

The following review of BGSi's operating and financial results for the period ended September 30, 2021, including material transactions and events of BGSi up to and including November 9, 2021, should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2021, as well as the annual audited consolidated financial statements, management discussion & analysis ("MD&A") and annual information form ("AIF") of BGSi, as filed on SEDAR at www.sedar.com.

SIGNIFICANT EVENTS

Effective January 1, 2021, BGSi changed its presentation currency from Canadian dollars to U.S. dollars, to provide shareholders with a better reflection of the Company's business activities. Unless otherwise noted, amounts have been presented in U.S. dollars.

On March 17, 2021, the BGSi Board of Directors declared a cash dividend for the first quarter of 2021 of C\$0.141 per common share. The dividend was paid on April 28, 2021 to common shareholders of record at the close of business on March 31, 2021.

On March 23, 2021, BGSi announced the planned retirement of Allan Davis, Independent Chair of the Board of Directors, subsequent to the Annual General and Special Meeting, to be held on May 12, 2021.

On May 13, 2021, BGSi announced the election of Robert Espey to the Board of Directors, and confirmed the retirement of Allan Davis as well as the appointment of David Brown as Independent Chair of the Board of Directors.

On June 17, 2021, the BGSi Board of Directors declared a cash dividend for the second quarter of 2021 of C\$0.141 per common share. The dividend was paid on July 28, 2021 to common shareholders of record at the close of business on June 30, 2021.

On September 17, 2021, the BGSi Board of Directors declared a cash dividend for the third quarter of 2021 of C\$0.141 per common share. The dividend was paid on October 27, 2021 to common shareholders of record at the close of business on September 30, 2021.

During the first nine months of 2021, the Company added 90 locations through acquisition, 15 locations operating as intake centers and eight start-up locations, for a total of 113 new locations. From January 1, 2021 up to the reporting date of November 9, 2021, the Company has added 96 locations through acquisition, 16 locations operating as intake centers and eight start-up locations, for a total of 120 new locations. These new locations are as follows:

Date	Location	Previously operated as
January 2, 2021	Cathedral City, CA	n/a start-up
January 2, 2021	Schaumburg, IL	n/a intake center
January 6, 2021	Henderson, NV	n/a intake center
January 15, 2021	Wyandotte, MI	Eureka Body and Fender
January 18, 2021	Las Vegas, NV	n/a intake center
January 29, 2021	Longwood, FL	n/a start-up
January 29, 2021	Kirkland, WA	n/a intake center
February 12, 2021	Columbia, SC	Jimmy Rivers Boyd Shop Inc.
February 19, 2021	Mentor & Streetsboro, OH (2 locations)	Frankie & Dylan's, Inc.
February 19, 2021	Fenton, MI	n/a intake center
February 23, 2021	Amarillo, TX	Plains Chevrolet, Ltd.
February 23, 2021	Pensacola, FL	n/a start-up
March 4, 2021	Bellevue, WA	n/a intake center
March 9, 2021	Queen Creek, AZ	n/a start-up
March 12, 2021	Mesa, AZ	n/a intake center
March 26, 2021	Simi Valley, CA	Star Auto Body, Inc.

Date	Location	Previously operated as
March 26, 2021	Tallahassee, FL (3 locations)	Universal Collision Center, Inc.
March 31, 2021	Milwaukee, WI	Prestige Auto Works, Inc.
March 31, 2021	Bellevue, WA	n/a intake center
April 9, 2021	Vero Beach, FL	Perfection Paint and Body
April 9, 2021	Highland, IN	n/a intake center
April 17, 2021	Union City, GA	n/a intake center
April 23, 2021	Escondido, CA	Milo Johnson Automotive Service, Inc.
April 27, 2021	Denton and Flour Mound, TX (2 locations)	Pro Care Collision, LLC
April 30, 2021	Green Bay, WI	Williams Auto Body Shop, Inc.
April 30, 2021	Sanford and Southern Pines, NC (2 locations)	Overton Body Shop
May 1, 2021	Thornhill, ON	n/a intake center
May 7, 2021	Kaneohe, Wahiawa & Waipahu, HI (3 locations)	Sigs Collision Centers
May 11, 2021	Buford, GA	n/a start-up
May 14, 2021	Baltimore & Reisterstown, MD (2 locations)	Camden Boyd & Fender
May 14, 2021	Amarillo, TX	n/a start-up
May 21, 2021	Las Vegas, NV	n/a intake center
June 11, 2021	Victor, NY	Austin-Spencer Collision Repair Center
June 15, 2021	Pittsburgh, PA	Wolbert Auto Body, Inc.
June 18, 2021	Austin, TX (2 locations)	Austin Capital Collision
June 19, 2021	Gilbert, AZ	n/a intake center
June 25, 2021	Georgia & South Carolina (16 locations)	John Harris Body Shops
July 9, 2021	La Habra, CA	California Auto Specialist Center
July 16, 2021	Appleton, WI	Peotter's Collision Center
July 31, 2021	Oklahoma, Kansas & Missouri (35 locations)	Collision Works
August 7, 2021	Pensacola, FL	n/a intake center
August 7, 2021	Pensacola, FL	n/a intake center
August 10, 2021	Round Rock, TX	n/a start-up
August 13, 2021	Eagle River, Minocqua, Rhinelander & Tomahawk, WI (4 locations)	Quality Collision Center
August 13, 2021	San Diego, CA	Qualtech Collision Center
August 20, 2021	Springfield, MO	St. Louis Street Auto Body
August 31, 2021	Austin, TX	Don's Paint & Body Shop, Inc.
September 7, 2021	Jacksonville, FL	n/a start-up
September 7, 2021	Ankeny, IA	Smith's Collision & Paint
September 17, 2021	Shreveport, LA	Crown Collision, LLC
September 17, 2021	Burbank, IL	Millenium Auto Exchange, Inc.
September 27, 2021	Erie, PA	Jensen's Target Collision
October 1, 2021	Clarence, NY	Stevens Collision, LLC
October 8, 2021	Brighton, MI	Campbell Collision, Inc.
October 15, 2021	Medina & North Ridgeville, OH (2 locations)	South of the Square Collision Center
October 22, 2021	Sycamore, IL	Hayes' Boyd Shop, Inc.
October 29, 2021	Cornwall, ON	Seaway Chevrolet Cadillac Buick GMC Ltd.
November 8, 2021	Amarillo, TX	n/a intake center

During the second quarter of 2021, the Company acquired a mobile scanning and calibration business. During the third quarter of 2021, the Company acquired a glass business.

OUTLOOK

Boyd's 2021 third quarter Adjusted EBITDA margin of 10.5% was significantly lower than the historical levels achieved over the last several years and was therefore very disappointing. In the U.S., although demand approached pre-pandemic levels, the highly competitive labor market translated into significant wage pressure and labor margin compression as the quarter progressed. Additionally, the early signs of supply chain constraints that were reported in the second quarter became progressively worse as the quarter unfolded and compounded the overall gross margin compression as Boyd needed to source parts and materials from non-primary suppliers, along with a higher mix of original equipment ("OE") versus alternative parts, all at lower margins in order to complete repairs and serve clients and customers. Boyd also experienced a shift in mix to higher part content repairs as labor capacity constraints necessitated that repairs with higher labor and lower part content be scheduled out.

In addition to this gross margin compression, the Adjusted EBITDA margin decline has been exacerbated by a lack of fixed cost absorption due to lower sales per location than pre-pandemic levels. As Boyd has commented since early this year, in preparation for claim volumes returning to pre-pandemic levels, the administrative resources needed were brought back in order to effectively operate and manage the business as it recovered from the pandemic, but the Company has not yet been able to add sufficient technician labor capacity to service the work that is available in the U.S. and the Company continues to experience a slower recovery in demand in the Canadian business. Boyd has also added more than 160 locations to the network in the past two years, which, given market conditions, are experiencing the same gross margin challenges as well as sales per location levels that are below historical levels. Boyd is confident that as the Company continues to build revenue, fixed costs will be in line and result in improving Adjusted EBITDA margins.

Despite market claim volume in the third quarter approaching but still being below pre-pandemic levels, demand for services exceeded labor capacity in all U.S. markets, which resulted in high levels of work-in-process and reduced sales capture rates. Adding and retaining location level administrative staff and technician capacity to address this capacity constraint has been challenging in an extraordinarily tight labor market and Boyd has taken specific actions to address this. These actions include investing in and growing our Technician Development Program ("TDP"), increasing recruitment support staff to improve lead generation and follow-up, proactively evaluating compensation levels and making appropriate adjustments to ensure the Company remains competitive in the rapidly changing environment, and driving high levels of execution for on-boarding and orientation programs to increase retention. These actions are making a difference, but have resulted in increased wage costs to both retain and recruit, resulting in near-term pressure on labor margins and operating expenses. Additionally, Boyd completed the implementation of the WOW Operating Way Human Resources systems during the quarter and is beginning to leverage this process.

Historically, Boyd and the industry generally, have recovered labor cost increases through selling rate increases from clients. However, to retain and recruit talent in the current labor environment it has been necessary to rapidly adjust wages at levels not previously experienced. Management is committed to aggressively addressing this challenge and is having constructive discussions with large key clients about the urgent need for price increases to reflect the current environment. However, given how significantly and rapidly wage costs have increased and the key business relationships these clients represent, it may take some time to achieve all of the needed price adjustments and margins may therefore continue to be impacted in the near-term, however the Company is moving with a great sense of urgency on this matter. In the meantime, Boyd is not relying solely on these key client price increases. Given the excessive levels of work, Boyd is endeavoring to prioritize production towards higher margin business, as well as raising prices where possible and suspending business relationships with a few lower margin clients that are not willing to increase pricing, in order to better serve core clients and accelerate margin recovery efforts. Boyd believes that these actions will result in labor margins returning to historical levels, however this may take several quarters.

The long-term solution to the staffing shortage is through internal training and development programs. Boyd has strengthened its people development processes with a number of formal training programs, including the Technician Development Program, which Boyd assesses as being industry leading. While the Company suspended this program during the pandemic, Boyd has been successful at growing this program during the past nine months and has recently committed to growing it further by doubling the number of trainees in the program to help meet future needs. The Company is very pleased with this program, but the costs associated with it negatively impacts margin for several quarters, primarily due to unproductive wage costs during the first several months of the trainees' employment. As the Company achieves a balance of TDP's across

experience levels (entry to near graduation) the margin impact will be softened and Boyd is confident that the long-term benefits significantly outweigh the short-term costs.

Boyd believes that the part availability and related margin challenges related to the supply chain disruption is transitory and will normalize as the underlying manufacturing and distribution issues are resolved. In the meantime, Boyd is working with key suppliers to source parts at normal margins, but will continue to use non-primary suppliers when necessary to complete repairs for clients. Boyd also expects sales mix to return to historical levels as the Company builds labor capacity.

Through these actions outlined and along with the normalization of the supply chain issues, Boyd expects revenue throughput as well as gross margins and Adjusted EBITDA margins to recover in the coming quarters; however, the actions noted are unlikely to have a material impact on the fourth quarter. Boyd is committed to driving the needed change aggressively. Despite these near-term market challenges, Boyd's leadership position and strong balance sheet position the Company well to successfully execute on the plan to double the size of the business by 2025 and deliver attractive returns to shareholders.

During the first quarter of 2022, Boyd intends to publish an inaugural sustainability roadmap report. This sustainability roadmap report will outline Boyd's ambitions in the areas of environmental, social and governance matters. This is an important area that will be critical in positioning Boyd well for success into the future.

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, new store development, 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 November 9, 2021, the business environment of the Company and strategies adopted by management remain unchanged from those described in BGSI's 2020 annual MD&A.

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
<p>The stated objective of generating growth sufficient to double the size of the business over the five year period from 2021 to 2025, based on 2019 revenues</p>	<p>Timing of anticipated return to pre-COVID levels of activity occurs in the short term</p> <p>Opportunities continue to be available and are at acceptable and accretive prices</p> <p>Financing options continue to be available at reasonable rates and on acceptable terms and conditions</p> <p>New and existing customer relationships are expected to provide acceptable levels of revenue opportunities</p> <p>Anticipated operating results would be accretive to overall Company results</p> <p>Growth is defined as revenue on a constant currency basis</p>	<p>Return to pre-COVID levels of activity may occur on a different timeline</p> <p>Acquisition market conditions change and repair shop owner demographic trends change</p> <p>Credit and refinancing conditions prevent or restrict the ability of the Company to continue growth strategies</p> <p>Changes in market conditions and operating environment</p> <p>Significant decline in the number of insurance claims</p> <p>Integration of new stores is not accomplished as planned</p> <p>Increased competition which prevents achievement of acquisition and revenue goals</p>
<p>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</p>	<p>Re-emergence of stability in economic conditions and employment rates</p> <p>Pricing in the industry remains stable</p> <p>The Company’s customer and supplier relationships provide it with competitive advantages to increase sales over time</p> <p>Market share growth will more than offset systemic changes in the industry and environment</p> <p>Anticipated operating results would be accretive to overall Company results</p>	<p>Economic conditions deteriorate, or economic recovery post-COVID-19 is slow</p> <p>Loss of one or more key customers or loss of significant volume from any customer</p> <p>Decline in the number of insurance claims</p> <p>Inability of the Company to pass cost increases to customers over time</p> <p>Increased competition which may prevent achievement of revenue goals</p> <p>Changes in market conditions and operating environment</p> <p>Changes in weather conditions</p> <p>Inability to maintain, replace or grow same-store technician capacity could impact organic growth</p>

Forward-looking Information	Key Assumptions	Most Relevant Risk Factors
Stated objective to gradually increase dividends over time	<p>Growing profitability of the Company and its subsidiaries</p> <p>The continued and increasing ability of the Company to generate cash available for dividends</p> <p>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</p>	<p>BGSI is dependent upon the operating results of the Company</p> <p>Economic conditions deteriorate, or economic recovery post-COVID-19 is slow</p> <p>Changes in weather conditions</p> <p>Decline in the number of insurance claims</p> <p>Loss of one or more key customers or loss of significant volume from any customer</p> <p>Changes in government regulation</p>
<p>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 sales. In addition, the Company plans to invest \$4 million in environmental initiatives, including 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 an additional \$2.0-2.5 million investment before the project is complete in the second quarter of 2022. The project is expected to streamline various processes as well as generate economic returns once fully implemented.</p>	<p>The actual cost for these capital expenditures agrees with the original estimate</p> <p>The purchase, delivery and installation of the capital items is consistent with the estimated timeline</p> <p>No other new capital requirements are identified or required during the period</p> <p>All identified capital requirements are required during the period</p> <p>Investment in LED lighting and process efficiency projects will generate positive returns</p>	<p>Expected actual expenditures could be above or below 1.6% to 1.8% of sales</p> <p>The timing of the expenditures could occur on a different timeline</p> <p>BGSI may identify additional capital expenditure needs that were not originally anticipated</p> <p>BGSI may identify capital expenditure needs that were originally anticipated; however, are no longer required or required on a different timeline</p> <p>Expected positive returns are not generated due to delays, increased costs, or unanticipated challenges in implementation</p>
Boyd believes that margins will return to historical levels, however this may take several quarters.	<p>Price increases will be negotiated and agreed upon by key clients</p> <p>Demand for services will continue to grow, allowing Boyd to focus on higher margin business</p> <p>Wage inflation will return to historical levels and will not outpace pricing increases</p> <p>Supply chain disruption is transitory and will normalize as underlying issues are resolved</p> <p>Internal training and development programs, including the Technician Development Program, will improve staffing availability</p>	<p>Inability of the Company to pass cost increases to customers over time</p> <p>Decline in the number of insurance claims</p> <p>Loss of one or more key customers or loss of significant volume from any customer</p> <p>Changes in market conditions and operating environment</p> <p>Wage inflation continues in excess of historical levels and outpaces pricing increases</p> <p>Supply chain remains disrupted</p> <p>Internal training and development programs do not improve staffing availability</p>

In previous periods, Boyd provided forward-looking information surrounding the levels of Adjusted EBITDA that would be achieved during 2021 based on continuing to incur certain operating expenses and personnel costs, along with continued reduced demand for services. Boyd has experienced this impact during the first nine months of 2021; therefore, this forward-looking information has been withdrawn.

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 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 an assessment of the ability to service or incur debt. Included in this category of adjustments are the fair value adjustments to the non-controlling interest call liability. These items are adjustments that did not have any cash impact on BGSi. 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 for the current and for the prior period. 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 earnings to Standardized EBITDA and Adjusted EBITDA:

ADJUSTED EBITDA

<i>(thousands of U.S. dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net earnings	\$ 434	\$ 15,855	\$ 18,639	\$ 27,861
Add:				
Finance costs	7,198	7,598	19,980	25,294
Income tax expense	206	6,078	6,864	9,683
Depreciation of property, plant and equipment	11,313	9,592	30,879	27,349
Depreciation of right of use assets	23,342	19,109	64,346	56,441
Amortization of intangible assets	6,383	4,666	16,944	13,798
Standardized EBITDA	\$ 48,876	\$ 62,898	\$ 157,652	\$ 160,426
Add (less):				
Fair value adjustments	50	353	148	(1,910)
Acquisition and transaction costs	2,574	263	4,444	1,124
Adjusted EBITDA	\$ 51,500	\$ 63,514	\$ 162,244	\$ 159,640

ADJUSTED NET EARNINGS

In addition to Standardized EBITDA and Adjusted EBITDA, BGSI believes that certain users of financial statements are interested in understanding net 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 earnings to adjusted net earnings:

<i>(thousands of U.S. dollars, except share and per share amounts)</i>	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net earnings	\$ 434	\$ 15,855	\$ 18,639	\$ 27,861
Add (less):				
Fair value adjustments (non-taxable)	50	353	148	(1,910)
Acquisition and transaction costs (net of tax)	1,905	195	3,289	832
Adjusted net earnings	\$ 2,389	\$ 16,403	\$ 22,076	\$ 26,783
Weighted average number of shares	21,472,194	21,472,194	21,472,194	20,848,928
Adjusted net earnings per share	\$ 0.11	\$ 0.76	\$ 1.03	\$ 1.28

Dividends

BGSI declared dividends of C\$0.141 per share in the first quarter of 2021, C\$0.141 per share in the second quarter of 2021 and C\$0.141 per share in the third quarter of 2021 (2020 - C\$0.138, C\$0.138 and C\$0.138 respectively).

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

<i>(thousands of U.S. dollars)</i>		
Record date	Payment date	Dividend amount
March 31, 2021	April 28, 2021	\$ 2,408
June 30, 2021	July 28, 2021	2,478
September 30, 2021	October 27, 2021	2,388
		\$ 7,274

<i>(thousands of U.S. dollars)</i>		
Record date	Payment date	Dividend amount
March 31, 2020	April 28, 2020	\$ 1,999
June 30, 2020	July 29, 2020	2,186
September 30, 2020	October 28, 2020	2,241
		\$ 6,426

RESULTS OF OPERATIONS

Results of Operations						
<i>(thousands of U.S. dollars, except per share amounts)</i>						
	Three months ended September 30,			Nine months ended September 30,		
	2021	% change	2020	2021	% change	2020
Sales - Total	490,178	28.4	381,689	1,356,464	17.2	1,157,477
Same-store sales - Total (excluding foreign exchange)	419,979	10.7	379,271	1,215,545	6.7	1,139,416
Gross margin %	44.0	(6.8)	47.2	45.3	(1.7)	46.1
Operating expense %	33.5	9.5	30.6	33.4	3.4	32.3
Adjusted EBITDA ⁽¹⁾	51,500	(18.9)	63,514	162,244	1.6	159,640
Acquisition and transaction costs	2,574	878.7	263	4,444	295.4	1,124
Depreciation and amortization	41,038	23.0	33,367	112,169	14.9	97,588
Fair value adjustments	50	(85.8)	353	148	N/A	(1,910)
Finance costs	7,198	(5.3)	7,598	19,980	(21.0)	25,294
Income tax expense	206	(96.6)	6,078	6,864	(29.1)	9,683
Adjusted net earnings ⁽¹⁾	2,389	(85.4)	16,403	22,076	(17.6)	26,783
Adjusted net earnings per share ⁽¹⁾	0.11	(85.5)	0.76	1.03	(19.5)	1.28
Net earnings	434	(97.3)	15,855	18,639	(33.1)	27,861
Basic earnings per share	0.02	(97.3)	0.74	0.87	(35.1)	1.34
Diluted earnings per share	0.02	(97.3)	0.74	0.87	(29.3)	1.23

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

Pandemic Impact on the Quarter

The Company moved quickly and decisively at the start of the pandemic to take aggressive action to both preserve liquidity and to reduce expenses in preparation of the demand and revenue decline anticipated as the result of the pandemic. Demand for services has increased throughout 2021 and exceeded capacity in all U.S. markets during the third quarter, which resulted in high levels of work-in-process. Adding and retaining location level administrative staff and technician capacity to address this constraint has been challenging in an extraordinarily tight labor market, exacerbated by COVID related absenteeism. This has resulted in increased wage costs to both retain and recruit, resulting in near-term pressure on labor margins and operating expenses. Demand in Canada increased slowly and gradually during the third quarter of 2021 as restrictions were eased and removed, but throughout the third quarter and thus far into the fourth quarter, demand remains well below pre-pandemic levels. In addition to a tight labor market in the U.S. and the slow recovery of demand in Canada, during the third quarter, Boyd faced rapidly increasing supply chain disruptions for OE and aftermarket parts in both the Canadian and U.S. markets, which quickly resulted in a negative impact on margins as a higher percentage of parts had to be sourced from non-primary suppliers in order to complete repairs.

Canada Emergency Wage Subsidy

The Canada Emergency Wage Subsidy (“CEWS”) was put into place on April 11, 2020 and remained in place until October 23, 2021. As was the objective of the program, Boyd continued to employ and incur cost for employees that would have been laid off or furloughed absent the wage subsidy. Boyd determined it is eligible and has made applications for the CEWS for the periods commencing on April 12, 2020 to June 5, 2021. Boyd determined that it will continue to be eligible and make applications for the CEWS up to October 23, 2021. The total estimated CEWS for the nine months ended September 30, 2021 of \$7.5 million has been recorded, with \$3.2 million being recorded as a reduction to cost of goods sold and \$4.3 million being recorded as a reduction to operating expenses. During the third quarter of 2021, the estimated CEWS of approximately \$0.5 million was recorded, with \$0.2 million being recorded as a reduction to cost of goods sold and \$0.3 million being recorded as a reduction to operating expenses.

3rd Quarter Comparison - Three months ended September 30, 2021 vs. 2020

Sales

Sales totaled \$490.2 million for the three months ended September 30, 2021, an increase of \$108.5 million or 28.4% when compared to the same period of 2020. The increase in sales was the result of the following:

- Same-store sales excluding foreign exchange increased \$40.7 million or 10.7% and increased \$1.9 million due to the translation of same-store sales at a higher Canadian dollar exchange rate. Same-store sales excluding foreign exchange increased 10.7% on a days adjusted basis, recognizing the same number of selling and production days in the U.S. and Canada in the third quarter of 2021 when compared to the same period of 2020. Same-store sales increases in Canada were much lower than same-store sales increases in the U.S. Production challenges, including administrative and technician staffing capacity constraints and supply chain disruption, impacted sales levels during the third quarter of 2021.
- \$67.8 million of incremental sales were generated from 121 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 \$1.9 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 \$215.7 million or 44.0% of sales for the three months ended September 30, 2021, compared to \$180.3 million or 47.2% of sales for the same period in 2020. Gross profit increased primarily as a result of increased sales due to location growth, as well as the reduced impact of the COVID-19 pandemic when compared to the prior period, and included the recognition of the CEWS of approximately \$0.2 million, as compared to \$2.9 million in the same period of the prior year. The gross margin percentage was negatively impacted by reduced parts and labor margins, as well as variability in Direct Repair Program (“DRP”) pricing and a higher mix of parts sales in relation to labor. During the third quarter of 2021, Boyd faced rapidly increasing supply chain disruptions for OE and aftermarket parts in both the Canadian and U.S. markets, which quickly resulted in a negative impact on margins as a higher percentage of parts had to be sourced from non-primary suppliers in order to complete repairs. Labor margins were negatively impacted by the extraordinarily tight labor market, which resulted in increased wage costs to both retain and recruit staff. The shortage of labor also resulted in a higher mix of parts sales in relation to labor.

Operating Expenses

Operating Expenses for the three months ended September 30, 2021 increased \$47.4 million to \$164.2 million from \$116.8 million for the same period of 2020. The increase in operating expenses was primarily the result of growth in number of locations, as well as COVID-19 related cost reductions that impacted the third quarter of 2020. In addition to amounts recorded to offset applicable wages recorded in cost of sales, operating expenses benefited from the CEWS of approximately \$0.3 million as compared to \$4.5 million in the same period of the prior year, which helped mitigate incremental COVID-19 indirect wage costs. Operating expenses were negatively impacted by the extraordinarily tight labor market, which resulted in increased wage costs to both retain and recruit staff. Excluding the impact of foreign currency translation which increased operating expenses by approximately \$0.8 million, expenses increased \$46.6 million from 2020. Closed locations lowered operating expenses by \$0.1 million.

Operating expenses as a percentage of sales were 33.5% for the three months ended September 30, 2021, which compared to 30.6% for the same period in 2020. The increase as a percentage of sales was due to capacity constraints and supply chain disruptions, which impacted the sales level that could be achieved during the third quarter of 2021, as well as the addition of new locations with fixed operating costs, such as property taxes. In addition, the prior period was impacted by wage reductions, which included higher levels of the CEWS, reduced management compensation, and lower wages as a result of temporary layoffs. In the third quarter of 2020, Boyd took a cautious approach to bringing back resources as revenue began to grow, which resulted in lower expenses, but which was not sustainable.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for the three months ended September 30, 2021 were \$2.6 million compared to \$0.3 million recorded for the same period of 2020. The costs relate to various acquisitions, including acquisitions from prior periods, as well as other completed or potential acquisitions. During the third quarter of 2020, acquisition and transaction costs were low due to the pause on completion of acquisitions from the onset of the pandemic until mid-August 2020.

Adjusted EBITDA

*Earnings before interest, income taxes, depreciation and amortization, adjusted for contingent consideration, as well as acquisition and transaction costs (“Adjusted EBITDA”)*¹ for the three months ended September 30, 2021 totaled \$51.5 million or 10.5% of sales compared to Adjusted EBITDA of \$63.5 million or 16.6% of sales in the same period of the prior year. The \$12.0 million decrease was primarily the result of a lower gross margin percentage and higher levels of operating expenses. In total, Adjusted EBITDA in the third quarter benefited from the CEWS in the amount of \$0.5 million, as compared to \$7.5 million in the same period of the prior year.

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

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled \$11.3 million or 2.3% of sales for the three months ended September 30, 2021, an increase of \$1.7 million when compared to the \$9.6 million or 2.5% 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 related to right of use assets totaled \$23.3 million, or 4.8% of sales for the three months ended September 30, 2021, as compared to \$19.1 million or 5.0% of sales for the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth.

Amortization of intangible assets for the three months ended September 30, 2021 totaled \$6.4 million or 1.3% of sales, an increase of \$1.7 million when compared to the \$4.7 million or 1.2% 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.

Finance Costs

Finance Costs of \$7.2 million or 1.5% of sales for the three months ended September 30, 2021 decreased from \$7.6 million or 2.0% of sales for the same period of the prior year. The decrease in finance costs was primarily due to repayments of borrowings under the credit facility. Finance costs during the third quarter of 2020 included pandemic related costs, as Boyd fully drew on the credit facilities near the end of March 2020 as the pandemic began, with amounts being repaid during the third quarter of 2020. By contrast, finance costs during the third quarter of 2021 included primarily acquisition related costs.

Income Taxes

Current and Deferred Income Tax Expense of \$0.2 million for the three months ended September 30, 2021 compared to an income tax expense of \$6.1 million for the same period of the prior year. Income tax expense has not been impacted by significant permanent differences in the current period.

Net Earnings and Earnings Per Share

Net Earnings for the three months ended September 30, 2021 was \$0.4 million or 0.1% of sales compared to net earnings of \$15.9 million or 4.2% of sales in the same period of the prior year. The net earnings amount in 2021 was impacted by acquisition and transaction costs of \$1.9 million (net of tax). Adjusted net earnings² for the third quarter of 2021 was \$2.4 million, or 0.5% of sales. This compares to Adjusted net earnings of \$16.4 million or 4.3% of sales in the same period of 2020. Adjusted net earnings for the period was impacted by the lower gross margin percentage and higher levels of operating expenses as well as location growth. These new locations are subject to the same labor and supply challenges Boyd is currently facing across its business. These market conditions are impacting the results that can be achieved in the short-term, while new location growth has resulted in increased levels of depreciation and amortization.

Basic Earnings Per Share was \$0.02 per share for the three months ended September 30, 2021 compared to \$0.74 for the third quarter of 2020. Diluted earnings per share was \$0.02 for the three months ended September 30, 2021 compared to \$0.74 for the third quarter of 2020. Adjusted net earnings per share was \$0.11 compared to \$0.76 for the third quarter of 2020. The decrease in adjusted net earnings per share is primarily attributed to the lower gross margin percentage and higher levels of operating expenses as well the impact of location growth.

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

Year-to-date Comparison - Nine months ended September 30, 2021 vs. 2020

Sales

Sales totaled \$1,356.5 million for the nine months ended September 30, 2021 an increase of \$199.0 million or 17.2% when compared to the same period of 2020. The increase in sales was the result of the following:

- Same-store sales excluding foreign exchange increased \$76.1 million or 6.7%, and increased \$7.8 million due to the translation of same-store sales at a higher Canadian dollar exchange rate. The improvement in same-store sales was the result of the return of business following the slow down caused by the COVID-19 pandemic that began in mid-March of 2020. Same-store sales increases in Canada were much lower than same-store sales increases in the U.S. Same-store sales excluding foreign exchange increased 7.2% on a days adjusted basis, with both Canada and the U.S. recognizing one less selling and production day during the first nine months of 2021.
- \$119.7 million of incremental sales were generated from 139 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 \$4.7 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 \$614.8 million or 45.3% of sales for the nine months ended September 30, 2021 compared to \$533.9 million or 46.1% of sales for the same period in 2020. Gross profit increased primarily as a result of new location growth as well as increased sales due to the reduced impact of the COVID-19 pandemic when compared to the prior period, and included the recognition of CEWS of approximately \$3.2 million, as compared to \$4.5 million in the same period of the prior year. The gross margin percentage was negatively impacted by reduced parts and labor margins, as well as variability in DRP pricing and a higher mix of parts sales in relation to labor, partially offset by a higher mix of glass sales in relation to collision sales. During the third quarter of 2021, Boyd faced rapidly increasing supply chain disruptions for OE and aftermarket parts in both the Canadian and U.S. markets, which quickly resulted in a negative impact on margins as a higher percentage of parts had to be sourced from non-primary suppliers in order to complete repairs. Labor margins were negatively impacted by the extraordinarily tight labor market, which resulted in increased wage costs to both retain and recruit staff. The shortage of labor also resulted in a higher mix of parts sales in relation to labor.

Operating Expenses

Operating Expenses for the nine months ended September 30, 2021 increased \$78.2 million to \$452.5 million from \$374.3 million for the same period of 2020. The increase in operating expenses was primarily due to the growth in number of locations, as well as COVID-19 related cost reductions that impacted the second and third quarters of 2020. In addition to amounts recorded to offset applicable wages recorded in cost of sales, operating expenses benefited from the CEWS of approximately \$4.3 million, as compared to \$6.3 million in the same period of the prior year, which helped mitigate incremental COVID-19 indirect wage costs. Operating expenses were negatively impacted by the extraordinarily tight labor market, which resulted in increased wage costs to both retain and recruit staff. Excluding the impact of foreign currency translation which increased operating expenses by approximately \$3.1 million, expenses increased \$75.1 million from 2020. Closed locations lowered operating expenses by \$0.9 million.

Operating expenses as a percentage of sales were 33.4% for the nine months ended September 30, 2021, which compared to 32.3% for the same period in 2020. The increase as a percentage of sales was due to capacity constraints and supply chain disruptions, which impacted the sales level that could be achieved during the third quarter of 2021, as well as the addition of new locations with fixed operating costs, such as property taxes. In addition, the prior period was impacted by wage reductions, which included higher levels of the CEWS, reduced management compensation, and lower wages as a result of temporary layoffs. In the third quarter of 2020, Boyd took a cautious approach to bringing back resources as revenue began to grow, which resulted in lower expenses, but which was not sustainable.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for the nine months ended September 30, 2021 were \$4.4 million compared to \$1.1 million recorded for the same period of 2020. The costs relate to various acquisitions, including acquisitions from prior periods, as well as other completed or potential acquisitions.

Adjusted EBITDA

Earnings before interest, income taxes, depreciation and amortization, adjusted for the non-controlling interest call liability and contingent consideration, as well as acquisition and transaction costs ("Adjusted EBITDA") for the nine months ended September 30, 2021 totaled \$162.2 million or 12.0% of sales compared to Adjusted EBITDA of \$159.6 million or 13.8% of sales in the same period of the prior year. The \$2.6 million increase was positively impacted by improved sales levels. In total, Adjusted EBITDA in the nine months ended September 30, 2021 benefited from the CEWS in the amount of \$7.5 million, as compared to \$10.8 million in the same period of the prior year; however, as is the objective of the program, Boyd continued to employ and incur cost for employees that would have been laid off or furloughed absent the wage subsidy.

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled \$30.9 million or 2.3% of sales for the nine months ended September 30, 2021, an increase of \$3.5 million when compared to the \$27.3 million or 2.4% 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 related to right of use assets totaled \$64.3 million, or 4.7% of sales for the nine months ended September 30, 2021, as compared to \$56.4 million or 4.9% of sales for the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth.

Amortization of intangible assets for the nine months ended September 30, 2021 totaled \$16.9 million or 1.2% of sales, an increase of \$3.1 million when compared to the \$13.8 million or 1.2% 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.

Finance Costs

Finance Costs of \$20.0 million or 1.5% of sales for the nine months ended September 30, 2021 decreased from \$25.3 million or 2.2% of sales for the same period of the prior year. The decrease in finance costs was primarily due to increased borrowing under the credit facility during the prior period. 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 of 2020, other than under the swing line credit facilities and an accordion feature. As conditions improved and the impact of COVID-19 was better understood, Boyd made repayments to reduce the level of outstanding debt.

Income Taxes

Current and Deferred Income Tax Expense of \$6.9 million for the nine months ended September 30, 2021 compared to an expense of \$9.7 million for the same period of the prior year. Income tax expense has not been impacted by significant permanent differences in the current period, but was impacted by permanent differences, which impacted the tax computed on accounting income, in the nine months ended September 30, 2020.

Net Earnings and Earnings Per Share

Net Earnings for the nine months ended September 30, 2021 was \$18.6 million or 1.4% of sales compared to \$27.9 million or 2.4% of sales in the same period of the prior year. The net earnings amount for the nine months ended September 30, 2021 was impacted by acquisition and transaction costs of \$3.3 million (net of tax). After adjusting for fair value and other unusual items, Adjusted net earnings for the nine months ended September 30, 2021 was \$22.1 million, or 1.6% of sales. This compares to Adjusted net earnings of \$26.8 million or 2.3% of sales in the same period of 2020. Adjusted net earnings for the period was impacted by a lower gross margin percentage and higher levels of operating expenses, as well as location growth. These new locations are subject to the same labor and supply challenges Boyd is currently facing across its business. These market conditions are impacting the results that can be achieved in the short-term, while new location growth has resulted in increased levels of depreciation and amortization.

Basic Earnings Per Share was \$0.87 per share for the nine months ended September 30, 2021 compared to \$1.34 for the same period of 2020. Diluted earnings per share was \$0.87 for the nine months ended September 30, 2021 compared to \$1.23 for the same period of 2020. Adjusted net earnings per share was \$1.03 compared to \$1.28 for the same period of 2020. The decrease in adjusted net earnings per share is primarily attributed to a lower gross margin percentage and higher levels of operating expenses as well the impact of location growth.

Summary of Quarterly Results								
<i>(in thousands of U.S. dollars, except per share amounts)</i>								
	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4
Sales	\$ 490,178	\$ 444,643	\$ 421,643	\$ 403,747	\$ 381,689	\$ 307,951	\$ 467,837	\$ 443,917
Adjusted EBITDA, pre IFRS 16, Leases basis ⁽¹⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 42,772
Adjusted EBITDA ⁽¹⁾	\$ 51,500	\$ 57,996	\$ 52,748	\$ 60,394	\$ 63,514	\$ 35,637	\$ 60,489	\$ 63,698
Net earnings (loss)	\$ 434	\$ 10,462	\$ 7,743	\$ 16,253	\$ 15,855	\$ (4,970)	\$ 16,976	\$ 10,805
Basic earnings (loss) per share/unit	\$ 0.02	\$ 0.49	\$ 0.36	\$ 0.76	\$ 0.74	\$ (0.24)	\$ 0.84	\$ 0.54
Diluted earnings (loss) per share/unit	\$ 0.02	\$ 0.49	\$ 0.36	\$ 0.76	\$ 0.74	\$ (0.24)	\$ 0.71	\$ 0.54
Adjusted net earnings (loss) ⁽¹⁾	\$ 2,389	\$ 11,375	\$ 8,311	\$ 14,569	\$ 16,403	\$ (4,841)	\$ 15,221	\$ 18,028
Adjusted net earnings (loss) per share/unit ⁽¹⁾	\$ 0.11	\$ 0.53	\$ 0.39	\$ 0.68	\$ 0.76	\$ (0.23)	\$ 0.75	\$ 0.90

⁽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 undrawn credit on existing facilities are expected to be sufficient to meet operating requirements, capital expenditures and dividends. At September 30, 2021, BGSi had cash, net of outstanding deposits and cheques, held on deposit in bank accounts totaling \$31.2 million (December 31, 2020 - \$61.0 million). The net working capital ratio (current assets divided by current liabilities) was 0.60:1 at September 30, 2021 (December 31, 2020 – 0.67:1).

At September 30, 2021, BGSi had total debt outstanding, net of cash, of \$896.9 million compared to \$671.1 million at June 30, 2021, \$539.9 million at March 31, 2021, \$538.5 million at December 31, 2020 and \$503.8 million at September 30, 2020. Debt, net of cash, increased when compared to prior periods primarily as a result of acquisition activity, including draws on the revolving credit facility, as well as increased lease liabilities.

Total debt, net of cash <i>(thousands of U.S. dollars)</i>	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Revolving credit facility & swing line (net of financing costs)	\$ 204,250	\$ 54,173	\$ —	\$ —	\$ 36,574
Term Loan A (net of financing costs)	124,667	124,641	123,760	123,705	124,623
Seller notes ⁽¹⁾	56,168	59,452	54,580	56,523	50,292
Total debt before lease liabilities	\$ 385,085	\$ 238,266	\$ 178,340	\$ 180,228	\$ 211,489
Cash	31,228	35,612	61,477	61,041	106,108
Total debt, net of cash before lease liabilities	\$ 353,857	\$ 202,654	\$ 116,863	\$ 119,187	\$ 105,381
Lease liabilities	543,046	468,474	423,001	419,311	398,423
Total debt, net of cash	\$ 896,903	\$ 671,128	\$ 539,864	\$ 538,498	\$ 503,804
⁽¹⁾ Seller notes are loans granted to the Company by the sellers of businesses related to the acquisition of those businesses.					

Operating Activities

Cash flow generated from operations, before considering working capital changes, was \$51.4 million for the three months ended September 30, 2021 compared to \$60.4 million in the same period of 2020.

In the third quarter of 2021, changes in working capital items used net cash of \$10.4 million compared with \$1.2 million in the same period of 2020. 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 \$155.9 million for the nine months ended September 30, 2021 compared to \$159.6 million for the same period in 2020.

For the nine months ended September 30, 2021, changes in working capital items provided net cash of \$6.8 million compared with providing \$11.9 million in the same period of 2020. 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 from financing activities totaled \$112.4 million for the three months ended September 30, 2021 compared to cash used in financing activities of \$320.0 million during the same period of the prior year. During the third quarter of 2021, cash was provided by draws of the revolving credit facility and swing line, primarily to fund acquisition activity, in the amount of \$170.0 million, offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$25.5 million and to fund interest costs on long-term debt of \$2.6 million. Cash used by financing activities included \$22.2 million in repayments of lease liabilities and cash used to fund interest costs on lease liabilities of \$4.8 million. Cash was also used to pay dividends of \$2.4 million. During the third quarter of 2020, cash was used to repay draws as well as long-term debt associated with seller notes in the amount of \$291.6 million and cash used to fund interest costs on long-term debt of \$3.6 million. Cash used by financing activities included \$17.2 million used to repay lease liabilities and cash used to fund interest costs on lease liabilities of \$4.1 million. Cash was also used to pay dividends totaling \$2.2 million. On July 31, 2020, the call option transaction to acquire the 21.16% non-controlling interest in Gerber Glass LLC was completed for \$1.3 million.

Cash from financing activities totaled \$102.4 million for the nine months ended September 30, 2021 compared to cash used by financing activities of \$42.0 million for the same period of the prior year. During the nine months ended September 30, 2021, cash was provided by draws of the revolving credit facility and swing line, primarily to fund acquisition activity, in the amount of \$225.0 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$33.1 million and to fund interest costs on long-term debt of \$7.1 million. Cash used by financing activities included \$61.9 million in repayments of lease liabilities and cash used to fund interest costs on lease liabilities of \$13.2 million. Cash was also used to pay dividends of \$7.2 million. During 2020, the Company completed a corporate conversion as well as an equity offering, resulting in gross proceeds on the offering of \$164.3 million, as well as the payment of \$8.0 million in issue costs. The Company also amended the revolving credit facility, resulting in the payment of \$1.4 million of financing costs. During 2020, cash was provided by draws of the revolving credit facility in the amount of \$495.5 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$608.2 million and to fund interest costs on long-term debt of \$12.7 million. Cash used by financing activities included \$52.7 million used to repay lease liabilities and cash used to fund interest costs on lease liabilities of \$12.6 million. Cash was also used to pay dividends totaling \$4.9 million. On July 31, 2020, the call option transaction to acquire the 21.16% non-controlling interest in Gerber Glass LLC was completed for \$1.3 million.

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, with an accordion feature which can increase the facility to a maximum of \$825 million (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 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 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 in Canada and \$30.0 million in the U.S. At September 30, 2021, the Company has drawn \$190.0 million U.S. (December 31, 2020 - \$nil U.S.) and \$nil Canadian (December 31, 2020 - \$nil) on the revolving credit facility, \$125.0 million U.S. (December 31, 2020 - \$125.0 million) on the Term Loan A and \$15.0 million U.S. (December 31, 2020 - \$nil) on the swing line.

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 amended certain financial covenants under the revolving credit facility to provide additional covenant headroom, further enhancing the Company's financial flexibility. While the Company did not breach any covenants, this amendment was 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. The amendments included 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 was permitted to replace the EBITDA for the second and third quarters of 2020 with the EBITDA for the second and third quarters of 2019. From December 31, 2020 to June 29, 2021, the senior funded debt to EBITDA ratio was 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 could be increased to no greater than 4.00.

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 first, second and third quarters of 2021, BGSI entered into 26 new seller notes for \$12.8 million.

Shareholders' Capital

On May 14, 2020, BGSI closed its previously announced equity offering consisting of 1,265,000 shares at a price of C\$183.00 per share, with net proceeds of the offering to fund potential future acquisition opportunities, 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 \$157.0 million and \$294.8 million for the three months ended September 30, 2021 and for the nine months ended September 30, 2021, respectively. This compares to \$11.9 million and \$60.0 million used in the same periods of the prior year, respectively. The investing activity in both periods related primarily to new location growth that occurred during these periods.

Acquisitions and Development of Businesses

During the first, second and third quarters of 2021, the Company added 90 locations through acquisition, 15 locations operating as intake centers and eight start-up locations, for a total of 113 new locations. From January 1, 2021 up to the reporting date of November 9, 2021, the Company has added 96 locations through acquisition, 16 locations operating as intake centers and eight start-up locations, for a total of 120 new locations. These new locations are as follows:

Date	Location	Previously operated as
January 2, 2021	Cathedral City, CA	n/a start-up
January 2, 2021	Schaumburg, IL	n/a intake center
January 6, 2021	Henderson, NV	n/a intake center
January 15, 2021	Wyandotte, MI	Eureka Body and Fender
January 18, 2021	Las Vegas, NV	n/a intake center
January 29, 2021	Longwood, FL	n/a start-up
January 29, 2021	Kirkland, WA	n/a intake center
February 12, 2021	Columbia, SC	Jimmy Rivers Boyd Shop Inc.
February 19, 2021	Mentor & Streetsboro, OH (2 locations)	Frankie & Dylan's, Inc.
February 19, 2021	Fenton, MI	n/a intake center
February 23, 2021	Amarillo, TX	Plains Chevrolet, Ltd.
February 23, 2021	Pensacola, FL	n/a start-up
March 4, 2021	Bellevue, WA	n/a intake center
March 9, 2021	Queen Creek, AZ	n/a start-up
March 12, 2021	Mesa, AZ	n/a intake center
March 26, 2021	Simi Valley, CA	Star Auto Body, Inc.
March 26, 2021	Tallahassee, FL (3 locations)	Universal Collision Center, Inc.
March 31, 2021	Milwaukee, WI	Prestige Auto Works, Inc.
March 31, 2021	Bellevue, WA	n/a intake center
April 9, 2021	Vero Beach, FL	Perfection Paint and Body
April 9, 2021	Highland, IN	n/a intake center
April 17, 2021	Union City, GA	n/a intake center
April 23, 2021	Escondido, CA	Milo Johnson Automotive Service, Inc.
April 27, 2021	Denton and Flour Mound, TX (2 locations)	Pro Care Collision, LLC
April 30, 2021	Green Bay, WI	Williams Auto Body Shop, Inc.
April 30, 2021	Sanford and Southern Pines, NC (2 locations)	Overton Body Shop
May 1, 2021	Thornhill, ON	n/a intake center
May 7, 2021	Kaneohe, Wahiawa & Waipahu, HI (3 locations)	Sigs Collision Centers
May 11, 2021	Buford, GA	n/a start-up
May 14, 2021	Baltimore & Reisterstown, MD (2 locations)	Camden Boyd & Fender
May 14, 2021	Amarillo, TX	n/a start-up
May 21, 2021	Las Vegas, NV	n/a intake center
June 11, 2021	Victor, NY	Austin-Spencer Collision Repair Center
June 15, 2021	Pittsburgh, PA	Wolbert Auto Body, Inc.
June 18, 2021	Austin, TX (2 locations)	Austin Capital Collision
June 19, 2021	Gilbert, AZ	n/a intake center
June 25, 2021	Georgia & South Carolina (16 locations)	John Harris Body Shops
July 9, 2021	La Habra, CA	California Auto Specialist Center
July 16, 2021	Appleton, WI	Peotter's Collision Center
July 31, 2021	Oklahoma, Kansas & Missouri (35 locations)	Collision Works
August 7, 2021	Pensacola, FL	n/a intake center
August 7, 2021	Pensacola, FL	n/a intake center
August 10, 2021	Round Rock, TX	n/a start-up
August 13, 2021	Eagle River, Minocqua, Rhinelander & Tomahawk, WI (4 locations)	Quality Collision Center

Date	Location	Previously operated as
August 13, 2021	San Diego, CA	Qualtech Collision Center
August 20, 2021	Springfield, MO	St. Louis Street Auto Body
August 31, 2021	Austin, TX	Don's Paint & Body Shop, Inc.
September 7, 2021	Jacksonville, FL	n/a start-up
September 7, 2021	Ankeny, IA	Smith's Collision & Paint
September 17, 2021	Shreveport, LA	Crown Collision, LLC
September 17, 2021	Burbank, IL	Millenium Auto Exchange, Inc.
September 27, 2021	Erie, PA	Jensen's Target Collision
October 1, 2021	Clarence, NY	Stevens Collision, LLC
October 8, 2021	Brighton, MI	Campbell Collision, Inc.
October 15, 2021	Medina & North Ridgeville, OH (2 locations)	South of the Square Collision Center
October 22, 2021	Sycamore, IL	Hayes' Boyd Shop, Inc.
October 29, 2021	Cornwall, ON	Seaway Chevrolet Cadillac Buick GMC Ltd.
November 8, 2021	Amarillo, TX	n/a intake center

During the second quarter of 2021, the Company acquired a mobile scanning and calibration business. During the third quarter of 2021, the Company acquired a glass business.

The Company completed the acquisition or start-up of 30 locations from the beginning of 2020 until the third quarter reporting date of November 11, 2020.

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, the investment in environmental initiatives, including LED lighting, and the investment in the expansion of the Wow Operating Way practices through the corporate applications and process improvement efficiency project, the Company spent approximately \$4.4 million or 0.9% of sales on capital expenditures during the third quarter of 2021, compared to \$4.2 million or 1.1% of sales during the same period of 2020. During the first nine months of 2021, excluding these same expenditures, the Company spent approximately \$15.9 million or 1.2% of sales on capital expenditures, compared to \$15.5 million or 1.3% of sales during the same period of 2020.

The Company 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 sales. In addition to these capital expenditures, the Company plans to invest \$4 million in environmental initiatives, including 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 nine months ended September 30, 2021, the Company has spent approximately \$2.4 million on environmental initiatives, including 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 an additional \$2.0-2.5 million investment before the project is complete in the second quarter of 2022. The project will also be expected to streamline various processes as well as generate economic returns once fully implemented. During the nine months ended September 30, 2021, the Company has spent approximately \$5.3 million on the Wow Operating Way expansion to corporate business processes.

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 2020 annual report.

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 2020 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 third quarter of 2021, 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 2020 annual MD&A, except as follows:

Employee Relations and Staffing

The collision repair industry is experiencing significant and unprecedented competition for talent, and, in particular, a limited pool of qualified technicians. This is resulting in significant wage pressure, which is adversely impacting the Company's financial results.

Supply Chain Risk

Disruptive events have negatively impacted supply chains, which are adversely impacting Boyd's ability to complete repairs due to availability of original equipment and aftermarket parts. This is resulting in high levels of work-in-process and decreased margins as parts are sourced from non-primary suppliers in order to complete repairs, which is adversely impacting the Company's financial results.

ADDITIONAL INFORMATION

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