



## Press Release

*For immediate distribution*

### Uni-Select Inc. Reports 2021 Second Quarter Highlights and Financial Results:

- **Consolidated sales of \$416.4 million, up 37.6% year over year, reflecting a recovery from trough levels of business activity in the second quarter of 2020; consolidated organic growth<sup>(1)</sup> of 28.5%;**
- **EBITDA<sup>(1)</sup> of \$0.5 million; adjusted EBITDA<sup>(1)</sup> of \$34.1 million or 8.2% of sales, up \$19.3 million or 330 basis points versus the second quarter of 2020, reflecting both a recovery in sales and certain efficiency gains;**
- **Special items of \$13.0 million mainly from severance costs resulting from changes to executive leadership and a change in estimates of \$20.6 million related to inventory obsolescence in the FinishMaster U.S. segment; and**
- **EPS of \$(0.48); adjusted EPS<sup>(1)</sup> of \$0.21, up \$0.44 versus the second quarter of 2020.**

*Unless otherwise indicated in this press release, all amounts are expressed in thousands of US dollars, except per share amounts and percentages.*

**Boucherville (Québec), August 6, 2021** – Uni-Select Inc. (TSX: UNS) (“Uni-Select” or “Corporation”) today reported its financial results for the second quarter ended June 30, 2021.

“We are very pleased with our second quarter results which reflect strong market recovery from the worst of the pandemic and sequential improvement in the business. Revenues increased 38% to \$416 million while EBITDA<sup>(1)</sup>, once adjusted for special items and others, more than doubled to reach \$34 million, or a margin of 8.2%,” stated Brian McManus, Executive Chair and Chief Executive Officer of Uni-Select.

“This strong profitability combined with active cash management translated into cash flow from operations of \$43 million which we used primarily to reduce our total net debt, ending the quarter with an improved leverage ratio of 2.9x. In June, we successfully amended our credit agreement providing us with increased flexibility while meaningfully reducing our cost of borrowing. Had we amended the credit agreement at the beginning of the second quarter, we estimate our net finance costs would have been about \$2 million lower.

Our near-term focus is to align the three businesses with our vision for the future while identifying growth opportunities. We expect 2021 to be a good year but remain cautiously optimistic as we progressively recover from the continued uncertainty surrounding the pandemic and manage through the ongoing challenges related to the supply chain. We are positioning the business for the long term and see many opportunities ahead in all three businesses,” concluded Mr. McManus.

<sup>(1)</sup> Non-IFRS financial measures. Refer to the “Non-IFRS financial measures” section for further details.

## FINANCIAL RESULTS

The following table presents selected consolidated information:

| (in thousands of US dollars, except per share amounts, percentages and otherwise specified) | Second quarters |          |       | Six-month periods        |                  |       |
|---|-----------------|----------|-------|--------------------------|------------------|-------|
|   | 2021            | 2020     | %     | 2021                     | 2020             | %     |
| <b>OPERATING RESULTS</b>  |                 |          |       |                          |                  |       |
| Sales   | <b>416,412</b>  | 302,534  | 37.6  | <b>786,531</b>           | 710,218          | 10.7  |
| EBITDA <sup>(1)</sup>   | <b>488</b>      | (2,674)  | 118.2 | <b>25,244</b>            | 12,406           | 103.5 |
| <i>EBITDA margin<sup>(1)</sup></i>  | <b>0.1%</b>     | (0.9%)   |       | <b>3.2%</b>              | 1.7%             |       |
| Adjusted EBITDA <sup>(1)</sup>  | <b>34,137</b>   | 14,841   | 130.0 | <b>62,319</b>            | 31,627           | 97.0  |
| <i>Adjusted EBITDA margin<sup>(1)</sup></i>   | <b>8.2%</b>     | 4.9%     |       | <b>7.9%</b>              | 4.5%             |       |
| EBT   | <b>(23,697)</b> | (30,967) | 23.5  | <b>(23,190)</b>          | (39,583)         | 41.4  |
| <i>EBT margin<sup>(1)</sup></i>   | <b>(5.7%)</b>   | (10.2%)  |       | <b>(2.9%)</b>            | (5.6%)           |       |
| Adjusted EBT <sup>(1)</sup>   | <b>11,081</b>   | (12,449) | 189.0 | <b>16,127</b>            | (18,324)         | 188.0 |
| <i>Adjusted EBT margin<sup>(1)</sup></i>  | <b>2.7%</b>     | (4.1%)   |       | <b>2.1%</b>              | (2.6%)           |       |
| Change in estimates related to inventory obsolescence                                       | <b>20,600</b>   | -        |       | <b>20,600</b>            | -                |       |
| Special items   | <b>13,049</b>   | 17,515   |       | <b>16,475</b>            | 19,221           |       |
| Net loss  | <b>(20,253)</b> | (24,169) | 16.2  | <b>(20,040)</b>          | (30,910)         | 35.2  |
| Adjusted earnings (loss) <sup>(1)</sup>   | <b>8,789</b>    | (9,655)  | 191.0 | <b>12,520</b>            | (13,956)         | 189.7 |
| Free cash flows <sup>(1)</sup>  | <b>41,032</b>   | 33,330   | 23.1  | <b>34,873</b>            | 15,131           | 130.5 |
| <b>COMMON SHARE DATA</b>  |                 |          |       |                          |                  |       |
| Net loss  | <b>(0.48)</b>   | (0.57)   | 15.8  | <b>(0.47)</b>            | (0.73)           | 35.6  |
| Adjusted earnings (loss) <sup>(1)</sup>   | <b>0.21</b>     | (0.23)   | 191.3 | <b>0.30</b>              | (0.33)           | 190.9 |
|   |                 |          |       | <b>June 30,<br/>2021</b> | Dec. 31,<br>2020 |       |
| <b>FINANCIAL POSITION</b>   |                 |          |       | <b>348,307</b>           | 370,252          |       |
| Total net debt <sup>(1)</sup>   |                 |          |       |                          |                  |       |

<sup>(1)</sup> Non-IFRS financial measures. Refer to the “Non-IFRS financial measures” section for further details.

## SECOND QUARTER RESULTS

Consolidated sales of \$416.4 million for the quarter increased by 37.6% compared to the same quarter in 2020, mainly driven by organic growth of 28.5% and by the favourable fluctuations of the British and the Canadian currencies. This performance reflected a recovery from trough levels of business activity in the second quarter of 2020. Organic sales continued to improve sequentially, as all segments reported positive organic growth for the quarter: 62.6% by The Parts Alliance U.K., 28.4% by FinishMaster U.S. and 12.3% by the Canadian Automotive Group.

The Corporation generated EBITDA of \$0.5 million for the quarter, which was impacted by a change in estimates of \$20.6 million related to inventory obsolescence in the FinishMaster U.S. segment and special items of \$13.0 million, mainly for severance related to executive leadership changes. Once adjusted, the EBITDA and the EBITDA margin increased by \$19.3 million and 330 basis points respectively to \$34.1 million and 8.2%, from \$14.8 million and 4.9% in 2020. This performance was the result of improved gross margins, improved fixed cost absorption related to organic sales growth, as well as a streamlined cost structure. The second quarter last year was affected by additional inventory and bad debt reserves of about \$7.1 million or 240 basis points.

These elements were partially offset by a higher level of expenses, as the same quarter of 2020 had reduced expenses derived from temporary lay-offs, reduction of working hours and temporary closure of company-operated stores in response to the effects of the pandemic. Moreover, the current quarter was affected by higher stock-based compensation due to the recent appreciation of the share price and grants to new executives.

Net loss of \$20.3 million was reported for the current quarter compared to \$24.2 million in 2020. Adjusted earnings for the current quarter increased by \$18.5 million to \$8.8 million from an adjusted loss of \$9.7 million in 2020, primarily driven by improved operational performance and profitability, while the second quarter of 2020 was impacted by the pandemic.

### **Segmented Second Quarter Results**

The FinishMaster U.S. segment reported sales of \$171.3 million, organically increasing by 28.4%, compared to the corresponding quarter last year, a recovery from trough levels of business activity in the quarter of 2020. This segment reported an EBITDA of \$(7.7) million for the quarter. Once adjusted for change in estimates related to inventory obsolescence and for special items, EBITDA was \$13.2 million or 7.7% of sales, compared to \$4.5 million or 3.3% of sales in 2020, an improvement of 440 basis points. The current quarter results benefitted from additional volume of sales, increased gross margin and fixed cost absorption. In addition, this segment took advantage of price increases and a streamlined cost structure as a result of improvement plans. For the third quarter in a row, this segment reported an adjusted EBITDA exceeding the previous quarter, both in dollar and margin, the outcome of measures initiated during the 2020 year.

The Canadian Automotive Group segment reported sales of \$145.3 million, an increase of 27.1%, compared to the corresponding quarter of 2020, driven by the appreciation of the Canadian dollar and organic growth of 12.3%, all distribution channels recovering from trough levels of business activity in the second quarter of 2020. This segment reported an EBITDA of \$17.2 million for the quarter. Once adjusted for special items, EBITDA was \$17.7 million or 12.2% of sales, compared to \$12.9 million or 11.3% of sales in 2020, an improvement of 90 basis points, attributable to additional sales volume, savings from the workforce alignment, as well as additional vendor rebates, in part due to timing. Furthermore, the second quarter of 2020 was affected by additional bad debt expenses. Despite the context of COVID-19, this segment generated, for a fourth consecutive quarter, improved adjusted EBITDA related to the respective comparable quarter, both in dollar and percentage of sales.

The Parts Alliance U.K. segment reported sales of \$99.9 million, for an increase of 82.1% compared to the same quarter in 2020, propelled by organic growth of 62.6% and a strong British pound against the US dollar during the current quarter of 2021. This segment reported an EBITDA of \$5.6 million for the quarter, and once adjusted for special items, EBITDA was \$8.3 million or 8.3% of sales, an increase of \$8.0 million or 770 basis points, compared to \$0.3 million or 0.6% of sales in 2020. This improvement was driven by additional sales volume, savings from the rightsizing of the workforce, as well as an improved gross margin from price increases, while the second quarter of 2020 was affected by additional bad debt expenses. This segment generated, for a fourth consecutive quarter, improved adjusted EBITDA related to the respective comparable quarter, both in dollar and percentage of sales.

### **SIX-MONTH PERIOD RESULTS**

Consolidated sales of \$786.5 million for the period increased by 10.7% compared to the same period in 2020, mainly driven by organic growth of 6.2%, the favourable fluctuations of the British and the Canadian currencies and business acquisitions. This performance offsets the adverse impact of a different number of billing days and the expected erosion from the consolidation of company-operated stores. On a year-to-date basis, both the Canadian Automotive Group and The Parts Alliance U.K. segments reported a positive organic growth, while the FinishMaster U.S. segment reported a slightly negative organic growth of 0.3%.

The Corporation generated an EBITDA of \$25.2 million for the period, which was impacted by a change in estimates of \$20.6 million related to inventory obsolescence in the FinishMaster U.S. segment and special items of \$16.5 million, mainly for severance related to changes to executive leadership. Once adjusted, the EBITDA and the EBITDA margin increased by \$30.7 million and 340 basis points respectively to \$62.3 million and 7.9%, from \$31.6 million and 4.5% in 2020. This performance resulted from improved gross margins due to additional volume rebates and price increases, a streamlined cost structure related to the improvement plans, as well as an improved fixed cost absorption related to organic sales growth. The period of 2020 was impacted by additional inventory and bad debt reserves, foreign exchange losses in relation to the depreciation of the Canadian dollar and the British pound and a one-time charge, a total impact of about \$12.4 million or 170 basis points. These elements were partially offset by a higher level of expenses, while the same period of 2020 benefitted from actions in response to the effects of the pandemic. Moreover, the current period was affected by higher stock-based compensation related to the recent appreciation of the share price and grants to new executive members.

Net loss of \$20.0 million was reported for the current period compared to \$30.9 million in 2020. Adjusted earnings for the current period increased by \$26.5 million to \$12.5 million from an adjusted loss of \$14.0 million in 2020, essentially driven by improved operational performance and profitability, reaping the rewards of improvement plans and initiatives put in place, while the period of 2020 was impacted by the pandemic.

#### **Segmented Six-Month Period Results**

The FinishMaster U.S. segment reported sales of \$329.5 million, a decrease of 1.8%, compared to last year, mainly due to an unfavourable difference in the number of billing days. On a year-to-date basis, this segment reported organic growth close to neutral, the performance of the current period offsetting the corresponding period of 2020, which was fully impacted by the effects of the pandemic during the second quarter. This segment reported an EBITDA of \$1.9 million for the period, which, once adjusted for a change in estimates related to inventory obsolescence and special items, grew to \$23.3 million or 7.1% of sales, compared to \$16.6 million or 4.9% of sales in 2020, an improvement of 220 basis points, despite a similar level of organic sales. This performance was attributable to improvement plans and associated savings from reduced workforce and the consolidation of company-operated stores. In addition, this segment took advantage of price increases, a partial reversal of bad debt provision stemming from improved collection, and a reduction of discretionary expenses. During the period of 2020, this segment was affected by additional inventory obsolescence and bad debt expenses as well as a one-time charge.

The Canadian Automotive Group segment reported sales of \$260.4 million, an increase of 16.7% compared to the corresponding period of 2020, driven by the appreciation of the Canadian dollar and organic growth of 6.6%. This segment reported an EBITDA of \$28.9 million for the period, which, once adjusted for special items, was \$29.4 million or 11.3% of sales, compared to \$15.6 million or 7.0% of sales in 2020, an improvement of 430 basis points. This growth was attributable to additional sales volume, savings from the workforce alignment, as well as additional vendor rebates, in part due to timing. Furthermore, the period of 2021 benefitted from a reduction of discretionary expenses in relation to the pandemic, while the period of 2020 was affected by large foreign exchange losses.

The Parts Alliance U.K. segment reported sales of \$196.6 million, for an increase of 29.9% compared to the same period in 2020, driven by organic growth of 20.2% and a strong British pound against the US dollar during the current period of 2021, exceeding the unfavourable variance in the number of billing days and the expected erosion resulting from the consolidation of company-operated stores. This segment reported an EBITDA of \$15.5 million for the period. Once adjusted for special items, EBITDA was \$18.2 million or 9.3% of sales, compared to \$5.0 million or 3.3% of sales in 2020. The adjusted EBITDA margin increased by 600 basis points compared to the same period in 2020, driven by additional sales volume, savings from the rightsizing of the workforce, as well as an improved gross margin from price increases.

## **AMENDED CREDIT FACILITY**

Effective June 25, 2021, the Corporation amended the existing credit facility, meaningfully reducing borrowing costs while preserving flexibility and liquidity. Under the amendment, the aggregate amount available under the credit facility was reduced from \$565 million to \$500 million. The agreement now provides a \$350 million secured long-term revolving credit facility, as well as two secured term facilities for a total principal amount of \$150 million, all of which mature on June 30, 2023. The facilities are secured by a first ranking lien on all of the Corporation's assets.

## **CONFERENCE CALL**

Uni-Select will host a conference call to discuss its second-quarter results for 2021 on August 6, 2021, at 8:00 AM Eastern. To join the conference, dial 1 888 390-0549 (or 1 416 764-8682 for international calls).

A recording of the conference call will be available from 11:30 AM Eastern on August 6, 2021, until 11:59 PM Eastern on September 6, 2021. To access the replay, dial 1 888 390-0541 followed by 249252#.

A webcast of the quarterly results conference call will also be accessible through the "[Investors](#)" section of our website at [uniselect.com](http://uniselect.com) where a replay will also be archived. Listeners should allow ample time to access the webcast and supporting slides.

## **ABOUT UNI-SELECT**

With over 4,800 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-operated 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 145 automotive refinish company-operated stores under the FINISHMASTER® banner, which supports over 30,000 customers annually.

In the U.K. and Ireland, Uni-Select, through its Parts Alliance group of subsidiaries, is a major distributor of automotive parts supporting over 20,000 customer accounts with a network of over 170 company-operated stores. [www.uniselect.com](http://www.uniselect.com)

## **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

Certain statements made in this press release are forward-looking statements. Forward-looking statements are typically identified by the words assumption, goal, guidance, objective, outlook, project, strategy, target and other similar expressions or future or conditional verbs such as aim, anticipate, believe, could, expect, intend, may, plan, seek, should, strive and will. Forward-looking statements in this press release include statements relating to our expectation as to the expected cost savings resulting from the Continuous Improvement Plan, productivity, efficiency and right-sizing initiatives and the expected timing of those savings and related costs, and our ability to face the ongoing economic uncertainty. All such forward-looking statements are made pursuant to the "safe harbour" provisions of applicable Canadian securities laws.

Forward-looking statements are, by their very nature, subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which may cause expressed expectations to be significantly different from those listed or implied within this press release and our business outlook, objectives, plans and strategic priorities may not be achieved. In particular, Uni-Select continues to face uncertainty related to the duration and severity of the current COVID-19 pandemic and the related impacts on its business. There is limited visibility on the duration of or future changes to the various

government-imposed restrictions which have recently begun to ease in various degrees in the jurisdictions where we operate. There can be no assurance that any restrictions that have or will be lifted will not be reinstated. The duration and extent of the impact of the COVID-19 pandemic on 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, vaccinations and treatments for the virus and the actions taken in various jurisdictions to contain or treat the outbreak. 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 indebtedness.

Risks and uncertainties to which the forward-looking statements are subject also include the risk factors described in the Corporation's Management's Discussion & Analysis for the year ended December 31, 2020, under the heading "Risk Management" available on [www.sedar.com](http://www.sedar.com) as well as on Uni-Select's website at [www.uniselect.com](http://www.uniselect.com). As a result, we cannot guarantee that any forward-looking statement will materialize, and we caution you against relying on any of these forward-looking statements. The forward-looking information contained herein is made as of the date of this press release, and Uni-Select does not undertake to publicly update such forward-looking information to reflect new information, subsequent or otherwise, unless required by applicable securities laws.

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## NON-IFRS FINANCIAL MEASURES

The information included in this Press release 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 Press release may analyze its results based on these measurements. The following presents performance measures used by the Corporation which are not defined by IFRS.

**Organic growth** – 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 consolidation of company-operated 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. Organic growth is based on what management regards as reasonable and may not be comparable to other corporations' organic growth.

**EBITDA and adjusted EBITDA** – 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.

Adjusted EBITDA contains certain adjustments, which may affect the comparability of the Corporation's financial results. These adjustments include, among other things, restructuring and other charges as well as change in estimates related to inventory obsolescence.

**EBITDA margin and adjusted EBITDA margin** – 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.

**Adjusted EBT, adjusted earnings and adjusted earnings per share** – Management uses adjusted EBT, adjusted earnings and adjusted earnings per share to assess EBT, net earnings and net earnings per share from operating activities, containing 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.

These adjustments include, among other things, restructuring and other charges, change in estimates related to inventory obsolescence as well as amortization of intangible assets related to The Parts Alliance acquisition. The exclusion of these items does not indicate that they are non-recurring.

**EBT margin and adjusted EBT margin** – 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.

**Free cash flows** – This measure corresponds to the cash flows from operating activities according to the consolidated statements of cash flows adjusted for the following items: net acquisitions of property and equipment, net advances to merchant members and incentives granted to customers, as well as net acquisitions and development of intangible assets. 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, repay debt, reinvest in the Corporation and capitalize on various market opportunities that arise.

The free cash flows exclude certain 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.

**Total net debt** – This measure consists of long-term debt, including the portion due within a year, net of cash.

**Total net debt to adjusted EBITDA** – This ratio corresponds to total net debt divided by adjusted EBITDA.

## NON-IFRS FINANCIAL MEASURES (CONTINUED)

The following table presents a reconciliation of organic growth.

|  | Second quarters |             | Six-month periods |             |
|--|-----------------|-------------|-------------------|-------------|
|  | 2021            | 2020        | 2021              | 2020        |
| <i>FinishMaster U.S.</i>   | <b>171,261</b>  | 133,374     | <b>329,464</b>    | 335,573     |
| <i>Canadian Automotive Group</i>                                   | <b>145,267</b>  | 114,299     | <b>260,429</b>    | 223,240     |
| <i>The Parts Alliance U.K.</i>                                     | <b>99,884</b>   | 54,861      | <b>196,638</b>    | 151,405     |
| <b>Sales</b>   | <b>416,412</b>  | 302,534     | <b>786,531</b>    | 710,218     |
|  |                 | %           |                   | %           |
| <b>Sales variance</b>  | <b>113,878</b>  | <b>37.6</b> | <b>76,313</b>     | <b>10.7</b> |
| Conversion effect of the Canadian dollar and the British pound     | (27,273)        | (9.0)       | (39,512)          | (5.6)       |
| Number of billing days   | 191             | 0.1         | 7,808             | 1.1         |
| Erosion of sales from the consolidation of company-operated stores | 401             | 0.1         | 1,167             | 0.2         |
| Acquisitions   | (865)           | (0.3)       | (1,476)           | (0.2)       |
| <b>Consolidated organic growth</b>                                 | <b>86,332</b>   | <b>28.5</b> | <b>44,300</b>     | <b>6.2</b>  |

The following table presents a reconciliation of the EBITDA and the adjusted EBITDA.

|   | Second quarters |               |   | Six-month periods |          |       |
|---|-----------------|---------------|---|-------------------|----------|-------|
|   | 2021            | 2020          | % | 2021              | 2020     | %     |
| <b>Net loss</b>                                       | <b>(20,253)</b> | (24,169)      |   | <b>(20,040)</b>   | (30,910) |       |
| Income tax recovery                                   | <b>(3,444)</b>  | (6,798)       |   | <b>(3,150)</b>    | (8,673)  |       |
| Finance costs, net                                    | <b>8,884</b>    | 12,398        |   | <b>17,762</b>     | 19,500   |       |
| Depreciation and amortization                         | <b>15,301</b>   | 15,895        |   | <b>30,672</b>     | 32,489   |       |
| <b>EBITDA</b>   | <b>488</b>      | (2,674) 118.2 |   | <b>25,244</b>     | 12,406   | 103.5 |
| <i>EBITDA margin</i>                                  | <b>0.1%</b>     | (0.9%)        |   | <b>3.2%</b>       | 1.7%     |       |
| Change in estimates related to inventory obsolescence | <b>20,600</b>   | -             |   | <b>20,600</b>     | -        |       |
| Special items   | <b>13,049</b>   | 17,515        |   | <b>16,475</b>     | 19,221   |       |
| <b>Adjusted EBITDA</b>                                | <b>34,137</b>   | 14,841 130.0  |   | <b>62,319</b>     | 31,627   | 97.0  |
| <i>Adjusted EBITDA margin</i>                         | <b>8.2%</b>     | 4.9%          |   | <b>7.9%</b>       | 4.5%     |       |

The following table presents a reconciliation of the EBT and the adjusted EBT.

|   | Second quarters |                |   | Six-month periods |                |   |
|---|-----------------|----------------|---|-------------------|----------------|---|
|   | 2021            | 2020           | % | 2021              | 2020           | % |
| <b>Net loss</b>   | <b>(20,253)</b> | (24,169)       |   | <b>(20,040)</b>   | (30,910)       |   |
| Income tax recovery   | <b>(3,444)</b>  | (6,798)        |   | <b>(3,150)</b>    | (8,673)        |   |
| <b>EBT</b>  | <b>(23,697)</b> | (30,967) 23.5  |   | <b>(23,190)</b>   | (39,583) 41.4  |   |
| <i>EBT margin</i>   | <b>(5.7%)</b>   | (10.2%)        |   | <b>(2.9%)</b>     | (5.6%)         |   |
| Change in estimates related to inventory obsolescence                                 | <b>20,600</b>   | -              |   | <b>20,600</b>     | -              |   |
| Special items   | <b>13,049</b>   | 17,515         |   | <b>16,475</b>     | 19,221         |   |
| Amortization of intangible assets related to the acquisition of<br>The Parts Alliance | <b>1,129</b>    | 1,003          |   | <b>2,242</b>      | 2,038          |   |
| <b>Adjusted EBT</b>   | <b>11,081</b>   | (12,449) 189.0 |   | <b>16,127</b>     | (18,324) 188.0 |   |
| <i>Adjusted EBT margin</i>  | <b>2.7%</b>     | (4.1%)         |   | <b>2.1%</b>       | (2.6%)         |   |

## NON-IFRS FINANCIAL MEASURES (CONTINUED)

The following table presents a reconciliation of adjusted earnings (loss) and adjusted earnings (loss) per share.

|  | Second quarters |          |       | Six-month periods |          |       |
|--|-----------------|----------|-------|-------------------|----------|-------|
|  | 2021            | 2020     | %     | 2021              | 2020     | %     |
| <b>Net loss</b>  | <b>(20,253)</b> | (24,169) | 16.2  | <b>(20,040)</b>   | (30,910) | 35.2  |
| Change in estimates related to inventory obsolescence, net of taxes                              | <b>16,274</b>   | -        |       | <b>16,274</b>     | -        |       |
| Special items, net of taxes  | <b>9,830</b>    | 13,390   |       | <b>12,446</b>     | 14,661   |       |
| Amortization of intangible assets related to the acquisition of The Parts Alliance, net of taxes | <b>944</b>      | 1,124    |       | <b>1,846</b>      | 2,293    |       |
| Net tax impact of changes in rates and reversal of a contingency provision                       | <b>1,994</b>    | -        |       | <b>1,994</b>      | -        |       |
| <b>Adjusted earnings (loss)</b>  | <b>8,789</b>    | (9,655)  | 191.0 | <b>12,520</b>     | (13,956) | 189.7 |
| <b>Loss per share</b>  | <b>(0.48)</b>   | (0.57)   | 15.8  | <b>(0.47)</b>     | (0.73)   | 35.6  |
| Change in estimates related to inventory obsolescence, net of taxes                              | <b>0.39</b>     | -        |       | <b>0.39</b>       | -        |       |
| Special items, net of taxes  | <b>0.23</b>     | 0.31     |       | <b>0.29</b>       | 0.35     |       |
| Amortization of intangible assets related to the acquisition of The Parts Alliance, net of taxes | <b>0.02</b>     | 0.03     |       | <b>0.04</b>       | 0.05     |       |
| Net tax impact of changes in rates and reversal of a contingency provision                       | <b>0.05</b>     | -        |       | <b>0.05</b>       | -        |       |
| <b>Adjusted earnings (loss) per share</b>  | <b>0.21</b>     | (0.23)   | 191.3 | <b>0.30</b>       | (0.33)   | 190.9 |

The following table presents a reconciliation of free cash flows.

*The Corporation reviewed its definition of free cash flows to better reflect the amount of funds available to manage growth, repay debt, reinvest in the Corporation and capitalize on various market opportunities that arise. Accordingly, the comparative figures presented below were adjusted.*

|  | Second quarters |         | Six-month periods |         |
|--|-----------------|---------|-------------------|---------|
|  | 2021            | 2020    | 2021              | 2020    |
| <b>Cash flows from operating activities</b>                      | <b>43,282</b>   | 34,877  | <b>42,742</b>     | 22,198  |
| Advances to merchant members and incentives granted to customers | <b>(2,465)</b>  | (877)   | <b>(7,152)</b>    | (4,322) |
| Reimbursement of advances to merchant members                    | <b>3,040</b>    | 536     | <b>3,756</b>      | 1,392   |
| Acquisitions of property and equipment                           | <b>(2,166)</b>  | (1,248) | <b>(3,386)</b>    | (3,806) |
| Proceeds from disposal of property and equipment                 | <b>319</b>      | 289     | <b>565</b>        | 420     |
| Acquisitions and development of intangible assets                | <b>(978)</b>    | (247)   | <b>(1,652)</b>    | (751)   |
| <b>Free cash flows</b>   | <b>41,032</b>   | 33,330  | <b>34,873</b>     | 15,131  |

**UNI-SELECT INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF LOSS**

| (In thousands of US dollars, except per share amounts, unaudited)                    | Quarters ended<br>June 30, |          | Six-month periods<br>ended June 30, |          |
|--|----------------------------|----------|-------------------------------------|----------|
|  | 2021                       | 2020     | 2021                                | 2020     |
| <b>Sales</b>   |                            |          |                                     |          |
| Purchases, net of changes in inventories   | 416,412                    | 302,534  | 786,531                             | 710,218  |
| Gross margin   | 305,354                    | 216,579  | 558,840                             | 501,486  |
|  | <b>111,058</b>             | 85,955   | <b>227,691</b>                      | 208,732  |
| Salaries and benefits  | 69,380                     | 45,153   | 131,855                             | 117,318  |
| Other operating expenses   | 28,141                     | 25,961   | 54,117                              | 59,787   |
| Special items  | 13,049                     | 17,515   | 16,475                              | 19,221   |
| Earnings (loss) before finance costs, depreciation and amortization and income taxes | 488                        | (2,674)  | 25,244                              | 12,406   |
| Depreciation and amortization  | 15,301                     | 15,895   | 30,672                              | 32,489   |
| Finance costs, net   | 8,884                      | 12,398   | 17,762                              | 19,500   |
| Loss before income taxes   | (23,697)                   | (30,967) | (23,190)                            | (39,583) |
| Income tax recovery  | (3,444)                    | (6,798)  | (3,150)                             | (8,673)  |
| <b>Net loss</b>  | <b>(20,253)</b>            | (24,169) | <b>(20,040)</b>                     | (30,910) |
| <b>Loss per share</b>  |                            |          |                                     |          |
| Basic and diluted  | (0.48)                     | (0.57)   | (0.47)                              | (0.73)   |
| <b>Weighted average number of common shares outstanding (in thousands)</b>           |                            |          |                                     |          |
| Basic and diluted  | <b>42,387</b>              | 42,387   | <b>42,387</b>                       | 42,387   |

**UNI-SELECT INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

| (In thousands of US dollars, unaudited)   | Quarters ended<br>June 30, |                 | Six-month periods<br>ended June 30, |                 |
|---|----------------------------|-----------------|-------------------------------------|-----------------|
|   | 2021                       | 2020            | 2021                                | 2020            |
| <b>Net loss</b>   | <b>(20,253)</b>            | <b>(24,169)</b> | <b>(20,040)</b>                     | <b>(30,910)</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 \$1 and \$3 respectively for the quarter and six-month period (\$54 and \$155 in 2020))  | (3)                        | (149)           | 8                                   | (430)           |
| Net change in the fair value of derivative financial instruments designated as cash flow hedges transferred to net loss (net of income tax of \$58 and \$118 respectively for the quarter and six-month period (\$42 and \$52 in 2020)) | 154                        | 116             | 316                                 | 144             |
| Unrealized exchange gains (losses) on the translation of financial statements to the presentation currency  | 73                         | (4,255)         | 1,131                               | (11,855)        |
| Unrealized exchange gains (losses) on the translation of debt designated as a hedge of net investments in foreign operations  | 3,355                      | 6,828           | 4,780                               | (2,848)         |
|   | <b>3,579</b>               | <b>2,540</b>    | <b>6,235</b>                        | <b>(14,989)</b> |
| Items that will not subsequently be reclassified to net loss:   |                            |                 |                                     |                 |
| Remeasurements of long-term employee benefit obligations (net of income tax of \$274 and \$2,650 respectively for the quarter and six-month period (\$2,063 and \$2,875 in 2020))   | (759)                      | (5,720)         | 7,350                               | (7,974)         |
| Total other comprehensive income (loss)   | <b>2,820</b>               | <b>(3,180)</b>  | <b>13,585</b>                       | <b>(22,963)</b> |
| <b>Comprehensive loss</b>   | <b>(17,433)</b>            | <b>(27,349)</b> | <b>(6,455)</b>                      | <b>(53,873)</b> |

**UNI-SELECT INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

| (In thousands of US dollars, unaudited)             | Attributable to shareholders |                     |  |                          |                                      |                |
|---|------------------------------|---------------------|--|--------------------------|--------------------------------------|----------------|
|   | Share capital                | Contributed surplus | Equity component of the convertible debentures | Retained earnings (loss) | Accumulated other comprehensive loss | Total equity   |
| <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  | -                            | -                   | -  | (30,910)                 | -                                    | (30,910)       |
| Other comprehensive loss                            | -                            | -                   | -  | (7,974)                  | (14,989)                             | (22,963)       |
| Comprehensive loss                                  | -                            | -                   | -  | (38,884)                 | (14,989)                             | (53,873)       |
| Contributions by and distributions to shareholders: |                              |                     |  |                          |                                      |                |
| Dividends   | -                            | -                   | -  | (2,923)                  | -                                    | (2,923)        |
| Stock-based compensation                            | -                            | 1,199               | -  | -                        | -                                    | 1,199          |
|   | -                            | 1,199               | -  | (2,923)                  | -                                    | (1,724)        |
| <b>Balance, June 30, 2020</b>                       | <b>100,244</b>               | <b>7,923</b>        | <b>8,232</b>                                   | <b>376,817</b>           | <b>(41,819)</b>                      | <b>451,397</b> |
| <b>Balance, December 31, 2020</b>                   | <b>100,244</b>               | <b>8,404</b>        | <b>8,232</b>                                   | <b>378,196</b>           | <b>(21,021)</b>                      | <b>474,055</b> |
| Net loss  | -                            | -                   | -  | (20,040)                 | -                                    | (20,040)       |
| Other comprehensive income                          | -                            | -                   | -  | 7,350                    | 6,235                                | 13,585         |
| Comprehensive income (loss)                         | -                            | -                   | -  | (12,690)                 | 6,235                                | (6,455)        |
| Contributions by and distributions to shareholders: |                              |                     |  |                          |                                      |                |
| Stock-based compensation                            | -                            | 256                 | -  | -                        | -                                    | 256            |
| <b>Balance, June 30, 2021</b>                       | <b>100,244</b>               | <b>8,660</b>        | <b>8,232</b>                                   | <b>365,506</b>           | <b>(14,786)</b>                      | <b>467,856</b> |

**UNI-SELECT INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

| (In thousands of US dollars, unaudited)                                     | Quarters ended<br>June 30, |           | Six-month periods<br>ended June 30, |           |
|---|----------------------------|-----------|-------------------------------------|-----------|
|   | 2021                       | 2020      | 2021                                | 2020      |
| <b>OPERATING ACTIVITIES</b>   |                            |           |                                     |           |
| Net loss  | (20,253)                   | (24,169)  | (20,040)                            | (30,910)  |
| Non-cash items:   |                            |           |                                     |           |
| Special items and other   | 33,649                     | 17,515    | 37,075                              | 19,221    |
| Depreciation and amortization   | 15,301                     | 15,895    | 30,672                              | 32,489    |
| Finance costs, net  | 8,884                      | 12,398    | 17,762                              | 19,500    |
| Income tax recovery   | (3,444)                    | (6,798)   | (3,150)                             | (8,673)   |
| Amortization and reserves related to incentives granted to customers        | 3,921                      | 3,966     | 8,601                               | 9,735     |
| Other non-cash items  | 1,071                      | 1,519     | 1,892                               | 1,799     |
| Changes in working capital items  | 15,020                     | 21,574    | (11,881)                            | (6,217)   |
| Interest paid   | (9,611)                    | (8,219)   | (16,517)                            | (13,561)  |
| Income taxes recovered (paid)   | (1,256)                    | 1,196     | (1,672)                             | (1,185)   |
| Cash flows from operating activities  | 43,282                     | 34,877    | 42,742                              | 22,198    |
| <b>INVESTING ACTIVITIES</b>   |                            |           |                                     |           |
| Business acquisition  | -                          | -         | -                                   | (4,482)   |
| Business disposal   | -                          | -         | -                                   | 258       |
| Net balance of purchase price   | -                          | 55        | (58)                                | 41        |
| Cash held in escrow   | -                          | 747       | -                                   | 747       |
| Advances to merchant members and incentives granted to customers            | (2,465)                    | (877)     | (7,152)                             | (4,322)   |
| Reimbursement of advances to merchant members                               | 3,040                      | 536       | 3,756                               | 1,392     |
| Acquisitions of property and equipment                                      | (2,166)                    | (1,248)   | (3,386)                             | (3,806)   |
| Proceeds from disposal of property and equipment                            | 319                        | 289       | 565                                 | 420       |
| Acquisitions and development of intangible assets                           | (978)                      | (247)     | (1,652)                             | (751)     |
| Other provisions paid   | (36)                       | (131)     | (252)                               | (188)     |
| Cash flows used in investing activities                                     | (2,286)                    | (876)     | (8,179)                             | (10,691)  |
| <b>FINANCING ACTIVITIES</b>   |                            |           |                                     |           |
| Increase in long-term debt  | 36,221                     | 507,999   | 39,014                              | 542,960   |
| Repayment of long-term debt   | (80,495)                   | (524,623) | (95,617)                            | (542,253) |
| Net increase (decrease) in merchant members' deposits in the guarantee fund | 92                         | 226       | (346)                               | 51        |
| Dividends paid  | -                          | (2,786)   | -                                   | (5,803)   |
| Cash flows used in financing activities                                     | (44,182)                   | (19,184)  | (56,949)                            | (5,045)   |
| Effects of fluctuations in exchange rates on cash                           | 125                        | 372       | 418                                 | (1,230)   |
| Net increase (decrease) in cash   | (3,061)                    | 15,189    | (21,968)                            | 5,232     |
| Cash, beginning of period   | 35,472                     | 25,751    | 54,379                              | 35,708    |
| Cash, end of period   | 32,411                     | 40,940    | 32,411                              | 40,940    |

**UNI-SELECT INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

| (In thousands of US dollars, unaudited)  | <b>June 30,</b>  |                          |
|--|------------------|--------------------------|
|  | <b>2021</b>      | <b>Dec. 31,<br/>2020</b> |
| <b>ASSETS</b>  |                  |                          |
| Current assets:  |                  |                          |
| Cash   | <b>32,411</b>    | 54,379                   |
| Cash held in escrow  | <b>1,063</b>     | 1,475                    |
| Trade and other receivables  | <b>202,446</b>   | 188,808                  |
| Income taxes receivable  | <b>2,130</b>     | 2,025                    |
| Inventory  | <b>352,221</b>   | 368,992                  |
| Prepaid expenses   | <b>10,399</b>    | 9,520                    |
| Total current assets   | <b>600,670</b>   | 625,199                  |
| Investments and advances to merchant members   | <b>25,524</b>    | 27,106                   |
| Property and equipment   | <b>148,091</b>   | 155,071                  |
| Intangible assets  | <b>181,289</b>   | 186,863                  |
| Goodwill   | <b>343,699</b>   | 340,328                  |
| Deferred tax assets  | <b>38,435</b>    | 40,705                   |
| <b>TOTAL ASSETS</b>  | <b>1,337,708</b> | 1,375,272                |
| <b>LIABILITIES</b>   |                  |                          |
| Current liabilities:   |                  |                          |
| Trade and other payables   | <b>334,134</b>   | 313,600                  |
| Balance of purchase price, net   | <b>1,394</b>     | 1,796                    |
| Provision for restructuring charges  | <b>2,058</b>     | 3,246                    |
| Income taxes payable   | <b>3,703</b>     | 8,359                    |
| Current portion of long-term debt and merchant members' deposits in the guarantee fund | <b>27,862</b>    | 28,406                   |
| Derivative financial instruments   | <b>2,545</b>     | 4,579                    |
| Total current liabilities  | <b>371,696</b>   | 359,986                  |
| Long-term employee benefit obligations   | <b>25,623</b>    | 28,337                   |
| Long-term debt   | <b>352,929</b>   | 396,289                  |
| Convertible debentures   | <b>91,155</b>    | 87,728                   |
| Merchant members' deposits in the guarantee fund                                       | <b>5,862</b>     | 6,041                    |
| Other provisions   | <b>1,453</b>     | 1,395                    |
| Deferred tax liabilities   | <b>21,134</b>    | 21,441                   |
| <b>TOTAL LIABILITIES</b>   | <b>869,852</b>   | 901,217                  |
| <b>TOTAL EQUITY</b>  | <b>467,856</b>   | 474,055                  |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b>1,337,708</b> | 1,375,272                |