



BOYD GROUP SERVICES INC.

Interim Condensed Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

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

	September 30, 2023	December 31, 2022
	<i>Note</i>	
Assets		
Current assets:		
Cash	\$ 22,059	\$ 15,068
Accounts receivable	164,426	139,266
Income taxes recoverable	8,817	5,666
Inventory	4 71,431	78,784
Prepaid expenses	46,848	36,520
	313,581	275,304
Property, plant and equipment	5 380,598	314,564
Right of use assets	6 634,065	568,437
Deferred income tax asset	5,576	3,815
Intangible assets	7 336,153	332,939
Goodwill	8 620,465	601,706
Other long-term assets	9 11,638	6,067
	\$ 2,302,076	\$ 2,102,832
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 344,471	\$ 307,729
Dividends payable	10 2,333	2,330
Current portion of long-term debt	11 22,925	15,365
Current portion of lease liabilities	12 104,210	98,870
	473,939	424,294
Long-term debt	11 355,904	344,806
Lease liabilities	12 587,868	519,056
Deferred income tax liability	71,619	62,885
Unearned rebates	4,733	5,194
	1,494,063	1,356,235
Equity		
Accumulated other comprehensive earnings	54,673	54,330
Retained earnings	148,758	88,183
Shareholders' capital	600,047	600,047
Contributed surplus	4,535	4,037
	808,013	746,597
	\$ 2,302,076	\$ 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				498			498
Other comprehensive earnings					343		343
Net earnings						67,590	67,590
Comprehensive earnings					343	67,590	67,933
Dividends to shareholders	10					(7,015)	(7,015)
Balances - September 30, 2023		21,472,194	\$ 600,047	\$ 4,535	\$ 54,673	\$ 148,758	\$ 808,013
Balances - January 1, 2022		21,472,194	\$ 600,047	\$ 3,680	\$ 65,987	\$ 56,720	\$ 726,434
Stock option accretion				258			258
Other comprehensive loss					(13,612)		(13,612)
Net earnings						26,778	26,778
Comprehensive (loss) earnings					(13,612)	26,778	13,166
Dividends to shareholders	10					(7,175)	(7,175)
Balances - September 30, 2022		21,472,194	\$ 600,047	\$ 3,938	\$ 52,375	\$ 76,323	\$ 732,683

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 September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Sales	Note 15	\$ 737,798	\$ 625,663	\$ 2,205,974	\$ 1,795,224
Cost of sales		403,963	343,361	1,202,420	990,040
Gross profit		333,835	282,302	1,003,554	805,184
Operating expenses		239,863	209,260	729,514	606,377
Acquisition and transaction costs		1,331	243	2,859	1,124
Depreciation of property, plant and equipment	5	15,884	11,824	40,639	35,623
Depreciation of right of use assets	6	28,443	25,798	81,143	75,115
Amortization of intangible assets	7	6,524	6,345	19,286	20,094
Fair value adjustments		—	—	—	146
Finance costs		13,449	9,931	37,666	27,341
		305,494	263,401	911,107	765,820
Earnings before income taxes		28,341	18,901	92,447	39,364
Income tax expense					
Current		4,706	2,768	17,878	2,814
Deferred		3,137	4,261	6,979	9,772
		7,843	7,029	24,857	12,586
Net earnings		\$ 20,498	\$ 11,872	\$ 67,590	\$ 26,778

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

Basic earnings per share	16	\$ 0.95	\$ 0.55	\$ 3.15	\$ 1.25
Diluted earnings per share	16	\$ 0.95	\$ 0.55	\$ 3.15	\$ 1.25
Basic weighted average number of shares outstanding	16	21,472,194	21,472,194	21,472,194	21,472,194
Diluted weighted average number of shares outstanding	16	21,476,556	21,472,194	21,475,399	21,472,194

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net earnings	\$ 20,498	\$ 11,872	\$ 67,590	\$ 26,778
Other comprehensive earnings				
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of Earnings				
Change in unrealized earnings on foreign currency translation	(3,424)	(10,596)	343	(13,612)
Other comprehensive (loss) earnings	(3,424)	(10,596)	343	(13,612)
Comprehensive earnings	\$ 17,074	\$ 1,276	\$ 67,933	\$ 13,166

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 September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
	<i>Note</i>				
Cash flows from operating activities					
Net earnings		\$ 20,498	\$ 11,872	\$ 67,590	\$ 26,778
Adjustments for					
Fair value adjustments		—	—	—	146
Deferred income taxes		3,137	4,261	6,979	9,772
Finance costs		13,449	9,931	37,666	27,341
Amortization of intangible assets	7	6,524	6,345	19,286	20,094
Depreciation of property, plant and equipment	5	15,884	11,824	40,639	35,623
Depreciation of right of use assets	6	28,443	25,798	81,143	75,115
Other		231	(402)	338	(378)
		88,166	69,629	253,641	194,491
Changes in non-cash working capital items		(21,372)	40,470	6,755	41,484
		66,794	110,099	260,396	235,975
Cash flows from (used in) financing activities					
Increase in obligations under long-term debt	11	111,338	—	188,473	43,000
Repayment of long-term debt, principal	11	(70,016)	(58,598)	(173,833)	(159,171)
Repayment of obligations under property leases, principal		(24,068)	(23,084)	(70,684)	(68,429)
Repayment of obligations under vehicle and equipment leases, principal		(985)	(808)	(2,740)	(2,187)
Interest on long-term debt	11	(4,915)	(4,002)	(14,428)	(10,921)
Interest on property leases		(8,397)	(5,693)	(22,763)	(16,010)
Interest on vehicle and equipment leases		(185)	(125)	(504)	(302)
Dividends paid		(2,389)	(2,389)	(7,081)	(7,288)
Payment of financing costs	11	—	—	—	(514)
		383	(94,699)	(103,560)	(221,822)
Cash flows used in investing activities					
Proceeds on sale of equipment and software	5	175	713	467	2,246
Equipment purchases and facility improvements		(16,353)	(13,728)	(44,958)	(29,292)
Acquisition and development of businesses (net of cash acquired)	3	(40,584)	(17,995)	(99,128)	(52,830)
Software purchases and licensing	7	(32)	(87)	(116)	(128)
Increase in other long-term assets		(8,068)	(217)	(8,230)	(389)
Proceeds on sale / leaseback agreements	5	—	2,377	2,093	53,404
		(64,862)	(28,937)	(149,872)	(26,989)
Effect of foreign exchange rate changes on cash		(143)	(932)	27	(1,011)
Net increase (decrease) in cash position		2,172	(14,469)	6,991	(13,847)
Cash beginning of period		19,887	28,336	15,068	27,714
Cash, end of period		\$ 22,059	\$ 13,867	\$ 22,059	\$ 13,867
Income taxes paid		\$ 8,893	\$ (98)	\$ 21,028	\$ 2,179
Interest paid		\$ 13,553	\$ 9,857	\$ 37,662	\$ 27,092

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 nine months ended September 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 November 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 nine months ended September 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”).

3. ACQUISITIONS

The Company completed 47 acquisitions that added 52 locations during the nine months ended September 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

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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
July 14, 2023	Wildwood, FL
July 14, 2023	Donaldsonville, LA
July 21, 2023	Redding, CA
July 21, 2023	Lafayette and New Iberia, LA (2 locations)
July 28, 2023	Oroville, CA
August 15, 2023	Coon Rapids, MN
August 15, 2023	Chicago, IL
August 25, 2023	Alexandria, MN
September 6, 2023	Albion, NY
September 8, 2023	Lincoln Park, MI
September 8, 2023	River Falls, WI
September 12, 2023	Troy, MI
September 22, 2023	Kingston, NY
September 22, 2023	Arnold, Imperial, and St. Louis, MO (3 locations)

During the nine months ended September 30, 2023, the Company acquired a two location glass business in Minnesota, a single location glass business in Texas, a single location glass business in New York, and a

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single location glass business in Virginia. During the third quarter of this year, the company invested in a long term asset to support the continued growth in the glass business.

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	\$ 1,232
Property, plant and equipment	14,491
Right of use assets	35,365
Identified intangible assets	
Customer relationships	14,971
Non-compete agreements	848
Intellectual property	6,414
Liabilities assumed	
Current liabilities	(48)
Lease liabilities	(35,365)
Identifiable net assets acquired	\$ 37,908
Goodwill	18,592
Total purchase consideration	\$ 56,500
Consideration provided	
Cash paid or payable	\$ 52,821
Seller notes	3,679
Total consideration provided	\$ 56,500

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.
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(Unaudited)

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(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	September 30, 2023	December 31, 2022
Paint and materials	\$ 22,459	\$ 20,734
Work in process	48,972	58,050
Balance, end of period	\$ 71,431	\$ 78,784

5. PROPERTY, PLANT AND EQUIPMENT

As at	September 30, 2023	December 31, 2022
Balance, beginning of year	\$ 314,564	\$ 332,189
Acquired through business combination	14,491	11,055
Additions	94,586	77,214
Proceeds on disposal	(2,561)	(57,885)
(Loss) gain on disposal	(96)	503
Transfers from right of use assets	237	279
Depreciation	(40,639)	(47,902)
Foreign exchange	16	(889)
Balance, end of period	\$ 380,598	\$ 314,564

6. RIGHT OF USE ASSETS

As at	September 30, 2023	December 31, 2022
Balance, beginning of year	\$ 568,437	\$ 502,036
Acquired through business combinations	35,365	18,179
Additions and modifications	111,503	153,149
Depreciation	(81,143)	(101,150)
Transfers to property, plant and equipment	(237)	(279)
Foreign exchange	140	(3,498)
Balance, end of period	\$ 634,065	\$ 568,437

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

7. INTANGIBLE ASSETS

As at	September 30, 2023	December 31, 2022
Balance, beginning of year	\$ 332,939	\$ 348,727
Acquired through business combination	22,233	14,369
Additions	101	259
Amortization	(19,286)	(26,567)
Foreign exchange	166	(3,849)
Balance, end of period	\$ 336,153	\$ 332,939

8. GOODWILL

As at	September 30, 2023	December 31, 2022
Balance, beginning of year	\$ 601,706	\$ 601,991
Acquired through business combination	18,592	6,190
Foreign exchange	167	(6,475)
Balance, end of period	\$ 620,465	\$ 601,706

9. OTHER LONG TERM ASSETS

Other long term assets consist primarily of rent deposits in the amount of \$3,638 (2022 - \$3,409) and an investment of \$8,000 (2022 - \$nil) to support the growth of the glass business. Investments which do not qualify for equity treatment are recorded as other long term assets.

BOYD GROUP SERVICES INC.
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(Unaudited)

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

10. DIVIDENDS

The Company's Directors have discretion in declaring dividends. The Company declares and pays dividends from its available cash from operations taking into account current and future performance amounts necessary for principal and interest payments on debt obligations, amounts required for maintenance capital expenditures and amounts allocated to reserves.

The Company declared dividends of C\$0.147 per share in each of the first, second and third quarters 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
June 30, 2023	July 27, 2023	2,376
September 30, 2023	October 27, 2023	2,333
		<hr/>
		\$ 7,015

Record date	Payment date	Dividend amount
March 31, 2022	April 27, 2022	\$ 2,441
June 30, 2022	July 27, 2022	2,413
September 30, 2022	October 27, 2022	2,321
		<hr/>
		\$ 7,175

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

For the three and nine months ended September 30, 2023 and 2022
(thousands of U.S. dollars, except share and share amounts)

11. LONG-TERM DEBT

Long-term debt is comprised of the following:

As at	September 30, 2023	December 31, 2022
Revolving credit facility & swing line (net of financing costs)	\$ 219,753	\$ 192,343
Term Loan A (net of financing costs)	124,802	124,759
Seller notes	34,274	43,069
	\$ 378,829	\$ 360,171
Current portion	22,925	15,365
	\$ 355,904	\$ 344,806

The following is the continuity of long-term debt:

As at	September 30, 2023	December 31, 2022
Balance, beginning of period	\$ 360,171	\$ 442,073
Consideration on acquisition	3,679	3,875
Draws	188,473	126,093
Repayments	(173,833)	(211,863)
Deferred financing costs	—	(514)
Amortization of deferred finance costs	314	406
Foreign exchange	25	101
Balance, end of period	\$ 378,829	\$ 360,171

Included in finance costs for the three and nine months ended September 30, 2023 is interest on long-term debt of \$4,915 and \$14,428 respectively (2022 - \$4,002 and \$10,921 respectively).

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

For the three and nine months ended September 30, 2023 and 2022
(thousands of U.S. dollars, except share and share amounts)

12. LEASE LIABILITIES

The following is the continuity of lease liabilities:

As at	September 30, 2023	December 31, 2022
Balance, beginning of period	\$ 617,926	\$ 543,347
Assumed on acquisition	35,365	18,179
Additions and modifications	112,058	155,560
Repayments	(96,690)	(117,045)
Financing costs	23,267	21,795
Foreign exchange	152	(3,910)
Balance, end of period	\$ 692,078	\$ 617,926
Current portion	104,210	98,870
	\$ 587,868	\$ 519,056

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Operating expenses	\$ 2,168	\$ 1,448	\$ 5,749	\$ 4,616
Depreciation of right of use assets	28,443	25,798	81,143	75,115
Finance costs	8,582	5,818	23,267	16,312

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13. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

	Classification	Fair value hierarchy	September 30, 2023		December 31, 2022	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash	Amortized cost	n/a	\$ 22,059	\$ 22,059	\$ 15,068	\$ 15,068
Accounts receivable	Amortized cost	n/a	164,426	164,426	139,266	139,266
Long-term asset	FVPL ⁽¹⁾	3	8,000	8,000	—	—
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	n/a	344,471	344,471	307,729	307,729
Dividends payable	Amortized cost	n/a	2,333	2,333	2,330	2,330
Long-term debt	Amortized cost	n/a	378,829	361,197	360,171	355,815

(1) Fair Value Through Profit or Loss

For the Company's current financial assets and liabilities, including accounts receivable, accounts payable and accrued liabilities, and dividends payable, which are short term in nature and subject to normal trade terms, the carrying values approximate their fair value. The fair value of BGSI's long-term debt has been determined by calculating the present value of the interest rate spread that exists between the actual Term Loan A and the rate that would be negotiated with the economic conditions at the reporting date. As there is no ready secondary market for BGSI's other long-term debt and other long-term asset, 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 September 30, 2023 was approximately \$186,485 (December 31, 2022 - \$154,334).

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.

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(Unaudited)

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(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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenues				
Canada	\$ 56,811	\$ 49,350	\$ 172,613	\$ 145,630
United States	680,987	576,313	2,033,361	1,649,594
	\$ 737,798	\$ 625,663	\$ 2,205,974	\$ 1,795,224

Reportable Assets	September 30,	December 31,
As at	2023	2022
Canada	\$ 216,852	\$ 213,392
United States	1,754,429	1,604,254
	\$ 1,971,281	\$ 1,817,646

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

16. EARNINGS PER SHARE

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net earnings	\$ 20,498	\$ 11,872	\$ 67,590	\$ 26,778
Basic weighted average number of shares	21,472,194	21,472,194	21,472,194	21,472,194
Add:				
Stock option plan	4,362	—	3,205	—
Average number of shares outstanding - diluted basis	21,476,556	21,472,194	21,475,399	21,472,194
Basic earnings per share	\$ 0.95	\$ 0.55	\$ 3.15	\$ 1.25
Diluted earnings per share	\$ 0.95	\$ 0.55	\$ 3.15	\$ 1.25

For the three months ended September 30, 2023, the impact of the stock options issued in 2021 and 2022 (Note 17) were included in the diluted average number of shares outstanding. The stock options issued in 2023 (Note 17) could have potentially diluted the basic earnings per share, but their impact was anti-dilutive during this period.

For the nine months ended September 30, 2023, the impact of the stock options issued in 2022 (Note 17) were included in the diluted average number of shares outstanding. The stock options issued in 2021 and 2023 (Note 17) could have potentially diluted the basic earnings per share, but their impact was anti-dilutive during this period.

For the three and nine months ended September 30, 2022, the stock options issued in 2021 and 2022 (Note 17) 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 nine months ended September 30, 2023 and 2022

(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. As at September 30, 2023, 11,780 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 September 30, 2023, 17,609 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. As at September 30, 2023, 27,549 options remain issued and outstanding. None of the options are exercisable at period end.

During the year, issue costs of \$nil (2022 - \$nil) were incurred with respect to options issued under the stock option plan.

18. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at	December 31, 2022	Cash Flows	Non-cash changes			September 30, 2023
			Acquisition	Other items	Foreign exchange	
Long-term debt	\$ 360,171	212	3,679	14,742	25	\$ 378,829
Lease liabilities	617,926	(96,691)	35,365	135,325	153	692,078
Dividends	2,330	(7,081)	—	7,015	69	2,333
	\$ 980,427	(103,560)	39,044	157,082	247	\$ 1,073,240