BOYD GROUP SERVICES INC.

2022 Annual Report

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BOYD GROUP SERVICES INC.

REPORT TO SHAREHOLDERS

To our Shareholders,

In 2022, Boyd was able to achieve record sales levels and demonstrate resilience in the face of many challenges, including supply chain disruption and an extremely tight labor market with accompanying wage pressure. We are pleased with the progress we made in 2022 and, in particular, the level of same-store sales growth and the improved Adjusted EBITDA[1] delivered consistently during the last three quarters of the year. We remain focused on our key challenges of building capacity through increased staffing and negotiating sufficient price increases to recover lost margin from wage pressure.

We achieved a high level of growth in sales in 2022, with total sales of \$2.4 billion, representing a 29.9% increase when compared to the \$1.9 billion achieved in 2021. Same-store sales[1] increased 19.8% and contributions from 136 new locations that had not been in operation for the full comparative period added \$227.2 million of incremental sales. Same-store sales growth was positively impacted by pricing increases and high levels of demand for services, as well as an increase in production capacity related to technician hiring and growth in the Technician Development Program; however, ongoing staffing constraints and supply chain disruption continued to impact sales levels that could be achieved. Sales also increased based on higher repair costs due to increasing vehicle complexity, higher part content and cost, increased scanning and calibration services, as well as general market inflation. Same-store sales increases in Canada continued to recover substantially, albeit from low comparatives, but this recovery continued to be impacted by supply chain disruption throughout the year and labor capacity constraints beginning in the fourth quarter of 2022.

Adjusted EBITDA[1] for 2022 was \$273.5 million, or 11.2% of sales, compared with \$219.5 million, or 11.7% of sales in 2021. The increase was primarily the result of improved sales levels. Adjusted EBITDA for the year was constrained by technician capacity, and was also negatively impacted by wage inflation, supply chain disruption and some minor impact due to Hurricane Ian. In total, Adjusted EBITDA[1] for the year ended December 31, 2021 benefited from the CEWS in the amount of approximately \$9.8 million.

Boyd posted net earnings of \$41.0 million in 2022, or 1.7% of sales, compared to \$23.5 million, or 1.3% of sales in 2021 and earnings per share of \$1.91 per share for the year ended December 31, 2022 compared to \$1.10 for the same period of 2021. Impacting net earnings were fair value adjustments to financial instruments, as well as acquisition and transaction costs (net of tax). After adjusting for these items, Adjusted net earnings[1] for 2022 was \$42.4 million or 1.7% of sales. This compares to Adjusted net earnings of \$28.0 million or 1.5% of sales in 2021. Adjusted net earnings for the year ended December 31, 2022 was \$1.97 per share, compared to \$1.30 per share in 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 2022.

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[1] *Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to 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 March 22, 2023) for the period ended December 31, 2022, starting on page 6 of this Annual Report. A copy of Boyd's MD&A for the period ended December 31, 2022 can be accessed via the SEDAR Web site (www.sedar.com).*

With respect to the balance sheet, at December 31, 2022, BGSI held total debt, net of cash, of $963.0 million, compared to $957.7 million at December 31, 2021. Total debt, net of cash, includes lease liabilities of $617.9 million at December 31, 2022, compared to $543.3 million at December 31, 2021. Debt, net of cash, increased when compared to the prior year primarily as a result of an increase in lease liabilities, driven by lease renewal activity. During the year ended December 31, 2022, the Company completed sale leaseback transactions for proceeds of $55.1 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. During 2022, the Company was able to reduce the level of long term debt held under the revolving credit facility (net of financing costs) from $263.8 million to $192.3 million based on improved cash flows from operating activities.

Based on Boyd's continued growth, the strength of and confidence in the business, Boyd announced a Canadian dollar dividend increase of 2.1% to 58.8 cents per share annualized, up from 57.6 cents per share.

In November of 2020, we announced our new five year growth strategy, in which Boyd intends to again double the size of the business over the five year period from 2021 to 2025, based on 2019 constant currency revenues, implying a compound annual growth rate of 15 percent. Given the high level of location growth in 2021 and the strong same-store sales growth during 2022, we remain confident in our business model and its ability to increase market share by expanding Boyd's presence in North America through new location and organic growth from Boyd's existing operations.

Our intake location strategy is intended to drive same store sales growth. During the fourth quarter of 2022 and early in 2023, we closed many of the intake centers in the U.S. based on the reality of current capacity constraints we face. With progress being made with the pricing and capacity issues, we plan to increase location growth during 2023 in relation to 2022.

Throughout 2022, we made progress on the priority areas in each of the environmental, social and governance pillars outlined in our first ESG report, published in March 2022. We recognize that we have the potential to deliver significant, positive impacts to society and the environment. We look forward to publishing our second ESG Report in the coming months.

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, which allowed Boyd to successfully navigate through the impacts of the dynamic economic environment. 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

MESSAGE FROM THE INDEPENDENT BOARD CHAIR

To our Shareholders,

Our management team continued to successfully work through significant "post-pandemic" related challenges and the Board is pleased with Boyd's progress in 2022. Boyd delivered significant year-over-year increases in Sales, Adjusted EBITDA[1] and Net Earnings. We are proud of the commitment and resilience demonstrated by the entire Boyd team as they have managed through extremely difficult business conditions over the last few years.

Although we posted record sales in 2022 – a year-over-year increase of 30% to $2.4 Billion – and, notwithstanding impressive progress, Boyd continues to face material post-pandemic challenges. Our Gross Margins and Adjusted EBITDA Margins remain below pre-pandemic levels primarily due to a combination of wage inflation and our inability to add sufficient technician capacity to service strong demand. The Boyd team, with the Board's full support, is committed to resolving these labor-related challenges through further price increases (on top of a number of price increases negotiated in 2022) and various other initiatives including the Technician Development Program. These initiatives are bearing fruit and although it will take time, we expect margins to continue to increase over the coming fiscal quarters. Notwithstanding these near-term challenges, we remain confident in our management team, business model and Boyd's plan to double the size of the business on a constant currency basis from 2021 to 2025 against 2019 sales.

The Board has an ongoing commitment to diversity and renewal, with a focus on ensuring the Board has the necessary skills and expertise to support the growth of Boyd's business. Consistent with our target to achieve 30% female representation on our Board by the annual meeting in 2024, the Board is pleased to announce that Christine Feuell will be put forward for election to the Board at the upcoming Annual General Meeting, taking place on May 10, 2023. Ms Feuell has nearly 30 years of experience in the automotive industry, working with both suppliers and OEMs. She is currently serving as CEO, Chrysler Brand of Stellantis, a leading global automaker. We look forward to working with Christine and are confident that she will add great value.

On behalf of the Board, I would like to thank the management team and all employees for their continued commitment and hard work, and our shareholders for their continued support.

Sincerely,

(signed)

David G. Brown
Independent Chair

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[1] *Adjusted EBITDA (earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to 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 March 22, 2023) for the period ended December 31, 2022, starting on page 6 of this Annual Report. A copy of Boyd's MD&A for the period ended December 31, 2022 can be accessed via the SEDAR Web site (www.sedar.com).*

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 name 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 locations by trade name and location as at March 21, 2023.

860 locations

Boyd Autobody & Glass	46 locations
British Columbia	16
Alberta	14
Manitoba	12
Saskatchewan	4

Assured	87 locations
Ontario	87

The above numbers include 38 intake locations.

Gerber Collision & Glass		727 locations	
Florida	73	Louisiana	18
Michigan	72	Kansas	13
Illinois	64	Maryland	12
New York	38	Tennessee	12
Washington	36	Oregon	11
Wisconsin	36	Nevada	10
North Carolina	34	Pennsylvania	10
Indiana	33	Alabama	8
California	34	Missouri	7
Georgia	33	Utah	5
Ohio	32	Hawaii	4
Oklahoma	28	Kentucky	4
Texas	27	Arkansas	3
Arizona	26	Idaho	1
Colorado	22	Iowa	1
South Carolina	19	Minnesota	1

The above numbers include 7 intake locations and two fleet locations co-located with collision repair centers.

As a result of demand for collision repair services exceeding Boyd's collision repair capacity, Boyd made the decision to close 23 intake centers subsequent to year-end but prior to March 21, 2023, as a cost reduction measure. These closures are not expected to significantly impact results.

Boyd provides collision repair services to insurance companies and individual vehicle owners, 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 year ended December 31, 2022, including material transactions and events of BGSI up to and including March 21, 2023, as well as management's expectations for the year ahead, should be read in conjunction with the annual audited consolidated financial statements of BGSI for the year ended December 31, 2022, included on pages 49 to 93 of the annual report, and 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.

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.

On December 16, 2022, the BGSI Board of Directors declared a cash dividend for the fourth quarter of 2022 of C$0.147 per common share. The dividend was paid on January 27, 2023 to common shareholders of record at the close of business on December 31, 2022.

On December 23, 2022, BGSI announced the appointment of Jeff Murray as Interim CFO, effective January 1, 2023.

On March 17, 2023, the BGSI Board of Directors declared a cash dividend for the first quarter of 2023 of C$0.147 per common share. The dividend is payable on April 26, 2023 to common shareholders of record at the close of business on March 31, 2023.

During 2022, the Company added 23 locations through acquisition, 12 start-up locations and 5 locations operating as intake centers, for a total of 40 new collision repair locations. From January 1, 2022 up to the reporting date of March 21, 2023, the Company added 34 locations through acquisition, 18 start-up locations and 5 locations operating as intake centers, for a total of 57 new collision repair locations. These new collision repair 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
November 28, 2022	Sulphur, LA	Lloyd Lauw Collision Repair, LLC
November 28, 2022	Lake Charles, LA	Final Touch Collision Repair, Inc.
December 12, 2022	Montgomery, AL	n/a start-up
December 12, 2022	Phoenix, AZ	n/a start-up
December 16, 2022	Kimberly, WI	n/a start-up
December 30, 2022	Tallahassee, FL	Body Builders Paint & Body Inc
December 30, 2022	Colorado Springs, CO	Mike Maroone Chevrolet South Colorado
January 3, 2023	Cameron Park, CA	Cameron Park Auto Body

Date	Location	Previously operated as
January 6, 2023	Abilene, TX	Gibb’s Paint & Body, LLC
January 16, 2023	Lethbridge, AB	n/a start-up
January 18, 2023	Venice, FL	n/a start-up
January 18, 2023	Park City, UT	CKM Collision
February 3, 2023	Hendersonville, NC	Hill's Collision Center
February 3, 2023	Rogers, MN	Excalibur Collition & Conversion Center
February 3, 2023	Tontitown, AR	n/a start-up
February 8, 2023	Ocala, FL	n/a start-up
February 10, 2023	Lansdale, PA	Old Forge Collision Center
February 10, 2023	Sacramento, CA	Franklin Collision Center
February 17, 2023	Murrieta, CA	n/a start-up
February 22, 2023	LaBelle, FL	Direct Repair Collision Center
February 27, 2023	Perry, GA	Cochran Coach Works
February 28, 2023	New Port Richey, FL	n/a start-up
March 17, 2023	Rancho Cucamonga, CA	Proline Auto Collision Center
March 21, 2023	Sacramento, CA	Aries Auto Body

During the first quarter of 2022, the Company also 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. During the fourth quarter of 2022, the Company acquired a single location glass business in Wisconsin. During the first quarter of 2023, the Company acquired a two location glass business in Minnesota and a single location glass business in Texas. In addition, during the first quarter of 2023, as part of its investment in continuous improvement, the Company acquired 100% interest in a long term asset, previously recorded at cost, to support and enhance the Company's WOW operating way processes.

OUTLOOK

Boyd is pleased with the progress we made in 2022 and, in particular, the level of same-store sales growth achieved and the improved Adjusted EBITDA delivered consistently during the last three quarters of the year. Boyd remains focused on the key challenges of building capacity through increased staffing and negotiating sufficient price increases to recover lost margin from wage pressure. Boyd continues to experience high volumes of work and the Company is benefiting from increased scanning and calibration revenue; however, there has also been a continued shift to a higher mix of parts in relation to labor, driven by increasing repair complexity. Thus far in the quarter, same-store sales results have been consistent with the growth experienced over the past few quarters. The balance of 2023 will have higher comparative periods for which same-store sales will be measured against.

Workforce initiatives, such as the Technician Development Program, are having a positive impact on capacity 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 so that the Company can service additional demand through initiatives such as the Technician Development Program. Price increases for labor continue to work their way through the system market by market and client by client. This has resulted in gradual improvement in labor margins. The timeline of when this issue resolves is difficult to predict but the impact is expected to be less and less as wage increases stabilize and pricing matures. As communicated previously, performance based programs may cause margin to vary on a quarter by quarter basis.

Our intake location strategy is intended to drive same-store sales growth at times when capacity is not constrained. In late 2022 and early 2023, Boyd decided to close many intake locations in the U.S. based on the reality of current capacity constraints. Boyd plans to increase production location growth during 2023 in relation to 2022. Boyd is pleased to have opened or acquired 15 locations thus far in the quarter and the pipeline to add new locations and to expand into new markets is robust. Operationally, 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 and the strong same-store sales growth during 2022, 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.

At the end of 2022, Pat Pathipati retired from the role of Executive Vice President & CFO. As the search to succeed Pat Pathipati continues, the Board appointed Jeff Murray as Interim CFO, effective January 1, 2023. Mr. Murray's long-tenure, skills and experience will serve Boyd well during the search period and enables the Company to carry on with the achievement of Boyd's long-term growth goals.

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

The collision repair industry in North America is estimated by Boyd to represent over $41 billion U.S. in annual revenue. The industry is highly fragmented, consisting primarily of small independent family owned businesses operating in local markets. It is estimated that car dealerships have approximately 15% of the total market. It is believed that multi-unit collision repair operators with greater than $20 million in annual revenues (including multi-unit car dealerships), now have approximately 33% of the total market.

Customer relationship dynamics in the Company's principal markets differ from region to region. In three of the Canadian provinces where Boyd operates, government-owned insurance companies have, by legislation, either exclusive or semi-exclusive rights to provide insurance to automobile owners. Although Boyd's services in these markets are predominantly paid for by government-owned insurance companies, these insurers do not typically refer insured automobile owners to specific collision repair centers. In these markets Boyd focuses its marketing to attract business from individual vehicle owners primarily through consumer based advertising.

Boyd manages relationships in the government-owned insurance markets through active participation in industry associations. In Alberta, Ontario and in the United States, where private insurers operate, a greater emphasis is placed on establishing and maintaining Direct Repair Programs ("DRP's") and other referral arrangements with insurance companies. DRP's are established between insurance companies and collision repair shops to better manage automobile repair claims and increase levels of customer satisfaction. Insurance companies select collision repair operators to participate in their programs based on integrity, convenience and physical appearance of the facility, quality of work, customer service, cost of repair, cycle time and other key performance metrics. There is a continuing trend among insurers in both the public and private insurance markets towards using performance-based criteria for selecting collision repair partners and for referring work to them. Local and regional DRP's, and national and self-managed DRP relationships, represent an opportunity for Boyd to increase its business. Insurers have also moved to consolidate DRP repair volumes with a fewer number of repair shops. There is some preference among some insurance carriers to do business with multi-location collision repairers in order to reduce the number and complexity of contacts necessary to manage their networks of collision repair providers and to achieve a higher level of consistent performance. Boyd continues to develop and strengthen its DRP relationships with insurance carriers in both Canada and the United States and believes it is well positioned to take advantage of these trends.

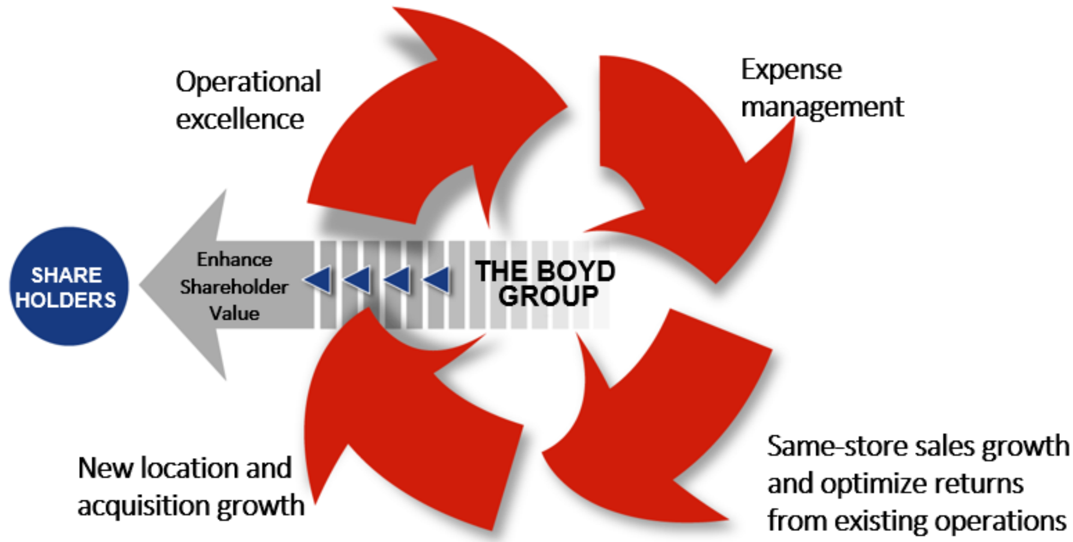
In addition, Boyd has used consumer based advertising in some of its markets to complement and supplement its DRP growth strategies. The Company believes this strategy is effective in increasing its brand awareness and overall sales.

As described further under "Business Risks and Uncertainties", operating results are expected to be subject to fluctuations or trends due to a variety of factors including availability of qualified employees, availability of parts, pricing by insurance companies, general operating effectiveness, automobile technologies, general and regional economic downturns, unemployment rates and weather conditions. A downturn in the economic climate has the potential to affect results negatively. Boyd has worked to mitigate this risk by continuing to focus on meeting insurance companies' performance requirements, and in doing so, grow market share.

Through these strategies, Boyd expects to generate growth sufficient to double the size of the business on a constant currency revenue basis from 2021 to 2025, based on 2019 revenues, implying a compound annual growth rate of 15 percent. Boyd will continue to pursue accretive growth through a combination of organic growth (same-store sales[1] growth) as well as adding new locations to the network in the United States and Canada.

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

BUSINESS STRATEGY



Operational Excellence

Operational excellence has been a key component of Boyd's past success and has contributed to the Company being viewed as an industry leading service provider. Delivering on our customers' expectations related to cost of repair, time to repair, quality and customer service are critical to being successful and being rewarded with same-store sales[2] growth. The Company's commitment to operational excellence is embodied in its mission and goal, which is condensed into a top of mind cheer for its employees which is 'Wow every customer, be the best'. In 2015, Boyd rolled out and implemented its Wow Operating Way process improvement initiative which is now in place at all of its locations, except newly acquired locations, where it will be implemented as part of acquisition integration. In 2022, Boyd expanded its Wow Operating Way practices to corporate business processes. The Wow Operating Way is a series of systems, processes and measurements that drive excellence in customer satisfaction, repair cycle times and operational metrics.

Boyd also conducts extensive customer satisfaction polling at all operating locations to assist in keeping customer satisfaction at the forefront of its mandate.

Boyd will also continue to invest in its infrastructure, process improvement initiatives and IT systems to contribute to high quality service to its customers and improved operational performance.

Expense Management

Boyd continues to manage its operating expenses as a percentage of sales. By working continuously to identify cost savings and to achieve same-store sales[2] growth, Boyd will continue to manage this expense ratio. Operating expenses have a fixed component and therefore same-store sales[2] growth contributes to a lower percentage of operating expenses to sales.

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

Same-Store Sales[3] / Optimize Returns

Increasing same-store sales[3] has a positive impact on financial performance. Boyd continues to pursue and execute on strategies to help grow same-store sales[3]. Boyd is committed to addressing the labor market challenges, that are currently limiting capacity and same-store sales[3], through initiatives such as the Technician Development Program.

New Location and Acquisition Growth

In line with stated growth strategies, Boyd was successful in opening 40 new collision repair locations in 2022. Boyd will continue to pursue accretive growth through a combination of organic growth (same-store sales[3] growth) as well as acquisitions and new store development. Acquisitions will include both single-location acquisitions as well as multi-location acquisitions. Through organic growth, acquisitions and new store development, Boyd expects to generate growth sufficient to double the size of its business (measured against its 2019 revenue on a constant currency basis) over the five year period from 2021-2025, implying a compound annual growth rate of 15%.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Statements made in this annual 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.

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

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

Forward-looking Information	Key Assumptions	Most Relevant Risk Factors
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	Opportunities continue to be available and are at acceptable and accretive prices Financing options continue to be available at reasonable rates and on acceptable terms and conditions New and existing customer relationships are expected to provide acceptable levels of revenue opportunities Anticipated operating results would be accretive to overall Company results Growth is defined as revenue on a constant currency basis Initiatives to increase production capacity are successful Supply chain disruption is temporary and normalizes in the short term	Acquisition market conditions change and repair shop owner demographic trends change Credit and refinancing conditions prevent or restrict the ability of the Company to continue growth strategies Changes in market conditions and operating environment Significant decline in the number of insurance claims Integration of new stores is not accomplished as planned Increased competition which prevents achievement of acquisition and revenue goals Initiatives to increase production capacity take longer than expected or are not successful Supply chain remains disrupted and the ability to source parts continues to limit sales
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	Re-emergence of stability in economic conditions and employment rates New and existing customer relationships are expected to provide acceptable levels of revenue opportunities The Company's customer and supplier relationships provide it with competitive advantages to increase sales over time Market share growth will more than offset systemic changes in the industry and environment Anticipated operating results would be accretive to overall Company results	Economic conditions deteriorate, or economic recovery post-COVID-19 is slow Loss of one or more key customers or loss of significant volume from any customer Decline in the number of insurance claims Inability of the Company to pass cost increases to customers over time Increased competition which may prevent achievement of revenue goals Changes in market conditions and operating environment Changes in weather conditions Inability to maintain, replace or grow technician capacity could impact organic growth
Stated objective to gradually increase dividends over time	Growing profitability of the Company and its subsidiaries The continued and increasing ability of the Company to generate cash available for dividends 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	BGSI is dependent upon the operating results of the Company Economic conditions deteriorate, or economic recovery post-COVID-19 is slow Changes in weather conditions Decline in the number of insurance claims Loss of one or more key customers or loss of significant volume from any customer Changes in government regulation

During 2023, the Company plans to make cash capital expenditures, excluding those related to acquisition and development of new locations, within the range of 1.6% and 1.8% of sales. In addition to these capital expenditures, the Company plans to invest in network technology upgrades to further strengthen our technology and security infrastructure and prepare for advanced technology needs in the future. The investment expected in 2023 is in the range of \$5M to \$8M, with similar investments expected in 2024 and 2025.	The actual cost for these capital expenditures agrees with the original estimate The purchase, delivery and installation of the capital items is consistent with the estimated timeline No other new capital requirements are identified or required during the period All identified capital requirements are required during the period	Expected actual expenditures could be above or below 1.6% to 1.8% of sales The timing of the expenditures could occur on a different timeline BGSI may identify additional capital expenditure needs that were not originally anticipated BGSI may identify capital expenditure needs that were originally anticipated; however, are no longer required or required on a different timeline
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.	Price increases will be negotiated and agreed upon by key clients Demand for services will continue to grow, allowing Boyd to focus on higher margin business Wage inflation will return to historical levels and will not outpace pricing increases Supply chain disruption is transitory and will normalize as underlying issues are resolved Internal training and development programs, including the Technician Development Program, will improve staffing availability	Inability of the Company to pass cost increases to customers over time Decline in the number of insurance claims Loss of one or more key customers or loss of significant volume from any customer Changes in market conditions and operating environment Wage inflation continues in excess of historical levels and outpaces pricing increases Supply chain remains disrupted Internal training and development programs do not improve staffing availability

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.

SELECTED ANNUAL INFORMATION

The following table summarizes selected financial information for BGSI over the prior three years:

For the years ended December 31, *(thousands of U.S. dollars, except per unit/share amounts)*	**2022**	2021	2020
Sales	**$2,432,318**	$1,872,670	$1,561,224
Net earnings	**$40,962**	$23,540	$44,114
Adjusted net earnings (2)	**$42,366**	$28,006	$41,352
Basic earnings per share	**$1.91**	$1.10	$2.10
Diluted earnings per share	**$1.91**	$1.10	$2.00
Adjusted net earnings per share (2)	**$1.97**	$1.30	$1.97
Cash dividends per share declared:			
Share dividends (1)	**$0.45**	$0.45	$0.41
December 31, *(thousands of U.S. dollars)*	**2022**	2021	2020
Total assets	**$ 2,102,832**	$ 2,027,127	$ 1,571,547
Total long-term financial liabilities	**$ 931,941**	$ 933,020	$ 553,783

(1) Dividends and distributions continue to be declared and paid in Canadian dollars. In 2022, the annual dividend declared totaled C$0.579 (2021 - C$0.567, 2020 - C$0.555)
(2) As defined in the non-GAAP financial measures and ratios section of the MD&A

Financial results, including sales, net earnings, and adjusted net earnings[4], were significantly impacted by the COVID-19 pandemic beginning in March 2020 and continuing through 2020 and 2021. In 2021 and 2022, financial results were further negatively impacted by supply chain disruption and a highly competitive labor market which translated into significant wage pressure and labor margin compression. In addition, a lack of fixed cost absorption due to lower sales per location than pre-pandemic levels impacted financial results in 2021 and 2022. After a temporary pause on acquisitions from March to August of 2020, acquisition activity resumed; however, new locations experienced the same challenges during 2021 and 2022, which constrained sales and net earnings levels.

The change in total assets and total long-term financial liabilities was significantly impacted by acquisitions from 2019 to 2021. In addition to these changes, fluctuations in total assets from 2020 to 2022 have primarily related to increases in property, plant and equipment, intangible assets and goodwill as a result of new location growth. During this timeframe, long-term financial liabilities were also impacted by financing of acquisitions.

Since the end of 2007 through the end of 2022, BGSI increased dividends/distributions to shareholders/unitholders. As of March 21, 2023 the dividend rate is C$0.147 per quarter or C$0.588 on an annualized basis.

BOYD GROUP SERVICES INC.

The consolidated financial statements of BGSI and its subsidiaries have been prepared in accordance with International Financial Reporting Standards and contain the consolidated financial position, results of operations and cash flows of BGSI, the Company and the Company's subsidiary companies for the year ended December 31, 2022.

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

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. 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

	Three Months Ended December 31,		Year Ended December 31,	
(thousands of U.S. dollars)	**2022**	2021	**2022**	2021
Net earnings	**$ 14,184**	$ 4,901	**$ 40,962**	$ 23,540
Add:				
Finance costs	**9,967**	7,673	**37,308**	27,653
Income tax expense	**5,179**	1,810	**17,765**	8,674
Depreciation of property, plant and equipment	**12,279**	11,723	**47,902**	42,602
Depreciation of right of use assets	**26,035**	24,177	**101,150**	88,523
Amortization of intangible assets	**6,473**	5,625	**26,567**	22,569
Standardized EBITDA	**$ 74,117**	$ 55,909	**$ 271,654**	$ 213,561
Add:				
Fair value adjustments	**—**	—	**146**	148
Acquisition and transaction costs	**576**	1,391	**1,700**	5,835
Adjusted EBITDA	**$ 74,693**	$ 57,300	**$ 273,500**	$ 219,544

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:

(thousands of U.S. dollars, except share and per share amounts)	**Three Months Ended December 31,**		**Year Ended December 31,**	
	2022	2021	**2022**	2021
Net earnings	**$ 14,184**	$ 4,901	**$ 40,962**	$ 23,540
Add:				
Fair value adjustments (non-taxable)	**—**	—	**146**	148
Acquisition and transaction costs (net of tax)	**426**	1,029	**1,258**	4,318
Adjusted net earnings	**$ 14,610**	$ 5,930	**$ 42,366**	$ 28,006
Weighted average number of shares	**21,472,194**	21,472,194	**21,472,194**	21,472,194
Adjusted net earnings per share	**$ 0.68**	$ 0.28	**$ 1.97**	$ 1.30

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:

(thousands of U.S. dollars)	**Three months ended December 31,**		**Year ended December 31,**	
	2022	2021	**2022**	2021
Sales	**$ 637,094**	$ 516,206	**$ 2,432,318**	$ 1,872,670
Less:				
Sales from locations not in the comparative period	**(23,140)**	(3,403)	**(362,574)**	(135,385)
Sales from under-performing facilities closed during the period	**7**	(957)	**(1,598)**	(5,586)
Foreign exchange	**3,653**	—	**7,057**	—
Same-store sales (excluding foreign exchange)	**$ 617,614**	$ 511,846	**$ 2,075,204**	$ 1,731,699

Dividends

BGSI declared dividends of C$0.144 per share in each of the first, second and third quarters of 2022 and C$0.147 per share in the fourth quarter of 2022 (2021 - C$0.141 and C$0.144 respectively).

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

(thousands of U.S. dollars)		
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**
December 31, 2022	January 27, 2023	**2,324**
		$ 9,499

(thousands of U.S. dollars)		
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	2,389
December 31, 2021	January 27, 2022	2,417
		$ 9,692

RESULTS OF OPERATIONS

Results of Operations *(thousands of U.S. dollars, except per share amounts)*	Three months ended December 31,			Year ended December 31,		
	2022	% change	2021	**2022**	% change	2021
Sales - Total	**637,094**	23.4	516,206	**2,432,318**	29.9	1,872,670
Same-store sales - Total [1] (excluding foreign exchange)	**617,614**	20.7	511,846	**2,075,204**	19.8	1,731,699
Gross margin %	**44.3**	1.8	43.5	**44.7**	(0.2)	44.8
Operating expense %	**32.6**	0.6	32.4	**33.5**	1.2	33.1
Adjusted EBITDA [1]	**74,693**	30.4	57,300	**273,500**	24.6	219,544
Acquisition and transaction costs	**576**	(58.6)	1,391	**1,700**	(70.9)	5,835
Depreciation and amortization	**44,787**	7.9	41,525	**175,619**	14.3	153,694
Fair value adjustments	**—**	N/A	—	**146**	(1.4)	148
Finance costs	**9,967**	29.9	7,673	**37,308**	34.9	27,653
Income tax expense	**5,179**	186.1	1,810	**17,765**	104.8	8,674
Adjusted net earnings [1]	**14,610**	146.4	5,930	**42,366**	51.3	28,006
Adjusted net earnings per share [1]	**0.68**	142.9	0.28	**1.97**	51.5	1.30
Net earnings	**14,184**	189.4	4,901	**40,962**	74.0	23,540
Basic earnings per share	**0.66**	189.4	0.23	**1.91**	74.0	1.10
Diluted earnings per share	**0.66**	189.4	0.23	**1.91**	74.0	1.10

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

Sales

Sales totaled $2.4 billion for the year ended December 31, 2022 an increase of $559.6 million or 29.9% when compared to the same period of 2021. The increase in sales was the result of the following:

- Same-store sales[5] excluding foreign exchange increased $343.5 million or 19.8%, partially offset by a decrease of $7.1 million due to the translation of same-store sales[5] at a lower Canadian dollar exchange rate. The year ended December 31, 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 0.4%. Same-store sales growth was positively impacted by pricing increases and high levels of demand for services, as well as an increase in production capacity related to technician hiring and growth in the Technician Development Program; however, ongoing staffing constraints and supply chain disruption continued to impact sales levels that could be achieved. Sales also increased based on higher repair costs due to increasing vehicle complexity, higher part content and cost, increased scanning and calibration services, as well as general market inflation. Sales were modestly impacted by Hurricane Ian, with an estimated negative impact of $3.2 million during 2022. Same-store sales increases in Canada continued to recover substantially, albeit from low comparatives, but this recovery continued to be impacted by supply chain disruption throughout the year and labor capacity constraints beginning in the fourth quarter of 2022.
- $227.2 million of incremental sales were generated from 136 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 $4.0 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 $1,087.3 million or 44.7% of sales for the year ended December 31, 2022 compared to $839.3 million or 44.8% of sales for the same period in 2021. Gross profit increased $248.0 million primarily as a result of 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 $4.0 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 2022, Boyd faced supply chain disruptions, which resulted in a negative impact on margins. While pricing increased and improvements were made throughout the year, 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 and increasing vehicle complexity also resulted in a higher mix of parts sales in relation to labor. These negative impacts were partially offset by performance based credit relief to address the constraints caused by current market conditions and increased scanning and calibration services.

Operating Expenses

Operating Expenses for the year ended December 31, 2022 increased $194.1 million to $813.8 million from $619.7 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 $5.8 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 year ended December 31, 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 $2.1 million.

Operating expenses as a percentage of sales were 33.5% for the year ended December 31, 2022, which compared to 33.1% for the same period in 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,

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

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 year ended December 31, 2022 were $1.7 million compared to $5.8 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 2022 when compared to 2021.

Adjusted EBITDA[6]

Earnings before interest, income taxes, depreciation and amortization, adjusted for contingent consideration, as well as acquisition and transaction costs ("Adjusted EBITDA[6]") for the year ended December 31, 2022 totaled $273.5 million or 11.2% of sales compared to Adjusted EBITDA[6] of $219.5 million or 11.7% of sales in the same period of the prior year. The $54.0 million increase was primarily the result of improved sales levels. Adjusted EBITDA for the year was constrained by technician capacity, and was also negatively impacted by wage inflation, supply chain disruption and some minor impact due to Hurricane Ian. In total, Adjusted EBITDA[6] for the year ended December 31, 2021 benefited from the CEWS in the amount of approximately $9.8 million.

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled $47.9 million or 2.0% of sales for the year ended December 31, 2022, an increase of $5.4 million when compared to the $42.6 million or 2.3% of sales recorded in the same period of the prior year. The increase in depreciation expense was primarily due to location 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 $101.2 million, or 4.2% of sales for the year ended December 31, 2022, as compared to $88.5 million or 4.7% of sales for the same period of the prior year. The increase in depreciation expense was primarily due to location growth and sale-leaseback activity. Same-store sales increases resulted in a decrease in depreciation expense as a percentage of sales during 2022.

Amortization of intangible assets for the year ended December 31, 2022 totaled $26.6 million or 1.1% of sales, an increase of $4.0 million when compared to the $22.6 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 $37.3 million or 1.5% of sales for the year ended December 31, 2022 increased from $27.7 million or 1.5% of sales for the same period of the prior year. The increase in finance costs was primarily due to higher variable interest rates on the revolving credit facility, as well as increased lease liabilities, as a result of acquisition activity and sale-leaseback activity.

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

Income Taxes

Current and Deferred Income Tax Expense of $17.8 million for the year ended December 31, 2022 compared to an expense of $8.7 million for the same period of the prior year. Income tax expense was impacted by the recording of state-related 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 for the year ended December 31, 2022. Permanent differences did not have a significant impact on the tax computed on accounting income.

Net Earnings and Earnings Per Share

Net Earnings for the year ended December 31, 2022 was $41.0 million or 1.7% of sales compared to $23.5 million or 1.3% of sales in the same period of the prior year. The net earnings amount in 2022 was impacted by acquisition and transaction costs of $1.3 million (net of tax). After adjusting for fair value and other unusual items, Adjusted net earnings[7] in 2022 was $42.4 million, or 1.7% of sales. This compares to Adjusted net earnings[7] of $28.0 million or 1.5% of sales in 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 2022.

Basic and Diluted Earnings Per Share was $1.91 per share for the year ended December 31, 2022 compared to $1.10 for the same period of 2021. Adjusted net earnings per share[7] was $1.97 compared to $1.30 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 *(in thousands of U.S. dollars, except per share amounts)*	**2022 Q4**	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Sales	**$ 637,094**	$ 625,663	$ 612,806	$ 556,755	$ 516,206	$ 490,178	$ 444,643	$ 421,643
Adjusted EBITDA (1)	**$ 74,693**	$ 73,042	$ 72,003	$ 53,762	$ 57,300	$ 51,500	$ 57,996	$ 52,748
Net earnings	**$ 14,184**	$ 11,872	$ 13,298	$ 1,608	$ 4,901	$ 434	$ 10,462	$ 7,743
Basic earnings per share	**$ 0.66**	$ 0.55	$ 0.62	$ 0.07	$ 0.23	$ 0.02	$ 0.49	$ 0.36
Diluted earnings per share	**$ 0.66**	$ 0.55	$ 0.62	$ 0.07	$ 0.23	$ 0.02	$ 0.49	$ 0.36
Adjusted net earnings (1)	**$ 14,610**	$ 12,052	$ 13,558	$ 2,145	$ 5,930	$ 2,389	$ 11,375	$ 8,311
Adjusted net earnings per share (1)	**$ 0.68**	$ 0.56	$ 0.63	$ 0.10	$ 0.28	$ 0.11	$ 0.53	$ 0.39

(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 December 31, 2022, BGSI had cash, net of outstanding deposits and cheques, held on deposit in bank accounts totaling $15.1 million (December 31, 2021 - $27.7 million). The decrease in the cash balance as at December 31, 2022 is the result of increased cash flows from operations being used to repay long-term debt under the revolving credit facility. The net working capital ratio (current assets divided by current liabilities) was 0.65:1 at December 31, 2022 (December 31, 2021 – 0.64:1).

At December 31, 2022, BGSI had total debt outstanding, net of cash, of $963.0 million compared to $940.8 million at September 30, 2022, $973.7 million at June 30, 2022, $970.1 million at March 31, 2022 and $957.7 million at December 31,

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

2021. Debt, net of cash, increased when compared to the prior year primarily as a result of an increase in lease liabilities, driven by lease renewal activity. During the year ended December 31, 2022, the Company completed sale leaseback transactions for proceeds of $55.1 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. During 2022, the Company was able to reduce the level of long term debt held under the revolving credit facility (net of financing costs) from $263.8 million to $192.3 million.

Total debt, net of cash *(thousands of U.S. dollars)*	**December 31, 2022**	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Revolving credit facility & swing line (net of financing costs)	**$ 192,343**	$ 158,120	$ 212,970	$ 255,839	$ 263,802
Term Loan A (net of financing costs)	**124,759**	124,747	124,716	124,691	124,680
Seller notes [(1)]	**43,069**	45,583	47,626	50,556	53,591
Total debt before lease liabilities	**$ 360,171**	$ 328,450	$ 385,312	$ 431,086	$ 442,073
Cash	**15,068**	13,867	28,336	44,275	27,714
Total debt, net of cash before lease liabilities	**$ 345,103**	$ 314,583	$ 356,976	$ 386,811	$ 414,359
Lease liabilities	**617,926**	626,213	616,689	583,264	543,347
Total debt, net of cash	**$ 963,029**	$ 940,796	$ 973,665	$ 970,075	$ 957,706

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

The following table summarizes the undiscounted contractual obligations at December 31, 2022 and required payments over the next five years:

Contractual Obligations *(thousands of U.S. dollars)*	Total	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years
Bank indebtedness	$—	$—	$—	$—	$—	$—	$—
Accounts payable and accrued liabilities	307,729	307,729	—	—	—	—	—
Long-term debt	360,171	15,365	18,260	198,752	2,524	125,270	—
Lease liability	780,354	125,869	119,094	105,190	87,401	72,256	270,544
Purchase Obligations [(1)]	—	unknown	unknown	unknown	unknown	unknown	unknown
	$1,448,254	$448,963	$137,354	$303,942	$89,925	$197,526	$270,544

[(1)] Subject to fulfilling certain conditions such as meeting contractual purchase obligations and no change in control the repayment would be nil

Operating Activities

Cash flow generated from operations before considering working capital changes, was $265.8 million for the year ended December 31, 2021 compared to $210.8 million in 2021.

For the year ended December 31, 2022, changes in working capital items used net cash of $1.5 million compared with $14.1 million in the same period of 2021. Changes in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures. In addition, supply chain disruption delayed the completion of many repairs and resulted in elevated levels of work-in-process inventory at December 31, 2022 and December 31, 2021.

Financing Activities

Cash used in financing activities totaled $228.4 million for the year ended December 31, 2022 compared to cash provided by financing activities of $124.4 million for the same period of the prior year. During 2022, cash was provided by draws of the revolving credit facility in the amount of $126.1 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of $211.9 million and to fund interest costs on long-term debt of $15.5 million. Cash used by financing activities included $95.3 million in repayments of lease liabilities and cash used to fund interest costs on lease liabilities of $21.8 million. Cash was also used to pay dividends of $9.5 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 $330.5 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of $83.5 million and to fund interest costs on long-term debt of $9.9 million. Cash used by financing activities included $84.9 million used to repay lease liabilities and cash used to fund interest costs on lease liabilities of $18.1 million. Cash was also used to pay dividends of $9.7 million.

Debt Financing

On March 17, 2020, the Company entered into a third amended and restated credit agreement ("Credit Agreement"), increasing the revolving credit facility to $550 million U.S., with an accordion feature which can increase the facility to a maximum of $825 million U.S. (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 U.S. 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. 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 U.S. in Canada and $30.0 million U.S. in the U.S. At December 31, 2022, the Company has drawn $186.5 million U.S. (December 31, 2021 - $264.5 million U.S.) and $9.0 million Canadian (December 31, 2021 - $nil Canadian) on the revolving credit facility and swing line and $125.0 million U.S. (December 31, 2021 - $125.0 million U.S.) on the Term Loan A.

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. For purposes of covenant calculations, property lease payments are deducted from EBITDA. During the second quarter of 2020, the Company amended certain financial covenants under the revolving credit facility to provide additional covenant headroom, further enhancing the Company's financial flexibility. While the Company had not breached any covenants, this amendment was intended to prevent the effects of the COVID-19 pandemic from distorting the covenant calculations and distracting the Company or its lenders from the prudent management of the business. The amendments included a suspension to Boyd's requirement to comply with its leverage and interest coverage covenants from July 1, 2020 to December 30, 2020, as well as providing more flexibility in the calculation of such covenants beginning with the second quarter of 2020 and through the second quarter of 2021. Effective July 1, 2020 to June 30, 2021 inclusive, for the purposes of testing any financial covenants on a trailing twelve month period, the Company was permitted to replace the EBITDA for the second and third quarters of 2020 with the EBITDA for the second and third quarters of 2019. In addition, the senior funded debt to EBITDA ratio was increased to no greater than 4.00 to June 30, 2020. From December 31, 2020 to June 29, 2021, the senior funded debt to EBITDA ratio was to be no greater than 3.75. For four quarters following a material acquisition during the December 31, 2020 to June 29, 2021 timeframe, the senior debt to EBITDA ratio could be increased to no greater than 4.00. During the suspension period, the Company was required to meet a minimum liquidity covenant of $150 million U.S., which, given the Company's cash position and undrawn facilities, was not burdensome.

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 4.00 from March 21, 2022 to March 30, 2022, 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 year ended December 31, 2022, BGSI entered into 15 new seller notes for an aggregate amount of $3.9 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 $47.9 million for the year ended December 31, 2022. This compares to $354.1 million used in the prior period. The investing activity in both periods related primarily to new location growth that occurred during these periods. During the year ended December 31, 2022, the Company completed sale leaseback transactions for proceeds of $55.1 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 2022, the Company added 23 locations through acquisition, 5 locations operating as intake centers and 12 start-up locations, for a total of 40 new collision repair locations. From January 1, 2022 up to the reporting date of March 21, 2023, the Company has added 34 locations through acquisition, 18 start-up locations and 5 locations operating as intake centers, for a total of 57 new collision repair locations. These new collision repair 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
November 28, 2022	Sulphur, LA	Lloyd Lauw Collision Repair, LLC
November 28, 2022	Lake Charles, LA	Final Touch Collision Repair, Inc.
December 12, 2022	Montgomery, AL	n/a start-up
December 12, 2022	Phoenix, AZ	n/a start-up
December 16, 2022	Kimberly, WI	n/a start-up
December 30, 2022	Tallahassee, FL	Body Builders Paint & Body Inc
December 30, 2022	Colorado Springs, CO	Mike Maroone Chevrolet South Colorado
January 3, 2023	Cameron Park, CA	Cameron Park Auto Body
January 6, 2023	Abilene, TX	Gibb's Paint & Body, LLC
January 16, 2023	Lethbridge, AB	n/a start-up
January 18, 2023	Venice, FL	n/a start-up
January 18, 2023	Park City, UT	CKM Collision
February 3, 2023	Hendersonville, NC	Hill's Collision Center
February 3, 2023	Rogers, MN	Excalibur Collition & Conversion Center

Date	Location	Previously operated as
February 3, 2023	Tontitown, AR	n/a start-up
February 8, 2023	Ocala, FL	n/a start-up
February 10, 2023	Lansdale, PA	Old Forge Collision Center
February 10, 2023	Sacramento, CA	Franklin Collision Center
February 17, 2023	Murrieta, CA	n/a start-up
February 22, 2023	LaBelle, FL	Direct Repair Collision Center
February 27, 2023	Perry, GA	Cochran Coach Works
February 28, 2023	New Port Richey, FL	n/a start-up
March 17, 2023	Rancho Cucamonga, CA	Proline Auto Collision Center
March 21, 2023	Sacramento, CA	Aries Auto Body

During the first quarter of 2022, the Company also 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. During the fourth quarter of 2022, the Company acquired a single location glass business in Wisconsin. During the first quarter of 2023, the Company acquired a two location glass business in Minnesota and a single location glass business in Texas. In addition, during the first quarter of 2023, as part of its investment in continuous improvement, the Company acquired 100% interest in a long term asset, previously recorded at cost, to support and enhance the Company's WOW operating way processes.

The Company completed the acquisition or start-up of 135 collision repair locations from the beginning of 2021 until the fourth quarter reporting date of March 23, 2022. Details of these acquisitions can be found in the 2021 Annual Report.

Start-ups

In 2022, the Company commenced operations in 12 new start-up collision repair facilities. The total combined investment in leaseholds and equipment for these facilities was approximately $11.4 million. The Company commenced operations in 10 new start-up collision repair facilities in 2021 with a combined investment of approximately $5.7 million. The Company anticipates it will use similar start-up strategies as part of its continued growth in the future.

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 $33.6 million, or 1.4% of sales on capital expenditures, compared to $36.4 million or 1.9% of sales during the same period of 2021.

During 2023, the Company plans to make cash capital expenditures, excluding those related to acquisition and development of new locations, within the range of 1.6% and 1.8% of sales. In addition to these capital expenditures, the Company plans to invest in network technology upgrades to further strengthen our technology and security infrastructure and prepare for advanced technology needs in the future. The investment expected in 2023 is in the range of $5M to $8M, with similar investments expected in 2024 and 2025. These investments align with Boyd's ESG sustainability roadmap to responsibly address data privacy and cyber security.

FOURTH QUARTER

Sales for the three months ended December 31, 2022 totaled $637.1 million, a increase of $120.9 million or 23.4% compared to the same period in 2021. Overall same-store sales excluding foreign exchange increased $105.8 million, or 20.7% in the fourth quarter of 2022 when compared to the fourth quarter of 2021 and decreased a further $3.7 million due to the translation of same-store sales[8] at a lower Canadian dollar exchange rate. The fourth 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 an 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 fourth 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 $1.1 million during the fourth quarter. Same-store sales in Canada continued to recover, but this recovery continued to be impacted by supply chain disruption as well as labor capacity constraints in the fourth quarter of 2022. Sales growth of $19.7 million was attributable to incremental sales generated from 39 new locations. The closure of under-performing facilities accounted for a decrease in sales of $0.9 million.

Gross Profit for the fourth quarter increased to 44.3% from 43.5% in the same period in 2021. The recognition of CEWS related to direct labor was approximately $0.9 million for the three months ended December 31, 2021. Gross margin percentage benefited from pricing increases, including performance based credit relief to address the constraints caused by current market conditions and increased scanning and calibration services. These benefits were partially offset by a higher mix of parts sales in relation to labor. Increasing vehicle complexity resulted in a higher mix of parts sales in relation to labor. The gross margin percentage decrease experienced from the third to the fourth quarter of 2022 is within normal ranges for mix and margin changes period to period. The lower gross margin percentage in the fourth quarter of 2022 relative to the third quarter of 2022 is primarily the result of variability in parts sourcing and pricing, which is resulting in slightly greater parts margin variability quarter to quarter. The margin for the year ended December 31, 2022 is within the normal range.

Operating expenses as a percentage of sales were 32.6% for the fourth quarter of 2022, which compared to 32.4% for the same period in 2021. The recognition of CEWS related to operating expenses was approximately $1.4 million for the three months ended December 31, 2021. Operating expenses as a percentage of sales was 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.

Adjusted EBITDA[8] for the fourth quarter of 2022 totaled $74.7 million or 11.7% of sales compared to Adjusted EBITDA[8] of $57.3 million or 11.1% of sales in the same period of the prior year. The $17.4 million increase was primarily the result of higher sales levels. In total, Adjusted EBITDA[8] for the three months ended December 31, 2021 benefited from CEWS in the amount of approximately $2.3 million. Adjusted EBITDA for the fourth quarter of 2022 was modestly impacted by Hurricane Ian.

Current and Deferred Income Tax Expense for the fourth quarter of $5.2 million in 2022 compared to an expense of $1.8 million in 2021. Permanent differences did not have a significant impact on the tax computed on accounting income.

Net Earnings for the fourth quarter was $14.2 million, or 2.2% of sales, or $0.66 per fully diluted share compared to net earnings of $4.9 million, or 0.9% of sales, or $0.23 per fully diluted share for the same period in the prior year. The net earnings amount in the fourth quarter of 2022 was impacted by acquisition and transaction costs of $0.4 million (net of tax). After adjusting for fair value and other unusual items, Adjusted net earnings[8] for the fourth quarter of 2022 was $14.6 million, or 2.3% of sales. This compares to Adjusted net earnings[8] of $5.9 million or 1.1% of sales in the fourth quarter of

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

2021. Adjusted net earnings[8] for the period was positively impacted by higher levels of sales and a higher gross margin percentage, partially offset by higher levels of operating expenses.

LEGAL PROCEEDINGS

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

RELATED PARTY TRANSACTIONS

In certain circumstances the Company has entered into property lease arrangements where an employee of the Company is the landlord. In most cases, the Company assumes these property lease arrangements initially in connection with an acquisition. The property leases for these locations do not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship, and BGSI has determined that the terms and conditions of the leases are representative of fair market rent values.

The following are the lease payment amounts for facilities under lease with related parties (in thousands of U.S. dollars):

Landlord	Affiliated Person(s)	Location	Lease Expires	**December 31, 2022**	December 31, 2021
Gerber Building No. 1 Ptnrp	Tim O'Day	South Elgin, IL	2023	102	100

FINANCIAL INSTRUMENTS

In order to limit the variability of earnings due to the foreign exchange translation exposure on the income and expenses of the Canadian operations, the Company may at times enter into foreign exchange contracts. These contracts are marked to market monthly with unrealized gains and losses included in earnings. The Company did not have any such contracts in place during 2022 or 2021.

Transactional foreign currency risk exists in limited circumstances where U.S. denominated cash is received in Canada. The Company monitors U.S. denominated cash flows to be received in Canada and evaluates whether to use forward foreign exchange contracts. No such foreign exchange contracts were used during 2022 or 2021.

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.

Impairment of Goodwill and Intangible Assets

When testing goodwill and intangibles for impairment, BGSI uses a five year forward looking discounted cash flow of the cash generating unit ("CGU") or group of CGU's to which the asset relate. An estimate of the recoverable amount is then calculated as the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The methods used to value intangible assets and goodwill require critical estimates to be made regarding the future cash flows and useful lives of the intangible assets. Goodwill and intangible asset impairments, when recognized, are recorded as a separate charge to earnings, and could materially impact the operating results of the Company for any particular accounting period. 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.; however, BGSI concluded that there was no impairment of goodwill or intangible assets as a result of the assessment as at December 31, 2022.

Impairment of Other Long-lived Assets

BGSI assesses the recoverability of its long-lived assets, other than goodwill and intangibles, after considering the potential impairment indicated by such factors as business and market trends, the Company's ability to transfer the assets, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates the future cash flows expected to result from the use of the assets and their potential disposition. If the discounted sum of the expected future cash flows is less than the carrying value of the assets generating those cash flows, an impairment loss would be recognized based on the excess of the carrying amounts of the assets over their estimated recoverable value. The underlying estimates for cash flows include estimates for future sales, gross margin rates and operating expenses. Changes which may impact these estimates include, but are not limited to, business risks and uncertainties and economic conditions. To the extent that management's estimates are not realized, future assessments could result in impairment charges that may have a material impact on the Company's consolidated financial statements.

Business Combinations

Fair value of assets acquired and liabilities assumed in a business combination is estimated based on information available at the date of acquisition and involves considerable judgment in determining the fair values assigned to property, plant and equipment and intangible assets acquired and liabilities assumed on acquisition. The determination of these fair values involves analysis including the use of discounted cash flows, estimated future margins, future growth rates, market rents and capitalization rates. There is estimation in this analysis and actual results could differ from estimates.

Fair Value of Financial Instruments

BGSI has applied discounted cash flow methods to establish the fair value of certain financial liabilities recorded on the Consolidated Statement of Financial Position, as well as disclosed in the notes to the consolidated financial statements. BGSI also establishes mark-to-market valuations for derivative instruments, which are assumed to represent the current fair value of these instruments. These valuations rely on assumptions regarding interest and exchange rates as well as other economic indicators, which at the time of establishing the fair value for disclosure, have a high degree of uncertainty. Unrealized gains or losses on these derivative financial instruments may not be realized as markets change.

Income Taxes

BGSI is subject to income tax in several jurisdictions and estimates are used to determine the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. Uncertain tax liabilities may be recognized when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

CERTIFICATION OF DISCLOSURE CONTROLS

Management's responsibility for financial information contained in this Annual Report is described on page 49. In addition, BGSI's Audit Committee of the Board of Directors has reviewed this Annual Report, and the Board of Directors has reviewed and approved this Annual Report prior to its release. BGSI is committed to providing timely, accurate and balanced disclosure of all material information about BGSI and to providing fair and equal access to such information. As of December 31, 2022, BGSI's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures, as defined under the rules adopted by the Canadian securities regulatory authorities. Disclosure controls are procedures designed to ensure that information required to be disclosed in reports filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to BGSI's management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure.

BGSI's management, including the CEO and the CFO, does not expect that BGSI's disclosure controls will prevent or detect all misstatements due to error or fraud. Because of the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute assurance, that all control issues and instances of fraud or error, if any, within BGSI have been detected. BGSI is continually evolving and enhancing its systems of controls and procedures. Based on the evaluation of disclosure controls, the CEO and the CFO have concluded that, subject to the inherent limitations noted above, BGSI's disclosure controls are effective in ensuring that material information relating to BGSI is made known to management on a timely basis, and is fairly presented in all material respects in this Annual Report.

CERTIFICATION ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design and effectiveness of internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles which incorporates International Financial Reporting Standards for publicly accountable enterprises. BGSI's management, including the CEO and the CFO, does not expect that BGSI's internal control over financial reporting will prevent or detect all misstatements due to error or fraud. Because of the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute assurance, that all control issues and instances of fraud or error, if any, within BGSI have been detected. BGSI is continually evolving and enhancing its systems of internal controls over financial reporting. The CEO and CFO of BGSI have evaluated the design and effectiveness of BGSI's internal control over financial reporting as at the end of the period covered by the annual filings and have concluded that, subject to the inherent limitations noted above, the controls are sufficient to provide reasonable assurance.

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 with similar internal controls. During the fourth quarter, additional procedures were performed to ensure key control objectives were achieved.

BUSINESS RISKS AND UNCERTAINTIES

The following information is a summary of certain risk factors relating to the business of BGSI and its subsidiaries, and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Report and the documents incorporated by reference herein.

BGSI and its subsidiaries are subject to certain risks inherent in the operation of the business. BGSI and its subsidiaries manage risk and risk exposures through a combination of management oversight, insurance, systems of internal controls and disclosures and sound operating policies and practices.

The Board of Directors has the responsibility to identify the principal risks of BGSI's business and ensure that appropriate systems are in place to manage these risks. The Audit Committee has the responsibility to discuss with management BGSI's major financial risk exposures and the steps management has taken to monitor and control such exposures, including BGSI's risk assessment and risk management policies. In order to support these responsibilities, management has a risk and sustainability management committee which meets on an ongoing basis to evaluate and assess BGSI's risks.

The process being followed by the risk and sustainability management committee is a systematic one which includes identifying risks; analyzing the likelihood and consequence of risks; and then evaluating risks as to risk tolerance and control effectiveness. This approach stratifies risks into four risk categories as follows:

Extreme Risks:	Immediate/ongoing action is required – involvement of senior management is required. Avoidance of the item may be necessary if risk reduction techniques are insufficient to address the risk.
High Risks:	Risk item is significant and management responsibility should be specified and appropriate action taken.
Moderate Risks:	Managed by specific monitoring or response procedures. Additional risk mitigation techniques could be considered if benefits exceed the cost.
Low Risks:	Management by routine procedures. No further action is required at this time.

Risks can be reduced by limiting the likelihood or the consequence of a particular risk. This can be achieved by adjusting the Company's activities, implementing additional control/monitoring processes, or insuring/hedging against certain outcomes. Residual risk remains after mitigation and control techniques are applied to an identified risk. Awareness of the residual risk that BGSI ultimately accepts is a key benefit of the risk management process.

The following describes the risks that are most material to BGSI's business; however, this is not a complete list of the potential risks BGSI faces. There may be other risks that BGSI is not aware of, or risks that are not material today that could become material in the future.

Employee Relations and Staffing

Boyd currently employs approximately 12,391 people, of which 1,435 are in Canada and 10,956 are in the U.S. The current workforce is not unionized, except for approximately 57 employees located in the U.S. who are subject to collective bargaining agreements. The collision repair industry is experiencing significant competition for talent, and, in particular, a limited pool of qualified technicians and estimators. This is resulting in a shortage of qualified employees as well as ongoing wage pressure, which is adversely impacting the volume and pace at which collision repair shops can fix damaged vehicles and the Company's financial results.

Attracting, training, developing and retaining employees at all levels of the organization are required to effectively manage Boyd's operations. The Company has rolled out various retention and recruitment initiatives to mitigate this risk. Failure to attract, train, develop and retain employees at all levels of the organization could lead to a lack of production capacity, knowledge, skills and experience required to effectively manage the business and could have a material adverse effect on the Company's business, financial condition and future performance.

The outbreak of a contagious illness, such as the COVID-19 pandemic, causes disruption of staffing and impacts the volume and pace at which collision repair shops can fix damaged vehicles. Such disruption may result in temporary closure of collision repair facilities. A significant outbreak of contagious disease, such as the COVID-19 pandemic, may result in a widespread health crisis that could again adversely affect the financial performance of the Company.

Margin Pressure and Sales Mix Changes

The Company's costs to repair vehicles, including the cost of labor, parts and materials are market driven and can fluctuate. Disruptive events have negatively impacted supply chains, which adversely impacts Boyd's ability to complete repairs. This disruption has resulted in high levels of work-in-process and decreased margins. In addition, the collision repair industry is experiencing significant competition for talent, and, in particular, a limited pool of qualified technicians and estimators. This has resulted in a shortage of qualified employees as well as significant wage pressure. Both of these issues adversely impact the Company's financial results.

Increasing vehicle complexity due to advances in technology increase the cost associated with vehicle repair. The Company is not always able to pass these cost increases on to end users in the form of higher selling prices to its customers and/or its insurance company clients. As a result, there can be no assurance that increases in the costs to repair vehicles will ultimately be recoverable from its insurance company clients and customers. While negotiations with insurance companies and other influencing factors over time can result in selling price increases, the timing and extent of such increases is not determinable. In addition, some DRP relationships contain performance based pricing, which can impact margins. There can be no assurance that increases in the costs to repair vehicles will ultimately be recoverable from the Company's clients or customers.

The Company's margin is also impacted by the mix of collision repair, retail glass and glass network sales, scanning and calibration, as well as the mix of parts, labor and materials within each business area. There can be no assurance that changes to sales mix will not occur that could negatively impact the financial performance of the Company.

The Company currently makes its own part sourcing decisions for parts used in the provision of vehicle repair services. The Company's clients could, in the future, decide to source products directly, impose the use of certain parts suppliers on the Company or otherwise change the parts sourcing process. Such a decision could have an adverse effect on the Company's margin.

Acquisition and New Location Risk

The Company plans to continue to increase revenues and earnings through the acquisition and start-up of additional collision repair facilities and other businesses. The Company follows a detailed process of due diligence and approvals to limit the possibility of acquiring or building out a non-performing location or business. There can be no assurance that the Company will be able to find suitable acquisition targets at acceptable pricing levels, or that the Company will be able to find and build out locations without incurring cost overruns, or that the new locations will achieve sales and profitability levels to justify the Company's investment.

Boyd views the United States and Canada as having significant potential for further expansion of its business. There can be no assurance that any market for the Company's services and products will develop either at the local, regional or national level. Economic instability, laws and regulations, increasing acquisition valuations and the presence of competition in all or certain jurisdictions may limit the Company's ability to successfully expand operations.

The Company has grown rapidly through multi-location acquisitions as well as single location growth opportunities and new location development. Rapid growth can put a strain on managerial, operational, financial, human and other resources. Risks related to rapid growth include administrative and operational challenges such as the management of an expanded number of locations, the assimilation of financial reporting systems, technology and other systems of acquired companies, increased pressure on senior management and increased demand on systems and internal controls. The ability of the Company to manage its operations and expansion effectively depends on the continued development and implementation of plans, systems and controls that meet its operational, financial and management needs. If Boyd is unable to continue to develop and implement these plans, systems or controls or otherwise manage its operations and growth effectively, the Company will be unable to maintain or increase margins or achieve sustained profitability, and the business could be harmed.

A key element of the Company's strategy is to successfully integrate and manage new locations in order to sustain and enhance profitability. There can be no assurance that the Company will be able to profitably integrate and manage additional locations. Successful integration and management can depend upon a number of factors, including the ability to establish, maintain and grow DRP relationships, the ability to attract, retain and motivate certain key management and staff, establishing, retaining and leveraging client and supplier relationships and implementing standardized procedures and best practices. In the event that new location growth cannot be successfully integrated into Boyd's operations or performs below expectations, the business could be materially and adversely affected.

To the extent that the prior owners of businesses acquired by Boyd failed to comply with or otherwise violated applicable laws, the Company, as the successor owner, may be financially responsible for these violations and any associated undisclosed liability. The Company seeks, through systematic investigation and due diligence, and through indemnification by former owners, to minimize the risk of material undisclosed liabilities associated with acquisitions. The discovery of any material liabilities, including but not limited to tax, legal and environmental liabilities, could have a material adverse effect on the Company's business, financial condition and future prospects.

Operational Performance

In order to compete in the marketplace, the Company must consistently meet the operational performance metrics expected by its insurance company clients and its customers. Failing to deliver on metrics such as cycle time, quality of repair, customer satisfaction and cost of repair can, over time, result in reductions to pricing, repair volumes, or both. The Company has implemented processes as well as measuring and monitoring systems to assist it in delivering on these key metrics. However, there can be no assurance that the Company will be able to continue to deliver on these metrics or that the metrics themselves will not change in the future.

The Company's principal source of funds is cash generated from operations. Fluctuations in required capital expenditures, the need to maintain productive capacity, required funding to meet growth targets, and debt repayments expected to be funded by cash flows generated from operations may potentially impact the amount of cash available for dividends to be declared and paid by the Company or its subsidiaries in the future.

Brand Management and Reputation

The Company's success is impacted by its ability to protect, maintain and enhance the value of its brands and reputation. Brand value and reputation can be damaged by isolated incidents, particularly if the incident receives considerable publicity or if it draws litigation. Incidents may occur as a result of events beyond the Company's control or may be isolated to actions that occur in one particular location. Demand for the Company's services could diminish significantly if an incident or other matter damages its brand or erodes the confidence of its insurance company clients or directly with the vehicle owners themselves. Social media has increased the ability for individuals to adversely affect the brand and reputation of the Company. There can be no assurance that past or future incidents will not negatively affect the Company's brand or reputation.

Market Environment Change

The collision repair industry is subject to continual change in terms of regulations, repair processes and equipment, technology and changes in the strategic direction of clients, suppliers and competitors. The Company endeavors to stay abreast of developments and preferences in the industry and make strategic decisions to manage through these changes and potential disruptions to the traditional business model. In certain situations, the Company is involved in leading change by anticipating or developing new methods to address changing market needs. The Company however, may not be able to correctly anticipate the need for change, may not effectively implement changes, or may be required to increase spending on capital equipment to maintain or improve its relative position with competitors. There can be no assurance that market environment changes will not occur that could negatively affect the financial performance of the Company.

Reliance on Technology

As is the case with most businesses in today's environment, there is a risk associated with Boyd's reliance on computerized operational and reporting systems. Boyd makes reasonable efforts to ensure that back-up systems and redundancies are in place and functioning appropriately. Boyd has disaster recovery programs to protect against significant system failures. Although a computer system failure would not be expected to critically damage the Company in the long term, there can be no assurance that a computer system crash or like event would not have a material impact on its financial results.

Reliance on technology in order to gain or maintain competitive advantage is becoming more significant and therefore the Company is faced with determining the appropriate level of investment in new technology in order to be competitive. There can be no assurance that the Company will correctly identify or successfully implement the appropriate technologies for its operations.

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 with similar internal controls. During the third and fourth quarters of 2022, additional procedures were performed to ensure key control objectives were achieved.

Increased reliance on computerized operational and reporting systems also results in increased cyber security risk, including potential unauthorized access to customer, supplier and employee sensitive information, corruption or loss of data and release of sensitive or confidential information. Disruptions due to cyber security incidents could adversely affect the business, results of operations and financial condition of the Company. Cyber security incidents could result in operational delays, disruption to work flow and reputational harm. There can be no assurance that Boyd will be able to anticipate, prevent or mitigate rapidly evolving types of cyber-attacks.

Supply Chain Risk

The Company requires access to parts, materials and paint in order to complete repairs. Disruptive events have negatively impacted supply chains, which has adversely impacted Boyd's ability to complete some repairs. This results in increased repair cycle time, high levels of work-in-process and decreased margins, and is adversely impacting the Company's financial results.

Certain of the Company's suppliers operate in unionized environments, where their workers are subject to collective bargaining agreements. A prolonged strike at a supplier could adversely impact Boyd's ability to complete repairs. It is possible that a prolonged strike could disrupt the Company's supply chain, which could have a material impact on the Company's financial results.

The Company sources certain parts and materials from overseas vendors. Global issues, such as outbreaks and the spread of contagious diseases, political instability, war or other disruptive events can negatively impact global supply chains, which could adversely impact Boyd's ability to complete repairs. It is possible that global issues could further disrupt the Company's supply chain, which could have a material impact on the Company's financial results.

Pandemic Risk and Economic Downturn

Historically the collision repair industry has proven to be resilient to typical economic downturns along with the accompanying unemployment, and while the Company works to mitigate the effect of economic downturn on its operations, economic conditions, which are beyond the Company's control, could lead to a decrease in accident repair claims volumes due to fewer miles driven, less traffic congestion, or due to vehicle owners being less inclined to have their vehicles repaired. It is difficult to predict the severity and the duration of any decrease in claims volumes resulting from an economic downturn and the accompanying unemployment and what affect it may have on the collision repair industry, in general, and the financial performance of the Company in particular. There can be no assurance that an economic downturn would not negatively affect the financial performance of the Company.

A local, regional, national or international outbreak of a contagious disease, such as the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness, could decrease the willingness of the general population to travel or customers to patronize the Company's facilities, cause shortages of employees to staff the Company's facilities, interrupt supplies from third parties upon which the Company relies, result in governmental regulation adversely impacting the Company's business and otherwise have a material adverse effect on the Company's business, financial condition and results of operations.

Changes in Client Relationships

A high percentage of the Company's revenues are derived from insurance companies. Over the past 25+ years, many private insurance companies have implemented customer referral arrangements known as Direct Repair Programs (DRP's) with collision repair operators who have been recognized as consistent high quality, performance based repairers in the industry. The Company's ability to continue to grow its business, as well as maintain existing business volume and pricing, is largely reliant on its ability to maintain these DRP relationships. The Company continues to develop and monitor these relationships through ongoing measurement of the success factors considered critical by insurance clients. The loss of any existing material DRP relationship, or a material component of a significant DRP relationship, could have a material adverse effect on Boyd's operations and business prospects. Of the top five insurance companies that the Company deals with, which in aggregate account for approximately 54% (2021 – 49%) of total sales, one insurance company represents approximately 18% (2021 – 14%) of the Company's total sales, while a second insurance company represents approximately 11% (2021 – 10%).

DRP relationships are governed by agreements that are usually cancellable upon short notice. These relationships can change quickly, both in terms of pricing and volumes, depending upon collision repair shop performance, cycle time, cost of repair, customer satisfaction, competition, insurance company management, program changes and general economic activity. To mitigate this risk, management fosters close working relationships with its insurance company clients and customers and the Company continually seeks to diversify and grow its client base both in Canada and the U.S. There can be no assurance that relationships with insurance company clients will not change in the future, which could impair Boyd's revenues and/or margins, and result in a material adverse effect on the Company's business.

Decline in Number of Insurance Claims

The automobile collision repair industry is dependent on the number of accidents which occur and, for the most part, become repairable insurance claims. The volume of accidents and related insurance claims can be significantly impacted by technological disruption and changes in technology such as ride sharing, collision avoidance systems, driverless vehicles and other safety improvements made to vehicles. Other changes which have and can continue to affect insurance claim volumes include, but are not limited to, weather, general economic conditions, unemployment rates, changing demographics, vehicle miles driven, new vehicle production, insurance policy deductibles and auto insurance premiums. In addition, repairable claims volumes have been and can continue to be impacted by an increased number of non-repairable claims or total loss. There can be no assurance that a continued decline in insurance claims will not occur, which could reduce Boyd's revenues and result in a material adverse effect on the Company's business.

Environmental, Health and Safety Risk

The nature of the collision repair business means that hazardous substances must be used, which could cause damage to the environment or individuals if not handled properly. The Company's environmental protection policy requires environmental site assessments to be performed on all business locations prior to acquisition, start-up or relocation so that any existing or potential environmental situations can be remedied or otherwise appropriately addressed. It is also Boyd's practice to secure environmental indemnification from landlords and former owners of acquired collision repair businesses, where such indemnification is available. Boyd also engages a private environmental consulting firm to perform regular compliance reviews to ensure that the Company's environmental and health and safety policies are followed.

To date, the Company has not encountered any environmental protection requirements or issues which would be expected to have a material financial or operational effect on its current business and it is not aware of any material environmental issues that could have a material impact on future results or prospects. No assurance can be given, however, that the prior activities of Boyd, or its predecessors, or the activities of a prior owner or lessee, have not created a material environmental problem or that future uses or evolving regulations will not result in the imposition of material environmental, health or safety liability upon Boyd.

The outbreak of a contagious illness, such as the recent COVID-19 pandemic, could require the Company to develop and execute revised operating procedures intended to mitigate safety and health risks in the work environment. However, there can be no assurance that the enhanced protocols put in place will protect against an outbreak that could result in lost time and negatively affect the financial performance of the Company.

Climate Change and Weather Conditions

Climate change is exacerbated in part by the burning of fossil fuels in order to generate electricity for consumers and industry. Greenhouse gasses from fossil fuels is leading to climate change and global warming, which is leading to increased frequency and severity of natural disasters and extreme weather condition events. The collision repair industry is not particularly carbon intensive. The business is focused on the collision repair industry and as such its primary product is providing a service. In providing this service, major inputs include replacement parts, water-based paint, skilled labor, and energy to run spray booths, compressors, lighting, HVAC and other equipment. The industry is highly fragmented with many independent owner operators who are not able to operate at scale. There are efforts to consolidate the industry and the Company is a leader in this effort. By doing so, the industry can operate more efficiently and have the central coordination and capital to invest in sustainability areas to reduce the impact the industry has on the environment.

Transitioning to a low carbon environment and sustainable business model will require additional investments in the long-term. Capital investments in energy saving or renewable energy technologies to operate the shop, can reduce or offset the contribution to carbon emissions that the Company currently emits. Transitioning the various vehicles used by business to electric instead of internal combustion engine based is another action that can be taken by the Company to reduce carbon emissions. Investments could be necessary for sensors and other systems to manage electricity usage or identify future opportunities. Facility management and landscape management are areas of opportunity to improve the impact Boyd's locations have on global warming.

The primary climate related risks for the business relate to the expected increase in extreme weather events, such as blizzards, hurricanes, torrential rain, and tornadoes. These events can cause physical damage to shops or hinder Boyd's ability to process work and also tend to result in higher damage levels that result in more vehicles being non-repairable. Extreme weather can also slow or halt delivery of parts and in some cases prevent employees from attending work, which slows down cycle-time and therefore sales.

A number of initiatives related to climate change can benefit the Company. For example investing in LED lighting improves the working conditions for technicians and can improve the quality of the work they do, as well as lowering operating costs and reducing emissions. Continuous improvement and efficiency gains can improve quality and reduce repair cycle time, causing less waste, higher customer satisfaction and generating higher sales with the same level of inputs. A greater focus on repairing damaged parts as opposed to replacing those parts reduces waste and in some cases can improve profitability. Alignment with vehicle owner, insurance company and original equipment manufacturer objectives improves Boyd's customer relationships and demonstrates an ability to align and partner with these stakeholders.

There is good alignment between climate change initiatives and the Company's strategy. Core strategies of operational excellence, expense management and optimizing the business as well as new location and acquisition growth have overlap with sustainability. Being efficient, reducing waste and bringing corporate resources and investment to a fragmented industry supports a long-term alignment with sustainability. Environment, social and governance objectives are being integrated into the Company's strategic projects. There is often a dimension of each business initiative that relates to sustainability. Boyd is committed to identifying those dimensions and bringing awareness throughout the company so that business objectives naturally contribute to our sustainability goals, which have been outlined in Boyd's first Environmental, Social and Governance Report, which is available on the Boyd website at www.boydgroup.com/sustainability.

The Board is investing more time on sustainability issues and has assigned the oversight responsibility for sustainability, including climate change risk management and disclosure to the Governance & Sustainability Committee. The topic is a standing agenda item with internal metrics and reporting being developed. Management has a Risk and Sustainability Committee tasked with developing sustainability objectives and processes for the company. Its current mandate is to work with the various operating groups to identify the key sustainability metrics for future reporting and target setting. These key metrics and targets will be focused on the priority areas defined for each of the environmental, social and governance pillars that have been outlined in Boyd's first Environmental, Social and Governance Report.

The effect of global warming and its impact on weather conditions may reduce collision repair volume and represent an element of risk to the Company's ability to maintain sales. Historically, extremely mild winters and dry weather conditions have had a negative impact on collision repair sales volumes. Natural disasters resulting in business interruption, or supply chain interruption could also negatively impact the Company's operations. Even with market share gains, weather-related decline in market size can result in sales declines which could have a material impact on the Company's business. Business interruption due to natural disasters and extreme weather condition events, including supply chain interruption, may result in temporary store closures or limit production volume and could adversely impact Boyd's ability to complete repairs, which could have a material adverse effect on the Company's business.

Competition

The collision repair industry in North America, estimated at almost $41 billion U.S. is very competitive. The main competitive factors are cost of repair, cycle time, quality, customer satisfaction and adherence to various insurance company processes and performance requirements. There can be no assurance that Boyd's competitors will not achieve greater market acceptance due to pricing or other factors.

Although competition exists mainly on a regional basis, Boyd competes with a small number of other multi-location collision repair operators in multiple markets in which it operates.

Given these industry characteristics, existing or new competitors, including other automotive-related businesses, may become significantly larger and have greater financial and marketing resources than Boyd. Competitors may compete with Boyd in rendering services in the markets in which Boyd currently operates and also in seeking existing facilities to acquire, or new locations to open, in markets in which Boyd desires to expand. There can be no assurance that the Company will be able to maintain or achieve its desired market share.

Access to Capital

The Company grows, in part, through acquisition or start-up of collision and glass repair and replacement businesses. There can be no assurance that Boyd will have sufficient capital resources available to implement its growth strategy. Inability to raise new capital, in the form of debt or equity, could limit Boyd's future growth through acquisition or start-up.

The Company will endeavor, through a variety of strategies, to ensure in advance that it has sufficient capital for growth. Potential sources of capital that the Company has been successful at accessing in the past include public and private equity placements, convertible debt offerings, using equity securities to directly pay for a portion of acquisitions, capital available through strategic alliances with trading partners, lease financing, seller financing and both senior and subordinate debt facilities or by deferring possible future purchase price payments using contingent consideration and call or put options. There can be no assurance that the Company will be successful in accessing these or other sources of capital in the future.

The Company and its subsidiaries use financial leverage through the use of debt, which have debt service obligations. The Company's ability to refinance or to make scheduled payments of interest or principal on its indebtedness will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rates, and financial, competitive, business and other factors, many of which are beyond its control.

The Company's revolving credit facilities contain restrictive covenants that limit the discretion of the Company's management and the ability of the Company to incur additional indebtedness, to make acquisitions of collision repair businesses, to create liens or other encumbrances, to pay dividends, to redeem any equity or debt, or to make investments, capital expenditures, loans or guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the revolving credit facilities contain a number of financial covenants that require BGSI and its subsidiaries to meet certain financial ratios and financial condition tests. A failure to comply with the obligations under these credit facilities could result in an event of default, which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness were to be accelerated, there can be no assurance that the assets of the Company and its subsidiaries would be sufficient to repay the indebtedness in full. There can also be no assurance that the Company will be able to refinance the credit facilities as and when they mature. The revolving credit facility is secured by the assets of the Company.

Dependence on Key Personnel

The success of the Company is dependent on the services of a number of members of management. The experience and talent of these individuals is a significant factor in Boyd's continued success and growth. The loss of one or more of these individuals could have a material adverse effect on the Company's business operations and prospects. The Company has entered into management agreements with key members of management and succession plans are in place for key executive positions, in order to mitigate this risk.

Tax Position Risk

BGSI and its subsidiaries account for income tax positions in accordance with accounting standards for income taxes, which require that the Company recognize in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on examination by taxation authorities, based on the technical merits of the position.

Inherent risks and uncertainties can arise over tax positions taken, or expected to be taken, with respect to matters including but not limited to acquisitions, transfer pricing, inter-company charges and allocations, financing charges, fees, related party transactions, tax credits, tax based incentives and stock based transactions. In addition, there are inherent risks and uncertainties with respect to government assistance received through various programs developed to support the business during the economic downturn brought about by the COVID-19 pandemic. Management uses tax experts to assist in correctly applying and accounting for tax and government assistance program rules, however there can be no assurance that a position taken will not be challenged by the taxation authorities that could result in an unexpected material financial obligation.

Expenses incurred by BGSI and its subsidiaries are only deductible to the extent they are reasonable. There can be no assurance that the taxation authorities will not challenge the reasonableness of certain expenses. If such a challenge were successful, it may materially and adversely affect the financial results of BGSI and its subsidiaries.

BGSI's shares are qualified investments for a Registered Plan under the Tax Act as the Shares are listed on a "designated stock exchange" (as defined in the Tax Act).

There can be no assurance that additional changes to the taxation of corporations or changes to other government laws, rules and regulations, either in Canada or the U.S., will not be undertaken which could have a material adverse effect on BGSI's share price and business. There can be no assurance BGSI will benefit from these rules, that the rules will not change in the future or that BGSI will avail itself of them.

Corporate Governance

Securities law imposes statutory civil liability for misrepresentations in continuous disclosure documents including failure to make timely disclosure. Investors have a right of action if they are harmed by a misrepresentation in an issuer's disclosure document or in a public oral statement relating to an issuer, or the failure of an issuer to make timely disclosure of a material change. Potentially liable parties include the issuer, each officer, and each Director of the issuer who authorizes, permits or acquiesces in the release of the document containing a misrepresentation, the making of the public statement containing a misrepresentation or in the failure to make a timely disclosure.

Under the Ontario Securities Act, section 138.4(6), a due diligence defense is available. The due diligence defense requires the following items to be addressed:

- the issuer must have a system designed to ensure the issuer is meeting its disclosure obligations;
- the defendant must have conducted a reasonable investigation to support reliance on the system; and
- defendants must have no reasonable grounds to believe that the document or a public oral statement contained a misrepresentation or that the failure to make the required disclosure would occur.

BGSI is keenly aware of the significance of these laws and the interrelationships between civil liability, disclosure controls and good governance. BGSI has adopted policies, practices and processes to reduce the risk of a governance or control breakdown. A statement of BGSI's governance practices is included in its most recent information circular which can be found at www.sedar.com. Although BGSI believes it follows good corporate governance practices, there can be no assurance that these practices will eliminate or mitigate the impact of a material lawsuit in this area.

The area of governance is growing to encompass not only traditional governance matters, but also environmental and social matters. This area is often referred to as Environmental, Social and Governance, or "ESG". Increased awareness and attention by investors to ESG matters means that the Company needs to become more transparent in developing and reporting on ESG initiatives and increase or add ESG initiatives where there are significant gaps. BGSI is developing and enhancing ESG reporting and initiatives. Boyd has recently published an ESG report, which complements previously adopted policies on reporting and anti-retaliation, occupational health and safety, non-discrimination, human rights, diversity and anti-corruption. These policies, along with the ESG Report, are available on the Boyd website at www.boydgroup.com/sustainability.

Increased Government Regulation and Tax Risk

BGSI and its subsidiaries are subject to various federal, provincial, state and local laws, regulations and taxation authorities. Various federal, provincial, state and local agencies as well as other governmental departments administer such laws, regulations and their related rules and policies. New laws governing BGSI or its business could be enacted or changes or amendments to existing laws and regulations could be enacted which could have a significant impact on Boyd. For example, privacy legislation continues to evolve rapidly and tariff changes are being introduced with greater frequency. BGSI utilizes the services of professional advisors in the areas of taxation, environmental, health and safety, labor and general business law to mitigate the risk of non-compliance. Failure to comply with the applicable laws, regulations or tax changes may subject BGSI to civil or regulatory proceedings and no assurance can be given that this will not have a material impact on financial results.

A number of jurisdictions in which the Company operates have regulations to limit emissions and pollutants. The Company has adapted its processes in an effort to comply with these regulations. Although to date, there have been no negative consequences as a result of these regulations, there can be no assurance that these regulations will not have a material adverse impact on BGSI's business or financial results. Future emission or pollutant regulation compliance requirements may have a material adverse impact on BGSI's business or financial results.

Fluctuations in Operating Results and Seasonality

The Company's operating results have been and are expected to continue to be subject to quarterly fluctuations due to a variety of factors including changes in customer purchasing patterns, pricing paid to insurance companies, general operating effectiveness, automobile technologies, general and regional economic downturns, unemployment rates, employee vacation timing and weather conditions. These factors can affect Boyd's ability to fund ongoing operations and finance future activities.

Risk of Litigation

BGSI and its subsidiaries could become involved in various legal actions in the ordinary course of business. Litigation loss accruals may be established if it becomes probable that BGSI will incur an expense and the amount can be reasonably estimated. BGSI's management and internal and external experts are involved in assessing the probability of litigation loss and in estimating any amounts involved. Changes in these assessments may lead to changes in recorded litigation loss accruals. Claims are reviewed on a case by case basis, taking into consideration all information available to BGSI.

The actual costs of resolving claims could be substantially higher or lower than the amounts accrued. In certain cases, legal claims may be covered under BGSI's various insurance policies.

Execution on New Strategies

New initiatives are introduced from time to time in order to grow Boyd's business. Initiatives such as entering new markets, introducing and improving related products and services, or identifying new strategies to capture additional market share have the potential to be accretive to the Company's business when the opportunity is accurately identified and executed. There can be no assurance that the Company identifies new strategies that are accretive to the business or that it is successful in implementing such initiatives.

Insurance Risk

BGSI insures its property, plant and equipment, including vehicles, through insurance policies with insurance carriers located in Canada and the U.S. Included within these policies is insurance protection against property loss and general liability. BGSI also insures its directors and officers against liabilities arising from errors, omissions and wrongful acts. Management uses its knowledge, as well as the knowledge of experienced brokers, to ensure that insurable risks are insured appropriately under terms and conditions that would protect BGSI and its subsidiaries from losses. There can be no assurance that all perils would be fully covered or that a material loss would be recoverable under such insurance policies.

Interest Rates

The Company occasionally fixes the interest rate on its debt using interest rate swap contracts or other provisions available in its debt facilities. There can be no guarantee that interest rate swaps or other contract terms that effectively turn variable rate debt into fixed rates will be an effective hedge against long-term interest rate fluctuations.

The Company has not fixed interest rates within its revolving credit facility. There can be no assurance that interest rates either in Canada or the U.S. will not increase in the future, which could result in a material adverse effect on the Company's business.

U.S. Health Care Costs and Workers Compensation Claims

BGSI accrues for the estimated amount of U.S. health care claims and workers compensation claims that may have occurred but were not reported at the end of the reporting period under its health care and workers compensation plans. The accruals are based upon the Company's knowledge of current claims as well as third party estimates derived from past experience. Significant claim occurrences which remain unreported for a number of months could materially impact this accrual. In addition, as U.S health care costs increase, there can be no assurance given that the Company can continue to offer health care insurance to its employees at a reasonable cost.

Foreign Currency Risk

A substantial portion of Boyd's revenue and cash flow are now, and are expected to continue to be, generated in U.S. dollars. Fluctuations in the exchange rates between the Canadian dollar and the U.S. currency may have a material adverse effect on BGSI's share price, which is denominated and trades in Canadian dollars as well as BGSI's ability to make future Canadian dollar cash dividends.

Low Capture Rates

Sales growth can be enhanced if the Company is effective at booking repair orders for all sales opportunities that are identified. The Company is exposed to missed jobs when capacity is constrained and to the extent that employees are ineffective at capturing all sales opportunities. Measurement of capture rates, management support and training are methods that are employed to enhance capture rates. Efforts to increase capacity are limited by availability of qualified labor. It is possible that the Company may not be able to capture sales effectively enough to maximize sales.

Capital Expenditures

The business of the Company requires ongoing capital maintenance. Moreover, opportunities may arise for capital upgrades providing returns or cost savings that may not be realized in the immediate future, but rather over several years. As vehicle technology advances and market needs change, the capital intensity of the industry is changing, requiring expenditures in excess of historical capital maintenance levels. To the extent that capital expenditures are in excess of amounts budgeted, the amounts of cash available for dividends may decrease.

Energy Costs

The Company is exposed to fluctuations in the price of energy. These costs not only impact the costs associated with occupying and operating collision repair facilities but may also affect costs of parts and materials used in the repair process as well as miles driven by automobile owners. There can be no assurance that escalating costs which cannot be offset by energy conservation practices, price increases to clients and customers or productivity gains, would not result in materially lower operating margins. As well, there can be no assurance that escalating energy costs will not materially reduce automobile miles driven and in turn reduce the number of collisions.

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 52-109F1
CERTIFICATION OF ANNUAL FILINGS
FULL CERTIFICATE

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

1. ***Review:*** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of **Boyd Group Services Inc.** (the "issuer") for the financial year ended **December 31, 2022**.
2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual 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 annual filings.
3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with other financial information included in the annual filings present fairly 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 annual 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. ***Evaluation***: The issuer's other certifying officer(s) and I have

   a. evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's DC&P at the financial year end and the issuer has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on that evaluation; and

   b. evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's ICFR at the financial year end and the issuer has disclosed in its annual MD&A

      i. our conclusions about the effectiveness of ICFR at the financial year end based on that evaluation; and
      ii. N/A

   c. N/A

7. ***Reporting changes in ICFR:*** The issuer has disclosed in its annual MD&A any change in the issuer's ICFR that occurred during the period beginning on October 1, 2022 and ended on December 31, 2022 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

8. ***Reporting to the issuer's auditors and board of directors or audit committee:*** The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of ICFR, to the issuer's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the issuer's ICFR.

Date: March 22, 2023

(signed)

Timothy O'Day
President & Chief Executive Officer

FORM 52-109F1
CERTIFICATION OF ANNUAL FILINGS
FULL CERTIFICATE

I, **Jeff Murray, Interim Chief Financial Officer, Boyd Group Services Inc.**, certify the following:

1. ***Review:*** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of **Boyd Group Services Inc.** (the "issuer") for the financial year ended **December 31, 2022**.
2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual 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 annual filings.
3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with other financial information included in the annual filings present fairly 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 annual 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. ***Evaluation***: The issuer's other certifying officer(s) and I have

   a. evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's DC&P at the financial year end and the issuer has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on that evaluation; and

   b. evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's ICFR at the financial year end and the issuer has disclosed in its annual MD&A

      i. our conclusions about the effectiveness of ICFR at the financial year end based on that evaluation; and
      ii. N/A

   c. N/A

7. ***Reporting changes in ICFR:*** The issuer has disclosed in its annual MD&A any change in the issuer's ICFR that occurred during the period beginning on October 1, 2022 and ended on December 31, 2022 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

8. ***Reporting to the issuer's auditors and board of directors or audit committee:*** The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of ICFR, to the issuer's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the issuer's ICFR.

Date: March 22, 2023

(signed)

Jeff Murray
Vice President, Finance & Interim Chief Financial Officer

BOYD GROUP SERVICES INC.

Consolidated Financial Statements

Year Ended December 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Management is responsible for their integrity, objectivity and reliability, and for the maintenance of financial and operating systems, which include effective controls, to provide reasonable assurance that Boyd Group Services Inc.'s assets are safeguarded and that reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting, disclosure control and internal control. The Board exercises these responsibilities through its Audit Committee, all members of which are not involved in the daily activities of Boyd Group Services Inc. The Audit Committee meets with management and, as necessary, with the independent auditors, Deloitte LLP, to satisfy itself that management's responsibilities are properly discharged and to review and report to the Board on the consolidated financial statements.

In accordance with Canadian generally accepted auditing standards, the independent auditors conduct an examination each year in order to express a professional opinion on the consolidated financial statements.

(signed)	*(signed)*
Timothy O'Day President & Chief Executive Officer	Jeff Murray Vice President, Finance & Interim Chief Financial Officer

Winnipeg, Manitoba
March 21, 2023

Deloitte LLP
360 Main Street
Suite 2300
Winnipeg MB R3C
3Z3
Canada

Tel: 204-942-0051
Fax: 204-947-9390
www.deloitte.ca

March 21, 2023

Independent Auditor's Report

To the Shareholders and the Board of Directors of
Boyd Group Services Inc.

Opinion

We have audited the consolidated financial statements of Boyd Group Services Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022 and 2021 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Goodwill and Intangible Assets — Canadian segment— Refer to the Financial Statement Notes 3 and 10

Key Audit Matter Description
The Company's evaluation of goodwill and intangible assets for impairment involves the comparison of the recoverable amount of each cash generating units to their carrying value. The Company used the discounted cash flow model to estimate the value-in-use of both the U.S. Segment and Canadian segment. As a result of the annual assessments of impairment of goodwill and intangible assets for the U.S. segment and Canadian segment, management has determined that there was no impairment of goodwill or intangible assets.

The continuing impact of the COVID-19 pandemic in Canada has a resulted in a slower economic re-opening when compared to the U.S., as well as greater restrictions, which has caused a more significant decline in demand for services. As a result, we have identified the evaluation of the goodwill and intangible assets impairment analysis for the Canadian segment as a key audit matter. While there are several estimates and assumptions that are required to determine the recoverable amount of the Canadian segment, the estimates, and assumptions with the highest degree of subjectivity are future revenue and EBITDA forecasts and the selection of the discount rate. Auditing these estimates and assumptions required a high degree of auditor judgment and an increased extent of effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit
Our audit procedures related to the future revenue and EBITDA forecasts and the selection of the discount rate used to determine the recoverable amount for the Canadian segment included the following, among others:

- Evaluated management's ability to accurately forecast future revenues, revenue growth rates, and EBITDA margins by comparing actual results to management's historical forecasts.
- Evaluated the reasonableness of the forecast of future revenues, revenue growth rates and operating margins by comparing the forecasts to:
    - Historical revenues and operating margins.
    - Known changes in the Company's operations and its industry, which are expected to impact future operating performance; and
    - Internal communications to management and the Board of Directors.
- With the assistance of fair value specialists, evaluated the reasonableness of the discount rates by testing the source information underlying the determination of the discount rates, developing a range of independent estimates, and comparing those to the discount rate selected by management.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Michael Boucher.

/s/ Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
March 21, 2023

BOYD GROUP SERVICES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31,
(thousands of U.S. dollars)

	Note	**2022**	2021
Assets			
Current assets:			
Cash		**$ 15,068**	$ 27,714
Accounts receivable	*17*	**139,266**	103,024
Income taxes recoverable	*8*	**5,666**	7,576
Inventory	*5*	**78,784**	66,784
Prepaid expenses		**36,520**	29,554
		275,304	234,652
Property, plant and equipment	*6*	**314,564**	332,189
Right of use assets	*7*	**568,437**	502,036
Deferred income tax asset	*8*	**3,815**	1,737
Intangible assets	*9*	**332,939**	348,727
Goodwill	*10*	**601,706**	601,991
Other long-term assets	*11*	**6,067**	5,795
		$ 2,102,832	$ 2,027,127
Liabilities and Equity			
Current liabilities:			
Accounts payable and accrued liabilities		**$ 307,729**	$ 258,423
Dividends payable	*12*	**2,330**	2,439
Current portion of long-term debt	*13*	**15,365**	13,887
Current portion of lease liabilities	*14*	**98,870**	92,924
		424,294	367,673
Long-term debt	*13*	**344,806**	428,186
Lease liabilities	*14*	**519,056**	450,423
Deferred income tax liability	*8*	**62,885**	48,602
Unearned rebates	*15*	**5,194**	5,809
		1,356,235	1,300,693
Equity			
Accumulated other comprehensive earnings	*19*	**54,330**	65,987
Retained earnings		**88,183**	56,720
Shareholders' capital	*20*	**600,047**	600,047
Contributed surplus	*21*	**4,037**	3,680
		746,597	726,434
		$ 2,102,832	$ 2,027,127

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

Approved by the Board:

TIMOTHY O'DAY
Director

DAVID BROWN
Director

BOYD GROUP SERVICES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(thousands of U.S. dollars except share amounts)

	Note	Shareholders' Capital Shares		Shareholders' Capital Amount		Contributed Surplus		Accumulated Other Comprehensive Earnings		Retained Earnings		Total Equity
Balances - January 1, 2021		21,472,194	$	600,047	$	3,604	$	65,157	$	42,872	$	711,680
Issue costs (net of tax of $29)	*21*					(76)						(76)
Stock option accretion	*21*					152						152
Other comprehensive earnings								830				830
Net earnings										23,540		23,540
Comprehensive earnings								830		23,540		24,370
Dividends to shareholders	*12*									(9,692)		(9,692)
Balances - December 31, 2021		21,472,194	$	600,047	$	3,680	$	65,987	$	56,720	$	726,434
Stock option accretion	*21*	—		—		357						357
Other comprehensive loss								(11,657)				(11,657)
Net earnings										40,962		40,962
Comprehensive (loss) earnings								(11,657)		40,962		29,305
Dividends to shareholders	*12*									(9,499)		(9,499)
Balance - December 31, 2022		21,472,194	$	600,047	$	4,037	$	54,330	$	88,183	$	746,597

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

BOYD GROUP SERVICES INC.
CONSOLIDATED STATEMENTS OF EARNINGS
For the years ended December 31,
(thousands of U.S. dollars, except share and per share amounts)

	Note		2022		2021
Sales	24	$	**2,432,318**	$	1,872,670
Cost of sales			**1,344,998**		1,033,410
Gross profit			**1,087,320**		839,260
Operating expenses			**813,820**		619,716
Acquisition and transaction costs			**1,700**		5,835
Depreciation of property, plant and equipment	6		**47,902**		42,602
Depreciation of right of use assets	7		**101,150**		88,523
Amortization of intangible assets	9		**26,567**		22,569
Fair value adjustments	16		**146**		148
Finance costs			**37,308**		27,653
			1,028,593		807,046
Earnings before income taxes			**58,727**		32,214
Income tax expense					
Current	8		**5,712**		2,499
Deferred	8		**12,053**		6,175
			17,765		8,674
Net earnings		$	**40,962**	$	23,540

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

	Note		2022		2021
Basic and diluted earnings per share	29	$	**1.91**	$	1.10
Basic and diluted weighted average number of shares outstanding	29		**21,472,194**		21,472,194

BOYD GROUP SERVICES INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
For the years ended December 31,
(thousands of U.S. dollars)

		2022		2021
Net earnings	$	**40,962**	$	23,540
Other comprehensive earnings				
Items that may be reclassified subsequently to Consolidated Statements of Earnings				
Change in unrealized earnings on foreign currency translation		**(11,657)**		830
Other comprehensive (loss) earnings		**(11,657)**		830
Comprehensive earnings	$	**29,305**	$	24,370

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

BOYD GROUP SERVICES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31,
(thousands of U.S. dollars)

	Note		2022		2021
Cash flows from operating activities					
Net earnings		**$**	**40,962**	$	23,540
Adjustments for					
Fair value adjustments	*16*		**146**		148
Deferred income taxes	*8*		**12,053**		6,175
Finance costs			**37,308**		27,653
Amortization of intangible assets	*9*		**26,567**		22,569
Depreciation of property, plant and equipment	*6*		**47,902**		42,602
Depreciation of right of use assets	*7*		**101,150**		88,523
Other			**(318)**		(421)
			265,770		210,789
Changes in non-cash working capital items	*31*		**(1,523)**		(14,075)
			264,247		196,714
Cash flows from (used in) financing activities					
Issue costs			**—**		(105)
Increase in obligations under long-term debt	*13*		**126,093**		330,500
Repayment of long-term debt, principal	*13*		**(211,863)**		(83,504)
Repayment of obligations under property leases, principal	*14*		**(92,203)**		(82,622)
Repayment of obligations under vehicle and equipment leases, principal	*14*		**(3,047)**		(2,275)
Interest on long-term debt	*13*		**(15,495)**		(9,874)
Interest on property leases	*14*		**(21,363)**		(17,797)
Interest on vehicle and equipment leases	*14*		**(432)**		(302)
Dividends paid			**(9,545)**		(9,653)
Payment of financing costs	*13*		**(514)**		—
			(228,369)		124,368
Cash flows used in investing activities					
Proceeds on sale of equipment and software	*6*		**2,745**		1,145
Equipment purchases and facility improvements			**(33,370)**		(31,479)
Acquisition and development of businesses (net of cash acquired)	*4*		**(71,706)**		(317,488)
Software purchases and licensing	*9*		**(259)**		(4,917)
Increase in other long-term assets			**(475)**		(1,358)
Proceeds on sale / leaseback agreements	6		**55,140**		—
			(47,925)		(354,097)
Effect of foreign exchange rate changes on cash			**(599)**		(312)
Net decrease in cash position			**(12,646)**		(33,327)
Cash, beginning of year			**27,714**		61,041
Cash, end of year		**$**	**15,068**	$	27,714
Income taxes paid		**$**	**3,857**	$	4,014
Interest paid		**$**	**36,911**	$	27,554

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

1. GENERAL INFORMATION

Boyd Group Services Inc. ("BGSI" or the "Company") is a Canadian corporation and controls The Boyd Group Inc. and its subsidiaries.

The Company's business consists of the ownership and operation of autobody/autoglass repair facilities and related services. At the reporting date, the Company operated locations in Canada under the trade name Boyd Autobody & Glass and Assured Automotive, as well as in the U.S. under the trade name Gerber Collision & Glass. In addition, the Company is a major retail auto glass operator in the U.S. under the trade names Gerber Collision & Glass, Glass America, Auto Glass Service, Auto Glass Authority and Autoglassonly.com. The Company also operates Gerber National Claim Services ("GNCS"), that offers glass, emergency roadside and first notice of loss services.

The shares of the Company are listed on the Toronto Stock Exchange and trade under the symbol "BYD.TO". The head office and principal address of the Company are located at 1745 Ellice Avenue, Unit C1, Winnipeg, Manitoba, Canada, R3H 1A6.

The consolidated financial statements for the year ended December 31, 2022 (including comparatives) were approved and authorized for issue by the Board of Directors on March 21, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The consolidated financial statements of BGSI have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The functional currency of Boyd Group Services Inc. is the Canadian dollar ("CAD"). These consolidated financial statements are presented in thousands of U.S. dollars ("USD"), except share and per share amounts.

b) Revenue recognition

BGSI is in the business of collision repair. The Company recognizes revenue upon completion and delivery of the repair to the customer, which has been determined to be the performance obligation that is distinct and the point at which control of the asset passes to the customer. Revenue is measured at the fair value of the consideration received.

c) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

d) Property, plant and equipment

Property, plant and equipment assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is calculated using the declining balance and straight line rates as disclosed in the property, plant and equipment note. Leasehold improvements are amortized on the straight line basis over the period of estimated benefit.

An item of property, plant and equipment is reclassified as held for sale or derecognized upon disposal, or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the Consolidated Statement of Earnings.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property, plant and equipment and any changes arising from the assessment are applied by BGSI prospectively.

e) Leases

At inception, the Company assesses whether a contract is or contains a lease. Leases are recognized as a right of use asset and a lease liability at the lease commencement date.

The Company recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases, defined as leases with a lease term of 12 months or less, and leases of low value assets. For these leases, the Company recognizes the lease payments as operating expenses on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation is recorded on a straight line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If the interest rate implicit in the leases cannot be readily determined, the Company uses its incremental borrowing rate. In order to calculate the incremental borrowing rate, reference interest rates are derived from the yields of corporate bonds in Canada and the U.S. The reference interest rates are supplemented by a leasing risk premium. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect lease payments made.

For sale leaseback transactions, the Company applies the requirements of IFRS 15 *Revenue from Contracts with Customers* to determine if the transfer qualifies as a sale. If the transfer qualifies as a sale, the Company derecognizes the asset and recognizes a right of use asset equal to the retained portion of the previous carrying amount of the sold asset. The residual is recognized as a gain on sale leaseback.

f) Consolidation

The financial statements of the Company consolidate the accounts of the Company and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date that control ceases.

g) *Business combinations, goodwill and other intangible assets*

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The cost of the acquisition is measured at the aggregate of the fair values (at the acquisition date) of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquired company. Acquisition costs are expensed as incurred. The acquired company's identifiable assets (including previously unrecognized intangible assets), liabilities and contingent liabilities are recognized at their fair values at the acquisition date.

Goodwill represents the excess of the cost of an acquisition over the fair value of BGSI's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets are recognized only when it is probable that the expected future economic benefits attributable to the assets will accrue to the Company and the cost can be reliably measured. Intangible assets acquired in a business combination are recorded at fair value. Intangible assets that do not have indefinite lives are amortized over their useful lives using an amortization method which reflects the economic benefit of the intangible asset. Customer relationships are amortized on a straight-line basis over the expected period of benefit of 20 years. Contractual rights, which consist of non-compete agreements and favourable lease agreements, are amortized on a straight-line basis over the term of the contract. Software is amortized on a straight-line basis over periods of three and five years. Brand names which the Company continues to use in the conduct of its business are considered indefinite life because their value is not expected to degrade over time. To the extent the Company decides to discontinue the use of a certain brand, an estimate of the remaining useful life is made and the intangible asset is amortized over the remaining period.

h) *Impairment of non-financial assets*

Property, plant and equipment and definite life intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating unit or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Goodwill and indefinite lived intangible assets are reviewed for impairment annually or at any time if an indicator of impairment exists. As well, newly acquired goodwill is reviewed for impairment at the end of the year in which it was acquired.

Goodwill acquired through a business combination is allocated to each CGU, or group of CGUs, that are expected to benefit from the related business combination. A group of CGUs represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. Impairment losses on goodwill are not reversed.

The Company evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

i) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

j) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the Consolidated Statement of Earnings except to the extent that it relates to items recognized directly in equity, in which case the income tax is recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by BGSI and it is probable that the temporary difference will not reverse in the foreseeable future.

k) Unearned rebates

Prepaid purchase rebates are recorded as unearned rebates on the statement of financial position and amortized, as a reduction of the cost of purchases, on a straight-line basis over the term of the contract.

l) Shareholders' capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

m) Share-based compensation plans

Equity settled plans
The Company's stock option plan allows for the granting of options up to an amount of 250,000 Common shares. Each tranche of the options vests equally over two, three, four and five year periods. Options are awarded and vest over a five year period. 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. The fair value of each option is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the option vesting period, based on the number of options expected to vest, with the offset credited to contributed surplus.

Cash settled plans
The Company's Performance Share Units, Restricted Share Units and Directors Deferred Share Unit Plan are cash settled share-based payments. The fair value of each outstanding Performance Share Unit and Restricted Share Unit is estimated based on the fair market value of the Company's units/shares at the grant date, subsequently adjusted for additional shares granted based on the reinvestment of notional dividends and the market value of the shares at the end of each reporting period. The associated compensation expense is recognized over the vesting period, factoring in the probability of the performance criteria being met during that period. The fair value of each outstanding Director Deferred Share Unit is estimated based on the fair market value of the BGSI's shares at the grant date, subsequently adjusted for additional shares

granted based on the reinvestment of notional dividends and the market value of the shares at the end of each reporting period.

n) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net earnings for the period attributable to equity owners of the Company by the weighted average number of shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of shares outstanding and corresponding earnings impact for dilutive instruments. The Company's potentially dilutive instruments consist of stock options. The dilutive impact of the stock options are calculated using the treasury stock method.

o) Foreign currency translation

Items included in the financial statements of each subsidiary are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company operates with multiple functional currencies. The consolidated financial statements are presented in U.S. dollars as this provides a better reflection of the Company's business activities, given the significance of revenues denominated in U.S. dollars. Entities that have a functional currency different from that of U.S. dollars are translated into U.S. dollars. Assets and liabilities are translated into U.S. dollars at the noon rate of exchange prevailing at the statement of financial position dates and income and expense items are translated at the average exchange rate during the period (as this is considered a reasonable approximation to actual rates). The adjustment arising from the translation of these accounts is recognized in other comprehensive earnings (loss) as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive earnings (loss) related to the foreign operation are recognized in earnings. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive earnings related to the subsidiary are reallocated between controlling and non-controlling interests.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in earnings.

p) Financial instruments

<u>Recognition</u>
Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

<u>Classification</u>
BGSI classifies its financial assets and liabilities in the following categories depending on the Company's business model for managing the financial assets and the contractual terms of the cash flows:

- Those to be measured subsequently at fair value, either through profit or loss ("FVPL") or through OCI, and
- Those to be measured at amortized cost

Cash and accounts receivable are classified as amortized cost. After their initial fair value measurement, they are measured at amortized cost using the effective interest method, as reduced by appropriate allowances for estimated lifetime expected credit losses.

Accounts payable and accrued liabilities, dividends payable, and long-term debt are classified as amortized cost and are net of any related financing fees or issue costs. After their initial fair value measurement, they are measured at amortized cost using the effective interest method.

Derivative contracts are classified as financial assets or financial liabilities at FVPL with mark-to-market adjustments being recorded to net earnings at each period end.

<u>Measurement</u>
At initial recognition, BGSI measures a financial asset at its fair value. In the case of a financial asset not measured at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset are included in the initial fair value. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

For those financial instruments where fair value is recognized in the Consolidated Statement of Financial Position the methods and assumptions used to develop fair value measurements have been classified into one of the three levels of the fair value hierarchy for financial instruments:

- Level 1 includes quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 includes inputs that are observable other than quoted prices included in Level 1
- Level 3 includes inputs that are not based on observable market data

q) Pensions and other post-retirement benefits

The Company contributes to defined contribution pension plans of certain employees. Contributions are recognized within operating expenses at an amount equal to contributions payable for the period. Any outstanding contributions are recognized as liabilities within accrued liabilities.

r) Provisions

Provisions are recognized when BGSI has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is significant. The increase in the provision due to the passage of time is recognized as a finance cost.

s) Segment reporting

The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the joint responsibility of the President and Chief Executive Officer of BGSI and the Chief Financial Officer of BGSI.

The Company's primary line of business is automotive collision and glass repair and related services, with the majority of revenues relating to this group of similar services. This line of business operates in Canada and the U.S. and both regions exhibit similar long-term economic characteristics. In this circumstance, IFRS requires the Company to provide specific geographical disclosure. For the years reported, the Company's revenues were derived within Canada or the U.S. and all property, plant and equipment, right of use assets, goodwill and intangible assets are located within these two geographic areas.

t) Government assistance

Government grants are recognized at their fair value in accordance with *IAS 20, Accounting for Government Grants and Disclosure of Government Assistance*, when there is reasonable assurance that the grant will be received and any specified conditions are met.

Grants received in relation to COVID-19 relief are recorded in the Consolidated Statement of Earnings as a reduction of cost of sales, operating expenses and finance costs when it is determined there is reasonable assurance the grants will be received.

u) Reporting Interest Paid on the Statement of Cash Flows

In accordance with IAS 7 Statement of Cash Flows, the Company has made the accounting policy choice to disclose these amounts as "Financing Activities" in the cash flow statement as this best reflects the nature of these expenses.

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.

As at December 31, 2022, BGSI is not able to reliably forecast the severity or duration that pandemic related issues, including staffing constraints, wage and parts inflation, and supply chain disruption, will have on the economy, or on BGSI'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 pandemic related issues on its judgments, estimates, accounting policies and amounts recognized in these consolidated financial statements.

Critical accounting estimates

BGSI makes estimates, including the assumptions applied therein, concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of Goodwill and Intangible Assets

When testing goodwill and intangibles for impairment, BGSI uses a five year forward looking discounted cash flow of the cash generating unit ("CGU") or group of CGU's to which the asset relate. An estimate of the recoverable amount is then calculated as the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The methods used to value intangible assets and goodwill require critical estimates to be made regarding the future cash flows and useful lives of the intangible assets. Goodwill and intangible asset impairments, when recognized, are recorded as a separate charge to earnings, and could materially impact the operating results of the Company for any particular accounting period. 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.; however, BGSI concluded that there was no impairment of goodwill or intangible assets as a result of the assessment as at December 31, 2022.

Impairment of Other Long-lived Assets

BGSI assesses the recoverability of its long-lived assets, other than goodwill and intangibles, after considering the potential impairment indicated by such factors as business and market trends, the Company's ability to transfer the assets, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates the future cash flows expected to result from the use of the assets and their potential disposition. If the discounted sum of the expected future cash flows is less than the carrying value of the assets generating those cash flows, an impairment loss would be recognized based on the excess of the carrying amounts of the assets over their estimated recoverable value. The underlying estimates for cash flows include estimates for future sales, gross margin rates and operating expenses. Changes which may impact these estimates include, but are not limited to, business risks and uncertainties and economic conditions. To the extent that management's estimates are not realized, future assessments could result in impairment charges that may have a material impact on the Company's consolidated financial statements.

Business Combinations

Fair value of assets acquired and liabilities assumed in a business combination is estimated based on information available at the date of acquisition and involves considerable judgment in determining the fair values assigned to property, plant and equipment and intangible assets acquired and liabilities assumed on acquisition. The determination of these fair values involves analysis including the use of discounted cash flows, estimated future margins, future growth rates, market rents and capitalization rates. There is estimation in this analysis and actual results could differ from estimates.

Fair Value of Financial Instruments

BGSI has applied discounted cash flow methods to establish the fair value of certain financial liabilities recorded on the Consolidated Statement of Financial Position, as well as disclosed in the notes to the consolidated financial statements. BGSI also establishes mark-to-market valuations for derivative instruments, which are assumed to represent the current fair value of these instruments. These valuations rely on assumptions regarding interest and exchange rates as well as other economic indicators, which at the time of establishing the fair value for disclosure, have a high degree of uncertainty. Unrealized gains or losses on these derivative financial instruments may not be realized as markets change.

Income Taxes

BGSI is subject to income tax in several jurisdictions and estimates are used to determine the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. Uncertain tax liabilities may be recognized when, despite the Company’s belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Critical judgments in applying the entity’s accounting policies

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on BGSI's latest forecasts which are adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which BGSI operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, that deferred tax asset is recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. The judgments inherent in these assessments are subject to uncertainty and if changed could materially affect the BGSI’s assessment of its ability to realize the benefit of these tax assets.

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

4. ACQUISITIONS

The Company completed 20 acquisitions that added 23 collision repair locations during the year ended December 31, 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
October 7, 2022	Tulsa, OK
November 4, 2022	Wausau, WI
November 28, 2022	Sulphur, LA
November 28, 2022	Lake Charles, LA
December 30, 2022	Tallahassee, FL
December 30, 2022	Colorado Springs, CO

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

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

The Company 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	$	960
Property, plant and equipment		11,055
Right of use assets		18,179
Identified intangible assets		
Customer relationships		13,903
Non-compete agreements		466
Lease liabilities		(18,179)
Identifiable net assets acquired	$	26,384
Goodwill		6,190
Total purchase consideration	$	32,574
Consideration provided		
Cash paid or payable	$	28,699
Seller notes		3,875
Total consideration provided	$	32,574

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

The Company completed 39 acquisitions that added 101 locations during the year ended December 31, 2021 as follows:

Acquisition Date	Location
January 15, 2021	Wyandotte, MI
February 12, 2021	Columbia, SC
February 19, 2021	Mentor & Streetsboro, OH (2 locations)
February 23, 2021	Amarillo, TX
March 26, 2021	Simi Valley, CA
March 26, 2021	Tallahassee, FL (3 locations)
March 31, 2021	Milwaukee, WI
April 9, 2021	Vero Beach, FL
April 23, 2021	Escondido, CA
April 27, 2021	Denton and Flour Mound, TX (2 locations)
April 30, 2021	Green Bay, WI
April 30, 2021	Sanford and Southern Pines, NC (2 locations)
May 7, 2021	Kaneohe, Wahiawa & Waipahu, HI (3 locations)
May 14, 2021	Baltimore & Reisterstown, MD (2 locations)
June 11, 2021	Victor, NY
June 15, 2021	Pittsburgh, PA
June 18, 2021	Austin, TX (2 locations)
June 25, 2021	Georgia & South Carolina (16 locations)
July 9, 2021	La Habra, CA
July 16, 2021	Appleton, WI
July 31, 2021	Oklahoma, Kansas & Missouri (35 locations)
August 13, 2021	Eagle River, Minocqua, Rhinelander & Tomahawk, WI (4 locations)
August 13, 2021	San Diego, CA
August 20, 2021	Springfield, MO
August 31, 2021	Austin, TX
September 7, 2021	Ankeny, IA
September 17, 2021	Shreveport, LA
September 17, 2021	Burbank, IL
September 27, 2021	Erie, PA
October 1, 2021	Clarence, NY
October 8, 2021	Brighton, MI
October 15, 2021	Medina & North Ridgeville, OH (2 locations)
October 22, 2021	Sycamore, IL
October 29, 2021	Cornwall, ON
November 12, 2021	London, ON
November 16, 2021	Westfield, WI
November 19, 2021	Verona, WI
December 3, 2021	Hudson, WI
December 10, 2021	Peterborough, ON

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

During the second quarter of 2021, the Company acquired a mobile scanning and calibration business. During the third quarter of 2021, the Company acquired a glass business.

The Company has accounted for the 2021 acquisitions using the acquisition method as follows:

Acquisitions in 2021		Total acquisitions
Identifiable net assets acquired at fair value:		
Cash	$	2,258
Other currents assets		10,063
Property, plant and equipment		44,231
Right of use assets		140,273
Identified intangible assets		
Customer relationships		85,079
Non-compete agreements		3,606
Brand name		1,077
Liabilities assumed		(10,707)
Lease liabilities		(140,273)
Identifiable net assets acquired	$	135,607
Goodwill		137,836
Total purchase consideration	$	273,443
Consideration provided		
Cash paid or payable	$	258,873
Seller notes		14,570
Total consideration provided	$	273,443

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 Consolidated 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.

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

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.

The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition. During 2022, revenue contributed by 2022 acquisitions since being acquired were $27,138. Net losses incurred by 2022 acquisitions since being acquired were $643. If 2022 acquisitions had been acquired on January 1, 2022, BGSI's revenue and net earnings for the year ended December 31, 2022 would have been $2,461,482 and $38,968 (unaudited), respectively.

5. INVENTORY

As at		**December 31, 2022**		December 31, 2021
Parts and materials	**$**	**20,734**	$	20,837
Work in process		**58,050**		45,947
	$	**78,784**	$	66,784

Included in cost of sales for the year ended December 31, 2022 are parts and material costs of $794,017 (2021 – $615,418) and labour costs of $389,609 (2021 – $295,671) with the balance of cost of sales primarily made up of sublet charges.

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

6. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Shop Equipment	Office Equipment	Computer Hardware	Signage	Vehicles	Leasehold Improvements	Total
Depreciation rates		5%	15%	20%	30%	15%	30%	10 to 25 years straight line	
As at January 1, 2022									
Cost	$29,538	$46,782	$224,502	$17,437	$30,364	$15,917	$7,430	$187,034	$559,004
Accumulated depreciation	—	(5,195)	(104,411)	(10,402)	(19,174)	(7,711)	(5,505)	(74,417)	(226,815)
Net book value	$29,538	$41,587	$120,091	$7,035	$11,190	$8,206	$1,925	$112,617	$332,189
For the year ended December 31, 2022									
Acquired through business combinations	1,034	1,416	4,326	—	—	—	253	4,026	11,055
Additions	1,741	6,752	22,720	2,332	5,801	3,775	1,738	32,355	77,214
Proceeds on disposal	(21,016)	(26,282)	(27)	(6)	—	—	(825)	(9,729)	(57,885)
Gain (loss) on disposal	—	(373)	(17)	20	(22)	(2)	528	369	503
Transfers from right of use assets	—	(460)	—	—	—	38	279	422	279
Depreciation	—	(1,361)	(20,601)	(1,810)	(4,539)	(1,599)	(808)	(17,184)	(47,902)
Foreign exchange	(33)	(68)	(459)	(24)	(48)	(44)	(4)	(209)	(889)
Net book value	$11,264	$21,211	$126,033	$7,547	$12,382	$10,374	$3,086	$122,667	$314,564
As at December 31, 2022									
Cost	$11,264	$24,371	$248,390	$19,457	$35,441	$19,483	$9,218	$211,907	$579,531
Accumulated depreciation	—	(3,160)	(122,357)	(11,910)	(23,059)	(9,109)	(6,132)	(89,240)	(264,967)
Net book value	**$11,264**	**$21,211**	**$126,033**	**$7,547**	**$12,382**	**$10,374**	**$3,086**	**$122,667**	**$314,564**

During the year ended December 31, 2022, BGSI completed sale leaseback transactions for 36 properties for total proceeds of $55,140. 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, 26 relate to properties that are current operating locations for the Company and 10 relate to start-up locations currently under development.

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

	Land	Buildings	Shop Equipment	Office Equipment	Computer Hardware	Signage	Vehicles	Leasehold Improvements	Total
Depreciation rates		5%	15%	20%	30%	15%	30%	10 to 25 years straight line	
As at January 1, 2021									
Cost	$10,149	$27,212	$183,037	$15,403	$26,314	$13,955	$6,746	$143,144	$425,960
Accumulated depreciation	—	(3,472)	(87,031)	(8,998)	(15,670)	(6,644)	(5,435)	(60,765)	(188,015)
Net book value	$10,149	$23,740	$96,006	$6,405	$10,644	$7,311	$1,311	$82,379	$237,945
For the year ended December 31, 2021									
Acquired through business combinations	2,953	6,098	19,383	—	—	—	873	14,924	44,231
Additions	16,434	13,454	23,357	2,190	4,226	2,220	498	30,618	92,997
Proceeds on disposal	(6)	(9)	(8)	—	—	—	(991)	(131)	(1,145)
Gain (loss) on disposal	6	9	(55)	(9)	(3)	(30)	409	—	327
Transfers from right of use assets	—	10	214	(37)	(9)	1	324	(175)	328
Depreciation	—	(1,723)	(18,857)	(1,517)	(3,668)	(1,300)	(502)	(15,035)	(42,602)
Foreign exchange	2	8	51	3	—	4	3	37	108
Net book value	$29,538	$41,587	$120,091	$7,035	$11,190	$8,206	$1,925	$112,617	$332,189
As at December 31, 2021									
Cost	$29,538	$46,782	$224,502	$17,437	$30,364	$15,917	$7,430	$187,034	$559,004
Accumulated depreciation	—	(5,195)	(104,411)	(10,402)	(19,174)	(7,711)	(5,505)	(74,417)	(226,815)
Net book value	$29,538	$41,587	$120,091	$7,035	$11,190	$8,206	$1,925	$112,617	$332,189

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

7. RIGHT OF USE ASSETS

As at	Property	Vehicles	Equipment	December 31, 2022
Balance, beginning of period	$ 494,700	$ 7,299	$ 37	$ 502,036
Acquired through business combinations	18,179	—	—	18,179
Additions and modifications	148,047	5,102	—	153,149
Depreciation	(98,179)	(2,960)	(11)	(101,150)
Transfers to property, plant and equipment	—	(279)	—	(279)
Foreign exchange	(3,493)	(3)	(2)	(3,498)
Net book value	**$ 559,254**	**$ 9,159**	**$ 24**	**$ 568,437**

During the year ended December 31, 2022, BGSI completed sale leaseback transactions for 36 properties for total proceeds of $55,140. 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, 26 relate to properties that are current operating locations for the Company and 10 relate to start-up locations currently under development.

	Property	Vehicles	Equipment	December 31, 2021
Balance, beginning of period	$ 376,105	$ 5,813	$ 48	$ 381,966
Acquired through business combinations	140,273	—	—	140,273
Additions and modifications	64,467	3,994	—	68,461
Depreciation	(86,327)	(2,185)	(11)	(88,523)
Loss on disposal	—	—	—	—
Transfers to property, plant and equipment	—	(328)	—	(328)
Foreign exchange	182	5	—	187
Net book value	**$ 494,700**	**$ 7,299**	**$ 37**	**$ 502,036**

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

8. INCOME TAXES

BGSI accounts for deferred income tax assets and liabilities in respect of accounting and tax basis differences. Deferred income tax assets and liabilities which relate to the same jurisdiction are netted on the Consolidated Statement of Financial Position.

a. The reconciliation between income tax expense and the accounting earnings multiplied by the combined basic Canadian and U.S. federal, provincial and state tax rates is as follows:

	For the years ended December 31,	
	2022	2021
Earnings before income taxes	**$ 58,727**	$ 32,214
Combined basic Canadian and U.S. federal, provincial and state tax rates	**26.19 %**	26.36 %
Income tax expense at combined statutory tax rates	**$ 15,381**	$ 8,492
Adjustments for the tax effect of:		
Additional state tax liability	**2,039**	—
Other non-deductible expenses	**285**	130
Other	**60**	52
Income tax expense	**$ 17,765**	$ 8,674

b. Deferred income taxes consist of the Canadian and U.S. tax jurisdictions, respectively, as follows:

As at	**December 31, 2022**	December 31, 2021
Intangible assets	**$ (4,589)**	$ (4,272)
Non-capital losses carried forward	**4,635**	2,430
Accrued liabilities	**198**	195
Property, plant and equipment	**(32)**	(314)
Issue costs	**900**	1,446
Right of use assets net of lease liabilities	**1,630**	1,522
Other	**1,073**	730
Deferred income tax asset	**$ 3,815**	$ 1,737

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

As at		**December 31, 2022**		December 31, 2021
Intangible assets	**$**	**44,280**	$	36,288
Net operating losses carried forward		**—**		(8,158)
Accrued liabilities		**(10,989)**		(5,001)
Property, plant and equipment		**45,808**		40,038
Acquisition costs		**(3,713)**		(3,964)
Right of use assets net of lease liabilities		**(11,224)**		(9,255)
Other		**(1,277)**		(1,346)
Deferred income tax liability	**$**	**62,885**	$	48,602

c. The movement in deferred income tax assets and liabilities in Canada and U.S. tax jurisdictions, respectively, during the year is as follows:

Deferred income tax asset as at		**December 31, 2022**		December 31, 2021
Balance, beginning of year	**$**	**1,737**	$	649
Issue costs		**—**		—
Deferred income tax recovery		**2,230**		1,072
Foreign exchange		**(152)**	$	16
Balance, end of year	**$**	**3,815**	$	1,737

Deferred income tax liability as at		**December 31, 2022**		December 31, 2021
Balance, beginning of year	**$**	**48,602**	$	41,355
Deferred income tax expense		**14,283**		7,247
Foreign exchange		**—**		—
Balance, end of year	**$**	**62,885**	$	48,602

d. Deferred income tax assets are recognized to the extent it is probable that sufficient future taxable income will be available to allow a deferred income tax asset to be realized. At December 31, 2022 BGSI has recognized all of its deferred income tax assets with the exception of $5,545 (2021 - $5,898) in capital losses available in Canada. At December 31, 2022 the Company has non-capital losses in Canada of $17,770 (2021 - $9,238) and net operating losses in the U.S. of $nil (2021 - $31,376).

The losses in Canada expire as follows:

Year of expiry		
2039	$	1,443
2040	$	—
2041	$	1,864
2042	$	14,463

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

9. INTANGIBLE ASSETS

	Customer Relationships	Brand Name	Software	Non-compete Agreements	Favourable Lease Agreements	Total
As at January 1, 2021						
Cost	$317,293	$22,556	$8,041	$19,720	$6,301	$373,911
Accumulated amortization	(71,738)	(4,962)	(5,123)	(13,610)	(2,097)	(97,530)
Net book value	$245,555	$17,594	$2,918	$6,110	$4,204	$276,381
For the year ended December 31, 2021						
Acquired through business combinations	85,079	1,077	—	3,606	—	89,762
Additions	—	—	4,917	—	—	4,917
Amortization	(17,793)	(208)	(1,138)	(3,010)	(420)	(22,569)
Foreign exchange	218	48	(55)	22	3	236
Net book value	$313,059	$18,511	$6,642	$6,728	$3,787	$348,727
As at December 31, 2021						
Cost	$402,598	$23,681	$12,464	$23,353	$6,301	$468,397
Accumulated amortization	(89,539)	(5,170)	(5,822)	(16,625)	(2,514)	(119,670)
Net book value	$313,059	$18,511	$6,642	$6,728	$3,787	$348,727
For the year ended December 31, 2022						
Acquired through business combinations	13,903	—	—	466	—	14,369
Additions	—	—	252	7	—	259
Amortization	(20,563)	(292)	(2,684)	(2,608)	(420)	(26,567)
Foreign exchange	(2,855)	(706)	(268)	(17)	(3)	(3,849)
Net book value	$303,544	$17,513	$3,942	$4,576	$3,364	$332,939
As at December 31, 2022						
Cost	$412,705	$22,974	$11,640	$23,203	$6,305	$476,827
Accumulated amortization	(109,161)	(5,461)	(7,698)	(18,627)	(2,941)	(143,888)
Net book value	$303,544	$17,513	$3,942	$4,576	$3,364	$332,939

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

10. GOODWILL

As at	**December 31, 2022**	December 31, 2021
Balance, beginning of year	**$ 601,991**	$ 463,734
Acquired through business combination	**6,190**	137,836
Foreign exchange	**(6,475)**	421
Balance, end of period	**$ 601,706**	$ 601,991

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., which continued to have an impact on operations and resulted in lower financial performance than initial budgeted expectations in Canada during 2022. As such, the ongoing impact of COVID-19 continued to be a trigger to assess the carrying amount of goodwill as at December 31, 2022.

When testing goodwill for impairment, BGSI uses a five year forward looking discounted cash flow of the cash generating unit ("CGU") or group of CGU's to which the asset relate. BGSI has used the fair value less costs to sell method to evaluate the carrying amount of goodwill. The key assumptions used in the assessment include an estimate of current and future cash flows, taxes, future acquisition growth, future capital expenditures, a terminal growth rate of 3% and a weighted average cost of capital of 9% to 11%. 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. There remains judgement and estimation in the timing and degree to which demand for services in Canada recovers to pre-COVID levels. BGSI concluded that there was no impairment to the carrying amount of goodwill as at December 31, 2022. The carrying amount of goodwill for the Canadian segment was $94,674 as at December 31, 2022.

Sensitivity testing is conducted as part of the annual impairment tests. After considering all key assumptions, management considers that a reasonably possible change in only the following assumptions would cause the Canadian segment's carrying amount to exceed its recoverable amount:

- If the discount rate increased by approximately 1.3%
- If Adjusted EBITDA margins are lower by approximately 1.3% throughout the forecast period, representing a 12% decline in Adjusted EBITDA.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") is not a calculation defined in IFRS. EBITDA comprises sales less operating expenses before finance costs, amortization and depreciation, and income taxes. Adjusted EBITDA is calculated to exclude 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.

11. OTHER LONG TERM ASSETS

Other long term assets consist primarily of rent deposits in the amount of $3,463 (2021 - $3,783), which are long term in nature.

Investments which do not qualify for equity treatment are recorded as other long term assets at cost. Any derivatives associated with such investments are recorded at fair value, with fair value adjustments recorded to earnings. The value of such derivatives was $nil as at December 31, 2022 (2021 - $nil).

12. DIVIDENDS

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

The Company declared dividends of C$0.144 per share in the first, second and third quarters of 2022 and C$0.147 in the fourth quarter of 2022. The Company declared dividends of C$0.141 per share in the first, second and third quarter of 2021 and C$0.144 in the fourth quarter of 2021.

Dividends to shareholders were declared and paid in thousands of U.S. dollars 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
December 31, 2022	January 27, 2023	2,324
		$ 9,499

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	2,389
December 31, 2021	January 27, 2022	2,417
		$ 9,692

13. LONG-TERM DEBT

The Company has a credit facility agreement expiring in March 2025 which consists of a revolving credit facility of $550,000 with an accordion feature which can increase the facility to a maximum of $825,000 (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 $125,000 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. 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 Comapany's election. The total syndicated facility includes a swing line up to a maximum of $10,000 U.S. in Canada and $30,000 in the U.S. At December 31, 2022, the Company has drawn $186,500 U.S. (December 31, 2021 - $264,500 U.S.) and $9,000 Canadian (December 31, 2021 - $nil) on the revolving credit facility and swing line and $125,000 U.S. (December 31, 2021 - $125,000) on the Term Loan A.

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. For purposes of covenant calculations, property lease payments are deducted from EBITDA, and EBITDA is further adjusted to reflect pro-forma annualized acquisition results.

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 4.00 from March 21, 2022 to March 30, 2022, 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.

Financing costs of $1,395 incurred during 2020 to complete the third amended and restated credit agreement and financing costs of $514 incurred during 2022 to provide for a covenant flex period have been deferred. These fees are amortized to finance costs on a straight line basis over the five year term of the third amended and restated credit agreement and over the seven year term for fees incurred related to Term Loan A. The unamortized deferred financing costs of $1,043 have been netted against the debt drawn as at December 31, 2022.

As at December 31, 2022, the Company was in compliance with all financial covenants.

Seller notes payable of $43,069 (of which $43,008 are U.S. denominated) on the financing of certain acquisitions are unsecured, at interest rates ranging from 3% to 8%. The notes are repayable from January 2023 to January 2028 in the same currency as the related note.

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

Long-term debt is comprised of the following:

As at	December 31, 2022	December 31, 2021
Revolving credit facility & swing line (net of financing costs)	**$ 192,343**	$ 263,802
Term Loan A (net of financing costs)	**124,759**	124,680
Seller notes	**43,069**	53,591
	$ 360,171	$ 442,073
Current portion	**15,365**	13,887
	$ 344,806	$ 428,186

The following is the continuity of long-term debt:

As at	December 31, 2022	December 31, 2021
Balance, beginning of period	**$ 442,073**	$ 180,228
Consideration on acquisition	**3,875**	14,570
Draws	**126,093**	330,500
Repayments	**(211,863)**	(83,504)
Deferred financing costs	**(514)**	—
Amortization of deferred finance costs	**406**	286
Foreign exchange	**101**	(7)
Balance, end of period	**$ 360,171**	$ 442,073

The following table summarizes the repayment schedule of the long-term debt:

Principal Payments	December 31, 2022
Less than 1 year	**$ 15,365**
1 to 5 years	**344,806**
Greater than 5 years	**—**
	$ 360,171

Included in finance costs for the year ended December 31, 2022 is interest on long-term debt of $15,495 (2021 - $9,874).

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

14. LEASE LIABILITIES

The following is the continuity of lease liabilities:

		December 31, 2022		December 31, 2021
Balance, beginning of period	**$**	**543,347**	$	419,311
Assumed on acquisition		**18,179**		140,273
Additions and modifications		**155,560**		68,461
Repayments		**(117,045)**		(102,996)
Financing costs		**21,795**		18,099
Foreign exchange		**(3,910)**		199
Balance, end of period	**$**	**617,926**	$	543,347
Current portion		**98,870**		92,924
	$	**519,056**	**$**	**450,423**

Lease expenses are presented in the Consolidated Statement of Earnings as follows:

		Year ended December 31,		
		2022		2021
Operating expenses	**$**	**6,037**	$	4,928
Depreciation of right of use assets	**$**	**101,150**	$	88,523
Finance costs	**$**	**21,795**	$	18,099

The following table summarizes the undiscounted repayment schedule of the lease liabilities:

Less than 1 year	$	125,869
1 to 5 years		383,941
Greater than 5 years		270,544
	$	780,354

Included in operating expenses are short-term and low-value asset lease expenses of $5,908 for the year ended December 31, 2022 (2021 - $4,851).

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

15. UNEARNED REBATES

In connection with a 2019 acquisition, the Company recognized prepaid rebates received from a trading partner of $7,500. These rebates have been deferred as unearned rebates. Under the terms of this agreement, the Company will amortize the unearned rebate on a straight line basis over a term of 12 years, as a reduction of cost of sales.

The Company is obliged to purchase the suppliers' products on an exclusive basis over this term. In exchange for this exclusive arrangement, and subject to certain conditions, the trading partners are required to continue to price their products competitively to the Company. Termination of the arrangement by the Company, the occurrence of an event of default or a change in control, as defined by the agreement, require the Company to repay all unamortized balances and all other amounts as outlined within the agreement.

At December 31, 2022, the Company has unearned rebates of $5,194 (December 31, 2021 – $5,809).

16. FAIR VALUE ADJUSTMENTS

	Year ended December 31,	
	2022	2021
Contingent consideration	**146**	148
Total fair value adjustments	**$ 146**	$ 148

17. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

			December 31, 2022		December 31, 2021	
	Classification	Fair value hierarchy	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Cash	Amortized cost	n/a	**15,068**	15,068	27,714	27,714
Accounts receivable	Amortized cost	n/a	**139,266**	139,266	103,024	103,024
Financial liabilities						
Accounts payable and accrued liabilities	Amortized cost	n/a	**307,729**	307,729	258,423	258,423
Dividends payable	Amortized cost	n/a	**2,330**	2,330	2,439	2,439
Long-term debt	Amortized cost	n/a	**360,171**	355,815	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 December 31, 2022 was approximately $154,334 (December 31, 2021 - $130,738).

Interest rate risk

The Company's operating line and syndicated loan facility are exposed to interest rate fluctuations and the Company does not hold any financial instruments to mitigate this risk. Seller notes and Term Loan A are at fixed interest rates.

Foreign currency risk

The Company's operations in Canada are more closely tied to its domestic currency. Accordingly, the Canadian operations are measured in Canadian dollars and the Company's foreign exchange translation exposure relates to these operations. When the Canadian operation's net asset values are converted to U.S. dollars, currency fluctuations result in period to period changes in those net asset values. BGSI's equity position reflects these changes in net asset values as recorded in accumulated other comprehensive earnings. The income and expenses of the Canadian operations are translated into U.S. dollars at the average rate for the period in order to include their financial results in the consolidated financial statements. Period to period changes in the average exchange rates cause translation effects that have an impact on net earnings. Unlike the effect of exchange rate fluctuations on transaction exposure, the exchange rate translation risk does not affect local currency cash flows.

Transactional foreign currency risk also exists in circumstances where U.S. denominated cash is received in Canada. The Company monitors U.S. denominated cash flows to be received in Canada and evaluates whether to use forward foreign exchange contracts. No forward foreign exchange contracts were used during 2022 or 2021.

BGSI earns interest on promissory notes issued to The Boyd Group (U.S.) Inc., the parent of the Company's U.S. operations. As at December 31, 2022 and December 31, 2021, promissory notes denominated in Canadian dollars are as follows:

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

Promissory notes As at	**December 31, 2022**	December 31, 2021
Promissory note at 5.0% due September 29, 2027	**$ 108,000**	$ 108,000
Promissory note at 5.75% due January 1, 2030	**41,800**	41,800
Promissory note at 8.58% due January 1, 2024	**6,800**	6,800
Promissory note at 8.58% due January 1, 2024	**25,000**	25,000
Promissory note at 8.58% due January 1, 2024	**30,000**	30,000
Promissory note at 4.3% due December 30, 2030	**70,000**	70,000
	$ 281,600	$ 281,600

BGSI's U.S. operations purchase Canadian dollars at market rates to fund the monthly interest payments.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. Cash is in the form of deposits on demand with major financial institutions that have strong long-term credit ratings. BGSI is subject to risk of non-payment of accounts receivable; however, the Company's receivables are largely collected from the insurers of its customers. Accordingly, the Company's accounts receivable comprises mostly amounts due from national and international insurance companies or provincial crown corporations.

Aging of accounts receivable As at	**December 31, 2022**	December 31, 2021
Neither impaired nor past due	**$ 132,017**	$ 97,804
Past due:		
Over 90 days	**10,928**	8,174
	$ 142,945	$ 105,978
Allowance for doubtful accounts	**(3,679)**	(2,954)
Accounts receivable	**$ 139,266**	$ 103,024

BGSI uses an allowance account to record an estimate of potential impairment for accounts receivables.

Allowance for doubtful accounts As at	**December 31, 2022**	December 31, 2021
Balance, beginning of period	**$ 2,954**	$ 1,925
Increase in the allowance (net of recoveries and amounts written off)	**725**	1,029
Balance, end of period	**$ 3,679**	$ 2,954

Liquidity risk

The following table details the Company's remaining undiscounted contractual maturities for its financial liabilities.

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

	Total	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years
Accounts payable and accrued liabilities	$307,729	$307,729	$—	$—	$—	$—	$—
Long-term debt	360,171	15,365	18,260	198,752	2,524	125,270	—
Lease liabilities	780,354	125,869	119,094	105,190	87,401	72,256	270,544
	$1,448,254	$448,963	$137,354	$303,942	$89,925	$197,526	$270,544

Obligations of the Company are generally satisfied through future operating cash flows and the collection of accounts receivable.

Market Risk and Sensitivity Analysis

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Components of market risk to which the Company is exposed are interest rate risk and foreign exchange rate risk as discussed above.

BGSI has used a sensitivity analysis technique that measures the estimated change to net earnings and equity of a 1% (100 basis points) difference in market interest rates. The sensitivity analysis assumes that changes in market interest rates only affect interest income or expense of variable financial instruments not covered by hedging instruments. For the year ended December 31, 2022 it is estimated that the impact of a 1% increase to market rates would result in a $2,201 decrease (2021 – $2,215 decrease) to net earnings as well as comprehensive earnings.

The currency risk sensitivity analysis is based on a 5% strengthening or weakening of the Canadian Dollar against the U.S. Dollar and assumes that all other variables remain constant. Under this assumption, net earnings for the year ended December 31, 2022 as well as comprehensive earnings would have changed by $nil due to no foreign exchange contracts being in place at the end of 2022 and 2021.

18. CONTINGENCIES

BGSI has two letters of credit for $225 (2021 –$225).

19. ACCUMULATED OTHER COMPREHENSIVE EARNINGS

	December 31, 2022	December 31, 2021
Balance, beginning of period	**$ 65,987**	$ 65,157
Unrealized earnings on foreign currency translation	**(11,657)**	830
Balance, end of period	**$ 54,330**	$ 65,987

There is no tax impact of translating the financial statements of the Canadian operations.

20. CAPITAL

Shareholders' Capital

Authorized:
Unlimited number of common shares

An unlimited number of common shares are authorized and may be issued pursuant to the Articles of Incorporation of BGSI. All common shares have equal rights and privileges. Each common share is redeemable and transferable. A common share entitles the holder thereof to participate equally in dividends, including the dividends of net earnings and net realized capital gains of BGSI and dividends on termination or winding-up of BGSI, is fully paid and non-assessable and entitles the holder thereof to one vote at all meetings of shareholders for each share held.

21. CONTRIBUTED SURPLUS

During the year, stock option accretion (net of issue costs) of $357 (2021 - $76) was credited to contributed surplus.

22. CAPITAL STRUCTURE

The Company's objective when managing capital is to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk. The Company includes in its definition of capital: equity, long-term debt, convertible debentures, convertible debenture conversion features, non-controlling interest put options and call liability, share based payment obligations, non-property obligations under lease liabilities, and unearned rebates, net of cash.

The Company manages the capital structure and makes adjustments to it by taking into account changing economic conditions, operating performance and growth opportunities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends it pays, purchase shares for cancellation pursuant to a normal course issuer bid, issue new shares, issue new debt or replace existing debt with different characteristics, issue convertible debentures, issue share options, expand the revolver, increase or decrease its non-property lease liabilities, pursue alternative structuring of acquisitions, trigger call options on certain acquisition obligations, negotiate unearned rebates, or settle certain acquisition obligations using a greater amount of cash, or shares.

The Company monitors capital on a number of bases, including an interest coverage ratio, total debt to Adjusted EBITDA ratios, return on invested capital, a debt to capital ratio, a current ratio, diluted earnings per share and dividends per share. Total debt to Adjusted EBITDA is calculated as the Company's total debt and non-property lease liabilities but excluding convertible debentures divided by Adjusted EBITDA. Return on invested capital is the ratio of Adjusted EBITDA to average invested capital. Adjusted EBITDA is a non-GAAP financial measure, whose nearest GAAP measure is Cash Flow from Operations.

The Company's strategy has been to maintain a strong statement of financial position including its cash position and financial flexibility while maintaining consistent dividends in order to capitalize on growth opportunities. In addition, the Company believes that, from time to time, the market price of the shares may not fully reflect the underlying value of the shares and that at such times the purchase of shares would be in the best interest of BGSI. Such purchases increase the proportionate ownership interest of all remaining shareholders.

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

The Company grows, in part, through the acquisition or start-up of collision and glass repair and replacement businesses, or other businesses. Sources of capital that the Company has been successful at accessing in the past include public and private equity placements, convertible debt offerings, the use of equity securities to directly pay for a portion of acquisitions, capital available through strategic alliances with trading partners, non-property lease financing, seller financing and both senior and subordinate debt facilities or deferring possible future purchase price payments using contingent consideration and call or put options.

23. RELATED PARTY TRANSACTIONS

In certain circumstances the Company has entered into property lease arrangements where an employee of the Company is the landlord. In most cases, the Company assumes these property lease arrangements initially in connection with an acquisition. The property leases for these locations do not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship, and the Company has determined that the terms and conditions of the leases are representative of fair market rent values.

The following are the lease payment amounts for facilities under lease with related parties:

Landlord	Affiliated Person(s)	Location	Lease Expires	**December 31, 2022**	December 31, 2021
Gerber Building No. 1 Ptnrp	Tim O'Day	South Elgin, IL	2023	**102**	100

24. 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 sales 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.

	Year ended December 31,	
Sales	**2022**	2021
Canada	**$ 194,415**	$ 148,467
United States	**2,237,903**	1,724,203
	$ 2,432,318	$ 1,872,670

Reportable Assets	**December 31, 2022**	December 31, 2021
As at		
Canada	**$ 213,392**	$ 233,024
United States	**1,604,254**	1,551,919
	$ 1,817,646	$ 1,784,943

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

BGSI's revenues are largely derived from the insurers of its customers, who are generally automobile owners. Formal relationships with insurance companies such as Direct Repair Programs ("DRPs") play an important role in generating sales volumes for the Company. Although automobile owners still have the freedom of choice of repair provider, insurance companies may educate the owner on the benefits of choosing a repairer in their DRP network. Of the top five insurance companies that BGSI deals with, which in aggregate account for approximately 54% (2021 – 49%) of total sales, one insurance company represents approximately 18% (2021 – 14%) of the Company's total sales, while a second insurance company represents approximately 11% (2021 – 10%).

25. COMPENSATION OF KEY MANAGEMENT

	For the years ended December 31,			
		2022		2021
Salaries and short-term employee benefits	**$**	**5,264**	$	4,136
Post-employment benefits		**—**		86
Long-term incentive plan		**2,263**		2,217
Share options		**399**		352
	$	**7,926**	$	6,791

Key management includes BGSI's Directors as well as the most senior officers of the Company and Subsidiary Companies.

26. SHARE-BASED COMPENSATION

Certain members of the management team of the Company, as well as the Board of Directors of the Company participate in share-based compensation plans. These plans are cash-settled, with compensation expense determined based on the fair value of the associated liability at the end of the reporting period until the awards are settled.

Long-term incentive plan

On January 1, 2020, January 1, 2021, and January 1, 2022, Performance Share Unit awards were granted to certain executive officers for the 2020, 2021 and 2022 grant years. Performance Share Units are tied to share value from date of grant to the date of vesting and will be paid out in cash over a three-year period, subject to the terms of the plan. Performance Share Units represent the right to receive payments linked to BGSI's share value, conditional upon the achievement of one or more objective performance goals. The dividend rate declared by BGSI on issued and outstanding shares of the Company is also applied to the Performance Share Units. The dividend amount on the Performance Share Units is converted into additional Performance Share Units based on the market value of the Company's shares at the time of the dividend. These additional Performance Share Units vest at the same time as the Performance Share Units that the dividend rate was applied on.

The 2020, 2021, and 2022 awards granted include non-market performance conditions. The impact of market and non-market performance conditions is recognized through the adjustment of the award that is expected to vest. At the end of each reporting period, BGSI re-assesses its estimates of the number of Performance Share Units that are expected to vest and recognizes the impact of the revision to compensation expense in earnings over the vesting period.

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

The fair value of each outstanding Performance Share Unit is estimated based on the fair market value of the Company's shares at the grant date, subsequently adjusted for additional shares granted based on the reinvestment of notional dividends and the market value of the shares at the end of each reporting period. The associated compensation expense is recognized over the vesting period, factoring in the probability of the performance criteria being met during that period.

On January 1, 2021, and January 1, 2022, Restricted Share Units were granted to certain executive officers for the 2021 and 2022 grant years. Restricted Share Units are valued by reference to share value from date of grant to the date of vesting and will be paid out in cash over a three-year period, subject to the terms of the plan. The dividend rate declared by BGSI on issued and outstanding shares of the Company is also applied to the Restricted Share Units. The dividend amount on the Restricted Share Units is converted into additional Restricted Share Units based on the market value of the Company's shares at the time of the dividend. These additional Restricted Share Units vest at the same time as the Restricted Share Units that the dividend rate was applied on.

Directors Deferred Share Unit Plan

A Directors Deferred Share Unit Plan ("DSUP") is administered through BGSI and requires independent Directors to receive at least 60% of their Director compensation in the form of deferred shares, which are essentially notional shares of BGSI and are redeemable for cash on termination. Directors may elect to receive up to 100% of their Director compensation in the form of deferred shares. The number of deferred shares to which a Director is entitled will be adjusted for the payment of dividends.

The fair value of each outstanding Director Deferred Share Unit is estimated based on the fair market value of BGSI's shares at the grant date, subsequently adjusted for additional shares granted based on the reinvestment of notional dividends and the market value of the shares at the end of each reporting period.

27. EMPLOYEE EXPENSES

	For the years ended December 31,	
	2022	2021
Salaries and short-term employee benefits	**$ 949,879**	$ 723,003
Post-employment benefits	**—**	86
Long-term incentive plan	**2,600**	2,721
Share options	**399**	352
	$ 952,878	$ 726,162

During the year ended December 31, 2021, the Company was eligible for the Canada Emergency Wage Subsidy ("CEWS"). The total estimated CEWS for the year ended December 31, 2021 of $9,822 was recorded, with $4,018 recorded as a reduction to cost of sales and $5,804 recorded as a reduction to operating expenses. At December 31, 2021, the Company had $3,347 accrued for amounts to be received under the CEWS program in Accounts Receivable.

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

28. DEFINED CONTRIBUTION PENSION PLANS

The Company has defined contribution pension plans for certain employees. The Company matches U.S. employee contributions at rates up to 6.0% of the employees' salary. The expense and payments for the year were $5,017 (2021 - $4,329).

29. EARNINGS PER SHARE

	Year ended December 31,	
	2022	2021
Net earnings	**$ 40,962**	$ 23,540
Basic weighted average number of shares	**21,472,194**	21,472,194
Average number of shares outstanding - diluted basis	**21,472,194**	21,472,194
Basic earnings per share	**$ 1.91**	$ 1.10
Diluted earnings per share	**$ 1.91**	$ 1.10

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

30. 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.

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

31. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	For the years ended December 31, **2022**	2021
Accounts receivable	**$ (37,641)**	$ (10,397)
Inventory	**(11,649)**	(30,821)
Prepaid expenses	**(7,062)**	(8,760)
Accounts payable and accrued liabilities	**52,965**	37,407
Income taxes, net	**1,865**	(1,504)
	$ (1,522)	$ (14,075)

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at			Non-cash changes				
	December 31, 2021	Cash Flows	Acquisition	Other items	Fair value changes	Foreign exchange	**December 31, 2022**
Long-term debt	$ 442,073	(101,779)	3,875	15,901	—	101	**$ 360,171**
Lease liabilities	543,347	(117,045)	18,179	177,355	—	(3,910)	**617,926**
Dividends	2,439	(9,545)	—	9,499	—	(63)	**2,330**
	$ 987,859	(228,369)	22,054	202,755	—	(3,872)	**$ 980,427**

As at			Non-cash changes				
	December 31, 2020	Cash Flows	Acquisition	Other items	Fair value changes	Foreign exchange	**December 31, 2021**
Long-term debt	$ 180,228	237,122	14,570	10,160	—	(7)	**$ 442,073**
Lease liabilities	419,311	(102,996)	140,273	86,560	—	199	**543,347**
Dividends	2,364	(9,653)	—	9,692	—	36	**2,439**
Issue costs	—	(105)	—	—	—	—	**—**
	$ 601,903	124,368	154,843	106,412	—	228	**$ 987,859**

BOARD OF DIRECTORS

Boyd Group Services Inc. Board of Directors consists of nine members – two that are officers or retired officers of BGSI and seven that are independent Directors. The Independent Chair of the Board is David Brown. Boyd Group Services Inc. Board of Directors has established three standing committees: The Corporate Governance and Sustainability Committee, The Audit Committee, and the People, Culture and Compensation Committee.

The Corporate Governance and Sustainability Committee is chaired by Sally Savoia and includes Robert Espey and William Onuwa. The Audit Committee is chaired by William Onuwa and includes John Hartmann and Violet Konkle. The People, Culture and Compensation Committee is chaired by Violet Konkle and includes Robert Gross and John Hartman.

David Brown is an Executive Vice-President of Richardson Financial Group Limited and a Managing Director of RBM Capital Limited (a private investment firm). He was previously the CEO of Richardson Capital Limited, a private equity arm of James Richardson & Sons, Limited, the Corporate Secretary of James Richardson & Sons, Limited, and a partner in the independent law and accounting firm of Gray & Brown. Mr. Brown has considerable experience in private equity investment and management, senior management and in advising and working with family businesses in the areas of taxation, mergers, acquisitions, divestitures, corporate reorganizations, financings, management, ownership transitions and estate planning. Mr. Brown also has considerable public company experience. He currently serves as the Independent Chair of the Board of Boyd Group Services Inc. and serves as a director and Chair of the Audit Committee of Pollard Banknote Limited and a director of RF Capital Group Inc. He has served various Manitoba charities including acting as a director of the Misericordia Hospital and Pavilion Gallery Museum, Inc. and as Co-chair of Major Donors for the Children's Hospital Foundation's Capital Campaign. He is a graduate of the University of Manitoba law school (gold medalist), and is a Chartered Professional Accountant.

Brock Bulbuck acted as Executive Chair of BGSI from 2020 to 2021. Prior to this role, Mr. Bulbuck served as Chief Executive Officer from 2010 to 2020. After joining Boyd in 1993, Mr. Bulbuck served in many senior leadership roles and played a leading role in the overall development and growth of the business. Mr. Bulbuck also serves as Independent Board Chair of North West Company. He is also a past Chairperson of the Winnipeg Football Club Board of Directors, a past member of the Canadian Football League Board of Governors and a current Director of Pan Am Clinic Foundation. Mr. Bulbuck has a Bachelor of Commerce (Honors) degree from the University of Manitoba and is a Chartered Professional Accountant.

Robert Espey was appointed President and Chief Executive Officer in 2011 of Parkland Corporation ("Parkland") and has successfully led the transformation of Parkland from a Western Canadian regional independent into a leading international consolidator of convenience retail and fuel marketing businesses with operations in 25 countries. Under Mr. Espey's leadership, and in addition to network of over 3,200 retail locations, Parkland is a leader in manufacturing low carbon fuels and is rapidly building an electric vehicle charging network to serve growing demand in select markets. Mr. Espey has overseen over 60 acquisitions, including of Chevron Canada's convenience retail and downstream fuel business, the Ultramar retail business from CST brands, the expansion of Parkland into the U.S., and in January 2019 the addition of the Sol which expanded Parkland's operations into the Caribbean region. Previously, Mr. Espey served as Chief Operating Officer from 2010 to 2011, and Vice President, Retail Markets from 2008 to 2010. Prior to joining Parkland, Mr. Espey held a variety of senior management roles across a diverse group of industry sectors, both internationally and domestically, including as President and Chief Executive Officer of FisherCast Global Corporation. Mr. Espey holds a Bachelor of Engineering (Mechanical) from Royal Military College and a Masters in Business Administration from the University of Western Ontario. Mr. Espey serves as Chair of the Board of Directors for the Canadian Fuels Association and is a member of the Board of Directors of Parkland Corporation.

Robert Gross is the past Executive Chair of Monro, Inc., the largest chain of company-operated automotive undercar repair and tire service facilities in the United States. He served as CEO of Monro from 1999 until October

2012 and as Executive Chair from October 2012 to August 2017. Prior to his time at Monro, he served as Chair and CEO at Tops Appliance City, Inc. and before that as President and COO at Eye Care Centers of America, Inc., a Sears, Roebuck & Co. company.

John Hartmann is the former COO of Bed Bath & Beyond and President of buybuyBaby. Prior to recently joining Bed Bath & Beyond in 2020, he held the position of President & Chief Executive Officer at True Value Company, a privately owned U.S. hardware wholesaler for seven years. Mr. Hartmann also led New Zealand-based cooperative Mitre 10 as Chief Executive Officer from 2010 to 2013. Mr. Hartmann recently served on the Audit Committee of AmeriGas, prior to UGI's acquisition.

Violet Konkle is the past President and Chief Executive Officer of The Brick Ltd. Prior to joining The Brick in 2010 as President, Business Support, she held a number of positions with Walmart Canada, including Chief Operating Officer and Chief Customer Officer. Ms. Konkle also held a number of senior executive positions with Loblaw Companies Ltd., including Executive Vice President, Atlantic Wholesale Division. Ms. Konkle is a director of The North West Company Inc. and GFL Environmental, as well as three privately held companies including Bailey Metal Products, Elswood Investment Corporation and Abarta. Ms. Konkle previously served on the Advisory Board of Longo's Brothers Fruit Markets Inc., a privately held company. She is a past director of Dare Foods, The Brick Ltd., Trans Global Insurance, the Canadian Chamber of Commerce and the National Board of Habitat for Humanity.

Timothy O'Day is the President and CEO of BGSI. He joined Gerber Collision & Glass in February 1998. With Boyd Group's acquisition of Gerber in 2004, he was appointed COO for Boyd's U.S Operations. In 2008, he was appointed President and COO for U.S. Operations. On January 4, 2017, Mr. O'Day was appointed President and COO of Boyd Group Income Fund, and on January 2, 2020, he was appointed President and CEO of BGSI. In addition, Mr. O'Day serves on the Board of Directors of Ritchie Bros. Auctioneers Incorporated. Earlier in his career, he was with Midas International, where he was elevated to Vice President–Western Division, responsible for a territory that encompassed 500 Midas locations. Mr. O'Day also served on the I-CAR Board as Immediate Past Chair until August 2022 and served on the Board of the Collision Repair Education Foundation until March 2016.

William Onuwa is currently EVP and Chief Audit Executive at Royal Bank of Canada ("RBC"). Prior to this role, he was the SVP & Chief Risk Officer for Wealth Management, RBC Georgia and the Insurance Group. He held a number of executive positions for GE Capital Corporation in both the U.S. and the U.K. before joining RBC in 2007. He holds a Doctorate degree from the University of Surrey, U.K. Mr. Onuwa was recently the Chair of two not-for-profit boards, Yonge Street Mission and Holland Bloorview Kids Rehabilitation Hospital, and had also served on the subsidiary boards of various RBC insurance companies as a director from 2007 to 2016.

Sally Savoia is a former Vice President and Chief Human Resource Officer for Praxair Inc. Subsequent to her retirement in 2014, and until 2020, Ms. Savoia served as an independent corporate consultant. Ms. Savoia's human resources experience includes diversity and inclusion efforts, executive compensation design and implementation, executive level succession planning, global talent management, leadership development, and global benefits design.

CORPORATE DIRECTORY

COMPANY OFFICERS & PRIMARY SUBSIDIARY COMPANY OFFICERS

Timothy O'Day
President & Chief Executive Officer

Jeff Murray
Vice President, Finance
Interim Chief Financial Officer
(effective January 1, 2023)

Brian Kaner*
Executive Vice President & Chief Operating Officer, Boyd Group Collision

Srikanth Venkataraman*
Chief Information Officer

Jason Hope*
Vice President, Corporate Development and Strategic Projects

Kim Morin *
Vice President & Chief Human Resources Officer

John Wysseier *
Chief Operating Officer, Glass

Vince Claudio *
Senior Vice President,
U.S. Collision

Eric Olhava*
Senior Vice President,
U.S. Collision

Susie Frausto*
Vice President,
Marketing

Tony Canade*
Chief Operating Officer, Canadian Operations

Mark Miller*
Vice President, Innovation and Quality

Peter Toni
Corporate Counsel & Assistant Secretary

Gary Bunce *
Senior Vice President,
Sales
US Operations

**Officers of subsidiary companies only*

CORPORATE OFFICE

1745 Ellice Avenue, Unit C1
Winnipeg, Manitoba, Canada
R3H 1H9

Telephone: (204) 895-1244
Fax: (204) 895-1283
Website: www.boydgroup.com

For location information, please visit us at ***www.boydgroup.com***

SHAREHOLDER INFORMATION

BOYD GROUP SERVICES INC. SHARES AND EXCHANGE LISTING

Shares of BGSI are listed on the Toronto Stock Exchange under the symbol BYD.TO.

Registrar, Transfer Agents and Distribution Agents	**Legal Counsel**	**Auditors**
Computershare Trust Company 8th Floor, 100 University Avenue Toronto, Ontario M5J 2Y1	Thompson Dorfman Sweatman LLP 1700-242 Hargrave Street Winnipeg, Manitoba R3C 0V1	Deloitte LLP 2200 – 360 Main Street Winnipeg, Manitoba R3C 3Z3
Bank Syndicate Lead Member	**Additional Bank Syndicate Members**	
Toronto-Dominion Bank TD North Tower 77 King Street West, 25th Floor Toronto, Ontario M5K 1A2	Bank of America N.A. The Bank of Nova Scotia National Bank of Canada	

Annual General Meeting
www.virtualshareholdermeeting.com/BOYD2023
Wednesday, May 10, 2023
1:00 p.m. (CT)