



NEWS RELEASE

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Boyd Group Services Inc. Reports First Quarter 2022 Results

- Solid sales growth, while market conditions continue to impact margins -

Winnipeg, Manitoba – May 11, 2022 – Boyd Group Services Inc. (TSX: BYD.TO) (“the Boyd Group”, “Boyd” or “the Company”) today announced the results for the three month period ended March 31, 2022. The Boyd Group’s first quarter 2022 financial statements and MD&A have been filed on SEDAR (www.sedar.com). This news release is not in any way a substitute for reading Boyd’s financial statements, including notes to the financial statements, and Boyd’s Management’s Discussion & Analysis.

Results and Highlights for the First Quarter Ended March 31, 2022:

- Sales increased by 32.0% to \$556.8 million from \$421.6 million in the same period of 2021, including same-store sales¹ increases of 14.7%. The first quarter of 2022 recognized one additional selling and production day when compared to the same period of 2021, which increased selling and production capacity by approximately 1.6%
- Gross Profit increased by 26.5% to \$245.4 million or 44.1% of sales from \$194.0 million or 46.0% of sales in the same period in 2021
- Adjusted EBITDA¹ increased 1.9% to \$53.8 million, or 9.7% of sales, compared with Adjusted EBITDA of \$52.7 million, or 12.5% of sales in the same period of 2021, which included \$3.4 million of the Canada Emergency Wage Subsidy
- Adjusted net earnings¹ decreased to \$2.1 million, compared with \$8.3 million in the same period of 2021 and adjusted net earnings per share¹ decreased to \$0.10, compared with \$0.39 in the same period of 2021
- Net earnings decreased to \$1.6 million, compared with \$7.7 million in the same period of 2021 and net earnings per share decreased to \$0.07, compared with \$0.36 in the same period of 2021
- Declared first quarter dividend in the amount of C\$0.144 per share
- Added 11 locations, including eight through acquisition and three start-up locations
- Published Boyd’s inaugural Environmental, Social and Governance (“ESG”) Report
- Proactively entered into an amendment to the Credit Facility to provide additional flexibility to the covenant calculations for the next four quarters

Subsequent to Quarter End

- Added two locations

“During the first quarter of 2022, we saw strong same-store sales growth in both Canada and the U.S. Demand for Boyd’s services continued to substantially exceed capacity in all U.S. markets. During the latter part of the first quarter, we experienced some modest recovery of demand for services in Canada as remaining pandemic restrictions were lifted in most provinces. The ability to service demand continues to be constrained by market conditions, including labor availability in U.S. markets, and parts supply chain issues throughout North America” said Timothy O’Day, President & Chief Executive Officer of the Boyd Group. “Early in the first quarter of 2022, Omicron further negatively impacted capacity with increased levels of absenteeism. Throughout the first quarter, we continued to experience cost pressures, including wages as well as inflationary increases in certain operating costs.”

¹ Same-store sales, Adjusted EBITDA, Adjusted net earnings and Adjusted net earnings per share are non-GAAP financial measures and ratios and are not standardized financial measures under International Financial Reporting Standards and might not be comparable to similar financial measures disclosed by other issuers. For additional details, including a reconciliation of each non-GAAP financial measure to its nearest GAAP equivalent, please see “Non-GAAP financial measures and ratios” section of this news release.



Results of Operations	For the three months ended, March 31,		
	2022	% change	2021
<i>(thousands of U.S. dollars, except per share amounts)</i>			
Sales – Total	556,755	32.0	421,643
Same-store sales – Total (excluding foreign exchange) ⁽¹⁾	480,860	14.7	419,126
Gross margin %	44.1 %	(4.1)	46.0 %
Operating expense %	34.4 %	2.7	33.5 %
Adjusted EBITDA ⁽¹⁾	53,762	1.9	52,748
Acquisition and transaction costs	529	(31.1)	768
Depreciation and amortization	42,746	23.1	34,736
Fair value adjustments	146	N/A	—
Finance costs	8,313	23.5	6,732
Income tax expense	420	(84.8)	2,769
Adjusted net earnings ⁽¹⁾	2,145	(74.2)	8,311
Adjusted net earnings per share ⁽¹⁾	0.10	(74.4)	0.39
Net earnings	1,608	(79.2)	7,743
Basic earnings per share	0.07	(80.6)	0.36
Diluted earnings per share	0.07	(80.6)	0.36

1. Same-store sales, Adjusted EBITDA, Adjusted net earnings and Adjusted net earnings per share are non-GAAP financial measures. Please see "Non-GAAP measures" section of this news release.

Outlook

"Demand for Boyd's services is continuing to substantially exceed capacity, which has resulted in high levels of work-in-process. The ability to service demand continues to be constrained by labor availability in U.S. markets and parts supply chain issues throughout North America, with the accompanying margin pressure continuing into the second quarter of 2022. Thus far in the second quarter of 2022, the Company has experienced an improvement in same-store sales growth relative to the prior quarter", said Mr. O'Day.

"Building on the success we achieved early in 2022, Boyd continues to negotiate an unprecedented number of meaningful pricing increases from clients, which contributed to a modest incremental improvement in gross margin percentage from the fourth quarter of 2021 to the first quarter of 2022, with continuing cost pressure impacting the level of margin improvement we have experienced thus far" added Mr. O'Day. "We are experiencing pricing differences between clients, which is a key area of focus in continuing pricing discussions. Until these differences are addressed, continuing wage pressure has an impact on Boyd's near-term ability to meaningfully improve labor margins. In addition, supply chain disruption has continued to impact the completion of many repairs and has resulted in continued growth of work-in-process. As noted in our fiscal 2021 year-end reporting, it takes time for pricing changes to flow through results. Boyd believes that this 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 thus far during 2022."

"We remain 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. We continue 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.”

“In the short-term, we are primarily focused on addressing the labor shortage for our core business”, added Mr. O’Day. “There is an urgent need to raise wage rates in order to attract talent to the industry, and client pricing needs to reflect this market change. 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, with same-store sales being a primary driver of growth in the very near term.”

2022 First Quarter Conference Call & Webcast

As previously announced, management will hold a conference call on Wednesday, May 11, 2022, at 10:00 a.m. (ET) to review the Company’s 2022 first quarter results. You can join the call by dialing 1-888-254-3590 or 647-794-4605. A live audio webcast of the conference call will be available through www.boydgroup.com. An archived replay of the webcast will be available for 90 days. A taped replay of the conference call will also be available until Wednesday, May 18, 2022, at midnight by calling 1-888-203-1112 or 647-436-0148, reference number 5541451#.

About Boyd Group Services Inc.

Boyd Group Services Inc. is a Canadian corporation and controls The Boyd Group Inc. and its subsidiaries. Boyd Group Services Inc. shares trade on the Toronto Stock Exchange (TSX) under the symbol BYD.TO. For more information on The Boyd Group Inc. or Boyd Group Services Inc., please visit our website at <https://www.boydgroup.com>.

About The Boyd Group Inc.

The Boyd Group Inc. (the “Company”) is one of the largest operators of non-franchised collision repair centres in North America in terms of number of locations and sales. The Company operates locations in Canada under the trade names Boyd Autobody & Glass (<https://www.boydautobody.com>) and Assured Automotive (<https://www.assuredauto.ca>) as well as in the U.S. under the trade name Gerber Collision & Glass (<https://www.gerbercollision.com>). In addition, the Company is a major retail auto glass operator in the U.S. with operations under the trade names Gerber Collision & Glass, Glass America, Auto Glass Service, Auto Glass Authority and Autoglassonly.com. The Company also operates a third party administrator, Gerber National Claims Services (“GNCS”), that offers glass, emergency roadside and first notice of loss services. For more information on The Boyd Group Inc. or Boyd Group Services Inc., please visit our website at (<https://www.boydgroup.com>).



Non-GAAP Financial Measures and Ratios

Same-store sales, Adjusted EBITDA, Adjusted net earnings and Adjusted net earnings per share are non-GAAP financial measures. Boyd’s management uses certain non-GAAP financial measures to evaluate the performance of the business and to reward employees. These non-GAAP financial measures are not defined in International Financial Reporting Standards (“IFRS”) and should not be considered an alternative to net earnings or sales in measuring the performance of BGSi.

The following is a reconciliation of BGSi’s non-GAAP financial measures and ratios:

ADJUSTED EBITDA

Standardized 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. They are also key measures that management uses to evaluate performance of the business and to reward its employees. 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.

<i>(thousands of U.S. dollars)</i>	Three months ended March 31,	
	2022	2021
Net earnings	\$ 1,608	\$ 7,743
Add:		
Finance costs	8,313	6,732
Income tax expense	420	2,769
Depreciation of property, plant and equipment	11,523	9,559
Depreciation of right of use assets	24,143	20,112
Amortization of intangible assets	7,080	5,065
Standardized EBITDA	\$ 53,087	\$ 51,980
Add:		
Fair value adjustments	146	—
Acquisition and transaction costs	529	768
Adjusted EBITDA	\$ 53,762	\$ 52,748

ADJUSTED NET EARNINGS

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.



<i>(thousands of U.S. dollars, except share and per share amounts)</i>	Three months ended March 31,	
	2022	2021
Net earnings	\$ 1,608	\$ 7,743
Add:		
Fair value adjustments (non-taxable)	146	—
Acquisition and transaction costs (net of tax)	391	568
Adjusted net earnings	\$ 2,145	\$ 8,311
Weighted average number of shares	21,472,194	21,472,194
Adjusted net earnings per share	\$ 0.10	\$ 0.39

SAME-STORE SALES

Same-store sales is a non-GAAP measure that includes only those locations in operation for the full comparative period. Same-store sales is presented excluding the impact of foreign exchange fluctuation on the current period.

<i>(thousands of U.S. dollars)</i>	Three months ended March 31,	
	2022	2021
Sales	\$ 556,755	\$ 421,643
Less:		
Sales from locations not in the comparative period	(75,807)	(1,234)
Sales from under-performing facilities closed during the period	—	(1,283)
Foreign exchange	(88)	—
Same-store sales (excluding foreign exchange)	\$ 480,860	\$ 419,126



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Caution concerning forward-looking statements

Statements made in this press release, 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. Factors that could cause results to vary include, but are not limited to: employee relations and staffing; margin pressure and sales mix changes; supply chain risk; pandemic risk & economic downturn; acquisition risk; operational performance; brand management and reputation; market environment change; reliance on technology; changes in client relationships; decline in number of insurance claims; environmental, health and safety risk; climate change and weather conditions; competition; access to capital; dependence on key personnel; tax position risk; corporate governance; increased government regulation and tax risk; fluctuations in operating results and seasonality; risk of litigation; execution on new strategies; insurance risk; interest rates; U.S. health care costs and workers compensation claims; foreign currency risk; low capture rates; capital expenditures; and energy costs and BGS's success in anticipating and managing the foregoing risks.

We caution that the foregoing list of factors is not exhaustive and that when reviewing our forward-looking statements, investors and others should refer to the "Risk Factors" section of BGS's Annual Information Form, the "Risks and Uncertainties" and other sections of our Management's Discussion and Analysis of Operating Results and Financial Position and our other periodic filings with Canadian securities regulatory authorities. All forward-looking statements presented herein should be considered in conjunction with such filings.