



BOYD GROUP SERVICES INC.

Interim Condensed Consolidated Financial Statements

Three and Six Months Ended June 30, 2021

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

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

		June 30, 2021	December 31, 2020	January 1, 2020
			<i>(Note 4)</i>	<i>(Note 4)</i>
	<i>Note</i>			
Assets				
Current assets:				
Cash		\$ 35,612	\$ 61,041	\$ 27,308
Accounts receivable		87,250	86,957	86,808
Income taxes recoverable		2,368	6,087	975
Inventory		39,667	32,079	36,889
Prepaid expenses		26,546	20,272	23,230
		191,443	206,436	175,210
Property, plant and equipment	6	271,029	237,945	227,579
Right of use assets	7	429,485	381,966	364,042
Deferred income tax asset		1,203	649	—
Intangible assets	8	312,418	276,381	267,449
Goodwill	9	516,648	463,734	427,005
Other long-term assets		4,751	4,436	2,554
		\$ 1,726,977	\$ 1,571,547	\$ 1,463,839
Liabilities and Equity				
Current liabilities:				
Accounts payable and accrued liabilities		\$ 237,207	\$ 210,185	\$ 207,710
Distributions and dividends payable	10	2,478	2,364	717
Current portion of long-term debt	11	15,980	15,594	17,033
Current portion of lease liabilities	12	84,900	77,941	84,354
		340,565	306,084	309,814
Long-term debt	11	222,286	164,634	302,694
Lease liabilities	12	383,574	341,370	310,911
Deferred income tax liability		44,410	41,355	30,036
Unearned rebates		6,116	6,424	7,039
Exchangeable Class A common shares		—	—	28,742
Non-controlling interest put option		—	—	3,477
		996,951	859,867	992,713
Equity				
Accumulated other comprehensive earnings		70,209	65,157	47,088
Retained earnings		56,191	42,872	7,548
Shareholders' capital		600,047	600,047	412,886
Contributed surplus		3,579	3,604	3,604
		730,026	711,680	471,126
		\$ 1,726,977	\$ 1,571,547	\$ 1,463,839

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

Approved by the Board:

TIMOTHY O'DAY
Director

DAVID BROWN
Director

BOYD GROUP SERVICES INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)
(thousands of U.S. dollars, except share amounts)

	<i>Note</i>	Shareholders' Capital		Contributed Surplus	Accumulated Other Comprehensive Earnings	Retained Earnings	Total Equity
		Shares	Amount				
Balances - January 1, 2020	4	20,022,381	\$ 412,886	\$ 3,604	\$ 47,088	\$ 7,548	\$ 471,126
Issue costs (net of tax of \$2,106)			(5,871)				(5,871)
Shares issued through public offering		1,265,000	164,297				164,297
Shares issued in connection with conversion to corporate form		184,813	28,735				28,735
Other comprehensive earnings					18,069		18,069
Net earnings						44,114	44,114
Comprehensive earnings					18,069	44,114	62,183
Dividends to shareholders						(8,790)	(8,790)
Balances - December, 31 2020	4	21,472,194	\$ 600,047	\$ 3,604	\$ 65,157	\$ 42,872	\$ 711,680
Issue costs - other (net of tax of \$29)				(76)			(76)
Stock option accretion				51			51
Other comprehensive earnings					5,052		5,052
Net earnings						18,205	18,205
Comprehensive earnings					5,052	18,205	23,257
Dividends to shareholders	10					(4,886)	(4,886)
Balance - June 30, 2021		21,472,194	\$ 600,047	\$ 3,579	\$ 70,209	\$ 56,191	\$ 730,026
Balances - January 1, 2020	4	20,022,381	\$ 412,886	\$ 3,604	\$ 47,088	\$ 7,548	\$ 471,126
Issue costs (net of tax of \$2,103)			(5,871)				(5,871)
Shares issued through public offering		1,265,000	164,297				164,297
Shares issued in connection with conversion to corporate form		184,813	28,735				28,735
Other comprehensive earnings					1,927		1,927
Net earnings						12,006	12,006
Comprehensive earnings					1,927	12,006	13,933
Dividends to shareholders	10					(4,185)	(4,185)
Balances - June 30, 2020	4	21,472,194	\$ 600,047	\$ 3,604	\$ 49,015	\$ 15,369	\$ 668,035

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

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

		Three months ended June 30,			Six months ended June 30,	
		2021	2020		2021	2020
			(Note 4)			(Note 4)
	Note			Note		
Sales	15	\$ 444,643	\$ 307,951	15	\$ 866,286	\$ 775,788
Cost of sales		239,500	163,781		467,186	422,127
Gross profit		205,143	144,170		399,100	353,661
Operating expenses		147,147	108,533		288,356	257,535
Acquisition and transaction costs		1,102	272		1,870	861
Depreciation of property, plant and equipment	6	10,007	9,163	6	19,566	17,757
Depreciation of right of use assets	7	20,892	18,742	7	41,004	37,332
Amortization of intangible assets	8	5,496	4,624	8	10,561	9,132
Fair value adjustments		98	(72)		98	(2,263)
Finance costs		6,050	9,424		12,782	17,696
		190,792	150,686		374,237	338,050
Earnings (loss) before income taxes		14,351	(6,516)		24,863	15,611
Income tax expense (recovery)						
Current		3,165	3,652		4,104	(3,764)
Deferred		724	(5,198)		2,554	7,369
		3,889	(1,546)		6,658	3,605
Net earnings (loss)		\$ 10,462	\$ (4,970)		\$ 18,205	\$ 12,006

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

Basic earnings (loss) per share	16	\$ 0.49	\$ (0.24)	16	\$ 0.85	\$ 0.58
Diluted earnings (loss) per share	16	\$ 0.49	\$ (0.24)	16	\$ 0.85	\$ 0.58
Basic weighted average number of shares outstanding	16	21,472,194	20,860,546	16	21,472,194	20,533,870
Diluted weighted average number of shares outstanding	16	21,472,194	20,860,546	16	21,472,194	20,533,870

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

		Three months ended June 30,			Six months ended June 30,	
		2021	2020		2021	2020
						(Note 4)
Net earnings (loss)		\$ 10,462	\$ (4,970)		\$ 18,205	\$ 12,006
Other comprehensive earnings						
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of Earnings						
Change in unrealized earnings on foreign currency translation		2,842	8,163		5,052	1,927
Other comprehensive earnings		2,842	8,163		5,052	1,927
Comprehensive earnings		\$ 13,304	\$ 3,193		\$ 23,257	\$ 13,933

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 U.S. dollars)

		Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
			(Note 4)		(Note 4)
	<i>Note</i>				
Cash flows from operating activities					
Net earnings (loss)		\$ 10,462	\$ (4,970)	\$ 18,205	\$ 12,006
Adjustments for					
Fair value adjustments		98	(72)	98	(2,263)
Deferred income taxes		724	(5,198)	2,554	7,369
Finance costs		6,050	9,424	12,782	17,696
Amortization of intangible assets	8	5,496	4,624	10,561	9,132
Depreciation of property, plant and equipment	6	10,007	9,163	19,566	17,757
Depreciation of right of use assets	7	20,892	18,742	41,004	37,332
Other		136	16	(227)	166
		53,865	31,729	104,543	99,195
Changes in non-cash working capital items		4,636	12,825	17,221	13,161
		58,501	44,554	121,764	112,356
Cash flows (used in) from financing activities					
Shares issued through public offering		—	164,297	—	164,297
Issue costs		(105)	(7,144)	(105)	(7,973)
Increase in obligations under long-term debt	11	55,000	—	55,000	495,502
Repayment of long-term debt, principal	11	(5,158)	(194,531)	(7,614)	(316,613)
Repayment of obligations under property leases, principal		(19,922)	(17,107)	(38,629)	(34,373)
Repayment of obligations under vehicle and equipment leases, principal		(515)	(536)	(1,025)	(1,124)
Interest on long-term debt	11	(2,192)	(5,124)	(4,524)	(9,057)
Interest on property leases		(4,100)	(4,109)	(8,197)	(8,384)
Interest on vehicle and equipment leases		(65)	(70)	(142)	(156)
Dividends paid		(2,423)	(1,984)	(4,802)	(2,695)
Payment of financing costs		—	(75)	—	(1,395)
		20,520	(66,383)	(10,038)	278,029
Cash flows used in investing activities					
Proceeds on sale of equipment and software	6	340	75	552	231
Equipment purchases and facility improvements		(6,966)	(6,240)	(13,633)	(13,230)
Acquisition and development of businesses (net of cash acquired)		(96,317)	(10,294)	(120,397)	(34,955)
Software purchases and licensing	8	(2,122)	(83)	(4,055)	(242)
Increase in other long-term assets		(209)	167	(300)	100
		(105,274)	(16,375)	(137,833)	(48,096)
Effect of foreign exchange rate changes on cash		388	6,227	678	4,781
Net (decrease) increase in cash position		(25,865)	(31,977)	(25,429)	347,070
Cash beginning of period		61,477	406,355	61,041	27,308
Cash, end of period		\$ 35,612	\$ 374,378	\$ 35,612	\$ 374,378
Income taxes (recovered) paid		\$ 1,533	\$ 47	\$ 384	\$ 326
Interest paid		\$ 6,001	\$ 8,883	\$ 12,693	\$ 16,886

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

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

For the three and six months ended June 30, 2021 and 2020

(thousands of U.S. dollars, except share and share amounts)

1. GENERAL INFORMATION

Boyd Group Services Inc. ("BGSI") is a Canadian corporation and controls The Boyd Group Inc. and its subsidiaries.

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.TO". The head office and principal address of the Company are located at 1745 Ellice Avenue, Winnipeg, Manitoba, Canada, R3H 1A6.

The policies applied in these interim condensed consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and effective as of August 10, 2021, 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, 2021 could result in restatement of these interim condensed consolidated financial statements.

2. BASIS OF PRESENTATION

These interim condensed consolidated financial statements for the three and six months ended June 30, 2021 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, 2020, except as disclosed below. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS.

The functional currency of Boyd Group Services Inc. is the Canadian dollar ("CAD"). These consolidated financial statements are presented in US dollars ("USD").

Effective January 1, 2021, the Company changed its presentation currency from the CAD to USD to better reflect the Company's business activities, given the significance of revenues denominated in USD. Further detail is provided in Note 4 Change in Accounting Policies. Assets and liabilities are translated at the closing rate at the end of each reporting period. Profit or loss items are translated at average exchange rates for all the relevant periods. All resulting translation differences are recognized as a component of other comprehensive earnings (loss) and as a component of accumulated other comprehensive earnings in equity.

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

For the three and six months ended June 30, 2021 and 2020

(thousands of U.S. dollars, except share and share amounts)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

COVID-19 Impact

On March 11, 2020, the World Health Organization declared the novel Coronavirus (COVID-19) as a global pandemic. In response, governments worldwide enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses resulting in a global economic slowdown as well as significant volatility in equity markets. The pandemic impacted the demand for collision repair services throughout 2020 and continued to impact demand in the first quarter of 2021 in both Canada and the U.S. During the second quarter of 2021, the pandemic continued to impact demand for collision services in Canada, while demand in the U.S. increased throughout the quarter. A slower economic re-opening, as well as greater restrictions, caused a more significant decline in demand for services in Canada when compared to the U.S.

As at June 30, 2021, BGSI is not able to reliably forecast the severity or duration of the impact that COVID-19 will have on the economy, or on BGSI's operations. The extent to which the impacts of the COVID-19 pandemic affects the judgments and estimates depend on future developments, which are highly uncertain and cannot be predicted. Management will continue to monitor and assess the impact of the pandemic on its judgments, estimates, accounting policies and amounts recognized in these interim condensed consolidated financial statements.

4. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2021, the Company changed its presentation currency from Canadian dollars ("CAD") to US dollars ("USD"). This change will provide shareholders with a better reflection of the Company's business activities, given the significance of revenues denominated in USD. The change in presentation currency represents a voluntary change in accounting policy. The Company has applied the presentation currency change retrospectively. All periods presented in the unaudited interim condensed consolidated financial statements have been translated into the new presentation currency, in accordance with the guidance in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

The interim condensed consolidated statements of earnings and the interim condensed consolidated statements of cash flows have been translated into the presentation currency using the average exchange rates prevailing during each reporting period. In the interim condensed consolidated statements of financial position, all assets and liabilities have been translated using the period-end exchange rates, and all resulting exchange differences have been recognized in accumulated other comprehensive earnings. Asset and liability amounts previously reported in CAD have been translated into USD as at January 1, 2020, and December 31, 2020 using the period-end exchange rates below and shareholders' equity balances have been translated using historical rates in effect on the date of the transactions.

USD/CAD Exchange Rate	June 30, 2021	December 31, 2020	June 30, 2020	January 1, 2020
Closing rate at the reporting date	0.8068	0.7854	0.7338	0.7699
Average rate for the period	0.8145	0.7456	0.7216	0.7537

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

For the three and six months ended June 30, 2021 and 2020

(thousands of U.S. dollars, except share and share amounts)

The change in presentation currency resulted in the following impact on the January 1, 2020, opening consolidated statement of financial position:

	Previously reported in CAD January 1, 2020	Presentation currency change	Reported in USD January 1, 2020
Total assets	\$ 1,901,253	\$ (437,414)	\$ 1,463,839
Total liabilities	1,289,341	(296,628)	992,713
Total equity	611,912	(140,786)	471,126

The change in presentation currency resulted in the following impact on the December 31, 2020, consolidated statement of financial position:

	Previously reported in CAD December 31, 2020	Presentation currency change	Reported in USD December 31, 2020
Total assets	\$ 2,000,905	\$ (429,358)	\$ 1,571,547
Total liabilities	1,094,779	(234,912)	859,867
Total equity	906,126	(194,446)	711,680

The change in presentation currency resulted in the following impact on the three months ended June 30, 2020 consolidated statements of statement of earnings and comprehensive earnings:

	Previously reported in CAD June 30, 2020	Presentation currency change	Reported in USD June 30, 2020
Sales	\$ 426,473	\$ (118,522)	\$ 307,951
Gross profit	199,562	(55,392)	144,170
Operating expenses	150,380	(41,847)	108,533
Net loss	(7,059)	2,089	(4,970)
Comprehensive (loss) earnings	(31,544)	34,737	3,193

The change in presentation currency resulted in the following impact on the six months ended June 30, 2020 consolidated statements of statement of earnings and comprehensive earnings:

	Previously reported in CAD June 30, 2020	Presentation currency change	Reported in USD June 30, 2020
Sales	\$ 1,054,823	\$ (279,035)	\$ 775,788
Gross profit	480,942	(127,281)	353,661
Operating expenses	350,343	(92,808)	257,535
Net earnings	15,596	(3,590)	12,006
Comprehensive earnings	43,535	(29,602)	13,933

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

For the three and six months ended June 30, 2021 and 2020

(thousands of U.S. dollars, except share and share amounts)

The change in presentation currency resulted in the following impact on the year ended December 31, 2020 consolidated statements of statement of earnings and comprehensive income:

	Previously reported in CAD December 31, 2020	Presentation currency change	Reported in USD December 31, 2020
Sales	\$ 2,089,115	\$ (527,891)	\$ 1,561,224
Gross profit	961,930	(243,051)	718,879
Operating expenses	668,379	(169,534)	498,845
Net earnings	57,734	(13,620)	44,114
Comprehensive earnings	45,266	16,917	62,183

The change in presentation currency resulted in the following impact on the year ended December 31, 2020 basic and diluted earnings per share:

	Previously reported in CAD December 31, 2020	Presentation currency change	Reported in USD December 31, 2020
Basic earnings per share for the year ended	\$2.75	\$(0.65)	\$2.10
Diluted earnings per share for the year ended	\$2.60	\$(0.60)	\$2.00

Stock Option Plan

During the first quarter of 2021, the Company adopted a stock option plan, which was approved by shareholders on May 12, 2021, for senior management. Options are awarded and vest over a five year period. The fair value of each option is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the option vesting period, based on the number of options expected to vest, with the offset credited to contributed surplus.

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

For the three and six months ended June 30, 2021 and 2020

(thousands of U.S. dollars, except share and share amounts)

5. ACQUISITIONS

The Company completed 18 acquisitions that added 42 locations during the six months ended June 30, 2021 as follows:

Acquisition Date	Location
January 15, 2021	Wyandotte, MI
February 12, 2021	Columbia, SC
February 19, 2021	Mentor & Streetsboro, OH (2 locations)
February 23, 2021	Amarillo, TX
March 26, 2021	Simi Valley, CA
March 26, 2021	Tallahassee, FL (3 locations)
March 31, 2021	Milwaukee, WI
April 9, 2021	Vero Beach, FL
April 23, 2021	Escondido, CA
April 27, 2021	Denton and Flour Mound, TX (2 locations)
April 30, 2021	Green Bay, WI
April 30, 2021	Sanford and Southern Pines, NC (2 locations)
May 7, 2021	Kaneohe, Wahiawa & Waipahu, HI (3 locations)
May 14, 2021	Baltimore & Reisterstown, MD (2 locations)
June 11, 2021	Victor, NY
June 15, 2021	Pittsburgh, PA
June 18, 2021	Austin, TX (2 locations)
June 25, 2021	Georgia & South Carolina (16 locations)

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

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

For the three and six months ended June 30, 2021 and 2020

(thousands of U.S. dollars, except share and share amounts)

BGSI has accounted for the 2021 acquisitions using the acquisition method as follows:

Acquisitions in 2021		Total acquisitions
Identifiable net assets acquired at fair value:		
Other currents assets	\$	1,550
Property, plant and equipment		20,241
Right of use assets		60,327
Identified intangible assets		
Customer relationships		38,636
Non-compete agreements		1,656
Brandname		577
Lease liabilities		(60,327)
Identifiable net assets acquired	\$	62,660
Goodwill		50,206
Total purchase consideration	\$	112,866
Consideration provided		
Cash paid or payable	\$	102,328
Seller notes		10,538
Total consideration provided	\$	112,866

The preliminary purchase prices for the 2021 acquisitions may be revised as additional information becomes available. Further adjustments may be recorded in future periods as purchase price adjustments are finalized.

Canadian acquisition transactions are initially recognized in U.S. 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 2021 is expected to be deductible for tax purposes.

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

For the three and six months ended June 30, 2021 and 2020

*(thousands of U.S. dollars, except share and share amounts)***6. PROPERTY, PLANT AND EQUIPMENT**

As at	June 30, 2021	December 31, 2020 <i>(Note 4)</i>
Balance, beginning of year	\$ 237,945	\$ 227,579
Acquired through business combination	20,241	13,030
Additions	32,202	45,222
Proceeds on disposal	(552)	(11,097)
Gain (loss) on disposal	299	(252)
Transfers from right of use assets	(90)	(491)
Depreciation	(19,566)	(37,183)
Foreign exchange	550	1,137
Balance, end of period	\$ 271,029	\$ 237,945

7. RIGHT OF USE ASSETS

As at	June 30, 2021	December 31, 2020 <i>(Note 4)</i>
Balance, beginning of year	\$ 381,966	364,042
Acquired through business combinations	60,327	22,130
Additions and modifications	26,984	71,569
Depreciation	(41,004)	(76,080)
Loss on disposal	(180)	(251)
Transfers to property, plant and equipment	90	491
Foreign exchange	1,302	65
Balance, end of period	\$ 429,485	\$ 381,966

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

For the three and six months ended June 30, 2021 and 2020

*(thousands of U.S. dollars, except share and share amounts)***8. INTANGIBLE ASSETS**

As at	June 30, 2021	December 31, 2020 <i>(Note 4)</i>
Balance, beginning of year	\$ 276,381	\$ 267,449
Acquired through business combination	40,869	24,330
Additions	4,055	2,063
Amortization	(10,561)	(18,527)
Foreign exchange	1,674	1,066
Balance, end of period	\$ 312,418	\$ 276,381

9. GOODWILL

As at	June 30, 2021	December 31, 2020 <i>(Note 4)</i>
Balance, beginning of year	\$ 463,734	\$ 427,005
Acquired through business combination	50,206	34,711
Foreign exchange	2,708	2,018
Balance, end of period	\$ 516,648	\$ 463,734

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

For the three and six months ended June 30, 2021 and 2020

(thousands of U.S. dollars, except share and share amounts)

10. 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.

The Company declared dividends of C\$0.141 per share in the first and second quarters of 2021 (2020 - C\$0.138).

Dividends to shareholders were declared and paid as follows:

Record date	Payment date	Dividend amount
March 31, 2021	April 28, 2021	\$ 2,408
June 30, 2021	July 28, 2021	2,478
		\$ 4,886

Record date	Payment date	Dividend amount
		(Note 4)
March 31, 2020	April 28, 2020	\$ 1,999
June 30, 2020	July 29, 2020	2,186
		\$ 4,185

11. LONG-TERM DEBT

Long-term debt is comprised of the following:

As at	June 30, 2021	December 31, 2020
		(Note 4)
Revolving credit facility (net of financing costs)	\$ 54,173	\$ —
Term Loan A (net of financing costs)	124,641	123,705
Seller notes	59,452	56,523
	\$ 238,266	\$ 180,228
Current portion	15,980	15,594
	\$ 222,286	\$ 164,634

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

For the three and six months ended June 30, 2021 and 2020

(thousands of U.S. dollars, except share and share amounts)

The following is the continuity of long-term debt:

As at	June 30, 2021	December 31, 2020 (Note 4)
Balance, beginning of period	\$ 180,228	\$ 319,727
Consideration on acquisition	10,538	39,635
Draws	55,000	495,502
Repayments	(7,614)	(673,009)
Deferred financing costs	—	(1,395)
Amortization of deferred finance costs	144	520
Foreign exchange	(30)	(752)
Balance, end of period	\$ 238,266	\$ 180,228

Included in finance costs for the three and six months ended June 30, 2021 is interest on long-term debt of \$2,192 and \$4,524 respectively (2020 - \$5,124 and \$9,057 respectively).

12. LEASE LIABILITIES

The following is the continuity of lease liabilities:

As at	June 30, 2021	December 31, 2020 (Note 4)
Balance, beginning of period	\$ 419,311	\$ 395,265
Assumed on acquisition	60,327	22,130
Additions and modifications	26,984	72,094
Repayments	(47,993)	(87,972)
Financing costs	8,340	16,796
Foreign exchange	1,505	998
Balance, end of period	\$ 468,474	\$ 419,311
Current portion	84,900	77,941
	\$ 383,574	\$ 341,370

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
		(Note 4)		(Note 4)
Operating expenses	\$ 1,198	\$ 1,096	\$ 2,243	\$ 2,004
Depreciation of right of use assets	\$ 20,892	\$ 18,742	\$ 41,004	\$ 37,332
Finance costs	\$ 4,165	\$ 4,179	\$ 8,340	\$ 8,540

13. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

			June 30, 2021		December 31, 2020	
					(Note 4)	
	Classification	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash	Amortized cost	n/a	35,612	35,612	61,041	61,041
Accounts receivable	Amortized cost	n/a	87,250	87,250	86,957	86,957
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	n/a	237,207	237,207	210,185	210,185
Dividends payable	Amortized cost	n/a	2,478	2,478	2,364	2,364
Long-term debt	Amortized cost	n/a	238,266	238,291	180,228	180,259

(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 dividends payable, which are short term in nature and subject to normal trade terms, the carrying values approximate their fair value. The fair value of BGSI's long-term debt has been determined by calculating the present value of the interest rate spread that exists between the actual Term Loan A and the rate that would be negotiated with the economic conditions at the reporting date. As there is no ready secondary market for BGSI's other long-term debt, the fair value has been estimated using the discounted cash flow method.

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Collateral

The Company's syndicated loan facility is collateralized by a General Security Agreement. The carrying amount of the financial assets pledged as collateral for this facility at June 30, 2021 was approximately \$122,862 (December 31, 2020 - \$147,998).

14. 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, operating expenses and earnings are typically sensitive to regional and local weather, market conditions, and in particular, to cyclical variations in economic activity and market demand.

15. SEGMENTED REPORTING

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Revenues		<i>(Note 4)</i>		<i>(Note 4)</i>
Canada	\$ 33,332	\$ 27,873	\$ 70,609	\$ 84,442
United States	411,311	280,078	795,677	691,346
	\$ 444,643	\$ 307,951	\$ 866,286	\$ 775,788

Reportable Assets	June 30, 2021	December 31, 2020
As at		<i>(Note 4)</i>
Canada	\$ 235,696	\$ 231,751
United States	1,293,884	1,128,275
	\$ 1,529,580	\$ 1,360,026

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16. EARNINGS (LOSS) PER SHARE

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
		(Note 4)		(Note 4)
Net earnings (loss)	\$ 10,462	\$ (4,970)	\$ 18,205	\$ 12,006
Net earnings (loss) - diluted basis	\$ 10,462	\$ (4,970)	\$ 18,205	\$ 12,006
Basic weighted average number of shares	21,472,194	20,860,546	21,472,194	20,533,870
Average number of shares outstanding - diluted basis	21,472,194	20,860,546	21,472,194	20,533,870
Basic earnings (loss) per share	\$ 0.49	\$ (0.24)	\$ 0.85	\$ 0.58
Diluted earnings (loss) per share	\$ 0.49	\$ (0.24)	\$ 0.85	\$ 0.58

The stock options are instruments that could have potentially diluted basic earnings per share for the three and six months ended June 30, 2021, but were not included in the calculation of diluted earnings per share because they were anti-dilutive for the periods.

17. STOCK OPTION PLAN

During the first quarter of 2021, the Company instituted a stock option plan for senior management, which was approved by shareholders on May 12, 2021. The Company's stock option plan allows for the granting of options up to an amount of 250,000 Common shares under this plan. Each tranche of the options vests equally over two, three, four and five year periods.

On March 31, 2021 the Company issued 13,831 options under the stock option plan with a grant date fair value of \$56.99 per option and an exercise price of \$219.21 per option. None of the options are exercisable at period end. Issue costs of \$105 were incurred with respect to the stock option plan.

18. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at	December 31, 2020	Cash Flows	Non-cash changes				June 30, 2021
			Acquisition	Other items	Fair value changes	Foreign exchange	
	(Note 4)						
Long-term debt	\$ 180,228	42,862	10,538	4,668	—	(30)	\$ 238,266
Lease liabilities	419,311	(47,993)	60,327	35,324	—	1,505	468,474
Dividends	2,364	(4,802)	—	4,886	—	30	2,478
Issue costs	—	(105)	—	—	—	—	—
	\$ 601,903	(10,038)	70,865	44,878	—	1,505	\$ 709,218