



BOYD GROUP SERVICES INC.
(formerly reporting as Boyd Group Income Fund)

Interim Condensed Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

Notice: These interim condensed consolidated financial statements have not been audited or reviewed by BGSI's independent external auditors, Deloitte LLP.

BOYD GROUP SERVICES INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)
(thousands of Canadian dollars)

		June 30, 2020	December 31, 2019
	<i>Note</i>		
Assets			
Current assets:			
Cash		\$ 510,197	\$ 35,468
Accounts receivable		70,978	112,748
Income taxes recoverable		6,844	1,267
Inventory		35,682	47,912
Prepaid expenses		34,289	33,488
		657,990	230,883
Property, plant and equipment	7	328,086	295,584
Right of use assets	8	493,516	472,818
Deferred income tax asset		1,099	—
Intangible assets	9	356,838	347,367
Goodwill	10	590,660	554,601
		\$ 2,428,189	\$ 1,901,253
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 236,399	\$ 269,769
Distributions and dividends payable	11	2,963	931
Current portion of long-term debt	12	22,838	22,122
Current portion of lease liabilities	13	115,195	109,559
		377,395	402,381
Long-term debt	12	657,461	393,147
Lease liabilities	13	423,396	403,814
Deferred income tax liability		49,085	39,010
Unearned rebates		9,173	9,142
Exchangeable Class A common shares	15	—	37,332
Non-controlling interest call liability / put option	15	1,291	4,515
		1,517,801	1,289,341
Equity			
Accumulated other comprehensive earnings		80,103	52,164
Retained earnings		54,349	44,504
Shareholders' / Unitholders' capital	16	771,934	511,242
Contributed surplus		4,002	4,002
		910,388	611,912
		\$ 2,428,189	\$ 1,901,253

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

Approved by the Board:

TIM O'DAY
Director

ALLAN DAVIS
Director

BOYD GROUP SERVICES INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)
(thousands of Canadian dollars)

		Shareholders' / Unitholders' Capital		Contributed Surplus	Accumulated Other Comprehensive Earnings	Retained Earnings	Total Equity
		Shares/Units	Amount				
	<i>Note</i>						
Balances - January 1, 2019		19,823,475	\$ 475,424	\$ 4,002	\$ 77,637	\$ 14,038	\$ 571,101
Issue costs (net of tax of \$nil)			(126)				(126)
Units issued in connection with acquisition		45,371	5,537				5,537
Units issued from treasury in connection with options exercised		150,000	29,456				29,456
Retractions		5,971	951				951
Cancellation of units held by a subsidiary		(2,436)	—				—
Other comprehensive loss					(25,473)		(25,473)
Net earnings						64,147	64,147
Comprehensive earnings					(25,473)	64,147	38,674
Adjustment on adoption of IFRS 16 (net of tax of \$8,442)						(22,902)	(22,902)
Distribution to unitholders						(10,779)	(10,779)
Balances - December 31, 2019		20,022,381	\$ 511,242	\$ 4,002	\$ 52,164	\$ 44,504	\$ 611,912
Issue costs (net of tax of \$2,878)	16		(8,135)				(8,135)
Shares issued through public offering	16	1,265,000	231,495				231,495
Shares issued in connection with conversion to corporate form	5, 16	184,813	37,332				37,332
Other comprehensive earnings					27,939		27,939
Net earnings						15,596	15,596
Comprehensive earnings					27,939	15,596	43,535
Dividends to shareholders	11					(5,751)	(5,751)
Balance - June 30, 2020		21,472,194	\$ 771,934	\$ 4,002	\$ 80,103	\$ 54,349	\$ 910,388
Balances - January 1, 2019		19,823,475	\$ 475,424	\$ 4,002	\$ 77,637	\$ 14,038	\$ 571,101
Issue costs (net of tax of \$nil)			(117)				(117)
Units issued in connection with acquisition		45,371	5,538				5,538
Retractions		1,679	226				226
Other comprehensive loss					(20,997)		(20,997)
Net earnings						35,128	35,128
Comprehensive earnings					(20,997)	35,128	14,131
Adjustment on adoption of IFRS 16 (net of tax of \$8,442)						(22,902)	(22,902)
Distributions to unitholders	11					(5,360)	(5,360)
Balances - June 30, 2019		19,870,525	\$ 481,071	\$ 4,002	\$ 56,640	\$ 20,904	\$ 562,617

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

BOYD GROUP SERVICES INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF STATEMENTS OF (LOSS) EARNINGS (Unaudited)
(thousands of Canadian dollars, except share / unit and per share / unit amounts)

		Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
	<i>Note</i>				
Sales	18	\$ 426,473	\$ 572,505	\$ 1,054,823	\$ 1,130,402
Cost of sales		226,911	309,748	573,881	614,662
Gross profit		199,562	262,757	480,942	515,740
Operating expenses		150,380	182,658	350,343	357,319
Acquisition and transaction costs		378	1,444	1,164	2,703
Depreciation of property, plant and equipment	7	12,694	10,015	24,249	19,090
Depreciation of right of use assets	8	25,973	22,475	50,963	43,479
Amortization of intangible assets	9	6,380	5,724	12,486	10,542
Fair value adjustments	14	(95)	8,689	(3,155)	14,502
Finance costs		13,005	10,480	24,203	18,409
		208,715	241,485	460,253	466,044
(Loss) earnings before income taxes		(9,153)	21,272	20,689	49,696
Income tax expense (recovery)					
Current		4,949	3,824	(5,399)	9,538
Deferred		(7,043)	3,709	10,492	5,030
		(2,094)	7,533	5,093	14,568
Net (loss) earnings		\$ (7,059)	\$ 13,739	\$ 15,596	\$ 35,128

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

Basic (loss) earnings per share / unit	19	\$ (0.34)	\$ 0.69	\$ 0.76	\$ 1.77
Diluted (loss) earnings per share / unit	19	\$ (0.34)	\$ 0.63	\$ 0.76	\$ 1.59

Basic weighted average number of shares / units outstanding	19	20,860,546	19,869,620	20,533,870	19,831,434
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Diluted weighted average number of shares / units outstanding	19	20,860,546	19,890,301	20,533,870	19,852,115
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BOYD GROUP SERVICES INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) EARNINGS (Unaudited)
(thousands of Canadian dollars)

		Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Net (loss) earnings		\$ (7,059)	\$ 13,739	\$ 15,596	\$ 35,128
Other comprehensive (loss) earnings					
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of (Loss) Earnings					
Change in unrealized earnings on translating financial statements of foreign operations		(24,485)	(11,099)	27,939	(20,997)
Other comprehensive (loss) earnings		(24,485)	(11,099)	27,939	(20,997)
Comprehensive (loss) earnings		\$ (31,544)	\$ 2,640	\$ 43,535	\$ 14,131

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

BOYD GROUP SERVICES INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(thousands of Canadian dollars)

		Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
	<i>Note</i>				
Cash flows from operating activities					
Net (loss) earnings		\$ (7,059)	\$ 13,739	\$ 15,596	\$ 35,128
Adjustments for					
Fair value adjustments	14	(95)	8,689	(3,155)	14,502
Deferred income taxes		(7,043)	3,709	10,492	5,030
Finance costs		13,005	10,480	24,203	18,409
Amortization of intangible assets	9	6,380	5,724	12,486	10,542
Depreciation of property, plant and equipment	7	12,694	10,015	24,249	19,090
Depreciation of right of use assets	8	25,973	22,475	50,963	43,479
Other		28	(212)	232	(194)
		43,883	74,619	135,066	145,986
Changes in non-cash working capital items		15,997	7,686	17,030	2,610
		59,880	82,305	152,096	148,596
Cash flows (used in) from financing activities					
Shares issued through public offering	16	231,495	—	231,495	—
Issue costs	20	(9,847)	(16)	(11,013)	(117)
Increase in obligations under long-term debt	12	—	19,983	691,373	100,211
Repayment of long-term debt, principal	12	(263,673)	(28,483)	(433,882)	(37,737)
Repayment of obligations under property leases, principal		(23,713)	(20,280)	(46,926)	(39,215)
Repayment of obligations under vehicle and equipment leases, principal		(743)	(937)	(1,533)	(1,881)
Interest on long-term debt	12	(7,048)	(4,841)	(12,403)	(7,413)
Interest on property leases		(5,696)	(5,484)	(11,441)	(10,696)
Interest on vehicle and equipment leases		(96)	(118)	(212)	(237)
Acquisition of non-controlling interest in Glass America LLC		—	—	—	(13,152)
Dividends and distributions paid		(2,788)	(2,712)	(3,719)	(5,417)
Payment of financing costs	12	(106)	—	(1,947)	—
		(82,215)	(42,888)	399,792	(15,654)
Cash flows used in investing activities					
Proceeds on sale of equipment and software		104	46	315	93
Equipment purchases and facility improvements		(8,716)	(6,112)	(18,054)	(13,395)
Acquisition and development of businesses (net of cash acquired)		(14,190)	(38,123)	(48,386)	(135,197)
Software purchases and licensing	9	(115)	(306)	(328)	(666)
		(22,917)	(44,495)	(66,453)	(149,165)
Effect of foreign exchange rate changes on cash		(21,044)	(818)	(10,706)	(1,957)
Net increase (decrease) in cash position		(66,296)	(5,896)	474,729	(18,180)
Cash beginning of year		576,493	52,192	35,468	64,476
Cash, end of year		\$ 510,197	\$ 46,296	\$ 510,197	\$ 46,296
Income taxes paid		\$ 70	\$ 10,332	\$ 428	\$ 11,006
Interest paid		\$ 12,311	\$ 10,344	\$ 23,068	\$ 17,937

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

BOYD GROUP SERVICES INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and six months ended June 30, 2020 and 2019

(thousands of Canadian dollars, except unit, share and per unit/share amounts)

1. GENERAL INFORMATION

Boyd Group Services Inc. (“BGSI”) is a Canadian corporation and controls The Boyd Group Inc. and its subsidiaries. Prior to January 2, 2020 BGSI operated as Boyd Group Income Fund (“the Fund”). Additional information regarding the corporate conversion can be found in Note 4.

Information presented in these financial statements as at, and for periods prior to, or ending on December 31, 2019, is provided for Boyd Group Income Fund, and information provided as at January 1, 2020 and later is provided for Boyd Group Services Inc. Therefore, as the context requires, references to “Boyd” or the “Company” mean, collectively, Boyd Group Services Inc, Boyd Group Income Fund and Boyd Group Holdings Inc.

The Company’s business consists of the ownership and operation of autobody/autoglass repair facilities and related services. At the reporting date, the Company operated locations in Canada under the trade name Boyd Autobody & Glass and Assured Automotive, as well as in the U.S. under the trade name Gerber Collision & Glass. In addition, the Company is a major retail auto glass operator in the U.S. under the trade names Gerber Collision & Glass, Glass America, Auto Glass Service, Auto Glass Authority and Autoglassonly.com. The Company also operates Gerber National Claim Services (“GNCS”), that offers glass, emergency roadside and first notice of loss services.

The shares of the Company are listed on the Toronto Stock Exchange and trade under the symbol “BYD”. The head office and principal address of the Company are located at 1745 Ellice Avenue, Winnipeg, Manitoba, Canada, R3H 1A6.

The policies applied in these interim condensed consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and effective as of August 11, 2020, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in BGSI’s annual consolidated financial statements for the year ending December 31, 2020 could result in restatement of these interim condensed consolidated financial statements.

2. BASIS OF PRESENTATION

These interim condensed consolidated financial statements for the three and six months ended June 30, 2020 have been prepared in accordance with IAS 34, *Interim financial reporting* using the same accounting policies and methods of computation followed in the consolidated financial statements for the year ended December 31, 2019. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS.

BOYD GROUP SERVICES INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

COVID-19 Impact

On March 11, 2020, the World Health Organization declared the novel Coronavirus (COVID-19) as a global pandemic. In response, governments worldwide enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses resulting in a global economic slowdown as well as significant volatility in equity markets. As at June 30, 2020, BGSI is not able to reliably forecast the severity or duration of the impact that COVID-19 will have on the economy, or on BGSI's operations.

4. CHANGES IN ACCOUNTING POLICIES

BGSI has adopted the amendments to IFRS 3, *Business Combinations*. These amendments change the definition of a business and provide entities additional guidance to determine if the set of processes and assets acquired represents a business. The amendments apply to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020.

BGSI has determined that there is no material impact on adoption.

Government grants are recognized at their fair value in accordance with *IAS 20, Accounting for Government Grants and Disclosure of Government Assistance*, when there is reasonable assurance that the grant will be received and any specified conditions are met.

Grants received in relation to COVID-19 relief are recorded in the statement of earnings as a reduction of cost of sales and operating expenses when it is determined there is reasonable assurance the grants will be received.

5. CORPORATE CONVERSION

On January 1, 2020, Boyd Group Income Fund was converted from an income trust to a public corporation named Boyd Group Services Inc., pursuant to a plan of arrangement (the "Arrangement") under the Canada Business Corporations Act. The Arrangement received all required unitholder, trustee, court, TSX and regulatory approvals, as well as approval from the shareholders of Boyd Group Holdings Inc. ("BGHI").

The trust units were previously traded on the TSX under the symbol "BYD.UN" and were delisted as part of the Arrangement. The shares of the Company began trading on the TSX on January 2, 2020 and are listed under the symbol "BYD".

As a result of the Arrangement, unitholders of the Fund received one BGSI common share for each Fund unit held by the unitholder as at December 31, 2019. BGHI Class A common shareholders also received one BGSI common share for each BGHI Class A common share held as at December 31, 2019.

BOYD GROUP SERVICES INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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All assets and liabilities of the Company have been recorded at their previous carrying amounts at the date of conversion and the consolidated financial statements as at, and for the three and six months ended, June 30, 2020 and comparatives for the year ended December 31, 2019 and the three and six months ended June 30, 2019 reflect the financial position, operating results and cash flows as if the Company had always carried on the business formerly carried on by the Fund.

6. ACQUISITIONS

The Company completed 4 acquisitions that added 17 locations during the six months ended June 30, 2020 as follows:

Acquisition Date	Location
January 2, 2020	Parksville, BC
March 6, 2020	Indiana & Michigan (14 locations)
March 13, 2020	Waukesha, WI
March 23, 2020	Saanichton, BC

BGSI has accounted for the 2020 acquisitions using the acquisition method as follows:

Acquisitions in 2020	Total acquisitions
Identifiable net assets acquired at fair value:	
Other currents assets	\$ 304
Property, plant and equipment	7,739
Right of use assets	9,910
Identified intangible assets	
Customer relationships	7,948
Non-compete agreements	488
Lease liability	(9,910)
Identifiable net assets acquired	\$ 16,479
Goodwill	14,775
Total purchase consideration	\$ 31,254
Consideration provided	
Cash paid or payable	\$ 24,402
Seller notes	6,852
Total consideration provided	\$ 31,254

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(Unaudited)

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The preliminary purchase prices for the 2020 acquisitions may be revised as additional information becomes available. Further adjustments may be recorded in future periods as purchase price adjustments are finalized.

U.S. acquisition transactions are initially recognized in Canadian dollars at the rates of exchange in effect on the transaction dates. Subsequently, the assets and liabilities are translated at the rate in effect at the Statement of Financial Position date.

A significant part of the goodwill recorded on the acquisitions can be attributed to the assembled workforce and the operating know-how of key personnel. However, no intangible assets qualified for separate recognition in this respect.

Goodwill recognized during 2020 is expected to be deductible for tax purposes.

The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition. Revenue contributed by acquisitions since being acquired were \$4,917. Net losses incurred by acquisitions since being acquired were \$706. If 2020 acquisitions had been acquired on January 1, 2020, BGSI's net earnings for the six months ended June 30, 2020 would have been \$15,120.

7. PROPERTY, PLANT AND EQUIPMENT

As at	June 30, 2020	December 31, 2019
Balance, beginning of year	\$ 295,584	\$ 253,103
IFRS 16 opening net book value	—	(10,382)
Acquired through business combination	7,739	41,208
Additions	36,683	63,009
Proceeds on disposal	(315)	(392)
Loss on disposal	(177)	(11)
Transfers from right of use assets	33	1,968
Depreciation	(24,249)	(41,601)
Foreign exchange	12,788	(11,318)
Balance, end of period	\$ 328,086	\$ 295,584

BOYD GROUP SERVICES INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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(thousands of Canadian dollars, except unit, share and per unit/share amounts)

8. RIGHT OF USE ASSETS

As at	June 30, 2020	December 31, 2019
Balance, beginning of period	\$ 472,818	452,938
Acquired through business combinations	9,910	94,866
Additions and modifications	41,930	29,973
Depreciation	(50,963)	(90,890)
Loss on disposal	(210)	(231)
Transfers to property, plant and equipment	(33)	(1,968)
Foreign exchange	20,064	(11,870)
Balance, end of period	\$ 493,516	\$ 472,818

9. INTANGIBLE ASSETS

As at	June 30, 2020	December 31, 2019
Balance, beginning of year	\$ 347,367	\$ 295,789
Acquired through business combination	8,436	83,553
Additions	328	2,017
Amortization	(12,486)	(22,467)
Foreign exchange	13,193	(11,525)
Balance, end of period	\$ 356,838	\$ 347,367

10. GOODWILL

As at	June 30, 2020	December 31, 2019
Balance, beginning of period	\$ 554,601	\$ 439,867
Acquired through business combination	14,775	133,425
Purchase price allocation adjustments within the measurement period	—	(789)
Foreign exchange	21,284	(17,902)
Balance, end of period	\$ 590,660	\$ 554,601

The COVID-19 pandemic has brought significant disruption to the worldwide economy and significantly impacted the Company's sales as demand for services decreased. COVID-19 continues to have an impact on operations which has resulted in lower financial performance than initial budgeted expectations. As such, the ongoing impact of COVID-19 continues to be a trigger to assess the carrying amount of goodwill as at June 30, 2020.

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(Unaudited)

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BGSI has used the fair value less costs to sell method to evaluate the carrying amount of goodwill. The key assumptions used in the assessment include an estimate of current and future cash flows, taxes, future acquisition growth, future capital expenditures, a long term growth rate of 2% to 3% and a weighted average cost of capital of 7% to 8%. After this evaluation, BGSI concluded that there was no impairment to the carrying amount of goodwill as at June 30, 2020.

The purchase price allocation adjustments represent balance sheet reclassifications between property, plant and equipment and goodwill within the measurement period for certain 2019 acquisitions.

11. DISTRIBUTIONS AND DIVIDENDS

The Company's Directors have discretion in declaring dividends. The Company declares and pays dividends from its available cash from operations taking into account current and future performance amounts necessary for principal and interest payments on debt obligations, amounts required for maintenance capital expenditures and amounts allocated to reserves. As of January 2, 2020, the Company's dividend has changed from monthly to quarterly dividend distribution to all BGSI common shareholders. Prior to The Arrangement, Boyd's policy was to declare and pay monthly distributions to unitholders and monthly dividends on the exchangeable Class A shares.

Dividends to shareholders were declared and paid as follows:

Record date	Payment date	Dividend per Share		Dividend amount	
March 31, 2020	April 28, 2020	\$	0.1380	\$	2,788
June 30, 2020	July 29, 2020		0.1380		2,963
		\$	0.2760	\$	5,751

Distributions to unitholders of the Fund and dividends on the exchangeable Class A shares were declared and paid as follows:

Record date	Payment date	Distribution per Unit / Dividend per Share		Distribution amount	Dividend amount
January 31, 2019	February 26, 2019	\$	0.0450	\$ 891	\$ 10
February 28, 2019	March 27, 2019		0.0450	892	10
March 31, 2019	April 26, 2019		0.0450	894	9
April 30, 2019	May 29, 2019		0.0450	894	10
May 31, 2019	June 26, 2019		0.0450	894	10
June 30, 2019	July 29, 2019		0.0450	895	9
		\$	0.2700	\$ 5,360	\$ 58

BOYD GROUP SERVICES INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and six months ended June 30, 2020 and 2019

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12. LONG-TERM DEBT

The Company has a credit facility agreement expiring in March 2025 which consists of a revolving credit facility of \$550,000 U.S. with an accordion feature which can increase the facility to a maximum of \$825,000 U.S. The revolving credit facility is accompanied by a seven-year fixed-rate Term Loan A in the amount of \$125,000 U.S. at an interest rate of 3.455%. The facility is with a syndicate of Canadian and U.S. banks and is secured by the shares and assets of the Company as well as guarantees by BGSI, BGIF, BGHI, and subsidiaries. The interest rates for draws on the revolver are based on a pricing grid of BGSI's ratio of total funded debt to EBITDA as determined under the credit agreement. The Company can draw the facility in either the U.S. or in Canada, in either U.S. or Canadian dollars. The Company can make draws in tranches as required. Tranches bear interest only and are not repayable until the maturity date but can be voluntarily repaid at any time. The Company has the ability to choose the base interest rate between Prime, Bankers Acceptances ("BA"), U.S. Prime or London Inter Bank Offer Rate ("LIBOR"). The total syndicated facility includes a swing line up to a maximum of \$10,000 U.S. in Canada and \$30,000 U.S. in the U.S. At June 30, 2020, the Company has drawn \$220,000 U.S. (December 31, 2019 - \$158,300 U.S.) and \$135,000 Canadian (December 31, 2019 - \$134,000) on the revolving credit facility and \$125,000 U.S. (December 31, 2019 - \$nil) on the Term Loan A.

Under the revolving credit facility and Term Loan A, the Company is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require BGSI to maintain a senior debt to EBITDA ratio of less than 3.50 and an interest coverage ratio of greater than 2.75. For four quarters following a material acquisition, the senior debt to EBITDA ratio may be increased to less than 4.00.

During the second quarter of 2020, the Company amended certain financial covenants under the revolving credit facility to provide additional covenant headroom. While the Company has not breached any covenants to date, this amendment is intended to prevent the effects of the COVID-19 pandemic from distorting the covenant calculations and distracting the Company or its lenders from the prudent management of the business over the quarters ahead. The amendments include a suspension to Boyd's requirement to comply with its leverage and interest coverage covenants from July 1, 2020 to December 30, 2020, as well as to provide more flexibility in the calculation of such covenants beginning with the second quarter of 2020 and through the second quarter of 2021. Effective July 1, 2020 to June 30, 2021 inclusive, for the purposes of testing any financial covenants on a trailing twelve month period, the Company will be permitted to replace the EBITDA for the second and third quarters of 2020 with the EBITDA for the second and third quarters of 2019. In addition, the senior funded debt to EBITDA ratio will be increased to no greater than 4.00 to June 30, 2020. From December 31, 2020 to June 29, 2021, the senior funded debt to EBITDA ratio will be no greater than 3.75. For four quarters following a material acquisition during the December 31, 2020 to June 29, 2021 timeframe, the senior debt to EBITDA ratio may be increased to no greater than 4.00. During the suspension period, the Company is required to meet a minimum liquidity covenant of \$150,000 U.S., which, given the Company's cash position and undrawn facilities, is not expected to be burdensome.

Deferred finance costs of \$859 were incurred in 2017 to complete the second amended and restated credit agreement. These fees were amortized to finance costs on a straight line basis over the five year term of the second amended and restated credit agreement until March 17, 2020 when the third amended and restated credit agreement was signed. At that time, the unamortized deferred financing costs of \$415 were recorded as finance costs. Financing costs of \$1,841 incurred during 2020 to complete the third amended and restated credit agreement have been deferred. These fees are amortized to finance costs on a straight line basis over the five year term of the third amended and restated credit agreement and over the seven year term for fees

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(Unaudited)

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incurred related to Term Loan A. The unamortized deferred financing costs of \$1,828 have been netted against the debt drawn as at June 30, 2020.

As at June 30, 2020, the Company was in compliance with all financial covenants.

Seller notes payable of \$76,961 (of which \$76,567, or \$56,184 U.S., are U.S. denominated) on the financing of certain acquisitions are unsecured, at interest rates ranging from 1% to 8%. The notes are repayable from July 2020 to January 2027 in the same currency as the related note.

Long-term debt is comprised of the following:

As at	June 30, 2020	December 31, 2019
Revolving credit facility (net of financing costs)	\$ 433,511	\$ 339,185
Term Loan A (net of financing costs)	169,827	—
Seller notes	76,961	76,084
	\$ 680,299	\$ 415,269
Current portion	22,838	22,122
	\$ 657,461	\$ 393,147

The following is the continuity of long-term debt:

As at	June 30, 2020	December 31, 2019
Balance, beginning of period	\$ 415,269	\$ 288,159
Consideration on acquisition	6,852	30,788
Draws	691,373	182,453
Repayments	(433,882)	(75,603)
Deferred financing costs	(1,947)	—
Amortization of deferred finance costs	534	172
Foreign exchange	2,100	(10,700)
Balance, end of period	\$ 680,299	\$ 415,269

The following table summarizes the repayment schedule of the long-term debt:

Principal Payments	June 30, 2020	December 31, 2019
Less than 1 year	\$ 22,838	\$ 22,122
1 to 5 years	486,324	390,669
Greater than 5 years	171,137	2,478
	\$ 680,299	\$ 415,269

Included in finance costs for the six months ended June 30, 2020 is interest on long-term debt of \$12,403 (2019 - \$7,413).

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13. LEASE LIABILITIES

The following is the continuity of lease liabilities:

As at	June 30, 2020	December 31, 2019
Balance, beginning of period	\$ 513,373	\$ 487,986
Assumed on acquisition	9,910	94,866
Additions and modifications	41,930	29,973
Repayments	(60,112)	(108,624)
Financing costs	11,653	22,658
Foreign exchange	21,837	(13,486)
Balance, end of period	\$ 538,591	\$ 513,373
Current portion	115,195	109,559
	\$ 423,396	\$ 403,814

Lease expenses are presented in the consolidated statement of (loss) earnings as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Operating expenses	\$ 1,520	\$ 1,321	\$ 2,741	\$ 2,471
Depreciation of right of use assets	\$ 25,973	\$ 22,475	\$ 50,963	\$ 43,479
Finance costs	\$ 5,792	\$ 5,602	\$ 11,653	\$ 10,933

The following table summarizes the repayment schedule of the lease liability:

Less than 1 year	\$ 115,195
1 to 5 years	302,601
Greater than 5 years	120,795
	\$ 538,591

Included in operating expenses are short-term and low-value asset lease expenses of \$1,498 and \$2,689 for the three and six months ended June 30, 2020, respectively (2019 - \$1,299 and \$2,417).

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	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Exchangeable Class A common shares	\$ —	\$ 5,287	\$ —	\$ 9,969
Unit based payment obligation	—	4,499	—	8,336
Non-controlling interest call liability / put option	—	(1,123)	(3,530)	(3,583)
Contingent consideration	(95)	26	375	(220)
Total fair value adjustments	\$ (95)	\$ 8,689	\$ (3,155)	\$ 14,502

15. FINANCIAL INSTRUMENTS**Carrying value and estimated fair value of financial instruments**

			June 30, 2020		December 31, 2019	
	Classification	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash	Amortized cost	n/a	510,197	510,197	35,468	35,468
Accounts receivable	Amortized cost	n/a	70,978	70,978	112,748	112,748
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	n/a	236,399	236,399	269,769	269,769
Distributions and dividends payable	Amortized cost	n/a	2,963	2,963	931	931
Long-term debt	Amortized cost	n/a	680,299	680,299	415,269	415,269
Exchangeable Class A common shares	FVPL ⁽¹⁾	1	—	—	37,332	37,332
Non-controlling interest call liability / put option	FVPL ⁽¹⁾	3	1,291	1,291	4,515	4,515

(1) Fair Value Through Profit or Loss

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For the Company's current financial assets and liabilities, including accounts receivable, accounts payable and accrued liabilities, and distributions and dividends payable, which are short term in nature and subject to normal trade terms, the carrying values approximate their fair value. As there is no ready secondary market for the BGSI's long-term debt, the fair value has been estimated using the discounted cash flow method. The fair value using the discounted cash flow method is approximately equal to carrying value. The fair value for the non-controlling interest call liability / put option is based on the estimated cash payment or receipt necessary to settle the contract at the Statement of Financial Position date. Cash payments or receipts are based on discounted cash flows using current market rates and prices and adjusted for credit risk.

Collateral

The Company's syndicated loan facility is collateralized by a General Security Agreement. The carrying amount of the financial assets pledged as collateral for this facility at June 30, 2020 was approximately \$581,175 (December 31, 2019 - \$148,216).

Non-controlling interest call liability / put option

On May 31, 2013, in connection with the acquisition of Glass America, the Company amended and restated the limited liability company agreement of Gerber Glass LLC (the "Gerber Glass Company Agreement") which provides a member of its U.S. management team the opportunity to participate in the future growth of the Company's U.S. glass business. Within the agreement was a put option held by the non-controlling member that provided the member an option to put the business back to the Company according to a valuation formula defined in the agreement. On October 31, 2016, the Company amended the Gerber Glass Company Agreement. The put option held by the non-controlling member continued to provide the member an option to put the business back to the Company according to a valuation formula defined in the Gerber Glass Company Agreement until June 26, 2020 when the Company provided notice of exercise of the call option. All fair value changes in the estimated liability are recorded in earnings.

The liability recognized in connection with the call liability / put option has been calculated using a formula defined in the applicable limited liability company agreement. The formula for the U.S. management team member put option / call liability is based on a multiple of EBITDA, as defined in the agreement.

The change in the non-controlling interest call liability / put option is summarized as follows:

	June 30, 2020		December 31, 2019	
	Glass-business operating partner	Glass America non- controlling	Glass-business operating partner	Glass America non-controlling interest
Balance, beginning of period	\$ 4,515	\$ —	\$ 6,905	\$ 13,651
Fair value adjustments	(3,530)	—	(2,128)	—
Payment to non-controlling interests	—	—	—	(13,152)
Foreign exchange	306	—	(262)	(499)
Balance, end of period	\$ 1,291	\$ —	\$ 4,515	\$ —

During the first six months of 2020, a fair value adjustment recovery in the amount of \$3,530 (2019 – recovery of \$3,583) was recorded to earnings related to the non-controlling interest put option and call liability.

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16. SHARE CAPITAL

Shareholders' Capital

Authorized:

Unlimited number of common shares

An unlimited number of common shares are authorized and may be issued pursuant to the Articles of Incorporation of BGSI. All common shares have equal rights and privileges. Each common share is redeemable and transferable. A common share entitles the holder thereof to participate equally in dividends, including the dividends of net earnings and net realized capital gains of BGSI and dividends on termination or winding-up of BGSI, is fully paid and non-assessable and entitles the holder thereof to one vote at all meetings of shareholders for each share held.

On January 2, 2020, BGSI announced the completion of the conversion of the Fund from an income trust to a public corporation, pursuant to the plan of Arrangement under the Canada Business Corporations Act. Issuance costs, net of tax, of \$864 have been deducted from equity as a result of the Arrangement. 184,813 Class A common shares exchanged for BGSI common shares as a result of the Arrangement increased equity by \$37,332.

On May 14, 2020, BGSI completed a bought deal public offering where it sold to an underwriting syndicate 1,265,000 common shares out of treasury at a price of \$183.00 per share for net proceeds of \$231,495. Issuance costs, net of tax, of \$7,271 were netted against the gross proceeds.

17. SEASONALITY

BGSI's financial results for any individual quarter are not necessarily indicative of results to be expected for the full year. Interim period revenues and earnings are typically sensitive to regional and local weather, market conditions, and in particular, to cyclical variations in economic activity.

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18. SEGMENTED REPORTING

BGSI has one reportable line of business, being automotive collision repair and related services, with all revenues relating to a group of similar services. In this circumstance, IFRS requires BGSI to provide geographical disclosure. For the periods reported, all of BGSI's revenues were derived within Canada or the United States of America. Reportable assets include property, plant and equipment, right of use assets, goodwill and intangible assets which are all located within these two geographic areas.

Revenues	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Canada	\$ 38,655	\$ 72,426	\$ 114,586	\$ 148,894
United States	387,818	500,079	940,237	981,508
	\$ 426,473	\$ 572,505	\$ 1,054,823	\$ 1,130,402

Reportable Assets	June 30,		December 31,	
	2020		2019	
As at				
Canada	\$ 300,324	\$ 305,946		
United States	1,468,776	1,364,424		
	\$ 1,769,100	\$ 1,670,370		

19. (LOSS) EARNINGS PER SHARE / UNIT

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Net (loss) earnings	\$ (7,059)	\$ 13,739	\$ 15,596	\$ 35,128
Less:				
Non-controlling interest put option	—	(1,123)	—	(3,583)
Net (loss) earnings - diluted basis	\$ (7,059)	\$ 12,616	\$ 15,596	\$ 31,545
Basic weighted average number of shares / units	20,860,546	19,869,620	20,533,870	19,831,434
Add:				
Non-controlling interest put option	—	20,681	—	20,681
Average number of shares / units outstanding - diluted basis	20,860,546	19,890,301	20,533,870	19,852,115
Basic (loss) earnings per share / unit	\$ (0.34)	\$ 0.69	\$ 0.76	\$ 1.77
Diluted (loss) earnings per share / unit	\$ (0.34)	\$ 0.63	\$ 0.76	\$ 1.59

Exchangeable class A shares and unit options are instruments that could have potentially diluted basic earnings per unit for the three and six month periods ended June 30, 2019, but were not included in the calculation of diluted earnings per unit because they were anti-dilutive for those periods.

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As at	December 31, 2019	Cash Flows	Non-cash changes				June 30, 2020
			Acquisition	Other items	Fair value changes	Foreign exchange	
Long-term debt	\$ 415,269	243,141	6,852	12,937	—	2,100	\$ 680,299
Lease liabilities	513,373	(60,112)	9,910	53,583	—	21,837	538,591
Dividends and distributions	931	(3,719)	—	5,751	—	—	2,963
Non-controlling interest put option and call liability	4,515	—	—	—	(3,530)	306	1,291
Issue costs	—	(11,013)	—	—	—	—	—
Shares issued through public offering	—	231,495	—	—	—	—	—
	\$ 934,088	399,792	16,762	72,271	(3,530)	24,243	\$ 1,223,144

As at	December 31, 2018	Cash Flows	Non-cash changes				June 30, 2019
			Acquisition	Other items	Fair value changes	Foreign exchange	
Long-term debt	\$ 288,159	55,061	15,887	7,498	—	(7,492)	\$ 359,113
Obligations under finance leases	8,407	—	—	(8,407)	—	—	—
Lease liabilities	—	(52,029)	50,133	509,430	—	(16,011)	491,523
Dividends and distributions	902	(5,417)	—	5,419	—	—	904
Non-controlling interest put option and call liability	20,556	(13,152)	—	—	(3,583)	(711)	3,110
Issue costs	—	(117)	—	—	—	—	—
	\$ 318,024	(15,654)	66,020	513,940	(3,583)	(24,214)	\$ 854,650

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period financial presentation. Right of use asset categories property leases, vehicle leases, and equipment leases have been combined for presentation in note 7.

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22. SUBSEQUENT EVENTS

On June 26, 2020, an option exercise notice was given to a member of the U.S. management team that BGSI intended to exercise its call option and acquire the remaining 21.16% non-controlling interest in Gerber Glass LLC. The option exercise notice was subject to agreement of both parties based on the option exercise price. As at the interim reporting date of June 30, 2020, negotiations were ongoing and therefore the circumstances as at the date of reporting did not meet the recognition and measurement principals in accordance with *IAS 10, Events After the Reporting Period* to adjust the Statements of Financial Position and Statement of (Loss) Earnings.

On July 31, 2020, the call option transaction to acquire the 21.16% non-controlling interest in Gerber Glass LLC held by a member of the U.S. management team was completed, and BGSI acquired the 21.16% non-controlling interest in Gerber Glass LLC for \$1,300 U.S. dollars.