



BOYD GROUP SERVICES INC.

Interim Condensed Consolidated Financial Statements

Three Months Ended March 31, 2022

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)

	Note	March 31, 2022	December 31, 2021
Assets			
Current assets:			
Cash		\$ 44,275	\$ 27,714
Accounts receivable		110,077	103,024
Income taxes recoverable		7,578	7,576
Inventory	5	76,401	66,784
Prepaid expenses		28,053	29,554
		266,384	234,652
Property, plant and equipment	6	311,950	332,189
Right of use assets	7	539,707	502,036
Deferred income tax asset		2,667	1,737
Intangible assets	8	348,535	348,727
Goodwill	9	605,611	601,991
Other long-term assets		6,682	5,795
		\$ 2,081,536	\$ 2,027,127
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 281,585	\$ 258,423
Dividends payable	10	2,474	2,439
Current portion of long-term debt	11	13,910	13,887
Current portion of lease liabilities	12	94,861	92,924
		392,830	367,673
Long-term debt	11	417,176	428,186
Lease liabilities	12	488,403	450,423
Deferred income tax liability		49,133	48,602
Unearned rebates		5,655	5,809
		1,353,197	1,300,693
Equity			
Accumulated other comprehensive earnings		68,675	65,987
Retained earnings		55,887	56,720
Shareholders' capital		600,047	600,047
Contributed surplus		3,730	3,680
		728,339	726,434
		\$ 2,081,536	\$ 2,027,127

The accompanying notes 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)

	Shareholders' Capital		Contributed Surplus	Accumulated Other Comprehensive Earnings	Retained Earnings	Total Equity
	Shares	Amount				
	<i>Note</i>					
Balances - January 1, 2021	21,472,194	\$ 600,047	\$ 3,604	\$ 65,157	\$ 42,872	\$ 711,680
Issue costs (net of tax of \$29)			(76)			(76)
Stock option accretion			152			152
Other comprehensive earnings				830		830
Net earnings					23,540	23,540
Comprehensive earnings				830	23,540	24,370
Dividends to shareholders					(9,692)	(9,692)
Balances - December 31, 2021	21,472,194	\$ 600,047	\$ 3,680	\$ 65,987	\$ 56,720	\$ 726,434
Stock option accretion			50			50
Other comprehensive earnings				2,688		2,688
Net earnings					1,608	1,608
Comprehensive earnings				2,688	1,608	4,296
Dividends to shareholders	<i>10</i>				(2,441)	(2,441)
Balances - March 31, 2022	21,472,194	\$ 600,047	\$ 3,730	\$ 68,675	\$ 55,887	\$ 728,339
Balances - January 1, 2021	21,472,194	\$ 600,047	\$ 3,604	\$ 65,157	\$ 42,872	\$ 711,680
Other comprehensive earnings				2,239		2,239
Net earnings					7,743	7,743
Comprehensive earnings				2,239	7,743	9,982
Dividends to shareholders	<i>10</i>				(2,408)	(2,408)
Balances - March 31, 2021	21,472,194	\$ 600,047	\$ 3,604	\$ 67,396	\$ 48,207	\$ 719,254

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

		Three months ended March 31,	
		2022	2021
	<i>Note</i>		
Sales	15	\$ 556,755	\$ 421,643
Cost of sales		311,383	227,686
Gross profit		245,372	193,957
Operating expenses		191,610	141,209
Acquisition and transaction costs		529	768
Depreciation of property, plant and equipment	6	11,523	9,559
Depreciation of right of use assets	7	24,143	20,112
Amortization of intangible assets	8	7,080	5,065
Fair value adjustments		146	—
Finance costs		8,313	6,732
		243,344	183,445
Earnings before income taxes		2,028	10,512
Income tax expense (recovery)			
Current		782	939
Deferred		(362)	1,830
		420	2,769
Net earnings		\$ 1,608	\$ 7,743

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Basic earnings per share	16	\$ 0.07	\$ 0.36
Diluted earnings per share	16	\$ 0.07	\$ 0.36
Basic weighted average number of shares outstanding	16	21,472,194	21,472,194
Diluted weighted average number of shares outstanding	16	21,472,194	21,472,518

BOYD GROUP SERVICES INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(Unaudited)

(thousands of U.S. dollars)

		Three months ended March 31,	
		2022	2021
Net earnings		\$ 1,608	\$ 7,743
Other comprehensive earnings			
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of Earnings			
Change in unrealized earnings on foreign currency translation		2,688	2,239
Other comprehensive earnings		2,688	2,239
Comprehensive earnings		\$ 4,296	\$ 9,982

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

		Three months ended March 31,	
		2022	2021
	<i>Note</i>		
Cash flows from operating activities			
Net earnings		\$ 1,608	\$ 7,743
Adjustments for			
Fair value adjustments		146	—
Deferred income taxes		(362)	1,830
Finance costs		8,313	6,732
Amortization of intangible assets	8	7,080	5,065
Depreciation of property, plant and equipment	6	11,523	9,559
Depreciation of right of use assets	7	24,143	20,112
Other		(531)	(363)
		51,920	50,678
Changes in non-cash working capital items		8,317	12,585
		60,237	63,263
Cash flows used in financing activities			
Increase in obligations under long-term debt	11	37,000	—
Repayment of long-term debt, principal	11	(48,346)	(2,456)
Repayment of obligations under property leases, principal		(22,508)	(18,707)
Repayment of obligations under vehicle and equipment leases, principal		(668)	(510)
Interest on long-term debt	11	(3,337)	(2,332)
Interest on property leases		(4,895)	(4,097)
Interest on vehicle and equipment leases		(83)	(77)
Dividends paid		(2,451)	(2,379)
Payment of financing costs	11	(514)	—
		(45,802)	(30,558)
Cash flows from (used in) investing activities			
Proceeds on sale of equipment and software	6	1,367	212
Equipment purchases and facility improvements		(6,403)	(6,667)
Acquisition and development of businesses (net of cash acquired)	4	(21,966)	(24,080)
Software purchases and licensing	8	(26)	(1,933)
Increase in other long-term assets		(842)	(91)
Proceeds on sale / leaseback agreements	6	29,773	—
		1,903	(32,559)
Effect of foreign exchange rate changes on cash		223	290
Net increase in cash position		16,561	436
Cash beginning of period		27,714	61,041
Cash, end of period		\$ 44,275	\$ 61,477
Income taxes paid (recovered)		\$ 789	\$ (1,169)
Interest paid		\$ 8,270	\$ 6,692

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 months ended March 31, 2022 and 2021
(thousands of U.S. dollars, except share and share amounts)

1. GENERAL INFORMATION

Boyd Group Services Inc. (“BGSI” or the “Company”) 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, Unit C1, Winnipeg, Manitoba, Canada, R3H 1A6.

The policies applied in these interim condensed consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and effective as of May 10, 2022, 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, 2022 could result in restatement of these interim condensed consolidated financial statements.

2. BASIS OF PRESENTATION

These interim condensed consolidated financial statements for the three months ended March 31, 2022 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, 2021. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS. These consolidated financial statements are presented in U.S. dollars (“USD”).

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

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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

The COVID-19 pandemic impacted the demand for collision repair services throughout 2020 and 2021 and continued to impact demand in Canada during the first quarter of 2022. 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 March 31, 2022, 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. ACQUISITIONS

The Company completed five acquisitions that added eight locations during the three months ended March 31, 2022 as follows:

<u>Acquisition Date</u>	<u>Location</u>
January 3, 2022	Springhill & Thompson's Station, TN (2 locations)
February 11, 2022	Signal Hill, CA
March 18, 2022	Bossier City & Shreveport, LA (2 locations)
March 28, 2022	New Smyrna Beach, FL
March 31, 2022	Eau Claire and Plover, WI (2 locations)

During the first quarter of 2022, the Company acquired a single location glass business in Minnesota.

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

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

BGSI has accounted for the 2022 acquisitions using the acquisition method as follows:

Acquisitions in 2022	Total acquisitions
Identifiable net assets acquired at fair value:	
Other current assets	\$ 298
Property, plant and equipment	5,205
Right of use assets	7,431
Identified intangible assets	
Customer relationships	5,769
Non-compete agreements	186
Liabilities assumed	
Lease liabilities	(7,431)
Identifiable net assets acquired	\$ 11,458
Goodwill	2,145
Total purchase consideration	\$ 13,603
Consideration provided	
Cash paid or payable	\$ 12,793
Seller notes	810
Total consideration provided	\$ 13,603

The preliminary purchase prices for the 2022 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 2022 is expected to be deductible for tax purposes.

On the statement of cash flows, included as part of cash used for acquisition and development of business were costs related to the acquisition of businesses, as well as the development of businesses which consisted primarily of property, plant and equipment additions.

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

For the three months ended March 31, 2022 and 2021

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

5. INVENTORY

As at	March 31, 2022	December 31, 2021
Parts and materials	\$ 21,181	\$ 20,837
Work in process	55,220	45,947
Balance, end of period	\$ 76,401	\$ 66,784

6. PROPERTY, PLANT AND EQUIPMENT

As at	March 31, 2022	December 31, 2021
Balance, beginning of year	\$ 332,189	\$ 237,945
Acquired through business combination	5,205	44,231
Additions	16,035	92,997
Proceeds on disposal	(31,140)	(1,145)
Gain on disposal	972	327
Transfers from right of use assets	6	328
Depreciation	(11,523)	(42,602)
Foreign exchange	206	108
Balance, end of period	\$ 311,950	\$ 332,189

During the first quarter of 2022, BGSi completed sale leaseback transactions for 23 properties for total proceeds of \$29,773, which resulted in the recognition of a gain on sale of \$103. The properties will continue to operate under 15-year leases entered into under these sale-leaseback agreements. The increase in start-up locations resulted in a build up of real estate assets. The Company's strategy has been to not hold real estate. The sale leaseback transactions allowed the Company to replenish capital while continuing to use these properties. Of the sale leaseback transactions, 13 relate to properties that are current operating locations for the Company and 10 relate to start-up locations currently under development.

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7. RIGHT OF USE ASSETS

As at	March 31, 2022	December 31, 2021
Balance, beginning of year	\$ 502,036	\$ 381,966
Acquired through business combinations	7,431	140,273
Additions and modifications	53,708	68,461
Depreciation	(24,143)	(88,523)
Loss on disposal	(94)	—
Transfers to property, plant and equipment	(6)	(328)
Foreign exchange	775	187
Balance, end of period	\$ 539,707	\$ 502,036

8. INTANGIBLE ASSETS

As at	March 31, 2022	December 31, 2021
Balance, beginning of year	\$ 348,727	\$ 276,381
Acquired through business combination	5,955	89,762
Additions	26	4,917
Amortization	(7,080)	(22,569)
Foreign exchange	907	236
Balance, end of period	\$ 348,535	\$ 348,727

9. GOODWILL

As at	March 31, 2022	December 31, 2021
Balance, beginning of year	\$ 601,991	\$ 463,734
Acquired through business combination	2,145	137,836
Foreign exchange	1,475	421
Balance, end of period	\$ 605,611	\$ 601,991

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(Unaudited)

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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\$0.144 per share in the first quarter of 2022 (2021 - C\$0.141).

Dividends to shareholders were declared and paid as follows:

Record date	Payment date	Dividend amount
March 31, 2022	April 27, 2022	\$ 2,441
		\$ 2,441

Record date	Payment date	Dividend amount
March 31, 2021	April 28, 2021	\$ 2,408
		\$ 2,408

11. LONG-TERM DEBT

Long-term debt is comprised of the following:

As at	March 31, 2022	December 31, 2021
Revolving credit facility & swing line (net of financing costs)	\$ 255,839	\$ 263,802
Term Loan A (net of financing costs)	124,691	124,680
Seller notes	50,556	53,591
	\$ 431,086	\$ 442,073
Current portion	13,910	13,887
	\$ 417,176	\$ 428,186

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The following is the continuity of long-term debt:

As at	March 31, 2022	December 31, 2021
Balance, beginning of period	\$ 442,073	\$ 180,228
Consideration on acquisition	810	14,570
Draws	37,000	330,500
Repayments	(48,346)	(83,504)
Deferred financing costs	(514)	—
Amortization of deferred finance costs	83	286
Foreign exchange	(20)	(7)
Balance, end of period	\$ 431,086	\$ 442,073

Included in finance costs for the three months ended March 31, 2022 is interest on long-term debt of \$3,337 (2021 - \$2,332).

12. LEASE LIABILITIES

The following is the continuity of lease liabilities:

As at	March 31, 2022	December 31, 2021
Balance, beginning of period	\$ 543,347	\$ 419,311
Assumed on acquisition	7,431	140,273
Additions and modifications	54,798	68,461
Repayments	(28,154)	(102,996)
Financing costs	4,978	18,099
Foreign exchange	864	199
Balance, end of period	\$ 583,264	\$ 543,347
Current portion	94,861	92,924
	\$ 488,403	\$ 450,423

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

	Three months ended March 31,	
	2022	2021
Operating expenses	\$ 1,338	\$ 1,045
Depreciation of right of use assets	\$ 24,143	\$ 20,112
Finance costs	\$ 4,978	\$ 4,174

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

For the three months ended March 31, 2022 and 2021

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13. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

	Classification	Fair value hierarchy	March 31, 2022		December 31, 2021	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash	Amortized cost	n/a	44,275	44,275	27,714	27,714
Accounts receivable	Amortized cost	n/a	110,077	110,077	103,024	103,024
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	n/a	281,585	281,585	258,423	258,423
Dividends payable	Amortized cost	n/a	2,474	2,474	2,439	2,439
Long-term debt	Amortized cost	n/a	431,086	424,430	442,073	437,717

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.

Collateral

The Company's syndicated loan facility is collateralized by a General Security Agreement. The carrying amount of the financial assets pledged as collateral for this facility at March 31, 2022 was approximately \$154,352 (December 31, 2021 - \$130,738).

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.

BOYD GROUP SERVICES INC.
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(Unaudited)

For the three months ended March 31, 2022 and 2021

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

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 March 31,	
	2022	2021
Revenues		
Canada	\$ 45,831	\$ 37,277
United States	510,924	384,366
	\$ 556,755	\$ 421,643

	March 31,	December 31,
	2022	2021
Reportable Assets		
As at		
Canada	\$ 234,736	\$ 233,024
United States	1,571,067	1,551,919
	\$ 1,805,803	\$ 1,784,943

16. EARNINGS PER SHARE

	Three months ended March 31,	
	2022	2021
Net earnings	\$ 1,608	\$ 7,743
Basic weighted average number of shares	21,472,194	21,472,194
Add:		
Stock option plan	—	324
Average number of shares outstanding - diluted basis	21,472,194	21,472,518
Basic earnings per share	\$ 0.07	\$ 0.36
Diluted earnings per share	\$ 0.07	\$ 0.36

The stock options are instruments that could have potentially diluted basic earnings per share for the three months ended March 31, 2022, but were not included in the calculation of diluted earnings per share because they were anti-dilutive for the period.

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

For the three months ended March 31, 2022 and 2021

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

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. The term of an option shall be determined and approved by the People, Culture and Compensation Committee; provided that the term shall be no longer than ten years from the grant date.

On March 31, 2021 the Company issued 13,831 options under the stock option plan with a grant date fair value of C\$56.99 per option and an exercise price of C\$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.

On March 31, 2022 the Company issued 18,878 options under the stock option plan with a grant date fair value of C\$47.08 per option and an exercise price of C\$164.68 per option. None of the options are exercisable at period end. Issue costs of \$nil were incurred with respect to the 2022 options issued under the stock option plan.

18. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at	December 31, 2021	Cash Flows	Non-cash changes				March 31, 2022
			Acquisition	Other items	Fair value changes	Foreign exchange	
Long-term debt	\$ 442,073	(15,197)	810	3,420	—	(20)	\$ 431,086
Lease liabilities	543,347	(28,154)	7,431	59,776	—	864	583,264
Dividends	2,439	(2,451)	—	2,441	—	45	2,474
	\$ 987,859	(45,802)	8,241	65,637	—	889	\$ 1,016,824