



BOYD GROUP SERVICES INC.

Interim Condensed Consolidated Financial Statements

Three Months Ended March 31, 2023

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)

		March 31, 2023	December 31, 2022
	<i>Note</i>		
Assets			
Current assets:			
Cash		\$ 11,036	\$ 15,068
Accounts receivable		155,566	139,266
Income taxes recoverable		640	5,666
Inventory	4	76,190	78,784
Prepaid expenses		39,118	36,520
		282,550	275,304
Property, plant and equipment	5	330,685	314,564
Right of use assets	6	618,384	568,437
Deferred income tax asset		4,387	3,815
Intangible assets	7	335,872	332,939
Goodwill	8	606,234	601,706
Other long-term assets		3,546	6,067
		\$ 2,181,658	\$ 2,102,832
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 323,997	\$ 307,729
Dividends payable	9	2,332	2,330
Current portion of long-term debt	10	15,316	15,365
Current portion of lease liabilities	11	99,429	98,870
		441,074	424,294
Long-term debt	10	333,846	344,806
Lease liabilities	11	571,200	519,056
Deferred income tax liability		65,146	62,885
Unearned rebates		5,040	5,194
		1,416,306	1,356,235
Equity			
Accumulated other comprehensive earnings		54,468	54,330
Retained earnings		106,700	88,183
Shareholders' capital		600,047	600,047
Contributed surplus		4,137	4,037
		765,352	746,597
		\$ 2,181,658	\$ 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)

	<i>Note</i>	Shareholders' Capital		Contributed Surplus	Accumulated Other Comprehensive Earnings	Retained Earnings	Total Equity
		Shares	Amount				
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				100			100
Other comprehensive earnings					138		138
Net earnings						20,823	20,823
Comprehensive earnings					138	20,823	20,961
Dividends to shareholders	9					(2,306)	(2,306)
Balances - March 31, 2023		21,472,194	\$ 600,047	\$ 4,137	\$ 54,468	\$ 106,700	\$ 765,352
Balances - January 1, 2022		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	9					(2,441)	(2,441)
Balances - March 31, 2022		21,472,194	\$ 600,047	\$ 3,730	\$ 68,675	\$ 55,887	\$ 728,339

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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 March 31,	
		2023	2022
	<i>Note</i>		
Sales	14	\$ 714,941	\$ 556,755
Cost of sales		387,895	311,383
Gross profit		327,046	245,372
Operating expenses		242,352	191,610
Acquisition and transaction costs		556	529
Depreciation of property, plant and equipment	5	11,916	11,523
Depreciation of right of use assets	6	25,777	24,143
Amortization of intangible assets	7	6,102	7,080
Fair value adjustments		—	146
Finance costs		12,064	8,313
		298,767	243,344
Earnings before income taxes		28,279	2,028
Income tax expense (recovery)			
Current		5,757	782
Deferred		1,699	(362)
		7,456	420
Net earnings		\$ 20,823	\$ 1,608

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

Basic and diluted earnings per share	15	\$ 0.97	\$ 0.07
Basic and diluted weighted average number of shares outstanding	15	21,472,194	21,472,194

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

		Three months ended March 31,	
		2023	2022
Net earnings		\$ 20,823	\$ 1,608
Other comprehensive earnings			
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of Earnings			
Change in unrealized earnings on foreign currency translation		138	2,688
Other comprehensive earnings		138	2,688
Comprehensive earnings		\$ 20,961	\$ 4,296

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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,	
		2023	2022
	<i>Note</i>		
Cash flows from operating activities			
Net earnings		\$ 20,823	\$ 1,608
Adjustments for			
Fair value adjustments		—	146
Deferred income taxes		1,699	(362)
Finance costs		12,064	8,313
Amortization of intangible assets	7	6,102	7,080
Depreciation of property, plant and equipment	5	11,916	11,523
Depreciation of right of use assets	6	25,777	24,143
Other		65	(531)
		78,446	51,920
Changes in non-cash working capital items		6,392	8,317
		84,838	60,237
Cash flows used in financing activities			
Increase in obligations under long-term debt	10	25,449	37,000
Repayment of long-term debt, principal	10	(38,283)	(48,346)
Repayment of obligations under property leases, principal		(22,813)	(22,508)
Repayment of obligations under vehicle and equipment leases, principal		(840)	(668)
Interest on long-term debt	10	(4,680)	(3,337)
Interest on property leases		(7,224)	(4,895)
Interest on vehicle and equipment leases		(144)	(83)
Dividends paid		(2,352)	(2,451)
Payment of financing costs	10	—	(514)
		(50,887)	(45,802)
Cash flows (used in) from investing activities			
Proceeds on sale of equipment and software	5	117	1,367
Equipment purchases and facility improvements		(13,561)	(6,403)
Acquisition and development of businesses (net of cash acquired)	3	(24,315)	(21,966)
Software purchases and licensing	7	(68)	(26)
Increase in other long-term assets		(138)	(842)
Proceeds on sale / leaseback agreements	5	—	29,773
		(37,965)	1,903
Effect of foreign exchange rate changes on cash		(18)	223
Net decrease in cash position		(4,032)	16,561
Cash beginning of period		15,068	27,714
Cash, end of period		\$ 11,036	\$ 44,275
Income taxes paid		\$ 730	\$ 789
Interest paid		\$ 11,554	\$ 8,270

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

For the three months ended March 31, 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 May 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 months ended March 31, 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 months ended March 31, 2023 and 2022

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

3. ACQUISITIONS

The Company completed 16 acquisitions that added 16 locations during the three months ended March 31, 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

During the first quarter of 2023, the Company acquired a two location glass business in Minnesota and a single location glass business in Texas.

BOYD GROUP SERVICES INC.
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(Unaudited)

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(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	\$ 259
Property, plant and equipment	4,118
Right of use assets	9,668
Identified intangible assets	
Customer relationships	3,408
Non-compete agreements	141
Intellectual property	5,293
Liabilities assumed	
Lease liabilities	(9,668)
Identifiable net assets acquired	\$ 13,219
Goodwill	4,452
Total purchase consideration	\$ 17,671
Consideration provided	
Cash paid or payable	\$ 15,977
Seller notes	1,694
Total consideration provided	\$ 17,671

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.

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, 2023 and 2022

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

4. INVENTORY

As at	March 31, 2023	December 31, 2022
Parts and materials	\$ 21,118	\$ 20,734
Work in process	55,072	58,050
Balance, end of period	\$ 76,190	\$ 78,784

5. PROPERTY, PLANT AND EQUIPMENT

As at	March 31, 2023	December 31, 2022
Balance, beginning of year	\$ 314,564	\$ 332,189
Acquired through business combination	4,118	11,055
Additions	24,038	77,214
Proceeds on disposal	(117)	(57,885)
(Loss) gain on disposal	(11)	503
Transfers from right of use assets	—	279
Depreciation	(11,916)	(47,902)
Foreign exchange	9	(889)
Balance, end of period	\$ 330,685	\$ 314,564

6. RIGHT OF USE ASSETS

As at	March 31, 2023	December 31, 2022
Balance, beginning of year	\$ 568,437	\$ 502,036
Acquired through business combinations	9,668	18,179
Additions and modifications	66,052	153,149
Depreciation	(25,777)	(101,150)
Loss on disposal	(65)	—
Transfers to property, plant and equipment	—	(279)
Foreign exchange	69	(3,498)
Balance, end of period	\$ 618,384	\$ 568,437

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

For the three months ended March 31, 2023 and 2022
(thousands of U.S. dollars, except share and share amounts)

7. INTANGIBLE ASSETS

As at	March 31, 2023	December 31, 2022
Balance, beginning of year	\$ 332,939	\$ 348,727
Acquired through business combination	8,842	14,369
Additions	68	259
Amortization	(6,102)	(26,567)
Foreign exchange	125	(3,849)
Balance, end of period	\$ 335,872	\$ 332,939

8. GOODWILL

As at	March 31, 2023	December 31, 2022
Balance, beginning of year	\$ 601,706	\$ 601,991
Acquired through business combination	4,452	6,190
Foreign exchange	76	(6,475)
Balance, end of period	\$ 606,234	\$ 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 (2022 - C\$0.144).

Dividends to shareholders were declared and paid as follows:

Record date	Payment date	Dividend amount
March 31, 2023	April 26, 2023	\$ 2,306
		\$ 2,306
Record date	Payment date	Dividend amount
March 31, 2022	April 27, 2022	\$ 2,441
		\$ 2,441

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

For the three months ended March 31, 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	March 31, 2023	December 31, 2022
Revolving credit facility & swing line (net of financing costs)	\$ 184,094	\$ 192,343
Term Loan A (net of financing costs)	124,773	124,759
Seller notes	40,295	43,069
	\$ 349,162	\$ 360,171
Current portion	15,316	15,365
	\$ 333,846	\$ 344,806

The following is the continuity of long-term debt:

As at	March 31, 2023	December 31, 2022
Balance, beginning of period	\$ 360,171	\$ 442,073
Consideration on acquisition	1,694	3,875
Draws	25,449	126,093
Repayments	(38,283)	(211,863)
Deferred financing costs	—	(514)
Amortization of deferred finance costs	104	406
Foreign exchange	27	101
Balance, end of period	\$ 349,162	\$ 360,171

Included in finance costs for the three and three months ended March 31, 2023 is interest on long-term debt of \$4,680 (2022 - \$3,337).

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

For the three months ended March 31, 2023 and 2022
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11. LEASE LIABILITIES

The following is the continuity of lease liabilities:

As at	March 31, 2023	December 31, 2022
Balance, beginning of period	\$ 617,926	\$ 543,347
Assumed on acquisition	9,668	18,179
Additions and modifications	66,611	155,560
Repayments	(31,021)	(117,045)
Financing costs	7,368	21,795
Foreign exchange	77	(3,910)
Balance, end of period	\$ 670,629	\$ 617,926
Current portion	99,429	98,870
	\$ 571,200	\$ 519,056

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

	Three months ended March 31,	
	2023	2022
Operating expenses	\$ 1,919	\$ 1,338
Depreciation of right of use assets	\$ 25,777	\$ 24,143
Finance costs	\$ 7,368	\$ 4,978

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

For the three months ended March 31, 2023 and 2022

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12. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

	Classification	Fair value hierarchy	March 31, 2023		December 31, 2022	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash	Amortized cost	n/a	\$ 11,036	\$ 11,036	\$ 15,068	\$ 15,068
Accounts receivable	Amortized cost	n/a	155,566	155,566	139,266	139,266
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	n/a	323,997	323,997	307,729	307,729
Dividends payable	Amortized cost	n/a	2,332	2,332	2,330	2,330
Long-term debt	Amortized cost	n/a	349,162	333,898	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 March 31, 2023 was approximately \$166,602 (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 months ended March 31, 2023 and 2022
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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 March 31,	
	2023	2022
Revenues		
Canada	\$ 56,711	\$ 45,831
United States	658,230	510,924
	\$ 714,941	\$ 556,755
Reportable Assets	March 31,	December 31,
As at	2023	2022
Canada	\$ 218,483	\$ 213,392
United States	1,672,692	1,604,254
	\$ 1,891,175	\$ 1,817,646

15. EARNINGS PER SHARE

	Three months ended March 31,	
	2023	2022
Net earnings	\$ 20,823	\$ 1,608
Basic weighted average number of shares	21,472,194	21,472,194
Average number of shares outstanding - diluted basis	21,472,194	21,472,194
Basic earnings per share	\$ 0.97	\$ 0.07
Diluted earnings per share	\$ 0.97	\$ 0.07

The stock options are instruments that could have potentially diluted basic earnings per share for the three months ended March 31, 2023 and 2022, but their impact was not dilutive during these periods.

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

For the three months ended March 31, 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 March 31, 2023, 12,310 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 March 31, 2023, 18,624 options remain issued and outstanding. None of the options are exercisable at period end.

On March 29, 2023 the Company issued 28,292 options 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. Issue costs of \$nil were incurred with respect to the 2023 options issued under the stock option plan.

17. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at	December 31, 2022	Cash Flows	Non-cash changes				March 31, 2023
			Acquisition	Other items	Fair value changes	Foreign exchange	
Long-term debt	\$ 360,171	(17,514)	1,694	4,784	—	27	\$ 349,162
Lease liabilities	617,926	(31,021)	9,668	73,979	—	77	670,629
Dividends	2,330	(2,352)	—	2,306	—	48	2,332
	\$ 980,427	(50,887)	11,362	81,069	—	152	\$ 1,022,123