



BOYD GROUP SERVICES INC.

INTERIM REPORT TO SHAREHOLDERS
Third Quarter and Nine Months Ended September 30, 2022

BOYD GROUP SERVICES INC.

REPORT TO SHAREHOLDERS

To our Shareholders,

During the third quarter of 2022, Boyd Group Services Inc. (“BGSI”) recorded sales of \$625.7 million, Adjusted EBITDA¹ of \$73.0 million and net earnings of \$11.9 million.

Total sales in the third quarter of 2022 were \$625.7 million, a 27.6% increase when compared to the \$490.2 million achieved in the same period of 2021, with same-store sales increasing 21.9% and new locations that were not in operation for the full comparative period generating \$35.4 million of incremental sales. Sales benefited from pricing increases and high levels of demand for services, as well as some increase in production capacity related to technician hiring and growth in the Technician Development Program, although ongoing staffing constraints and supply chain disruption continued to impact sales levels that could be achieved during the third quarter of 2022. Sales also increased based on higher repair costs due to increasing vehicle complexity, increased scanning and calibration services, as well as general market inflation. Sales were modestly impacted by Hurricane Ian, with an estimated negative impact of \$2.1 million during the third quarter. Same-store sales in Canada continued to recover, albeit from low comparatives during the third quarter, but this recovery has continued to be impacted by supply chain disruption.

Adjusted EBITDA for the third quarter of 2022 was \$73.0 million, or 11.7% of sales, compared with \$51.5 million, or 10.5% of sales in the same period of 2021. Adjusted EBITDA in the third quarter of 2021 benefited from the Canada Emergency Wage Subsidy in the amount of \$0.5 million. The \$21.5 million increase was primarily the result of improved sales levels, which also provided improved leveraging of certain operating costs. Adjusted EBITDA for the period was constrained by technician capacity, due to the tight labor market. Market conditions, including wage pressure, a tight labor market and supply chain disruption, are impacting the results that can be achieved in the near-term.

BGSI posted net earnings of \$11.9 million in the third quarter of 2022, compared to \$0.4 million in the same period of 2021. Impacting net earnings were acquisition and transaction costs and fair value adjustments on contingent consideration. After adjusting for these items, Adjusted net earnings for the third quarter of 2022 was \$12.1 million or 1.9% of sales. This compares to Adjusted net earnings of \$2.4 million or 0.5% of sales in the same period of 2021. Adjusted net earnings for the period was positively impacted by increased sales and improved gross margin percentage. Staffing constraints, wage inflation, and supply chain disruption moderated the improvement in net earnings and Adjusted net earnings during the third quarter of 2022. Adjusted net earnings for the three months ended September 30, 2022 was \$0.56 per share, compared to \$0.11 per share in the same period of 2021.

¹ Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the non-controlling interest call liability and contingent consideration, as well as acquisition and transaction costs), adjusted net earnings, adjusted net earnings per share and same-store sales are non-GAAP financial measures and ratios and are not recognized measures under International Financial Reporting Standards (“IFRS”). Management believes that in addition to net earnings and cash flows, the supplemental measures of adjusted net earnings and Adjusted EBITDA are useful as they provide investors with an indication of earnings from operations and cash available for distribution, both before and after debt management, productive capacity maintenance and non-recurring and other adjustments. Management believes that, in addition to sales, the supplemental measure of same-store sales is useful as it provides investors with an indication of the increase in sales without accounting for location growth and the impact of fluctuations in exchange rates during the period. Investors should be cautioned, however, that Adjusted EBITDA, adjusted net earnings and adjusted net earnings per share should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of Boyd's performance. Investors should also be cautioned that same-store sales should not be construed as an alternative to sales in accordance with IFRS as an indicator of Boyd's performance. Boyd's method of calculating these measures may differ from other public issuers and, accordingly, may not be comparable to similar measures used by other issuers. For a detailed explanation of how Boyd's non-GAAP financial measures are calculated, please refer to the section titled “Non-GAAP Financial Measures and Ratios” in Boyd's MD&A filing (dated November 9, 2022) for the period ended September 30, 2022, starting on page 10 of this Report. A copy of Boyd's MD&A for the period ended September 30, 2022 can be accessed via the SEDAR Web site (www.sedar.com).

With respect to the balance sheet, at September 30, 2022, BGSi held total debt, net of cash, of \$940.8 million, compared to \$973.7 million at June 30, 2022 and \$896.9 million at September 30, 2021. Debt, net of cash before lease liabilities decreased from \$414.4 million at December 31, 2021 to \$314.6 million at September 30, 2022. Debt, net of cash before lease liabilities, decreased when compared to prior periods primarily as a result of higher earnings, changes in working capital balances, and lower levels of acquisition activity.

We are pleased that the Gerber Collision & Glass locations that were temporarily closed in the states of Florida and South Carolina at risk of damage from Hurricane Ian have re-opened. In total, 62 collision locations were ultimately impacted by temporary closures as well as the Florida Glass America business. The temporary closures modestly impacted results in both the third and fourth quarters of 2022.

I am excited to have Mr. Brian Kaner join the Boyd team as Executive Vice President and Chief Operating Officer for BGSi's collision business. Having Mr. Kaner in this position will further strengthen our executive team and align our organization with the needs of the business, given our planned growth and the changes we have experienced over recent years. At this time, the previously announced search to succeed Mr. Pat Pathipati in the role of Executive Vice President and Chief Financial Officer is proceeding along planned timelines and will be announced upon its conclusion.

On behalf of myself, the executive team and our Board of Directors, I would like to thank all of our Boyd Group employees for their hard work and dedication. And on behalf of the Directors of Boyd Group Services Inc. and Boyd Group employees, thank you for your continued support.

Sincerely,

(signed)









Timothy O'Day
President & Chief Executive Officer

Management’s Discussion & Analysis

OVERVIEW

Boyd Group Services Inc. (“BGSI”), through its operating company, The Boyd Group Inc. and its subsidiaries (“Boyd” or the “Company”), is one of the largest operators of non-franchised collision repair centers in North America in terms of number of locations and sales. The Company currently operates 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. The Company is also 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. In addition, the Company operates a third party administrator, Gerber National Claims Services (“GNCS”), that offers glass, emergency roadside and first notice of loss services.

The following is a geographic breakdown of the collision repair locations by trade name and location as at November 8, 2022. In response to the reduction in demand resulting from the COVID-19 pandemic, certain collision repair locations were temporarily converted to intake locations in order to consolidate collision repair services and to reduce Boyd’s operating costs at the temporary intake locations while at the same time maximizing productivity of the staff at the repair locations. All temporary intake locations in the U.S. have been converted back to production facilities. Due to capacity constraints impacting the ability to service demand in the U.S., certain intake locations have temporarily been suspended. The number of locations and number of intake centers noted in the chart below does not reflect the remaining temporary conversions from production to intake locations in Canada or the temporary suspension of certain intake locations in the U.S.

		865 locations			
 48 locations		 730 locations			
British Columbia	17	Michigan	73	Louisiana	16
Alberta	15	Illinois	71	Kansas	13
Manitoba	12	Florida	70	Maryland	12
Saskatchewan	4	New York	40	Oregon	12
		Washington	39	Tennessee	12
		Wisconsin	36	Nevada	11
		Indiana	35	Pennsylvania	9
		Georgia	34	Alabama	7
Ontario	87	North Carolina	33	Missouri	7
		Ohio	32	Hawaii	4
		California	29	Kentucky	4
		Arizona	28	Utah	4
		Oklahoma	28	Arkansas	2
		Texas	27	Idaho	1
		Colorado	21	Iowa	1
		South Carolina	19		
 87 locations				 <i>Experience the Difference...</i>	
					
					
<i>The above numbers include 39 intake locations.</i>		<i>The above numbers include 31 intake locations and two fleet locations co-located with collision repair centers.</i>			

Boyd provides collision repair and glass services to insurance companies, individual vehicle owners, as well as fleet and lease customers, with a high percentage of the Company’s revenue being derived from insurance-paid collision repair services.

BGSI’s shares trade on the Toronto Stock Exchange under the symbol TSX: BYD.TO.

The following review of BGSi's operating and financial results for the period ended September 30, 2022, including material transactions and events of BGSi up to and including November 8, 2022, should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2022, as well as the annual audited consolidated financial statements, management discussion & analysis ("MD&A") and annual information form ("AIF") of BGSi, as filed on SEDAR at www.sedar.com.

SIGNIFICANT EVENTS

On January 4, 2022, BGSi announced the completion of the CEO Succession Plan, first announced in August 2019.

On March 17, 2022, the BGSi Board of Directors declared a cash dividend for the first quarter of 2022 of C\$0.144 per common share. The dividend was paid on April 27, 2022 to common shareholders of record at the close of business on March 31, 2022.

On March 21, 2022, BGSi proactively entered into an amendment to the Credit Facility to provide additional flexibility to the covenant calculations for the next four quarters.

On March 22, 2022, BGSi published Boyd's inaugural Environmental, Social and Governance Report.

On June 17, 2022, the BGSi Board of Directors declared a cash dividend for the second quarter of 2022 of C\$0.144 per common share. The dividend was paid on July 27, 2022 to common shareholders of record at the close of business on June 30, 2022.

On August 10, 2022, BGSi announced the planned retirement of Pat Pathipati from the role of Executive Vice President & CFO, effective December 31, 2022. An executive search process for his successor has commenced.

On September 17, 2022, the BGSi Board of Directors declared a cash dividend for the third quarter of 2022 of C\$0.144 per common share. The dividend was paid on October 27, 2022 to common shareholders of record at the close of business on September 30, 2022.

On September 30, 2022, BGSi announced the temporary closure of certain Florida and South Carolina collision repair centers at risk of damage from Hurricane Ian, and on October 4, 2022, BGSi announced that nearly all affected collision repair centers had been re-opened.

On October 28, 2022, BGSi announced the appointment of Brian Kaner as Executive Vice President and Chief Operating Officer for the Boyd Group's collision business, effective October 31, 2022.

During the first nine months of 2022, the Company added 17 locations through acquisition, six start-up locations and five intake centers, for a total of 28 new locations. From January 1, 2022 up to the reporting date of November 8, 2022, the Company has added 19 locations through acquisition, nine start-up locations and five intake centers, for a total of 33 new locations. These new locations are as follows:

Date	Location	Previously operated as
January 3, 2022	Springhill & Thompson's Station, TN (2 locations)	Autobody Advantage
January 5, 2022	Dallas, TX	n/a start-up
January 15, 2022	Kingston, ON	n/a intake center
January 15, 2022	Richmond Hill, ON	n/a intake center
January 15, 2022	Thornhill, ON	n/a intake center
January 17, 2022	Indianapolis, IN	n/a start-up
February 1, 2022	Temple, TX	n/a start-up
February 11, 2022	Signal Hill, CA	Alvin's Auto Body Inc.
March 18, 2022	Bossier City & Shreveport, LA (2 locations)	CBS Collision
March 28, 2022	New Smyrna Beach, FL	Bishop's Body Shop
March 31, 2022	Eau Claire and Plover, WI (2 locations)	Plover Collision Repair, Inc. & Eau Claire Collision Repair, Inc.
April 29, 2022	Indian Trail, NC	Haywood's Auto Body
May 6, 2022	Easley, SC	n/a start-up
May 13, 2022	Marion, NC	Auto Tech Collision Center
May 30, 2022	Leduc, AB	n/a intake center
May 31, 2022	Elkhorn, WI	Elkhorn Collision Center
June 29, 2022	Savannah, GA	n/a start-up
July 8, 2022	Roseville, CA	Clark Auto Body Inc.
July 29, 2022	Orangevale, CA	Sierra Collision, Inc.
August 5, 2022	Sacramento, CA	n/a start-up
September 2, 2022	La Crosse, WI	Midtown Collision Center, LLC
September 6, 2022	Brownwood, TX	Blevins Body Shop
September 9, 2022	Yakima, WA	G.O.'s Collision Center
September 30, 2022	Sacramento, CA	Endless Auto Body, Inc.
September 30, 2022	Honolulu, HI	n/a intake center
October 7, 2022	Tulsa, OK	Barron & Hart, Inc.
October 7, 2022	Janesville, WI	n/a start-up
November 1, 2022	El Mirage, AZ	n/a start-up
November 4, 2022	Las Vegas, NV	n/a start-up
November 4, 2022	Wausau, WI	Kocourek Auto Body

During the first quarter of 2022, the Company acquired a single location glass business in Minnesota. During the third quarter of 2022, the Company opened a single location glass business in California and acquired a four location glass business in Florida. Subsequent to September 30, 2022, the Company acquired a single location glass business in Wisconsin.

OUTLOOK

Entering the fourth quarter of 2022, Boyd continues to experience strong demand for services; however, technician capacity as well as the impact of inflation on costs and ongoing wage pressure continue to impact results that can be achieved. Boyd continues to negotiate and receive price increases, which are necessary in order to support the attraction of talent to the industry and the retention of the current talent pool. Boyd continues to make progress, but further pricing increases are needed to address ongoing wage pressure. During recent quarters, Boyd has benefited from performance based credit relief, put in place to address the constraints caused by current market conditions, which continue to impact the business. Although it is early in the quarter, Boyd is experiencing same-store sales growth that is modestly below that experienced during the first nine months of the year. The pipeline to add new locations in existing markets and to expand into new markets is robust. Workforce initiatives, such as the Technician Development Program, are having some impact and ongoing investments in technology, equipment and training position the Company well for continued operational execution.

Boyd remains committed to addressing the labor market challenges through initiatives such as the Technician Development Program. Growth in the Technician Development Program from the beginning of the year up to the reporting date of November 8, 2022 has enabled Boyd to increase the number of apprentices in the Technician Development Program from approximately 200 apprentices at the beginning of 2022 to 400 apprentices.

In addition to addressing the labor shortage for the core business, Boyd plans to increase location growth during 2023 in relation to 2022. Boyd is focused on optimizing performance of new locations, as well as scanning and calibration services, and consistent execution of the WOW operating way. Given the high level of location growth in 2021 combined with strong same-store sales growth during 2022 thus far, Boyd remains confident that the Company is on track to achieve its long-term growth goals, including doubling the size of the business on a constant currency basis from 2021 to 2025 against 2019 sales of US\$1.7 billion.

In the long-term, management remains confident in its business model and its ability to increase market share by expanding its presence in North America through strategic acquisitions alongside organic growth from Boyd's existing operations. Accretive growth will remain the Company's long-term focus whether it is through organic growth, new store development, or acquisitions. The North American collision repair industry remains highly fragmented and offers attractive opportunities for industry leaders to build value through focused consolidation and economies of scale. As a growth company, Boyd's objective continues to be to maintain a conservative dividend policy that will provide the financial flexibility necessary to support growth initiatives while gradually increasing dividends over time. The Company remains confident in its management team, systems and experience. This, along with a strong financial position and financing options, positions Boyd well for success into the future.

BUSINESS ENVIRONMENT & STRATEGY

As at November 8, 2022, the business environment of the Company and strategies adopted by management remain unchanged from those described in BGSF's 2021 annual MD&A.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Statements made in this interim report, other than those concerning historical financial information, may be forward-looking and therefore subject to various risks and uncertainties. Some forward-looking statements may be identified by words like “may”, “will”, “anticipate”, “estimate”, “expect”, “intend”, or “continue” or the negative thereof or similar variations. Readers are cautioned not to place undue reliance on such statements, as actual results may differ materially from those expressed or implied in such statements.

The following table outlines forward-looking information included in this MD&A:

Forward-looking Information	Key Assumptions	Most Relevant Risk Factors
<p>The stated objective of generating growth sufficient to double the size of the business over the five year period from 2021 to 2025, based on 2019 revenues</p>	<p>Opportunities continue to be available and are at acceptable and accretive prices</p> <p>Financing options continue to be available at reasonable rates and on acceptable terms and conditions</p> <p>New and existing customer relationships are expected to provide acceptable levels of revenue opportunities</p> <p>Anticipated operating results would be accretive to overall Company results</p> <p>Growth is defined as revenue on a constant currency basis</p> <p>Initiatives to increase production capacity are successful</p> <p>Supply chain disruption is temporary and normalizes in the short term</p>	<p>Acquisition market conditions change and repair shop owner demographic trends change</p> <p>Credit and refinancing conditions prevent or restrict the ability of the Company to continue growth strategies</p> <p>Changes in market conditions and operating environment</p> <p>Significant decline in the number of insurance claims</p> <p>Integration of new stores is not accomplished as planned</p> <p>Increased competition which prevents achievement of acquisition and revenue goals</p> <p>Initiatives to increase production capacity take longer than expected or are not successful</p> <p>Supply chain remains disrupted and the ability to source parts continues to limit sales</p>
<p>Boyd remains confident in its business model to increase market share by expanding its presence in North America through strategic and accretive acquisitions alongside organic growth from Boyd’s existing operations</p>	<p>Re-emergence of stability in economic conditions and employment rates</p> <p>New and existing customer relationships are expected to provide acceptable levels of revenue opportunities</p> <p>The Company’s customer and supplier relationships provide it with competitive advantages to increase sales over time</p> <p>Market share growth will more than offset systemic changes in the industry and environment</p> <p>Anticipated operating results would be accretive to overall Company results</p>	<p>Economic conditions deteriorate, or economic recovery post-COVID-19 is slow</p> <p>Loss of one or more key customers or loss of significant volume from any customer</p> <p>Decline in the number of insurance claims</p> <p>Inability of the Company to pass cost increases to customers over time</p> <p>Increased competition which may prevent achievement of revenue goals</p> <p>Changes in market conditions and operating environment</p> <p>Changes in weather conditions</p> <p>Inability to maintain, replace or grow technician capacity could impact organic growth</p>

<p>Stated objective to gradually increase dividends over time</p>	<p>Growing profitability of the Company and its subsidiaries</p> <p>The continued and increasing ability of the Company to generate cash available for dividends</p> <p>Balance sheet strength and flexibility is maintained and the dividend level is manageable taking into consideration bank covenants, growth requirements and maintaining a dividend level that is supportable over time</p>	<p>BGSI is dependent upon the operating results of the Company</p> <p>Economic conditions deteriorate, or economic recovery post-COVID-19 is slow</p> <p>Changes in weather conditions</p> <p>Decline in the number of insurance claims</p> <p>Loss of one or more key customers or loss of significant volume from any customer</p> <p>Changes in government regulation</p>
<p>The Company plans to make capital expenditures (excluding those related to acquisition and development of new locations) of approximately 1.6% of sales.</p>	<p>The actual cost for these capital expenditures agrees with the original estimate</p> <p>The purchase, delivery and installation of the capital items is consistent with the estimated timeline</p> <p>No other new capital requirements are identified or required during the period</p> <p>All identified capital requirements are required during the period</p>	<p>Expected actual expenditures could be above or below 1.6% of sales</p> <p>The timing of the expenditures could occur on a different timeline</p> <p>BGSI may identify additional capital expenditure needs that were not originally anticipated</p> <p>BGSI may identify capital expenditure needs that were originally anticipated; however, are no longer required or required on a different timeline</p>
<p>Boyd has made good progress with many clients, but has not achieved the level of pricing that will return labor margins to historical levels. Further increases are needed to address ongoing wage pressure.</p>	<p>Price increases will be negotiated and agreed upon by key clients</p> <p>Demand for services will continue to grow, allowing Boyd to focus on higher margin business</p> <p>Wage inflation will return to historical levels and will not outpace pricing increases</p> <p>Supply chain disruption is transitory and will normalize as underlying issues are resolved</p> <p>Internal training and development programs, including the Technician Development Program, will improve staffing availability</p>	<p>Inability of the Company to pass cost increases to customers over time</p> <p>Decline in the number of insurance claims</p> <p>Loss of one or more key customers or loss of significant volume from any customer</p> <p>Changes in market conditions and operating environment</p> <p>Wage inflation continues in excess of historical levels and outpaces pricing increases</p> <p>Supply chain remains disrupted</p> <p>Internal training and development programs do not improve staffing availability</p>

Boyd previously provided forward-looking information surrounding the Company’s objective of increasing the number of apprentices in the Technician Development Program from approximately 200 apprentices at the beginning of 2022 to 400 apprentices by the second quarter of 2023. Growth in the Technician Development Program from the beginning of the year up to the reporting date of November 8, 2022 has enabled Boyd to achieve this level of enrollment; therefore, this forward-looking information has been withdrawn.

We caution that the foregoing table contains what BGSI believes are the material forward-looking statements and is not exhaustive. Therefore when relying on forward-looking statements, investors and others should refer to the “Risk Factors” section of BGSI’s Annual Information Form, the “Business Risks and Uncertainties” and other sections of our Management’s Discussion and Analysis and our other periodic filings with Canadian securities regulatory authorities. All forward-looking statements presented herein should be considered in conjunction with such filings.

NON-GAAP FINANCIAL MEASURES AND RATIOS

EBITDA AND ADJUSTED EBITDA

Earnings before interest, taxes, depreciation and amortization (“EBITDA”) is not a calculation defined in International Financial Reporting Standards (“IFRS”). EBITDA should not be considered an alternative to net earnings in measuring the performance of BGSi, nor should it be used as an exclusive measure of cash flow. BGSi reports EBITDA and Adjusted EBITDA because they are key measures that management uses to evaluate performance of the business and to reward its employees. EBITDA is also a concept utilized in measuring compliance with debt covenants. EBITDA and Adjusted EBITDA are measures commonly reported and widely used by investors and lending institutions as an indicator of a company’s operating performance and ability to incur and service debt, and as a valuation metric. While EBITDA is used to assist in evaluating the operating performance and debt servicing ability of BGSi, investors are cautioned that EBITDA and Adjusted EBITDA as reported by BGSi may not be comparable in all instances to EBITDA as reported by other companies.

CPA Canada’s Canadian Performance Reporting Board defined Standardized EBITDA to foster comparability of the measure between entities. Standardized EBITDA represents an indication of an entity’s capacity to generate income from operations before taking into account management’s financing decisions and costs of consuming tangible and intangible capital assets, which vary according to their vintage, technological age and management’s estimate of their useful life. Accordingly, Standardized EBITDA comprises sales less operating expenses before finance costs, capital asset amortization and impairment charges, and income taxes. Adjusted EBITDA is calculated to exclude items of an unusual nature that do not reflect normal or ongoing operations of BGSi and which should not be considered in a valuation metric or should not be included in an assessment of the ability to service or incur debt. Also included as an adjustment to EBITDA are acquisition and transaction costs and fair value adjustments to contingent consideration, which do not relate to the current operating performance of the business units but are typically costs incurred to expand operations. From time to time BGSi may make other adjustments to its Adjusted EBITDA for items that are not expected to recur.

The following is a reconciliation of BGSi’s net earnings to Standardized EBITDA and Adjusted EBITDA:

ADJUSTED EBITDA

<i>(thousands of U.S. dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net earnings	\$ 11,872	\$ 434	\$ 26,778	\$ 18,639
Add:				
Finance costs	9,931	7,198	27,341	19,980
Income tax expense	7,029	206	12,586	6,864
Depreciation of property, plant and equipment	11,824	11,313	35,623	30,879
Depreciation of right of use assets	25,798	23,342	75,115	64,346
Amortization of intangible assets	6,345	6,383	20,094	16,944
Standardized EBITDA	\$ 72,799	\$ 48,876	\$ 197,537	\$ 157,652
Add:				
Fair value adjustments	—	50	146	148
Acquisition and transaction costs	243	2,574	1,124	4,444
Adjusted EBITDA	\$ 73,042	\$ 51,500	\$ 198,807	\$ 162,244

ADJUSTED NET EARNINGS

In addition to Standardized EBITDA and Adjusted EBITDA, BGSI believes that certain users of financial statements are interested in understanding net earnings excluding certain fair value adjustments and other items of an unusual or infrequent nature that do not reflect normal or ongoing operations of the Company. This can assist these users in comparing current results to historical results that did not include such items. The following is a reconciliation of BGSI's net earnings to adjusted net earnings:

<i>(thousands of U.S. dollars, except share and per share amounts)</i>	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net earnings	\$ 11,872	\$ 434	\$ 26,778	\$ 18,639
Add:				
Fair value adjustments (non-taxable)	—	50	146	148
Acquisition and transaction costs (net of tax)	180	1,905	832	3,289
Adjusted net earnings	\$ 12,052	\$ 2,389	\$ 27,756	\$ 22,076
Weighted average number of shares	21,472,194	21,472,194	21,472,194	21,472,194
Adjusted net earnings per share	\$ 0.56	\$ 0.11	\$ 1.29	\$ 1.03

SAME-STORE SALES

Same-store sales is a measure of sales that includes only those locations in operation for the full comparative period. Same-store sales is presented excluding the impact of foreign exchange on the current period. Same-store sales is calculated by applying the prior period exchange rate to the current year sales. The following is a reconciliation of BGSI's sales to same-store sales:

<i>(thousands of U.S. dollars)</i>	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Sales	\$ 625,663	\$ 490,178	\$ 1,795,224	\$ 1,356,464
Less:				
Sales from locations not in the comparative period	(55,631)	(20,241)	(261,450)	(67,226)
Sales from under-performing facilities closed during the period	(72)	(1,151)	(1,606)	(4,627)
Foreign exchange	1,720	—	3,465	—
Same-store sales (excluding foreign exchange)	\$ 571,680	\$ 468,786	\$ 1,535,633	\$ 1,284,611

Dividends

BGSI declared dividends of C\$0.144 per share in each of the first, second and third quarters of 2022 (2021 - C\$0.141).

Dividends to shareholders of BGSI were declared and paid as follows:

<i>(thousands of U.S. dollars)</i>		
Record date	Payment date	Dividend amount
March 31, 2022	April 27, 2022	\$ 2,441
June 30, 2022	July 27, 2022	2,413
September 30, 2022	October 27, 2022	2,321
		\$ 7,175

<i>(thousands of U.S. dollars)</i>		
Record date	Payment date	Dividend amount
March 31, 2021	April 28, 2021	\$ 2,408
June 30, 2021	July 28, 2021	2,478
September 30, 2021	October 27, 2021	2,388
		\$ 7,274

RESULTS OF OPERATIONS

Results of Operations						
<i>(thousands of U.S. dollars, except per share amounts)</i>						
	Three months ended September 30,			Nine months ended September 30,		
	2022	% change	2021	2022	% change	2021
Sales - Total	625,663	27.6	490,178	1,795,224	32.3	1,356,464
Same-store sales - Total (excluding foreign exchange) ⁽¹⁾	571,680	21.9	468,786	1,535,633	19.5	1,284,611
Gross margin %	45.1	2.5	44.0	44.9	(0.9)	45.3
Operating expense %	33.4	(0.3)	33.5	33.8	1.2	33.4
Adjusted EBITDA ⁽¹⁾	73,042	41.8	51,500	198,807	22.5	162,244
Acquisition and transaction costs	243	(90.6)	2,574	1,124	(74.7)	4,444
Depreciation and amortization	43,967	7.1	41,038	130,832	16.6	112,169
Fair value adjustments	—	N/A	50	146	(1.4)	148
Finance costs	9,931	38.0	7,198	27,341	36.8	19,980
Income tax expense	7,029	3,312.1	206	12,586	83.4	6,864
Adjusted net earnings ⁽¹⁾	12,052	404.5	2,389	27,756	25.7	22,076
Adjusted net earnings per share ⁽¹⁾	0.56	409.1	0.11	1.29	25.2	1.03
Net earnings	11,872	2,635.5	434	26,778	43.7	18,639
Basic earnings per share	0.55	2,650.0	0.02	1.25	43.7	0.87
Diluted earnings per share	0.55	2,650.0	0.02	1.25	43.7	0.87

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

3rd Quarter Comparison - Three months ended September 30, 2022 vs. 2021

Sales

Sales totaled \$625.7 million for the three months ended September 30, 2022, an increase of \$135.5 million or 27.6% when compared to the same period of 2021. The increase in sales was the result of the following:

- Same-store sales¹ excluding foreign exchange increased \$102.9 million or 21.9% and decreased \$1.7 million due to the translation of same-store sales at a lower Canadian dollar exchange rate. The third quarter of 2022 recognized the same number of selling and production days when compared to the same period of the prior year. Same-store sales benefited from pricing increases and high levels of demand for services, as well as some increase in production capacity related to technician hiring and growth in the Technician Development Program, although ongoing staffing constraints and supply chain disruption continued to impact sales levels that could be achieved during the third quarter of 2022. The Technician Development Program positively impacted capacity during the third quarter of 2022. Sales also increased based on higher repair costs due to increasing vehicle complexity, increased scanning and calibration services, as well as general market inflation. Sales were modestly impacted by Hurricane Ian, with an estimated negative impact of \$2.1 million during the third quarter. Same-store sales in Canada continued to recover, albeit from low comparatives during the third quarter, but this recovery has continued to be impacted by supply chain disruption.
- \$35.4 million of incremental sales were generated from 84 new locations that were not in operation for the full comparative period.
- Sales were affected by the closure of under-performing facilities which decreased sales by \$1.1 million.

Same-store sales are calculated by including sales for locations and businesses that have been in operation for the full comparative period.

Gross Profit

Gross Profit was \$282.3 million or 45.1% of sales for the three months ended September 30, 2022, compared to \$215.7 million or 44.0% of sales for the same period of 2021. Gross profit increased primarily as a result of increased sales due to same-store sales and location growth when compared to the prior period. The prior period included the recognition of the Canada Emergency Wage Subsidy (“CEWS”) of approximately \$0.2 million. The three months ended September 30, 2022 benefited from pricing increases, including performance based credit relief to address the constraints caused by current market conditions, and higher retail glass sales margins as well as improved parts margins. These benefits were partially offset by reduced labor margins, as well as a higher mix of parts sales in relation to labor. While pricing increases continued to flow through results in the third quarter of 2022, labor margins were negatively impacted by the extraordinarily tight labor market, which continued to result in increased wage costs to both retain and recruit staff. Increasing vehicle complexity also resulted in a higher mix of parts sales in relation to labor.

Operating Expenses

Operating Expenses for the three months ended September 30, 2022 increased \$45.1 million to \$209.3 million from \$164.2 million for the same period of 2021. The increase in operating expenses was primarily the result of increased sales based on same-store sales as well as location growth. The prior period included the recognition of the CEWS of approximately \$0.3 million. Operating expenses were negatively impacted by the extraordinarily tight labor market, which resulted in increased wage and benefit costs to both retain and recruit staff, including estimators and administrative shop positions. Also impacting the third quarter of 2022 were increased recruitment and training costs, including costs associated with the Technician Development Program, and support costs related to the expansion of the Wow Operating Way practices to corporate business processes. Closed locations lowered operating expenses by \$0.3 million.

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

Operating expenses as a percentage of sales were 33.4% for the three months ended September 30, 2022, which compared to 33.5% for the same period of 2021. Operating expenses as a percentage of sales benefited from increased sales, which provided improved leveraging of certain operating costs. This was partially offset by wage and other inflationary increases, as well as increased support costs related to recruitment and training, and support costs related to the expansion of the Wow Operating Way practices to corporate business processes. Market conditions, including wage pressure, a tight labor market and supply chain disruption, are impacting the results that can be achieved in the near-term.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for the three months ended September 30, 2022 were \$0.2 million compared to \$2.6 million recorded for the same period of 2021. The costs relate to various acquisitions, including acquisitions from prior periods, as well as other completed or potential acquisitions. Acquisition and transaction costs decreased due to reduced acquisition activity in the third quarter of 2022 when compared to the same period of 2021.

Adjusted EBITDA

*Earnings before interest, income taxes, depreciation and amortization, adjusted for contingent consideration, as well as acquisition and transaction costs (“Adjusted EBITDA”)*² for the three months ended September 30, 2022 totaled \$73.0 million or 11.7% of sales compared to Adjusted EBITDA of \$51.5 million or 10.5% of sales in the same period of the prior year. Adjusted EBITDA in the third quarter of 2021 included the recognition of the CEWS of approximately \$0.5 million. The \$21.5 million increase was primarily the result of improved sales levels, which also provided improved leveraging of certain operating costs. Adjusted EBITDA for the period was constrained by technician capacity, due to the tight labor market, as well as some minor impact due to Hurricane Ian. Market conditions, including wage pressure, a tight labor market and supply chain disruption, are impacting the results that can be achieved in the near-term.

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled \$11.8 million or 1.9% of sales for the three months ended September 30, 2022, an increase of \$0.5 million when compared to the \$11.3 million or 2.3% of sales recorded in the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth as well as investments in capital equipment. Same-store sales increases resulted in a decrease in depreciation expense as a percentage of sales during the third quarter of 2022.

Depreciation related to right of use assets totaled \$25.8 million, or 4.1% of sales for the three months ended September 30, 2022, as compared to \$23.3 million or 4.8% of sales for the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth.

Amortization of intangible assets for the three months ended September 30, 2022 totaled \$6.3 million or 1.0% of sales, a decrease of \$0.1 million when compared to the \$6.4 million or 1.3% of sales expensed for the same period of the prior year. The decrease as a percentage of sales is primarily the result of increased sales, partially offset by the addition of new intangible assets from recent acquisitions.

Finance Costs

Finance Costs of \$9.9 million or 1.6% of sales for the three months ended September 30, 2022 increased from \$7.2 million or 1.5% of sales for the same period of the prior year. The increase in finance costs was primarily due to increased lease liabilities, as a result of acquisition activity and sale-leaseback activity, as well as higher variable interest rates on the revolving credit facility.

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

Income Taxes

Current and Deferred Income Tax Expense of \$7.0 million for the three months ended September 30, 2022 compared to an income tax expense of \$0.2 million for the same period of the prior year. Income tax expense was impacted in the third quarter of 2022 by the recording of adjustments related to the completion and filing of the prior year U.S. tax returns, which increased income tax expense by approximately \$2.0 million in the third quarter of 2022. Income tax expense has not been impacted by significant permanent differences in the current or prior period.

Net Earnings and Earnings Per Share

Net Earnings for the three months ended September 30, 2022 was \$11.9 million or 1.9% of sales compared to net earnings of \$0.4 million or 0.1% of sales in the same period of the prior year. The net earnings amount in 2022 was impacted by acquisition and transaction costs of \$0.2 million (net of tax). *Adjusted net earnings*³ for the third quarter of 2022 was \$12.1 million, or 1.9% of sales. This compares to Adjusted net earnings of \$2.4 million or 0.5% of sales in the same period of 2021. Adjusted net earnings for the period was positively impacted by increased sales and improved gross margin percentage. Staffing constraints, wage inflation, and supply chain disruption moderated the improvement in net earnings and Adjusted net earnings during the third quarter of 2022.

Basic and Diluted Earnings Per Share was \$0.55 per share for the three months ended September 30, 2022 compared to \$0.02 for the third quarter of 2021. Adjusted net earnings per share was \$0.56 compared to \$0.11 for the third quarter of 2021. Adjusted net earnings per share was positively impacted by increased sales and improved gross margin percentage. Staffing constraints, wage inflation, and supply chain disruption moderated the improvement in Adjusted net earnings per share during the third quarter of 2022.

Year-to-date Comparison - Nine months ended September 30, 2022 vs. 2021

Sales

Sales totaled \$1,795.2 million for the nine months ended September 30, 2022 an increase of \$438.8 million or 32.3% when compared to the same period of 2021. The increase in sales was the result of the following:

- Same-store sales excluding foreign exchange increased \$251.0 million or 19.5%, and decreased \$3.5 million due to the translation of same-store sales at a lower Canadian dollar exchange rate. The first nine months of 2022 recognized one additional selling and production day when compared to the same period of the prior year, which increased selling and production capacity by approximately 0.5%. Same-store sales growth was positively impacted by pricing increases and high levels of demand for services, although ongoing staffing constraints and supply chain disruption continued to impact sales levels that could be achieved. Same-store sales increases in Canada continued to recover substantially, albeit from low comparatives during the first nine months of 2022, but this recovery has continued to be impacted by supply chain disruption.
- \$194.2 million of incremental sales were generated from 131 new locations that were not in operation for the full comparative period.
- Sales were affected by the closure of under-performing facilities which decreased sales by \$3.0 million.

Same-store sales are calculated by including sales for locations and businesses that have been in operation for the full comparative period.

Gross Profit

Gross Profit was \$805.2 million or 44.9% of sales for the nine months ended September 30, 2022 compared to \$614.8 million or 45.3% of sales for the same period of 2021. Gross profit increased primarily as a result of increased sales due to same-store sales and location growth when compared to the prior period. The prior period included the recognition of the

³ As defined in the non-GAAP financial measures and ratios section of the MD&A.

CEWS of approximately \$3.2 million. The gross margin percentage was negatively impacted by reduced labor and parts margins, as well as a higher mix of parts sales in relation to labor. During the first nine months of 2022, Boyd faced supply chain disruptions, which resulted in a negative impact on margins. While pricing increases flowed through results in the first, second and third quarters of 2022, labor margins were negatively impacted by the extraordinarily tight labor market, which continued to result in increased wage costs to both retain and recruit staff. The shortage of labor also resulted in a higher mix of parts sales in relation to labor. The nine months ended September 30, 2022 benefited from performance based credit relief to address the constraints caused by current market conditions.

Operating Expenses

Operating Expenses for the nine months ended September 30, 2022 increased \$153.9 million to \$606.4 million from \$452.5 million for the same period of 2021. The increase in operating expenses was primarily the result of increased sales based on same-store sales as well as location growth. The prior period included the recognition of the CEWS of approximately \$4.3 million. Operating expenses were negatively impacted by the extraordinarily tight labor market, which resulted in increased wage and benefit costs to both retain and recruit staff. Also impacting the first nine months of 2022 were increased support costs related to recruitment and training, including costs associated with the Technician Development Program, as well as support costs related to the expansion of the Wow Operating Way practices to corporate business processes. Closed locations lowered operating expenses by \$1.2 million.

Operating expenses as a percentage of sales were 33.8% for the nine months ended September 30, 2022, which compared to 33.4% for the same period of 2021. The increase as a percentage of sales was impacted by the CEWS recognized as an offset to applicable wages in the same period of the prior year. Operating expenses as a percentage of sales was also negatively impacted by wage and other inflationary increases, as well as increased support costs related to recruitment and training, including costs associated with the Technician Development Program, and support costs related to the expansion of the Wow Operating Way practices to corporate business processes. These impacts were partially offset by improved sales levels, which provided improved leveraging of certain operating costs. Operating expenses as a percentage of sales for the period was constrained by technician capacity, due to the tight labor market. Market conditions, including wage pressure, a tight labor market and supply chain disruption, are impacting the results that can be achieved in the near-term.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for the nine months ended September 30, 2022 was \$1.1 million compared to \$4.4 million recorded for the same period of 2021. The costs relate to various acquisitions, including acquisitions from prior periods, as well as other completed or potential acquisitions. Acquisition and transaction costs decreased due to reduced acquisition activity in the first nine months of 2022 when compared to the same period of 2021.

Adjusted EBITDA

Earnings before interest, income taxes, depreciation and amortization, adjusted for contingent consideration, as well as acquisition and transaction costs ("Adjusted EBITDA") for the nine months ended September 30, 2022 totaled \$198.8 million or 11.1% of sales compared to Adjusted EBITDA of \$162.2 million or 12.0% of sales in the same period of the prior year. The prior period included the recognition of the CEWS of approximately \$7.5 million. The \$36.6 million increase was impacted by improved sales levels, which also provided improved leveraging of certain operating costs. Adjusted EBITDA for the period was constrained by technician capacity, due to the tight labor market. Market conditions, including wage pressure, a tight labor market and supply chain disruption, are impacting the results that can be achieved in the near-term.

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled \$35.6 million or 2.0% of sales for the nine months ended September 30, 2022, an increase of \$4.7 million when compared to the \$30.9 million or 2.3% of sales recorded in the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth as well as investments in capital equipment, partially offset by sale-leaseback activity. Same-store sales increases resulted in a decrease in depreciation expense as a percentage of sales during 2022.

Depreciation related to right of use assets totaled \$75.1 million, or 4.2% of sales for the nine months ended September 30, 2022, as compared to \$64.3 million or 4.7% of sales for the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth and sale-leaseback activity.

Amortization of intangible assets for the nine months ended September 30, 2022 totaled \$20.1 million or 1.1% of sales, an increase of \$3.2 million when compared to the \$16.9 million or 1.2% of sales expensed for the same period in the prior year. The increase is primarily the result of the addition of new intangible assets from recent acquisitions. Same-store sales increases resulted in a decrease in amortization expense as a percentage of sales during 2022.

Finance Costs

Finance Costs of \$27.3 million or 1.5% of sales for the nine months ended September 30, 2022 increased from \$20.0 million or 1.5% of sales for the same period of the prior year. The increase in finance costs was primarily due to increased borrowing under the credit facility, as well as increased lease liabilities, as a result of acquisition activity and sale-leaseback activity, as well as higher variable interest rates on the revolving credit facility.

Income Taxes

Current and Deferred Income Tax Expense of \$12.6 million for the nine months ended September 30, 2022 compared to an expense of \$6.9 million for the same period of the prior year. Income tax expense was impacted in the third quarter of 2022 by the recording of adjustments related to the completion and filing of the prior year U.S. tax returns, which increased income tax expense by approximately \$2.0 million in the third quarter of 2022. Income tax expense has not been impacted by significant permanent differences in the current or prior period.

Net Earnings and Earnings Per Share

Net Earnings for the nine months ended September 30, 2022 was \$26.8 million or 1.5% of sales compared to \$18.6 million or 1.4% of sales in the same period of the prior year. The net earnings amount for the nine months ended September 30, 2022 was impacted by acquisition and transaction costs of \$0.8 million (net of tax). After adjusting for fair value and other unusual items, Adjusted net earnings for the nine months ended September 30, 2022 was \$27.8 million, or 1.5% of sales. This compares to Adjusted net earnings of \$22.1 million or 1.6% of sales in the same period of 2021. Adjusted net earnings for the period was positively impacted by increased sales, partially offset by lower gross margin percentage and higher levels of operating expenses. Staffing constraints, wage inflation and supply chain disruption, impacted net earnings and Adjusted net earnings during the first nine months of 2022.

Basic Earnings Per Share was \$1.25 per share for the nine months ended September 30, 2022 compared to basic earnings per share of \$0.87 for the same period of 2021. Diluted earnings per share was \$1.25 for the nine months ended September 30, 2022 compared to diluted earnings per share of \$0.87 for the same period of 2021. Adjusted net earnings per share was \$1.29 compared to adjusted net earnings per share of \$1.03 for the same period of 2021. The increase in adjusted net earnings per share is primarily attributed to increased sales, partially offset by the lower gross margin percentage and higher levels of operating expenses.

Summary of Quarterly Results								
<i>(in thousands of U.S. dollars, except per share amounts)</i>								
	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4
Sales	\$ 625,663	\$ 612,806	\$ 556,755	\$ 516,206	\$ 490,178	\$ 444,643	\$ 421,643	\$ 403,747
Adjusted EBITDA ⁽¹⁾	\$ 73,042	\$ 72,003	\$ 53,762	\$ 57,300	\$ 51,500	\$ 57,996	\$ 52,748	\$ 60,394
Net earnings	\$ 11,872	\$ 13,298	\$ 1,608	\$ 4,901	\$ 434	\$ 10,462	\$ 7,743	\$ 16,253
Basic earnings per share	\$ 0.55	\$ 0.62	\$ 0.07	\$ 0.23	\$ 0.02	\$ 0.49	\$ 0.36	\$ 0.76
Diluted earnings per share	\$ 0.55	\$ 0.62	\$ 0.07	\$ 0.23	\$ 0.02	\$ 0.49	\$ 0.36	\$ 0.76
Adjusted net earnings ⁽¹⁾	\$ 12,052	\$ 13,558	\$ 2,145	\$ 5,930	\$ 2,389	\$ 11,375	\$ 8,311	\$ 14,569
Adjusted net earnings per share ⁽¹⁾	\$ 0.56	\$ 0.63	\$ 0.10	\$ 0.28	\$ 0.11	\$ 0.53	\$ 0.39	\$ 0.68

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

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations, together with cash on hand and undrawn credit on existing facilities are expected to be sufficient to meet operating requirements, capital expenditures and dividends. At September 30, 2022, BGSi had cash, net of outstanding deposits and cheques, held on deposit in bank accounts totaling \$13.9 million (December 31, 2021 - \$27.7 million). The net working capital ratio (current assets divided by current liabilities) was 0.56:1 at September 30, 2022 (December 31, 2021 – 0.64:1).

At September 30, 2022, BGSi had total debt outstanding, net of cash, of \$940.8 million compared to \$973.7 million at June 30, 2022, \$970.1 million at March 31, 2022, \$957.7 million at December 31, 2021 and \$896.9 million at September 30, 2021. Debt, net of cash, decreased when compared to prior periods primarily as a result of higher earnings, changes in working capital balances, and lower levels of acquisition activity.

Total debt, net of cash					
<i>(thousands of U.S. dollars)</i>					
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Revolving credit facility & swing line (net of financing costs)	\$ 158,120	\$ 212,970	\$ 255,839	\$ 263,802	\$ 204,250
Term Loan A (net of financing costs)	124,747	124,716	124,691	124,680	124,667
Seller notes ⁽¹⁾	45,583	47,626	50,556	53,591	56,168
Total debt before lease liabilities	\$ 328,450	\$ 385,312	\$ 431,086	\$ 442,073	\$ 385,085
Cash	13,867	28,336	44,275	27,714	31,228
Total debt, net of cash before lease liabilities	\$ 314,583	\$ 356,976	\$ 386,811	\$ 414,359	\$ 353,857
Lease liabilities	626,213	616,689	583,264	543,347	543,046
Total debt, net of cash	\$ 940,796	\$ 973,665	\$ 970,075	\$ 957,706	\$ 896,903

⁽¹⁾ Seller notes are loans granted to the Company by the sellers of businesses related to the acquisition of those businesses.

Operating Activities

Cash flow generated from operations, before considering working capital changes, was \$69.6 million for the three months ended September 30, 2022 compared to \$51.4 million in the same period of 2021.

In the third quarter of 2022, changes in working capital items provided net cash of \$40.5 million compared with using \$10.4 million in the same period of 2021. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures. Working capital cash flow increased largely due to growth in payables. Payables processing was delayed during the third quarter of 2022 as a result of transitioning to the new Enterprise Resource Management software system on July 1, 2022.

Cash flow generated from operations before considering working capital changes, was \$194.5 million for the nine months ended September 30, 2022 compared to \$155.9 million for the same period in 2021.

For the nine months ended September 30, 2022, changes in working capital items provided net cash of \$41.5 million compared with providing \$6.8 million in the same period of 2021. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures.

Financing Activities

Cash used in financing activities totaled \$94.7 million for the three months ended September 30, 2022 compared to cash provided by financing activities of \$112.4 million during the same period of the prior year. During the third quarter of 2022, cash was used to repay draws as well as long-term debt associated with seller notes in the amount of \$58.6 million and to fund interest costs on long-term debt of \$4.0 million. Cash used by financing activities included \$23.9 million in repayments of lease liabilities and cash used to fund interest costs on lease liabilities of \$5.8 million. Cash was also used to pay dividends of \$2.4 million. During the third quarter of 2021, cash was provided by draws of the revolving credit facility and swing line, primarily to fund acquisition activity, in the amount of \$170.0 million, offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$25.5 million and cash used to fund interest costs on long-term debt of \$2.6 million. Cash used by financing activities included \$22.2 million used to repay lease liabilities and cash used to fund interest costs on lease liabilities of \$4.8 million. Cash was also used to pay dividends totaling \$2.4 million.

Cash used in financing activities totaled \$221.8 million for the nine months ended September 30, 2022 compared to cash provided by financing activities of \$102.4 million for the same period of the prior year. During the nine months ended September 30, 2022, cash was provided by draws of the revolving credit facility in the amount of \$43.0 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$159.2 million and to fund interest costs on long-term debt of \$10.9 million. Cash used by financing activities included \$70.6 million in repayments of lease liabilities and cash used to fund interest costs on lease liabilities of \$16.3 million. Cash was also used to pay dividends of \$7.3 million. The Company amended the revolving credit facility, resulting in the payment of \$0.5 million of financing costs. During 2021, cash was provided by draws of the revolving credit facility in the amount of \$225.0 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$33.1 million and to fund interest costs on long-term debt of \$7.1 million. Cash used by financing activities included \$61.9 million used to repay lease liabilities and cash used to fund interest costs on lease liabilities of \$13.2 million. Cash was also used to pay dividends totaling \$7.2 million.

Debt Financing

The Company has a revolving credit facility of \$550 million, with an accordion feature which can increase the facility to a maximum of \$825 million (the “revolving credit facility”, or the “facility”). The revolving credit facility is accompanied by a seven-year fixed-rate Term Loan A in the amount of \$125 million at an interest rate of 3.455%. The revolving credit facility is with a syndicate of Canadian and U.S. banks and is secured by the shares and assets of the Company as well as guarantees by BGSi and subsidiaries, while Term Loan A is with one of the syndicated banks. The interest rate for draws on the

revolving credit facility are based on a pricing grid of BGSI's ratio of total funded debt to EBITDA as determined under the credit agreement. For purposes of covenant calculations, property lease payments are deducted from EBITDA, and EBITDA is further adjusted to reflect pro-forma annualized acquisition results. The Company can draw the facility in either the U.S. or in Canada, in either U.S. or Canadian dollars. The Company can make draws in tranches as required. Tranches bear interest only and are not repayable until the maturity date but can be voluntarily repaid at any time. The Company has the ability to choose the base interest rate between Prime, Bankers Acceptances ("BA"), U.S. Prime or London Inter Bank Offer Rate ("LIBOR") until it is decommissioned and allowing for the use of the Secured Overnight Financing Rate ("SOFR") at the Company's election. The total syndicated facility includes a swing line up to a maximum of \$10.0 million in Canada and \$30.0 million in the U.S. At September 30, 2022, the Company has drawn \$159.0 million U.S. (December 31, 2021 - \$264.5 U.S.) and \$nil Canadian (December 31, 2021 - \$nil) on the revolving credit facility, \$125.0 million U.S. (December 31, 2021 - \$125.0 million) on the Term Loan A and \$nil U.S. (December 31, 2021 - \$nil) on the swing line.

Under the revolving credit facility, the Company is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require BGSI to maintain a senior funded debt to EBITDA ratio of less than 3.50 and an interest coverage ratio of greater than 2.75. For four quarters following a material acquisition, the senior funded debt to EBITDA ratio may be increased to less than 4.00.

On March 21, 2022, the Company amended the credit agreement to provide for a covenant flex period from January 1, 2022 to March 30, 2023 and to provide for revisions to interest rates, allowing for the use of LIBOR until it is decommissioned and allowing for the use of the Secured Overnight Financing Rate ("SOFR") at the Company's election. During the covenant flex period, the financial covenants require BGSI to maintain a senior funded debt to EBITDA ratio of less than 4.50 from March 31, 2022 to September 29, 2022, less than 4.25 from September 30, 2022 to December 30, 2022 and less than 4.00 from December 31, 2022 to March 30, 2023. For four quarters following a material acquisition during the covenant flex period, the senior funded debt to EBITDA ratio may be increased by up to 0.50, never exceeding 4.50.

The Company supplements its debt financing by negotiating with sellers in certain acquisitions to provide financing to the Company in the form of term notes. The notes payable to sellers are typically at favorable interest rates and for terms of one to 15 years. This source of financing is another means of supporting BGSI's growth, at a relatively low cost. During the first nine months of 2022, BGSI entered into 11 new seller notes for \$2.7 million.

Shareholders' Capital

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. On March 31, 2022, the Company issued an additional 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 \$105 were incurred during 2021 with respect to the stock option plan.

Investing Activities

Cash used in investing activities totaled \$28.9 million and \$27.0 million for the three months ended September 30, 2022 and for the nine months ended September 30, 2022, respectively. This compares to cash used in investing activities of \$157.0 million and \$294.8 million used in the same periods of the prior year, respectively. During the first nine months of 2022, the Company completed sale leaseback transactions for proceeds of \$53.4 million. 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. The remaining investing activity in both periods related primarily to new location growth that occurred during these periods.

Acquisitions and Development of Businesses

During the first nine months of 2022, the Company added 17 locations through acquisition, six start-up locations and five intake centers, for a total of 28 new locations. From January 1, 2022 up to the reporting date of November 8, 2022, the Company has added 19 locations through acquisition, nine start-up locations and five intake centers, for a total of 33 new locations. These new locations are as follows:

Date	Location	Previously operated as
January 3, 2022	Springhill & Thompson's Station, TN (2 locations)	Autobody Advantage
January 5, 2022	Dallas, TX	n/a start-up
January 15, 2022	Kingston, ON	n/a intake center
January 15, 2022	Richmond Hill, ON	n/a intake center
January 15, 2022	Thornhill, ON	n/a intake center
January 17, 2022	Indianapolis, IN	n/a start-up
February 1, 2022	Temple, TX	n/a start-up
February 11, 2022	Signal Hill, CA	Alvin's Auto Body Inc.
March 18, 2022	Bossier City & Shreveport, LA (2 locations)	CBS Collision
March 28, 2022	New Smyrna Beach, FL	Bishop's Body Shop
March 31, 2022	Eau Claire and Plover, WI (2 locations)	Plover Collision Repair, Inc. & Eau Claire Collision Repair, Inc.
April 29, 2022	Indian Trail, NC	Haywood's Auto Body
May 6, 2022	Easley, SC	n/a start-up
May 13, 2022	Marion, NC	Auto Tech Collision Center
May 30, 2022	Leduc, AB	n/a intake center
May 31, 2022	Elkhorn, WI	Elkhorn Collision Center
June 29, 2022	Savannah, GA	n/a start-up
July 8, 2022	Roseville, CA	Clark Auto Body Inc.
July 29, 2022	Orangevale, CA	Sierra Collision, Inc.
August 5, 2022	Sacramento, CA	n/a start-up
September 2, 2022	La Crosse, WI	Midtown Collision Center, LLC
September 6, 2022	Brownwood, TX	Blevins Body Shop
September 9, 2022	Yakima, WA	G.O.'s Collision Center
September 30, 2022	Sacramento, CA	Endless Auto Body, Inc.
September 30, 2022	Honolulu, HI	n/a intake center
October 7, 2022	Tulsa, OK	Barron & Hart, Inc.
October 7, 2022	Janesville, WI	n/a start-up
November 1, 2022	El Mirage, AZ	n/a start-up
November 4, 2022	Las Vegas, NV	n/a start-up
November 4, 2022	Wausau, WI	Kocourek Auto Body

During the first quarter of 2022, the Company acquired a single location glass business in Minnesota. During the third quarter of 2022, the Company opened a single location glass business in California and acquired a four location glass business in Florida. Subsequent to September 30, 2022, the Company acquired a single location glass business in Wisconsin.

The Company completed the acquisition or start-up of 120 new locations from the beginning of 2021 until the third quarter reporting date of November 9, 2021.

Capital Expenditures

Although most of Boyd's repair facilities are leased, funds are required to ensure facilities are properly repaired and maintained to ensure the Company's physical appearance communicates Boyd's standard of professional service and quality. The Company's need to maintain its facilities and upgrade or replace equipment to meet increased complexity of newer vehicles, signage, computers, software and vehicles forms part of the annual cash requirements of the business. The Company manages these expenditures by annually reviewing and determining its capital budget needs and then authorizing

major expenditures throughout the year based upon individual business cases. Excluding expenditures related to acquisition and development, the Company spent approximately \$13.8 million or 2.2% of sales on capital expenditures during the third quarter of 2022. The Company spent \$6.0 million or 1.2% of sales during the same period of 2021. Excluding expenditures related to acquisition and development, the Company spent approximately \$29.4 million or 1.6% of sales on capital expenditures during the first nine months of 2022. The Company spent \$23.6 million or 1.7% of sales during the same period of 2021.

During 2022, the Company plans to make cash capital expenditures, excluding those related to acquisition and development of new locations, of approximately 1.6% of sales.

LEGAL PROCEEDINGS

Neither BGSi, nor any of its subsidiaries are involved in any legal proceedings which are material in any respect.

RELATED PARTY TRANSACTIONS

Boyd has not entered into any new related party transactions beyond the items disclosed in the 2021 annual report.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements that present fairly the financial position, financial condition and results of operations requires that BGSi make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates.

The critical accounting estimates are substantially unchanged from those identified in the 2021 annual MD&A.

INTERNAL CONTROL OVER FINANCIAL REPORTING

BGSi's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Except as noted below, during the third quarter of 2022, there have been no changes in BGSi's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, BGSi's internal control over financial reporting.

On July 1, 2022, as part of the expansion of the Wow Operating Way practices to corporate business processes, the Company transitioned to a new Enterprise Resource Management software system, which resulted in significant changes to the Company's business processes, procedures and internal controls, including the areas of order to cash, procurement to payment and financial reporting. The implementation did not impact underlying operational systems. The Company followed a robust system design and implementation process which involved experienced advisory resources. The Company replaced multiple internal controls over financial reporting that were previously considered effective with similar internal controls. During the quarter, additional procedures were performed to ensure key control objectives were achieved. In Management's judgment, the Company has designed internal control over financial reporting that provides reasonable assurance regarding the reliability of financial reporting.

BUSINESS RISKS AND UNCERTAINTIES

Risks and uncertainties affecting the business remain substantially unchanged from those identified in the 2021 annual MD&A.

ADDITIONAL INFORMATION

BGSI's shares trade on the Toronto Stock Exchange under the symbol TSX: BYD.TO. Additional information relating to the BGSI is available on SEDAR (www.sedar.com) and the Company website (www.boydgroup.com).

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, **Timothy O'Day, Chief Executive Officer, Boyd Group Services Inc.**, certify the following:

1. **Review:** I have reviewed the interim financial report and MD&A (together, the “interim filings”) of **Boyd Group Services Inc.** (the “issuer”) for the interim period ended **September 30, 2022**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the financial year end
 - a. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - i. material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
 - ii. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - b. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework (COSO 2013 Framework), published by The Committee of Sponsoring Organizations of the Treadway Commission.
- 5.2 **ICFR – material weakness relating to design:** N/A
- 5.3 **Limitation on scope of design:** N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on July 1, 2022 and ended on September 30, 2022 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: November 9, 2022

(signed)

Timothy O'Day
President & Chief Executive Officer

FORM 52-109F2
CERTIFICATION OF INTERIM FILINGS
FULL CERTIFICATE

I, **Narendra Pathipati, Chief Financial Officer, Boyd Group Services Inc.**, certify the following:

1. **Review:** I have reviewed the interim financial report and MD&A (together, the “interim filings”) of **Boyd Group Services Inc.** (the “issuer”) for the interim period ended **September 30, 2022**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.
4. **Responsibility:** The issuer’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, for the issuer.
5. **Design:** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer’s other certifying officer(s) and I have, as at the financial year end
 - a. designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that
 - i. material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and
 - ii. information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
 - b. designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.
- 5.1 **Control framework:** The control framework the issuer’s other certifying officer(s) and I used to design the issuer’s ICFR is the Internal Control – Integrated Framework (COSO 2013 Framework), published by The Committee of Sponsoring Organizations of the Treadway Commission.
- 5.2 **ICFR – material weakness relating to design:** N/A
- 5.3 **Limitation on scope of design:** N/A
6. **Reporting changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on July 1, 2022 and ended on September 30, 2022 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: November 9, 2022

(signed)

Narendra Pathipati
Executive Vice President & Chief Financial Officer



BOYD GROUP SERVICES INC.

Interim Condensed Consolidated Financial Statements

Three and Nine Months Ended September 30, 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)

	September 30, 2022	December 31, 2021
	<i>Note</i>	
Assets		
Current assets:		
Cash	\$ 13,867	\$ 27,714
Accounts receivable	110,496	103,024
Income taxes recoverable	6,902	7,576
Inventory	5 75,236	66,784
Prepaid expenses	37,701	29,554
	244,202	234,652
Property, plant and equipment	6 309,423	332,189
Right of use assets	7 578,766	502,036
Deferred income tax asset	2,821	1,737
Intangible assets	8 335,726	348,727
Goodwill	9 598,612	601,991
Other long-term assets	5,946	5,795
	\$ 2,075,496	\$ 2,027,127
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 320,899	\$ 258,423
Dividends payable	10 2,256	2,439
Current portion of long-term debt	11 14,466	13,887
Current portion of lease liabilities	12 97,391	92,924
	435,012	367,673
Long-term debt	11 313,984	428,186
Lease liabilities	12 528,822	450,423
Deferred income tax liability	59,647	48,602
Unearned rebates	5,348	5,809
	1,342,813	1,300,693
Equity		
Accumulated other comprehensive earnings	52,375	65,987
Retained earnings	76,323	56,720
Shareholders' capital	600,047	600,047
Contributed surplus	3,938	3,680
	732,683	726,434
	\$ 2,075,496	\$ 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			258			258
Other comprehensive earnings				(13,612)		(13,612)
Net earnings					26,778	26,778
Comprehensive earnings				(13,612)	26,778	13,166
Dividends to shareholders	<i>10</i>				(7,175)	(7,175)
Balances - September 30, 2022	21,472,194	\$ 600,047	\$ 3,938	\$ 52,375	\$ 76,323	\$ 732,683
Balances - January 1, 2021	21,472,194	\$ 600,047	\$ 3,604	\$ 65,157	\$ 42,872	\$ 711,680
Issues costs - other (net of tax of \$29)			(76)			(76)
Stock option accretion			102			102
Other comprehensive earnings				(129)		(129)
Net earnings					18,639	18,639
Comprehensive earnings				(129)	18,639	18,510
Dividends to shareholders	<i>10</i>				(7,274)	(7,274)
Balances - September 30, 2021	21,472,194	\$ 600,047	\$ 3,630	\$ 65,028	\$ 54,237	\$ 722,942

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)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Sales	15	\$ 625,663	\$ 490,178	\$ 1,795,224	\$ 1,356,464
Cost of sales		343,361	274,520	990,040	741,706
Gross profit		282,302	215,658	805,184	614,758
Operating expenses		209,260	164,158	606,377	452,514
Acquisition and transaction costs		243	2,574	1,124	4,444
Depreciation of property, plant and equipment	6	11,824	11,313	35,623	30,879
Depreciation of right of use assets	7	25,798	23,342	75,115	64,346
Amortization of intangible assets	8	6,345	6,383	20,094	16,944
Fair value adjustments		—	50	146	148
Finance costs		9,931	7,198	27,341	19,980
		263,401	215,018	765,820	589,255
Earnings before income taxes		18,901	640	39,364	25,503
Income tax expense (recovery)					
Current		2,768	(2,407)	2,814	1,697
Deferred		4,261	2,613	9,772	5,167
		7,029	206	12,586	6,864
Net earnings		\$ 11,872	\$ 434	\$ 26,778	\$ 18,639

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

Basic and diluted earnings per share	16	\$ 0.55	\$ 0.02	\$ 1.25	\$ 0.87
Basic and diluted weighted average number of shares outstanding	16	21,472,194	21,472,194	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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net earnings	\$ 11,872	\$ 434	\$ 26,778	\$ 18,639
Other comprehensive earnings				
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of Earnings				
Change in unrealized earnings on foreign currency translation	(10,596)	(5,181)	(13,612)	(129)
Other comprehensive loss	(10,596)	(5,181)	(13,612)	(129)
Comprehensive earnings (loss)	\$ 1,276	\$ (4,747)	\$ 13,166	\$ 18,510

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,	
		2022	2021	2022	2021
	<i>Note</i>				
Cash flows from operating activities					
Net earnings		\$ 11,872	\$ 434	\$ 26,778	\$ 18,639
Adjustments for					
Fair value adjustments		—	50	146	148
Deferred income taxes		4,261	2,613	9,772	5,167
Finance costs		9,931	7,198	27,341	19,980
Amortization of intangible assets	8	6,345	6,383	20,094	16,944
Depreciation of property, plant and equipment	6	11,824	11,313	35,623	30,879
Depreciation of right of use assets	7	25,798	23,342	75,115	64,346
Other		(402)	37	(378)	(190)
		69,629	51,370	194,491	155,913
Changes in non-cash working capital items		40,470	(10,403)	41,484	6,818
		110,099	40,967	235,975	162,731
Cash flows (used in) from financing activities					
Issue costs		—	—	—	(105)
Increase in obligations under long-term debt	11	—	170,000	43,000	225,000
Repayment of long-term debt, principal	11	(58,598)	(25,497)	(159,171)	(33,111)
Repayment of obligations under property leases, principal		(23,084)	(21,594)	(68,429)	(60,223)
Repayment of obligations under vehicle and equipment leases, principal		(808)	(646)	(2,187)	(1,671)
Interest on long-term debt	11	(4,002)	(2,586)	(10,921)	(7,110)
Interest on property leases		(5,693)	(4,728)	(16,010)	(12,925)
Interest on vehicle and equipment leases		(125)	(86)	(302)	(228)
Dividends paid		(2,389)	(2,417)	(7,288)	(7,219)
Payment of financing costs	11	—	—	(514)	—
		(94,699)	112,446	(221,822)	102,408
Cash flows used in investing activities					
Proceeds on sale of equipment and software	6	713	211	2,246	763
Equipment purchases and facility improvements		(13,728)	(4,374)	(29,292)	(18,007)
Acquisition and development of businesses (net of cash acquired)	4	(17,995)	(150,764)	(52,830)	(271,161)
Software purchases and licensing	8	(87)	(1,582)	(128)	(5,637)
Increase in other long-term assets		(217)	(465)	(389)	(765)
Proceeds on sale / leaseback agreements	6	2,377	—	53,404	—
		(28,937)	(156,974)	(26,989)	(294,807)
Effect of foreign exchange rate changes on cash		(932)	(823)	(1,011)	(145)
Net decrease in cash position		(14,469)	(4,384)	(13,847)	(29,813)
Cash beginning of period		28,336	35,612	27,714	61,041
Cash, end of period		\$ 13,867	\$ 31,228	\$ 13,867	\$ 31,228
Income taxes (recovered) paid		\$ (98)	\$ 4,044	\$ 2,179	\$ 4,428
Interest paid		\$ 9,857	\$ 7,003	\$ 27,092	\$ 19,696

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, 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 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 8, 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 and nine months ended September 30, 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”).

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, Inflationary Cost Environment and Supply Chain Disruption

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 and second quarters 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.

During 2022, the ability to service demand has been impacted by supply chain disruption, which has delayed the completion of many repairs and has resulted in high levels of work in process.

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

For the three and nine months ended September 30, 2022 and 2021

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

As at September 30, 2022, BGSJ is not able to reliably forecast the severity or duration of the impact that the COVID-19 pandemic or related issues, including staffing constraints, wage and parts inflation, and supply chain disruptions, will have on the economy, or on BGSJ's operations. The extent to which the impacts of these disruptions affect 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 14 acquisitions that added 17 locations during the nine months ended September 30, 2022 as follows:

Acquisition Date	Location
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)
April 29, 2022	Indian Trail, NC
May 13, 2022	Marion, NC
May 31, 2022	Elkhorn, WI
July 8, 2022	Roseville, CA
July 29, 2022	Orangevale, CA
September 2, 2022	La Crosse, WI
September 6, 2022	Brownwood, TX
September 9, 2022	Yakima, WA
September 30, 2022	Sacramento, CA

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

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

For the three and nine months ended September 30, 2022 and 2021
(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 currents assets	\$ 572
Property, plant and equipment	8,532
Right of use assets	11,676
Identified intangible assets	
Customer relationships	11,075
Non-compete agreements	372
Liabilities assumed	
Lease liabilities	(11,676)
Identifiable net assets acquired	\$ 20,551
Goodwill	4,214
Total purchase consideration	\$ 24,765
Consideration provided	
Cash paid or payable	\$ 22,096
Seller notes	2,669
Total consideration provided	\$ 24,765

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 and nine months ended September 30, 2022 and 2021

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

5. INVENTORY

As at	September 30, 2022	December 31, 2021
Parts and materials	\$ 20,934	\$ 20,837
Work in process	54,302	45,947
Balance, end of period	\$ 75,236	\$ 66,784

6. PROPERTY, PLANT AND EQUIPMENT

As at	September 30, 2022	December 31, 2021
Balance, beginning of year	\$ 332,189	\$ 237,945
Acquired through business combination	8,532	44,231
Additions	60,334	92,997
Proceeds on disposal	(55,650)	(1,145)
Gain on disposal	717	327
Transfers from right of use assets	6	328
Depreciation	(35,623)	(42,602)
Foreign exchange	(1,082)	108
Balance, end of period	\$ 309,423	\$ 332,189

During the first, second and third quarter of 2022, BGSi completed sale leaseback transactions for 35 properties for total proceeds of \$53,404. 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, 24 relate to properties that are current operating locations for the Company and 11 relate to start-up locations currently under development.

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

For the three and nine months ended September 30, 2022 and 2021
(thousands of U.S. dollars, except share and share amounts)

7. RIGHT OF USE ASSETS

As at	September 30, 2022	December 31, 2021
Balance, beginning of year	\$ 502,036	\$ 381,966
Acquired through business combinations	11,676	140,273
Additions and modifications	144,501	68,461
Depreciation	(75,115)	(88,523)
Loss on disposal	(211)	—
Transfers to property, plant and equipment	(6)	(328)
Foreign exchange	(4,115)	187
Balance, end of period	\$ 578,766	\$ 502,036

8. INTANGIBLE ASSETS

As at	September 30, 2022	December 31, 2021
Balance, beginning of year	\$ 348,727	\$ 276,381
Acquired through business combination	11,447	89,762
Additions	128	4,917
Amortization	(20,094)	(22,569)
Foreign exchange	(4,482)	236
Balance, end of period	\$ 335,726	\$ 348,727

9. GOODWILL

As at	September 30, 2022	December 31, 2021
Balance, beginning of year	\$ 601,991	\$ 463,734
Acquired through business combination	4,214	137,836
Foreign exchange	(7,593)	421
Balance, end of period	\$ 598,612	\$ 601,991

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

For the three and nine months ended September 30, 2022 and 2021
(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\$0.144 per share in each of the first, second and third quarters 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
June 30, 2022	July 27, 2022	2,413
September 30, 2022	October 27, 2022	2,321
		\$ 7,175

Record date	Payment date	Dividend amount
March 31, 2021	April 28, 2021	\$ 2,408
June 30, 2021	July 28, 2021	2,478
September 30, 2021	October 27, 2021	2,388
		\$ 7,274

11. LONG-TERM DEBT

Long-term debt is comprised of the following:

As at	September 30, 2022	December 31, 2021
Revolving credit facility & swing line (net of financing costs)	\$ 158,120	\$ 263,802
Term Loan A (net of financing costs)	124,747	124,680
Seller notes	45,583	53,591
	\$ 328,450	\$ 442,073
Current portion	14,466	13,887
	\$ 313,984	\$ 428,186

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The following is the continuity of long-term debt:

As at	September 30, 2022	December 31, 2021
Balance, beginning of period	\$ 442,073	\$ 180,228
Consideration on acquisition	2,669	14,570
Draws	43,000	330,500
Repayments	(159,171)	(83,504)
Deferred financing costs	(514)	—
Amortization of deferred finance costs	302	286
Foreign exchange	91	(7)
Balance, end of period	\$ 328,450	\$ 442,073

Included in finance costs for the three and nine months ended September 30, 2022 is interest on long-term debt of \$4,002 and \$10,921 respectively (2021 - \$2,586 and \$7,110 respectively).

12. LEASE LIABILITIES

The following is the continuity of lease liabilities:

As at	September 30, 2022	December 31, 2021
Balance, beginning of period	\$ 543,347	\$ 419,311
Assumed on acquisition	11,676	140,273
Additions and modifications	146,407	68,461
Repayments	(86,928)	(102,996)
Financing costs	16,312	18,099
Foreign exchange	(4,601)	199
Balance, end of period	\$ 626,213	\$ 543,347
Current portion	97,391	92,924
	\$ 528,822	\$ 450,423

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Operating expenses	\$ 1,447	\$ 1,321	\$ 4,616	\$ 3,564
Depreciation of right of use assets	\$ 25,798	\$ 23,342	\$ 75,115	\$ 64,346
Finance costs	\$ 5,818	\$ 4,814	\$ 16,312	\$ 13,153

13. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

	Classification	Fair value hierarchy	September 30, 2022		December 31, 2021	
			Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Cash	Amortized cost	n/a	\$ 13,867	\$ 13,867	\$ 27,714	\$ 27,714
Accounts receivable	Amortized cost	n/a	110,496	110,496	103,024	103,024
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	n/a	320,899	320,899	258,423	258,423
Dividends payable	Amortized cost	n/a	2,256	2,256	2,439	2,439
Long-term debt	Amortized cost	n/a	328,450	315,833	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 September 30, 2022 was approximately \$124,363 (December 31, 2021 - \$130,738).

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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.

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,	
	2022	2021	2022	2021
Revenues				
Canada	\$ 49,350	\$ 35,980	\$ 145,630	\$ 106,589
United States	576,313	454,198	1,649,594	1,249,875
	\$ 625,663	\$ 490,178	\$ 1,795,224	\$ 1,356,464

Reportable Assets	September 30,	December 31,
As at	2022	2021
Canada	\$ 211,968	\$ 233,024
United States	1,610,559	1,551,919
	\$ 1,822,527	\$ 1,784,943

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16. EARNINGS PER SHARE

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net earnings	\$ 11,872	\$ 434	\$ 26,778	\$ 18,639
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	21,472,194	21,472,194	21,472,194	21,472,194
Basic earnings per share	\$ 0.55	\$ 0.02	\$ 1.25	\$ 0.87
Diluted earnings per share	\$ 0.55	\$ 0.02	\$ 1.25	\$ 0.87

The stock options are instruments that could have potentially diluted basic earnings per share for the three and nine months ended September 30, 2022 and 2021, but were not included in the calculation of diluted earnings per share because they were anti-dilutive for the periods.

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				September 30, 2022
			Acquisition	Other items	Fair value changes	Foreign exchange	
Long-term debt	\$ 442,073	(127,606)	2,669	11,223	—	91	\$ 328,450
Lease liabilities	543,347	(86,928)	11,676	162,719	—	(4,601)	626,213
Dividends	2,439	(7,288)	—	7,175	—	(70)	2,256
	\$ 987,859	(221,822)	14,345	181,117	—	(4,580)	\$ 956,919