UNI-SELECT®

Press Release

For immediate distribution

Uni-Select Inc. Reports 2022 Second Quarter and Six-Month Highlights and Financial Results

SECOND QUARTER HIGHLIGHTS (Compared to the Second Quarter of 2021):

- **Consolidated sales of $444.3 million, up $27.9 million or 6.7%; Up 10.8% excluding the impact of unfavourable fluctuation of the British pound and the Canadian dollar against the US dollar; Organic growth[(1)] of 10.8%, all three segments reporting positive organic growth[(1)];**
- **Total net debt[(1)] reduction of $56.9 million; Total net debt to adjusted EBITDA[(1)] ratio down to 1.65x driven by strong operating results and sound working capital management.**

Boucherville (Québec), August 5, 2022– Uni-Select Inc. (TSX: UNS) (**"Uni-Select"** or **"Corporation"**) today reported its financial results for the second quarter ended June 30, 2022.

"We are pleased with our performance in the second quarter and the significant year over year improvements in sales and adjusted EBITDA. These results reflect a higher level of vendor rebates and sustained operational improvements across our three business units. We also generated strong cash flow, which we continue to direct toward debt reduction. One year into my tenure as CEO, I am pleased by the improvements we have made to our operations, financial results and our balance sheet,"said Brian McManus, Executive Chair and Chief Executive Officer of Uni-Select.

"While we will face certain headwinds in the second half of the year, namely from currency translation effects and the impact of labor and operating cost inflation, we expect to have stronger financial results in the second half of 2022 as compared to 2021, albeit to a lesser extent than those seen in the first and second quarters, as we begin to lap certain operational improvements and the timing of vendor rebates earned in the back half of last year. We continue to focus on driving operational excellence and look forward to further leveraging our improved balance sheet and operating results, to re-invest in our business and explore additional acquisition opportunities to further expand and consolidate our market position," concluded Mr. McManus.

SECOND QUARTER HIGHLIGHTS (Compared to the Second Quarter of 2021):

- Consolidated sales of $444.3 million, up $27.9 million or 6.7%; Up 10.8% excluding the impact of unfavourable fluctuation of the British pound and the Canadian dollar against the US dollar; Organic growth[(1)] of 10.8% with all three segments reporting positive organic growth[(1)];
- EBITDA[(1)] increased to $48.6 million or 10.9% of sales from $0.5 million or 0.1% of sales; Adjusted EBITDA[(1)] increased 38.5% to $51.3 million or 11.5% of sales, compared to $37.0 million or 8.9% of sales;
- Net earnings of $22.8 million or $0.46 per diluted common share, an increase of $43.1 million or $0.94 per diluted common share; Adjusted net earnings[(1)] of $25.6 million or $0.51 per diluted common share, an increase of $14.7 million or $0.27 per diluted common share; and
- Total net debt[(1)] reduction of $56.9 million; Total net debt to adjusted EBITDA[(1)] ratio down to 1.65x driven by strong operating results and sound working capital management.

SIX-MONTH HIGHLIGHTS (Compared to the Six-Month Period of 2021):

- Consolidated sales of $853.9 million, up $67.4 million or 8.6%; Up 11.2% excluding the impact of unfavourable fluctuation of the British pound and the Canadian dollar against the US dollar; Organic growth[(1)] of 11.2% with all three segments reporting positive organic growth[(1)];
- EBITDA[(1)] increased 204.3% to $76.8 million or 9.0% of sales from $25.2 million or 3.2% of sales; Adjusted EBITDA[(1)] increased 44.1% to $96.5 million or 11.3% of sales; and
- Net earnings of $30.5 million or $0.63 per diluted common share, an increase of $50.5 million or $1.10 per diluted common share; Adjusted net earnings[(1)] of $46.9 million or $0.94 per diluted common share, an increase of $30.9 million or $0.56 per diluted common share.

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

INTERIM CONSOLIDATED FINANCIAL RESULTS

The following table presents selected interim consolidated information:

(in thousands of US dollars, except per share amounts, percentages and otherwise specified)	Second Quarters Ended June 30,			Six-Month Periods Ended June 30,		
	2022	2021		**2022**	2021	
	$	$	%	**$**	$	%
OPERATING RESULTS						
Sales	**444,326**	416,412	*6.7*	**853,928**	786,531	*8.6*
EBITDA[1]	**48,591**	488	*9,857.2*	**76,818**	25,244	*204.3*
EBITDA margin[1]	***10.9%***	*0.1%*		***9.0%***	*3.2%*	
Adjusted EBITDA[1]	**51,265**	37,006	*38.5*	**96,504**	66,971	*44.1*
Adjusted EBITDA margin[1]	***11.5%***	*8.9%*		***11.3%***	*8.5%*	
EBT[1]	**30,339**	(23,697)	*228.0*	**40,116**	(23,190)	*273.0*
EBT margin[1]	***6.8%***	*(5.7%)*		***4.7%***	*(2.9%)*	
Adjusted EBT[1]	**34,029**	13,950	*143.9*	**61,902**	20,779	*197.9*
Adjusted EBT margin[1]	***7.7%***	*3.4%*		***7.2%***	*2.6%*	
Change in estimate related to inventory obsolescence	**—**	20,600		**10,927**	20,600	
Stock-based compensation	**2,613**	2,869		**7,532**	4,652	
Special items	**61**	13,049		**1,227**	16,475	
Net earnings (loss)	**22,783**	(20,253)	*212.5*	**30,522**	(20,040)	*252.3*
Adjusted net earnings	**25,618**	10,914	*134.7*	**46,865**	15,962	*193.6*
Cash flows from operating activities	**50,753**	43,282	*17.3*	**58,556**	42,742	*37.0*
Free cash flow[1]	**43,066**	41,032	*5.0*	**44,981**	34,873	*29.0*
COMMON SHARE DATA						
Basic earnings (loss) per common share	**0.52**	(0.48)	*208.3*	**0.70**	(0.47)	*248.9*
Diluted earnings (loss) per common share	**0.46**	(0.48)	*195.8*	**0.63**	(0.47)	*234.0*
Basic adjusted net earnings per common share[1]	**0.59**	0.26	*126.9*	**1.08**	0.38	*184.2*
Diluted adjusted net earnings per common share[1]	**0.51**	0.24	*112.5*	**0.94**	0.38	*147.4*
Book value per common share	**12.12**	11.04		**12.12**	11.04	
Number of common shares outstanding *(in thousands)*[2]	**43,526**	42,387		**43,526**	42,387	
Weighted average number of outstanding common shares						
Basic (in thousands)	**43,513**	42,387		**43,480**	42,387	
Diluted (in thousands)	**52,545**	42,387		**52,451**	42,387	
Diluted adjusted (in thousands)	**52,545**	51,729		**52,451**	42,387	

	As at June 30,	As at December 31,
	2022	2021
	$	$
FINANCIAL POSITION		
Long-term debt, including the current portion	**311,640**	337,386
Total net debt[1]	**291,411**	309,230
Credit facilities (including revolving and term loans)	**206,585**	235,384
Convertible debentures	**78,416**	78,327

(1) This is a non-GAAP financial measure. 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. *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.

SECOND QUARTER RESULTS

Compared to the Second Quarter of 2021:

Consolidated sales increased by $27.9 million or 6.7% to $444.3 million. Excluding the impact of unfavourable fluctuation of the British pound and the Canadian dollar against the US dollar of $17.0 million or 4.1%, consolidated sales increased by $44.9 million or 10.8%, compared to the same quarter in 2021, essentially driven by organic growth, with all three segments reporting positive organic growth, ranging between 8.9% and 13.8% for the quarter. Consolidated organic growth of 10.8% was driven primarily by the impact of price increases.

The Corporation generated EBITDA of $48.6 million for the quarter. Excluding impacts of change in estimate related to inventory obsolescence, stock-based compensation and special items expenses, adjusted EBITDA and adjusted EBITDA margin increased by $14.3 million and 2.6% respectively to $51.3 million million and 11.5% of sales, from $37.0 million and 8.9% of sales in 2021. The increase is the result of sustained strong gross margins, which includes higher rebates in all three business segments, improved operational performance, scaling of payroll and operating expenses, offset by certain inflationary costs, including fuel and wages, 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 $43.0 million to $22.8 million. Excluding impacts of change in estimate related to inventory obsolescence, stock-based compensation, special items expenses, amortization of intangibles assets related to the acquisition of GSF Car Parts and the net tax impact of change in rates and reversal of a contingency provision, adjusted net earnings increased by $14.7 million to $25.6 million from $10.9 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.

Segmented Second Quarter Results

The FinishMaster U.S. segment reported sales of $186.5 million, with organic growth of 8.9%, driven by price increases. EBITDA was $18.8 million for the quarter compared to negative $7.7 million in 2021. Excluding impacts of change in estimate related to inventory obsolescence, stock-based compensation and special items expenses, adjusted EBITDA and adjusted EBITDA margin improved by $6.1 million and 2.6% respectively to $19.8 million and 10.6% of sales, from $13.7 million and 8.0% of sales in 2021. This performance was driven by additional vendor rebates, price increases and higher sales, driving scaling benefits, offsetting higher delivery cost .

The Canadian Automotive Group segment reported sales of $161.0 million, an increase of 10.9% largely driven by organic growth of 13.8% and, to a lesser extent, acquisitions over the last twelve months, partially offset by an unfavourable fluctuation of the Canadian dollar against the US dollar. The increase in organic sales was mainly driven by price increases. This segment reported EBITDA and EBITDA margin of $25.6 million and 15.9% respectively for the quarter compared to $17.2 million and 11.8% in 2021. Excluding impacts of stock-based compensation and special items expenses, adjusted EBITDA and adjusted EBITDA margin improved by $8.1 million and 3.8% respectively to $26.0 million or 16.1% of sales, from $17.9 million or 12.3% of sales in 2021. This increase is mainly attributable to additional vendor rebates, price increases and higher sales, driving scaling benefits, as well as a reversal of bad debt expenses incurred in prior periods.

The GSF Car Parts U.K. segment reported sales of $96.8 million. Excluding the impact of unfavourable fluctuation of the British pound against the US dollar of $10.8 million or 10.8% during the second quarter of 2022, sales increased by $7.8 million or 7.7%, mainly driven by organic growth of 9.7%, offsetting an unfavourable variance in the number of billing days. Organic growth continued to improve in the quarter from price increases as well as from the contribution of recently opened greenfield stores, which represents about half of the organic growth. This segment reported EBITDA and EBITDA margin of $7.5 million and 7.8% respectively for the quarter compared to $5.6 million and 5.6% in 2021. Excluding impacts of stock-based compensation and special items expenses, adjusted EBITDA decreased by $0.4 million and adjusted EBITDA margin decreased by 0.1%, respectively, to $8.0 million and 8.3% of sales, from $8.4 million and 8.4% of sales in 2021. This variance is mainly attributable to inflationary fuel and utility costs, higher repair costs due to new fleet replacement delays, as well as higher payroll costs. This was partially offset by higher sales and rebates in the second quarter of 2022, driving scaling benefits. The second quarter of 2021 benefited from governmental occupancy subsidies of $0.4 million.

SIX-MONTH PERIOD RESULTS

Compared to the Six-Month Period of 2021:

Consolidated sales of $853.9 million for the six-month period increased by $67.4 million or 8.6%. Excluding the impact of unfavourable fluctuation of the British pound and the Canadian dollar against the US dollar of $20.2 million or 2.6%, consolidated sales increased by $87.6 million or 11.2%, driven by organic growth with all three segments reporting positive organic growth, ranging between 9.0% and 13.1% for the six-month period. Consolidated organic growth of 11.2% was driven primarily by the impact of price increases.

The Corporation reported EBITDA of $76.8 million for the period. Excluding impacts of change in estimate related to inventory obsolescence, stock-based compensation and special items expenses, adjusted EBITDA and adjusted EBITDA margin increased by $29.5 million and 2.8% respectively to $96.5 million and 11.3% of sales, from $67.0 million and 8.5% of sales in 2021. This performance is the result of sustained strong gross margins, which includes higher rebates from all three business segments, improved operational performance, scaling of payroll and operating expenses, offset by certain inflationary costs, including fuel and wages, as well as the timing of certain expenses incurred with respect to new store openings in the U.K. and small acquisitions in Canada.

Net earnings for the six-month period increased by $50.5 million to $30.5 million. Excluding impacts of change in estimate related to inventory obsolescence, stock-based compensation, special items expenses, amortization of intangibles assets related to the acquisition of GSF Car Parts and the net tax impact of change in rates and reversal of a contingency provision, adjusted net earnings for the current period increased by $30.9 million to $46.9 million from $16.0 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.

Segmented Six-Month Period Results

The FinishMaster U.S. segment reported sales of $359.2 million, with organic growth of 9.0%, or $29.8 million, driven by price increases. EBITDA was $37.4 million for the period, compared to $1.9 million in 2021. Excluding impacts of change in estimate related to inventory obsolescence, stock-based compensation and special items expenses, adjusted EBITDA and adjusted EBITDA margin improved by $15.6 million and 3.8% respectively to $39.4 million and 11.0% of sales, from $23.8 million and 7.2% of sales in 2021. This performance was driven by additional vendor rebates, price increases and higher sales, driving scaling benefits, offsetting higher delivery cost and bad debt expenses.

The Canadian Automotive Group segment reported sales of $290.8 million, an increase of 11.7%, driven by organic growth of 13.1% and, to a lesser extent, acquisitions over the last twelve months, partially offset by an unfavourable fluctuation of the Canadian dollar against the US dollar. The increase in organic growth was mainly driven by price increases. This segment reported EBITDA and EBITDA margin of $31.0 million and 10.7% respectively for the period compared to $28.9 million and 11.1% in 2021. Excluding impacts of change in estimate related to inventory obsolescence, stock-based compensation and special items expenses, adjusted EBITDA and adjusted EBITDA margin improved by $13.2 million and 3.3% respectively to $43.1 million and 14.8% of sales, from $29.9 million and 11.5% of sales in 2021. This increase is mainly attributable to additional vendor rebates, price increases and higher sales, driving scaling benefits.

The GSF Car Parts U.K. segment reported sales of $203.9 million, an increase of $7.3 million or 3.7%. Excluding the impact of the unfavourable fluctuation of the British pound against the US dollar during the six-month period of 2022, sales increased by $21.2 million or 10.8%, mainly driven by organic growth of 12.2%, offsetting an unfavourable variance in the number of billing days. The increase in organic sales was mainly driven by price increases and the contribution of recently opened greenfield stores. This segment reported EBITDA and EBITDA margin of $17.2 million and 8.4% respectively for the period compared to $15.5 million and 7.9% in 2021. Excluding impacts of stock-based compensation and special items expenses, adjusted EBITDA increased by $0.6 million and adjusted EBITDA margin decreased by 0.1%, respectively to $19.0 million and 9.3% of sales, from $18.4 million and 9.4% of sales in 2021. This variance in adjusted EBITDA margin is mainly attributable to inflationary fuel and utility costs, higher repair costs due to new fleet replacement delays, as well as higher payroll costs. This was partially offset by higher sales and rebates in the period of 2022, driving scaling benefits. The six-month period of 2021 benefited from governmental occupancy subsidies of $0.8 million.

SUBSEQUENT EVENT

On July 25, 2022, the Corporation entered into a definitive agreement to acquire all the shares of Maslack Supply Limited and related real estate properties. The acquisition closed on August 2, 2022 for a total purchase price of CAD$52,250.

CONFERENCE CALL

Uni-Select will host a conference call to discuss its results for the second quarter of 2022 on August 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 August 5, 2022, until 11:59 PM Eastern Time on September 5, 2022. To access the replay, dial 1 888 390-0541 followed by 752647#.

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 180 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, adjusted EPS or other financial results 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 of 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 Uni-Select's 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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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, adjusted EBITDA, EBITDA margin and adjusted EBITDA margin – EBITDA represents net earnings (loss) excluding depreciation and amortization, net financing costs and income tax expense (recovery). EBITDA margin is a percentage corresponding to the ratio of EBITDA to sales. EBITDA and EBITDA margin should not be considered by an investor as an alternative to GAAP financial measures or to the statement of cash flows.

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. Adjusted EBITDA margin is a percentage corresponding to the ratio of adjusted EBITDA to sales.

The Corporation uses EBITDA and adjusted EBITDA as well as their corresponding margins to assess its performance and of its business segments. Management believes these non-GAAP measures, in addition to GAAP measures, provide users with an enhanced understanding of its operating results and increase the transparency of its core results as well as of its segments. Management also believes these measures provide better comparability of its results from one period to another.

The Corporation's definition of EBITDA, adjusted EBITDA and their corresponding margins is unlikely to be comparable to similar measures presented by other entities.

EBT, adjusted EBT, EBT margin and adjusted EBT margin – EBT represents net earnings (loss) excluding income tax expense (recovery) and EBT margin is a percentage corresponding to the ratio of EBT to sales. EBT and EBT margin should not be considered by an investor as an alternative to GAAP financial measures or to the statement of cash flows as a measure of liquidity.

Adjusted EBT contains certain adjustments, which may affect the comparability of the Corporation's financial results. These adjustments include restructuring and other charges, stock-based compensation expenses, change in estimate related to inventory obsolescence, as well as amortization of intangible assets related to The Parts Alliance acquisition (now known as GSF Car Parts). Adjusted EBT margin is a percentage corresponding to the ratio of adjusted EBT to sales.

The Corporation uses EBT and adjusted EBT as well as their respective margins to assess its performance and of its business segments. Management believes these non-GAAP measures, in addition to GAAP measures, provide users with an enhanced understanding of its operating results and increase the transparency of its core results as well as of its segments. Management also believes these measures provide better comparability of its results from one period to another.

The Corporation's definition of EBT, adjusted EBT and their corresponding margins is unlikely to be comparable to similar measures presented by other entities.

Adjusted net earnings (loss) and adjusted net earnings (loss) per common share (basic and diluted) – Adjusted net earnings (loss) and adjusted net earnings (loss) per common share (basic and diluted) contain certain adjustments, which may affect the comparability of the Corporation's financial results. These adjustments include, net of income taxes, restructuring and other charges, stock-based compensation expenses, change in estimate related to inventory obsolescence, 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.

The Corporation uses adjusted net earnings (loss) and adjusted net earnings (loss) per common share (basic and diluted) to assess its performance. Management believes these non-GAAP measures, in addition to GAAP measures, provide users enhanced understanding of its operating results and increase the transparency of its core results. Management also believes these measures provide better comparability of its results from one period to another.

The Corporation's definition of adjusted net earnings (loss) and adjusted net earnings (loss) per common share (basic and diluted) is unlikely to be comparable to similar measures presented by other entities.

NON-GAAP FINANCIAL MEASURES (CONTINUED)

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. Management believes this non-GAAP cash flow measure 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. Management considers this measure to provide investors a perspective on its ability to generate liquidity, after making capital investments required to support business operations and long-term value creation.

Free cash flow is not a measure of liquidity that is consistent with GAAP. It is not intended to be regarded as an alternative to GAAP financial performance measures or to the statement of cash flows as a measure of liquidity. The Corporation's definition of free cash flows is unlikely to be comparable to similar measures presented by other entities.

Total net debt and total net debt to adjusted EBITDA ratio – Total net debt represents 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 excludes convertible debentures since they are convertible into common shares of the Corporation.

Total net debt to adjusted EBITDA ratio represents total net debt divided by the trailing last four quarters adjusted EBITDA. This ratio is used by management to evaluate the Corporation's financial leverage, capital structure and financing strategies. Total net debt to adjusted EBITDA ratio is not a measure established in accordance with GAAP. It is not intended to be used as an alternative to GAAP measures or the balance sheet to evaluate its financial position. The Corporation's definition of total net debt to adjusted EBITDA ratio is unlikely to be comparable to similar measures presented by other entities.

The following is a reconciliation of organic growth.

	Second Quarters Ended June 30,		**Six-Month Periods Ended June 30,**	
	2022	2021	**2022**	2021
	$	$	**$**	$
FinishMaster U.S.	**186,465**	171,261	**359,221**	329,464
Canadian Automotive Group	**161,037**	145,267	**290,801**	260,429
GSF Car Parts U.K.	**96,824**	99,884	**203,906**	196,638
Sales	**444,326**	416,412	**853,928**	786,531
		%		*%*
Sales variance	**27,914**	***6.7***	**67,397**	***8.6***
Translation effect of the Canadian dollar and the British pound	**17,027**	***4.1***	**20,209**	***2.6***
Impact of number of billing days	**1,529**	***0.4***	**1,976**	***0.3***
Loss of sales from the consolidation of company-operated stores	**387**	***0.1***	**873**	***0.1***
Acquisitions	**(1,959)**	***(0.5)***	**(2,637)**	***(0.4)***
Consolidated organic growth	**44,898**	***10.8***	**87,818**	***11.2***

The following is a reconciliation of EBITDA and adjusted EBITDA.

	Second Quarters Ended June 30,			**Six-Month Periods Ended June 30,**		
	2022	2021		**2022**	2021	
	$	$	%	**$**	$	%
Net earnings (loss)	**22,783**	(20,253)		**30,522**	(20,040)	
Income tax expense (recovery)	**7,556**	(3,444)		**9,594**	(3,150)	
Net financing costs	**4,658**	8,884		**9,198**	17,762	
Depreciation and amortization	**13,594**	15,301		**27,504**	30,672	
EBITDA	**48,591**	488	*9,857.2*	**76,818**	25,244	*204.3*
EBITDA margin	***10.9%***	*0.1%*		***9.0%***	*3.2%*	
Change in estimate related to inventory obsolescence	**—**	20,600		**10,927**	20,600	
Stock-based compensation	**2,613**	2,869		**7,532**	4,652	
Special items	**61**	13,049		**1,227**	16,475	
Adjusted EBITDA	**51,265**	37,006	*38.5*	**96,504**	66,971	*44.1*
Adjusted EBITDA margin	***11.5%***	*8.9%*		***11.3%***	*8.5%*	

NON-GAAP FINANCIAL MEASURES (CONTINUED)

The following is a reconciliation of EBT and adjusted EBT.

	Second Quarters Ended June 30,			Six-Month Periods Ended June 30,		
	2022	2021		**2022**	2021	
	$	$	%	**$**	$	%
Net earnings (loss)	**22,783**	(20,253)		**30,522**	(20,040)	
Income tax expense (recovery)	**7,556**	(3,444)		**9,594**	(3,150)	
EBT	**30,339**	(23,697)	*228.0*	**40,116**	(23,190)	*273.0*
EBT margin	***6.8%***	*(5.7%)*		***4.7%***	*(2.9%)*	
Change in estimate related to inventory obsolescence	**—**	20,600		**10,927**	20,600	
Stock-based compensation	**2,613**	2,869		**7,532**	4,652	
Special items	**61**	13,049		**1,227**	16,475	
Amortization of intangible assets related to the acquisition of GSF Car Parts	**1,016**	1,129		**2,100**	2,242	
Adjusted EBT	**34,029**	13,950	*143.9*	**61,902**	20,779	*197.9*
Adjusted EBT margin	***7.7%***	*3.4%*		***7.2%***	*2.6%*	

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

	Second Quarters Ended June 30,			Six-Month Periods Ended June 30,		
	2022	2021		**2022**	2021	
	$	$	%	**$**	$	%
Net earnings (loss)	**22,783**	(20,253)	*212.5*	**30,522**	(20,040)	*252.3*
Change in estimate related to inventory obsolescence, net of taxes	**—**	16,274		**8,031**	16,274	
Stock-based compensation, net of taxes	**1,975**	2,125		**5,633**	3,442	
Special items, net of taxes	**37**	9,830		**978**	12,446	
Amortization of intangible assets related to the acquisition of GSF Car Parts, net of taxes	**823**	944		**1,701**	1,846	
Net tax impact of changes in rates and reversal of a contingency provision	**—**	1,994		**—**	1,994	
Adjusted net earnings	**25,618**	10,914	*134.7*	**46,865**	15,962	*193.6*
Conversion impact of convertible debentures, net of taxes [1]	**1,190**	1,382		**2,387**	—	
Net earnings considered for diluted adjusted net earnings per common share	**26,808**	12,296	*118.0*	**49,252**	15,962	*208.6*
Basic net earnings (loss) per common share	**0.52**	(0.48)	*208.3*	**0.70**	(0.47)	*248.9*
Change in estimate related to inventory obsolescence, net of taxes	**—**	0.39		**0.19**	0.39	
Stock-based compensation, net of taxes	**0.05**	0.05		**0.13**	0.08	
Special items, net of taxes	**—**	0.23		**0.02**	0.29	
Amortization of intangible assets related to the acquisition of GSF Car Parts, net of taxes	**0.02**	0.02		**0.04**	0.04	
Net tax impact of changes in rates and reversal of a contingency provision	**—**	0.05		**—**	0.05	
Basic adjusted net earnings per common share	**0.59**	0.26	*126.9*	**1.08**	0.38	*184.2*
Conversion impact of convertible debentures, net of taxes [1]	**(0.08)**	(0.02)		**(0.14)**	—	
Diluted adjusted net earnings per common share	**0.51**	0.24	*112.5*	**0.94**	0.38	*147.4*

[1] For the six-month period ended June 30, 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.

NON-GAAP FINANCIAL MEASURES (CONTINUED)

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:

	Second Quarters Ended June 30,		Six-Month Periods Ended June 30,	
	2022	2021	**2022**	2021
Weighted average number of common shares outstanding for basic net earnings (loss) per common share	**43,513**	42,387	**43,480**	42,387
Conversion impact of convertible debentures [1]	**8,106**	9,211	**8,106**	—
Impact of stock options [2]	**351**	130	**400**	—
Impact of dilutive deferred share units ("DSUs")	**199**	—	**100**	—
Impact of dilutive restricted share units ("RSUs")	**375**	—	**364**	—
Weighted average number of common shares outstanding for diluted net earnings (loss) per common share	**52,545**	51,729	**52,451**	42,387

(1) For the six-month period ended June 30, 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.

(2) For the six-month period ended June 30, 2022, options to acquire 28,091 common shares 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 (1,722,736 were excluded for the second quarter of 2021 as the conversion impact would result in a reduction of the loss per share and 1,722,736 were excluded for the six-month period 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.

	Second Quarters Ended June 30,		Six-Month Periods Ended June 30,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Cash flows from operating activities	**50,753**	43,282	**58,556**	42,742
Advances to merchant members and incentives granted to customers	**(3,820)**	(2,465)	**(6,384)**	(7,152)
Reimbursement of advances to merchant members and liquidation proceeds of incentives granted to customers returned	**1,396**	3,040	**2,604**	3,756
Acquisitions of property and equipment	**(4,387)**	(2,166)	**(8,059)**	(3,386)
Proceeds from disposal of property and equipment	**527**	319	**957**	565
Acquisitions and development of intangible assets	**(1,403)**	(978)	**(2,693)**	(1,652)
Free cash flow	**43,066**	41,032	**44,981**	34,873

The following table presents a reconciliation of total net debt and total net debt to adjusted EBITDA ratio .

	As at June 30,	As at December 31,
	2022	2021
	$	$
Long-term debt, including the current portion [1]	**311,640**	337,386
Cash	**20,229**	28,156
Total net debt	**291,411**	309,230
Adjusted EBITDA - trailing last four quarters [2]	**176,228**	146,695
Total net debt to adjusted EBITDA ratio	***1.65x***	*2.11x*

(1) Refer to Note 11 to the Condensed Interim Consolidated Financial Statements for further details.

(2) Refer to the "Selected quarterly consolidated financial information" section of the MD&A for more information on the results of each of the last eight quarters.