



NEWS RELEASE

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Boyd Group Services Inc. Reports First Quarter 2023 Results

- Strong sales growth and gross margin rebound contribute to Adjusted EBITDA improvement -

Winnipeg, Manitoba – May 10, 2023 – Boyd Group Services Inc. (TSX: BYD.TO) (“BGS”, “the Boyd Group”, “Boyd” or “the Company”) today announced the results for the three month period ended March 31, 2023. The Boyd Group’s first quarter 2023 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, 2023:

- Sales increased by 28.4% to \$714.9 million from \$556.8 million in the same period of 2022, including same-store sales¹ increases of 25.2%. The first quarter of 2023 recognized the same number of selling and production days when compared to the same period of 2022
- Gross Profit increased by 33.3% to \$327.0 million or 45.7% of sales from \$245.4 million or 44.1% of sales in the same period in 2022
- Adjusted EBITDA¹ increased 57.5% to \$84.7 million, or 11.8% of sales, compared with Adjusted EBITDA of \$53.8 million, or 9.7% of sales in the same period of 2022
- Adjusted net earnings¹ increased to \$21.2 million, compared with \$2.1 million in the same period of 2022 and adjusted net earnings per share¹ increased to \$0.99, compared with \$0.10 in the same period of 2022
- Net earnings increased to \$20.8 million, compared with \$1.6 million in the same period of 2022 and net earnings per share increased to \$0.97, compared with \$0.07 in the same period of 2022
- Debt, net of cash before lease liabilities decreased from \$345.1 million at December 31, 2022 to \$338.1 million at March 31, 2023
- Declared first quarter dividend in the amount of C\$0.147 per share
- Added 23 collision repair locations, including 16 through acquisition and seven start-up locations, as well as four single location glass businesses
- Closed most intake centers in the U.S. based on demand for collision repair services exceeding Boyd’s collision repair capacity, as a cost reduction measure

Subsequent to Quarter End

- Added seven locations, including six through acquisition and one start-up location

“We are pleased with the strong financial results reported in the first quarter of 2023, achieving record sales and Adjusted EBITDA, although Adjusted EBITDA margin remains below pre-pandemic levels. Demand continues to be strong, with results once again constrained by the tight labor market and accompanying wage pressure”, said Timothy O’Day, President & Chief Executive Officer of the Boyd Group. “Supply chain disruption continues to normalize; however, sustained levels of high demand continue to result in elevated levels of work-in-process inventory”, added Mr. O’Day. “Gross margin improved in the first quarter of 2023 as a result of improvements in parts margins, as parts are once again sourced from primary suppliers and the mix of alternative parts continues to move toward historical levels. Increased scanning and calibration services also positively impacted gross margin. Labor margins have improved, but continue to be negatively impacted by the tight labor market, which has resulted in continued pressure on wage costs to both retain and recruit staff.”

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

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

For the three months ended,
March 31,

	2023	% change	2022
Sales – Total	714,941	28.4	556,755
Same-store sales – Total (excluding foreign exchange) ⁽¹⁾	693,541	25.2	553,739
Gross margin %	45.7 %	3.6	44.1 %
Operating expense %	33.9 %	(1.5)	34.4 %
Adjusted EBITDA ⁽¹⁾	84,694	57.5	53,762
Acquisition and transaction costs	556	5.1	529
Depreciation and amortization	43,795	2.5	42,746
Fair value adjustments	—	N/A	146
Finance costs	12,064	45.1	8,313
Income tax expense	7,456	1675.2	420
Adjusted net earnings ⁽¹⁾	21,234	889.7	2,145
Adjusted net earnings per share ⁽¹⁾	0.99	890.0	0.10
Net earnings	20,823	1195.0	1,608
Basic earnings per share	0.97	1285.7	0.07
Diluted earnings per share	0.97	1285.7	0.07

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

Outlook

"We remain focused on the key challenges of building capacity through increased staffing and negotiating sufficient price increases to recover lost labor margin from continuing wage pressure", said Mr. O'Day. "We continue to experience high volumes of work and elevated levels of work-in-process inventory. Boyd continues to benefit from increased scanning and calibration revenue. Thus far in the second quarter, our sales run rate is modestly above that experienced in the first quarter of 2023 and same-store sales results have been slightly lower than the growth experienced recently. The balance of 2023, beginning in May and June, has higher comparative periods for which same-store sales will be measured against."

"As labor capacity constraints continue to impact our business, workforce initiatives, such as the Technician Development Program, continue to have a positive impact on capacity and ongoing investments in technology, equipment and training position us well for continued operational execution", continued Mr. O'Day. "We remain committed to addressing the labor market challenges so that we can service additional demand. Price increases for labor continue to work their way through the system market by market and client by client. Modest improvements in labor margins have been experienced; however, pricing increases have not been sufficient to attract the requisite talent into the industry and offset the wage increases experienced to date. As communicated previously, performance based programs may cause margin to vary on a quarter by quarter basis."



"Our intake location strategy is intended to drive same-store sales growth at times when capacity is not constrained. In late 2022 and early 2023, we decided to close many intake locations in the U.S. based on the reality of current capacity constraints we face", added Mr. O'Day. "On the other hand, we are pleased to have opened or acquired 30 collision repair locations thus far in 2023 and the pipeline to add new locations and to expand into new markets is robust. Operationally, we are focused on optimizing performance of new locations, as well as scanning and calibration services, and consistent execution of the WOW Operating Way. Given the high level of location growth in 2021, the strong same-store sales growth during 2022, and the combination of same-store sales growth and location growth thus far in 2023, we remain confident that the Company is on track to achieve its long-term growth goals, including doubling the size of the business on a constant currency basis from 2021 to 2025 against 2019 sales."

2023 First Quarter Conference Call & Webcast

As previously announced, management will hold a conference call on Wednesday, May 10, 2023, at 10:00 a.m. (ET) to review the Company's 2023 first quarter results. You can join the call by dialing 888-390-0546 or 416-764-8688. To join the conference call without operator assistance, you may register and enter your phone number at <https://emportal.ink/3H3GHkG> to receive an instant automated call back. 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 17, 2023, at midnight by calling 888-390-0541 or 416-764-8677, reference number 26114039.

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,	
	2023	2022
Net earnings	\$ 20,823	\$ 1,608
Add:		
Finance costs	12,064	8,313
Income tax expense	7,456	420
Depreciation of property, plant and equipment	11,916	11,523
Depreciation of right of use assets	25,777	24,143
Amortization of intangible assets	6,102	7,080
Standardized EBITDA	\$ 84,138	\$ 53,087
Add:		
Fair value adjustments	—	146
Acquisition and transaction costs	556	529
Adjusted EBITDA	\$ 84,694	\$ 53,762



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,	
	2023	2022
Net earnings	\$ 20,823	\$ 1,608
Add:		
Fair value adjustments (non-taxable)	—	146
Acquisition and transaction costs (net of tax)	411	391
Adjusted net earnings	\$ 21,234	\$ 2,145
Weighted average number of shares	21,472,194	21,472,194
Adjusted net earnings per share	\$ 0.99	\$ 0.10

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,	
	2023	2022
Sales	\$ 714,941	\$ 556,755
Less:		
Sales from locations not in the comparative period	(25,271)	(1,612)
Sales from under-performing facilities closed during the period	7	(1,404)
Foreign exchange	3,864	—
Same-store sales (excluding foreign exchange)	\$ 693,541	\$ 553,739



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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; acquisition risk; operational performance; brand management and reputation; market environment change; reliance on technology; supply chain risk; pandemic risk & economic downturn; 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 BGSI'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 BGSI'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.