

The following review of BGSi's operating and financial results for the period ended March 31, 2021, including material transactions and events of BGSi up to and including May 11, 2021, should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 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.

During the first quarter of 2021, the Company added 10 locations through acquisition, eight locations operating as intake centers and four start-up locations, for a total of 22 new locations. From January 1, 2021 up to the reporting date of May 11, 2021, the Company has added 20 locations through acquisition, 11 locations operating as intake centers and four start-up locations, for a total of 35 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

Subsequent to the end of the quarter, the Company acquired a mobile scanning and calibration business.

OUTLOOK

Boyd continues to focus on steps to keep customers and employees safe, including increased health and safety practices such as contact-free customer drop off & pickup, enhanced cleaning practices, social distancing, and wearing personal protective equipment. Thus far, Boyd has been able to successfully adjust and manage through the challenging situation that has arisen as a result of the COVID-19 pandemic.

While the COVID-19 pandemic continues to significantly impact Boyd's business as additional waves have resulted in increased restrictions and continued reduced collision demand, Boyd is excited and optimistic about the post pandemic future. While all temporary intake centers in the U.S. have been converted back to full production facilities and most indirect and support staffing resources have been added back in anticipation of a return to normal demand for services, the process of adding back technician capacity and re-engaging in pre-COVID initiatives to address this constraint remains in process. This may result in technician capacity constraints in some markets in the near term, notwithstanding a return to continued

improvement in demand in most U.S. markets. This, combined with worsening demand in Canada, as restrictions either continue or are tightened, has resulted in overall sales performance thus far in the second quarter of 2021 that is only marginally higher than that achieved in the first quarter of 2021.

During 2021, Boyd will focus on the new five year growth strategy, which will see the Company double the size of the business on a constant currency revenue basis from 2021 to 2025, based on 2019 revenues, implying a compound annual growth rate of 15 percent. Boyd will continue to pursue accretive growth through a combination of organic growth (same-store sales growth) as well as adding new locations to the network in the United States and Canada. New location growth will continue to include single location acquisitions, as well as brownfield and greenfield start-ups, and multi-location acquisitions.

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 May 11, 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 continue to 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>
<p>Stated objective to gradually increase dividends over time</p>	<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 continue to 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 \$4-5 million investment before the end of the year and is expected to streamline various processes as well as generate economic returns after the project is 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>
<p>Certain operating expenses and personnel costs, along with continued reduced demand for services will continue to impact the levels of Adjusted EBITDA that can be achieved during 2021.</p>	<p>Timing of anticipated return to pre-COVID levels of activity occurs in the short term</p> <p>Re-emergence of stability in economic conditions and employment rates</p>	<p>Return to pre-COVID levels of activity may occur on a different timeline</p> <p>Economic conditions continue to deteriorate, or economic recovery post-COVID-19 is slow</p> <p>Changes in market conditions and operating environment</p>

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 March 31,	
	2021	2020
Net earnings	\$ 7,743	\$ 16,976
Add:		
Finance costs	6,732	8,272
Income tax expense	2,769	5,151
Depreciation of property, plant and equipment	9,559	8,594
Depreciation of right of use assets	20,112	18,590
Amortization of intangible assets	5,065	4,508
Standardized EBITDA	\$ 51,980	\$ 62,091
Add (less):		
Fair value adjustments	—	(2,191)
Acquisition and transaction costs	768	589
Adjusted EBITDA	\$ 52,748	\$ 60,489

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 March 31,	
	2021	2020
Net earnings	\$ 7,743	\$ 16,976
Add (less):		
Fair value adjustments (non-taxable)	—	(2,191)
Acquisition and transaction costs (net of tax)	568	436
Adjusted net earnings	\$ 8,311	\$ 15,221
Weighted average number of shares	21,472,194	20,207,194
Adjusted net earnings per share	\$ 0.39	\$ 0.75

Dividends

BGSi declared dividends of C\$0.141 per share in the first quarter of 2021 (2020 - C\$0.138).

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
		\$ 2,408

<i>(thousands of U.S. dollars)</i>		
Record date	Payment date	Dividend amount
March 31, 2020	April 28, 2020	\$ 1,999
		\$ 1,999

RESULTS OF OPERATIONS

Results of Operations <i>(thousands of U.S. dollars, except per share amounts)</i>	Three months ended March 31,		
	2021	% change	2020
Sales - Total	421,643	(9.9)	467,837
Same-store sales - Total (excluding foreign exchange)	398,274	(14.2)	464,226
Gross margin %	46.0	2.7	44.8
Operating expense %	33.5	5.3	31.8
Adjusted EBITDA ⁽¹⁾	52,748	(12.8)	60,489
Acquisition and transaction costs	768	30.4	589
Depreciation and amortization	34,736	9.6	31,692
Fair value adjustments	—	(100.0)	(2,191)
Finance costs	6,732	(18.6)	8,272
Income tax expense	2,769	(46.2)	5,151
Adjusted net earnings ⁽¹⁾	8,311	(45.4)	15,221
Adjusted net earnings per share ⁽¹⁾	0.39	(48.0)	0.75
Net earnings	7,743	(54.4)	16,976
Basic earnings per share	0.36	(57.1)	0.84
Diluted earnings per share	0.36	(49.3)	0.71

⁽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. This included converting a large number of production facilities to skeleton staffed intake centers, in most cases staffed with a single employee. In the latter part of 2020, Boyd made the decision to prepare for the higher post pandemic demand levels, expected in 2021. This included converting all temporary intake centers in the U.S. back to full production centers, thereby adding back most of the expenses that were temporarily eliminated. The 2021 first quarter results reflect the expense impact of this strategic decision. While the resources necessary to convert facilities back to production facilities were being added back, following steady improvement in demand in the last half of 2020, this improvement trend flattened out during the first quarter as a surge in COVID-19 infections and the reinstatement of restrictions occurred in many of our markets, particularly Canada, where same-store sales declines were more significant in the first quarter of 2021 when compared to the fourth quarter of 2020. Compounding the demand challenges of COVID-19, the Company also experienced more than a normal quarterly level of production challenges, including technician capacity constraints in select markets, weather events in the southern states and supply chain disruptions. These factors, combined with the normal seasonally higher expense burden of the first quarter, resulted in the lower Adjusted EBITDA margin compared to both the third and fourth quarters of 2020.

Canada Emergency Wage Subsidy

The Canada Emergency Wage Subsidy (“CEWS”) was put into place on April 11, 2020, and has now been extended to June 2021. The federal budget for 2021 proposes to extend CEWS until September 25, 2021. It also proposes to gradually decrease the subsidy rate, beginning July 4, 2021, in order to ensure an orderly phase-out of the program as vaccinations are completed and the economy reopens. 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. During the first quarter of 2021, the estimated CEWS of approximately \$3.4 million was recorded, with \$1.5 million being recorded as a reduction to cost of goods sold and \$1.9 million being recorded as a reduction to operating expenses.

1st Quarter Comparison - Three months ended March 31, 2021 vs. 2020

Sales

Sales totaled \$421.6 million for the three months ended March 31, 2021, a decrease of \$46.2 million or 9.9% when compared to the same period of 2020. The decrease in sales was the result of the following:

- Same-store sales excluding foreign exchange decreased \$66.0 million or 14.2% and increased \$2.2 million due to the translation of same-store sales at a higher Canadian dollar exchange rate. Same-store sales excluding foreign exchange decreased 12.6% on a days adjusted basis, recognizing one less selling and production day in the U.S. and Canada in the first quarter of 2021 when compared to the same period of 2020. Same-store sales declines in Canada were much more significant than same-store sales declines in the U.S., and more significant when compared to the fourth quarter of 2020. The first quarter of 2021 was impacted by a significant surge in COVID-19 infections and reinstatement of restrictions in many markets, particularly Canada. Compounding the demand challenges of COVID-19, production challenges, including technician capacity constraints in select markets, weather events in the southern states, and supply chain disruptions also impacted sales levels.
- \$19.4 million of incremental sales were generated from 56 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 \$1.8 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 \$194.0 million or 46.0% of sales for the three months ended March 31, 2021, compared to \$209.5 million or 44.8% of sales for the same period in 2020. Gross profit decreased primarily as a result of lower sales due to the impact of the COVID-19 pandemic when compared to the prior period. The gross margin percentage improved as a result of higher labor margins, including the recognition of the CEWS of approximately \$1.5 million. The gross margin percentage was positively impacted by higher retail glass sales margins, partially offset by a higher mix of parts sales in relation to labor.

Operating Expenses

Operating Expenses for the three months ended March 31, 2021 decreased \$7.8 million to \$141.2 million from \$149.0 million for the same period of 2020. Excluding the impact of foreign currency translation which increased operating expenses by approximately \$0.7 million, expenses decreased \$8.5 million from 2020. The decrease in operating expenses was primarily the result of COVID-19 related cost reductions. In addition to amounts recorded to offset applicable wages recorded in cost of sales, operating expenses benefited from the CEWS of approximately \$1.9 million, which helped mitigate incremental COVID-19 indirect wage costs. Closed locations lowered operating expenses by \$0.7 million.

Operating expenses as a percentage of sales were 33.5% for the three months ended March 31, 2021, which compared to 31.8% for the same period in 2020. The increase as a percentage of sales was primarily due to the impact of the COVID-19 pandemic. While many operating expenses were managed in relation to the decline in sales, certain expenses could not be reduced, such as property taxes and utility costs, which increased as a percentage of sales. Also impacting the beginning of 2021 is the seasonality in certain operating expenses, such as employee payroll taxes, which are typically highest during the first quarter of the year. In addition, continued location growth has resulted in increased operating expenses as a percentage of COVID-impacted sales.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for the three months ended March 31, 2021 were \$0.8 million compared to \$0.6 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")*¹ for the three months ended March 31, 2021 totaled \$52.7 million or 12.5% of sales compared to Adjusted EBITDA of \$60.5 million or 12.9% of sales in the same period of the prior year. The \$7.7 million decrease was impacted by operating expenses that could not be managed in relation to the reduction in sales and additional operating expenses incurred along with continued location growth as well as costs incurred to begin rebuilding and supporting the workforce. In total, Adjusted EBITDA in the first quarter benefited from the CEWS in the amount of \$3.4 million; 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. Also impacting the beginning of 2021 is the seasonality in certain operating expenses, such as employee payroll taxes and utilities, which are typically highest during the first quarter of the year.

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled \$9.6 million or 2.3% of sales for the three months ended March 31, 2021, an increase of \$1.0 million when compared to the \$8.6 million or 1.8% of sales recorded in the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth as well as investments in capital equipment. Depreciation as a percentage of sales increased due to the impact of COVID-19 on sales.

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

Depreciation related to right of use assets totaled \$20.1 million, or 4.8% of sales for the three months ended March 31, 2021, as compared to \$18.6 million or 4.0% of sales for the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth. Depreciation as a percentage of sales increased due to the impact of COVID-19 on sales and acquisition growth.

Amortization of intangible assets for the three months ended March 31, 2021 totaled \$5.1 million or 1.2% of sales, an increase of \$0.6 million when compared to the \$4.5 million or 1.0% of sales expensed for the same period in the prior year. The increase is primarily the result of the addition of new intangible assets from acquisition growth. Amortization as a percentage of sales increased due to the impact of COVID-19 on sales and acquisition growth.

Finance Costs

Finance Costs of \$6.7 million or 1.6% of sales for the three months ended March 31, 2021 decreased from \$8.3 million or 1.8% 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 in the first quarter of 2020 were impacted by increased borrowing under the credit facility. Out of an abundance of caution during the uncertainty created by the COVID-19 pandemic, Boyd fully drew on the credit facilities near the end of March 2020, other than under the swing line credit facilities and an accordion feature.

Income Taxes

Current and Deferred Income Tax Expense of \$2.8 million for the three months ended March 31, 2021 compared to an expense of \$5.2 million for the same period of the prior year.

Net Earnings and Earnings Per Share

Net Earnings for the three months ended March 31, 2021 was \$7.7 million or 1.8% of sales compared to net earnings of \$17.0 million or 3.6% of sales in the same period of the prior year. The net earnings amount in 2021 was impacted by acquisition and transaction costs of \$0.6 million (net of tax). Adjusted net earnings² for the first quarter of 2021 was \$8.3 million, or 2.0% of sales. This compares to Adjusted net earnings of \$15.2 million or 3.3% of sales in the same period of 2020. Adjusted net earnings for the period was impacted by operating expenses and fixed costs, such as depreciation and amortization, that could not be reduced in relation to the decline in sales due to the COVID-19 pandemic. Depreciation and amortization do not vary in relation to the decline in sales and increased as a result of acquisition activity relative to the first quarter of 2020.

Basic Earnings Per Share was \$0.36 per share for the three months ended March 31, 2021 compared to basic earnings per share of \$0.84 for the first quarter of 2020. Diluted earnings per share was \$0.36 for the three months ended March 31, 2021 compared to diluted earnings per share of \$0.71 for the first quarter of 2020. Adjusted net earnings per share was \$0.39 compared to adjusted net earnings per share of \$0.75 for the first quarter of 2020. The decrease in adjusted net earnings per share is primarily attributed to operating expenses and relatively fixed costs, such as depreciation and amortization, that could not be reduced in relation to the decline in sales due to the COVID-19 pandemic. Basic earnings per share, diluted earnings per share and Adjusted net earnings per share for the three months ended March 31, 2021 include 1,265,000 shares issued in the public offering, which was completed in May 2020.

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

Summary of Quarterly Results								
<i>(in thousands of U.S. dollars, except per share amounts)</i>								
	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2
Sales	\$ 421,643	403,747	\$ 381,689	\$ 307,951	\$ 467,837	\$ 443,917	\$ 429,272	\$ 427,990
Adjusted EBITDA, pre IFRS 16, Leases basis ⁽¹⁾	N/A	N/A	N/A	N/A	N/A	\$ 42,772	\$ 38,339	\$ 40,634
Adjusted EBITDA ⁽¹⁾	\$ 52,748	\$ 60,394	\$ 63,514	\$ 35,637	\$ 60,489	\$ 63,698	58,589	59,898
Net earnings (loss)	\$ 7,743	\$ 16,253	\$ 15,855	\$ (4,970)	\$ 16,976	\$ 10,805	\$ 11,194	\$ 10,186
Basic earnings (loss) per share/unit	\$ 0.36	\$ 0.76	\$ 0.74	\$ (0.24)	\$ 0.84	\$ 0.54	\$ 0.56	\$ 0.51
Diluted earnings (loss) per share/unit	\$ 0.36	\$ 0.76	\$ 0.74	\$ (0.24)	\$ 0.71	\$ 0.54	\$ 0.56	\$ 0.47
Adjusted net earnings (loss) ⁽¹⁾	\$ 8,311	\$ 14,569	\$ 16,403	\$ (4,841)	\$ 15,221	\$ 18,028	\$ 15,640	\$ 17,522
Adjusted net earnings (loss) per share/unit ⁽¹⁾	\$ 0.39	\$ 0.68	\$ 0.76	\$ (0.23)	\$ 0.75	\$ 0.90	\$ 0.79	\$ 0.88

⁽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 March 31, 2021, BGSJ had cash, net of outstanding deposits and cheques, held on deposit in bank accounts totaling \$61.5 million (December 31, 2020 - \$61.0 million). The net working capital ratio (current assets divided by current liabilities) was 0.64:1 at March 31, 2021 (December 31, 2020 – 0.67:1).

At March 31, 2021, BGSJ had total debt outstanding, net of cash, of \$539.9 million compared to \$538.5 million at December 31, 2020, \$503.8 million at September 30, 2020, \$520.0 million at June 30, 2020 and \$669.5 million at March 31, 2020. Debt, net of cash, remained consistent with December 31, 2020.

Total debt, net of cash <i>(thousands of U.S. dollars)</i>	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Revolving credit facility (net of financing costs)	\$ —	\$ —	\$ 36,574	\$ 318,104	\$ 503,036
Term Loan A (net of financing costs)	123,760	123,705	124,623	124,618	124,619
Seller notes ⁽¹⁾	54,580	56,523	50,292	56,472	60,214
Total debt before lease liabilities	\$ 178,340	\$ 180,228	\$ 211,489	\$ 499,194	\$ 687,869
Cash	61,477	61,041	106,108	374,378	406,355
Total debt, net of cash before lease liabilities	\$ 116,863	\$ 119,187	\$ 105,381	\$ 124,816	\$ 281,514
Lease liabilities	423,001	419,311	398,423	395,211	388,035
Total debt, net of cash	\$ 539,864	\$ 538,498	\$ 503,804	\$ 520,027	\$ 669,549

⁽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 \$50.7 million for the three months ended March 31, 2021 compared to \$67.5 million in the same period of 2020.

In the first quarter of 2021, changes in working capital items provided net cash of \$12.6 million compared with \$0.3 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 used in financing activities totaled \$30.6 million for the three months ended March 31, 2021 compared to cash from financing activities of \$344.4 million during the same period of the prior year. During the first quarter of 2021, cash was used to repay long-term debt associated with seller notes in the amount of \$2.5 million and to fund interest costs on long-term debt of \$2.3 million. Cash used by financing activities included \$19.2 million in repayments of lease liabilities and cash used to fund interest costs on lease liabilities of \$4.2 million. Cash was also used to pay dividends of \$2.4 million. During the first quarter of 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 \$122.1 million and cash used to fund interest costs on long-term debt of \$3.9 million. The Company also amended its revolving credit facility, resulting in the payment of \$1.3 million of financing costs. Cash used by financing activities included \$17.9 million used to repay lease liabilities and cash used to fund interest costs on lease liabilities of \$4.4 million. Cash was also used to pay dividends totaling \$0.7 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 March 31, 2021, the Company has drawn \$nil U.S. (December 31, 2020 - \$nil U.S.) and \$nil Canadian (December 31, 2020 - \$nil) on the revolving credit facility and \$125.0 million U.S. (December 31, 2020 - \$125.0 million) on the Term Loan A.

Under the revolving credit facility, the Company is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require BGSI to maintain a senior funded debt to EBITDA ratio of less than 3.50 and an interest coverage ratio of greater than 2.75. For four quarters following a material acquisition, the senior funded debt to EBITDA ratio may be increased to less than 4.00. For purposes of covenant calculations, property lease payments are deducted from EBITDA. During the second quarter of 2020, the Company amended certain financial covenants under the revolving credit facility to provide additional covenant headroom, further enhancing the Company's financial flexibility. While the Company has not breached any covenants, this amendment is intended to prevent the effects of the COVID-19 pandemic from distorting the covenant calculations and distracting the Company or its lenders from the prudent management of the business over the quarters ahead. The amendments include more flexibility in the calculation of such covenants beginning with the second quarter of 2020 and through the second quarter of 2021. Effective July 1, 2020 to June 30, 2021 inclusive, for the purposes of testing any financial covenants on a trailing twelve month period, the Company will be permitted to replace the EBITDA for the second and third quarters of 2020 with the EBITDA for the second and third quarters of 2019. From December 31, 2020 to June 29, 2021, the senior funded debt to EBITDA ratio will be no greater than 3.75. For four quarters following a material acquisition during the December 31, 2020 to June 29, 2021 timeframe, the senior debt to EBITDA ratio may be increased to no greater than 4.00.

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 quarter of 2021, BGSI entered into five new seller notes for \$1.8 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 once the impact of COVID-19 is better understood, as well as to further strengthen the Company's balance sheet through either holding cash or debt repayment, and for general corporate purposes.

Investing Activities

Cash used in investing activities totaled \$32.6 million for the three months ended March 31, 2021. This compares to \$31.7 million used in the prior period. 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 quarter of 2021, the Company added 10 locations through acquisition, eight locations operating as intake centers and four start-up locations, for a total of 22 new locations. From January 1, 2021 up to the reporting date of May 11, 2021, the Company has added 20 locations through acquisition, 11 locations operating as intake centers and four start-up locations, for a total of 35 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)	Sigs Collision Centers

Subsequent to the end of the quarter, the Company acquired a mobile scanning and calibration business.

The Company completed the acquisition or start-up of 19 locations from the beginning of 2020 until the first quarter reporting date of May 12, 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 \$5.4 million or 1.3% of sales on

capital expenditures during the first quarter of 2021, compared to \$7.1 million or 1.5% 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 three months ended March 31, 2021, the Company has spent approximately \$1.4 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 \$4-5 million investment before the end of the year and will also be expected to streamline various processes as well as generate economic returns after the project is fully implemented. During the three months ended March 31, 2021, the Company has spent approximately \$1.8 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 first 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.

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).