



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

Interim Condensed Consolidated Financial Statements

Three Months Ended March 31, 2020

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

		March 31, 2020	December 31, 2019
	<i>Note</i>		
Assets			
Current assets:			
Cash		\$ 576,493	\$ 35,468
Accounts receivable		105,817	112,748
Income taxes recoverable		12,213	1,267
Inventory		40,655	47,912
Prepaid expenses		40,913	33,488
		776,091	230,883
Property, plant and equipment	6	336,459	295,584
Right of use assets	7	505,441	472,818
Intangible assets	8	375,281	347,367
Goodwill	9	609,088	554,601
		\$ 2,602,360	\$ 1,901,253
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 281,504	\$ 269,769
Distributions and dividends payable	10	2,788	931
Current portion of long-term debt	11	24,596	22,122
Current portion of lease liabilities	12	120,398	109,559
		429,286	402,381
Long-term debt	11	951,275	393,147
Lease liabilities	12	430,103	403,814
Deferred income tax liability		59,913	39,010
Unearned rebates		9,768	9,142
Exchangeable Class A common shares	10, 14	-	37,332
Non-controlling interest put option	14	1,344	4,515
		1,881,689	1,289,341
Equity			
Accumulated other comprehensive earnings		104,588	52,164
Retained earnings		64,371	44,504
Shareholders' / Unitholders' capital		547,710	511,242
Contributed surplus		4,002	4,002
		720,671	611,912
		\$ 2,602,360	\$ 1,901,253

The accompanying notes 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, except share / unit amounts)

	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)
Distributions 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 \$303)		(864)				(864)
Shares issued in connection with conversion to corporate form	<i>4</i>	184,813	37,332			37,332
Other comprehensive earnings				52,424		52,424
Net earnings					22,655	22,655
Comprehensive earnings				52,424	22,655	75,079
Dividends to shareholders	<i>10</i>				(2,788)	(2,788)
Balances - March 31, 2020	20,207,194	\$ 547,710	\$ 4,002	\$ 104,588	\$ 64,371	\$ 720,671
Balances - January 1, 2019	19,823,475	\$ 475,424	\$ 4,002	\$ 77,637	\$ 14,038	\$ 571,101
Issue costs (net of tax of \$nil)		(101)				(101)
Units issued in connection with acquisition	45,371	5,538				5,538
Retractions	174	19				19
Other comprehensive loss				(9,898)		(9,898)
Net earnings					21,389	21,389
Comprehensive earnings				(9,898)	21,389	11,491
Adjustment on adoption of IFRS 16 (net of tax of \$8,442)					(22,902)	(22,902)
Distributions to unitholders	<i>10</i>				(2,677)	(2,677)
Balances - March 31, 2019	19,869,020	\$ 480,880	\$ 4,002	\$ 67,739	\$ 9,848	\$ 562,469

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

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

		Three months ended March 31,	
		2020	2019
Sales	Note 16	\$ 628,350	\$ 557,897
Cost of sales		346,970	304,914
Gross profit		281,380	252,983
Operating expenses		199,963	174,661
Acquisition and transaction costs		786	1,259
Depreciation of property, plant and equipment	6	11,555	9,075
Depreciation of right of use assets	7	24,990	21,004
Amortization of intangible assets	8	6,106	4,818
Fair value adjustments	13	(3,060)	5,813
Finance costs		11,198	7,929
		251,538	224,559
Earnings before income taxes		29,842	28,424
Income tax expense (recovery)			
Current		(10,348)	5,714
Deferred		17,535	1,321
		7,187	7,035
Net earnings		\$ 22,655	\$ 21,389

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Basic earnings per share / unit	17	\$1.12	\$1.08
Diluted earnings per share / unit	17	\$0.95	\$0.95
Basic weighted average number of shares / units			
outstanding	17	20,207,194	19,839,203
Diluted weighted average number of shares / units			
outstanding	17	20,214,223	19,874,950

BOYD GROUP SERVICES INC.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS****(Unaudited)***(thousands of Canadian dollars)*

	Three months ended March 31,	
	2020	2019
Net earnings	\$ 22,655	\$ 21,389
Other comprehensive earnings (loss)		
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of Earnings		
Change in unrealized earnings on translating financial statements of foreign operations	52,424	(9,898)
Other comprehensive earnings (loss)	52,424	(9,898)
Comprehensive earnings	\$ 75,079	\$ 11,491

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 March 31,	
		2020	2019
	<i>Note</i>		
Cash flows from operating activities			
Net earnings		\$ 22,655	\$ 21,389
Adjustments for			
Fair value adjustments	13	(3,060)	5,813
Deferred income taxes		17,535	1,321
Finance costs		11,198	7,929
Amortization of intangible assets	8	6,106	4,818
Depreciation of property, plant and equipment	6	11,555	9,075
Depreciation of right of use assets	7	24,990	21,004
Other		204	18
		91,183	71,367
Changes in non-cash working capital items		1,033	(5,076)
		92,216	66,291
Cash flows from financing activities			
Issue costs	18	(1,166)	(101)
Increase in obligations under long-term debt	11	691,373	80,228
Repayment of long-term debt, principal	11	(170,209)	(9,254)
Repayment of obligations under property leases, principal		(23,213)	(18,935)
Repayment of obligations under vehicle and equipment leases, principal		(790)	(944)
Interest on long-term debt	11	(5,355)	(2,572)
Interest on property leases		(5,745)	(5,212)
Interest on vehicle and equipment leases		(116)	(119)
Acquisition of non-controlling interest in Glass America LLC		-	(13,152)
Dividends and distributions paid		(931)	(2,705)
Payment of financing costs	11	(1,841)	-
		482,007	27,234
Cash flows used in investing activities			
Proceeds on sale of equipment and software		211	47
Equipment purchases and facility improvements		(9,338)	(7,283)
Acquisition and development of businesses (net of cash acquired)		(34,196)	(97,074)
Software purchases and licensing	8	(213)	(360)
		(43,536)	(104,670)
Effect of foreign exchange rate changes on cash		10,338	(1,139)
Net increase (decrease) in cash position		541,025	(12,284)
Cash, beginning of year		35,468	64,476
Cash, end of year		\$ 576,493	\$ 52,192
Income taxes paid		\$ 358	\$ 674
Interest paid		\$ 10,757	\$ 7,593

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

For the three months ended March 31, 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 May 12, 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 months ended March 31, 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.

3. 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 acquired set of processes and assets acquired represents a business. The amendments apply business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

BGSI has determined that there is no impact on adoption.

4. 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”).

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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.

All assets and liabilities of the Company have been recorded at their previous carrying amounts other than as noted below at the date of conversion and the consolidated financial statements as at, and for the three months ended, March 31, 2020 and comparatives for the year ended December 31, 2019 and the three months ended March 31, 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.

Issuance costs, net of tax of \$864 have been deducted from equity as a result of the Arrangement. Class A common shares exchanged for BGSi common shares as a result of the Arrangement increased equity by \$37,332.

5. ACQUISITIONS

The Company completed 4 acquisitions that added 17 locations during the three months ended March 31, 2020 as follows:

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

BOYD GROUP SERVICES INC.
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For the three months ended March 31, 2020 and 2019
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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 current assets	\$ 304
Property, plant and equipment	7,739
Right of use assets	9,910
Identified intangible assets	
Customer relationships	8,679
Non-compete agreements	408
Lease liability	(9,910)
Identifiable net assets acquired	\$ 17,130
Goodwill	14,124
Total purchase consideration	\$ 31,254
Consideration provided	
Cash paid or payable	\$ 24,402
Seller notes	6,852
Total consideration provided	\$ 31,254

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 \$1,774. Net losses incurred by acquisitions since being acquired were \$292. If 2020 acquisitions had been acquired on January 1, 2020, BGSI's net earnings for the three months ended March 31, 2020 would have been \$22,622.

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(Unaudited)

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

6. PROPERTY, PLANT AND EQUIPMENT

As at	March 31, 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	19,807	63,009
Proceeds on disposal	(211)	(392)
(Loss) on disposal	(8)	(11)
Transfers from right of use assets	-	1,968
Depreciation	(11,555)	(41,601)
Foreign exchange	25,103	(11,318)
Balance, end of period	\$ 336,459	\$ 295,584

7. RIGHT OF USE ASSETS

As at	March 31, 2020	December 31, 2019
Balance, beginning of period	\$ 472,818	\$ 452,938
Acquired through business combinations	9,910	94,866
Additions and modifications	10,564	29,973
Depreciation	(24,990)	(90,890)
Loss on disposal	(160)	(231)
Transfers to property, plant and equipment	-	(1,968)
Foreign exchange	37,299	(11,870)
Balance, end of period	\$ 505,441	\$ 472,818

8. INTANGIBLE ASSETS

As at	March 31, 2020	December 31, 2019
Balance, beginning of year	\$ 347,367	\$ 295,789
Acquired through business combination	9,087	83,553
Additions	213	2,017
Amortization	(6,106)	(22,467)
Foreign exchange	24,720	(11,525)
Balance, end of period	\$ 375,281	\$ 347,367

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

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9. GOODWILL

As at	March 31, 2020	December 31, 2019
Balance, beginning of period	\$ 554,601	\$ 439,867
Acquired through business combination	14,124	133,425
Purchase price allocation adjustments within the measurement period	-	(789)
Foreign exchange	40,363	(17,902)
Balance, end of period	\$ 609,088	\$ 554,601

During the last two to three weeks of the first quarter, the COVID-19 pandemic brought significant disruption to the worldwide economy and significantly impacted the Company's sales as demand for services decreased in the range of 40% to 50% of normal levels. The impact that COVID-19 had on the performance of the Company was considered to be a trigger, requiring BGSi to evaluate the carrying amount of goodwill as at March 31, 2020.

BGSi has used the value in use method to evaluate the carrying amount of goodwill. The key assumptions used in the assessment include an estimate of current cash flow, taxes, a growth rate of 2% and capital maintenance expenditures. A discount rate of 8% has been applied to the expected cash flow, after adjusting the cash flow for an estimate of the taxes and capital maintenance expenditures. After this evaluation, BGSi concluded that there was no impairment to the carrying amount of goodwill as at March 31, 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.

10. 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
		\$ 0.1380	\$ 2,788

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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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 /		Distribution amount	Dividend amount		
		Dividend per Share					
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
		\$	0.1350	\$	2,677	\$	29

11. 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 March 31, 2020, the Company has drawn \$370,000 U.S. (December 31, 2019 - \$158,300 U.S.) and \$190,000 Canadian (December 31, 2019 - \$134,000) on the revolving credit facility.

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.

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 finance 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. The unamortized deferred financing costs of \$1,811 have been netted against the debt drawn as at March 31, 2020.

As at March 31, 2020, the Company was in compliance with all financial covenants.

Seller notes payable of \$85,426 (of which \$85,175, or \$60,038 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 April 2020 to January 2027 in the same currency as the related note.

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

For the three months ended March 31, 2020 and 2019
(thousands of Canadian dollars, except unit, share and per unit/share amounts)

Long-term debt is comprised of the following:

As at	March 31, 2020	December 31, 2019
Revolving credit facility (net of financing costs)	\$ 713,656	\$ 339,185
Term Loan A (net of financing costs)	\$ 176,789	\$ -
Seller notes	85,426	76,084
Current portion	\$ 975,871	\$ 415,269
	24,596	22,122
	\$ 951,275	\$ 393,147

The following is the continuity of long-term debt:

As at	March 31, 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	(170,209)	(75,603)
Deferred financing costs	(1,841)	-
Amortization of deferred finance costs	446	172
Foreign exchange	33,981	(10,700)
Balance, end of period	\$ 975,871	\$ 415,269

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

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

Principal Payments	March 31, 2020	December 31, 2019
Less than 1 year	\$ 24,596	\$ 22,122
1 to 5 years	771,089	390,669
Greater than 5 years	180,186	2,478
	\$ 975,871	\$ 415,269

Included in finance costs for the three months ended March 31, 2020 is interest on long-term debt of \$5,355 (2019 - \$2,572).

12. LEASE LIABILITIES

The following is the continuity of lease liabilities:

As at	March 31, 2020	December 31, 2019
Balance, beginning of period	\$ 513,373	\$ 487,986
Assumed on acquisition	9,910	94,866
Additions and modifications	10,564	29,973
Repayments	(29,864)	(108,624)
Financing costs	5,861	22,658
Foreign exchange	40,657	(13,486)
Balance, end of period	\$ 550,501	\$ 513,373
Current portion	120,398	109,559
	\$ 430,103	\$ 403,814

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

	For the three months ended March 31,	
	2020	2019
Operating expenses	\$ 1,220	\$ 1,150
Depreciation of right of use assets	\$ 24,990	\$ 21,004
Finance costs	\$ 5,861	\$ 5,332

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three months ended March 31, 2020 and 2019
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The following table summarizes the repayment schedule of the lease liability:

Less than 1 year	\$	120,398
1 to 5 years		306,170
Greater than 5 years		123,933
	\$	550,501

Included in operating expenses are short-term and low-value asset lease expenses of \$1,191 (2019- \$1,118).

13. FAIR VALUE ADJUSTMENTS

	For the three months ended	
	March 31,	
	2020	2019
Exchangeable Class A common shares	\$ -	\$ 4,681
Unit based payment obligation	-	3,837
Non-controlling interest put option and call liability	(3,530)	(2,460)
Contingent consideration	470	(245)
Total fair value adjustments	\$ (3,060)	\$ 5,813

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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14. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

	Classification	Fair value hierarchy	March 31, 2020		December 31, 2019	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash	Amortized cost	n/a	576,493	576,493	35,468	35,468
Accounts receivable	Amortized cost	n/a	105,817	105,817	112,748	112,748
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	n/a	281,503	281,503	269,769	269,769
Distributions and dividends payable	Amortized cost	n/a	2,788	2,788	931	931
Long-term debt	Amortized cost	n/a	975,871	975,871	415,269	415,269
Exchangeable Class A common shares	FVPL ⁽¹⁾	1	-	-	37,332	37,332
Non-controlling interest put option	FVPL ⁽¹⁾	3	1,344	1,344	4,515	4,515

(1) Fair Value Through Profit or Loss

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 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 March 31, 2020 was approximately \$682,310 (December 31, 2019 - \$148,216).

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Non-controlling interest 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 continues 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; however, the put option was not exercisable until December 31, 2018. All fair value changes in the estimated liability are recorded in earnings.

The liability recognized in connection with the 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 is based on a multiple of EBITDA, as defined in the agreement, for the trailing twelve months ended March 31, 2020.

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

	March 31, 2020		December 31, 2019	
	Glass-business operating partner	Glass America non-controlling interest	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	359	-	(262)	(499)
Balance, end of period	\$ 1,344	\$ -	\$ 4,515	\$ -

During the first quarter of 2020, a fair value adjustment recovery in the amount of \$3,530 (2019 – recovery of \$2,460) was recorded to earnings related to the non-controlling interest put option and call liability.

15. 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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16. 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' 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	For the three months ended	
	March 31,	
	2020	2019
Canada	\$ 75,930	\$ 76,467
United States	552,420	481,430
	\$ 628,350	\$ 557,897

Reportable Assets	March 31,	
	2020	December 31,
As at		2019
Canada	\$ 304,776	\$ 305,946
United States	1,521,493	1,364,424
	\$ 1,826,269	\$ 1,670,370

17. EARNINGS PER SHARE / UNIT

	For the three months ended	
	March 31,	
	2020	2019
Net earnings	\$ 22,655	\$ 21,389
Less:		
Non-controlling interest put option	(3,530)	(2,460)
Net earnings - diluted basis	\$ 19,125	\$ 18,929
Basic weighted average number of shares / units	20,207,194	19,839,203
Add:		
Non-controlling interest put option	7,029	35,747
Average number of shares / units outstanding - diluted basis	20,214,223	19,874,950
Basic earnings per share / unit	\$ 1.12	\$ 1.08
Diluted earnings per share / unit	\$ 0.95	\$ 0.95

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18. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at	December 31, 2019	Cash Flows	Non-cash changes				March 31, 2020
			Acquisition	Other items	Fair value changes	Foreign exchange	
Long-term debt	415,269	513,968	6,852	5,801	-	33,981	975,871
Lease liabilities	513,373	(29,864)	9,910	16,425	-	40,657	550,501
Dividends and distributions	931	(931)	-	2,788	-	-	2,788
Non-controlling interest put option and call liability	4,515	-	-	-	(3,530)	359	1,344
Issue costs	-	(1,166)	-	-	-	-	-
	\$ 318,024	482,007	16,762	25,014	(3,530)	74,997	\$ 1,530,504

As at	December 31, 2018	Cash Flows	Non-cash changes				March 31, 2019
			Acquisition	Other items	Fair value changes	Foreign exchange	
Long-term debt	288,159	70,974	10,171	43	-	(2,679)	366,668
Obligations under finance leases	8,407	-	-	(8,407)	-	-	-
Lease liabilities	-	(25,210)	33,906	494,840	-	(8,410)	495,126
Dividends and distributions	902	(2,705)	-	2,707	-	-	904
Non-controlling interest put option and call liability	20,556	(13,152)	-	-	(2,460)	(639)	4,305
Issue costs	-	(101)	-	-	-	-	-
	\$ 318,024	29,806	44,077	489,183	(2,460)	(11,728)	\$ 867,003

19. 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. The presentation of repayment of property leases and vehicle and equipment leases in the statement of cash flows has been reclassified as separate line items between the principal payments and interest for property leases and vehicle and equipment leases.

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20. SUBSEQUENT EVENTS

In March 2020, the COVID-19 pandemic has resulted in governments worldwide enacting 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. This creates estimation uncertainty which may impact future demand for the Company's services.

On April 28, 2020, BGSi announced preliminary first quarter results and a bought deal public offering, where it will issue to an underwriting syndicate, approximately 1,100,000 common shares at a price of \$183.00 per share. BGSi also granted the underwriters an over-allotment option to purchase up to an additional 165,000 common shares at a price of \$183.00 per share, which may be exercised until 30 days following the closing of the offering. On May 11, 2020, the over-allotment option was exercised, and the underwriters committed to purchase an additional 165,000 shares at a price of \$183.00 per share, resulting in total gross proceeds of approximately \$231,495. The offering is expected to close May 14, 2020, 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.

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. 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.