. Operations will be recovered using estimated future taxable income. As a result, the Company derecognized the deferred tax asset of $13,226 as at June 30, 2024. This estimate will be updated in future periods and may result in changes in the amount of deferred tax assets recognized based on the amount judged to be recoverable.

10 Business acquisitions

During the six-month period ended June 30, 2024, the company completed a business acquisition that was accounted for using the acquisition method.

Acquisition of Nurse Chevrolet Cadillac and Collision Centre

On June 24, 2024, the Company acquired substantially all of the assets of Nurse Chevrolet Cadillac Dealership and Collision Centre in Oshawa, Ontario. The acquisition supports management's strategic objectives of further expanding the Company's automobile dealership presence and collision centre capacity in the province of Ontario.

The estimated provisional purchase price allocation, which is subject to finalization of the valuation of acquired assets and assumed liabilities, of the business acquisition completed during the six-month period ended June 30, 2024 is summarized as follows:

	Total $
Current assets	
Cash	2
Trade and other receivables	76
Inventories	2,687
	2,765
Long-term assets	
Property and equipment	1,541
Right-of-use assets	18,850
Other long-term assets	15
Intangible assets	14,820
Total assets	37,991
Current liabilities	
Trade and other payables	122
Lease liabilities	70
	192
Long-term liabilities	
Lease liabilities	18,780
Total liabilities	18,972
Net identifiable assets acquired	19,019
Goodwill	1,180
Total net assets acquired	20,199
Total consideration	20,199

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 the operations of the acquired entity are included in the Condensed Interim Consolidated Statements of Comprehensive Income 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 Condensed Interim Consolidated Statements of Financial Position.

The results of operations of the acquired entity since the acquisition date contributed an insignificant amount of revenue and of net income to the Condensed Interim Consolidated Statements of Comprehensive Income for the period ended June 30, 2024. Had the acquisition occurred at January 1, 2024, consolidated pro-forma revenue and net loss for the period ended June 30, 2024 would have been $3,060,653 and $(31,958) respectively.

Transaction costs amounting to $151 have been expensed and recorded in operating expenses.

Prior year business acquisitions

During the six-month period ended June 30, 2024, provisional amounts that were previously disclosed in the Annual Financial Statements for the year ended December 31, 2023, were finalized without any changes for the following acquisition:

- DCC Hail acquired in February 2023.

During the six-month period ended June 30, 2024, new information was obtained about circumstances that existed at the acquisition date, which resulted in certain adjustments to the fair value of net identifiable assets acquired for the following acquisitions:

- Premier Chevrolet Cadillac Buick GMC Dealership and Collision Centre acquired in April 2023.
- London Auto Collision Limited acquired in May 2023.

These adjustments are not significant and have been adjusted for prospectively in these Interim Financial Statements. Provisional amounts upon acquisition were previously disclosed in the Annual Financial Statements for the year ended December 31, 2023 for the above acquisition.

11 Assets and liabilities held for sale

Land and buildings

The Company has committed to a plan to sell specific properties consisting of land and buildings in Alberta, which is included in the Canadian Operations segment, and in Chicago, which is included in the U.S. Operations segment, as part of our regular evaluation of capital allocation. The net assets have been reclassified as held for sale in the Condensed Interim Consolidated Statements of Financial Position.

On February 1, 2024, the Company completed the sale of two properties consisting of land and buildings in British Columbia and Alberta for cash consideration of $41,370 net of closing adjustments as part of a settlement agreement announced on September 8, 2023. These properties were previously held for sale as at December 31, 2023. A gain of $19,218 was recognized on the sale.

On May 1, 2024, the Company completed the sale of a property consisting of land and building for cash consideration of $10,000. The property was previously held for sale as at March 31, 2024. A gain of $3,418 was recognized on the sale.

During the six-month period ended June 30, 2024, the Company recorded a gain on disposal of assets of $22,636 (2023 - $nil).

Dealerships

The Company has committed to a plan to sell substantially all of the operating and fixed assets of two dealerships in Alberta, which are included in the Canadian Operations segment, as part of our regular evaluation of dealership optimization. The net assets and liabilities of the dealerships have been reclassified as held for sale as at June 30, 2024.

Impairment charges as a result of reclassification as held for sale

Under IFRS Accounting Standards, when non-current assets meet the criteria to be classified as held for sale, this is also considered to be an impairment indicator and the non-current assets must be measured at the lower of cost and the fair value less costs to sell. Any resulting impairment must be allocated to goodwill and then to the other non-current assets on a pro-rata basis. For the six-month period ended June 30, 2024, the Company recorded an impairment charge of $7,200 (Note 15) related to a dealership in the Canadian Operations segment that was determined to be impaired. The $7,200 impairment charge was allocated to intangible assets as goodwill was previously fully impaired.

The Canadian Operations and U.S. Operations segments are summarized as follows:

				June 30, 2024	December 31, 2023
	Canadian Operations		U.S. Operations		Canadian Operations
	Land and buildings $	Dealerships $	Land and building $	Total $	Land and building $
Warranties receivables	—	169	—	169	—
Inventories	—	24,640	—	24,640	—
Property and equipment	6,480	350	6,135	12,965	22,152
Intangible assets	—	13,341	—	13,341	—
Other assets	—	69	—	69	—
Assets held for sale	6,480	38,569	6,135	51,184	22,152
Trade and other payables	—	1,184	—	1,184	—
Liabilities held for sale	—	1,184	—	1,184	—

12 Trade and other receivables

	June 30, 2024 $	December 31, 2023 $
Trade receivables	182,574	185,919
Sales tax receivable	30,761	25,341
Other receivables	13,516	14,064
	226,851	225,324
Less: Expected loss allowance	(3,680)	(3,248)
Trade and other receivables	223,171	222,076

13 Inventories

	June 30, 2024 $	December 31, 2023 $
New vehicles	629,199	542,978
Demonstrator vehicles	94,735	78,092
Used vehicles	401,532	475,126
Parts and accessories	57,183	58,115
Inventories	1,182,649	1,154,311

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

	Three-month period ended		Six-month period ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
Inventory expensed as cost of sales	1,318,663	1,452,303	2,474,481	2,712,734
Writedowns on vehicles included in cost of sales	16,233	2,978	19,016	10,047
Demonstrator expenses included in administrative costs	2,362	3,627	1,790	7,182

14 Property and equipment

During the six-month period ended June 30, 2024, the Company purchased land and buildings of $nil (2023 - $14,862) and equipment of $15,125 (2023 - $21,319).

Capital commitments

As at June 30, 2024, the Company is committed to capital expenditure obligations in the amount of $63 (December 31, 2023 - $5,404) related to dealership relocations and re-imagings with expected completion of these commitments in 2024.

15 Impairment of non-financial assets

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

During the six-month period ended June 30, 2024, the Company determined there were indicators of impairment as a result of the decline in market capitalization of the Company when compared to the book value of the net assets at June 30, 2024 and for specific CGUs that had actual results that fell short of previous estimates. The Company performed an interim test for impairment on these specific CGUs as at June 30, 2024 and recorded an impairment charge on indefinite-lived identifiable intangible assets of $11,309 for three dealerships in the U.S. Operations. An impairment charge of $7,200 related to a dealership in the Canadian Operations was recorded as a result of reclassification as held for sale (Note 11) (2023 - nil).

The charges were allocated to the assets of the respective CGU’s as follows:

	Three-month period ended		Six-month period ended	
	June 30, 2024 $	**June 30, 2023 $**	**June 30, 2024 $**	**June 30, 2023 $**
Assets held for sale (Note 11)	—	—	7,200	—
Intangible assets	11,309	—	11,309	—
	11,309	—	18,509	—

The impairment for the six-month period ended June 30, 2024 relates to the Company's reportable segments as follows:

	Canadian Operations $	**U.S. Operations $**	**Total $**
Intangible assets	7,200	11,309	18,509
	7,200	11,309	18,509

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

The impairment amount for two dealerships in the U.S. Operations was determined using the Value in Use method ("VIU") and the impairment amount for one dealership was determined using the Fair Value less Cost to Dispose method ("FVLCD"). The recoverable amount of each CGU was based on the greater of fair value less cost to dispose and value in use. The Company did not make any material changes to the valuation methodology and significant assumptions used to assess impairment in the current period.

Recoverable amounts

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

U.S. Operations

Cash Generating Unit	FVLCD or VIU	June 30, 2024 $	December 31, 2023 $
CF	VIU	8,869	3,232
CW	FVLCD	478	—
CT	VIU	5,392	—

16 Other assets

	June 30, 2024 $		December 31, 2023 $	
	Current	Long-term	Current	Long-term
Prepaid expenses	16,167	1,324	13,283	1,346
Derivative financial instruments (Note 19)	2,627	—	2,318	—
Other assets	—	14,282	—	14,498
Net investment in lease	123	830	117	864
Other assets	18,917	16,436	15,718	16,708

Other assets $14,282 (2023 - $14,498) relates to long-term loans receivable from the respective non-controlling interests.

17 Trade and other payables

	June 30, 2024 $	December 31, 2023 $
Trade payables	72,324	75,079
Accruals and provisions	75,480	87,445
Sales tax payable	41,219	32,757
Wages and withholding taxes payable	39,979	43,146
Trade and other payables	229,002	238,427

18 Revolving floorplan facilities and indebtedness

	June 30, 2024 $	December 31, 2023 $
Revolving floorplan facilities	**1,254,976**	**1,174,595**
Indebtedness		
Revolving term facilities		
Revolving term facility	185,000	187,000
Unamortized deferred financing costs	(1,514)	(778)
	183,486	186,222
Non-revolving term facilities		
Non-recourse mortgages	30,898	31,235
Unamortized deferred financing costs	(45)	(47)
	30,853	31,188
Senior unsecured notes		
Senior unsecured notes	350,000	350,000
Unamortized deferred financing costs	(4,149)	(4,599)
	345,851	345,401
Other debt		
Other long-term debt	89	111
Total indebtedness	**560,279**	**562,922**
Current indebtedness	14,344	744
Long-term indebtedness	545,935	562,178

Amended and extended credit facility

On April 22, 2024, the Company amended its syndicated credit agreement. The amendment included the creation of a $25 million leasehold facility and increasing total aggregate bank facilities to $1,635 million. The credit facility term was also extended to April 22, 2027.

On June 28, 2024, the Company amended its syndicated credit agreement to increase the Company's maximum permitted Total Net Funded Debt to EBITDA ratio from 4.00:1.00 to 4.50:1.00 for the period from June 28, 2024 to September 29, 2024. After September 29, 2024, the Company's maximum permitted Total Net Funded Debt to EBITDA Ratio will revert to 4.00:1.00 until the end of the agreement term.

The Company was in compliance with its debt covenants as at June 30, 2024.

19 Derivative financial instruments and other liabilities

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

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. 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.

On February 1, 2024, the Company entered into a new fixed interest rate swap that fixed Canadian Overnight Repo Rate Average ("CORRA") at 3.77% with a notional amount of $75,000 to economically hedge the variable rate of debt. The swap has an initial maturity date of February 1, 2029 but can be terminated earlier by the counterparty on February 1, 2027. 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 this contract.

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

	Foreign exchange forward contracts	Interest rate swaps		
	Non-hedges $	Cash flow hedges $	Non-hedges $	Total $
June 30, 2024				
Other current assets (Note 16)	—	—	2,627	2,627
Other liabilities - current	79	—	—	79
Derivative financial instruments - liabilities	—	—	1,859	1,859
Notional values	42,900 USD	—	302,800 CAD	
Maturity (Year)	2024		2025 - 2029	
December 31, 2023				
Other current assets (Note 16)	2,112	206	—	2,318
Derivative financial instruments - assets	—	—	3,920	3,920
Derivative financial instruments - liabilities	—	—	2,219	2,219
Notional values	61,000 USD	50,000 CAD	227,800 CAD	
Maturity (Year)	2024	2024	2025 - 2026	
Change in fair value of outstanding hedging instruments since January 1	—	(196)	—	(196)
Change in value of hedged item used to determine hedge effectiveness	—	196	—	196

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

	Net income $	Other comprehensive income $	Total $
For the three-month period ended June 30, 2024			
Change in fair value of hedging instruments	—	—	—
Unrealized fair value changes on non-hedging instruments (Note 8)	(1,306)	—	(1,306)
Interest rate swap settlements (Note 8)	1,469	—	1,469
Unrealized fair value changes on foreign exchange forward contracts	182	—	182
Realized loss on foreign exchange forward contracts	(1,120)	—	(1,120)
	(775)	—	(775)
For the six-month period ended June 30, 2024			
Change in fair value of hedging instruments	—	(206)	(206)
Unrealized fair value changes on non-hedging instruments (Note 8)	(934)	—	(934)
Interest rate swap settlements (Note 8)	3,025	—	3,025
Unrealized fair value changes on foreign exchange forward contracts	(2,191)	—	(2,191)
Realized loss on foreign exchange forward contracts	(582)	—	(582)
	(682)	(206)	(888)
For the three-month period ended June 30, 2023			
Change in fair value of hedging instruments	—	(166)	(166)
Unrealized fair value changes on non-hedging instruments (Note 8)	984	—	984
Amortization of terminated hedges (Note 8)	(817)	817	—
Interest rate swap settlements (Note 8)	2,778	—	2,778
Unrealized fair value changes on foreign exchange forward contracts	84	—	84
Realized gain on foreign exchange forward contracts	679	—	679
	3,708	651	4,359
For the six-month period ended June 30, 2023			
Change in fair value of hedging instruments	—	(544)	(544)
Unrealized fair value changes on non-hedging instruments (Note 8)	524	—	524
Amortization of terminated hedges (Note 8)	(1,634)	1,634	—
Interest rate swap settlements (Note 8)	3,029	—	3,029
Unrealized fair value changes on foreign exchange forward contracts	551	—	551
Realized gain on foreign exchange forward contracts	195	—	195
	2,665	1,090	3,755

Other liabilities

Equity forward liability

As at June 30, 2024, the Company has equity forward agreements on 350,000 (December 31, 2023 - 350,000) outstanding common shares with an outstanding liability amounting to $11,063 (December 31, 2023 - $11,063). The outstanding liability is classified as a current liability.

20 Share-based payments

Share-based compensation expense

Total expenses net of recoveries arising from share-based payment transactions recognized during the three-month and six-month periods ended June 30, 2024 included in employee costs are as follows:

	Three-month period ended		Six-month period ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
Stock options	337	(333)	684	153
Restricted share units	349	110	445	213
Deferred share units	315	288	593	550
Share appreciation rights	1,041	1,011	2,384	2,021
Performance share units	154	—	295	—
Share-based compensation expense	2,196	1,076	4,401	2,937

During the six-month period ended June 30, 2024, 277,408 performance share units and 328,617 stock units awarded as consideration for the purchase of the UD LP minority interest in December 31, 2023 were granted. Share-based compensation expense for these awards was fully recognized in the Annual Financial Statements for the year ended December 31, 2023.

21 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 six-month periods ended:

	June 30, 2024		June 30, 2023	
	Number of common shares	$	Number of common shares	$
Issued, beginning of the period	23,611,175	434,632	23,551,137	433,693
Exercised stock options	—	—	20,038	462
Shares repurchased and cancelled under Normal Course Issuer Bid	(343,242)	(6,319)	—	—
Issued, end of the period	23,267,933	428,313	23,571,175	434,155

Normal Course Issuer Bid

On March 6, 2024, the Company received approval from the TSX to commence a Normal Course Issuer Bid ("NCIB"). The NCIB commenced on March 11, 2024, and will terminate on the earlier of March 10, 2025 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 1,329,106 common shares, representing approximately 5.6% of the 23,611,175 issued and outstanding common shares of the Company as at March 6, 2024. The Company is limited under the NCIB to purchase no more than 12,118 common shares on any given day, subject to the block purchase exemptions under the TSX rules.

In connection with the NCIB, the Company has established an automatic repurchase plan with its designated broker to facilitate the purchase of shares under the NCIB at times when the Company would ordinarily not be permitted to purchase its shares due to regulatory restrictions or blackout periods.

During the six-month period ended June 30, 2024, the Company repurchased and cancelled 343,242 common shares (2023 - nil) under its NCIB for cash consideration of $7,719 net of transaction cost of $3 which were recorded in share capital. The average share purchase price was $22.23, with prices ranging from $19.47 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 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. 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 Condensed Interim Consolidated Statements of Changes in Equity.

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

	June 30, 2024		June 30, 2023	
	Number of treasury shares	**$**	**Number of treasury shares**	**$**
Outstanding, beginning of the period	(12,465)	(319)	(48,667)	(672)
Treasury shares acquired	(68,003)	(1,625)	—	—
Treasury shares settled	62,674	1,444	36,202	352
Outstanding, end of the period	(17,794)	(500)	(12,465)	(320)

Earnings per share

Basic earnings per share was calculated by dividing net (loss) income attributable to AutoCanada shareholders by the weighted-average number of common 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.

	2024 $	2023 $
Net (loss) income for the period attributable to AutoCanada shareholders	(36,689)	50,369

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

	Three-month period ended		Six-month period ended	
	June 30, 2024	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
Basic	23,374,790	23,548,162	23,479,098	23,525,793
Effect of dilution from equity forward	—	242,272	—	171,792
Effect of dilution from RSUs	—	65,016	—	72,433
Effect of dilution from stock options	—	396,634	—	615,512
Effect of dilution from SARs	—	—	—	—
Effect of dilution from PSUs	—	—	—	—
Effect of dilution from stock units	—	—	—	—
Diluted	23,374,790	24,252,084	23,479,098	24,385,530

For the three month period ended June 30, 2024, potential common shares related to equity forward (164,635), RSUs (7,859), stock options (339,837), and PSUs (25,686) were excluded from the computation of diluted earnings per share because they were anti-dilutive.

For the six month period ended June 30, 2024 potential common shares related to equity forward (157,885), RSUs (8,523), stock options (712,210), and PSUs (27,139) were excluded from the computation of diluted earnings per share because they were anti-dilutive.

22 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:

	June 30, 2024 $	December 31, 2023 $
Long-term indebtedness (Note 18)	545,935	562,178
Equity	524,063	564,829
	1,069,998	1,127,007

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

Gross lease adjusted indebtedness

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

	June 30, 2024 $	December 31, 2023 $
Total indebtedness (Note 18)	560,279	562,922
Lease liabilities	511,704	497,424
Gross lease adjusted indebtedness	**1,071,983**	**1,060,346**

23 Financial instruments

Fair value of financial instruments

The Company's financial instruments as at June 30, 2024 are represented by cash, trade and other receivables, other assets, trade and other payables, other liabilities, revolving floorplan facilities, vehicle repurchase obligations, indebtedness, redemption liabilities, and derivative financial instruments.

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

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

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.

Derivative 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. Fair value of these redemption liabilities are calculated based on an applicable multiple applied to projected earnings before interest, taxes, depreciation, and amortization.

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

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

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

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

Liquidity risk

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

As at June 30, 2024, the Company's liquidity consists of $106,198 in cash on hand, and $190,000 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. As disclosed in Note 18 the Company was in compliance with all covenants as at June 30, 2024. 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
Senior Net Funded Debt to Bank EBITDA Ratio	Shall not exceed 2.50
Total Net Funded Debt to Bank EBITDA Ratio[1]	Shall not exceed 4.50
Fixed Charge Coverage Ratio	Shall not be less than 1.20

1 As explained in Note 18, effective June 28, 2024, the Total Net Funded Debt to Bank EBITDA ratio requirement was increased from 4.00 to 4.50 for the period June 28, 2024 to September 29, 2024. After September 29, 2024, the Total Net Funded Debt to Bank EBITDA ratio requirement will revert back to 4.00:1.00.

During the six month period ended June 30, 2024, the Company had a comprehensive loss of $(32,631) and cash flows from operations of $43,563. The Company is actively managing an increased liquidity risk as a result of the current financial performance. As at June 30, 2024, the Company has an increased risk of non-compliance with its Total Net Funded Debt to Bank EBITDA ratio (the ratio) covenant in the next twelve month period, which non-compliance would provide the lenders with the right to require repayment of the credit facility. The ratio as at June 30, 2024 was 4.09. In addition, the decline in market capitalization of the Company when compared to the book value of the net assets at June 30, 2024 (which has been identified as an impairment indicator (Note 15)) may impact the ability to raise additional capital in the future.

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

The Company is currently in discussions with the lenders under the Company's credit facility to address the increased risk of non-compliance with covenants associated with the revolving term facilities.

At this time the Company's ability to comply with its financial covenants in the next twelve months is dependent on continued agreement with the Company's lenders, accelerating initiatives to improve profitability, suspension of mergers and acquisitions and capital return initiatives, freezing discretionary spending, and actively reviewing strategic alternatives for non-core and underperforming assets. It is the Company's view that those efforts will be successful, however this is an area of significant judgment that is reliant on the outcomes of those efforts and there are no assurances that those efforts will be successful.

24 Net change in non-cash working capital

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

	Three-month period ended		Six-month period ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
Trade and other receivables	(17,867)	(2,776)	(119)	(2,887)
Inventories	608	13,780	(45,374)	4,802
Other current assets	(3,160)	(6,323)	(2,581)	(11,554)
Trade and other payables	23,512	(4,151)	17,451	12,885
Revolving floorplan facilities	22,450	4,818	76,385	39,218
Other liabilities	(1)	(517)	—	(1,017)
Net change in non-cash working capital	25,542	4,831	45,762	41,447

25 Related party transactions

Transactions with related parties

During the three-month and six-month periods ended June 30, 2024, there were transactions with companies controlled by the Executive Chair. These counterparties are:

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

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

	Three-month period ended		Six-month period ended	
	June 30, 2024 $	June 30, 2023 $	June 30, 2024 $	June 30, 2023 $
Administrative and other support and transportation fees	549	328	990	773
Net used vehicle sales to related parties	(318)	(101)	(383)	(491)

Used Digital Division

During the six-month period ended June 30, 2024, the Company made cash payments of $22,500 to the company controlled by the Executive Chair for amounts owing for the purchase of the 15% common interest in AutoCanada UD LP (the "UD LP Minority Interest") in December 2023. The agreement requires $15,000 of the cash purchase consideration to be used by the company controlled by the Executive Chair to purchase the Company's common shares within a two-year period from the closing date. Cash is advanced to the company controlled by the Executive Chair upon request with excess cash not used to purchase the Company's common shares returned to the Company until the agreement expires. The company controlled by the Executive Chair purchased 701,253 of the Company's common shares with the cash advanced.

As at June 30, 2024, the Company has $nil (December 31, 2023 - $22,500) recorded in accruals and provisions within trade and other payables for amounts owing to the Executive Chair related to the purchase of the UD LP Minority Interest.

Key management personnel compensation

During the six-month period ended June 30, 2024, the Company recorded $2,503 for termination benefits related to key management personnel, which are included in accruals and provisions within trade and other payables as at June 30, 2024 (Note 17).

26 Segmented reporting

During the six-month period ended June 30, 2024, the Executive Chair served as the function of the Chief Operating Decision Maker (CODM). The Executive Chair is responsible for allocating resources and assessing the performance of the following segments: Canadian Operations and U.S. Operations.

Each reportable operating segment is comprised of retail automobile dealerships and related businesses.

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

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

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

	Three-month period ended June 30, 2024			**Three-month period ended June 30, 2023**		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Revenue						
Total revenue	1,409,829	191,150	1,600,979	1,548,615	207,647	1,756,262

	Six-month period ended June 30, 2024			**Six-month period ended June 30, 2023**		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Revenue						
Total revenue	2,650,108	371,799	3,021,907	2,888,870	406,718	3,295,588

	Three-month period ended June 30, 2024			**Three-month period ended June 30, 2023**		
	Canada $	**U.S. $**	**Total $**	**Canada $**	**U.S. $**	**Total $**
Operating profit (loss) before other income	32,345	(4,544)	27,801	84,846	4,876	89,722
Lease and other income, net	1,199	187	1,386	1,925	420	2,345
Gains on disposal of assets, net	3,359	—	3,359	101	—	101
Impairment of non-financial assets (Note 11)	—	(11,309)	(11,309)	—	—	—
Operating profit (loss)	36,903	(15,666)	21,237	86,872	5,296	92,168
Finance costs (Note 8)			(37,040)			(32,760)
Finance income (Note 8)			58			808
Loss on settlement of redemption liability			(642)			—
Other gains (losses), net			266			(39)
(Loss) income for the period before taxation			(16,121)			60,177

	Six-month period ended June 30, 2024			Six-month period ended June 30, 2023		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
Operating profit (loss) before other income	53,067	(7,603)	45,464	127,823	5,280	133,103
Lease and other income, net	3,589	346	3,935	4,855	733	5,588
Gains on disposal of assets, net	22,626	—	22,626	106	—	106
Impairment of non-financial assets (Note 11)	(7,200)	(11,309)	(18,509)	—	—	—
Operating profit (loss)	72,082	(18,566)	53,516	132,784	6,013	138,797
Finance costs (Note 8)			(73,342)			(68,587)
Finance income (Note 8)			786			1,910
Loss on settlement of redemption liability			(642)			—
Other gains (losses), net			348			(132)
(Loss) income for the period before taxation			(19,334)			71,988

	As at June 30, 2024			As at December 31, 2023		
	Canada $	U.S. $	Total $	Canada $	U.S. $	Total $
Assets held for sale (Note 11)	45,049	6,135	51,184	22,152	—	22,152
Segment assets	2,869,530	327,985	3,197,515	2,834,012	325,427	3,159,439
Capital expenditures and acquisition of real estate	12,690	2,435	15,125	61,556	9,158	70,714
Liabilities held for sale (Note 11)	1,184	—	1,184	—	—	—
Segment liabilities	2,130,750	542,702	2,673,452	2,098,703	495,907	2,594,610

27 Seasonal nature of the business

The Company's results from operations for the three-month and six-month periods ended June 30, 2024 are not necessarily indicative of the results that may be expected for the full fiscal year due to seasonal variations in sales levels. The results from operations and financial performance of the Company have historically been lower in the first and fourth quarters of each year, largely due to consumer purchasing patterns during the holiday season, inclement weather, and the number of business days during the period. The timing of acquisitions and divestitures may also cause substantial fluctuations in operating results from quarter to quarter.

28 Reclassification of comparatives

Management has reclassified certain items within the comparative consolidated statement of cash flows to enhance the clarity and comparability of the financial information presented. This reclassification had no effect on the reported results of operations other than as described directly below.

	Three-month period ended June 30, 2023		
	As originally presented $	Reclassification of comparative figures $	Revised $
Cash provided by (used in):			
Operating activities			
Finance costs (Note 8)	—	(32,760)	32,760
Loss on extinguishment of debt	—	—	—
Amortization of deferred financing costs	296	296	—
Amortization of terminated hedges	817	817	—
Unrealized fair value changes on non-hedging instruments	(984)	(984)	—
Net change in non-cash working capital (Note 24)	9,947	5,116	4,831
Interest paid	—	27,515	(27,515)
	10,076	—	10,076
Net operating activities	**55,005**	**—**	**55,005**

	Six-month period ended June 30, 2023		
	As originally presented $	Reclassification of comparative figures $	Revised $
Cash provided by (used in):			
Operating activities			
Finance costs (Note 8)	—	(68,587)	68,587
Loss on extinguishment of debt	1,382	1,382	—
Amortization of deferred financing costs	616	616	—
Amortization of terminated hedges	1,634	1,634	—
Unrealized fair value changes on non-hedging instruments	(524)	(524)	—
Net change in non-cash working capital (Note 24)	40,848	(599)	41,447
Interest paid	—	66,078	(66,078)
	43,956	—	43,956
Net operating activities	**108,359**	**—**	**108,359**

29 Subsequent events

Normal Course Issuer Bid

For the period from July 1 to August 13, 2024, the Company repurchased and cancelled 109,100 shares for an average price of $18.99 under its NCIB and automatic share purchase plan for consideration of $2,072.

Lawsuits and legal claims

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. The Company disputes the FTC's allegations that it violated the FTC Act, the Used Car Rule, and Illinois law, and is currently involved in discussions with the FTC staff regarding the matter. There can be no assurance that negotiations between the Company and the FTC for a favourable settlement will be successful, or that the Company will succeed in any litigation as a result of the investigation.

As at June 30, 2024, a material cash outflow was assessed as not being probable.

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