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 the collision repair locations by trade name and location. In response to the reduction in demand resulting from the COVID-19 pandemic, certain collision repair locations were temporarily converted to intake locations in order to consolidate collision repair services and to reduce Boyd's operating costs at the temporary intake locations while at the same time maximizing productivity of the staff at the repair locations. All temporary intake locations in the U.S. have been converted back to production facilities. The number of locations and number of intake centers noted in the chart below does not reflect the remaining temporary conversions from production to intake locations in Canada.

848 locations

BOYD AUTOBODY & GLASS	48 locations
British Columbia	17
Alberta	14
Manitoba	13
Saskatchewan	4

Assured	84 locations
Ontario	84

The above numbers include 34 intake locations.

gerber COLLISION & GLASS	716 locations		
Michigan	74	Louisiana	16
Illinois	71	Kansas	13
Florida	69	Maryland	12
New York	40	Oregon	12
Washington	38	Tennessee	12
Indiana	37	Nevada	10
Georgia	35	Pennsylvania	9
North Carolina	32	Alabama	7
Ohio	32	Missouri	7
Wisconsin	30	Kentucky	4
Arizona	27	Utah	4
Oklahoma	27	Hawaii	3
California	26	Arkansas	2
Texas	26	Idaho	1
Colorado	21	Iowa	1
South Carolina	18		

The above numbers include 34 intake locations and two fleet locations co-located with collision repair centers.

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.

Prior to January 1, 2020, BGSI operated as Boyd Group Income Fund ("BGIF" or the "Fund"). Pursuant to a plan of arrangement agreement (the "Arrangement"), under the Canada Business Corporations Act ("CBCA"), on January 1, 2020, Fund unitholders and Boyd Group Holdings Inc. ("BGHI") Class A common shareholders received one BGSI common share in exchange for each Fund unit and BGHI Class A common share held by them.

As the Arrangement was effective on January 1, 2020, information presented in this MD&A as at, and for periods prior to, or ending December 31, 2019, is provided for the Fund and information provided at January 1, 2020 and later is provided for BGSI. Therefore, as the context requires, references may be made to either the Fund or BGSI.

The following review of BGSI's operating and financial results for the year ended December 31, 2021, including material transactions and events of BGSI up to and including March 22, 2022, 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 years ended December 31, 2021, included on pages 50 to 100 of this report, and as filed on SEDAR at www.sedar.com.

SIGNIFICANT EVENTS

Effective January 1, 2021, BGSI changed its presentation currency from Canadian dollars to U.S. dollars, to provide shareholders with a better reflection of the Company's business activities. Unless otherwise noted, amounts have been presented in U.S. dollars.

On March 17, 2021, the BGSI Board of Directors declared a cash dividend for the first quarter of 2021 of C$0.141 per common share. The dividend was paid on April 28, 2021 to common shareholders of record at the close of business on March 31, 2021.

On March 23, 2021, BGSI announced the planned retirement of Allan Davis, Independent Chair of the Board of Directors, subsequent to the Annual General and Special Meeting, to be held on May 12, 2021.

On May 13, 2021, BGSI announced the election of Robert Espey to the Board of Directors, and confirmed the retirement of Allan Davis as well as the appointment of David Brown as Independent Chair of the Board of Directors.

On June 17, 2021, the BGSI Board of Directors declared a cash dividend for the second quarter of 2021 of C$0.141 per common share. The dividend was paid on July 28, 2021 to common shareholders of record at the close of business on June 30, 2021.

On September 17, 2021, the BGSI Board of Directors declared a cash dividend for the third quarter of 2021 of C$0.141 per common share. The dividend was paid on October 27, 2021 to common shareholders of record at the close of business on September 30, 2021.

On December 17, 2021, the BGSI Board of Directors declared a cash dividend for the fourth quarter of 2021 of C$0.144 per common share. The dividend was paid on January 27, 2022 to common shareholders of record at the close of business on December 31, 2021.

On January 4, 2021, 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 is payable 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.

During 2021, the Company added 101 locations through acquisition, 10 start-up locations and 16 locations operating as intake centers, for a total of 127 new locations. From January 1, 2021 up to the reporting date of March 22, 2022, the Company has added 106 locations through acquisition, 13 start-up locations and 16 locations operating as intake centers, for a total of 135 new locations. These new locations are as follows:

Date	Location	Previously operated as
January 2, 2021	Cathedral City, CA	n/a start-up
January 2, 2021	Schaumburg, IL	n/a intake center
January 6, 2021	Henderson, NV	n/a intake center
January 15, 2021	Wyandotte, MI	Eureka Body and Fender
January 18, 2021	Las Vegas, NV	n/a intake center
January 29, 2021	Longwood, FL	n/a start-up
January 29, 2021	Kirkland, WA	n/a intake center
February 12, 2021	Columbia, SC	Jimmy Rivers Boyd Shop Inc.
February 19, 2021	Mentor & Streetsboro, OH (2 locations)	Frankie & Dylan's, Inc.
February 19, 2021	Fenton, MI	n/a intake center
February 23, 2021	Amarillo, TX	Plains Chevrolet, Ltd.
February 23, 2021	Pensacola, FL	n/a start-up
March 4, 2021	Bellevue, WA	n/a intake center
March 9, 2021	Queen Creek, AZ	n/a start-up
March 12, 2021	Mesa, AZ	n/a intake center
March 26, 2021	Simi Valley, CA	Star Auto Body, Inc.
March 26, 2021	Tallahassee, FL (3 locations)	Universal Collision Center, Inc.
March 31, 2021	Milwaukee, WI	Prestige Auto Works, Inc.
March 31, 2021	Bellevue, WA	n/a intake center
April 9, 2021	Vero Beach, FL	Perfection Paint and Body
April 9, 2021	Highland, IN	n/a intake center
April 17, 2021	Union City, GA	n/a intake center
April 23, 2021	Escondido, CA	Milo Johnson Automotive Service, Inc.
April 27, 2021	Denton and Flour Mound, TX (2 locations)	Pro Care Collision, LLC
April 30, 2021	Green Bay, WI	Williams Auto Body Shop, Inc.
April 30, 2021	Sanford and Southern Pines, NC (2 locations)	Overton Body Shop
May 1, 2021	Thornhill, ON	n/a intake center
May 7, 2021	Kaneohe, Wahiawa & Waipahu, HI (3 locations)	Sigs Collision Centers
May 11, 2021	Buford, GA	n/a start-up
May 14, 2021	Baltimore & Reisterstown, MD (2 locations)	Camden Boyd & Fender
May 14, 2021	Amarillo, TX	n/a start-up
May 21, 2021	Las Vegas, NV	n/a intake center
June 11, 2021	Victor, NY	Austin-Spencer Collision Repair Center
June 15, 2021	Pittsburgh, PA	Wolbert Auto Body, Inc.
June 18, 2021	Austin, TX (2 locations)	Austin Capital Collision
June 19, 2021	Gilbert, AZ	n/a intake center
June 25, 2021	Georgia & South Carolina (16 locations)	John Harris Body Shops
July 9, 2021	La Habra, CA	California Auto Specialist Center

Date	Location	Previously operated as
July 16, 2021	Appleton, WI	Peotter's Collision Center
July 31, 2021	Oklahoma, Kansas & Missouri (35 locations)	Collision Works
August 7, 2021	Pensacola, FL	n/a intake center
August 7, 2021	Pensacola, FL	n/a intake center
August 10, 2021	Round Rock, TX	n/a start-up
August 13, 2021	Eagle River, Minocqua, Rhinelander & Tomahawk, WI (4 locations)	Quality Collision Center
August 13, 2021	San Diego, CA	Qualtech Collision Center
August 20, 2021	Springfield, MO	St. Louis Street Auto Body
August 31, 2021	Austin, TX	Don's Paint & Body Shop, Inc.
September 7, 2021	Jacksonville, FL	n/a start-up
September 7, 2021	Ankeny, IA	Smith's Collision & Paint
September 17, 2021	Shreveport, LA	Crown Collision, LLC
September 17, 2021	Burbank, IL	Millenium Auto Exchange, Inc.
September 27, 2021	Erie, PA	Jensen's Target Collision
October 1, 2021	Clarence, NY	Stevens Collision, LLC
October 8, 2021	Brighton, MI	Campbell Collision, Inc.
October 15, 2021	Medina & North Ridgeville, OH (2 locations)	South of the Square Collision Center
October 22, 2021	Sycamore, IL	Hayes' Body Shop, Inc.
October 29, 2021	Cornwall, ON	Seaway Chevrolet Cadillac Buick GMC Ltd.
November 8, 2021	Amarillo, TX	n/a intake center
November 12, 2021	Carrollton, GA	n/a start-up
November 12, 2021	London, ON	Oakridge Ford Sales (1981) Limited
November 16, 2021	Westfield, WI	Precision Collision Westfield, Inc.
November 19, 2021	Verona, WI	Dependable Collision Center
December 3, 2021	Hudson, WI	T & T Collision Center, Inc.
December 6, 2021	Valdosta, GA	n/a start-up
December 10, 2021	Peterborough, ON	Wallace Conley Collision
January 3, 2022	Springhill & Thompson's Station, TN (2 locations)	Autobody Advantage
January 5, 2022	Dallas, TX	n/a start-up
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

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.

OUTLOOK

Unlike one year ago, demand for Boyd's services is continuing to substantially exceed capacity. The ability to service demand continues to be constrained by labor availability and parts supply chain issues, with the accompanying margin pressure continuing into the first quarter of 2022. During the first quarter of 2022, Omicron further negatively impacted capacity constraints with increased levels of absenteeism. In addition, the first quarter is burdened by higher payroll taxes that occur early in the year, while the fourth quarter of 2021 benefited from expense accrual reductions, as certain expense estimates were firmed up at amounts that were lower than previously estimated and accrued. These reduced expenses are not expected to recur in the first quarter of 2022. The Canada Employment Wage Subsidy also ended in the fourth quarter of 2021.

Boyd has successfully negotiated an unprecedented number of meaningful rate increases from clients, demonstrating that insurers understand the need for increased pricing in order for Boyd to serve their needs. While the Company is satisfied with this first round of increases, it takes time for these changes to flow through the work in process and further increases are required to reflect the current and evolving environment. By contrast, wage increases are immediately impacting the Company's costs. Thus far in the first quarter of 2022, the majority of the benefits of price increases have not been realized. Boyd continues to actively pursue and push for the necessary pricing increases. Given how significantly and rapidly wage costs have increased, it will take some time to achieve all of the needed price adjustments and margins will continue to be impacted in the near-term.

Boyd is committed to addressing the labor market challenges through initiatives such as the Technician Development Program, including a commitment to more than double the number of trainees in the program to help meet future needs. Boyd continues to increase recruitment support staff to improve lead generation and follow-up, proactively evaluate compensation levels and make appropriate adjustments to ensure the Company remains competitive in the rapidly changing environment, and drive high levels of execution for on-boarding and orientation programs to increase retention. Boyd believes that supply chain disruption is transitory and will normalize as the underlying manufacturing and distribution issues are resolved; however, the Company has not experienced improvement in these conditions during the first quarter of 2022. Boyd continues to work with key suppliers to source parts at normal margins, but will continue to use OE parts in place of aftermarket parts when necessary in order to complete repairs for our clients.

In the short-term, Boyd is primarily focused on addressing the labor shortage for our core business. The record number of locations added during 2021 are experiencing the same challenges of a tight labor market, wage inflation and supply chain disruptions, as well as sales per location levels that are below pre-pandemic levels due to capacity constraints. Notwithstanding near-term challenges, Boyd remains confident in the business model and the Company's plan to double the size of the business on a constant currency basis from 2021 to 2025 against 2019 sales.

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 $37 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 18% 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 31% of the total market. The collision repair industry is experiencing significant and unprecedented 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 significant wage pressure, which is adversely impacting the volume and pace at which collision repair shops can fix damaged vehicles.

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, British Columbia, 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.

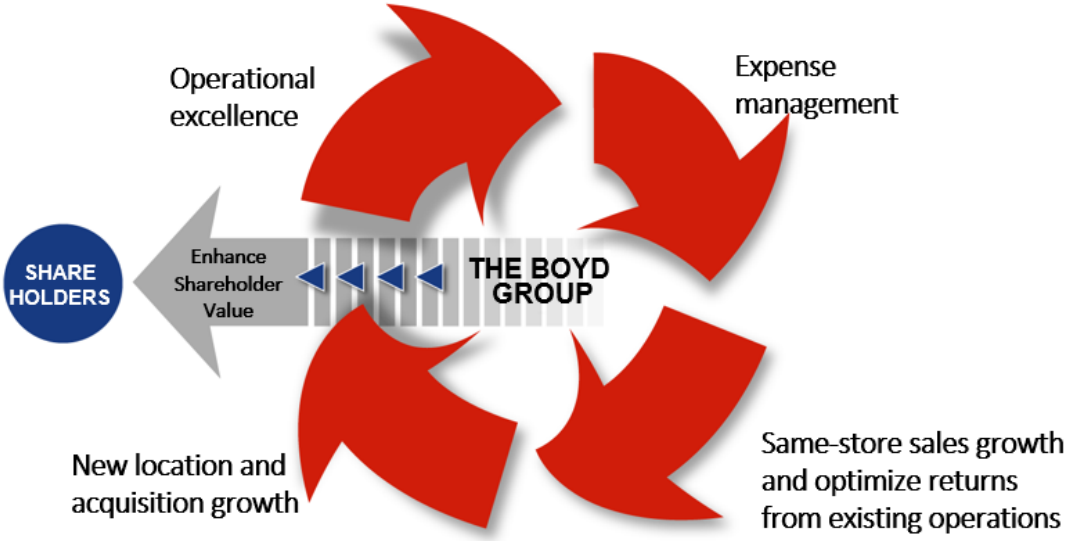
In addition, Boyd has used consumer based advertising in some of its markets to complement and supplement its DRP growth strategies. The Company believes this strategy is effective in increasing its brand awareness and overall sales.

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 2020, Boyd began to expand 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, working to more than double the number of trainees in the program to help meet future needs.

New Location and Acquisition Growth

In line with stated growth strategies, Boyd was successful in opening 127 new locations in 2021. 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	Timing of anticipated return to pre-COVID levels of activity occurs in the short term 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	Return to pre-COVID levels of activity may occur on a different timeline 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 Pricing in the industry remains stable 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

The Company plans to make capital expenditures (excluding those related to acquisition and development of new locations) of approximately 1.6% of sales. The Company plans to complete the expansion of its Wow Operating Way practices to corporate business processes. The related technology and process efficiency project will result in an additional $1.0-1.5 million investment before the project is complete in the second quarter of 2022. The project is expected to streamline various processes as well as generate economic returns once fully implemented.	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 Investment in process efficiency projects will generate positive returns	Expected actual expenditures could be above or below 1.6% 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 Expected positive returns are not generated due to delays, increased costs, or unanticipated challenges in implementation
Boyd believes that margins will return to historical levels, however this may take several quarters.	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)	**2021**	2020	2019
Sales	**$1,872,670**	$1,561,224	$1,720,809
Net earnings	**$23,540**	$44,114	$48,299
Adjusted net earnings (2)	**$28,006**	$41,352	$72,355
Basic earnings per share/unit	**$1.10**	$2.10	$2.43
Diluted earnings per share/unit	**$1.10**	$2.00	$2.35
Adjusted net earnings per share/unit (2)	**$1.30**	$1.97	$3.64
Cash dividends/distributions per share/unit declared:			
Share dividends/Trust unit distributions (1)	**$0.45**	$0.41	$0.41
December 31,			
(thousands of U.S. dollars)	**2021**	2020	2019
Total assets	**$ 2,027,127**	$ 1,571,547	$ 1,463,839
Total long-term financial liabilities	**$ 933,020**	$ 553,783	$ 682,899

(1) Dividends and distributions continue to be declared and paid in Canadian dollars. In 2021, the annual dividend declared totaled C$0.567 (2020 - C$0.555, 2019 - C$0.542)
(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, 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. After a temporary pause on acquisitions from March to August of 2020, acquisition activity resumed; however, new locations experienced the same challenges during 2021, 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 2019 to 2021 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. The decrease in long-term financial liabilities from 2019 to 2020 was primarily the result of the conversion from an income trust to a public corporation, which resulted in the conversion of the exchangeable Class A common shares to shares of BGSI, and the repayment of long-term debt with proceeds of the public offering which closed on May 14, 2020.

Since the end of 2007 through the end of 2021, BGSI increased dividends/distributions to shareholders/unitholders. As of March 22, 2022 the dividend rate is C$0.144 per quarter or C$0.576 on an annualized basis.

BOYD GROUP INCOME FUND AND BOYD GROUP SERVICES INC.

On January 1, 2020, Boyd Group Income Fund ("BGIF") was converted from an income trust to a public corporation named Boyd Group Services Inc., pursuant to a plan of arrangement (the "Arrangement") under the *Canada Business Corporations Act.* The Arrangement received all required unitholder, trustee, court, TSX and regulatory approvals, as well as approval from the shareholders of Boyd Group Holdings Inc. ("BGHI").

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

As a result of the Arrangement, Fund unitholders and BGHI Class A common shareholders received one BGSI common share in exchange for each Fund unit and BGHI Class A common share held by them.

On January 1, 2021, BGHI was amalgamated with the Company. On January 2, 2021, in accordance with the plans detailed in the Arrangement, BGIF was wound up. Immediately prior to the wind-up of BGIF, all property of BGIF was transferred to and all liabilities of BGIF were assumed by, BGSI.

The consolidated financial statements of BGSI and their 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, 2021.

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 in this category of adjustments prior to January 1, 2020 are the fair value adjustments to exchangeable Class A common shares, the fair value adjustments to unit based payment obligations, and the fair value adjustments to the non-controlling interest call liability / put option. Subsequent to January 1, 2020, included in this category of adjustments are the fair value adjustments to the non-controlling interest call liability / put option. These items are adjustments that did not have any cash impact on BGSI or the Fund. Also included as an adjustment to EBITDA are acquisition and transaction costs and fair value adjustments to contingent consideration, which do not relate to the current operating performance of the business units but are typically costs incurred to expand operations. Prior to the adoption of IFRS 16, *Leases* on January 1, 2019, lease expenses were included in operating expenses and were thereby included in the calculation of both Standardized and Adjusted EBITDA. On adoption of IFRS 16*, Leases* on January 1, 2019, lease expenses are no longer included in operating expenses. In 2019, these amounts were deducted in arriving at Adjusted EBITDA to enhance comparability with the prior period. Beginning January 1, 2020, these amounts are no longer deducted in arriving at Adjusted EBITDA for the current and for the prior period. 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

(thousands of U.S. dollars)	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020	Year Ended December 31, 2021	Year Ended December 31, 2020
Net earnings	**$ 4,901**	$ 16,253	**$ 23,540**	$ 44,114
Add:				
Finance costs	**7,673**	6,370	**27,653**	31,664
Income tax expense	**1,810**	5,156	**8,674**	14,839
Depreciation of property, plant and equipment	**11,723**	9,834	**42,602**	37,183
Depreciation of right of use assets	**24,177**	19,639	**88,523**	76,080
Amortization of intangible assets	**5,625**	4,729	**22,569**	18,527
Standardized EBITDA	**$ 55,909**	$ 61,981	**$ 213,561**	$ 222,407
Add (less):				
Fair value adjustments	**—**	(1,961)	**148**	(3,871)
Acquisition and transaction costs	**1,391**	374	**5,835**	1,498
Adjusted EBITDA	**$ 57,300**	$ 60,394	**$ 219,544**	$ 220,034

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, 2021	Three Months Ended December 31, 2020	Year Ended December 31, 2021	Year Ended December 31, 2020
Net earnings	**$ 4,901**	$ 16,253	**$ 23,540**	$ 44,114
Add (less):				
Fair value adjustments (non-taxable)	**—**	(1,961)	**148**	(3,871)
Acquisition and transaction costs (net of tax)	**1,029**	277	**4,318**	1,109
Adjusted net earnings	**$ 5,930**	$ 14,569	**$ 28,006**	$ 41,352
Weighted average number of shares	**21,472,194**	21,472,194	**21,472,194**	21,005,596
Adjusted net earnings per share	**$ 0.28**	$ 0.68	**$ 1.30**	$ 1.97

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:

	Three months ended December 31,		Year ended December 31,	
(thousands of U.S. dollars)	**2021**	2020	**2021**	2020
Sales	**$ 516,206**	$ 403,747	**$ 1,872,670**	$ 1,561,224
Less:				
Sales from locations not in the comparative period	**(81,767)**	(2,718)	**(224,003)**	(22,995)
Sales from under-performing facilities closed during the period	**(296)**	(1,971)	**(2,895)**	(9,056)
Foreign exchange	**(1,329)**	—	**(9,078)**	—
Same-store sales (excluding foreign exchange)	**$ 432,814**	$ 399,058	**$ 1,636,694**	$ 1,529,173

Dividends

BGSI declared dividends of C$0.141 per share in the first quarter of 2021, C$0.141 per share in the second quarter of 2021, C$0.141 per share in the third quarter of 2021 and C$0.144 per share in the fourth quarter of 2021 (2020 - C$0.138, C$0.138, C$0.138 and C$0.141 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, 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

(thousands of U.S. dollars)		
Record date	**Payment date**	**Dividend amount**
March 31, 2020	April 28, 2020	$ 1,999
June 30, 2020	July 29, 2020	2,187
September 30, 2020	October 28, 2020	2,240
December 31, 2020	January 27, 2021	2,364
		$ 8,790

RESULTS OF OPERATIONS

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

	Three months ended December 31,			Year ended December 31,		
	2021	% change	2020	**2021**	% change	2020
Sales - Total	**516,206**	27.9	403,747	**1,872,670**	19.9	1,561,224
Same-store sales - Total [1] (excluding foreign exchange)	**432,814**	8.5	399,058	**1,636,694**	7.0	1,529,173
Gross margin %	**43.5**	(5.0)	45.8	**44.8**	(2.6)	46.0
Operating expense %	**32.4**	4.9	30.9	**33.1**	3.4	32.0
Adjusted EBITDA [1]	**57,300**	(5.1)	60,394	**219,544**	(0.2)	220,034
Acquisition and transaction costs	**1,391**	271.9	374	**5,835**	289.5	1,498
Depreciation and amortization	**41,525**	21.4	34,202	**153,694**	16.6	131,790
Fair value adjustments	**—**	(100.0)	(1,961)	**148**	(103.8)	(3,871)
Finance costs	**7,673**	20.5	6,370	**27,653**	(12.7)	31,664
Income tax expense	**1,810**	(64.9)	5,156	**8,674**	(41.5)	14,839
Adjusted net earnings [1]	**5,930**	(59.3)	14,569	**28,006**	(32.3)	41,352
Adjusted net earnings per share [1]	**0.28**	(58.8)	0.68	**1.30**	(34.0)	1.97
Net earnings	**4,901**	(69.8)	16,253	**23,540**	(46.6)	44,114
Basic earnings per share	**0.23**	(69.8)	0.76	**1.10**	(47.8)	2.10
Diluted earnings per share	**0.23**	(69.7)	0.76	**1.10**	(45.1)	2.00

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

Pandemic Impact

The Company moved quickly and decisively at the start of the pandemic to take aggressive action to both preserve liquidity and to reduce expenses in preparation of the demand and revenue decline anticipated as the result of the pandemic. Demand for services increased throughout 2021 and exceeded capacity in all U.S. markets during the third and fourth quarters, which resulted in high levels of work-in-process. Adding and retaining location level administrative staff and technician capacity to address this constraint has been challenging in an extraordinarily tight labor market, exacerbated by COVID related absenteeism. This has resulted in increased wage costs to both retain and recruit, resulting in near-term pressure on labor margins and operating expenses. Demand in Canada increased slowly and gradually during the third and fourth quarters of 2021 as restrictions were eased and removed, but throughout the third and fourth quarters, demand remained well below pre-pandemic levels. In addition to a tight labor market in the U.S. and the slow recovery of demand in Canada, during the third and fourth quarters, Boyd faced supply chain disruptions for OE and aftermarket parts in both the Canadian and U.S. markets, which resulted in a negative impact on margins as a higher percentage of parts had to be sourced from non-primary suppliers in order to complete repairs.

Canada Emergency Wage Subsidy

The Canada Emergency Wage Subsidy ("CEWS") was put into place on April 11, 2020 and remained in place until October 23, 2021. As was the objective of the program, Boyd continued to employ and incur cost for employees that would have been laid off or furloughed absent the wage subsidy. Boyd has made applications for the CEWS for the periods commencing on April 12, 2020 to October 23, 2021. The total estimated CEWS for the year ended December 31, 2021 of $9.8 million (2020 - $12.7 million) has been recorded, with $4.0 million (2020 - $5.3 million) being recorded as a reduction to cost of goods sold and $5.8 million (2020 - $7.4 million) being recorded as a reduction to operating expenses. At December 31, 2021, the Company has $3.3 million (2020 - $7.4 million) accrued for amounts to be received under the CEWS program in Accounts Receivable.

Sales

Sales totaled $1.9 billion for the year ended December 31, 2021 an increase of $311.4 million or 19.9% when compared to the same period of 2020. The increase in sales was the result of the following:

- Same-store sales[5] excluding foreign exchange increased $107.5 million or 7.0%, partially offset by an increase of $9.1 million due to the translation of same-store sales[5] at a higher U.S. dollar exchange rate. The improvement in same-store sales[5] was the result of the continued return of business following the slow down caused by the COVID-19 pandemic that began in mid-March of 2020. The increase in same-store sales[5] percentage was constrained by production challenges, including administrative and technician staffing capacity constraints, and supply chain disruption, which impacted sales levels during the second half of 2021.
- $201.0 million of incremental sales were generated from 154 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 $6.2 million.

Same-store sales[5] are calculated by including sales for locations and businesses that have been in operation for the full comparative period.

Gross Profit

Gross Profit was $839.3 million or 44.8% of sales for the year ended December 31, 2021 compared to $718.9 million or 46.0% of sales for the same period in 2020. Gross profit increased $120.4 million primarily as a result of new location growth as well as increased sales due to the reduced impact of the COVID-19 pandemic when compared to the prior period. The gross margin percentage was negatively impacted by reduced parts and labor margins, and a higher mix of parts sales in relation to labor. These impacts were partially offset by a higher mix of glass sales in relation to collision sales. During the

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

second half of 2021, Boyd faced increasing supply chain disruptions, which resulted in a negative impact on margins as a higher percentage of parts had to be sourced from non-primary suppliers in order to complete repairs. Labor margins were negatively impacted by the extraordinarily tight labor market, which resulted in increased wage costs to both retain and recruit staff. The shortage of labor also resulted in a higher mix of parts sales in relation to labor. The recognition of CEWS related to direct labor was approximately $4.0 million for the year ended December 31, 2021, compared to $5.3 million in the prior year.

Operating Expenses

Operating Expenses for the year ended December 31, 2021 increased $120.9 million to $619.7 million from $498.8 million for the same period of 2020. The increase in operating expenses was primarily due to the growth in number of locations, as well as COVID-19 related cost reductions that impacted the prior year. Operating expenses benefited from the CEWS of approximately $5.8 million, as compared to $7.4 million in the same period of the prior year, which helped mitigate incremental COVID-19 indirect wage costs. Operating expenses were negatively impacted by the extraordinarily tight labor market, which resulted in increased wage costs to both retain and recruit staff. Excluding the impact of foreign currency translation which increased operating expenses by approximately $3.6 million, expenses increased $124.5 million from 2020. Closed locations lowered operating expenses by $2.4 million.

Operating expenses as a percentage of sales were 33.1% for the year ended December 31, 2021, which compared to 32.0% for the same period in 2020. The increase as a percentage of sales was due to capacity constraints and supply chain disruptions, which impacted the sales level that could be achieved during 2021, as well as the addition of new locations that did not perform at the sales level expected due to the aforementioned pressure on sales, putting further pressure on the operating expense percentage.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for the year ended December 31, 2021 were $5.8 million compared to $1.5 million recorded for the same period of 2020. The costs relate to various acquisitions, including acquisitions from prior periods, as well as other completed or potential acquisitions. Acquisition and transaction costs were lower in 2020 due to the pause on completion of acquisitions from the start of the COVID-19 pandemic until mid-August in 2020.

Adjusted EBITDA[6]

Earnings before interest, income taxes, depreciation and amortization, adjusted for the non-controlling interest call liability and contingent consideration, as well as acquisition and transaction costs ("Adjusted EBITDA[6]") for the year ended December 31, 2021 totaled $219.5 million or 11.7% of sales compared to Adjusted EBITDA[6] of $220.0 million or 14.1% of sales in the same period of the prior year. The $0.5 million decrease was primarily the result of a lower gross margin percentage and higher levels of operating expenses as well as the impact of location growth. In total, Adjusted EBITDA[6] for the year ended December 31, 2021 benefited from the CEWS in the amount of approximately $9.8 million, as compared to $12.7 million in the prior year. Changes in U.S. dollar exchange rates in 2021 increased Adjusted EBITDA[6] by $0.8 million.

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled $42.6 million or 2.3% of sales for the year ended December 31, 2021, an increase of $5.4 million when compared to the $37.2 million or 2.4% of sales recorded in the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth as well as investments in capital equipment in prior periods.

Depreciation related to right of use assets totaled $88.5 million, or 4.7% of sales for the year ended December 31, 2021, as compared to $76.1 million or 4.9% of sales for the same period of the prior year. The increase in depreciation expense was primarily due to acquisition growth.

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

Amortization of intangible assets for the year ended December 31, 2021 totaled $22.6 million or 1.2% of sales, an increase of $4.0 million when compared to the $18.5 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.

Finance Costs

Finance Costs of $27.7 million or 1.5% of sales for the year ended December 31, 2021 decreased from $31.7 million or 2.0% of sales for the same period of the prior year. The decrease in finance costs was primarily due to increased borrowing under the credit facility during the prior period. Out of an abundance of caution during the uncertainty created by the COVID-19 pandemic, Boyd fully drew on the credit facilities near the end of March 2020, other than under the swing line credit facilities and an accordion feature. As conditions improved and the impact of COVID-19 was better understood, Boyd made repayments to reduce the level of outstanding debt.

Income Taxes

Current and Deferred Income Tax Expense of $8.7 million for the year ended December 31, 2021 compared to an expense of $14.8 million for the same period of the prior year. 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, 2021 was $23.5 million or 1.3% of sales compared to $44.1 million or 2.8% of sales in the same period of the prior year. The net earnings amount in 2021 was impacted by acquisition and transaction costs of $4.3 million (net of tax). After adjusting for fair value and other unusual items, Adjusted net earnings[7] in 2021 was $28.0 million, or 1.5% of sales. This compares to Adjusted net earnings[7] of $41.4 million or 2.6% of sales in 2020. Adjusted net earnings[7] for the period was impacted by a lower gross margin percentage and higher levels of operating expenses, as well as location growth. These new locations are subject to the same labor and supply challenges Boyd is currently facing across its business. These market conditions are impacting the results that can be achieved in the short-term, while new location growth has resulted in increased levels of depreciation and amortization.

Basic Earnings Per Share was $1.10 per share for the year ended December 31, 2021 compared to $2.10 for the same period of 2020. Diluted earnings per share was $1.10 for the year ended December 31, 2021 compared to $2.00 for the same period of 2020. Adjusted net earnings per share[7] was $1.30 compared to $1.97 for the same period of 2020. The decrease in adjusted net earnings per share[7] is primarily attributed to a lower gross margin percentage and higher levels of operating expenses as well the impact of location growth.

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

Summary of Quarterly Results *(in thousands of U.S. dollars, except per share amounts)*	**2021 Q4**	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Sales	**$ 516,206**	$ 490,178	$ 444,643	$ 421,643	$ 403,747	$ 381,689	$ 307,951	$ 467,837
Adjusted EBITDA [1]	**$ 57,300**	$ 51,500	$ 57,996	$ 52,748	$ 60,394	$ 63,514	$ 35,637	$ 60,489
Net earnings (loss)	**$ 4,901**	$ 434	$ 10,462	$ 7,743	$ 16,253	$ 15,855	$ (4,970)	$ 16,976
Basic earnings (loss) per share	**$ 0.23**	$ 0.02	$ 0.49	$ 0.36	$ 0.76	$ 0.74	$ (0.24)	$ 0.84
Diluted earnings (loss) per share	**$ 0.23**	$ 0.02	$ 0.49	$ 0.36	$ 0.76	$ 0.74	$ (0.24)	$ 0.71
Adjusted net earnings (loss) [1]	**$ 5,930**	$ 2,389	$ 11,375	$ 8,311	$ 14,569	$ 16,403	$ (4,841)	$ 15,221
Adjusted net earnings (loss) per share [1]	**$ 0.28**	$ 0.11	$ 0.53	$ 0.39	$ 0.68	$ 0.76	$ (0.23)	$ 0.75

[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, 2021, BGSI had cash, net of outstanding deposits and cheques, held on deposit in bank accounts totaling $27.7 million (December 31, 2020 - $61.0 million). The decrease in the cash balance as at December 31, 2021 is the result of a decrease in cash flows from operations. The net working capital ratio (current assets divided by current liabilities) was 0.64:1 at December 31, 2021 (December 31, 2020 – 0.67:1).

At December 31, 2021, BGSI had total debt outstanding, net of cash, of $957.7 million compared to $896.9 million at September 30, 2021, $671.1 million at June 30, 2021, $539.9 million at March 31, 2021 and $538.5 million at December 31, 2020. Debt, net of cash, increased when compared to December 31, 2020 primarily as a result of acquisition activity, including draws on the revolving credit facility, as well as increased seller notes and lease liabilities.

Total debt, net of cash *(thousands of U.S. dollars)*	**December 31, 2021**	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Revolving credit facility & swing line (net of financing costs)	**$ 263,802**	$ 204,250	$ 54,173	$ —	$ —
Term Loan A (net of financing costs)	**124,680**	124,667	124,641	123,760	123,705
Seller notes [1]	**53,591**	56,168	59,452	54,580	56,523
Total debt before lease liabilities	**$ 442,073**	$ 385,085	$ 238,266	$ 178,340	$ 180,228
Cash	**27,714**	31,228	35,612	61,477	61,041
Total debt, net of cash before lease liabilities	**$ 414,359**	$ 353,857	$ 202,654	$ 116,863	$ 119,187
Lease liabilities	**543,347**	543,046	468,474	423,001	419,311
Total debt, net of cash	**$ 957,706**	$ 896,903	$ 671,128	$ 539,864	$ 538,498

[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, 2021 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	258,423	258,423	—	—	—	—	—
Long-term debt	442,073	13,887	13,624	17,535	5,135	266,892	125,000
Lease liability	628,638	110,408	99,990	86,810	71,817	54,714	204,899
Purchase Obligations [1]	—	unknown	unknown	unknown	unknown	unknown	unknown
	$1,329,134	$382,718	$113,614	$104,345	$76,952	$321,606	$329,899

[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 $210.8 million for the year ended December 31, 2021 compared to $217.4 million in 2020.

For the year ended December 31, 2021, changes in working capital items used net cash of $14.1 million compared with providing $13.5 million in the same period of 2020. 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 growing levels of work-in-process inventory at December 31, 2021.

Financing Activities

Cash provided by financing activities totaled $124.4 million for the year ended December 31, 2021 compared to cash used in financing activities of $134.5 million for the same period of the prior year. 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 in repayments of 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. During the year ended December 31, 2021 the Company paid $0.1 million in issue costs. During 2020, cash was provided by draws of the revolving credit facility in the amount of $495.5 million offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of $673.0 million and to fund interest costs on long-term debt of $15.5 million. Cash used by financing activities included $71.2 million used to repay lease liabilities and cash used to fund interest costs on lease liabilities of $16.8 million. Cash was also used to pay dividends of $7.1 million. During 2020, the Company completed a corporate conversion as well as an equity offering, resulting in gross proceeds on the offering of $164.3 million, as well as the payment of $8.0 million in issue costs. The Company also amended the revolving credit facility, resulting in the payment of $1.4 million of financing costs. On July 31, 2020, the call option transaction to acquire the 21.16% non-controlling interest in Gerber Glass LLC was completed for $1.3 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 new 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, BGIF, BGHI, 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"). 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, 2021, the Company has drawn $264.5 million U.S. (December 31, 2020 - $nil U.S.) and $nil Canadian (December 31, 2020 - $nil Canadian) on the revolving credit facility and swing line and $125.0 million U.S. (December 31, 2020 - $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, 2021, BGSI entered into 32 new seller notes for an aggregate amount of $14.6 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. None of the options are exercisable at period end. Issue costs of $105 were incurred with respect to the stock option plan.

On January 2, 2020, BGSI announced the completion of the conversion of the Fund from an income trust to a public corporation, pursuant to the plan of Arrangement under the *Canada Business Corporations Act*. As a result of the Arrangement, Fund unitholders and BGHI Class A common shareholders received one BGSI common share in exchange for each Fund unit and BGHI Class A common share held by them.

On May 14, 2020, BGSI completed an equity offering consisting of 1,265,000 shares at a price of C$183.00 per share, with net proceeds of the offering to fund potential future acquisition opportunities once the impact of COVID-19 is better understood, as well as to further strengthen the Company's balance sheet through either holding cash or debt repayment, and for general corporate purposes.

Investing Activities

Cash used in investing activities totaled $354.1 million for the year ended December 31, 2021. This compares to $75.0 million used in the prior period. The investing activity in both periods related primarily to new location growth that occurred during these periods.

Acquisitions and Development of Businesses

During 2021, the Company added 101 locations through acquisition, 16 locations operating as intake centers and 10 start-up locations, for a total of 127 new locations. From January 1, 2021 up to the reporting date of March 22, 2022, the Company has added 106 locations through acquisition, 13 start-up locations and 16 locations operating as intake centers, for a total of 135 new locations. These new locations are as follows:

Date	Location	Previously operated as
January 2, 2021	Cathedral City, CA	n/a start-up
January 2, 2021	Schaumburg, IL	n/a intake center
January 6, 2021	Henderson, NV	n/a intake center
January 15, 2021	Wyandotte, MI	Eureka Body and Fender
January 18, 2021	Las Vegas, NV	n/a intake center
January 29, 2021	Longwood, FL	n/a start-up
January 29, 2021	Kirkland, WA	n/a intake center
February 12, 2021	Columbia, SC	Jimmy Rivers Boyd Shop Inc.
February 19, 2021	Mentor & Streetsboro, OH (2 locations)	Frankie & Dylan's, Inc.
February 19, 2021	Fenton, MI	n/a intake center
February 23, 2021	Amarillo, TX	Plains Chevrolet, Ltd.
February 23, 2021	Pensacola, FL	n/a start-up
March 4, 2021	Bellevue, WA	n/a intake center
March 9, 2021	Queen Creek, AZ	n/a start-up
March 12, 2021	Mesa, AZ	n/a intake center
March 26, 2021	Simi Valley, CA	Star Auto Body, Inc.
March 26, 2021	Tallahassee, FL (3 locations)	Universal Collision Center, Inc.
March 31, 2021	Milwaukee, WI	Prestige Auto Works, Inc.
March 31, 2021	Bellevue, WA	n/a intake center
April 9, 2021	Vero Beach, FL	Perfection Paint and Body
April 9, 2021	Highland, IN	n/a intake center
April 17, 2021	Union City, GA	n/a intake center
April 23, 2021	Escondido, CA	Milo Johnson Automotive Service, Inc.
April 27, 2021	Denton and Flour Mound, TX (2 locations)	Pro Care Collision, LLC
April 30, 2021	Green Bay, WI	Williams Auto Body Shop, Inc.
April 30, 2021	Sanford and Southern Pines, NC	Overton Body Shop
May 1, 2021	Thornhill, ON	n/a intake center
May 7, 2021	Kaneohe, Wahiawa & Waipahu, HI (3 locations)	Sigs Collision Centers
May 11, 2021	Buford, GA	n/a start-up
May 14, 2021	Baltimore & Reisterstown, MD (2 locations)	Camden Boyd & Fender
May 14, 2021	Amarillo, TX	n/a start-up
May 21, 2021	Las Vegas, NV	n/a intake center
June 11, 2021	Victor, NY	Austin-Spencer Collision Repair Center
June 15, 2021	Pittsburgh, PA	Wolbert Auto Body, Inc.
June 18, 2021	Austin, TX (2 locations)	Austin Capital Collision
June 19, 2021	Gilbert, AZ	n/a intake center
June 25, 2021	Georgia & South Carolina (16 locations)	John Harris Body Shops
July 9, 2021	La Habra, CA	California Auto Specialist Center
July 16, 2021	Appleton, WI	Peotter's Collision Center
July 31, 2021	Oklahoma, Kansas & Missouri (35 locations)	Collision Works
August 7, 2021	Pensacola, FL	n/a intake center
August 7, 2021	Pensacola, FL	n/a intake center
August 10, 2021	Round Rock, TX	n/a start-up

Date	Location	Previously operated as
August 13, 2021	Eagle River, Minocqua, Rhinelander & Tomahawk, WI (4 locations)	Quality Collision Center
August 13, 2021	San Diego, CA	Qualtech Collision Center
August 20, 2021	Springfield, MO	St. Louis Street Auto Body
August 31, 2021	Austin, TX	Don's Paint & Body Shop, Inc.
September 7, 2021	Jacksonville, FL	n/a start-up
September 7, 2021	Ankeny, IA	Smith's Collision & Paint
September 17, 2021	Shreveport, LA	Crown Collision, LLC
September 17, 2021	Burbank, IL	Millenium Auto Exchange, Inc.
September 27, 2021	Erie, PA	Jensen's Target Collision
October 1, 2021	Clarence, NY	Stevens Collision, LLC
October 8, 2021	Brighton, MI	Campbell Collision, Inc.
October 15, 2021	Medina & North Ridgeville, OH (2 locations)	South of the Square Collision Center
October 22, 2021	Sycamore, IL	Hayes' Body Shop, Inc.
October 29, 2021	Cornwall, ON	Seaway Chevrolet Cadillac Buick GMC Ltd.
November 8, 2021	Amarillo, TX	n/a intake center
November 12, 2021	Carrollton, GA	n/a start-up
November 12, 2021	London, ON	Oakridge Ford Sales (1981) Limited
November 16, 2021	Westfield, WI	Precision Collision Westfield, Inc.
November 19, 2021	Verona, WI	Dependable Collision Center
December 3, 2021	Hudson, WI	T & T Collision Center, Inc.
December 6, 2021	Valdosta, GA	n/a start-up
December 10, 2021	Peterborough, ON	Wallace Conley Collision
January 3, 2022	Springhill & Thompson's Station, TN (2 locations)	Autobody Advantage
January 5, 2022	Dallas, TX	n/a start-up
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

The Company completed the acquisition or start-up of 70 locations from the beginning of 2020 until the fourth quarter reporting date of March 23, 2021. Details of these acquisitions can be found in the 2020 Annual Report.

Start-ups

In 2021, the Company commenced operations in 10 new start-up collision repair facilities. The total combined investment in leaseholds and equipment for these facilities was approximately $5.7 million. The Company commenced operations in five new start-up collision repair facilities in 2020 with a combined investment of approximately $2.0 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, 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 investment in LED lighting, and the investment in the expansion of the WOW Operating Way practices through the corporate applications and process improvement efficiency project, the Company spent approximately $26.3 million, or 1.4% of sales on capital expenditures, compared to $22.0 million or 1.4% of sales during the same period of 2020. During the year ended December 31, 2021, the Company spent approximately $5.6 million on LED lighting. Additionally, the Company continued expanding its Wow Operating Way practices to corporate business processes. During the year ended December 31, 2021, the Company spent approximately $4.5 million on the Wow Operating Way expansion to corporate business processes. The related technology and process efficiency project will result in an additional $1.0-1.5 million investment before the project is complete in the second quarter of 2022. The project will also be expected to streamline various processes as well as generate economic returns after the project is fully implemented.

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

FOURTH QUARTER

Sales for the three months ended December 31, 2021 totaled $516.2 million, a increase of $112.5 million or 27.9% compared to the same period in 2020. Overall same-store sales[8] excluding foreign exchange increased $33.8 million, or 8.5% in the fourth quarter of 2021 when compared to the fourth quarter of 2020 and increased a further $1.3 million due to the translation of same-store sales[8] at a higher U.S. dollar exchange rate. The improvement in same-store sales[8] was the result of the continued return of business following the slow down caused by the COVID-19 pandemic that began in mid-March of 2020. The increase in same-store sales[8] percentage was constrained by production challenges, including technician and administrative staffing capacity constraints, as well as supply chain disruption, which impacted sales levels during the fourth quarter of 2021. Sales growth of $79.0 million was attributable to incremental sales generated from 131 new locations. The closure of under-performing facilities accounted for a decrease in sales of $1.7 million.

Gross Profit for the fourth quarter decreased to 43.5% from 45.8% in the same period in 2020. The gross margin percentage was negatively impacted by reduced parts and labor margins, and a higher mix of parts sales in relation to labor. During the fourth quarter of 2021, Boyd continued to face supply chain disruptions, which resulted in a negative impact on margins as a higher percentage of parts had to be sourced from non-primary suppliers in order to complete repairs. Labor margins were negatively impacted by the extraordinarily tight labor market, which resulted in increased wage costs to both retain and recruit staff. The shortage of labor also resulted in a higher mix of parts sales in relation to labor. The recognition of CEWS related to direct labor is approximately $0.9 million for the three months ended December 31, 2021 (2020 - $0.8 million).

Adjusted EBITDA[8] for the fourth quarter of 2021 totaled $57.3 million or 11.1% of sales compared to Adjusted EBITDA[8] of $60.4 million or 15.0% of sales in the same period of the prior year. The $3.1 million decrease was primarily the result of a lower gross margin percentage and higher levels of operating expenses, partially offset by proceeds from CEWS. In total, Adjusted EBITDA[8] for the three months ended December 31, 2021 benefited from CEWS in the amount of approximately $2.3 million (2020 - $1.9 million). Adjusted EBITDA[8] benefited from expense accrual reductions, as certain expense estimates were firmed up at amounts that were lower than previously estimated and accrued. Changes in U.S. dollar exchange rates increased Adjusted EBITDA[8] by $0.1 million.

Current and Deferred Income Tax Expense for the fourth quarter of $1.8 million in 2021 compared to an expense of $5.2 million in 2020. Permanent differences did not have a significant impact on the tax computed on accounting income.

Net Earnings for the fourth quarter was $4.9 million, or 0.9% of sales, or $0.23 per fully diluted share compared to net earnings of $16.3 million, or 4.0% of sales, or $0.76 per fully diluted share for the same period in the prior year. The net earnings amount in the fourth quarter of 2021 was impacted by acquisition and transaction costs of $1.0 million (net of tax). After adjusting for fair value and other unusual items, Adjusted net earnings[8] for the fourth quarter of 2021 was $5.9 million, or 1.1% of sales. This compares to Adjusted net earnings[8] of $14.6 million or 3.6% of sales in the fourth quarter of 2020.

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

Adjusted net earnings[8] for the period was impacted by a lower gross margin percentage and higher levels of operating expenses, as well as location growth. These new locations are subject to the same labor and supply challenges Boyd is currently facing across its business. These market conditions are impacting the results that can be achieved in the short-term, while new location growth has resulted in increased levels of depreciation and amortization.

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, 2021**	December 31, 2020
Kard Properties Ltd. & D'Silva Real Estate Holdings Inc.	Desmond D'Silva	Various locations - Ontario	Various - expiring 2020 to 2037	$ —	$ 2,403
Gerber Building No. 1 Ptnrp	Eddie Cheskis, & Tim O'Day	South Elgin, IL	2023	100	86

As at December 31, 2020, Desmond D'Silva ceased to be a related party.

On July 31, 2020, the call option transaction to acquire the 21.16% non-controlling interest in Gerber Glass LLC held by a member of the U.S. management team was completed, and BGSI acquired the 21.16% non-controlling interest in Gerber Glass LLC.

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 2021 or 2020.

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 2021 or 2020.

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 BGSI for any particular accounting period.

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, BGSI'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 BGSI'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 statement of financial position, as well as disclosed in the notes to the 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 future 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, BGSI recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. Uncertain tax liabilities may be recognized when, despite BGSI'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. BGSI 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 is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

CHANGES IN ACCOUNTING POLICIES

BGSI has adopted the amendments to IFRS 3, *Business Combinations*. These amendments change the definition of a business and provide entities additional guidance to determine if the set of processes and assets acquired represents a business. The amendments apply to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. BGSI has determined that there is no material impact on adoption.

CERTIFICATION OF DISCLOSURE CONTROLS

Management's responsibility for financial information contained in this Annual Report is described on page 51. 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, 2021, 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.

In addition, during the fourth quarter of 2021, there have been no changes in BGSI's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, BGSI's internal control over financial reporting.

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 10,145 people, of which 1,250 are in Canada and 8,895 are in the U.S. The current workforce is not unionized, except for approximately 30 employees located in the U.S. who are subject to collective bargaining agreements. The collision repair industry is experiencing significant and unprecedented 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 significant 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 results in temporary closure of collision repair facilities. A significant outbreak of contagious disease, such as the COVID-19 pandemic, results 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 is adversely impacting Boyd's ability to complete repairs due to availability of original equipment and aftermarket parts. This is resulting in high levels of work-in-process and decreased margins as parts are sourced from non-primary suppliers in order to complete repairs. In addition, the collision repair industry is experiencing significant and unprecedented 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 is also increasing 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 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.

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 repairs due to the lack of availability of original equipment and aftermarket parts. This is resulting in increased repair cycle time, high levels of work-in-process and decreased margins as parts are sourced from non-primary suppliers in order to complete repairs, 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 & Economic Downturn

A local, regional, national or international outbreak of a contagious disease, including 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. Disruptions in financial markets, regional economies and the world economy have been caused by the COVID-19 pandemic. There can be no assurance that this disruption in financial markets, regional economies and the world economy will not continue to negatively affect the financial performance of the Company.

Historically the auto 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 current economic downturn on its operations, economic conditions, which are beyond the Company's control, have led to a decrease in accident repair claims volumes due to fewer miles driven or due to vehicle owners being less inclined to have their vehicles repaired. It is difficult to predict the severity and the duration of the decrease in claims volumes resulting from this economic downturn and the accompanying unemployment and what affect it may have on the auto collision repair industry, in general, and the financial performance of the Company in particular. There can be no assurance that the economic downturn will not continue to negatively affect the financial performance of the Company.

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 buildout 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. With the advent of the Internet and the evolution of social media there is an increased 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.

The Company is currently expanding its Wow Operating Way practices to corporate business processes by leveraging a cloud-based application solution. The project is expected to streamline various processes as well as generate economic returns once fully implemented; however, there can be no assurance that the expected positive returns will be generated as the project may be delayed, costs may increase, or unanticipated challenges could arise during implementation.

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.

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 49% (2020 – 46%) of total sales, one insurance company represents approximately 14% (2020 – 13%) of the Company's total sales, while a second insurance company represents approximately 10% (2020 – 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 auto 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 our 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 an Enterprise Risk Management Committee that has been renamed the Risk and Sustainability Committee after being 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 $37 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 future acquisitions 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 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).