

Press Release

For immediate distribution

Uni-Select Inc. Reports 2022 First Quarter Highlights and Financial Results

QUARTERLY HIGHLIGHTS (Compared to the First Quarter of 2021):

- Consolidated sales of \$409.6 million, up \$39.5 million or 10.7%, driven by organic growth⁽¹⁾ of 11.6%, all three segments reporting positive organic growth⁽¹⁾;
- EBITDA⁽¹⁾ increased 14.0% to \$28.2 million or 6.9% of sales from \$24.8 million or 6.7% of sales, as a result of sustained strong gross margins, and scaling of payroll and operating expenses offsetting certain inflationary costs and one-time change in estimate related to inventory obsolescence of \$10.9 million in the Canadian Automotive Group; Adjusted EBITDA⁽¹⁾ increased 51.0% to \$45.2 million or 11.0% of sales, compared to \$30.0 million or 8.1% of sales;
- Net earnings of \$7.7 million or \$0.17 per diluted common share, an increase of \$7.5 million or \$0.16 per diluted common share; Adjusted net earnings⁽¹⁾ of \$21.2 million or \$0.43 per diluted common share, an increase of \$16.2 million or \$0.31 per diluted common share; and
- Total net debt reduction of \$56.2 million; Total net debt to adjusted EBITDA⁽¹⁾ ratio down to 2.02x driven by strong operating results.

Boucherville (Québec), May 5, 2022– Uni-Select Inc. (TSX: UNS) (“Uni-Select” or “Corporation”) today reported its financial results for the first quarter ended March 31, 2022.

“We had a very strong start to the year with sales up 10.7% to \$409.6 million, adjusted EBITDA up over 50% to \$45.2 million and net earnings up to \$7.7 million. These results reflect improvements in underlying demand, price increases, additional vendor rebates, the benefits generated from operational improvements implemented last year and significant savings on borrowing costs,” stated Brian McManus, Executive Chair and Chief Executive Officer of Uni-Select.

“During the quarter, we used our liquidity to support the seasonal increase in working capital requirements and make strategic investments to grow the business. While total net debt edged up, we ended the period in a solid financial position with a leverage ratio of 2.02x, slightly lower than that of the previous quarter.

We still expect sales and profitability to improve in 2022, compared to 2021. However, the magnitude of improvement will likely be greater in the first half of the year due to the timing of certain rebates and as we begin to lap certain operational improvements implemented in the back half of 2021 while continuing to navigate ongoing supply chain and labor issues. Our priorities for 2022 will be to continue to focus on organic growth and drive operational improvements across each business unit. Making use of our improved balance sheet, we intend to reinvest in the business through increased capex and customer investments and begin to consider strategic acquisition opportunities to further expand and consolidate our market position. We are well-positioned to drive the business to the next level given the global market recovery, our healthy balance sheet and the dedication of our team,” concluded Mr. McManus.

⁽¹⁾ This is a non-GAAP financial measure. Refer to the “Non-GAAP Financial Measures” section for further details.

CONSOLIDATED FINANCIAL RESULTS

The following table presents selected consolidated information:

| (in thousands of US dollars, except per share amounts, percentages and otherwise specified) | First Quarters Ended March 31, | | |
|---|--------------------------------|-----------|--------------|
| | 2022 | 2021 | |
| | \$ | \$ | % |
| OPERATING RESULTS | | | |
| Sales | 409,602 | 370,119 | 10.7 |
| EBITDA ⁽¹⁾ | 28,227 | 24,756 | 14.0 |
| <i>EBITDA margin⁽¹⁾</i> | 6.9% | 6.7% | |
| Adjusted EBITDA ⁽¹⁾ | 45,239 | 29,965 | 51.0 |
| <i>Adjusted EBITDA margin⁽¹⁾</i> | 11.0% | 8.1% | |
| EBT ⁽¹⁾ | 9,777 | 507 | 1,828.4 |
| <i>EBT margin⁽¹⁾</i> | 2.4% | 0.1% | |
| Adjusted EBT ⁽¹⁾ | 27,873 | 6,829 | 308.2 |
| <i>Adjusted EBT margin⁽¹⁾</i> | 6.8% | 1.8% | |
| Change in estimate related to inventory obsolescence | 10,927 | — | |
| Stock-based compensation | 4,919 | 1,783 | |
| Special items | 1,166 | 3,426 | |
| Net earnings | 7,739 | 213 | 3,533.3 |
| Adjusted net earnings | 21,247 | 5,048 | 320.9 |
| Free cash flow ⁽¹⁾ | 1,915 | (6,159) | 131.1 |
| COMMON SHARE DATA | | | |
| Basic net earnings per common share | 0.18 | 0.01 | 1,700.0 |
| Diluted net earnings per common share | 0.17 | 0.01 | 1,600.0 |
| Basic adjusted net earnings per common share ⁽¹⁾ | 0.49 | 0.12 | 308.3 |
| Diluted adjusted net earnings per common share ⁽¹⁾ | 0.43 | 0.12 | 258.3 |
| Number of common shares outstanding (<i>in thousands</i>) ⁽²⁾ | 43,512 | 42,387 | |
| Weighted average number of outstanding common shares | | | |
| Basic (<i>in thousands</i>) | 43,446 | 42,387 | |
| Diluted (<i>in thousands</i>) | 51,990 | 42,387 | |
| | | | |
| | | As at | As at |
| | | March 31, | December 31, |
| | | 2022 | 2021 |
| | | \$ | \$ |
| FINANCIAL POSITION | | | |
| Total net debt ⁽¹⁾ | 327,216 | 309,230 | |
| Credit facilities (including revolving and term loans) | 252,766 | 235,384 | |
| Convertible debentures | 80,389 | 78,327 | |

⁽¹⁾ This is a non-GAAP financial measure. Refer to the “Non-GAAP Financial Measures” section for further details.

⁽²⁾ The outstanding number of shares corresponds to the issued common shares less the treasury shares in the Share Trust.

FIRST QUARTER RESULTS

Compared to the First Quarter of 2021:

Consolidated sales of \$409.6 million for the quarter increased by 10.7%, driven by organic growth of 11.6%, with all three segments reporting positive organic growth, ranging between 9.2% and 14.8% for the quarter. This was driven primarily by increased demand and the impact of price increases. Organic growth was partially offset by unfavourable currency conversion effects. Consolidated organic growth continues to improve, reflecting the global market recovery from the COVID-19 pandemic.

The Corporation generated EBITDA of \$28.2 million for the quarter, which was mainly impacted by the one-time change in estimate charge of \$10.9 million related to inventory obsolescence in the Canadian Automotive Group, higher stock-based compensation expense related to an increase in the price of our common shares, and partially offset by lower special item expenses. Once these elements are excluded, adjusted EBITDA and adjusted EBITDA margin increased by \$15.2 million and 2.9% respectively to \$45.2 million and 11.0% of sales, from \$30.0 million and 8.1% of sales in 2021. The increase is the result of sustained strong gross margins, which includes rebates from all three business segments, improved operational performance, scaling of payroll and operating expenses, offset by inflationary pressures on fuel and energy, as well as the timing of certain expenses incurred with respect to new store openings in the U.K. and a small acquisition in Canada.

Net earnings for the quarter increased by \$7.5 million to \$7.7 million and were impacted by a one-time change in estimate charge net of tax of \$8.0 million related to inventory obsolescence in the Canadian Automotive Group, higher stock-based compensation expense related to an increase in the price of our common shares, and partially offset by lower special item expenses. Once these elements are excluded, adjusted net earnings increased by \$16.2 million to \$21.2 million from \$5.0 million in 2021. This performance is primarily attributable to higher sales and rebates as well as improved overall operational performance, including reduced net financing costs, net of income tax expense. The first quarter of 2021 benefited from temporary furloughs, bad debt reversal and governmental subsidies for its occupancy costs.

Segmented First Quarter Results

The FinishMaster U.S. segment reported sales of \$172.8 million, with organic growth of 9.2%, driven by a general market recovery and price increases. EBITDA was \$18.6 million for the quarter, compared to \$9.7 million in 2021 impacted by higher stock-based compensation expense primarily related to an increase in the price of our common shares, and partially offset by lower special item expenses. Once these elements are excluded, adjusted EBITDA and adjusted EBITDA margin improved by \$9.5 million and 4.9% respectively to \$19.6 million and 11.3% of sales, from \$10.1 million and 6.4% of sales in 2021. This performance was driven by higher sales and rebates from higher purchases as well as improved fixed cost absorption which offset higher delivery cost and bad debt expenses.

The Canadian Automotive Group segment reported sales of \$129.8 million, an increase of 12.7% largely driven by organic growth of 12.2% and, to a lesser extent, acquisitions over the last twelve months. The increase in organic sales was mainly driven by higher demand and price increases that began during the third quarter of 2021 and continued into the first quarter of 2022. This segment reported EBITDA and EBITDA margin of \$5.5 million and 4.2% respectively for the quarter, a decrease of \$6.2 million or 6.0%, compared to \$11.7 million and 10.2% in 2021. The variance is mainly attributable to a one-time change in estimate charge of \$10.9 million to inventory and higher stock-based compensation expense primarily related to an increase in the price of our common shares, and partially offset by lower special items expenses. Once these elements are excluded, adjusted EBITDA and adjusted EBITDA margin increased by \$5.2 million and 2.7% respectively to \$17.2 million or 13.2% of sales, from \$12.0 million or 10.5% of sales in 2021. The variance is mainly attributable to additional vendor rebates, as well as higher sales, driving scaling benefits.

The GSF Car Parts U.K. segment reported sales of \$107.1 million, an increase of 10.7%, mainly driven by organic growth of 14.8%, offsetting an unfavourable fluctuation of the British pound against the US dollar during the first quarter of 2022. Organic growth continued to improve in the quarter from higher demand and price increases. This segment reported EBITDA and EBITDA margin of \$9.6 million and 9.0% respectively for the quarter, a decrease of \$0.3 million or 1.2% compared to \$9.9 million and 10.2% in 2021 impacted by higher stock-based compensation expense primarily related to an increase in the price of our common shares and higher special items expenses in relation to the rebranding. Once these elements are excluded, adjusted EBITDA increased by \$0.9 million and adjusted EBITDA margin decreased by 0.1%, respectively, to \$10.9 million and 10.2% of sales, from \$10.0 million and 10.3% of sales in 2021. The first quarter of 2021 benefited from governmental occupancy subsidies of \$0.4 million or 0.4% of sales. This was offset by higher sales and rebates in the first quarter of 2022, driving scaling benefits.

CONFERENCE CALL

Uni-Select will host a conference call to discuss its results for the first quarter of 2022 on May 5, 2022, at 8:00 AM Eastern Time. 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 Time on May 5, 2022, until 11:59 PM Eastern Time on June 5, 2022. To access the replay, dial 1 888 390-0541 followed by 569924#.

A webcast of the quarterly results conference call will also be accessible through the “[Investors](#)” section of our website at 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 5,000 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 under the symbol 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 80 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., Uni-Select, through GSF Car Parts, 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

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements made in this press release are forward-looking information within the meaning of Canadian securities laws. All such forward-looking information is made and disclosed in reliance upon the "safe harbour" provisions of applicable Canadian securities laws.

Forward-looking information includes all information and statements regarding Uni-Select's intentions, plans, expectations, beliefs, objectives, future performance, and strategy, as well as any other information or statements that relate to future events or circumstances and which do not directly and exclusively relate to historical facts. Forward-looking statements often, but not always, use words such as "believe", "estimate", "expect", "intend", "anticipate", "foresee", "plan", "predict", "project", "aim", "seek", "strive", "potential", "continue", "target", "may", "might", "could", "should", and similar expressions and variations thereof. In addition, statements with respect to management expectations in terms of sales, adjusted EBITDA and adjusted EPS for 2022 constitute forward-looking information and financial outlook within the meaning of Canadian securities laws.

Forward-looking information is based on Uni-Select's perception of historic trends, current conditions and expected future developments, as well as other assumptions, both general and specific, that Uni-Select believes are appropriate in the circumstances. Such information is, by its very nature, subject to inherent risks and uncertainties, many of which are beyond the control of Uni-Select, and which give rise to the possibility that actual results could differ materially from Uni-Select's expectations expressed in, or implied by, such forward-looking information. Uni-Select cannot guarantee that any forward-looking information will materialize, and we caution readers against relying on any forward-looking information.

These risk and uncertainties include, but are not restricted to: risks associated with the COVID-19 pandemic, reduced demand for our products, disruptions of our supplier relationships or of our suppliers' operations or supplier consolidation, disruption of our customer relationships, competition in the industries in which we do business, security breaches, information security malfunctions or integration issues, the demand for e-commerce and failure to provide adequate e-commerce solutions, retention of employees, labor costs, union activities and labor and employment laws, failure to realize benefits of acquisitions and other strategic transactions, product liability claims, credit risk, loss of right to operate at key locations, failure to implement business initiatives, failure to maintain effective internal controls, macro-economic conditions such as unemployment, inflation, changes in tax policies and uncertain credit markets, operations in foreign jurisdictions, inability to service our debt or fulfill financial covenants, litigation, legislation or government regulation or policies, compliance with environmental laws and regulations, compliance with privacy laws, global climate change, changes in accounting standards, share price fluctuations, corporate social responsibility and reputation and activist investors as well as other risks identified or incorporated by reference in Uni-Select's MD&A for the year ended December 31, 2021 and in other documents that we make public, including our filings with the Canadian Securities Administrators (on SEDAR at www.sedar.com).

Unless otherwise stated, the forward-looking information contained in this press release is made as of the date hereof and Uni-Select disclaims any intention or obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. While we believe that our assumptions on which the forward-looking information is based were reasonable as at the date of this press release, readers are cautioned not to place undue reliance on the forward-looking information.

Furthermore, readers are reminded that forward-looking information is presented for the sole purpose of assisting investors and others in understanding Uni-Select's expected financial results, as well as our objectives, strategic priorities and business outlook and our anticipated operating environment. Readers are cautioned that such information may not be appropriate for other purposes and should not be relied upon as necessarily being indicative future financial results.

Further information on the risks that could cause our actual results to differ significantly from our current expectations may be found in the section titled "Risk Management" of our MD&A, for the year ended December 31, 2021, which is incorporated by reference in this cautionary statement.

We also caution readers that the above-mentioned risks and the risks disclosed in our MD&A for the year ended December 31, 2021, and other documents and filings are not the only ones that could affect us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial could also have a material adverse effect on our business, operating results, cash flows and financial condition.

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CONTACT INFORMATION

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NON-GAAP FINANCIAL MEASURES

The information included in this Press release contains certain financial measures that are inconsistent with GAAP. Non-GAAP financial measures do not have any standardized meaning prescribed by GAAP 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 GAAP.

Organic growth – This measure consists of quantifying the increase in consolidated sales between two given periods, excluding the impact of acquisitions, the loss 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 (loss) excluding depreciation and amortization, net financing costs and income tax expense (recovery). 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, stock-based compensation expenses, write-off of assets as well as change in estimate 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.

EBT, adjusted EBT, adjusted net earnings (loss), basic adjusted net earnings (loss) per common share and diluted adjusted net earnings (loss) per common share – Management uses adjusted net earnings before taxes "EBT", adjusted net earnings (loss), basic adjusted net earnings (loss) per common share and diluted adjusted net earnings (loss) per common share to assess earnings before taxes, net earnings (loss) and net earnings (loss) per common share from core operating activities, containing certain adjustments, net of income taxes for adjusted net earnings (loss) and adjusted net earnings (loss) per common share, which may affect the comparability of the Corporation's financial results. Management considers that these measures facilitate the analysis and 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, stock-based compensation expenses, change in estimate related to inventory obsolescence, write-off of deferred financing costs, as well as amortization of intangible assets related to The Parts Alliance acquisition (now known as GSF Car Parts). For diluted adjusted net earnings, adjusted net earnings are further adjusted for the after-tax interest on the convertible debentures. 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 flow – 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 flow to be an 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 flow 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 corresponds to the sum of the revolving credit facility, term facilities, lease obligations (including the portion due within a year), net of deferred financing costs and cash.

Total net debt to adjusted EBITDA ratio – This ratio corresponds to total net debt (as defined above) divided by adjusted EBITDA.

NON-GAAP FINANCIAL MEASURES (CONTINUED)

The following is a reconciliation of organic growth.

| | First Quarters Ended March 31, | |
|---|-----------------------------------|----------------|
| | 2022 | 2021 |
| | \$ | \$ |
| <i>FinishMaster U.S.</i> | 172,756 | 158,203 |
| <i>Canadian Automotive Group</i> | 129,764 | 115,162 |
| <i>GSF Car Parts U.K.</i> | 107,082 | 96,754 |
| Sales | 409,602 | 370,119 |
| | | % |
| Sales variance | 39,483 | 10.7 |
| Translation effect of the Canadian dollar and the British pound | 3,169 | 0.9 |
| Impact of number of billing days | 479 | 0.1 |
| Loss of sales from the consolidation of company-operated stores | 485 | 0.1 |
| Acquisitions | (675) | (0.2) |
| Consolidated organic growth | 42,941 | 11.6 |

The following is a reconciliation of EBITDA and adjusted EBITDA.

| | First Quarters Ended March 31, | | |
|--|-----------------------------------|---------------|-------------|
| | 2022 | 2021 | |
| | \$ | \$ | % |
| Net earnings | 7,739 | 213 | |
| Income tax expense | 2,038 | 294 | |
| Net financing costs | 4,540 | 8,878 | |
| Depreciation and amortization | 13,910 | 15,371 | |
| EBITDA | 28,227 | 24,756 | 14.0 |
| <i>EBITDA margin</i> | <i>6.9%</i> | <i>6.7%</i> | |
| Change in estimate related to inventory obsolescence | 10,927 | — | |
| Stock-based compensation | 4,919 | 1,783 | |
| Special items | 1,166 | 3,426 | |
| Adjusted EBITDA | 45,239 | 29,965 | 51.0 |
| <i>Adjusted EBITDA margin</i> | <i>11.0%</i> | <i>8.1%</i> | |

The following is a reconciliation of EBT and adjusted EBT.

| | First Quarters Ended March 31, | | |
|---|-----------------------------------|--------------|----------------|
| | 2022 | 2021 | |
| | \$ | \$ | % |
| Net earnings | 7,739 | 213 | |
| Income tax expense | 2,038 | 294 | |
| EBT | 9,777 | 507 | 1,828.4 |
| <i>EBT margin</i> | <i>2.4%</i> | <i>0.1%</i> | |
| Change in estimate related to inventory obsolescence | 10,927 | — | |
| Stock-based compensation | 4,919 | 1,783 | |
| Special items | 1,166 | 3,426 | |
| Amortization of intangible assets related to the acquisition of GSF Car Parts | 1,084 | 1,113 | |
| Adjusted EBT | 27,873 | 6,829 | 308.2 |
| <i>Adjusted EBT margin</i> | <i>6.8%</i> | <i>1.8%</i> | |

NON-GAAP FINANCIAL MEASURES (CONTINUED)

The following is a reconciliation of net earnings, adjusted net earnings and net earnings considered for diluted adjusted net earnings per common share:

| | First Quarters Ended March 31, | | |
|---|-----------------------------------|-------|---------|
| | 2022 | 2021 | |
| | \$ | \$ | % |
| Net earnings | 7,739 | 213 | 3,533.3 |
| Change in estimate related to inventory obsolescence, net of taxes | 8,031 | — | |
| Stock-based compensation, net of taxes | 3,658 | 1,317 | |
| Special items, net of taxes | 941 | 2,616 | |
| Amortization of intangible assets related to the acquisition of GSF Car Parts, net of taxes | 878 | 902 | |
| Adjusted net earnings | 21,247 | 5,048 | 320.9 |
| Conversion impact of convertible debentures, net of taxes ⁽¹⁾ | 1,197 | — | |
| Net earnings considered for diluted adjusted net earnings per common share | 22,444 | 5,048 | 344.6 |
| Basic net earnings per common share | 0.18 | 0.01 | 1,700.0 |
| Change in estimate related to inventory obsolescence, net of taxes | 0.19 | — | |
| Stock-based compensation, net of taxes | 0.08 | 0.03 | |
| Special items, net of taxes | 0.02 | 0.06 | |
| Amortization of intangible assets related to the acquisition of GSF Car Parts, net of taxes | 0.02 | 0.02 | |
| Basic adjusted net earnings per common share | 0.49 | 0.12 | 308.3 |
| Conversion impact of convertible debentures, net of taxes ⁽¹⁾ | (0.06) | — | |
| Diluted adjusted net earnings per common share | 0.43 | 0.12 | 258.3 |

The following table presents a reconciliation of the weighted average number of common shares outstanding (in thousands) for diluted adjusted net earnings per common share:

| | First Quarters Ended March 31, | |
|--|-----------------------------------|--------|
| | 2022 | 2021 |
| Weighted average number of common shares outstanding for basic net earnings per common share | 43,446 | 42,387 |
| Conversion impact of convertible debentures ⁽¹⁾ | 8,106 | — |
| Impact of stock options ⁽²⁾ | 438 | — |
| Weighted average number of common shares outstanding for diluted adjusted net earnings per common share | 51,990 | 42,387 |

⁽¹⁾ For the quarter ended March 31, 2021, the conversion impact of convertible debentures was excluded from the calculation of diluted net earnings per common share as the conversion impact was anti-dilutive. For the purpose of calculating diluted net earnings per common shares, the after-tax effect of interest on convertible debentures recognized in the quarter was excluded.

⁽²⁾ For the quarter ended March 31, 2022, options to acquire 60,322 common shares (1,244,163 in 2021) were excluded from the calculation of diluted net earnings per common share as the strike price of the options was higher than the average market price of the shares.

The following table presents a reconciliation of free cash flow.

| | First Quarters Ended March 31, | |
|--|-----------------------------------|---------|
| | 2022 | 2021 |
| | \$ | \$ |
| Cash flows from (used in) operating activities | 7,803 | (540) |
| Advances to merchant members and incentives granted to customers | (2,564) | (4,687) |
| Reimbursement of advances to merchant members and liquidation proceeds of incentives granted to customers returned | 1,208 | 716 |
| Acquisitions of property and equipment | (3,672) | (1,220) |
| Proceeds from disposal of property and equipment | 430 | 246 |
| Acquisitions and development of intangible assets | (1,290) | (674) |
| Free cash flow | 1,915 | (6,159) |

UNI-SELECT INC.

INTERIM CONSOLIDATED STATEMENTS OF NET EARNINGS

| (In thousands of US dollars, except per share amounts, unaudited) | First Quarters Ended | |
|---|----------------------|---------|
| | March 31, | |
| | 2022 | 2021 |
| | \$ | \$ |
| Sales | 409,602 | 370,119 |
| Purchases, net of changes in inventories | 281,826 | 253,486 |
| Gross margin | 127,776 | 116,633 |
| Salaries and employee benefits | 68,902 | 62,475 |
| Other operating expenses | 29,481 | 25,976 |
| Special items | 1,166 | 3,426 |
| Earnings before net financing costs, depreciation and amortization and income taxes | 28,227 | 24,756 |
| Depreciation and amortization | 13,910 | 15,371 |
| Net financing costs | 4,540 | 8,878 |
| Earnings before income taxes | 9,777 | 507 |
| Income tax expense | 2,038 | 294 |
| Net earnings | 7,739 | 213 |
| Net earnings per common share | | |
| Basic | 0.18 | 0.01 |
| Diluted | 0.17 | 0.01 |
| Weighted average number of common shares outstanding (in thousands) | | |
| Basic | 43,446 | 42,387 |
| Diluted | 51,990 | 42,387 |

UNI-SELECT INC.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| (In thousands of US dollars, unaudited) | First Quarters Ended | |
|--|----------------------|--------|
| | 2022 | 2021 |
| | \$ | \$ |
| Net earnings | 7,739 | 213 |
| Other comprehensive income | | |
| Items that will subsequently be reclassified to net earnings: | | |
| Effective portion of changes in the fair value of cash flow hedges (net of income tax of \$1,276 (\$4 in 2021)) | 3,576 | 11 |
| Net change in the fair value of derivative financial instruments designated as cash flow hedges transferred to net earnings (net of income tax of \$64 (\$60 in 2021)) | 176 | 162 |
| Unrealized exchange gains (losses) on the translation of financial statements to the presentation currency | (7,095) | 1,058 |
| Unrealized exchange gains on the translation of debt designated as a hedge of net investments in foreign operations | 4,868 | 1,425 |
| | 1,525 | 2,656 |
| Items that will not subsequently be reclassified to net earnings: | | |
| Remeasurements of long-term employee benefit obligations (net of income tax of \$2,353 (\$2,924 in 2021)) | 6,527 | 8,109 |
| Total other comprehensive income | 8,052 | 10,765 |
| Comprehensive income | 15,791 | 10,978 |

UNI-SELECT INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY

| (In thousands of US dollars, unaudited) | Common shares \$ | Treasury shares \$ | Contributed surplus \$ | Equity component of the convertible debentures \$ | Retained earnings \$ | Accumulated other comprehensive loss \$ | Total \$ |
|---|------------------------|--------------------------|------------------------------|---|----------------------------|---|-------------|
| Balance as at December 31, 2020 | 100,244 | — | 8,404 | 8,232 | 378,196 | (21,021) | 474,055 |
| Net earnings | — | — | — | — | 213 | — | 213 |
| Other comprehensive income | — | — | — | — | 8,109 | 2,656 | 10,765 |
| Comprehensive income | — | — | — | — | 8,322 | 2,656 | 10,978 |
| Contributions by and distributions to shareholders: | | | | | | | |
| Stock-based compensation | — | — | 188 | — | — | — | 188 |
| Balance as at March 31, 2021 | 100,244 | — | 8,592 | 8,232 | 386,518 | (18,365) | 485,221 |
| Balance as at December 31, 2021 | 116,051 | (4,169) | 11,016 | 7,244 | 388,241 | (22,418) | 495,965 |
| Net earnings | — | — | — | — | 7,739 | — | 7,739 |
| Other comprehensive income | — | — | — | — | 6,527 | 1,525 | 8,052 |
| Comprehensive income | — | — | — | — | 14,266 | 1,525 | 15,791 |
| Contributions by and distributions to shareholders: | | | | | | | |
| Acquisition of treasury shares by Share Trust | — | (4,091) | — | — | — | — | (4,091) |
| Transfer upon exercise of stock options | 3,101 | — | (4,227) | — | — | — | (1,126) |
| Stock-based compensation | — | — | 914 | — | — | — | 914 |
| | 3,101 | (4,091) | (3,313) | — | — | — | (4,303) |
| Balance as at March 31, 2022 | 119,152 | (8,260) | 7,703 | 7,244 | 402,507 | (20,893) | 507,453 |

UNI-SELECT INC.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

| (In thousands of US dollars, unaudited) | First Quarters Ended | |
|--|----------------------|----------|
| | 2022 | 2021 |
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Net earnings | 7,739 | 213 |
| Adjustment for: | | |
| Special items and others | 12,093 | 3,426 |
| Depreciation and amortization | 13,910 | 15,371 |
| Net financing costs | 4,540 | 8,878 |
| Income tax expense | 2,038 | 294 |
| Amortization and reserves related to incentives granted to customers | 3,565 | 4,680 |
| Stock-based compensation | 4,919 | 1,783 |
| Other items | 775 | (962) |
| Changes in working capital items | (36,978) | (26,901) |
| Stock-based compensation paid | (2,689) | — |
| Interest paid | (2,820) | (6,906) |
| Income tax recovered (paid) | 711 | (416) |
| Cash flows from (used in) operating activities | 7,803 | (540) |
| INVESTING ACTIVITIES | | |
| Business acquisition | (4,412) | — |
| Net balance of purchase price | — | (58) |
| Cash held in escrow | 294 | — |
| Advances to merchant members and incentives granted to customers | (2,564) | (4,687) |
| Reimbursement of advances to merchant members and liquidation proceeds of incentives granted to customers returned | 1,208 | 716 |
| Acquisitions of property and equipment | (3,672) | (1,220) |
| Proceeds from disposal of property and equipment | 430 | 246 |
| Acquisitions and development of intangible assets | (1,290) | (674) |
| Other provisions paid | — | (216) |
| Cash flows used in investing activities | (10,006) | (5,893) |
| FINANCING ACTIVITIES | | |
| Increase in long-term debt | 127,238 | 2,793 |
| Repayment of long-term debt | (116,018) | (15,122) |
| Net increase (decrease) in merchant members' deposits in the guarantee fund | 186 | (438) |
| Acquisition of treasury shares by Share Trust | (4,091) | — |
| Cash flows from (used in) financing activities | 7,315 | (12,767) |
| Effects of fluctuations in exchange rates on cash | (560) | 293 |
| Net increase (decrease) in cash | 4,552 | (18,907) |
| Cash, beginning of period | 28,156 | 54,379 |
| Cash, end of period | 32,708 | 35,472 |

UNI-SELECT INC.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| (In thousands of US dollars, unaudited) | As at March 31, | As at December 31, |
|--|--------------------|-----------------------|
| | 2022 | 2021 |
| | \$ | \$ |
| ASSETS | | |
| Current assets: | | |
| Cash | 32,708 | 28,156 |
| Cash held in escrow | 214 | 503 |
| Trade and other receivables | 200,333 | 195,490 |
| Income taxes receivable | 2,834 | 4,502 |
| Inventory | 361,095 | 343,759 |
| Prepaid expenses | 9,601 | 6,324 |
| Derivative financial instruments | 218 | 75 |
| Total current assets | 607,003 | 578,809 |
| Investments, advances to merchant members and other assets | 22,072 | 23,565 |
| Property and equipment | 154,536 | 147,654 |
| Intangible assets | 169,000 | 171,814 |
| Goodwill | 342,816 | 339,910 |
| Derivative financial instruments | 5,279 | 223 |
| Deferred tax assets | 37,015 | 38,842 |
| TOTAL ASSETS | 1,337,721 | 1,300,817 |
| LIABILITIES | | |
| Current liabilities: | | |
| Trade and other payables | 326,736 | 328,122 |
| Balance of purchase price, net | 2,666 | 43 |
| Provision for restructuring charges | 363 | 1,060 |
| Income taxes payable | 10,133 | 6,872 |
| Current portion of long-term debt and merchant members' deposits in the guarantee fund | 27,494 | 27,108 |
| Derivative financial instruments | 1,195 | 5 |
| Total current liabilities | 368,587 | 363,210 |
| Long-term employee benefit obligations | 15,819 | 20,360 |
| Long-term debt | 332,545 | 310,371 |
| Convertible debentures | 80,389 | 78,327 |
| Merchant members' deposits in the guarantee fund | 5,781 | 5,492 |
| Balance of purchase price | 400 | — |
| Other provisions | 3,258 | 3,092 |
| Deferred tax liabilities | 23,489 | 24,000 |
| TOTAL LIABILITIES | 830,268 | 804,852 |
| TOTAL SHAREHOLDERS' EQUITY | 507,453 | 495,965 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,337,721 | 1,300,817 |