



BOYD GROUP SERVICES INC.

(formerly reporting as Boyd Group Income Fund)

INTERIM REPORT TO SHAREHOLDERS

Second Quarter and Six Months Ended June 30, 2020

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

REPORT TO SHAREHOLDERS

To our Shareholders,

The second quarter of 2020 was significantly impacted by the COVID-19 pandemic. Boyd Group Services Inc. (“BGS” or “Boyd”) was able to take proactive steps to adapt to the new environment, and to maintain a strong financial position. In the second quarter of 2020, BGS recorded sales of \$426.5 million and Adjusted EBITDA¹ of \$49.2 million.

Total sales in the second quarter of 2020 were \$426.5 million, a 25.5% decrease when compared to the \$572.5 million achieved in the same period of 2019. Same-store sales declines of 33% were partially offset by contributions from new locations that had not been in operation for the full comparative period. Same-store sales in Canada were significantly lower than same-store sales in the U.S. during the second quarter of 2020, which reflects the much slower economic re-opening in Canada when compared to the U.S. During the second quarter, demand gradually improved from the previously disclosed initial COVID-19 pandemic related decreases and has recently begun to stabilize in certain markets.

Adjusted EBITDA for the second quarter of 2020 was \$49.2 million, or 11.5% of sales, compared with \$80.1 million, or 14.0% of sales in the same period of 2019. The decrease was primarily due to the impact of the COVID-19 pandemic, including certain operating expenses that could not be mitigated.

BGS posted a net loss of \$7.1 million in the second quarter of 2020, compared to net earnings of \$13.7 million in the same period of 2019. Impacting net (loss) earnings were fair value adjustments to financial instruments, as well as acquisition and transaction costs (net of tax). After adjusting for these items, Adjusted net loss for the second quarter of 2020 was \$6.9 million or 1.6% of sales. This compares to Adjusted net earnings of \$23.5 million or 4.1% of sales in the same period of 2019. The decrease in the Adjusted net (loss) earnings for the period is the result of negative impacts of the COVID-19 pandemic, as well as the fixed nature of depreciation and amortization expenses and increased financing costs incurred with respect to the temporary drawdown of credit facilities. Adjusted net loss for the three months ended June 30, 2020 was \$0.33 per share, compared to Adjusted net earnings of \$1.18 per unit in the same period of 2019.

With respect to the balance sheet, at June 30, 2020, BGS held total debt, net of cash, of \$708.7 million, compared to \$949.9 million at March 31, 2020 and \$893.2 million at December 31, 2019. Total debt, net of cash, includes lease liabilities of \$538.6 million at June 30, 2020, \$550.5 million at March 31, 2020 and \$513.4 million at December 31, 2019. Total debt was positively impacted in the second quarter of 2020 by the proceeds received from the bought deal public offering consisting of 1,265,000 shares at a price of \$183.00 per share.

Boyd continues to take proactive steps to adapt to the new environment, including increased health and safety practices such as contact-free customer drop off & pickup, enhanced cleaning practices, social distancing, and wearing personal protective equipment. Thus far, Boyd has been able to successfully adjust and manage through the challenging situation that has arisen as a result of the COVID-19 pandemic. Recently, Boyd has been increasing its

¹ Standardized EBITDA, Adjusted EBITDA, Adjusted net (loss) earnings and Adjusted net (loss) earnings per share / unit are not recognized measures under International Financial Reporting Standards (“IFRS”). Management believes that in addition to revenue, net (loss) earnings and cash flows, the supplemental measures of Adjusted net (loss) earnings, Adjusted net (loss) earnings per share / unit, Standardized EBITDA and Adjusted EBITDA are useful as they provide investors with an indication of earnings from operations and cash available. Investors should be cautioned, however, that Standardized EBITDA, Adjusted EBITDA, Adjusted net (loss) earnings and Adjusted net (loss) earnings per share / unit should not be construed as an alternative to net (loss) earnings determined in accordance with IFRS as an indicator of Boyd's performance. Boyd's method of calculating these measures may differ from other public issuers and, accordingly, may not be comparable to similar measures used by other issuers. For a detailed explanation of how Boyd's non-GAAP measures are calculated, please refer to Boyd's MD&A filing for the period ended June 30, 2020, which can be accessed via the SEDAR Web site (www.sedar.com).

production capacity as demand for collision repair services rises and is beginning to evaluate growth opportunities as they emerge. We are well-positioned to take advantage of the industry trends of consolidation and have ample “dry power” with over \$1 billion in cash and availability in our credit facility to act on opportunities.

The COVID-19 pandemic continues to impact Boyd’s business. Thus far in the third quarter of 2020, same-store sales activity has continued below normal levels, at approximately 14-16% below the same period of the prior year. As demand has gradually recovered from the lows experienced in early April, Boyd has been able to convert many locations back from temporary intake facilities to full production facilities and recall many employees who had previously been laid off. Notwithstanding the actions taken by Boyd, certain operating expenses and personnel costs, along with continued reduced demand for services will continue to impact the levels of Adjusted EBITDA that can be achieved during 2020.

During the second quarter of 2020, BGSi announced the election of John Hartmann and William Onuwa to its Board of Directors, as well as Gene Dunn’s retirement from the Board of Directors. Boyd is grateful for the many years of dedicated service Gene Dunn provided to the Company.

On behalf of the Directors of BGSi and Boyd Group employees, thank you for your continued support.

Sincerely,

(signed)

Tim O’Day
President & Chief Executive Officer

The following review of BGSI's operating and financial results for the period ended June 30, 2020, including material transactions and events of BGSI up to and including August 11, 2020, should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2020, as well as the annual audited consolidated financial statements, management discussion & analysis ("MD&A") and annual information form ("AIF") of Boyd Group Services Inc. (formerly reporting as Boyd Group Income Fund), as filed on SEDAR at www.sedar.com.

SIGNIFICANT EVENTS

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*.

On January 2, 2020, BGSI announced the appointment of Tim O'Day as President & CEO, pursuant to the previously announced CEO succession plan. Also pursuant to this CEO succession plan and concurrent with this change, Brock Bulbuck moved into the role of Executive Chair.

On March 17, 2020, the BGSI Board of Directors declared a cash dividend for the first quarter of 2020 of \$0.138 per common share. The dividend was paid on April 28, 2020 to common shareholders of record at the close of business on March 31, 2020.

On March 18, 2020, BGSI announced an increase to its existing credit agreement to expand the facility to \$550 million U.S., with an accordion feature to increase the facility to a maximum of \$825 million U.S., accompanied by the addition of a new seven-year fixed-rate Term Loan A in the amount of \$125 million U.S., maturing in March 2025 and March 2027, respectively.

On March 27, 2020, BGSI announced a number of business developments related to the COVID-19 pandemic, including changes to activity levels and corresponding Company actions.

On April 28, 2020, BGSI announced preliminary first quarter results, and the initiation of a bought deal public offering which closed on May 14, 2020.

On May 12, 2020, BGSI and its lending syndicate agreed to amend the Credit Facility covenants to provide additional covenant headroom, further enhancing the Company's financial flexibility. 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. During the suspension period referred to above, the Company is required to meet a minimum liquidity covenant, which, given the Company's cash position and undrawn facilities, is not expected to be burdensome.

On May 14, 2020, BGSI closed its previously announced bought deal public offering consisting of 1,265,000 shares at a price of \$183.00 per share, for gross proceeds of \$231.5 million.

On June 17, 2020, the BGSI Board of Directors declared a cash dividend for the second quarter of 2020 of \$0.138 per common share. The dividend was paid on July 29, 2020 to common shareholders of record at the close of business on June 30, 2020.

On June 30, 2020, BGSI announced the election of John Hartmann and William Onuwa to its Board of Directors, as well as Gene Dunn's retirement from the Board of Directors.

BGSI added 20 new collision locations since January 1, 2020 as follows:

Date	Location	Previously operated as
January 2, 2020	Parksville, BC	Crashpad Collision Services
January 6, 2020	Williamsville, NY	n/a intake center
January 17, 2020	Littleton, CO	n/a start-up
March 6, 2020	Indiana & Michigan, (14 locations)	Vision Collision
March 13, 2020	Waukesha, WI	Nagel Auto Body
March 23, 2020	Saanichton, BC	Maysa Ventures Ltd.
July 13, 2020	Kingston, ON	n/a intake center

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.

OUTLOOK

Boyd continues to take proactive steps to adapt to the new environment, which includes increased health and safety practices such as contact-free customer drop off & pickup, enhanced cleaning practices, social distancing, and wearing personal protective equipment. Thus far, Boyd has been able to successfully adjust and manage through the challenging situation that has arisen as a result of the COVID-19 pandemic. Recently, Boyd has been increasing production capacity as demand for collision repair services rises and growth opportunities emerge.

The COVID-19 pandemic continues to impact Boyd's business. Thus far in the third quarter of 2020, same-store sales activity has continued below normal levels, at approximately 14-16% below the same period of the prior year. As demand has gradually recovered from the lows experienced in early April, Boyd has been able to convert many locations back from temporary intake facilities to full production facilities and recall many employees who had previously been laid off. During the second quarter, demand gradually improved from the previously disclosed initial COVID-19 pandemic related decreases and has recently begun to stabilize in certain markets. Notwithstanding the actions taken by Boyd, certain operating expenses and personnel costs, along with continued reduced demand for services will continue to impact the levels of Adjusted EBITDA that can be achieved during 2020.

The Company will continue to pursue accretive growth through a combination of organic growth (same-store sales growth) as well as acquisitions and new store development. While Boyd paused on acquisition growth at the outset of the pandemic, the Company has recently decided to cautiously recommence closing and funding acquisitions. Acquisition activity will continue to slowly resume and will continue to include both single location acquisitions as well as multi-location acquisitions. The Company continues to evaluate strategic investments as they become available.

In the long-term, management remains confident in its business model and its ability to increase market share by expanding its presence in North America through strategic acquisitions alongside organic growth from Boyd's existing operations. Accretive growth will remain the Company's long-term focus whether it is through organic growth or acquisitions. The North American collision repair industry remains highly fragmented and offers attractive opportunities for industry leaders to build value through focused consolidation and economies of scale. As a growth company, Boyd's objective continues to be to maintain a conservative dividend policy that will provide the financial flexibility necessary to support growth initiatives while gradually increasing dividends over time. The Company remains confident in its management team, systems and experience. This, along with a strong financial position and financing options, positions Boyd well for success into the future.

BUSINESS ENVIRONMENT & STRATEGY

As at August 11, 2020, the business environment of the Company and strategies adopted by management remain unchanged from those described in BGSI's 2019 annual MD&A, except for the disruption caused by the COVID-19 pandemic as further described under the heading of "Business Risks and Uncertainties" and as described in BGSI's first quarter report of 2020.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Statements made in this interim report, other than those concerning historical financial information, may be forward-looking and therefore subject to various risks and uncertainties. Some forward-looking statements may be identified by words like “may”, “will”, “anticipate”, “estimate”, “expect”, “intend”, or “continue” or the negative thereof or similar variations. Readers are cautioned not to place undue reliance on such statements, as actual results may differ materially from those expressed or implied in such statements.

The following table outlines forward-looking information included in this MD&A:

Forward-looking Information	Key Assumptions	Most Relevant Risk Factors
Boyd remains confident in its business model to increase market share by expanding its presence in North America through strategic and accretive acquisitions alongside organic growth from Boyd’s existing operations	Re-emergence of stability in economic conditions and employment rates Pricing in the industry remains stable The Company’s customer and supplier relationships provide it with competitive advantages to increase sales over time Market share growth will more than offset systemic changes in the industry and environment Anticipated operating results would be accretive to overall Company results	Economic conditions continue to deteriorate, or economic recovery post-COVID-19 is slow Loss of one or more key customers or loss of significant volume from any customer Decline in the number of insurance claims Inability of the Company to pass cost increases to customers over time Increased competition which may prevent achievement of revenue goals Changes in market conditions and operating environment Changes in weather conditions Inability to maintain, replace or grow same-store technician capacity could impact organic growth
Stated objective to gradually increase dividends over time	Growing profitability of the Company and its subsidiaries The continued and increasing ability of the Company to generate cash available for dividends Balance sheet strength and flexibility is maintained and the dividend level is manageable taking into consideration bank covenants, growth requirements and maintaining a dividend level that is supportable over time	BGSI is dependent upon the operating results of the Company Economic conditions continue to deteriorate, or economic recovery post-COVID-19 is slow Changes in weather conditions Decline in the number of insurance claims Loss of one or more key customers or loss of significant volume from any customer Changes in government regulation
The Company plans to make capital expenditures (excluding those related to acquisition and development of new locations) within the range of 1.6% to 1.8% of COVID-19 affected sales. In addition, the Company plans to invest \$5 million in LED lighting in order to reduce energy consumption and enhance the shop work environment, and which is expected to achieve accretive returns on invested capital. Additionally, the Company plans to expand its Wow Operating Way practices to corporate business processes. The related technology and process efficiency project will result in a total \$9-10 million investment over the next 15 months and is expected to streamline various processes as well as generate economic returns after the project is fully implemented.	The actual cost for these capital expenditures agrees with the original estimate The purchase, delivery and installation of the capital items is consistent with the estimated timeline No other new capital requirements are identified or required during the period All identified capital requirements are required during the period Investment in LED lighting and process efficiency projects will generate positive returns	Expected actual expenditures could be above or below 1.6% to 1.8% of sales The timing of the expenditures could occur on a different timeline BGSI may identify additional capital expenditure needs that were not originally anticipated BGSI may identify capital expenditure needs that were originally anticipated; however, are no longer required or required on a different timeline Expected positive returns are not generated due to delays, increased costs, or unanticipated challenges in implementation

We caution that the foregoing table contains what BGSi believes are the material forward-looking statements and is not exhaustive. Therefore when relying on forward-looking statements, investors and others should refer to the “Risk Factors” section of BGSi’s Annual Information Form, the “Business Risks and Uncertainties” and other sections of our Management’s Discussion and Analysis and our other periodic filings with Canadian securities regulatory authorities. All forward-looking statements presented herein should be considered in conjunction with such filings.

NON-GAAP FINANCIAL MEASURES

EBITDA AND ADJUSTED EBITDA

Earnings before interest, taxes, depreciation and amortization (“EBITDA”) is not a calculation defined in International Financial Reporting Standards (“IFRS”). EBITDA should not be considered an alternative to net (loss) earnings in measuring the performance of BGSi, nor should it be used as an exclusive measure of cash flow. BGSi reports EBITDA and Adjusted EBITDA because it is a key measure that management uses to evaluate performance of the business and to reward its employees. EBITDA is also a concept utilized in measuring compliance with debt covenants. EBITDA and Adjusted EBITDA are measures commonly reported and widely used by investors and lending institutions as an indicator of a company’s operating performance and ability to incur and service debt, and as a valuation metric. While EBITDA is used to assist in evaluating the operating performance and debt servicing ability of BGSi, investors are cautioned that EBITDA and Adjusted EBITDA as reported by BGSi may not be comparable in all instances to EBITDA as reported by other companies.

CPA Canada’s Canadian Performance Reporting Board defined Standardized EBITDA to foster comparability of the measure between entities. Standardized EBITDA represents an indication of an entity’s capacity to generate income from operations before taking into account management’s financing decisions and costs of consuming tangible and intangible capital assets, which vary according to their vintage, technological age and management’s estimate of their useful life. Accordingly, Standardized EBITDA comprises sales less operating expenses before finance costs, capital asset amortization and impairment charges, and income taxes. Adjusted EBITDA is calculated to exclude items of an unusual nature that do not reflect normal or ongoing operations of BGSi and which should not be considered in a valuation metric or should not be included in assessment of ability to service or incur debt. Included in this category of adjustments prior to January 1, 2020 are the fair value adjustments to exchangeable Class A common shares, the fair value adjustments to unit based payment obligations, and the fair value adjustments to the non-controlling interest call liability / put option. Subsequent to January 1, 2020, included in this category of adjustments are the fair value adjustments to the non-controlling interest call liability / put option. These items are adjustments that did not have any cash impact on BGSi or the Fund. Also included as an adjustment to EBITDA are acquisition and transaction costs and fair value adjustments to contingent consideration, which do not relate to the current operating performance of the business units but are typically costs incurred to expand operations. Prior to the adoption of IFRS 16, *Leases* on January 1, 2019, lease expenses were included in operating expenses and were thereby included in the calculation of both Standardized and Adjusted EBITDA. On adoption of IFRS 16, *Leases* on January 1, 2019, lease expenses are no longer included in operating expenses. In 2019, these amounts were deducted in arriving at Adjusted EBITDA to enhance comparability with the prior period. Beginning January 1, 2020, these amounts are no longer deducted in arriving at Adjusted EBITDA. From time to time, BGSi may make other adjustments to its Adjusted EBITDA for items that are not expected to recur.

The following is a reconciliation of BGSI's net (loss) earnings to Standardized EBITDA and Adjusted EBITDA:

ADJUSTED EBITDA

<i>(thousands of Canadian dollars)</i>	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
Add:				
Finance costs	13,005	10,480	24,203	18,409
Income tax (recovery) expense	(2,094)	7,533	5,093	14,568
Depreciation of property, plant and equipment	12,694	10,015	24,249	19,090
Depreciation of right of use assets	25,973	22,475	50,963	43,479
Amortization of intangible assets	6,380	5,724	12,486	10,542
Standardized EBITDA	\$ 48,899	\$ 69,966	\$ 132,590	\$ 141,216
Add (less):				
Fair value adjustments	(95)	8,689	(3,155)	14,502
Acquisition and transaction costs	378	1,444	1,164	2,703
Adjusted EBITDA	\$ 49,182	\$ 80,099	\$ 130,599	\$ 158,421

Note: On adoption of IFRS 16, *Leases* on January 1, 2019, lease payments were deducted in arriving at Adjusted EBITDA to enhance comparability with prior period. Beginning January 1, 2020, these amounts are no longer being adjusted out in calculating Adjusted EBITDA and the comparative amounts have been restated for comparability with the current period.

ADJUSTED NET (LOSS) EARNINGS

In addition to Standardized EBITDA and Adjusted EBITDA, BGSI believes that certain users of financial statements are interested in understanding net (loss) earnings excluding certain fair value adjustments and other items of an unusual or infrequent nature that do not reflect normal or ongoing operations of the Company. This can assist these users in comparing current results to historical results that did not include such items. The following is a reconciliation of BGSI's net (loss) earnings to adjusted net (loss) earnings:

<i>(thousands of Canadian dollars, except unit and per unit amounts)</i>	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
Add:				
Fair value adjustments (non-taxable)	(95)	8,689	(3,155)	14,502
Acquisition and transaction costs (net of tax)	280	1,069	861	2,000
Adjusted net (loss) earnings	\$ (6,874)	\$ 23,497	\$ 13,302	\$ 51,630
Weighted average number of shares/units	20,860,546	19,869,620	20,533,870	19,831,434
Adjusted net (loss) earnings per share/unit	\$ (0.33)	\$ 1.18	\$ 0.65	\$ 2.60

Note: On adoption of IFRS 16, *Leases* on January 1, 2019, lease payments, associated finance costs and depreciation of right of use assets (net of tax) were deducted in arriving at adjusted net earnings to enhance comparability with prior period. Beginning January 1, 2020, these amounts are no longer being adjusted out in calculating adjusted net earnings and the comparative amounts have been restated for comparability with the current period.

Dividends and Distributions

Until December 31, 2019, the Fund and BGHI made monthly distributions, in accordance with their distribution policies, to unitholders of the Fund and dividends to Class A common shareholders of BGHI of record on the last day of each month, payable on or about the last business day of the following month. The amount of cash distributed by the Fund was equal to the pro rata share of interest or principal repayments received on the Notes and distributions received on or in respect of the Class I common shares of the Company held by the Fund, after deducting expenses of the Fund and any cash redemptions of the Fund during the period. The amount of cash distributed by BGHI was equal to the pro rata share of dividends received on or in respect of the Class II common shares of the Company held by BGHI, after deducting expenses of BGHI. All dividends paid or allocated to unitholders of the Fund or Class A shareholders of BGHI are considered to be eligible dividends for Canadian income tax purposes.

For the quarter ended June 30, 2020, on June 17, 2020, BGSi declared a quarterly dividend to shareholders of record on June 30, 2020. The dividend was paid on July 29, 2020. Dividends paid to shareholders of BGSi are considered to be eligible dividends for Canadian income tax purposes.

Dividends to shareholders of BGSi were declared and paid as follows:

<i>(thousands of Canadian dollars, except per share amounts)</i>				
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 to the BGHI shareholders were declared and paid as follows:

<i>(thousands of Canadian dollars, except per unit/share amounts)</i>					
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

RESULTS OF OPERATIONS

Results of operations, including sales, profitability and cash flows for the second quarter of 2020 were negatively impacted by the business slow down caused by the COVID-19 pandemic that began in mid-March of 2020.

Results of Operations						
<i>(thousands of Canadian dollars, except per unit amounts)</i>						
	Three months ended June 30,			Six months ended June 30,		
	2020	% change	2019	2020	% change	2019
Sales - Total	426,473	(25.5)	572,505	1,054,823	(6.7)	1,130,402
Same-store sales - Total (excluding foreign exchange)	378,528	(33.0)	565,019	896,212	(17.0)	1,079,228
Gross margin %	46.8	2.0	45.9	45.6	—	45.6
Operating expense %	35.3	10.7	31.9	33.2	5.1	31.6
Adjusted EBITDA ⁽¹⁾	49,182	(38.6)	80,099	130,599	(17.6)	158,421
Acquisition and transaction costs	378	(73.8)	1,444	1,164	(56.9)	2,703
Depreciation and amortization	45,047	17.9	38,214	87,698	20.0	73,111
Fair value adjustments	(95)	(101.1)	8,689	(3,155)	(121.8)	14,502
Finance costs	13,005	24.1	10,480	24,203	31.5	18,409
Income tax (recovery) expense	(2,094)	(127.8)	7,533	5,093	(65.0)	14,568
Adjusted net (loss) earnings ⁽¹⁾	(6,874)	(129.3)	23,497	13,302	(74.2)	51,630
Adjusted net (loss) earnings per share/unit ⁽¹⁾	(0.33)	(127.9)	1.18	0.65	(75.0)	2.60
Net (loss) earnings	(7,059)	(151.4)	13,739	15,596	(55.6)	35,128
Basic (loss) earnings per share/unit	(0.34)	(149.3)	0.69	0.76	(57.1)	1.77
Diluted (loss) earnings per share/unit	(0.34)	(154.0)	0.63	0.76	(52.2)	1.59

⁽¹⁾ As defined in the non- GAAP financial measures section of the MD&A.

Note: On adoption of IFRS 16, *Leases* on January 1, 2019, lease payments, associated finance costs and depreciation of right of use assets (net of tax) were deducted in arriving at adjusted net earnings and adjusted net earnings per unit, to enhance comparability with prior period. Lease payments were also deducted in arriving at adjusted EBITDA during 2019, to enhance comparability with prior period. Beginning January 1, 2020, these amounts are no longer being adjusted out in calculating adjusted EBITDA, adjusted net earnings and adjusted net earnings per share, and the comparative amounts have been restated for comparability with the current period.

2nd Quarter Comparison - Three months ended June 30, 2020 vs. 2019

Sales

Sales totaled \$426.5 million for the three months ended June 30, 2020, a decrease of \$146.0 million or 25.5% when compared to the same period of 2019. The decrease in sales was the result of the following:

- Same-store sales excluding foreign exchange decreased \$186.5 million or 33.0% and increased \$12.2 million due to the translation of same-store sales at a higher U.S. dollar exchange rate. Same-store sales excluding foreign exchange decreased 33.0% on a days adjusted basis, recognizing the same number of selling and production days in the U.S. and Canada in the second quarter of 2020 and 2019. Same-store sales in Canada were significantly lower than same-store sales in the U.S. during the second quarter of 2020, which reflects the much slower economic re-opening in Canada when compared to the U.S.
- \$30.4 million of incremental sales were generated from 79 new locations that were not in operation for the full comparative period.
- Sales were affected by the closure of under-performing facilities which decreased sales by \$2.1 million.

Same-store sales are calculated by including sales for locations and businesses that have been in operation for the full comparative period.

Gross Profit

Gross Profit was \$199.6 million or 46.8% of sales for the three months ended June 30, 2020, compared to \$262.8 million or 45.9% of sales for the same period in 2019. Gross profit decreased primarily as a result of lower sales due to the impact of the COVID-19 pandemic when compared to the prior period. The gross margin percentage improved as a result of higher labor margins and a higher mix of retail glass sales. The recognition of the Canada Emergency Wage Subsidy (“CEWS”) of approximately \$2.2 million helped mitigate incremental COVID-19 labor costs and also contributed to the gross margin improvement.

Operating Expenses

Operating Expenses for the three months ended June 30, 2020 decreased \$32.3 million to \$150.4 million from \$182.7 million for the same period of 2019. Excluding the impact of foreign currency translation which increased operating expenses by approximately \$4.7 million, expenses decreased \$27.6 million from 2019. The decrease in operating expenses was primarily the result of COVID-19 related cost reductions such as staffing reductions, salary and other compensation adjustments, and reductions to other variable expenses. In addition to amounts recorded to offset applicable wages recorded in cost of sales, operating expenses benefited from the CEWS of approximately \$2.5 million, which helped mitigate incremental COVID-19 indirect wage costs, recorded as an offset to applicable wages. Closed locations lowered operating expenses by \$1.0 million.

Operating expenses as a percentage of sales were 35.3% for the three months ended June 30, 2020, which compared to 31.9% for the same period in 2019. The increase as a percentage of sales was primarily due to the negative impact of the COVID-19 pandemic. While many operating expenses were managed in relation to the decline in sales, certain expenses, such as benefits, which were extended to staff that was temporarily laid off as well as certain costs that could not be reduced, such as property taxes and utility costs, increased as a percentage of sales.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for the three months ended June 30, 2020 were \$0.4 million compared to \$1.4 million recorded for the same period of 2019. The costs relate to various acquisitions, including acquisitions from prior periods, as well as other completed or potential acquisitions. Acquisition and transaction costs decreased due to the pause on closing and funding of acquisitions during the second quarter of 2020.

Adjusted EBITDA

Earnings before interest, income taxes, depreciation and amortization, adjusted for the non-controlling interest call liability / put option and contingent consideration, as well as acquisition and transaction costs and the 2019 impact of fair value adjustments related to the exchangeable share liability and unit option liability (“Adjusted EBITDA”)¹ for the three months ended June 30, 2020 totaled \$49.2 million or 11.5% of sales compared to Adjusted EBITDA of \$80.1 million or 14.0% of sales in the same period of the prior year. The \$30.9 million decrease was primarily due to the impact of the COVID-19 pandemic, including operating expenses that could not be mitigated.

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled \$12.7 million or 3.0% of sales for the three months ended June 30, 2020, an increase of \$2.7 million when compared to the \$10.0 million or 1.7% of sales recorded in the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth as well as investments in capital equipment. Depreciation as a percentage of sales increased due to the impact of COVID-19 on sales.

Depreciation related to right of use assets totaled \$26.0 million, or 6.1% of sales for the three months ended June 30, 2020, as compared to \$22.5 million or 3.9% of sales for the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth. Depreciation as a percentage of sales increased due to the impact of COVID-19 on sales.

Amortization of intangible assets for the three months ended June 30, 2020 totaled \$6.4 million or 1.5% of sales, an increase of \$0.7 million when compared to the \$5.7 million or 1.0% of sales expensed for the same period in the prior year. The increase is primarily the result of the addition of new intangible assets from acquisition growth. Amortization as a percentage of sales increased due to the impact of COVID-19 on sales.

Fair Value Adjustments

Fair Value Adjustment to Non-controlling Interest Call Liability resulted in no amount being recorded as a non-cash expense (recovery) for the three months ended June 30, 2020 compared to a non-cash recovery of \$1.1 million in the same period of the prior year. During the second quarter of 2020, BGSI exercised its call option to acquire the non-controlling interest portion of the glass business, resulting in a non-controlling interest call liability valued using the formula provided for under the Gerber Glass LLC Company Agreement. 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.

Fair Value Adjustment to Contingent Consideration resulted in a non-cash recovery of \$0.1 million for the three months ended June 30, 2020 compared to a non-cash recovery of \$0.03 million in the same period of the prior year. Contingent consideration is impacted by changes to the estimated payment due to sellers based on the acquisition meeting predetermined earnings targets during specified periods subsequent to the acquisition date.

Finance Costs

Finance Costs of \$13.0 million or 3.0% of sales for the three months ended June 30, 2020 increased from \$10.5 million or 1.8% of sales for the same period of the prior year. The increase in finance costs was primarily due to increased borrowing under the credit facility. Out of an abundance of caution during the uncertainty created by the COVID-19 pandemic, Boyd fully drew on the credit facilities near the end of March, other than under the swing line credit facilities and an accordion feature.

¹ As defined in the non-GAAP financial measures section of the MD&A.

Income Taxes

Current and Deferred Income Tax Recovery of \$2.1 million for the three months ended June 30, 2020 compared to an expense of \$7.5 million for the same period of the prior year. Income tax expense continues to be impacted by permanent differences, which impact the tax computed on accounting income.

Net (Loss) Earnings and (Loss) Earnings Per Share/Unit

Net Loss for the three months ended June 30, 2020 was \$7.1 million or (1.7)% of sales compared to net earnings of \$13.7 million or 2.4% of sales in the same period of the prior year. The net loss amount in 2020 was impacted by a recovery on the fair value adjustments to financial instruments of \$0.1 million, and acquisition and transaction costs of \$0.3 million (net of tax). After adjusting for fair value and other unusual items, Adjusted net loss² for the second quarter of 2020 was \$6.9 million, or (1.6)% of sales. This compares to Adjusted net earnings of \$23.5 million or 4.1% of sales in the same period of 2019. The decrease in the Adjusted net (loss) earnings for the period is the result of negative impacts of the COVID-19 pandemic, as well as the fixed nature of depreciation and amortization expenses and increased financing costs incurred with respect to the temporary drawdown of credit facilities.

Basic Loss Per Share was \$0.34 per share for the three months ended June 30, 2020 compared to basic earnings per unit of \$0.69 for the second quarter of 2019. The decrease in basic earnings per share/unit is primarily attributed to the impact of the COVID-19 pandemic. Diluted loss per share was \$0.34 for the three months ended June 30, 2020 compared to diluted earnings per unit of \$0.63 for the second quarter of 2019. Adjusted net loss per share was \$0.33 compared to adjusted net earnings per unit of \$1.18 for second quarter of 2019. The decrease in adjusted net (loss) earnings per share/unit is primarily attributed to the impact of the COVID-19 pandemic.

Year-to-date Comparison - Six months ended June 30, 2020 vs. 2019

Sales

Sales totaled \$1,054.8 million for the six months ended June 30, 2020 a decrease of \$75.6 million or 6.7% when compared to the same period of 2019. The decrease in sales was the result of the following:

- Same-store sales excluding foreign exchange decreased \$183.0 million or 17.0%, partially offset by an increase of \$16.3 million due to the translation of same-store sales at a higher U.S. dollar exchange rate. The decrease in same-store sales percentage was negatively impacted by the business slow down caused by the COVID-19 pandemic that began in mid-March of 2020. Both Canada and the U.S. benefited from an additional selling and production day during the first six months of 2020.
- \$95.1 million of incremental sales were generated from 120 new locations that were not in operation for the full comparative period.
- Sales were affected by the closure of under-performing facilities which decreased sales by \$4.0 million.

Same-store sales are calculated by including sales for locations and businesses that have been in operation for the full comparative period.

Gross Profit

Gross Profit was \$480.9 million or 45.6% of sales for the six months ended June 30, 2020 compared to \$515.7 million or 45.6% of sales for the same period in 2019. Gross profit decreased primarily as a result of the negative impact of the COVID-19 pandemic. The gross margin percentage was improved by a higher mix of retail glass sales and the recognition of the CEWS, offset by fluctuations in DRP pricing, as well as lower parts margins.

² As defined in the non-GAAP financial measures section of the MD&A.

Operating Expenses

Operating Expenses for the six months ended June 30, 2020 decreased \$7.0 million to \$350.3 million from \$357.3 million for the same period of 2019. The decrease in operating expenses was primarily the result of COVID-19 related cost reductions such as staffing reductions, salary and other compensation adjustments, and reductions to other variable expenses. Operating expenses benefited from the CEWS, recorded as an offset to applicable indirect wages. Excluding the impact of foreign currency translation which increased operating expenses by approximately \$6.5 million, expenses decreased \$13.5 million from 2019. Closed locations lowered operating expenses by \$1.7 million.

Operating expenses as a percentage of sales were 33.2% for the six months ended June 30, 2020, which compared to 31.6% for the same period in 2019. The increase as a percentage of sales was primarily due to the negative impact of the COVID-19 pandemic. While many operating expenses were managed in relation to the decline in sales, certain expenses, such as benefits which were extended to staff that was temporarily laid off as well as certain costs that could not be reduced, such as property taxes and utility costs, increased as a percentage of sales.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for the six months ended June 30, 2020 were \$1.2 million compared to \$2.7 million recorded for the same period of 2019. The costs relate to various acquisitions, including acquisitions from prior periods, as well as other completed or potential acquisitions. Acquisition and transaction costs decreased due to the pause on closing and funding of acquisitions during the second quarter of 2020.

Adjusted EBITDA

Earnings before interest, income taxes, depreciation and amortization, adjusted for the non-controlling interest call liability / put option and contingent consideration, as well as acquisition and transaction costs and the 2019 impact of fair value adjustments related to the exchangeable share liability and unit option liability ("Adjusted EBITDA") for the six months ended June 30, 2020 totaled \$130.6 million or 12.4% of sales compared to Adjusted EBITDA of \$158.4 million or 14.0% of sales in the same period of the prior year. The \$27.8 million decrease was primarily the result of the business slow down caused by the COVID-19 pandemic, including operating expenses that could not be mitigated. Changes in U.S. dollar exchange rates in 2020 increased Adjusted EBITDA by \$2.5 million.

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled \$24.2 million or 2.3% of sales for the six months ended June 30, 2020, an increase of \$5.1 million when compared to the \$19.1 million or 1.7% of sales recorded in the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth as well as investments in capital equipment in prior periods. Depreciation as a percentage of sales increased due to the impact of COVID-19 on sales.

Depreciation related to right of use assets totaled \$51.0 million, or 4.8% of sales for the six months ended June 30, 2020, as compared to \$43.5 million or 3.8% of sales for the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth in prior periods. Depreciation as a percentage of sales increased due to the impact of COVID-19 on sales.

Amortization of intangible assets for the six months ended June 30, 2020 totaled \$12.5 million or 1.2% of sales, an increase of \$2.0 million when compared to the \$10.5 million or 0.9% of sales expensed for the same period in the prior year. The increase is primarily the result of the addition of new intangible assets from recent acquisitions. Amortization as a percentage of sales increased due to the impact of COVID-19 on sales.

Fair Value Adjustments

Fair Value Adjustment to Non-controlling Interest Call Liability / Put Option resulted in a non-cash recovery of \$3.5 million for the six months ended June 30, 2020 compared to a non-cash recovery of \$3.6 million in the same period of the prior year. The Glass America non-controlling interest call liability transaction was completed on January 31, 2019, with no fair value adjustment recorded during the period ended June 30, 2019. During the second quarter of 2020, BGSI exercised its call option to acquire the remaining non-controlling interest portion of the glass business, resulting in a non-controlling interest call liability valued using the formula provided for under the Gerber Glass LLC Company Agreement. 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.

Fair Value Adjustment to Contingent Consideration resulted in a non-cash expense of \$0.4 million for the six months ended June 30, 2020 compared to a non-cash recovery of \$0.2 million in the same period of the prior year. Contingent consideration is impacted by changes to the estimated payment due to sellers based on the acquisition meeting predetermined earnings targets during specified periods subsequent to the acquisition date.

Finance Costs

Finance Costs of \$24.2 million or 2.3% of sales for the six months ended June 30, 2020 increased from \$18.4 million or 1.6% of sales for the same period of the prior year. The increase in finance costs was primarily due to increased borrowing under the credit facility. Out of an abundance of caution during the uncertainty created by the COVID-19 pandemic, Boyd fully drew on the credit facilities near the end of March, other than under the swing line credit facilities and an accordion feature. During the first quarter, finance costs related to the unamortized deferred financing costs of \$0.4 million were expensed as the revolving credit facility was amended and restated.

Income Taxes

Current and Deferred Income Tax Expense of \$5.1 million for the six months ended June 30, 2020 compared to an expense of \$14.6 million for the same period of the prior year. Income tax expense continues to be impacted by permanent differences, which impact the tax computed on accounting income. During the first quarter of 2019, a permanent difference on the completion of the call option transaction reduced income tax expense.

Net Earnings and Earnings Per Share/Unit

Net Earnings for the six months ended June 30, 2020 was \$15.6 million or 1.5% of sales compared to \$35.1 million or 3.1% of sales in the same period of the prior year. The net earnings amount in 2020 was positively impacted by fair value adjustments to financial instruments of \$3.2 million, which were primarily due to the decrease in the EBITDA amount on which the calculation of the call liability is based, and acquisition and transaction costs of \$0.9 million (net of tax). After adjusting for fair value and other unusual items, Adjusted net earnings for the first six months of 2020 was \$13.3 million, or 1.3% of sales. This compares to Adjusted net earnings of \$51.6 million or 4.6% of sales in the same period of 2019. The decrease in the Adjusted net earnings for the period is the result of the negative impact of the COVID-19 pandemic.

Basic Earnings Per Share was \$0.76 per share for the six months ended June 30, 2020 compared to basic earnings per unit of \$1.77 for the same period of 2019. The decrease in basic earnings per share is primarily attributed to the impact of the COVID-19 pandemic. Diluted earnings per share was \$0.76 for the six months ended June 30, 2020 compared to diluted earnings per unit of \$1.59 for the same period of 2019. Adjusted net earnings per share was \$0.65 compared to adjusted net earnings per unit of \$2.60 for the same period of 2019. The decrease in adjusted net earnings per share is primarily attributed to the negative impact of the COVID-19 pandemic.

Summary of Quarterly Results (in thousands of Canadian dollars, except per share/unit amounts)									
	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	
Sales	\$ 426,473	\$ 628,350	\$ 585,966	\$ 566,957	\$ 572,505	\$ 557,897	\$ 495,131	\$ 459,564	
Adjusted EBITDA, pre IFRS 16, Leases basis ⁽¹⁾	N/A	N/A	\$ 56,430	\$ 50,656	\$ 54,335	\$ 54,175	\$ 47,563	\$ 41,203	
Adjusted EBITDA ⁽¹⁾	\$ 49,182	\$ 81,417	\$ 84,053	\$ 77,398	\$ 80,099	\$ 78,322	N/A	N/A	
Net (loss) earnings	\$ (7,059)	\$ 22,655	\$ 14,253	\$ 14,766	\$ 13,739	\$ 21,389	\$ 29,904	\$ 16,571	
Basic (loss) earnings per share/unit	\$ (0.34)	\$ 1.12	\$ 0.72	\$ 0.74	\$ 0.69	\$ 1.08	\$ 1.52	\$ 0.84	
Diluted (loss) earnings per share/unit	\$ (0.34)	\$ 0.95	\$ 0.72	\$ 0.74	\$ 0.63	\$ 0.95	\$ 1.19	\$ 0.75	
Adjusted net (loss) earnings ⁽¹⁾	\$ (6,874)	\$ 20,177	\$ 23,786	\$ 20,651	\$ 23,497	\$ 28,134	\$ 23,174	\$ 20,403	
Adjusted net (loss) earnings per share/unit ⁽¹⁾	\$ (0.33)	\$ 1.00	\$ 1.20	\$ 1.04	\$ 1.18	\$ 1.42	\$ 1.17	\$ 1.04	
⁽¹⁾ As defined in the non-GAAP financial measures section of the MD&A.									

Note: On adoption of IFRS 16, *Leases* on January 1, 2019, lease payments, associated finance costs and depreciation of right of use assets (net of tax) were deducted in arriving at adjusted net earnings to enhance comparability with prior period. Lease payments were also deducted in arriving at Adjusted EBITDA during 2019, to enhance comparability with prior period. Beginning January 1, 2020, these amounts are no longer being adjusted out in calculating adjusted EBITDA, adjusted net earnings and the comparative amounts have been restated for comparability with the current period.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations, together with cash on hand and unutilized credit available on existing credit facilities are expected to be sufficient to meet operating requirements, capital expenditures and dividends. At June 30, 2020, BGSi had cash, net of outstanding deposits and cheques, held on deposit in bank accounts totaling \$510.2 million (December 31, 2019 - \$35.5 million). A significant increase in the cash balance as at June 30, 2020 is the result of draws on the revolving credit facility made out of an abundance of caution during the uncertainty created by the COVID-19 pandemic, to better position the Company to withstand the uncertain impact of the economic downturn, as well as proceeds received on the offering completed on May 14, 2020. The net working capital ratio (current assets divided by current liabilities) was 1.74:1 at June 30, 2020 (December 31, 2019 – 0.57:1).

At June 30, 2020, BGSi had total debt outstanding, net of cash, of \$708.7 million compared to \$949.9 million at March 31, 2020, \$893.2 million at December 31, 2019, \$895.0 million at September 30, 2019 and \$804.3 million at June 30, 2019. Debt, net of cash, increased when compared to December 31, 2019 as a result of draws on the revolving credit facility and seller notes used to fund acquisitions. Debt, net of cash, decreased when compared to March 31, 2020 as a result of the proceeds received on the offering completed on May 14, 2020.

Total debt, net of cash <i>(thousands of Canadian dollars)</i>	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Revolving credit facility (net of financing costs)	\$ 433,511	\$ 713,656	\$ 339,185	\$ 343,176	\$ 288,928
Term Loan A (net of financing costs)	169,827	176,789	—	—	—
Seller notes ⁽¹⁾	76,961	85,426	76,084	75,174	70,185
Total debt before lease liabilities	\$ 680,299	\$ 975,871	\$ 415,269	\$ 418,350	\$ 359,113
Cash	510,197	576,493	35,468	41,068	46,296
Total debt, net of cash before lease liabilities	\$ 170,102	\$ 399,378	\$ 379,801	\$ 377,282	\$ 312,817
Lease liabilities	538,591	550,501	513,373	517,735	491,523
Total debt, net of cash	\$ 708,693	\$ 949,879	\$ 893,174	\$ 895,017	\$ 804,340
⁽¹⁾ Seller notes are loans granted to the Company by the sellers of businesses related to the acquisition of those businesses.					

Subsequent to the end of the second quarter of 2020, a repayment of the revolving credit facility was made in the amount of \$167.5 million U.S.

Operating Activities

Cash flow generated from operations, before considering working capital changes, was \$43.9 million for the three months ended June 30, 2020 compared to \$74.6 million in the same period of 2019.

In the second quarter of 2020, changes in working capital items provided net cash of \$16.0 million compared with \$7.7 million in the same period of 2019. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures.

Cash flow generated from operations before considering working capital changes, was \$135.1 million for the six months ended June 30, 2020 compared to \$146.0 million for the same period in 2019.

For the six months ended June 30, 2020, changes in working capital items provided net cash of \$17.0 million compared with providing \$2.6 million in the same period of 2019. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures.

Financing Activities

Cash used in financing activities totaled \$82.2 million for the three months ended June 30, 2020 compared to cash used in financing activities of \$42.9 million during the same period of the prior year. During the second quarter of 2020, cash was used to repay draws as well as long-term debt associated with seller notes in the amount of \$263.7 million and to fund interest costs on long-term debt of \$7.0 million. Cash used by financing activities included \$24.5 million in repayments of lease liabilities and cash used to fund interest costs on lease liabilities of \$5.8 million. Cash was also used to pay dividends of \$2.8 million. In the second quarter of 2020, the Company completed a bought deal financing, resulting in gross proceeds of \$231.5 million, as well as the payment of \$9.8 million in issue costs. During the second quarter of 2019, cash was provided by draws of the revolving credit facility in the amount of \$20.0 million, offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$28.5 million and cash used to fund interest costs on long-term debt of \$4.8 million. Cash used by financing activities included \$21.2 million used to repay lease liabilities and cash used to fund interest costs on lease liabilities of \$5.6 million. Cash was also used to pay distribution and dividends totaling \$2.7 million.

Cash provided by financing activities totaled \$399.8 million for the six months ended June 30, 2020 compared to cash used in financing activities of \$15.7 million for the same period of the prior year. During 2020, cash was provided by draws of the revolving credit facility in the amount of \$691.4 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$433.9 million and to fund interest costs on long-term debt of \$12.4 million. Cash used by financing activities included \$48.5 million in repayments of lease liabilities and cash used to fund interest costs on lease liabilities of \$11.7 million. Cash was also used to pay distributions and dividends of \$3.7 million. During 2020, the Company completed a corporate conversion as well as a bought deal financing, resulting in gross proceeds on the offering of \$231.5 million, as well as the payment of \$11.0 million in issue costs. The Company also amended the revolving credit facility, resulting in the payment of \$1.9 million of financing costs. During 2019, cash was provided by draws of the revolving credit facility in the amount of \$100.2 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$37.7 million and to fund interest costs on long-term debt of \$7.4 million. Cash used by financing activities included \$41.1 million used to repay lease liabilities and cash used to fund interest costs on lease liabilities of \$10.9 million. Cash was also used to pay distributions to unitholders and dividends to Class A common shareholders totaling \$5.4 million. In the first quarter of 2019, the Company completed the call option transaction and paid \$13.2 million to acquire the non-controlling interest in Glass America LLC.

Debt Financing

On March 17, 2020, the Company entered into a third amended and restated credit agreement, increasing the revolving credit facility to \$550 million U.S., with an accordion feature which can increase the facility to a maximum of \$825 million U.S. (the “revolving credit facility”, or the “facility”). The revolving credit facility is accompanied by a new seven-year fixed-rate Term Loan A in the amount of \$125 million U.S. at an interest rate of 3.455%. The revolving credit 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, while Term Loan A is with one of the syndicated banks. The interest rate for draws on the revolving credit facility 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 \$10.0 million U.S. in Canada and \$30.0 million U.S. in the U.S. At June 30, 2020, the Company has drawn \$220.0 million U.S. (December 31, 2019 - \$158.3 million U.S.) and \$135.0 million Canadian (December 31, 2019 - \$134.0 million) on the revolving credit facility and \$125.0 million U.S. (December 31, 2019 - \$nil) on the Term Loan A.

Under the revolving credit facility, 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 funded 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 funded debt to EBITDA ratio may be increased to less than 4.00. For purposes of covenant calculations, property lease payments are deducted from EBITDA. During the second quarter of 2020, the Company has amended certain financial covenants under the revolving credit facility to provide additional covenant headroom, further

enhancing the Company's financial flexibility. While the Company has not breached any covenants, 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 million U.S., which, given the Company's cash position and undrawn facilities, is not expected to be burdensome.

The Company supplements its debt financing by negotiating with sellers in certain acquisitions to provide financing to the Company in the form of term notes. The notes payable to sellers are typically at favorable interest rates and for terms of one to 15 years. This source of financing is another means of supporting BGSI's growth, at a relatively low cost. During the second quarter of 2020, BGSI entered into no new seller notes. During the six months ended June 30, 2020, BGSI entered into two new seller notes for an aggregate amount of \$6.9 million.

Shareholders' Capital

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*. As a result of the Arrangement, Fund unitholders and Boyd Group Holdings Inc. ("BGHI") Class A common shareholders received one BGSI common share in exchange for each Fund unit and BGHI Class A common share held by them.

On May 14, 2020, BGSI closed its previously announced bought deal financing consisting of 1,265,000 shares at a price of \$183.00 per share, with net proceeds of the offering to fund potential future acquisition opportunities once the impact of COVID-19 is better understood, as well as to further strengthen the Company's balance sheet through either holding cash or debt repayment, and for general corporate purposes.

Investing Activities

Cash used in investing activities totaled \$22.9 million and \$66.5 million for the three months ended June 30, 2020 and the six months ended June 30, 2020, respectively. This compares to \$44.5 million and \$149.2 million used in the prior periods, respectively. The investing activity in both periods related primarily to new location growth that occurred during these periods.

Acquisitions and Development of Businesses

Since the beginning of 2020, the Company has added 20 collision locations as follows:

Date	Location	Previously operated as
January 2, 2020	Parksville, BC	Crashpad Collision Services
January 6, 2020	Williamsville, NY	n/a intake center
January 17, 2020	Littleton, CO	n/a start-up
March 6, 2020	Indiana & Michigan, (14 locations)	Vision Collision
March 13, 2020	Waukesha, WI	Nagel Auto Body
March 23, 2020	Saanichton, BC	Maysa Ventures Ltd.
July 13, 2020	Kingston, ON	n/a intake center

The Company completed the acquisition or start-up of 73 locations from the beginning of 2019 until the second quarter reporting date of August 13, 2019.

Capital Expenditures

Although most of Boyd's repair facilities are leased, funds are required to ensure facilities are properly repaired and maintained to ensure the Company's physical appearance communicates Boyd's standard of professional service and quality. The Company's need to maintain its facilities and upgrade or replace equipment, signage, computers, software and vehicles forms part of the annual cash requirements of the business. The Company manages these expenditures by annually reviewing and determining its capital budget needs and then authorizing major expenditures throughout the year based upon individual business cases. Excluding expenditures related to acquisition and development, those funded through leases, and the investment in LED lighting, the Company spent approximately \$7.8 million or 1.8% of sales on capital expenditures during the second quarter of 2020, compared to \$6.4 million or 1.1% of sales during the same period of 2019. During the first six months of 2020, excluding expenditures related to acquisition and development, those funded through leases, and the investment in LED lighting, the Company spent approximately \$15.5 million, or 1.5% of sales on capital expenditures, compared to \$14.1 million or 1.2% of sales during the same period of 2019.

The Company has resumed its capital investment plans and plans to make cash capital expenditures, excluding those related to acquisition and development of new locations, within the range of 1.6% and 1.8% of COVID-19 affected sales. In addition to these capital expenditures, the Company plans to invest \$5 million in LED lighting in order to reduce energy consumption and enhance the shop work environment. This investment will not only provide environmental and social benefits but also achieve accretive returns on invested capital. During the six months ended June 30, 2020, the Company has spent approximately \$2.9 million on LED lighting. Additionally, the Company plans to expand its Wow Operating Way practices to corporate business processes. The related technology and process efficiency project will result in a total \$9-10 million investment over the next 15 months and will also be expected to streamline various processes as well as generate economic returns after the project is fully implemented. This initiative began in the third quarter of 2020. While the Company temporarily paused on these planned investments when the COVID-19 pandemic initially began to impact the business, the impacts of the COVID-19 pandemic have become clearer and the impact on the Company has begun to stabilize.

LEGAL PROCEEDINGS

Neither BGSI, nor any of its subsidiaries are involved in any legal proceedings which are material in any respect.

RELATED PARTY TRANSACTIONS

Boyd has not entered into any new related party transactions beyond the items disclosed in the 2019 annual report, except for the completion of 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 whereby BGSI acquired the 21.16% non-controlling interest in Gerber Glass LLC subsequent to the end of the second quarter of 2020.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements that present fairly the financial position, financial condition and results of operations requires that BGSI make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

The critical accounting estimates are substantially unchanged from those identified in the 2019 annual MD&A.

INTERNAL CONTROL OVER FINANCIAL REPORTING

BGSI's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. During the second quarter of 2020, there have been no changes in BGSI's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, BGSI's internal control over financial reporting.

BUSINESS RISKS AND UNCERTAINTIES

Risks and uncertainties affecting the business remain substantially unchanged from those identified in the 2019 annual MD&A, except as follows:

Pandemic Risk & Economic Downturn

A local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness, could decrease the willingness of the general population to travel or customers to patronize the Company's facilities, cause shortages of employees to staff the Company's facilities, interrupt supplies from third parties upon which the Company relies, result in governmental regulation adversely impacting the Company's business and otherwise have a material adverse effect on the Company's business, financial condition and results of operations. Disruptions in financial markets, regional economies and the world economy have been caused by the COVID-19 pandemic. This disruption has resulted in, and continues to result in decreased demand for the services the Company provides. The COVID-19 pandemic has resulted in a widespread health crisis that has adversely affected the economies and financial markets of many regions and countries. There can be no assurance that this disruption in financial markets, regional economies and the world economy will not continue to negatively affect the financial performance of the Company.

Historically the auto collision repair industry has proven to be resilient to typical economic downturns along with the accompanying unemployment, and while the Company works to mitigate the effect of current economic downturn on its operations, economic conditions, which are beyond the Company's control, have led to a decrease in accident repair claims volumes due to fewer miles driven and due to vehicle owners being less inclined to have their vehicles repaired. It is difficult to predict the severity and the duration of the decrease in claims volumes resulting from this economic downturn and the accompanying unemployment and what affect it may have on the auto collision repair industry, in general, and the financial performance of the Company in particular. There can be no assurance that the economic downturn will not continue to negatively affect the financial performance of the Company.

Acquisition Risk

In the long-term, the Company plans to continue to increase revenues and earnings through the acquisition of collision repair facilities and other businesses. The COVID-19 pandemic resulted in a short term pause on funding and closing acquisition activity. However, with the business improvements experienced from the initial lows of the pandemic, acquisition activity will be pursued as opportunities arise. The Company follows a detailed process of due diligence and approvals to limit the possibility of acquiring a non-performing location or business. However, there can be no assurance that the Company will be able to find suitable acquisition targets at acceptable pricing levels without incurring cost overruns, or that the locations acquired will achieve sales and profitability levels to justify the Company's investment.

Employee Relations and Staffing

Boyd, at its fiscal year end 2019, employed approximately 9,922 people, of which 1,513 were in Canada and 8,409 were in the U.S. The current work force is not unionized, except for approximately 31 employees located in the U.S. who are subject to collective bargaining agreements. Due to the decrease in demand associated with the COVID-19 pandemic, workforce layoffs took place. There is a risk that the Company will not be able to bring back all employees that have been laid off when demand returns to pre-COVID-19 pandemic levels.

The COVID-19 pandemic has disrupted staffing and could impact the volume and pace at which collision repair shops can fix damaged vehicles. Such disruption has resulted in the temporary conversion of collision repair locations to intake locations, and could result in temporary closure of collision repair facilities. The COVID-19 pandemic has resulted in a widespread health crisis that has adversely affected the financial performance of the Company in the short-term.

Decline in Number of Insurance Claims

The automobile collision repair industry is dependent on the number of accidents which occur and, for the most part, become repairable insurance claims. The volume of accidents and related insurance claims can be significantly impacted by technological disruption and changes in technology such as ride sharing, collision avoidance systems, driverless vehicles and other safety improvements made to vehicles. Other changes which have and can continue to affect insurance claim volumes include, but are not limited to, weather, general economic conditions, unemployment rates, changing demographics, vehicle miles driven, new vehicle production, insurance policy deductibles, auto insurance premiums, photo radar and graduated licensing. In addition, repairable claims volumes have been and can continue to be impacted by an increased number of non-repairable claims or total loss. Reduced travel due to the COVID-19 pandemic has negatively impacted claim volumes. There can be no assurance that a continued decline in insurance claims will not occur, which could reduce Boyd's revenues and result in a material adverse effect on the Company's business.

Environmental, Health and Safety Risk

The COVID-19 pandemic has required the Company to develop and execute revised operating procedures intended to mitigate safety and health risks in the work environment. However, as intake locations are converted back to collision repair locations and temporarily laid off employees are recalled, there can be no assurance that the enhanced protocols put in place will protect against an outbreak that could result in lost time and negatively affect the financial performance of the Company.

ADDITIONAL INFORMATION

BGSI's shares trade on the Toronto Stock Exchange under the symbol TSX: BYD. Additional information relating to the BGSI is available on SEDAR (www.sedar.com) and the Company website (www.boydgroup.com).

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, **Timothy O'Day, Chief Executive Officer, Boyd Group Services Inc.**, certify the following:

1. **Review:** I have reviewed the interim financial report and MD&A (together, the "interim filings") of **Boyd Group Services Inc.** (the "issuer") for the interim period ended **June 30, 2020**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the financial year end
 - a. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - i. material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
 - ii. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - b. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.
- 5.1 **Control framework:** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is the Internal Control – Integrated Framework (COSO 2013 Framework), published by The Committee of Sponsoring Organizations of the Treadway Commission.
- 5.2 **ICFR – material weakness relating to design:** N/A
- 5.3 **Limitation on scope of design:** N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer's ICFR that occurred during the period beginning on April 1, 2020 and ended on June 30, 2020 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

Date: August 12, 2020

(signed)

Tim O'Day
President & Chief Executive Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, **Narendra Pathipati, Chief Financial Officer, Boyd Group Services Inc.**, certify the following:

1. **Review:** I have reviewed the interim financial report and MD&A (together, the “interim filings”) of **Boyd Group Services Inc.** (the “issuer”) for the interim period ended **June 30, 2020**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the financial year end
 - a. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - i. material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
 - ii. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - b. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework (COSO 2013 Framework), published by The Committee of Sponsoring Organizations of the Treadway Commission.
- 5.2 **ICFR – material weakness relating to design:** N/A
- 5.3 **Limitation on scope of design:** N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on April 1, 2020 and ended on June 30, 2020 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: August 12, 2020

(signed)

Narendra Pathipati
Executive Vice President & Chief Financial Officer



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)

For the three and six months ended June 30, 2020 and 2019
(thousands of Canadian dollars, except unit, share and per unit/share amounts)

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)

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

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

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

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)

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

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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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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

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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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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,
As at	2020	2019
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.