



BOYD GROUP SERVICES INC.

Interim Condensed Consolidated Financial Statements

Three and Six Months Ended June 30, 2023

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

		June 30, 2023	December 31, 2022
	<i>Note</i>		
Assets			
Current assets:			
Cash		\$ 19,887	\$ 15,068
Accounts receivable		154,643	139,266
Income taxes recoverable		4,645	5,666
Inventory	4	72,558	78,784
Prepaid expenses		35,699	36,520
		287,432	275,304
Property, plant and equipment	5	352,971	314,564
Right of use assets	6	633,047	568,437
Deferred income tax asset		5,044	3,815
Intangible assets	7	336,762	332,939
Goodwill	8	615,928	601,706
Other long-term assets		3,579	6,067
		\$ 2,234,763	\$ 2,102,832
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 342,154	\$ 307,729
Dividends payable	9	2,384	2,330
Current portion of long-term debt	10	23,941	15,365
Current portion of lease liabilities	11	100,879	98,870
		469,358	424,294
Long-term debt	10	312,796	344,806
Lease liabilities	11	586,806	519,056
Deferred income tax liability		67,847	62,885
Unearned rebates		4,886	5,194
		1,441,693	1,356,235
Equity			
Accumulated other comprehensive earnings		58,097	54,330
Retained earnings		130,593	88,183
Shareholders' capital		600,047	600,047
Contributed surplus		4,333	4,037
		793,070	746,597
		\$ 2,234,763	\$ 2,102,832

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, 2022		21,472,194	\$ 600,047	\$ 3,680	\$ 65,987	\$ 56,720	\$ 726,434
Stock option accretion				357			357
Other comprehensive loss					(11,657)		(11,657)
Net earnings						40,962	40,962
Comprehensive (loss) earnings					(11,657)	40,962	29,305
Dividends to shareholders						(9,499)	(9,499)
Balances - December 31, 2022		21,472,194	\$ 600,047	\$ 4,037	\$ 54,330	\$ 88,183	\$ 746,597
Stock option accretion				296			296
Other comprehensive earnings					3,767		3,767
Net earnings						47,092	47,092
Comprehensive earnings					3,767	47,092	50,859
Dividends to shareholders	9					(4,682)	(4,682)
Balances - June 30, 2023		21,472,194	\$ 600,047	\$ 4,333	\$ 58,097	\$ 130,593	\$ 793,070
Balances - January 1, 2022		21,472,194	\$ 600,047	\$ 3,680	\$ 65,987	\$ 56,720	\$ 726,434
Stock option accretion				155			155
Other comprehensive loss					(3,016)		(3,016)
Net earnings						14,906	14,906
Comprehensive (loss) earnings					(3,016)	14,906	11,890
Dividends to shareholders	9					(4,854)	(4,854)
Balances - June 30, 2022		21,472,194	\$ 600,047	\$ 3,835	\$ 62,971	\$ 66,772	\$ 733,625

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

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

		Three months ended June 30,		Six months ended June 30,	
		2023	2022	2023	2022
	<i>Note</i>				
Sales	14	\$ 753,235	\$ 612,806	\$ 1,468,176	\$ 1,169,561
Cost of sales		410,562	335,296	798,457	646,679
Gross profit		342,673	277,510	669,719	522,882
Operating expenses		247,299	205,507	489,651	397,117
Acquisition and transaction costs		972	352	1,528	881
Depreciation of property, plant and equipment	5	12,839	12,276	24,755	23,799
Depreciation of right of use assets	6	26,923	25,174	52,700	49,317
Amortization of intangible assets	7	6,660	6,669	12,762	13,749
Fair value adjustments		—	—	—	146
Finance costs		12,153	9,097	24,217	17,410
		306,846	259,075	605,613	502,419
Earnings before income taxes		35,827	18,435	64,106	20,463
Income tax expense (recovery)					
Current		7,415	(736)	13,172	46
Deferred		2,143	5,873	3,842	5,511
		9,558	5,137	17,014	5,557
Net earnings		\$ 26,269	\$ 13,298	\$ 47,092	\$ 14,906

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

Basic earnings per share	15	\$ 1.22	\$ 0.62	\$ 2.19	\$ 0.69
Diluted earnings per share	15	\$ 1.22	\$ 0.62	\$ 2.19	\$ 0.69
Basic weighted average number of shares outstanding	15	21,472,194	21,472,194	21,472,194	21,472,194
Diluted weighted average number of shares outstanding	15	21,475,569	21,472,194	21,474,907	21,472,194

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,	
		2023	2022	2023	2022
Net earnings		\$ 26,269	\$ 13,298	\$ 47,092	\$ 14,906
Other comprehensive earnings					
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of Earnings					
Change in unrealized earnings on foreign currency translation		3,629	(5,704)	3,767	(3,016)
Other comprehensive earnings		3,629	(5,704)	3,767	(3,016)
Comprehensive earnings		\$ 29,898	\$ 7,594	\$ 50,859	\$ 11,890

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,	
		2023	2022	2023	2022
Note					
Cash flows from operating activities					
Net earnings		\$ 26,269	\$ 13,298	\$ 47,092	\$ 14,906
Adjustments for					
Fair value adjustments		—	—	—	146
Deferred income taxes		2,143	5,873	3,842	5,511
Finance costs		12,153	9,097	24,217	17,410
Amortization of intangible assets	7	6,660	6,669	12,762	13,749
Depreciation of property, plant and equipment	5	12,839	12,276	24,755	23,799
Depreciation of right of use assets	6	26,923	25,174	52,700	49,317
Other		42	555	107	24
		87,029	72,942	165,475	124,862
Changes in non-cash working capital items		21,735	(7,303)	28,127	1,014
		108,764	65,639	193,602	125,876
Cash flows used in financing activities					
Increase in obligations under long-term debt	10	51,686	6,000	77,135	43,000
Repayment of long-term debt, principal	10	(65,534)	(52,227)	(103,817)	(100,573)
Repayment of obligations under property leases, principal		(23,803)	(22,837)	(46,616)	(45,345)
Repayment of obligations under vehicle and equipment leases, principal		(915)	(711)	(1,755)	(1,379)
Interest on long-term debt	10	(4,833)	(3,582)	(9,513)	(6,919)
Interest on property leases		(7,142)	(5,422)	(14,366)	(10,317)
Interest on vehicle and equipment leases		(175)	(94)	(319)	(177)
Dividends paid		(2,340)	(2,448)	(4,692)	(4,899)
Payment of financing costs	10	—	—	—	(514)
		(53,056)	(81,321)	(103,943)	(127,123)
Cash flows (used in) from investing activities					
Proceeds on sale of equipment and software	5	175	166	292	1,533
Equipment purchases and facility improvements		(15,044)	(9,161)	(28,605)	(15,564)
Acquisition and development of businesses (net of cash acquired)	3	(34,229)	(12,869)	(58,544)	(34,835)
Software purchases and licensing	7	(16)	(15)	(84)	(41)
Increase in other long-term assets		(24)	670	(162)	(172)
Proceeds on sale / leaseback agreements	5	2,093	21,254	2,093	51,027
		(47,045)	45	(85,010)	1,948
Effect of foreign exchange rate changes on cash		188	(302)	170	(79)
Net increase (decrease) in cash position		8,851	(15,939)	4,819	622
Cash beginning of period		11,036	44,275	15,068	27,714
Cash, end of period		\$ 19,887	\$ 28,336	\$ 19,887	\$ 28,336
Income taxes paid		\$ 11,405	\$ 1,488	\$ 12,135	\$ 2,277
Interest paid		\$ 12,555	\$ 8,965	\$ 24,109	\$ 17,235

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, 2023 and 2022

(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 names 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 August 9, 2023, 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, 2023 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, 2023 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, 2022. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2022, 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)

For the three and six months ended June 30, 2023 and 2022

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

3. ACQUISITIONS

The Company completed 33 acquisitions that added 35 locations during the six months ended June 30, 2023 as follows:

Acquisition Date	Location
January 3, 2023	Cameron Park, CA
January 6, 2023	Abilene, TX
January 18, 2023	Park City, UT
February 3, 2023	Hendersonville, NC
February 3, 2023	Rogers, MN
February 10, 2023	Lansdale, PA
February 10, 2023	Sacramento, CA
February 22, 2023	LaBelle, FL
February 27, 2023	Perry, GA
March 17, 2023	Rancho Cucamonga, CA
March 22, 2023	Sacramento, CA
March 24, 2023	Modesto, CA
March 24, 2023	Prattville, AL
March 28, 2023	Longview, TX
March 28, 2023	Charleroi, PA
March 29, 2023	Sharpsburg, GA
April 21, 2023	Griffin, GA
April 21, 2023	Huntsville, AL
April 21, 2023	Baltimore, MD
April 27, 2023	Stockton, CA
April 28, 2023	Kailua-Kona, HI
May 5, 2023	Puyallup, WA
May 9, 2023	Iowa City, IA
May 26, 2023	Ft. Lauderdale, FL
May 26, 2023	Monroe, MI
May 26, 2023	Chicago, IL
May 31, 2023	Albany, NY
June 2, 2023	Merced, CA
June 16, 2023	Sacramento, Davis, and Yuba City, CA (3 locations)
June 16, 2023	Austin, TX
June 23, 2023	Fridley, MN
June 23, 2023	Red Bluff, CA
June 29, 2023	Walla Walla, WA

During the six months ended June 30, 2023, the Company acquired a two location glass business in Minnesota and a single location glass business in Texas. In addition, the Company acquired 100% interest in a long term asset, previously recorded at cost, to support and enhance the Company's WOW operating way processes.

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

For the three and six months ended June 30, 2023 and 2022

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

BGSI has accounted for the 2023 acquisitions using the acquisition method as follows:

Acquisitions in 2023	Total acquisitions
Identifiable net assets acquired at fair value:	
Other currents assets	\$ 813
Property, plant and equipment	10,226
Right of use assets	22,926
Identified intangible assets	
Customer relationships	8,594
Non-compete agreements	482
Intellectual property	6,046
Liabilities assumed	
Current liabilities	(68)
Lease liabilities	(22,926)
Identifiable net assets acquired	\$ 26,093
Goodwill	12,042
Total purchase consideration	\$ 38,135
Consideration provided	
Cash paid or payable	\$ 35,221
Seller notes	2,914
Total consideration provided	\$ 38,135

The preliminary purchase prices for the 2023 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 2023 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, 2023 and 2022

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

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.

4. INVENTORY

As at	June 30, 2023	December 31, 2022
Parts and materials	\$ 21,781	\$ 20,734
Work in process	50,777	58,050
Balance, end of period	\$ 72,558	\$ 78,784

5. PROPERTY, PLANT AND EQUIPMENT

As at	June 30, 2023	December 31, 2022
Balance, beginning of year	\$ 314,564	\$ 332,189
Acquired through business combination	10,226	11,055
Additions	54,922	77,214
Proceeds on disposal	(2,385)	(57,885)
(Loss) gain on disposal	(20)	503
Transfers from right of use assets	117	279
Depreciation	(24,755)	(47,902)
Foreign exchange	302	(889)
Balance, end of period	\$ 352,971	\$ 314,564

6. RIGHT OF USE ASSETS

As at	June 30, 2023	December 31, 2022
Balance, beginning of year	\$ 568,437	\$ 502,036
Acquired through business combinations	22,926	18,179
Additions and modifications	93,291	153,149
Depreciation	(52,700)	(101,150)
Transfers to property, plant and equipment	(117)	(279)
Foreign exchange	1,210	(3,498)
Balance, end of period	\$ 633,047	\$ 568,437

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

For the three and six months ended June 30, 2023 and 2022

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

7. INTANGIBLE ASSETS

As at	June 30, 2023	December 31, 2022
Balance, beginning of year	\$ 332,939	\$ 348,727
Acquired through business combination	15,122	14,369
Additions	84	259
Amortization	(12,762)	(26,567)
Foreign exchange	1,379	(3,849)
Balance, end of period	\$ 336,762	\$ 332,939

8. GOODWILL

As at	June 30, 2023	December 31, 2022
Balance, beginning of year	\$ 601,706	\$ 601,991
Acquired through business combination	12,042	6,190
Foreign exchange	2,180	(6,475)
Balance, end of period	\$ 615,928	\$ 601,706

9. 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\$0.147 per share in the first quarter of 2023 and C\$0.147 per share in the second quarter of 2023 (2022 - C\$0.144 and C\$0.144 respectively).

Dividends to shareholders were declared and paid as follows:

Record date	Payment date	Dividend amount
March 31, 2023	April 26, 2023	\$ 2,306
June 30, 2023	July 27, 2023	2,376
		\$ 4,682

Record date	Payment date	Dividend amount
March 31, 2022	April 27, 2022	\$ 2,441
June 30, 2022	July 27, 2022	2,413
		\$ 4,854

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

For the three and six months ended June 30, 2023 and 2022

*(thousands of U.S. dollars, except share and share amounts)***10. LONG-TERM DEBT**

Long-term debt is comprised of the following:

As at	June 30, 2023	December 31, 2022
Revolving credit facility & swing line (net of financing costs)	\$ 174,507	\$ 192,343
Term Loan A (net of financing costs)	124,783	124,759
Seller notes	37,447	43,069
	\$ 336,737	\$ 360,171
Current portion	23,941	15,365
	\$ 312,796	\$ 344,806

The following is the continuity of long-term debt:

As at	June 30, 2023	December 31, 2022
Balance, beginning of period	\$ 360,171	\$ 442,073
Consideration on acquisition	2,914	3,875
Draws	77,135	126,093
Repayments	(103,817)	(211,863)
Deferred financing costs	—	(514)
Amortization of deferred finance costs	209	406
Foreign exchange	125	101
Balance, end of period	\$ 336,737	\$ 360,171

Included in finance costs for the three and six months ended June 30, 2023 is interest on long-term debt of \$4,833 and \$9,513 respectively (2022 - \$3,582 and \$6,919 respectively).

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

For the three and six months ended June 30, 2023 and 2022

*(thousands of U.S. dollars, except share and share amounts)***11. LEASE LIABILITIES**

The following is the continuity of lease liabilities:

As at		June 30, 2023		December 31, 2022
Balance, beginning of period	\$	617,926	\$	543,347
Assumed on acquisition		22,926		18,179
Additions and modifications		93,830		155,560
Repayments		(63,056)		(117,045)
Financing costs		14,685		21,795
Foreign exchange		1,374		(3,910)
Balance, end of period	\$	687,685	\$	617,926
Current portion		100,879		98,870
	\$	586,806	\$	519,056

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Operating expenses	\$ 1,663	\$ 1,831	\$ 3,581	\$ 3,169
Depreciation of right of use assets	\$ 26,923	\$ 25,174	\$ 52,700	\$ 49,317
Finance costs	\$ 7,317	\$ 5,516	\$ 14,685	\$ 10,494

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

For the three and six months ended June 30, 2023 and 2022

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

12. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

			June 30, 2023		December 31, 2022	
	Classification	Fair value hierarchy	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash	Amortized cost	n/a	\$ 19,887	\$ 19,887	\$ 15,068	\$ 15,068
Accounts receivable	Amortized cost	n/a	154,643	154,643	139,266	139,266
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	n/a	342,154	342,154	307,729	307,729
Dividends payable	Amortized cost	n/a	2,384	2,384	2,330	2,330
Long-term debt	Amortized cost	n/a	336,737	319,811	360,171	355,815

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 June 30, 2023 was approximately \$174,530 (December 31, 2022 - \$154,334).

13. 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.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For the three and six months ended June 30, 2023 and 2022

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

14. 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,	
	2023	2022	2023	2022
Revenues				
Canada	\$ 59,092	\$ 50,450	\$ 115,802	\$ 96,280
United States	694,143	562,356	1,352,374	1,073,281
	\$ 753,235	\$ 612,806	\$ 1,468,176	\$ 1,169,561
Reportable Assets				
As at			June 30,	December 31,
			2023	2022
Canada			\$ 222,495	\$ 213,392
United States			1,716,213	1,604,254
			\$ 1,938,708	\$ 1,817,646

15. EARNINGS PER SHARE

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net earnings	\$ 26,269	\$ 13,298	\$ 47,092	\$ 14,906
Basic weighted average number of shares	21,472,194	21,472,194	21,472,194	21,472,194
Average number of shares outstanding - diluted basis	21,475,569	21,472,194	21,474,907	21,472,194
Basic earnings per share	\$ 1.22	\$ 0.62	\$ 2.19	\$ 0.69
Diluted earnings per share	\$ 1.22	\$ 0.62	\$ 2.19	\$ 0.69

For the three and six months ended June 30, 2023, the impact of the stock options issued in 2022 (Note 16) were included in the diluted average number of shares outstanding. The stock options issued in 2021 and 2023 (Note 16) could have potentially diluted the basic earnings per share, but their impact was anti-dilutive during these periods.

For the three and six months ended June 30, 2022 the stock options issued in 2021, and 2022 (Note 16) could have potentially diluted basic earnings per share, but their impact was anti-dilutive during these periods.

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

For the three and six months ended June 30, 2023 and 2022

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

16. 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. As at June 30, 2023, 12,207 options remain issued and outstanding, 25% of which have vested.

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. As at June 30, 2023, 18,347 options remain issued and outstanding. None of the options are exercisable at period end.

On March 29, 2023 and during the second quarter of 2023 the Company issued 28,292 and 435 options, respectively, under the stock option plan with a grant date fair value of C\$71.64 per option and an exercise price of C\$211.26 per option. None of the options are exercisable at period end. As at June 30, 2023, 28,341 options remain issued and outstanding.

Issue costs of \$nil were incurred with respect to options issued under the stock option plan.

17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at			Non-cash changes				June 30, 2023
	December 31, 2022	Cash Flows	Acquisition	Other items	Fair value changes	Foreign exchange	
Long-term debt	\$ 360,171	(36,195)	2,914	9,722	—	125	\$ 336,737
Lease liabilities	617,926	(63,056)	22,926	108,515	—	1,374	687,685
Dividends	2,330	(4,692)	—	4,682	—	64	2,384
	\$ 980,427	(103,943)	25,840	122,919	—	1,563	\$ 1,026,806