



7.1 gal  
25.4 ml

1.3 gal  
good

0.9 gal  
73%

24 psi  
good

95%  
good



# TRANSFORMING FOR THE FUTURE

2020 FIRST QUARTER  
INTERIM REPORT

# INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2020

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## QUARTERLY HIGHLIGHTS

(In millions of US dollars, except percentages, per share amounts and otherwise specified)

2020				
SALES	EBT	ADJUSTED EBT <sup>(1)</sup>	NET LOSS	ADJUSTED LOSS <sup>(1)</sup>
<b>\$407.7</b>	<b>\$(8.6)</b>	<b>\$(5.9)</b>	<b>\$(6.7)</b>	<b>\$(4.3)</b>
ORGANIC GROWTH <sup>(1)</sup> (3.4)%	(2.1)%	(1.4)%	\$(0.16)/SHARE	\$(0.10)/SHARE
2019				
SALES	EBT	ADJUSTED EBT <sup>(1)</sup>	NET LOSS	ADJUSTED EARNINGS <sup>(1)</sup>
<b>\$420.0</b>	<b>\$(1.3)</b>	<b>\$7.1</b>	<b>\$(1.3)</b>	<b>\$5.1</b>
ORGANIC GROWTH <sup>(1)</sup> 2.5%	(0.3)%	1.7%	\$(0.03)/SHARE	\$0.12/SARE

### Operational highlights:

- Executed business continuity plan in a timely manner, allowing the Corporation to serve its customers while ensuring that health and safety protocols were followed in relation to the COVID-19 pandemic ("COVID-19"). (Refer to the "Status on the COVID-19 pandemic" section for further details.)
- Performance Improvement Plan ("PIP") resulting in annualized savings of \$2.9 realized during the quarter. Restructuring and other charges were incurred for a total of \$1.2, while six company-owned stores were integrated.
- Acquisition of Bay Auto & Truck Ltd. by the Canadian Automotive group segment, adding three company-owned stores to its BUMPER TO BUMPER® network.
- Appointment of Joseph E. McCorry to the position of President and Chief Operating Officer of FinishMaster, Inc.

### Financial highlights:

- Consolidated sales decreased by 2.9% to \$407.7 from \$420.0 for the same quarter in 2019 and consolidated organic growth<sup>(1)</sup> was negative 3.4%. COVID-19 impacted consolidated sales by 3.0% to 4.0% for the quarter, the majority of which affecting the last two weeks of March. As well, the depreciation of the Canadian and the British currencies relative to the US dollar negatively impacted consolidated sales by \$2.4 or 0.5%. Excluding the effect of COVID-19, consolidated organic sales<sup>(1)</sup> would have been flat against last year.
- Earnings Before Tax ("EBT") and EBT margin<sup>(1)</sup>, once adjusted for special items such as restructuring and other charges related to the PIP of \$1.2 and the review of strategic alternatives of \$0.5, were respectively \$(5.9) and (1.4)% compared to \$7.1 and 1.7% for the corresponding quarter last year. The current quarter's EBT was affected by foreign exchange losses, a one-time charge, as well as by lower gross margins reflecting the decline in sales.
- Net loss of \$(6.7) or \$(0.16) per share reported for the current quarter of 2020, compared to net loss of \$(1.3) or \$(0.03) per share last year. Once adjusted, earnings<sup>(1)</sup> were \$(4.3) or \$(0.10) per share for the current quarter and \$5.1 or \$0.12 in 2019.
- Total net debt<sup>(1)</sup> was \$468.3 as at March 31, 2020, including lease obligations of \$105.5.

<sup>(1)</sup> This information represents a non-IFRS financial measure. (Refer to the "Non-IFRS financial measures" section for further details.)

QUARTERLY HIGHLIGHTS (CONTINUED)

SELECTED CONSOLIDATED INFORMATION

	First quarters		
(in thousands of US dollars, except per share amounts, percentages and otherwise specified)	2020	2019	%
<b>OPERATING RESULTS</b>			
Sales	407,684	420,037	(2.9)
EBITDA <sup>(1)</sup>	15,080	21,356	(29.4)
EBITDA margin <sup>(1)</sup>	3.7%	5.1%	
Adjusted EBITDA <sup>(1)</sup>	16,786	28,451	(41.0)
Adjusted EBITDA margin <sup>(1)</sup>	4.1%	6.8%	
EBT	(8,616)	(1,297)	(564.3)
EBT margin <sup>(1)</sup>	(2.1%)	(0.3%)	
Adjusted EBT <sup>(1)</sup>	(5,875)	7,079	(183.0)
Adjusted EBT margin <sup>(1)</sup>	(1.4%)	1.7%	
Special items	1,706	7,095	
Net loss	(6,741)	(1,333)	(405.7)
Adjusted earnings (loss) <sup>(1)</sup>	(4,301)	5,050	(185.2)
Free cash flows <sup>(1)</sup>	11,769	19,206	
<b>COMMON SHARE DATA</b>			
Net loss	(0.16)	(0.03)	(433.3)
Adjusted earnings (loss) <sup>(1)</sup>	(0.10)	0.12	(183.3)
Dividend (C\$)	0.0925	0.0925	
Book value	11.28	12.27	
Number of shares outstanding	42,387,300	42,387,300	
Weighted average number of outstanding shares	42,387,300	42,387,300	
	Mar. 31, 2020	Dec. 31, 2019	
<b>FINANCIAL POSITION</b>			
Working capital	331,646	321,970	
Total assets	1,451,275	1,586,394	
Total net debt <sup>(1)</sup>	468,250	449,059	
Revolving credit facility at nominal value	392,218	375,956	
Convertible debentures	78,149	84,505	
Total equity	478,313	506,994	
Return on average total equity <sup>(1)</sup>	(5.1%)	(3.9%)	
Adjusted return on average total equity <sup>(1)</sup>	3.5%	5.2%	

<sup>(1)</sup> This information represents a non-IFRS financial measure. (Refer to the "Non-IFRS financial measures" section for further details.)

# PRELIMINARY COMMENTS TO MANAGEMENT'S DISCUSSION AND ANALYSIS

## BASIS OF PRESENTATION OF MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's discussion and analysis ("MD&A") discusses the Corporation's operating results and cash flows for the quarter ended March 31, 2020 compared with the quarter ended March 31, 2019, as well as its financial position as at March 31, 2020 compared with its financial position as at December 31, 2019. This report should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the 2019 Annual Report. The information contained in this MD&A takes into account all major events that occurred up to May 14, 2020, the date at which the interim consolidated financial statements and MD&A were approved and authorized for issuance by the Corporation's Board of Directors. It presents the existing Corporation's status and business as per Management's best knowledge as at that date.

Additional information on Uni-Select, including the audited consolidated financial statements and the Corporation's Annual Information Form, is available on the SEDAR website at [sedar.com](http://sedar.com).

In this MD&A, "Uni-Select" or the "Corporation" refers, as the case may be, to Uni-Select Inc. and its subsidiaries.

Unless otherwise indicated, the financial data presented in this MD&A, including tabular information, is expressed in thousands of US dollars, except per share amounts, percentages, number of shares and otherwise specified. Comparisons are presented in relation to the comparable periods of the prior year.

The interim consolidated financial statements contained in the present MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS"). These financial statements have not been audited by the Corporation's external auditors.

## FORWARD-LOOKING STATEMENTS

The MD&A is intended to assist investors in understanding the nature and importance of the results and trends, as well as the risks and uncertainties associated with Uni-Select's operations and financial position. Certain sections of this MD&A contain forward-looking statements within the meaning of securities legislation concerning the Corporation's objectives, projections, estimates, expectations or forecasts.

Forward-looking statements involve known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from forecasted results. Risks that could cause the results to differ materially from expectations are discussed in the "Risk Management" section included in the 2019 Annual Report. Those risks include, among others, competitive environment, consumer purchasing habits, vehicle fleet trends, general economic conditions and the Corporation's financing capabilities.

There is no assurance as to the realization of the results, performance or achievements expressed or implied by forward-looking statements. Unless required to do so pursuant to applicable securities legislation, Management assumes no obligation as to the updating or revision of forward-looking statements as a result of new information, future events or other changes.

## PROFILE AND DESCRIPTION

With over 6,000 employees in Canada, the U.S. and the U.K., Uni-Select is a leader in the distribution of automotive refinish and industrial coatings and related products in North America, as well as a leader in the automotive aftermarket parts business in Canada and in the U.K. Uni-Select is headquartered in Boucherville, Québec, Canada, and its shares are traded on the Toronto Stock Exchange (UNS).

In Canada, Uni-Select supports over 16,000 automotive repair and collision repair shops and more than 4,000 shops through its automotive repair/installer shop banners and automotive refinish banners. Its national network includes over 1,000 independent customer locations and more than 75 company-owned stores, many of which operate under the Uni-Select BUMPER TO BUMPER®, AUTO PARTS PLUS® and FINISHMASTER® store banner programs.

In the United States, Uni-Select, through its wholly-owned subsidiary FinishMaster, Inc., operates a national network of over 175 automotive refinish company-owned stores under the FINISHMASTER® banner, which supports over 30,000 customers annually and is the primary supplier to more than 5,500 collision repair centre customers.

In the U.K. and Ireland, Uni-Select, through its Parts Alliance group of subsidiaries, is a major distributor of automotive parts supporting over 23,000 customer accounts with a network of over 175 company-owned stores. [www.uniselect.com](http://www.uniselect.com)

## NON-IFRS FINANCIAL MEASURES

The information included in this report contains certain financial measures that are inconsistent with IFRS. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other entities. The Corporation is of the opinion that users of its MD&A may analyze its results based on these measurements.

The following table presents performance measures used by the Corporation which are not defined by IFRS.

<b>Organic growth<sup>(1)</sup></b>	<p>This measure consists of quantifying the increase in consolidated sales between two given periods, excluding the impact of acquisitions, the erosion of sales from the integration of company-owned stores, exchange-rate fluctuations and when necessary, the variance in the number of billing days. This measure enables Uni-Select to evaluate the intrinsic trend in the sales generated by its operational base in comparison with the rest of the market. Determining the rate of organic growth, based on findings that Management regards as reasonable, may differ from the actual rate of organic growth.</p>
<b>EBITDA<sup>(1)</sup> and adjusted EBITDA<sup>(1)</sup></b>	<p>EBITDA represents net earnings excluding finance costs, depreciation and amortization and income taxes. This measure is a financial indicator of a corporation's ability to service and incur debt. It should not be considered by an investor as an alternative to sales or net earnings, as an indicator of operating performance or cash flows, or as a measure of liquidity, but as additional information.</p> <p>Adjusted EBITDA excludes certain adjustments, which may affect the comparability of the Corporation's financial results. These adjustments include, among other things, restructuring and other charges, charges related to the review of strategic alternatives, impairment loss on goodwill, as well as net gain on business disposal.</p>
<b>EBITDA margin<sup>(1)</sup> and adjusted EBITDA margin<sup>(1)</sup></b>	<p>EBITDA margin is a percentage corresponding to the ratio of EBITDA to sales. Adjusted EBITDA margin is a percentage corresponding to the ratio of adjusted EBITDA to sales.</p>
<b>Adjusted EBT<sup>(1)</sup>, adjusted earnings<sup>(1)</sup> and adjusted earnings per share<sup>(1)</sup></b>	<p>Management uses adjusted EBT, adjusted earnings and adjusted earnings per share to assess EBT, net earnings and net earnings per share from operating activities, excluding certain adjustments, net of income taxes for adjusted earnings and adjusted earnings per share, which may affect the comparability of the Corporation's financial results. Management considers that these measures facilitate the analysis and provide the best understanding of the Corporation's operational performance. The intent of these measures is to provide additional information.</p> <p>These adjustments include, among other things, restructuring and other charges, charges related to the review of strategic alternatives, impairment loss on goodwill, net gain on business disposal, as well as amortization of intangible assets related to The Parts Alliance acquisition. Management considers The Parts Alliance acquisition as transformational. The exclusion of these items does not indicate that they are non-recurring.</p>
<b>EBT margin<sup>(1)</sup> and adjusted EBT margin<sup>(1)</sup></b>	<p>EBT margin is a percentage corresponding to the ratio of EBT to sales. Adjusted EBT margin is a percentage corresponding to the ratio of adjusted EBT to sales.</p>
<b>Free cash flows<sup>(2)</sup></b>	<p>This measure corresponds to the cash flows from operating activities according to the consolidated statements of cash flows adjusted for the following items: changes in working capital items, acquisitions of property and equipment and difference between amounts paid for post-employment benefits and current period expenses. Uni-Select considers the free cash flows to be a good indicator of financial strength and of operating performance because it shows the amount of funds available to manage growth in working capital, pay dividends, repay debt, reinvest in the Corporation and capitalize on various market opportunities that arise.</p> <p>The free cash flows exclude certain variances in working capital items (such as trade and other receivables, inventory and trade and other payables) and other funds generated and used according to the consolidated statements of cash flows. Therefore, it should not be considered as an alternative to the consolidated statements of cash flows, or as a measure of liquidity, but as additional information.</p>

## NON-IFRS FINANCIAL MEASURES (CONTINUED)

<b>Total net debt<sup>(3)</sup></b>	This measure consists of long-term debt, including the portion due within a year ( <i>as shown in note 12 to the interim consolidated financial statements</i> ), net of cash.
<b>Total net debt to total net debt and total equity ratio<sup>(3)</sup></b>	This ratio corresponds to total net debt divided by the sum of total net debt, convertible debentures and total equity.
<b>Long-term debt to total equity ratio<sup>(3)</sup></b>	This ratio corresponds to long-term debt, including the portion due within a year ( <i>as shown in note 12 to the interim consolidated financial statements</i> ), divided by the sum of convertible debentures and total equity.
<b>Total net debt to adjusted EBITDA ratio<sup>(3)</sup></b>	This ratio corresponds to total net debt divided by adjusted EBITDA.
<b>Return on average total equity ratio<sup>(3)</sup></b>	This ratio corresponds to net earnings, divided by average total equity.
<b>Adjusted return on average total equity ratio<sup>(3)</sup></b>	This ratio corresponds to adjusted earnings <sup>(1)</sup> to which the amortization of intangible assets related to The Parts Alliance acquisition is added back divided by average total equity.

<sup>(1)</sup> Refer to the "Analysis of consolidated results" section for a quantitative reconciliation from the non-IFRS financial measures to the most directly comparable measure calculated in accordance with IFRS.

<sup>(2)</sup> Refer to the "Cash flows" section for a quantitative reconciliation from the non-IFRS measures to the most directly comparable measure calculated in accordance with IFRS.

<sup>(3)</sup> Refer to the "Capital structure" section for further details.

## STATUS ON THE COVID-19 PANDEMIC

The recent outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization declared to be a pandemic on March 11, 2020, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. It has created challenges for the entire automotive aftermarket.

The extent to which the COVID-19 pandemic impacts Uni-Select's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the pandemic and the actions taken to contain or treat the outbreak. Even at its current scope, together with measures that have been taken globally to counteract it, the COVID-19 pandemic could materially and adversely impact Uni-Select's business, financial condition and results of operations including, without limitation, through a major decline in economic activity in North America and the United Kingdom resulting in a decline in demand for Uni-Select's products and services, compromised employee health and workplace productivity, government-ordered business closures and threats to the business continuity of Uni-Select's stores, suppliers, customers and/or partners. These impacts could in turn, amongst other things, negatively impact Uni-Select's liquidities and/or its ability to remain in compliance with covenants under its Syndicated Credit Agreement.

The Corporation's Management, together with its Board of directors, is actively involved and has assigned dedicated multitask teams to address these risks, and to ensure that the Corporation comes out of the COVID-19 crisis strong and ready to continue its plans for growth, overall performance improvement and value creation for its shareholders.

As such, Uni-Select began implementing measures in early March to protect the health and safety of its employees, customers and suppliers. The Corporation is applying very strict protocols to protect employees who stay at work and safeguard operations and ensure that no one is exposed nor becomes infected with the disease.

Uni-Select and its customers continue to provide essential services where appropriate and permitted. However, demand has decreased and is expected to be under pressure in the near term. The Corporation reorganized activities to strictly focus on critical functions with a limited number of sites in operation whether distribution centres or company-owned stores, adapted on a country-by-country basis in alignment with regional demand as well as government requirements.

## STATUS ON THE COVID-19 PANDEMIC (CONTINUED)

More concretely, as at March 31, 2020, this resulted in:

- Operational changes such as contactless curbside pick ups where possible, order intake procedures and deliveries that minimize contact and work-from-home policies wherever possible;
- Approximately 33% company-owned stores temporarily closed, with the first closures taking place on March 23, 2020;
- 28% of company-owned stores operating on reduced hours and 7% with very limited activities for essential services;
- 50% of employees were temporarily furloughed across all business units;
- Working hours reduced by 20% for the remaining employees to support current operations;
- 20% salary cuts for executive management and certain positions;
- 25% remuneration reduction effective from January 1, 2020 for the Board of Directors; and
- All office employees are working from home.

As the uncertainty regarding the full extent and duration of the pandemic continues, the Board of Directors and the executive management team is focusing on a cash conservation plan aimed at ensuring maximum available liquidity and financial flexibility until the crisis abates and market conditions stabilize. To mitigate the impact of the reduced level of operations, significant measures were undertaken:

- Tightening the management of working capital and nonessential expenses:
  - Reducing inventory purchases according to the level of sales;
  - Accentuating collection efforts; and
  - Working with customers and suppliers to find ways to accommodate and meet respective needs;
- Reducing capital expenditures and customer investments; and
- Suspending all future dividend payments for the time being with the exception of the dividend declared on February 19, 2020, paid on April 21, 2020, to shareholders of record as of March 31, 2020.

As well, the Corporation is monitoring announcements of governmental assistance programs in connection with COVID-19 and will seek to benefit from such programs where applicable and appropriate. For the current quarter, the Corporation benefitted from subsidies of about \$600 for furloughed employees in the U.K.

As of March 31, 2020, Management considers that the COVID-19 pandemic has no impact on the Corporation's ability to continue as a going concern and did not cause significant adverse changes to assets or liabilities of the Corporation as of March 31, 2020, including the recoverability of financial instruments measured at amortized cost (such as "Trade and other receivables") and at fair value, the net realizable value of inventories, and potential impairment charges on property and equipment, intangible assets and goodwill.

## GIVING BACK TO THE COMMUNITY

The Corporation is particularly grateful to all those working on the front lines of defense for the security and well-being of us all. To that end, the Corporation is pleased to have donated thousands of much-needed N95 respirators to various governmental authorities in April in the hope that they will offer some reprieve for healthcare professionals.



## ANALYSIS OF CONSOLIDATED RESULTS

### SALES

	First quarters	
	2020	2019
<i>FinishMaster U.S.</i>	202,199	204,510
<i>Canadian Automotive Group</i>	108,941	113,113
<i>The Parts Alliance U.K.</i>	96,544	102,414
<b>Sales</b>	<b>407,684</b>	<b>420,037</b>
		%
<b>Sales variance</b>	<b>(12,353)</b>	<b>(2.9)</b>
Conversion effect of the Canadian dollar and the British pound	2,374	0.5
Number of billing days	(6,592)	(1.6)
Erosion of sales from the integration of company-owned stores	2,899	0.7
Acquisitions	(563)	(0.1)
<b>Consolidated organic growth</b>	<b>(14,235)</b>	<b>(3.4)</b>

Consolidated sales for the quarter, when compared to the same quarter last year, decreased by 2.9%. This performance was, in large part, attributable to the negative organic growth of 3.4% and to unfavourable fluctuations of the Canadian and the British currencies in the last part of the quarter. As well, sales were affected by the expected erosion resulting from the 43 company-owned stores integrated over the last twelve months. These elements were partially compensated by one additional billing day and the contribution of business acquisitions.

All three segments experienced a decline in sales, affected by lower demand, especially during the last 2 weeks of the quarter, a direct effect of the global spread of COVID-19. While the Corporation continues to provide essential services where appropriate and permitted, demand has mainly affected the automotive products segments in Canada and in the U.K. and the effect on sales is estimated to be between 3.0% and 4.0% on a consolidated basis. When excluding this effect, sales were relatively stable compared to the first quarter of 2019.

### GROSS MARGIN

	First quarters	
	2020	2019
<b>Gross margin</b>	<b>122,777</b>	135,545
<i>In % of sales</i>	<b>30.1%</b>	32.3%

The gross margin, as a percentage of sales, decreased by 220 basis points, compared to the same quarter in 2019, mainly due to lower volume rebates in relation to the optimization of inventory and an unfavorable customer mix in the FinishMaster U.S. segment. As well, The Parts Alliance U.K. segment was affected by an adverse product mix from higher sales of low-margin products, while revising downwards volume rebates due to expected reduced purchases, mainly in relation to the COVID-19 crisis. During the first quarter of 2019, the Canadian Automotive Group segment benefitted from additional volume rebates and incentives from the opening of a large distribution centre in Calgary.

## ANALYSIS OF CONSOLIDATED RESULTS (CONTINUED)

### SALARIES AND BENEFITS

	First quarters	
	2020	2019
<b>Salaries and benefits</b>	<b>72,165</b>	78,615
<i>In % of sales</i>	<b>17.7%</b>	18.7%

Salaries and benefits, as a percentage of sales, improved by 100 basis points, compared to the same quarter in 2019, overall benefitting from initiatives in relation to the PIP.

These savings were partially offset by a lower absorption of fixed payroll attributable to the lower volume of sales mostly resulting from COVID-19. Temporary lay-offs and reduction of working hours, most of which took effect on March 30, 2020, were not accretive to the quarter. However, the Corporation benefitted from governmental subsidies of about \$600 in relation to the furloughed employees in the United Kingdom.

### OTHER OPERATING EXPENSES

	First quarters	
	2020	2019
<b>Other operating expenses</b>	<b>33,826</b>	28,479
<i>In % of sales</i>	<b>8.3%</b>	6.8%

Other operating expenses, as a percentage of sales, increased by 150 basis points, compared to the same quarter last year, affected by the recognition of foreign exchange losses in relation to the depreciation of the Canadian dollar and the British pound, as well as by a one-time charge. Combined, these two elements represent \$4,799 or approximately 120 basis points. Additionally, the lower volume of sales, mostly related to the COVID-19 pandemic, resulted in reduced absorption of fixed costs. The first quarter last year benefitted from the ProColor program, which was sold in September 2019.

These elements were partially compensated by benefits resulting from the PIP.

### SPECIAL ITEMS

Special items comprise elements which do not reflect the Corporation's core performance or where their separate presentation will assist readers of the interim consolidated financial statements in understanding the Corporation's results for the period. Special items are detailed as follows:

	First quarters	
	2020	2019
Restructuring and other charges related to the PIP	<b>1,218</b>	6,193
Review of strategic alternatives	<b>488</b>	902
	<b>1,706</b>	7,095

#### Restructuring and other charges related to the PIP

In January 2019, the Corporation announced a broad performance improvement and rightsizing plan for the FinishMaster U.S. segment, which mainly consists of headcount reduction and the integration of locations, while optimizing the supply chain. The 25/20 Plan announced during the fourth quarter of 2018 and the FinishMaster U.S. segment performance improvement and rightsizing plan combined together are referred to as the PIP of the Corporation. Over the course of 2019, due to the uncertainty and challenging macroeconomics in the United Kingdom as well as to the competitive environment in the United States, the Corporation successively expanded the PIP, adding new accretive initiatives.

During the current quarter of 2020, the Corporation realized annualized savings of \$2,900, from the contribution of all segments. Consequently, annualized savings realized since the inception amounted to \$53,500 as at March 31, 2020, exceeding expectations. A total of six stores were integrated during the quarter. The PIP is now completed, with annualized expected savings realized. The Corporation will pursue continuous improvement processes, which are currently accelerated to be strategically positioned for the recovery and growth post-COVID-19.

## ANALYSIS OF CONSOLIDATED RESULTS (CONTINUED)

The Corporation recognized, for the quarter ended March 31, 2020, restructuring and other charges totalling \$1,218 (\$6,193 for 2019). These charges are detailed as follows:

	First quarters	
	2020	2019
Restructuring charges <sup>(1)</sup>	-	1,985
Change in estimates <sup>(2)</sup>	(429)	-
Other charges as incurred <sup>(3)</sup>	1,647	1,529
Non-cash costs related to the write-down of assets <sup>(4)</sup>	-	2,679
	<b>1,218</b>	<b>6,193</b>

<sup>(1)</sup> Mainly severance and termination benefits.

<sup>(2)</sup> During the quarter, the Corporation reviewed its remaining provisions and reflected a partial reversal in relation to severance.

<sup>(3)</sup> Primarily comprising consulting fees related to the optimization of the logistical processes, inventory liquidation, moving costs and retention bonuses.

<sup>(4)</sup> Mainly impairment of property and equipment.

The following table summarizes the annualized impacts as at March 31, 2020:

	Expected	Realized		
	By the end of 2020	As at Dec. 2019	During 2020	As at Mar. 2020
Annualized cost savings	50,000	50,600	2,900	53,500
Restructuring and other charges:				
Restructuring charges <sup>(1) (2)</sup>	11,000	9,660	(429)	9,231
Other charges as incurred <sup>(3)</sup>	10,000	8,167	1,647	9,814
Non-cash costs related to the write-down of assets <sup>(4)</sup>	4,000	5,945	-	5,945
	25,000	23,772	1,218	24,990
Net capital expenditures <sup>(5)</sup>	7,000	6,704	-	6,704

<sup>(1)</sup> Mainly severance and termination benefits.

<sup>(2)</sup> During the quarter, the Corporation reviewed its remaining provisions and reflected a partial reversal in relation to severance.

<sup>(3)</sup> Primarily comprising consulting fees related to the optimization of the logistical processes, inventory liquidation, moving costs and retention bonuses.

<sup>(4)</sup> Mainly impairment of property and equipment.

<sup>(5)</sup> Includes the proceeds from the sale of one building and tenant incentives.

As at March 31, 2020, a provision for restructuring charges of \$1,867 is presented as current liabilities in the Corporation's condensed consolidated statements of financial position. (Refer to note 4 in the interim consolidated financial statements for further details.)

### Review of strategic alternatives

The review of strategic alternatives was initiated in September 2018, when the Corporation announced Management changes with the immediate departure and replacement of its President and Chief Executive Officer, and the President and Chief Operating Officer of FinishMaster, Inc., and concluded in December 2019, following the issuance of the convertible debentures.

The Corporation recognized for the quarter ended March 31, 2020, charges totalling \$488 (\$902 for 2019). These charges are detailed as follows:

	First quarters	
	2020	2019
Retention bonuses	452	498
Other fees <sup>(1)</sup>	36	404
	<b>488</b>	<b>902</b>

<sup>(1)</sup> Primarily comprising consulting fees related to the review of strategic alternatives.

## ANALYSIS OF CONSOLIDATED RESULTS (CONTINUED)

### EBITDA

The following is a reconciliation of the EBITDA and the adjusted EBITDA:

	First quarters		
	2020	2019	%
<b>Net loss</b>	<b>(6,741)</b>	(1,333)	
Income tax expense (recovery)	(1,875)	36	
Depreciation and amortization	16,594	15,868	
Finance costs, net	7,102	6,785	
<b>EBITDA</b>	<b>15,080</b>	21,356	(29.4)
<i>EBITDA margin</i>	<b>3.7%</b>	5.1%	
Special items	1,706	7,095	
<b>Adjusted EBITDA</b>	<b>16,786</b>	28,451	(41.0)
<i>Adjusted EBITDA margin</i>	<b>4.1%</b>	6.8%	

### FINANCE COSTS, NET

	First quarters	
	2020	2019
<b>Finance costs, net</b>	<b>7,102</b>	6,785
<i>In % of sales</i>	<b>1.7%</b>	1.6%

The increase of 10 basis points in finance costs, compared to the same quarter in 2019, is mainly attributable to the higher average level of debt, resulting in higher borrowing costs.

*(Refer to note 5 in the interim consolidated financial statements for further details.)*

### DEPRECIATION AND AMORTIZATION

	First quarters	
	2020	2019
<b>Depreciation and amortization</b>	<b>16,594</b>	15,868
<i>In % of sales</i>	<b>4.1%</b>	3.8%

The increase of 30 basis points in depreciation and amortization, compared to the same quarter in 2019, is mainly attributable to recent capital investments, which includes new right-of-use assets related to leases contracted over the last 12 months, notably for the expansion of the network of company-owned stores and distribution centres.

*(Refer to note 5 in the interim consolidated financial statements for further details.)*

## ANALYSIS OF CONSOLIDATED RESULTS (CONTINUED)

### EBT

The following is a reconciliation of the EBT and adjusted EBT:

	First quarters		
	2020	2019	%
<b>Net loss</b>	<b>(6,741)</b>	(1,333)	
Income tax expense (recovery)	<b>(1,875)</b>	36	
<b>EBT</b>	<b>(8,616)</b>	(1,297)	(564.3)
<i>EBT margin</i>	<b>(2.1%)</b>	(0.3%)	
Special items	<b>1,706</b>	7,095	
Amortization of intangible assets related to the acquisition of The Parts Alliance	<b>1,035</b>	1,281	
<b>Adjusted EBT</b>	<b>(5,875)</b>	7,079	(183.0)
<i>Adjusted EBT margin</i>	<b>(1.4%)</b>	1.7%	

The adjusted EBT margin decreased by 310 basis points, compared to the same quarter in 2019. This variance is mainly explained by the lower volume of sales mainly attributable to COVID-19, which resulted in lower gross margins and a reduced absorption of fixed costs. Additionally, the adjusted EBT margin was affected by lower vendor incentives resulting from the optimization of inventory in the FinishMaster U.S. segment, the recognition of foreign exchange losses following the depreciation of the Canadian dollar and the British pound, as well as by a one-time charge.

These elements were partially compensated by overall savings realized in relation to the PIP.

### INCOME TAX EXPENSE (RECOVERY)

	First quarters	
	2020	2019
<b>Income tax expense (recovery)</b>	<b>(1,875)</b>	36
<i>Income tax rate</i>	<b>21.8%</b>	(2.8%)

The variance of the income tax rate, compared to the same quarter in 2019, is essentially attributable to a difference in tax rates from foreign jurisdictions and the different geographic "Earnings (loss) before income taxes".

(Refer to note 5 in the interim consolidated financial statements for further details.)

### NET LOSS AND LOSS PER SHARE

	First quarters		
	2020	2019	%
Net loss	<b>(6,741)</b>	(1,333)	(405.7)
Special items, net of taxes	<b>1,271</b>	5,320	
Amortization of intangible assets related to the acquisition of The Parts Alliance, net of taxes	<b>1,169</b>	1,063	
<b>Adjusted earnings (loss)</b>	<b>(4,301)</b>	5,050	(185.2)
Loss per share	<b>(0.16)</b>	(0.03)	(433.3)
Special items, net of taxes	<b>0.03</b>	0.13	
Amortization of intangible assets related to the acquisition of The Parts Alliance, net of taxes	<b>0.03</b>	0.03	
<b>Adjusted earnings (loss) per share</b>	<b>(0.10)</b>	0.12	(183.3)

Adjusted earnings, compared to the same quarter in 2019, decreased by \$9,351 or 185.2%, mainly resulting from a lower adjusted EBT, as well as a different income tax rate.

## ANALYSIS OF CONSOLIDATED RESULTS (CONTINUED)

### CONSOLIDATED QUARTERLY OPERATING RESULTS

The Corporation's sales follow seasonal patterns: sales are typically stronger during the second and the third quarters for the FinishMaster U.S. and the Canadian Automotive Group segments, and during the first and the second quarters for The Parts Alliance U.K. segment. Sales are also impacted by business acquisitions as well as by the conversion effect of the Canadian dollar and the British pound into the US dollar. The first quarter of 2020 was, however, affected by the COVID-19 crisis.

The following table summarizes the main financial information drawn from the consolidated interim financial reports for each of the last eight quarters.

	2020	2019				2018		
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Sales								
<i>FinishMaster U.S.</i>	<b>202,199</b>	198,271	215,735	212,249	204,510	203,440	214,209	210,954
<i>Canadian Automotive Group</i>	<b>108,941</b>	122,321	137,233	143,445	113,113	122,460	131,128	139,572
<i>The Parts Alliance U.K.</i>	<b>96,544</b>	92,010	97,790	100,481	102,414	93,555	103,508	111,045
	<b>407,684</b>	412,602	450,758	456,175	420,037	419,455	448,845	461,571
EBITDA	<b>15,080</b>	(27,997)	51,365	31,734	21,356	12,783	29,712	35,443
<i>EBITDA margin</i>	<b>3.7%</b>	(6.8%)	11.4%	7.0%	5.1%	3.0%	6.6%	7.7%
Adjusted EBITDA	<b>16,786</b>	27,930	37,742	35,808	28,451	21,428	34,924	35,557
<i>Adjusted EBITDA margin</i>	<b>4.1%</b>	6.8%	8.4%	7.8%	6.8%	5.1%	7.8%	7.7%
EBT	<b>(8,616)</b>	(51,530)	26,898	8,540	(1,297)	(2,852)	14,382	21,042
<i>EBT margin</i>	<b>(2.1%)</b>	(12.5%)	6.0%	1.9%	(0.3%)	(0.7%)	3.2%	4.6%
Adjusted EBT	<b>(5,875)</b>	5,437	14,343	13,877	7,079	7,092	20,887	22,261
<i>Adjusted EBT margin</i>	<b>(1.4%)</b>	1.3%	3.2%	3.0%	1.7%	1.7%	4.7%	4.8%
Special items	<b>1,706</b>	55,927	(13,623)	4,074	7,095	8,645	5,212	114
Net earnings (loss)	<b>(6,741)</b>	(49,447)	24,617	6,318	(1,333)	(2,363)	10,594	17,875
Adjusted earnings (loss)	<b>(4,301)</b>	4,560	10,739	10,422	5,050	5,430	15,528	18,399
Basic earnings (loss) per share	<b>(0.16)</b>	(1.17)	0.58	0.15	(0.03)	(0.06)	0.25	0.42
Adjusted basic earnings (loss) per share	<b>(0.10)</b>	0.11	0.25	0.25	0.12	0.13	0.37	0.44
Diluted earnings (loss) per share	<b>(0.16)</b>	(1.17)	0.58	0.15	(0.03)	(0.06)	0.25	0.42
<i>Dividends declared per share (C\$)</i>	<b>0.0925</b>	0.0925	0.0925	0.0925	0.0925	0.0925	0.0925	0.0925
<i>Average exchange rate for earnings (C\$)</i>	<b>0.75:¥1</b>	0.76:¥1	0.76:¥1	0.75:¥1	0.75:¥1	0.76:¥1	0.77:¥1	0.77:¥1
<i>Average exchange rate for earnings (£)</i>	<b>1.28:¥1</b>	1.29:¥1	1.23:¥1	1.29:¥1	1.30:¥1	1.29:¥1	1.30:¥1	1.36:¥1

## ANALYSIS OF RESULTS BY SEGMENT

### SEGMENTED INFORMATION

The Corporation is providing information on four reportable segments:

- FinishMaster U.S.:** distribution of automotive refinish and industrial coatings and related products representing FinishMaster, Inc. in the U.S. market.
- Canadian Automotive Group:** distribution of automotive aftermarket parts, including refinish and industrial coatings and related products, through Canadian networks.
- The Parts Alliance U.K.:** distribution of automotive original equipment manufacturer ("OEM") and aftermarket parts, serving local and national customers across the U.K.
- Corporate Office and Others:** head office expenses and other expenses mainly related to the financing structure.

The profitability measure employed by the Corporation for assessing segment performance is EBT.

ANALYSIS OF RESULTS BY SEGMENT (CONTINUED)

**OPERATING RESULTS—FINISHMASTER U.S.**

**Sales**

	First quarters	
	2020	2019
<b>Sales</b>	<b>202,199</b>	204,510
		%
<b>Sales variance</b>	<b>(2,311)</b>	<b>(1.1)</b>
Number of billing days	<b>(3,246)</b>	<b>(1.6)</b>
Erosion of sales from the integration of company-owned stores	<b>1,561</b>	<b>0.7</b>
<b>Organic growth</b>	<b>(3,996)</b>	<b>(2.0)</b>

The FinishMaster U.S. segment is reporting a decrease in sales of 1.1%, compared to the same quarter last year, and a negative organic growth of 2.0%. Sales were affected mainly by the expected erosion from the integration of 28 company-owned stores within the last twelve months and, in the latter part of the month of March, by COVID-19. These elements were, in part, compensated by one additional billing day.

The effect of the decline in volume related to COVID-19 is estimated to be around 2.0% of the quarterly sales for this segment. As a result, when excluding this effect, organic sales would have been basically flat when compared to the first quarter of 2019. While this segment continues to face a competitive landscape environment and softness in the refinish market, initiatives to counteract this situation, such as the promotion of new lines of products, started to show results in addition to the growth of the national accounts.

**EBITDA and EBT**

	First quarters		
	2020	2019	%
<b>EBITDA</b>	<b>11,318</b>	11,072	2.2
<i>EBITDA margin</i>	<b>5.6%</b>	5.4%	
Special items	<b>783</b>	5,313	
<b>Adjusted EBITDA</b>	<b>12,101</b>	16,385	(26.1)
<i>Adjusted EBITDA margin</i>	<b>6.0%</b>	8.0%	
<b>EBT</b>	<b>3,977</b>	3,680	8.1
<i>EBT margin</i>	<b>2.0%</b>	1.8%	
Special items	<b>783</b>	5,313	
<b>Adjusted EBT</b>	<b>4,760</b>	8,993	(47.1)
<i>Adjusted EBT margin</i>	<b>2.4%</b>	4.4%	

The adjusted EBT margin decreased by 200 basis points when compared to the same quarter last year, affected by a lower volume of rebates in relation to the optimization of inventory and an unfavourable customer mix, as well as by a one-time charge. Furthermore, the lower volume of sales, mainly attributable to COVID-19, resulted in a reduced absorption of fixed costs.

These elements were partially compensated by realized savings in relation to the PIP and optimization of processes such as the delivery routes. The quarter fully benefitted from the company-owned stores already integrated as at December 31, 2019, as well as from the two additional company-owned stores integrated during the quarter.

ANALYSIS OF RESULTS BY SEGMENT (CONTINUED)

**OPERATING RESULTS—CANADIAN AUTOMOTIVE GROUP**

**Sales**

	First quarters	
	2020	2019
<b>Sales</b>	<b>108,941</b>	113,113
		%
<b>Sales variance</b>	<b>(4,172)</b>	<b>(3.7)</b>
Conversion effect of the Canadian dollar	974	0.9
Number of billing days	(1,825)	(1.6)
Acquisitions	(563)	(0.5)
<b>Organic growth</b>	<b>(5,586)</b>	<b>(4.9)</b>

The Canadian Automotive Group segment is reporting a decrease in sales of 3.7%, compared to the corresponding quarter of 2019, affected by negative organic growth of 4.9%, mainly from the effect of COVID-19, and the depreciation of the Canadian currency. These elements were partially compensated by the contribution of one additional billing day and business acquisitions.

The effect of the decline in volume related to COVID-19 is estimated to be about 3.5% to 4.0% of sales for this segment during the quarter. As a result, when excluding this effect, organic growth would have been approximately negative 1.0% for the quarter. The decline is related to favourable timing for the same quarter last year in sales of paint, body and equipment (“PBE”) to independent members, which did not happen in 2020. The performance of the network of BUMPER TO BUMPER® stores during the first quarter of 2020, partially counterbalanced this situation.

**EBITDA and EBT**

	First quarters		
	2020	2019	%
<b>EBITDA</b>	<b>2,269</b>	7,816	(71.0)
EBITDA margin	2.1%	6.9%	
Special items	436	880	
<b>Adjusted EBITDA</b>	<b>2,705</b>	8,696	(68.9)
Adjusted EBITDA margin	2.5%	7.7%	
<b>EBT</b>	<b>(3,059)</b>	2,667	(214.7)
EBT margin	(2.8%)	2.4%	
Special items	436	880	
<b>Adjusted EBT</b>	<b>(2,623)</b>	3,547	(173.9)
Adjusted EBT margin	(2.4%)	3.1%	

The adjusted EBT margin decreased by 550 basis points, compared to the same quarter in 2019, impacted by lower volume rebates and a lesser absorption of fixed costs resulting from the lower volume of sales, attributable, in part, to COVID-19. Furthermore, the adjusted EBT margin was penalized by foreign exchange losses recorded during the current quarter on accounts payable in U.S. currency, due to the depreciation of the Canadian dollar, which was accentuated at the end of the quarter. In the opposite, the first quarter of 2019 benefitted from additional volume rebates and incentives, foreign exchange gains, as well as from the ProColor program.

These elements were partially compensated by savings related to the PIP, and by lower performance bonuses.



ANALYSIS OF RESULTS BY SEGMENT (CONTINUED)

OPERATING RESULTS—THE PARTS ALLIANCE U.K.

*Sales*

	First quarters	
	2020	2019
<b>Sales</b>	<b>96,544</b>	102,414
		%
<b>Sales variance</b>	<b>(5,870)</b>	<b>(5.7)</b>
Conversion effect of the British pound	<b>1,400</b>	<b>1.4</b>
Number of billing days	<b>(1,521)</b>	<b>(1.5)</b>
Erosion of sales from the integration of company-owned stores	<b>1,338</b>	<b>1.3</b>
<b>Organic growth</b>	<b>(4,653)</b>	<b>(4.5)</b>

Sales for this segment decreased by 5.7% compared to the same quarter last year, affected by negative organic growth of 4.5% and the weakening of the British pound. As well, sales were affected by the expected erosion resulting from the integration of 13 company-owned stores within the last twelve months, aiming to optimize the network. These elements were partially compensated by the contribution of one additional billing day.

The effect of the decline in volume related to COVID-19 is estimated to be about 5.5% to 6.0% of sales during the quarter for this segment. As a result, when excluding this effect, organic growth would have been positive between 1.0% and 1.5% for the quarter, benefitting from recently opened greenfields.

*EBITDA and EBT*

	First quarters		
	2020	2019	%
<b>EBITDA</b>	<b>4,656</b>	7,190	(35.2)
<i>EBITDA margin</i>	<b>4.8%</b>	7.0%	
Special items	-	-	
<b>Adjusted EBITDA</b>	<b>4,656</b>	7,190	(35.2)
<i>Adjusted EBITDA margin</i>	<b>4.8%</b>	7.0%	
<b>EBT</b>	<b>(320)</b>	2,320	(113.8)
<i>EBT margin</i>	<b>(0.3%)</b>	2.3%	
Special items	-	-	
<b>Adjusted EBT</b>	<b>(320)</b>	2,320	(113.8)
<i>Adjusted EBT margin</i>	<b>(0.3%)</b>	2.3%	

The adjusted EBT margin decreased by 260 basis points, compared to the same quarter in 2019, due to a lower gross margin impacted by a different product mix resulting from higher sales of low-margin products, as well as by a lower volume of rebates, which were revised downwards, in expectation of reduced purchases. Furthermore, the lower volume of sales, mainly attributable to COVID-19, resulted in a lesser absorption of fixed costs. For the same quarter last year, this segment benefitted from a gain on the disposal of a building which was not repeated this year.

These elements were, in part, compensated by savings resulting from initiatives related to the PIP. During the current quarter, The Parts Alliance U.K. segment streamlined its organizational structure and integrated three company-owned stores. Additionally, this segment benefitted from COVID-19-specific governmental subsidies of about \$600 in relation to furloughed employees.

## ANALYSIS OF RESULTS BY SEGMENT (CONTINUED)

### OPERATING RESULTS—CORPORATE OFFICE AND OTHERS

	First quarters		
	2020	2019	%
<b>EBITDA</b>	<b>(3,163)</b>	(4,722)	(33.0)
Special items	487	902	
<b>Adjusted EBITDA</b>	<b>(2,676)</b>	(3,820)	(29.9)
<b>EBT</b>	<b>(9,214)</b>	(9,964)	(7.5)
Special items	487	902	
Amortization of intangible assets related to the acquisition of The Parts Alliance	1,035	1,281	
<b>Adjusted EBT</b>	<b>(7,692)</b>	(7,781)	(1.1)

The Corporate Office and Other segment reported an adjusted EBT comparable to the corresponding quarter last year. This is attributable to lower net charges associated with stock-based compensation, counterbalancing for higher borrowing costs from a higher average debt during the current quarter compared to last year.

## CASH FLOWS

### OPERATING ACTIVITIES

	First quarters	
	2020	2019
<b>Cash flows used in operating activities</b>	<b>(10,775)</b>	(69,487)

Lower outflows were required in operating activities, compared to the same quarter in 2019, mainly due to the optimization of inventory at the FinishMaster U.S. segment during the current quarter, as well as to a lower level of trade receivables, in part from emphasized efforts on collection, as part of cash management in relation to the COVID-19 pandemic.

These inflows were partially offset by the operating result, affected by lower margins mainly from lower volume of rebates associated with the optimization of inventory in the FinishMaster U.S. segment and the effect of COVID-19.

### INVESTING ACTIVITIES

	First quarters	
	2020	2019
<b>Cash flows used in investing activities</b>	<b>(11,719)</b>	(8,001)

Higher outflows were required in investing activities, compared to the same quarter in 2019, mainly from a business acquisition during the current quarter by the Canadian Automotive Group segment. In comparison, the first quarter of 2019 benefitted from the proceeds of the sale of a building.

These elements were partially compensated by lower capital expenditures in the current quarter, as opposed to the same quarter last year, for which investments, as part of the PIP, were made for the new distribution centres. Furthermore, lower customer investments were granted during the first quarter of 2020.

## CASH FLOWS (CONTINUED)

### FINANCING ACTIVITIES

	First quarters	
	2020	2019
<b>Cash flows from financing activities</b>	<b>14,139</b>	74,327

The decrease in the level of cash inflows from financing activities, compared to the same quarter in 2019, is mainly attributable to the optimization of inventory and the collection of trade receivables during the current quarter, resulting in lower funding needs from the credit facility.

### FREE CASH FLOWS

	First quarters	
	2020	2019
<b>Cash flows used in operating activities</b>	<b>(10,775)</b>	(69,487)
Changes in working capital	27,285	95,021
Acquisitions of property and equipment	(4,462)	(6,063)
Difference between amounts paid for post-employment benefits and current period expenses	(279)	(265)
<b>Free cash flows</b>	<b>11,769</b>	19,206

The decrease in free cash flows, compared to the same quarter in 2019, is due to the decline in margins, mainly in relation to the lower volume of rebates associated with the optimization of inventory in the FinishMaster U.S. segment and to the impact of COVID-19.

These elements were partially offset by smaller interest payments on the long-term debt, due in part to the timing of interest on the convertible debentures which are semi-annually, as well as to lower capital expenditures in 2020, as opposed to investments required in 2019, as part of the PIP, for the new distribution centres.

## FINANCING

### LONG-TERM DEBT AND CREDIT FACILITIES

The following table presents the composition of the long-term debt:

	Maturity	Effective interest rate	Current portion	Mar. 31, Dec. 31,	
				2020	2019
Revolving credit facility, variable rates <sup>(1) (2)</sup>	2023	2.80% to 6.75%		388,419	372,472
Lease obligations - vehicles, variable rates	-	-	3,762	9,746	10,979
Lease obligations - buildings, variable rates	-	-	23,717	95,820	101,298
Others	2021	-	14	16	18
			27,493	494,001	484,767
Instalments due within a year				27,493	28,594
<b>Long-term debt</b>				<b>466,508</b>	456,173

<sup>(1)</sup> As at March 31, 2020, a nominal amount of \$392,218 was used under the Corporation's revolving credit facility (\$375,956 as at December 31, 2019). The difference with the carrying amount presented above is composed of deferred financing costs.

<sup>(2)</sup> As at March 31, 2020, a principal amount of \$312,531 of the revolving credit facility was designated as a hedge of net investments in foreign operations (\$296,291 as at December 31, 2019).

#### Revolving credit facility and letter of credit facility

In March 2020, the Corporation terminated its \$20,000 unsecured letter of credit facility and transitioned the outstanding letters of credit originally issued under this agreement to the revolving credit facility currently in place. Among the Corporation's existing revolving credit facility, an amount not exceeding \$20,000 is available for the issuance of Canadian or US dollar, Euros or British pound letters of credit. The applicable variable interest rates of the letters of credit are based on US base rate or prime rates plus the applicable margins.

## FINANCING (CONTINUED)

The Corporation's letters of credit have been issued to guarantee the payments of certain employee benefits and certain inventory purchases by subsidiaries. The letters of credit are not recorded as liabilities in the Corporation's long-term debt as the related guarantees have been recorded directly in the Corporation's consolidated statements of financial position, if applicable. As at March 31, 2020, \$6,537 of letters of credit have been issued (\$7,137 as at December 31, 2019).

## CONVERTIBLE DEBENTURES

On December 18, 2019, the Corporation issued convertible senior subordinated unsecured debentures for aggregate principal amount of C\$125,000. The convertible debentures were being offered at a price of C\$1,000 per C\$1,000 principal amount of debentures and bear interest at a rate of 6.00% per annum, payable semi-annually in arrears on June 18 and December 18 of each year. The convertible debentures have a maturity date of 7 years from their date of issue and are convertible at the option of the holder into common shares of the Corporation at a price of C\$13.57 per share, representing a conversion rate of 73.69 shares per C\$1,000 principal amount of debentures. The equity component of the debentures was determined as the difference between the fair value of the convertible debentures and the fair value of the liability component, which was calculated using an effective rate of 8.25%.

## VENDOR FINANCING PROGRAM

The Corporation benefits from a vendor financing program. Under this program, financial institutions make discounted accelerated payments to suppliers, and the Corporation makes full payment to the financial institutions according to the new extended payment term agreements with suppliers.

As at March 31, 2020, Uni-Select benefited from additional deferred payments of accounts payable in the amount of \$143,211 and used \$172,068 of the program (\$143,978 and \$229,562 respectively as at December 31, 2019). The authorized limit with the financial institutions is \$300,000. These amounts are presented in "Trade and other payables" in the consolidated statements of financial position. This program is available upon the Corporation's request and may be modified by either party.

## FINANCIAL INSTRUMENTS

### Derivative financial instruments – hedge of foreign exchange risk

The Corporation entered into forward contracts in order to mitigate the foreign exchange risks mainly related to purchases in currencies other than the respective functional currencies of the Corporation. The consolidated forward contracts outstanding as at March 31, 2020, are as follows:

Currencies (sold/bought)	Maturity	Average rate <sup>(1)</sup>	Notional amount <sup>(2)</sup>
CAD/USD	Up to February 2021	0.72	11,027
GBP/USD	Up to April 2020	1.23	735
GBP/EUR	Up to April 2020	1.12	478

<sup>(1)</sup> Rates are expressed as the number of units of the currency bought for one unit of currency sold.

<sup>(2)</sup> Exchange rates as at March 31, 2020, were used to translate amounts in foreign currencies.

### Derivative financial instruments used in cash flow hedges - hedge of interest rate risk

The Corporation entered into various swap agreements to hedge the variable interest cash flows on a portion of the Corporation's revolving credit facility and term loan for total nominal amounts of \$42,500 for interest rate swaps denominated in US dollars (same as at December 31, 2019), and £70,000 for interest rate swaps denominated in British pounds (same as at December 31, 2019). Until their respective maturities, these agreements are fixing the interest cash flows between 1.745% and 1.760% for interest rate swaps denominated in US dollars, and to 0.955% for interest rate swaps denominated in British pounds.

### Derivative financial instruments – hedge of share-based payment costs

In 2016, the Corporation entered into equity swap agreements in order to manage the market price risk of its common shares. As at March 31, 2020, the equity swap agreements covered the equivalent of 180,157 common shares of the Corporation (214,277 as at December 31, 2019).

# CAPITAL STRUCTURE

## LONG-TERM FINANCIAL POLICIES AND GUIDELINES

Guided by its low-asset-base-high-utilization philosophy, the Corporation's strategy is to monitor the following ratios to ensure flexibility in the capital structure:

- Total net debt to total net debt and total equity;
- Long-term debt to total equity ratio;
- Total net debt to adjusted EBITDA ratio; and
- Adjusted return on average total equity.

These ratios are not required for banking commitments but represent the ones that the Corporation considers pertinent to monitor and to ensure flexibility in the capital structure.

Furthermore, Management continuously monitors its working capital items to improve the cash conversion cycle, in particular, on optimizing inventory levels in all business segments.

The following table presents the components used in the calculation of debt and equity ratios:

	Mar. 31,	Dec. 31,
	2020	2019
Cash	25,751	35,708
Long-term debt (per long-term debt schedule above)	494,001	484,767
Total net debt (long-term debt minus cash)	468,250	449,059
Convertible debentures	78,149	84,505
Total equity	478,313	506,994
Total equity (including convertible debentures)	556,462	591,499

The following table presents debt and equity ratios:

	Mar. 31,	Dec. 31,
	2020	2019
<i>Total net debt to total net debt and total equity ratio</i>	45.7%	43.2%
<i>Long-term debt to total equity ratio</i>	88.8%	82.0%
<i>Total net debt to adjusted EBITDA ratio</i>	3.96	3.46
<i>Return on average total equity ratio</i>	(5.1%)	(3.9%)
<i>Adjusted return on average total equity ratio</i>	3.5%	5.2%

The increase in debt ratios, when compared to December 31, 2019, is principally attributable to a higher leverage of debt resulting from large payments of trade payables during the quarter.

The variance of the adjusted return on average total equity is essentially resulting from lower adjusted earnings.

## BANK COVENANTS

For purposes of compliance, the Corporation regularly monitors the requirements of its bank covenants to ensure they are met. As at March 31, 2020, the Corporation met all the requirements.

## DIVIDENDS

On February 19, 2020, the Corporation declared the first quarterly dividend of 2020 of C\$0.0925 per share, paid on April 21, 2020, to shareholders of record as of March 31, 2020.

These dividends are eligible dividends for income tax purposes.

On April 20, 2020, the Board made the decision to suspend all future dividend payments for the time being, as part of a cash preservation plan aimed at ensuring maximum available liquidity and financial flexibility until the crisis abates and market conditions stabilize.

## CAPITAL STRUCTURE (CONTINUED)

### INFORMATION ON CAPITAL STOCK

As of March 31, 2020, 42,387,300 common shares were outstanding (same as at December 31, 2019).

### STOCK-BASED COMPENSATION

#### Common share stock option plan for management employees and officers

For the quarter ended March 31, 2020, 950,000 options were granted to management employees and officers of the Corporation (207,169 options for 2019), with an average exercise price of C\$12.34 (C\$19.17 in 2019). During the period, no options were exercised (same for 2019) and 12,914 options were forfeited or expired (no options for 2019).

As at March 31, 2020, options granted for the issuance of 1,647,009 common shares (748,663 common shares as at March 31, 2019) were outstanding under the Corporation's stock option plan.

For the quarter ended March 31, 2020, compensation expense of \$766 (\$129 for 2019) was recorded in "Net loss", with the corresponding amounts recorded in "Contributed surplus".

#### Deferred share unit ("DSU") plan

For the quarter ended March 31, 2020, the Corporation granted 91,983 DSUs (46,626 DSUs for 2019) and redeemed no DSUs (no DSUs for 2019). Compensation reversal of \$827 (reversal of \$105 in 2019) was recorded during the period, and 383,772 DSUs were outstanding as at March 31, 2020 (197,093 DSUs as at March 31, 2019). As at March 31, 2020, the compensation liability was \$1,454 (\$2,427 as at December 31, 2019) and the fair value of the equity swap agreement was a liability of \$3,258 (liability of \$3,179 as at December 31, 2019).

#### Performance share unit ("PSU") plan

For the quarter ended March 31, 2020, the Corporation granted no PSUs (173,839 PSUs for 2019) and redeemed 60,020 PSUs (18,818 PSUs for 2019). No compensation expense (reversal of \$144 in 2019) was recorded during the period, and 187,455 PSUs were outstanding as at March 31, 2020 (315,124 PSUs as at March 31, 2019). As at March 31, 2020, the compensation liability was nil (nil as at December 31, 2019).

#### Restricted share unit ("RSU") plan

In March 2020, the Corporation formally adopted a RSU plan as part of its existing long-term incentive plan ("LTIP"). Under the amended terms of the LTIP, certain management employees receive a portion of their annual incentives under the plan as restricted share units ("RSUs"). The value of each RSU is equal to the average closing price of one common share of the Corporation listed on the TSX for the five consecutive trading days immediately preceding the day on which the value is to be determined ("RSU value"). RSUs vest at the end of a three-year period following the date of issuance, after death, disability, retirement or termination of a participant ("redemption date"). The participant is then entitled to receive in cash for each RSU, the RSU value calculated at the redemption date. A RSUs compensation liability is recorded for the vested RSUs based on the RSU value. A RSU compensation expense is recorded based on the change in compensation liability.

For the quarter ended March 31, 2020, the Corporation granted 337,836 RSUs and recorded a compensation expense of \$36. As at March 31, 2020, 337,836 RSUs were outstanding and the compensation liability was \$36.

## FINANCIAL POSITION

During the period, the financial position, when compared to December 31, 2019, has been impacted by the conversion effect of the Canadian dollar and the British pound into the US dollar, as well as by business acquisitions.

The following table shows an analysis of selected items from the interim consolidated statements of financial position:

	Mar. 31, 2020	Dec. 31, 2019	Impact on conversion C\$/US\$ and £/US\$	Impact of business acquisitions	Net variances
<b>Short-term</b>					
Trade and other receivables	228,384	250,861	(10,408)	772	(12,841)
Inventory	443,705	516,169	(16,749)	2,043	(57,758)
Trade and other payables	341,324	448,530	(16,577)	26	(90,655)
<b>Long-term</b>					
Property and equipment	159,908	171,420	(7,997)	673	(4,188)
Intangible assets	188,574	197,751	(6,077)	1,377	(4,477)
Goodwill	325,108	333,030	(8,815)	893	-
Long-term debt (including short-term portion)	494,001	484,767	(11,553)	4,928	15,859
Convertible debentures	78,149	84,505	(6,632)	-	276

### Explanations for net variances:

**Trade and other receivables:** The decrease is coming from accentuated efforts on collection, as well as to a lower volume of sales resulting from COVID-19.

**Inventory:** The lower level of inventory is mainly resulting from the optimization of inventory by the FinishMaster U.S. segment.

**Trade and other payables:** The decrease is mainly resulting from large payments of trade payables during the quarter, as well as a lower level of inventory purchase as part of the optimization of inventory mentioned above.

**Property and equipment:** The reduction is mainly explained by the depreciation exceeding the level of new investment.

**Intangible assets:** The decrease is essentially attributable to the amortization of the period.

**Long-term debt:** The increase is mainly explained by large payments of payables mentioned above, which required additional funding from the credit facility, in part compensated by the reduction in inventory and trade receivables.

## RISK MANAGEMENT

In the normal course of business, the Corporation is exposed to a variety of risks and uncertainties that may have a material and adverse impact on its business activities, operating results, cash flows and financial position. The Corporation continuously maintains and updates its system of analysis and controls on operational, strategic and financial risks to manage and implement activities with the objective of mitigating the risks mentioned in the 2019 Annual Report.

No significant change occurred during the quarter with respect to these risks, other than what is discussed in the “Status on the COVID-19 pandemic” section.

## SIGNIFICANT ACCOUNTING POLICIES

### FUTURE ACCOUNTING CHANGES

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's interim condensed consolidated financial statements is provided in the Corporation's audited consolidated financial statements for the year ended December 31, 2019. Certain other new standards and interpretations have been issued but had no material impact on the Corporation's interim condensed consolidated financial statements.

### EXCHANGE RATE DATA

The following table sets forth information about exchange rates based upon rates expressed as US dollars per comparative currency unit:

	First quarters	
	2020	2019
<b>Average for the period</b> (to translate the statement of earnings)		
Canadian dollar	0.75	0.75
British pound	1.28	1.30
	Mar. 31, 2020	Dec. 31, 2019
<b>Period end</b> (to translate the statement of financial position)		
Canadian dollar	0.71	0.77
British pound	1.24	1.31

As the Corporation uses the US dollar as its reporting currency in its consolidated financial statements and in this document, unless otherwise indicated, results from its Canadian operations and its U.K. operations are translated into US dollars using the average rate for the period. Variances and explanations related to fluctuations in the foreign exchange rate, and the volatility of the Canadian dollar and the British pound are therefore related to the translation in US dollars of the Corporation's results for its Canadian and U.K. operations and do not have an economic impact on its performance since most of the Corporation's consolidated sales and expenses are received or denominated in the functional currency of the markets in which it does business. Accordingly, the sensitivity of the Corporation's results to fluctuations in foreign exchange rates is economically limited.

## EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of the Corporation are responsible for the implementation and maintenance of disclosure controls and procedures, and of the internal control over financial reporting, as provided for in National Instrument 52-109 regarding the Certification of Disclosure in Issuers' Annual and Interim Filings. They are assisted in this task by the Disclosure Committee, which is comprised of members of the Corporation's senior management.

### DISCLOSURE CONTROLS AND PROCEDURES

Uni-Select has pursued its evaluation of disclosure controls and procedures in accordance with the NI 52-109 guidelines. As at March 31, 2020, the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are properly designed and effective.

### INTERNAL CONTROLS OVER FINANCIAL REPORTING

Uni-Select has continued its evaluation of the effectiveness of internal controls over financial reporting as at March 31, 2020, in accordance with the NI 52-109 guidelines. This evaluation enabled the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer to conclude that internal controls over financial reporting were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the interim condensed consolidated financial statements in accordance with IFRS.

During the quarter ended March 31, 2020, no change in the Corporation's internal controls over financial reporting occurred that materially affected, or is reasonably likely to materially affect, the Corporation's internal controls over financial reporting.



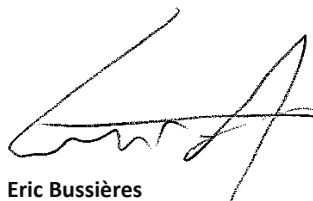
## OUTLOOK

The transformational steps undertaken over the past years solidified the three business segments. However, the extent to which the COVID-19 pandemic will impact the Corporation is unknown. Consequently, the Corporation is proactively preparing for a gradual return to the “new normal” and is taking advantage of this time to accelerate continuous improvement plans, step-up consolidation opportunities and drive technology conversion. These activities will enable the Corporation to promptly emerge, when the crisis abates and market conditions improve, as well as to pursue plans for growth and value creation for shareholders. The Corporation will provide updates during this crisis to shareholders, employees, customers and suppliers.



**Brent Windom**

President and Chief Executive Officer



**Eric Bussi res**

Executive Vice President and Chief Financial Officer

Approved by the Board of Directors on May 14, 2020.

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020 (unaudited)

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## CONDENSED CONSOLIDATED STATEMENTS OF LOSS

(In thousands of US dollars, except per share amounts, unaudited)	Note	Quarters ended	
		2020	March 31, 2019
<b>Sales</b>		<b>407,684</b>	420,037
Purchases, net of changes in inventories		<b>284,907</b>	284,492
Gross margin		<b>122,777</b>	135,545
Salaries and benefits		<b>72,165</b>	78,615
Other operating expenses		<b>33,826</b>	28,479
Special items	4	<b>1,706</b>	7,095
Earnings before finance costs, depreciation and amortization and income taxes		<b>15,080</b>	21,356
Finance costs, net	5	<b>7,102</b>	6,785
Depreciation and amortization	5	<b>16,594</b>	15,868
Loss before income taxes		<b>(8,616)</b>	(1,297)
Income tax expense (recovery)	5	<b>(1,875)</b>	36
<b>Net loss</b>		<b>(6,741)</b>	(1,333)
<b>Loss per share</b>	6		
Basic and diluted		<b>(0.16)</b>	(0.03)
<b>Weighted average number of common shares outstanding</b> (in thousands)	6		
Basic and diluted		<b>42,387</b>	42,387

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

# CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands of US dollars, unaudited)	Note	Quarters ended	
		2020	March 31, 2019
<b>Net loss</b>		<b>(6,741)</b>	<b>(1,333)</b>
Other comprehensive income (loss)			
Items that will subsequently be reclassified to net loss:			
Effective portion of changes in the fair value of cash flow hedges (net of income tax of \$101 (\$162 in 2019))		<b>(281)</b>	(461)
Net change in the fair value of derivative financial instruments designated as cash flow hedges transferred to net loss (net of income tax of \$10 (\$28 in 2019))	5	<b>28</b>	(81)
Unrealized exchange gains (losses) on the translation of financial statements to the presentation currency		<b>(7,600)</b>	5,808
Unrealized exchange gains (losses) on the translation of debt designated as a hedge of net investments in foreign operations		<b>(9,676)</b>	2,670
		<b>(17,529)</b>	7,936
Items that will not subsequently be reclassified to net loss:			
Remeasurements of long-term employee benefit obligations (net of income tax of \$812 (\$1,224 in 2019))		<b>(2,254)</b>	(3,482)
Total other comprehensive income (loss)		<b>(19,783)</b>	4,454
<b>Comprehensive income (loss)</b>		<b>(26,524)</b>	<b>3,121</b>

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

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars, unaudited) Note	Attributable to shareholders					
	Share capital	Contributed surplus	Equity component of the convertible debentures	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
<b>Balance, December 31, 2018</b>	100,244	6,005	-	457,455	(39,822)	523,882
IFRS 16 adjustment	-	-	-	(4,944)	992	(3,952)
<b>Balance, January 1, 2019</b>	100,244	6,005	-	452,511	(38,830)	519,930
Net loss	-	-	-	(1,333)	-	(1,333)
Other comprehensive income (loss)	-	-	-	(3,482)	7,936	4,454
Comprehensive income (loss)	-	-	-	(4,815)	7,936	3,121
Contributions by and distributions to shareholders:						
Dividends	-	-	-	(2,946)	-	(2,946)
Stock-based compensation 10	-	129	-	-	-	129
	-	129	-	(2,946)	-	(2,817)
<b>Balance, March 31, 2019</b>	100,244	6,134	-	444,750	(30,894)	520,234
<b>Balance, December 31, 2019</b>	<b>100,244</b>	<b>6,724</b>	<b>8,232</b>	<b>418,624</b>	<b>(26,830)</b>	<b>506,994</b>
Net loss	-	-	-	(6,741)	-	(6,741)
Other comprehensive loss	-	-	-	(2,254)	(17,529)	(19,783)
Comprehensive loss	-	-	-	(8,995)	(17,529)	(26,524)
Contributions by and distributions to shareholders:						
Dividends	-	-	-	(2,923)	-	(2,923)
Stock-based compensation 10	-	766	-	-	-	766
	-	766	-	(2,923)	-	(2,157)
<b>Balance, March 31, 2020</b>	<b>100,244</b>	<b>7,490</b>	<b>8,232</b>	<b>406,706</b>	<b>(44,359)</b>	<b>478,313</b>

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

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US dollars, unaudited)	Note	Quarters ended	
		2020	March 31, 2019
<b>OPERATING ACTIVITIES</b>			
Net loss		(6,741)	(1,333)
Non-cash items:			
Special items	4	1,706	7,095
Finance costs, net	5	7,102	6,785
Depreciation and amortization	5	16,594	15,868
Income tax expense (recovery)	5	(1,875)	36
Amortization and reserves related to incentives granted to customers		5,769	5,334
Other non-cash items		280	1,643
Changes in working capital items	7	(27,285)	(95,021)
Interest paid		(3,944)	(6,020)
Income taxes paid		(2,381)	(3,874)
Cash flows used in operating activities		(10,775)	(69,487)
<b>INVESTING ACTIVITIES</b>			
Business acquisition	8	(4,482)	(294)
Business disposal		258	-
Net balance of purchase price		(14)	(956)
Advances to merchant members and incentives granted to customers		(3,445)	(4,383)
Reimbursement of advances to merchant members		856	1,597
Acquisitions of property and equipment		(4,462)	(6,063)
Proceeds from disposal of property and equipment		131	2,368
Acquisitions and development of intangible assets		(504)	(228)
Other provisions paid		(57)	(42)
Cash flows used in investing activities		(11,719)	(8,001)
<b>FINANCING ACTIVITIES</b>			
Increase in long-term debt		34,961	95,659
Repayment of long-term debt	7	(17,630)	(18,226)
Net decrease in merchant members' deposits in the guarantee fund		(175)	(153)
Dividends paid		(3,017)	(2,953)
Cash flows from financing activities		14,139	74,327
Effects of fluctuations in exchange rates on cash		(1,602)	161
Net decrease in cash		(9,957)	(3,000)
Cash, beginning of period		35,708	8,036
Cash, end of period		25,751	5,036

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

# CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In thousands of US dollars, unaudited)	Note	Mar. 31, 2020	Dec. 31, 2019
<b>ASSETS</b>			
Current assets:			
Cash		25,751	35,708
Cash held in escrow		1,524	1,654
Trade and other receivables		228,384	250,861
Income taxes receivable		5,020	2,712
Inventory		443,705	516,169
Prepaid expenses		11,518	10,331
Derivative financial instruments	14	119	-
Total current assets		716,021	817,435
Investments and advances to merchant members		32,632	36,831
Property and equipment		159,908	171,420
Intangible assets		188,574	197,751
Goodwill		325,108	333,030
Deferred tax assets		29,032	29,927
<b>TOTAL ASSETS</b>		<b>1,451,275</b>	<b>1,586,394</b>
<b>LIABILITIES</b>			
Current liabilities:			
Trade and other payables		341,324	448,530
Balance of purchase price, net		322	97
Provision for restructuring charges	4	1,867	3,227
Income taxes payable		7,184	8,603
Dividends payable		2,767	3,002
Current portion of long-term debt and merchant members' deposits in the guarantee fund		27,570	28,678
Derivative financial instruments	14	3,341	3,328
Total current liabilities		384,375	495,465
Long-term employee benefit obligations		18,121	16,902
Long-term debt	12	466,508	456,173
Convertible debentures	12	78,149	84,505
Merchant members' deposits in the guarantee fund		4,989	5,587
Balance of purchase price		932	477
Other provisions		1,302	1,503
Derivative financial instruments	14	601	315
Deferred tax liabilities		17,985	18,473
<b>TOTAL LIABILITIES</b>		<b>972,962</b>	<b>1,079,400</b>
<b>TOTAL EQUITY</b>		<b>478,313</b>	<b>506,994</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,451,275</b>	<b>1,586,394</b>

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

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of US dollars, except per share amounts, percentages and otherwise specified) (unaudited)

## 1 - GOVERNING STATUTE AND NATURE OF OPERATIONS

Uni-Select Inc. (“Uni-Select”) is a corporation domiciled in Canada and duly incorporated and governed by the Business Corporations Act (Québec). Uni-Select is the parent company of a group of entities, which includes Uni-Select and its subsidiaries (collectively, the “Corporation”). The Corporation is a major distributor of automotive products and paint and related products for motor vehicles. The Corporation’s registered office is located at 170 Industriel Blvd., Boucherville, Québec, Canada.

These interim condensed consolidated financial statements present the operations and financial position of the Corporation and all of its subsidiaries.

The Corporation’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol UNS.

## 2 - BASIS OF PRESENTATION

### Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements. As permitted under IAS 34 “Interim Financial Reporting”, these interim consolidated financial statements constitute a condensed set of financial statements, as the Corporation does not present all the notes to consolidated financial statements included in its annual report. These interim condensed consolidated financial statements should be read in conjunction with the Corporation’s audited annual consolidated financial statements for the year ended December 31, 2019.

The Board of Directors approved and authorized for issuance these interim condensed consolidated financial statements on May 14, 2020.

### Basis of measurement

These interim condensed consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, which are measured at fair value, provisions, which are measured based on the best estimates of the expenditures required to settle the obligation and the post-employment benefit obligations, which are measured at the present value of the defined benefit obligations and reduced by the fair value of plan assets.

### Functional and presentation currency

Items included in the financial statements of each of the Corporation’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The Corporation’s functional currencies are the US dollar for entities located in the United States, the Canadian dollar for entities located in Canada and the British pound for entities located in the United Kingdom. These interim condensed consolidated financial statements are presented in US dollars, which is the Corporation’s presentation currency.

### Seasonality of interim operations

Sales of the Corporation follow seasonal patterns. Typically, sales are stronger during the second and the third quarters for FinishMaster U.S. and the Canadian Automotive Group segments, and during the first and the second quarters for The Parts Alliance U.K. segment. As such, the operating results for any interim period are not necessarily indicative of full-year performance. Refer to note 15 for further details on segmented information.

### Use of accounting estimates and judgments

The most significant uses of judgment, estimates and assumptions are described in the Corporation’s audited consolidated financial statements for the year ended December 31, 2019, except for the modifications resulting from IFRS first time adoption as described in note 3, if any.



### 3 - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in these interim condensed consolidated financial statements are the same as those applied in the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2019, except for the changes in accounting policies as described below.

#### Basis of consolidation

##### Subsidiaries

Subsidiaries are entities controlled by the Corporation. Control exists when the Corporation is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date that control begins until the date that control ceases. Transactions with subsidiaries are eliminated upon consolidation. The Corporation's principal wholly-owned subsidiaries as at March 31, 2020 are as follows:

121222 Holdco Limited	FinishMaster Canada Inc.	Parts Alliance Group Limited
121333 Limited	FinishMaster Services, Inc.	Uni-Sélect Lux Holdco 2018 Inc.
Autochoice Parts & Paints Limited	German Swedish & French Car Parts Limited	Uni-Select Canada Inc.
FinishMaster, Inc.	PA Topco Limited	Uni-Select USA Holdings, Inc.

#### Stock-based compensation

##### Cash-settled stock-based compensation plans

The Corporation has three cash-settled stock-based compensation plans (two in 2019) composed of a Deferred Share Unit Plan ("DSU Plan"), a Performance Share Unit Plan ("PSU Plan") and a Restricted Share Unit Plan ("RSU Plan"). Under these plans, the fair value of the liability is measured as the number of units expected to vest multiplied by the fair value of one unit, which is based on the market price of the Corporation's common shares. The compensation expense and corresponding liability are recognized over the vesting period, if any, and are revalued at each reporting date until the settlement, with any changes in the fair value of the liability recognized in net loss. Refer to note 10 for further details.

The Corporation has entered into equity swap agreements in order to manage common shares market price risk relating to the DSUs.

#### Future accounting changes

Information on new standards, amendments and interpretations that are expected to be relevant to the Corporation's interim condensed consolidated financial statements is provided in the Corporation's audited consolidated financial statements for the year ended December 31, 2019. Certain other amendments and interpretations have been issued but had no material impact on the Corporation's interim condensed consolidated financial statements.

### 4 - SPECIAL ITEMS

Special items comprise elements which do not reflect the Corporation's core performance or where their separate presentation will assist users of the interim condensed consolidated financial statements in understanding the Corporation's results for the period. Special items are detailed as follows:

	Quarters ended March 31,	
	2020	2019
Restructuring and other charges related to the Performance Improvement Plan	1,218	6,193
Review of strategic alternatives	488	902
	1,706	7,095

#### Restructuring and other charges related to the Performance Improvement Plan

At the beginning of 2019, the Corporation announced a broad performance improvement and rightsizing plan for the FinishMaster U.S. segment, which mainly consists of headcount reduction and the integration of locations, while optimizing the supply chain. The 25/20 Plan announced in late 2018 and the FinishMaster U.S. segment performance improvement and rightsizing plan combined together are now referred to as the "Performance Improvement Plan" ("PIP") of the Corporation. Over the course of 2019, due to the uncertainty and challenging macroeconomics in the United Kingdom as well as to the competitive environment in the U.S., the Corporation successively expanded the PIP, adding new accretive initiatives.

#### 4 - SPECIAL ITEMS (CONTINUED)

The Corporation recognized for the quarter ended March 31, 2020, restructuring and other charges totalling \$1,218 (\$6,193 for 2019). These charges are detailed as follows:

	Quarters ended March 31,	
	2020	2019
Restructuring charges <sup>(1)</sup>	-	1,985
Change in estimates <sup>(2)</sup>	(429)	-
Other charges as incurred <sup>(3)</sup>	1,647	1,529
Non-cash costs related to the write-down of assets <sup>(4)</sup>	-	2,679
	<b>1,218</b>	<b>6,193</b>

<sup>(1)</sup> Mainly severance and termination benefits.

<sup>(2)</sup> During the quarter, the Corporation reviewed its remaining provisions and reflected a partial reversal in relation to severance.

<sup>(3)</sup> Primarily comprising consulting fees related to the optimization of the logistical processes, inventory liquidation, moving costs and retention bonuses.

<sup>(4)</sup> Mainly impairment of property and equipment.

The variances in the provision for restructuring charges are detailed as follows:

	Quarter ended March 31,	Year ended December 31,
	2020	2019
Balance, beginning of period, December 31	3,227	4,173
Plus: IFRS 16 adjustment	-	(1,234)
Balance, beginning of period, January 1	3,227	2,939
Restructuring charges recognized during the period	-	4,605
Change in estimates	(429)	-
Provision used during the period	(841)	(4,516)
Effects of fluctuations in exchange rates	(90)	199
	<b>1,867</b>	<b>3,227</b>

#### Review of strategic alternatives

On September 18, 2018, the Corporation announced Management changes with the immediate departure and replacement of its President and Chief Executive Officer, and the President and Chief Operating Officer of FinishMaster, Inc., which lead to the review of strategic alternatives. The strategic review concluded on December 18, 2019, following the issuance of the convertible debentures.

The Corporation recognized for the quarter ended March 31, 2020, charges totalling \$488 (\$902 for 2019). These charges are detailed as follows:

	Quarters ended March 31,	
	2020	2019
Retention bonuses	452	498
Other fees <sup>(1)</sup>	36	404
	<b>488</b>	<b>902</b>

<sup>(1)</sup> Primarily comprising consulting fees related to the review of strategic alternatives.

## 5 - INFORMATION INCLUDED IN CONDENSED CONSOLIDATED LOSS

### Finance costs, net

	Quarters ended March 31,	
	2020	2019
Interest on long-term debt	3,553	4,816
Interest on lease obligations	1,446	1,725
Interest on convertible debentures	1,399	-
Accreted interest on convertible debentures (note 12)	276	-
Amortization of financing costs	252	193
Net interest expense on the long-term employee benefit obligations	138	108
Reclassification of realized losses (gains) on derivative financial instruments designated as cash flow hedges to net loss	38	(109)
Interest on merchant members' deposits in the guarantee fund and others	84	107
	<b>7,186</b>	<b>6,840</b>
Interest income from merchant members and others	(84)	(55)
	<b>7,102</b>	<b>6,785</b>

### Depreciation and amortization

	Quarters ended March 31,	
	2020	2019
Depreciation of property and equipment	4,499	3,893
Depreciation of right-of-use assets	7,143	7,069
Amortization of intangible assets	4,952	4,906
	<b>16,594</b>	<b>15,868</b>

### Income taxes

For the quarter ended March 31, 2020, the income tax recovery was \$1,875 (income tax expense \$36 in 2019), and the corresponding tax rate was 21.8% ((2.8)% in 2019). The variation year-over-year is mainly attributable to the impact of the difference in tax rates from foreign jurisdictions and the different geographic "Loss before income taxes".

## 6 - LOSS PER SHARE

The following table presents a reconciliation of basic and diluted loss per share:

	Quarters ended March 31,	
	2020	2019
Net loss considered for basic and diluted loss per share <sup>(1)</sup>	(6,741)	(1,333)
Weighted average number of common shares outstanding for basic loss per share	42,387,300	42,387,300
Impact of the stock options <sup>(2)</sup>	-	-
Weighted average number of common shares outstanding for diluted loss per share <sup>(1)</sup>	42,387,300	42,387,300
<b>Loss per share – basic and diluted</b>	<b>(0.16)</b>	<b>(0.03)</b>

<sup>(1)</sup> For the quarter ended March 31, 2020, the conversion impact of convertible debentures was excluded from the calculation of diluted loss per share as the conversion impact was anti-dilutive.

<sup>(2)</sup> For the quarter ended March 31, 2020, options to acquire 1,647,009 common shares (748,663 in 2019) were excluded from the calculation of diluted loss per share as the strike price of the options was higher than the average market price of the shares.

## 7 - INFORMATION INCLUDED IN CONDENSED CONSOLIDATED CASH FLOWS

### Changes in working capital items

The changes in working capital items are detailed as follows:

	Quarters ended March 31,	
	2020	2019
Trade and other receivables	13,458	(7,136)
Inventory	57,751	14,225
Prepaid expenses	(1,742)	(1,540)
Trade and other payables	(95,911)	(99,539)
Provision for restructuring and other charges (note 4)	(841)	(1,031)
	<b>(27,285)</b>	<b>(95,021)</b>

### Repayment of long-term debt

For the three-month period ended March 31, 2020, repayment of long-term debt includes cash outflow for leases totalling \$5,349 (\$6,715 in 2019).

## 8 - BUSINESS COMBINATIONS

During the quarter ended March 31, 2020, the Corporation acquired the net assets of 1 company operating in Canada. That company was acquired in the normal course of business. The total cost of the acquisition of \$5,274 was preliminarily allocated to the acquired assets and liabilities based on their fair value, and comprised a balance of purchase price of \$792.

The primary factor that gave rise to the recognition of goodwill was the earnings capacity of the acquired business in excess of the net tangible and intangible assets acquired.

Since its acquisition date, the acquiree generated total sales of \$1,096.

The following aggregate fair value amounts were recognized for each class of the acquiree's net assets at the date of acquisition: trade and other receivables for \$772, inventory for \$2,043, property and equipment for \$673, intangible assets for \$1,377, goodwill for \$893, trade and other payables for \$26, lease obligations - buildings for \$464 (including a current portion of \$84) and other net assets for \$6. For tax purposes, goodwill is expected to be deductible.

The Corporation is currently assessing the estimated fair values of certain assets acquired, mainly intangible assets, to finalize the purchase price allocation over the identifiable net assets acquired and goodwill. As permitted by IFRS, the Corporation expects to finalize the purchase price allocation within a year from the date of acquisition.

## 9 - IMPACT OF COVID-19

The recent outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization declared to be a pandemic on March 11, 2020, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. It has created challenges for the entire automotive aftermarket.

Recent state of emergency or shutdown declarations by several governments in the United States, Canada, the United Kingdom have impacted the Corporation's operations for the quarter ended March 31, 2020, resulting in a decrease in sales as well as earnings. However, in certain of those jurisdictions, some or all of the Corporation's operations are permitted to continue as essential services.

Given the recent developments in the COVID-19 global pandemic, Management has put in place a response plan and is closely monitoring the evolution of this pandemic, including how it may affect the Corporation, the economy and the general population.

The Corporation is working closely with customers to meet their changing needs and has taken prudent action to ensure business continuity. The Corporation remains in operation where appropriate and permitted and focuses on functions that are critical to essential services leaving a limited number of sites in operation in the United States, Canada and the United Kingdom, whether distribution centres or company-owned stores. As at March 31, 2020, measures taken have resulted in employees being furloughed or work hours reduced, sites being temporarily closed, sites operating on reduced hours or with activities limited to the essential services.

The Corporation will continue to monitor announcements of governmental assistance programs in connection with the COVID-19 crisis and will seek to benefit from such programs where applicable and appropriate.

## 9 - IMPACT OF COVID-19 (CONTINUED)

As the uncertainty regarding the full extent and duration of the pandemic continues, Management is focusing on a cash conservation plan aimed at ensuring maximum available liquidity and financial flexibility until the crisis abates and market conditions stabilize.

As of March 31, 2020, Management considers that COVID-19 has no impact on the Corporation's ability to continue as a going concern and did not cause significant adverse changes to assets or liabilities of the Corporation, including the recoverability of financial instruments measured at amortized cost (such as "Trade and other receivables") and at fair value, the net realizable value of inventories, and potential impairment charges on property and equipment, intangible assets and goodwill.

## 10 - STOCK-BASED COMPENSATION

The Corporation's stock-based compensation plans include an equity-settled common share stock option plan, and cash-settled plans consisting of a deferred share unit plan, a performance share unit plan and a restricted share unit plan.

### Common share stock option plan for management employees and officers

For the quarter ended March 31, 2020, 950,000 options were granted to management employees and officers of the Corporation (207,169 options for 2019), with an average exercise price of C\$12.34 (C\$19.17 in 2019). During the period, no options were exercised (same for 2019) and 12,914 options were forfeited or expired (no options for 2019).

As at March 31, 2020, options granted for the issuance of 1,647,009 common shares (748,663 common shares as at March 31, 2019) were outstanding under the Corporation's stock option plan.

For the quarter ended March 31, 2020, compensation expense of \$766 (\$129 for 2019) was recorded in "Net loss", with the corresponding amounts recorded in "Contributed surplus".

### Deferred share unit ("DSU") plan

For the quarter ended March 31, 2020, the Corporation granted 91,983 DSUs (46,626 DSUs for 2019) and redeemed no DSUs (no DSUs for 2019). Compensation reversal of \$827 (reversal of \$105 in 2019) was recorded during the period, and 383,772 DSUs were outstanding as at March 31, 2020 (197,093 DSUs as at March 31, 2019). As at March 31, 2020, the compensation liability was \$1,454 (\$2,427 as at December 31, 2019) and the fair value of the equity swap agreement was a liability of \$3,258 (liability of \$3,179 as at December 31, 2019).

### Performance share unit ("PSU") plan

For the quarter ended March 31, 2020, the Corporation granted no PSUs (173,839 PSUs for 2019) and redeemed 60,020 PSUs (18,818 PSUs for 2019). No compensation expense (reversal of \$144 in 2019) was recorded during the period, and 187,455 PSUs were outstanding as at March 31, 2020 (315,124 PSUs as at March 31, 2019). As at March 31, 2020, the compensation liability was nil (nil as at December 31, 2019).

### Restricted share unit ("RSU") plan

In March 2020, the Corporation formally adopted a RSU plan as part of its existing long-term incentive plan ("LTIP"). Under the amended terms of the LTIP, certain management employees receive a portion of their annual incentives under the plan as restricted share units ("RSUs"). The value of each RSU is equal to the average closing price of one common share of the Corporation listed on the TSX for the five consecutive trading days immediately preceding the day on which the value is to be determined ("RSU value"). RSUs vest at the end of a three-year period following the date of issuance, after death, disability, retirement or termination of a participant ("redemption date"). The participant is then entitled to receive in cash for each RSU, the RSU value calculated at the redemption date. A RSUs compensation liability is recorded for the vested RSUs based on the RSU value. A RSU compensation expense is recorded based on the change in compensation liability.

For the quarter ended March 31, 2020, the Corporation granted 337,836 RSUs and recorded a compensation expense of \$36. As at March 31, 2020, 337,836 RSUs were outstanding and the compensation liability was \$36.

## 11 - POST-EMPLOYMENT BENEFIT OBLIGATIONS

For the quarter ended March 31, 2020, the salaries and benefits expense related to the Corporation's defined-benefit pension plans was \$630 (\$490 for 2019), and the net interest expense of \$138 (\$108 in 2019) was recorded in "Finance costs, net". Benefit expenses of \$1,205 (\$1,143 in 2019) related to the Corporation's defined-contribution pension plans was also recognized for the same period.

## 12 - LONG-TERM DEBT, CREDIT FACILITIES AND CONVERTIBLE DEBENTURES

	Maturity	Effective interest rate	Current portion	Mar. 31, 2020	Dec. 31, 2019
Revolving credit facility, variable rates <sup>(1) (2)</sup>	2023	2.80% to 6.75%		388,419	372,472
Lease obligations - vehicles, variable rates	-	-	3,762	9,746	10,979
Lease obligations - buildings, variable rates	-	-	23,717	95,820	101,298
Others	2021	-	14	16	18
			<b>27,493</b>	<b>494,001</b>	484,767
Instalments due within a year				<b>27,493</b>	28,594
Long-term debt				<b>466,508</b>	456,173

<sup>(1)</sup> As at March 31, 2020, a nominal amount of \$392,218 was used under the Corporation's revolving credit facility (\$375,956 as at December 31, 2019). The difference with the carrying amount presented above is composed of deferred financing costs.

<sup>(2)</sup> As at March 31, 2020, a principal amount of \$312,531 of the revolving credit facility was designated as a hedge of net investments in foreign operations (\$296,291 as at December 31, 2019).

### Revolving credit facility and letter of credit facility

In March 2020, the Corporation terminated its \$20,000 unsecured letter of credit facility and transitioned the outstanding letters of credit originally issued under this agreement to the revolving credit facility currently in place. Among the Corporation's existing revolving credit facility, an amount not exceeding \$20,000 is available for the issuance of Canadian or US dollars, Euros or British pounds letters of credit. The applicable variable interest rates of the letters of credit are based on US base rate or prime rates plus the applicable margins.

The Corporation's letters of credit have been issued to guarantee the payments of certain employee benefits and certain inventory purchases by subsidiaries. The letters of credit are not recorded as liabilities in the Corporation's long-term debt as the related guarantees have been recorded directly in the Corporation's consolidated statements of financial position, if applicable. As at March 31, 2020, \$6,537 of letters of credit have been issued (\$7,137 as at December 31, 2019).

### Short-term leases, variable lease payments and leases of low-value assets

For the quarter ended March 31, 2020, expenses for short-term leases, variable lease payments and leases of low-value assets respectively totalling \$255, \$299 and \$122 were recorded in "Other operating expenses" (\$762, \$272 and \$113 in 2019).

### Convertible debentures

On December 18, 2019, the Corporation issued convertible senior subordinated unsecured debentures for aggregate principal amount of C\$125,000. The convertible debentures were offered at a price of C\$1,000 per C\$1,000 principal amount of debentures and bear interest at a rate of 6.00% per annum, payable semi-annually in arrears on June 18 and December 18 of each year. The convertible debentures have a maturity date of 7 years from their date of issue and are convertible at the option of the holder into common shares of the Corporation at a price of C\$13.57 per share, representing a conversion rate of 73.69 shares per C\$1,000 principal amount of debentures. The equity component of the debentures was determined as the difference between the fair value of the convertible debentures and the fair value of the liability component, which was calculated using an effective rate of 8.25%.

The table below indicates the movement in the liability component:

	Mar. 31, 2020	Dec. 31, 2019
Balance, beginning of the period	84,505	-
Convertible debentures issuance	-	95,026
Recognition of equity component	-	(11,200)
Accreted interest (note 5)	276	64
Effects of fluctuations in exchange rates	(6,632)	615
	<b>78,149</b>	84,505

## 13 - SHARE CAPITAL

### Repurchase and cancellation of common shares

During the quarter ended March 31, 2020, there were no common shares repurchased (none in 2019).

### Issuance of common shares

During the quarter ended March 31, 2020, there were no common shares issued (none in 2019).

### Dividends

A total of C\$0.0925 per common share was declared by the Corporation for the quarter ended March 31, 2020 (same for 2019).

## 14 - FINANCIAL INSTRUMENTS

The classification of financial instruments as well as their carrying amounts and fair values, other than those where the carrying amount is a reasonable approximation of fair value, are summarized as follows:

		March 31,		December 31,	
		2020		2019	
		Carrying amount	Fair value	Carrying amount and Fair value	
<b>Financial assets (liabilities) measured at amortized cost</b>					
Advances to merchant members	Level 2	1,037	1,037	Level 2	1,263
Long-term debt (except lease obligations and financing costs)	Level 2	(392,234)	(392,234)	Level 2	(375,974)
Convertible debentures	Level 2	(78,149)	(69,145)	Level 2	(84,505)
Merchant members' deposits in the guarantee fund	Level 2	(5,066)	(5,066)	Level 2	(5,671)
<b>Financial assets (liabilities) measured at fair value</b>					
Derivative financial instruments					
Foreign exchange forward contracts	Level 2	106	106	Level 2	(136)
Interest rate swaps – Short-term <sup>(1)</sup>	Level 2	(70)	(70)	Level 2	(13)
Interest rate swaps – Long-term <sup>(1)</sup>	Level 2	(601)	(601)	Level 2	(315)
Equity swap agreements	Level 2	(3,258)	(3,258)	Level 2	(3,179)

<sup>(1)</sup> Derivatives designated in a hedge relationship.

### Financial assets (liabilities) carried at amortized cost

The fair value of the advances to merchant members is equivalent to their carrying value as these instruments are bearing interests that reflect current market conditions for similar instruments.

The fair value of the long-term debt (except lease obligations and financing costs) has been determined by calculating the present value of the interest rate spread that exists between the actual credit facilities and the rate that would be negotiated with the economic conditions at the reporting date. The fair value of long-term debt approximates its carrying value as the effective interest rates applicable to the Corporation's credit facilities reflect current market conditions.

The fair value of the convertible debentures was determined by calculating the present value of the interest rate spread that exists between the actual convertible debentures and the rate that would be negotiated with the economic conditions at the reporting date.

The fair value of the merchant members' deposits in the guarantee fund is equivalent to their carrying value since their interest rates are comparable to market rates.

### Financial assets (liabilities) carried at fair value

The fair value of the foreign exchange forward contracts was determined using exchange rates quoted in the active market adjusted for the credit risk added by the financial institutions.

The fair value of the interest rate swaps was determined using interest rates quoted in the active market adjusted for the credit risk added by the financial institutions.

The fair value of the equity swap agreements was determined using share prices quoted in the active market adjusted for the credit risk added by the financial institutions.

## 14 - FINANCIAL INSTRUMENTS (CONTINUED)

### Fair value hierarchy

Financial instruments measured at fair value in the interim condensed consolidated statements of financial position are classified according to the following hierarchy:

- Level 1: consists of measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: consists of measurement techniques mainly based on inputs, other than quoted prices (included within Level 1), that are observable either directly or indirectly in the market; and
- Level 3: consists of measurement techniques that are not mainly based on observable market data.

### Derivative financial instruments – hedge of foreign exchange risk

The Corporation entered into forward contracts in order to mitigate the foreign exchange risks mainly related to purchases in currencies other than the respective functional currencies of the Corporation. The consolidated forward contracts outstanding as at March 31, 2020, are as follows:

Currencies (sold/bought)	Maturity	Average rate <sup>(1)</sup>	Notional amount <sup>(2)</sup>
CAD/USD	Up to February 2021	0.72	11,027
GBP/USD	Up to April 2020	1.23	735
GBP/EUR	Up to April 2020	1.12	478

<sup>(1)</sup> Rates are expressed as the number of units of the currency bought for one unit of currency sold.

<sup>(2)</sup> Exchange rates as at March 31, 2020, were used to translate amounts in foreign currencies.

### Derivative financial instruments used in cash flow hedges - hedge of interest rate risk

The Corporation entered into various swap agreements to hedge the variable interest cash flows on a portion of the Corporation's revolving credit facility and term loan for total nominal amounts of \$42,500 for interest rate swaps denominated in US dollars (same as at December 31, 2019), and £70,000 for interest rate swaps denominated in British pounds (same as at December 31, 2019). Until their respective maturities, these agreements are fixing the interest cash flows between 1.745% and 1.760% for interest rate swaps denominated in US dollars, and to 0.955% for interest rate swaps denominated in British pounds.

### Derivative financial instruments – hedge of share-based payment costs

In 2016, the Corporation entered into equity swap agreements in order to manage the market price risk of its common shares. As at March 31, 2020, the equity swap agreements covered the equivalent of 180,157 common shares of the Corporation (214,277 as at December 31, 2019).

## 15 - SEGMENTED INFORMATION

The Corporation is providing information on four reportable segments:

- FinishMaster U.S.:** distribution of automotive refinish and industrial coatings and related products representing FinishMaster, Inc. in the U.S. market;
- Canadian Automotive Group:** distribution of automotive aftermarket parts, including refinish and industrial coatings and related products, through Canadian networks;
- The Parts Alliance U.K.:** distribution of automotive original equipment manufacturer and aftermarket parts, serving local and national customers across the United Kingdom; and
- Corporate Office and Others:** head office expenses and other expenses mainly related to the financing structure.



## 15 - SEGMENTED INFORMATION (CONTINUED)

The profitability measure employed by the Corporation for assessing segment performance is segment income.

	FinishMaster		Canadian		The Parts Alliance		Corporate Office		Quarters ended	
	U.S.		Automotive Group		U.K.		and Others		March 31,	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Sales	<b>202,199</b>	204,510	<b>108,941</b>	113,113	<b>96,544</b>	102,414	-	-	<b>407,684</b>	420,037
Segment income (loss) <sup>(1)</sup>	<b>4,760</b>	8,993	<b>(2,623)</b>	3,547	<b>(320)</b>	2,320	<b>(8,727)</b>	(9,062)	<b>(6,910)</b>	5,798
Special items <sup>(2)</sup>	<b>783</b>	5,313	<b>436</b>	880	-	-	<b>487</b>	902	<b>1,706</b>	7,095
Segment income (loss) reported <sup>(3)</sup>	<b>3,977</b>	3,680	<b>(3,059)</b>	2,667	<b>(320)</b>	2,320	<b>(9,214)</b>	(9,964)	<b>(8,616)</b>	(1,297)
Income tax expense (recovery)									<b>(1,875)</b>	36
Net loss									<b>(6,741)</b>	(1,333)

<sup>(1)</sup> The chief operating decision maker uses primarily one measure of profit to make decisions and assess performance, being loss before income taxes plus special items.

<sup>(2)</sup> Refer to note 4 for further information.

<sup>(3)</sup> Per interim condensed consolidated statements of loss, corresponds to "Loss before income taxes".

The Corporation operates in the United States, Canada and the United Kingdom. The primary financial information per geographic location is as follows:

	Quarters ended	
	2020	2019
Sales		
United States	<b>202,199</b>	204,510
Canada	<b>108,941</b>	113,113
United Kingdom	<b>96,544</b>	102,414
	<b>407,684</b>	420,037

	March 31, 2020			
	United States	Canada	United Kingdom	Total
Property and equipment	<b>52,029</b>	<b>53,633</b>	<b>54,246</b>	<b>159,908</b>
Intangible assets with definite useful lives	<b>91,006</b>	<b>22,743</b>	<b>38,975</b>	<b>152,724</b>
Intangible assets with indefinite useful lives	<b>7,900</b>	-	<b>27,950</b>	<b>35,850</b>
Goodwill	<b>201,951</b>	<b>54,239</b>	<b>68,918</b>	<b>325,108</b>

	December 31, 2019			
	United States	Canada	United Kingdom	Total
Property and equipment	51,163	60,285	59,972	171,420
Intangible assets with definite useful lives	93,378	24,395	42,360	160,133
Intangible assets with indefinite useful lives	7,900	-	29,718	37,618
Goodwill	201,951	57,944	73,135	333,030



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