










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, including intake centers, and trade names.

 48 locations	 567 locations	
British Columbia 15 Manitoba 15 Alberta 14 Saskatchewan 4	Michigan 67 Illinois 64 Florida 63 New York 38 Washington 37 Indiana 36 Georgia 30 North Carolina 28 Ohio 28 Arizona 24 Colorado 20 Wisconsin 17 Texas 14 Louisiana 13	Oregon 12 Tennessee 11 Maryland 10 California 9 Alabama 7 Nevada 7 Pennsylvania 7 Missouri 5 Oklahoma 5 Utah 5 Kentucky 4 South Carolina 4 Idaho 1 Kansas 1
 83 locations		
Ontario 83		
		
		
		
<i>The above numbers include 34 intake locations.</i>	<i>The above numbers include 19 intake locations and two fleet locations co-located with collision repair centers.</i>	

Boyd provides collision repair services to insurance companies, individual vehicle owners, as well as fleet and lease customers, with a high percentage of the Company’s revenue being derived from insurance-paid collision repair services. In Canada, government-owned insurers operating in Manitoba, Saskatchewan and British Columbia dominate the insurance-paid collision repair markets in which they operate. In the U.S. and Canadian markets other than Manitoba and Saskatchewan, private insurance carriers compete for consumer policyholders, and in many cases significantly influence the choice of collision repairer through Direct Repair Programs (“DRP’s”).

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

Prior to January 1, 2020, BGSI operated as Boyd Group Income Fund (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 the Fund's operating and financial results for the year ended December 31, 2019, including material transactions and events of BGSJ up to and including March 17, 2020, as well as management's expectations for the year ahead, should be read in conjunction with the annual audited consolidated financial statements of Boyd Group Income Fund for the year ended December 31, 2019, included on pages 50 to 95 of this report, and as filed on SEDAR at www.sedar.com.

SIGNIFICANT EVENTS

On January 1, 2019, the Fund adopted IFRS 16, *Leases* using the modified retrospective approach. The new standard has brought most leases onto the statement of financial position through recognition of right of use assets and lease liabilities. IFRS 16 establishes principles for recognition, measurement, presentation and disclosure of leases. The adoption of this standard had a significant impact on the consolidated statement of financial position, through recognition of right of use assets of \$452.9 million and lease liabilities of \$488.0 million. During 2019, the Fund recognized a decrease in operating expenses, as well as increases in depreciation expense and finance costs as a result of the adoption of the new standard.

On January 31, 2019, the call option transaction to acquire the 30% non-controlling interest in Glass America LLC held by GAJV Holdings Inc. was completed, and Gerber Glass LLC acquired the 30% non-controlling interest in Glass America LLC.

On April 3, 2019, the Fund amended its credit agreement to expand the facility to \$400.0 million U.S. through the exercise of \$100.0 million of the \$150.0 million available under the accordion feature.

On July 2, 2019, the Fund reported that on June 27, 2019, it detected a ransomware cyber-attack on a subset of its information technology systems. The Fund immediately implemented countermeasures and was able to fully recover from the cyber-attack with minimal financial impact. A forensic investigation confirmed that there was no evidence of exfiltration or breach of any data.

On August 13, 2019, the Fund announced its CEO succession plan, which would have current CEO, Brock Bulbuck move into an Executive Chair role in 2020 and Tim O'Day, current President and Chief Operating Officer, become President & CEO. These changes were planned to be effective January 2, 2020.

On September 16, 2019, the Fund announced a proposed conversion from an income trust to a corporate structure effective January 1, 2020 pursuant to a plan of arrangement. If approved, Fund unitholders would receive one publicly traded common share of the new corporation (Boyd Group Services Inc.) for each Fund unit held by the unitholder, subject to unitholder approval at a Special Meeting of unitholders, to be held on December 2, 2019.

On September 26, 2019, the Fund announced that it was named to the inaugural TSX30, a flagship program recognizing the 30 top-performing TSX stocks over a three-year period based on dividend-adjusted share price appreciation.

On December 2, 2019, the Fund announced that unitholders voted overwhelmingly in favor of the plan of arrangement, with 97.77% of votes cast being voted in favor.

On January 2, 2020, BGSJ 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*.

On January 2, 2020, BGSJ announced the appointment of Tim O'Day as President & CEO, pursuant to the previously announced CEO succession plan. Also pursuant to this CEO succession plan and concurrent with this change, Brock Bulbuck moved into the role of Executive Chair.

On March 17, 2020, the BGSJ Board of Directors declared a cash dividend for the first quarter of 2020 of \$0.138 per common share. The dividend will be payable on April 28, 2020 to common shareholders of record at the close of business on March 31, 2020.

On March 18, 2020, BGSJ announced an increase to its existing credit agreement to expand the facility to \$550.0 million U.S., with an accordion feature to increase the facility to a maximum of \$825 million U.S., accompanied by the addition of a new seven-year fixed-rate Term Loan A in the amount of \$125 million U.S., maturing in March 2025 and March 2027, respectively.

The Fund added 126 new collision locations since January 1, 2019 as follows:

Date	Location	Previously operated as
January 1, 2019	Union City, GA	n/a intake center
January 9, 2019	Cayce, SC	Bob Johnson's Body Shop
January 11, 2019	Peoria, AZ	Lake Pleasant Collision Center
February 28, 2019	New York (18 locations)	Carubba Collision
March 8, 2019	Michigan (11 locations)	Dusty's, Whitney's and Wright Brothers Collision
March 15, 2019	Guelph, ON	Majestic Collision
March 18, 2019	Richland, WA	Atomic Auto Body and Detail
March 25, 2019	Bullhead City, AZ	Gordy's Auto Body
March 29, 2019	Oregon & Washington (7 locations)	Beaverton Auto Rebuilders, Inc.
April 15, 2019	New York (3 locations)	Carubba Collision
April 18, 2019	Holly Springs, GA	n/a intake center
May 14, 2019	Trussville, AL	Myers Auto Collision Repair, Inc.
May 14, 2019	Nevada & Arizona (4 locations)	New Look Collision Center
June 7, 2019	Louisville, KY (2 locations)	Bill Etscom & Sons Auto & Collision Center
June 10, 2019	Watauga, TX	PlanetPaint Collision Center
June 24, 2019	Austin, TX	Aus-Tex Body & Frame
July 19, 2019	Rochester, NY (16 locations)	Nu-Look Collision Center
July 29, 2019	Steinbach, MB	Stony Brook Collision Center
July 31, 2019	Destin, FL	n/a start-up
August 1, 2019	Ottawa, ON	n/a start-up
August 19, 2019	Moody & Anniston, AL (2 locations)	Auto Collision Experts
September 3, 2019	Lincolnwood, IL	n/a intake center
September 3, 2019	Pasco, WA	n/a intake center
September 6, 2019	Evansville, IN (4 locations)	Lefler Collision & Glass
September 13, 2019	Columbia, Irmo & Lexington, SC (3 locations)	Baker Collision Express
September 16, 2019	Lindenhurst, IL	n/a intake center
September 30, 2019	East Peoria, IL	n/a start-up
September 30, 2019	Port Orchard & Gig Harbor, WA (2 locations)	Rainier Collision
October 8, 2019	Gonzales, LA	Precision Collision Center
November 1, 2019	Huntsville, AL	Quality Body Shop
November 1, 2019	Pelham, AL	Oak Mountain Body Shop
November 15, 2019	Dayton, FL	n/a start-up
November 20, 2019	Roswell/Jackson, GA	n/a intake center
November 22, 2019	Nashville, TN	Whaley Body Shop
December 2, 2019	Tacoma, WA	Salatino's Collision Center
December 6, 2019	Los Angeles, CA (6 locations)	International Auto Crafters
December 6, 2019	Los Angeles, CA (3 locations)	Centre Pointe Collision Center
December 10, 2019	Gallatin, TN	n/a intake center
December 13, 2019	Utica, MI	Macomb Collision Tire & Service
December 13, 2019	Kingston, ON	Limestone Auto Body
January 2, 2020	Parksville, BC	Crashpad Collision Services
January 6, 2020	Williamsville, NY	n/a intake center
January 17, 2020	Littleton, CO	n/a start-up
March 6, 2020	Indiana & Michigan (14 locations)	Vision Collision
March 13, 2020	Waukesha, WI	Nagel Auto Body

OUTLOOK

Boyd continues to execute on its growth strategy. During 2019, the Company added 108 locations, while at the same time achieving organic growth through same-store sales increases of 3.3%.

Worldwide, we are all adjusting and adapting to daily changes as a result of the COVID-19 pandemic. While the impact on the Company thus far has not been material, this could change quickly. The outbreak of contagious illness such as this can impact operations, including staffing and the volume and pace at which collision repair shops can fix damaged vehicles and may lead to the temporary closure of facilities. The pandemic could also result in decreased demand for services, as well as interruptions to the supply chain, including temporary closure of supplier facilities. In fact, over the past few days the Company has noted a weakening of demand, possibly from customers deferring repairs to avoid exposure and the result of reduced miles driven and less road congestion as fewer people travel to schools, offices, sporting and other public events and places. Given the high level of uncertainty surrounding COVID-19 impacts, the Company is in the process of making many proactive changes and contingency plans relating to the current environment and will continue to work to address COVID-19 challenges as they evolve, so as to minimize the risk and impact to our employees, customers and shareholders.

While long-term, the Company will continue to pursue accretive growth through a combination of organic growth (same-store sales growth) as well as acquisitions and new store development, our immediate focus is on preserving financial flexibility as we deal with the uncertain impacts of COVID-19. Boyd will be taking a near-term pause on closing and funding acquisitions until we have greater clarity. After the pause, acquisitions will continue to include both single location acquisitions as well as multi-location acquisitions. Our long-term goal of doubling the size of the business and revenues (on a constant currency basis) during the five-year period ending in 2020 could be delayed due to uncertainty surrounding the COVID-19 pandemic. Boyd's conservative financial strategy has positioned the Company with a strong balance sheet and financial flexibility to deal with the current uncertain economic environment.

While results in the fourth quarter of 2019 showed a small same-store sales decline, this was primarily the result of same-store sales declines in Canada due to a combination of economic challenges in Alberta and technician capacity constraints in other Canadian markets, along with continuing technician capacity constraints in many U.S. markets that limited U.S. same-store sales growth. Prior to the more recent disruption of COVID-19, modest same-store sales were being forecasted in both Canada and the U.S. due to a combination of very mild winter weather in some northern markets and technician capacity constraints in other markets where demand was strong. Technician capacity challenges continue to be addressed through previously disclosed initiatives, such as standardized recruitment processes and new hire on-boarding and orientation, as well as continued investment in our Technician Development Program.

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 remains the Company's focus whether it is through organic growth 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 statement of 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 approximately \$30 to \$40 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 17% 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 29% of the total market. In February 2019, two of the four largest multi-location collision repairers closed a merger, making the combined entity more than twice the current size of Boyd in terms of revenue.

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 DRP's and other referral arrangements with insurance, fleet and lease 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, fleet and lease 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. Boyd plans to continue this strategy and may expand it into other Canadian and U.S. markets, as it achieves sufficient critical mass in these other markets to do so.

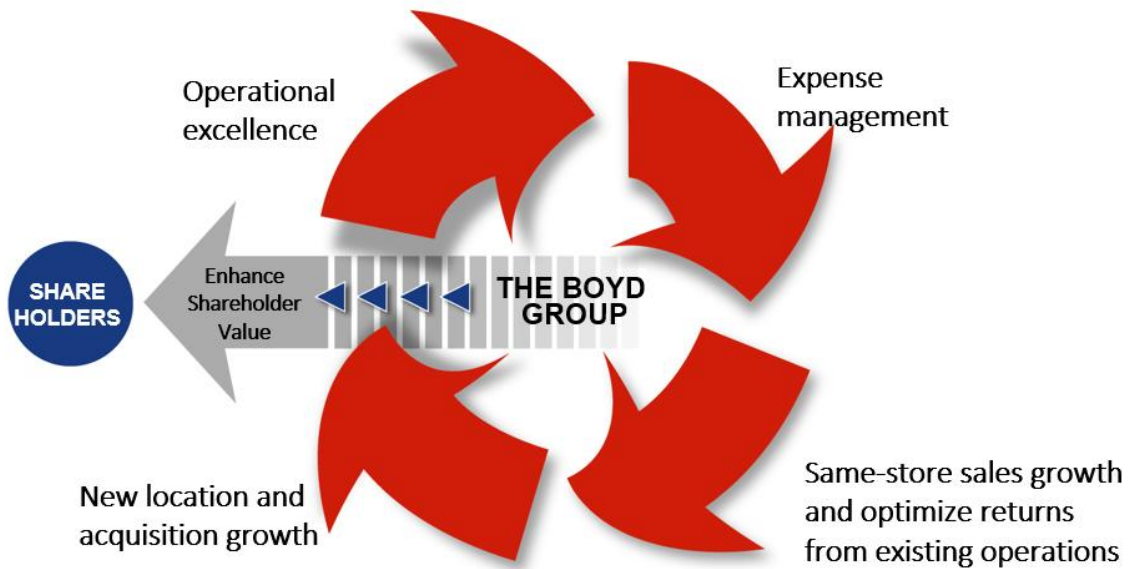
As described further under "Business Risks and Uncertainties", operating results are expected to be subject to fluctuations due to a variety of factors including changes in customer purchasing patterns, pricing by insurance companies, general operating effectiveness, automobile technologies, availability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

Boyd's primary strategy is to continue to focus on maximizing its opportunities through a commitment to:

- Use of best practices, economies of scale and infrastructure and systems to enhance profitability and achieve operational excellence;
- Expense management through a focus on cost containment and efficiency improvements;
- Optimizing returns from existing operations by achieving same-store sales growth; and
- Growing the business through single location and multi-location acquisitions, along with new location development.

Through these strategies, Boyd expects to generate growth sufficient to double the size of its business (measured against its 2015 revenue on a constant currency basis) over a five-year period, implying an average annual growth rate of 15%, although this could be delayed due to uncertainty surrounding the COVID-19 pandemic.

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 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. 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 growth, Boyd will continue to manage this expense ratio. Operating expenses have a high fixed component and therefore same-store sales growth contributes to a lower percentage of operating expenses to sales.

Same-Store Sales / Optimize Returns

Increasing same-store sales and running shops at or near capacity has a positive impact on financial performance. Boyd continues to seek opportunities to help grow same-store sales.

New Location and Acquisition Growth

In line with stated growth strategies, Boyd was successful in opening 108 new locations in 2019. Boyd will continue to pursue accretive growth through a combination of organic growth (same-store sales growth) as well as acquisitions and new store development. Acquisitions will include both single-location acquisitions as well as multi-location acquisitions. Combined, Boyd expects this strategy to generate growth sufficient to double the size of its business (measured against its 2015 revenue on a constant currency basis) over the five year period from 2015-2020, implying an average annual growth rate of 15%, although this could be delayed due to uncertainty surrounding the COVID-19 pandemic.

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.

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 ending in 2020	Acquisition 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	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 declines 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 Economic conditions deteriorate

Forward-looking Information	Key Assumptions	Most Relevant Risk Factors
<p>Boyd remains confident in its business model to increase market share by expanding its presence in North America through strategic and accretive acquisitions alongside organic growth from Boyd's existing operations</p>	<p>Continued stability in economic conditions and employment rates</p> <p>Pricing in the industry remains stable</p> <p>The Company's customer and supplier relationships provide it with competitive advantages to increase sales over time</p> <p>Market share growth will more than offset systemic changes in the industry and environment</p> <p>Anticipated operating results would be accretive to overall Company results</p>	<p>Economic conditions deteriorate</p> <p>Loss of one or more key customers or loss of significant volume from any customer</p> <p>Decline in the number of insurance claims</p> <p>Inability of the Company to pass cost increases to customers over time</p> <p>Increased competition which may prevent achievement of revenue goals</p> <p>Changes in market conditions and operating environment</p> <p>Changes in weather conditions</p> <p>Inability to maintain, replace or grow same-store technician capacity could impact organic growth</p>
<p>Stated objective to gradually increase dividends over time</p>	<p>Growing profitability of the Company and its subsidiaries</p> <p>The continued and increasing ability of the Company to generate cash available for dividends</p> <p>Balance sheet strength and flexibility is maintained and the dividend level is manageable taking into consideration bank covenants, growth requirements and maintaining a dividend level that is supportable over time</p>	<p>BGSI is dependent upon the operating results of the Company</p> <p>Economic conditions deteriorate</p> <p>Changes in weather conditions</p> <p>Decline in the number of insurance claims</p> <p>Loss of one or more key customers or loss of significant volume from any customer</p> <p>Changes in government regulation</p>
<p>Subject to adjustments that may be necessary due to the COVID-19 pandemic, for 2020, the Company plans to make capital expenditures (excluding those related to acquisition and development of new locations) within the range of 1.6% to 1.8% of sales. In addition, the Company may invest \$5 million in LED lighting which is expected to achieve accretive returns on invested capital. Additionally, the Company may expand its Wow Operating Way practices to corporate business processes. The related technology and process efficiency project would result in a total \$9-10 million investment and would also be expected to generate economic returns after the project is fully implemented as well as streamline various processes.</p>	<p>The actual cost for these capital expenditures agrees with the original estimate</p> <p>The purchase, delivery and installation of the capital items is consistent with the estimated timeline</p> <p>No other new capital requirements are identified or required during the period</p> <p>All identified capital requirements are required during the period</p> <p>Investment in LED lighting and process efficiency projects will generate positive returns</p>	<p>Expected actual expenditures could be above or below 1.6% to 1.8% of sales</p> <p>The timing of the expenditures could occur on a different timeline</p> <p>BGSI may identify additional capital expenditure needs that were not originally anticipated</p> <p>BGSI may identify capital expenditure needs that were originally anticipated; however, are no longer required or required on a different timeline</p> <p>Expected positive returns are not generated due to delays, increased costs, or unanticipated challenges in implementation</p>

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 the Fund over the prior three years:

For the years ended December 31,			
<i>(thousands of Canadian dollars, except per unit amounts)</i>	2019	2018	2017
Sales	\$ 2,283,325	\$ 1,864,613	\$ 1,569,448
Net earnings	\$ 64,147	\$ 77,639	\$ 58,435
Adjusted net earnings	\$ 100,548	\$ 85,607	\$ 58,833
Basic earnings per unit	\$ 3.23	\$ 3.94	\$ 3.16
Diluted earnings per unit	\$ 3.12	\$ 3.79	\$ 2.81
Adjusted net earnings per unit	\$ 5.06	\$ 4.35	\$ 3.18
Cash distributions per unit declared:			
Trust unit distributions	\$ 0.54	\$ 0.53	\$ 0.52
As at December 31,			
<i>(thousands of Canadian dollars)</i>	2019	2018	2017
Total assets	\$ 1,901,253	\$ 1,233,483	\$ 1,011,393
Total long-term financial liabilities	\$ 847,950	\$ 319,720	\$ 329,756

Acquisitions and new single location growth had the largest impact on growing sales from 2017 to present. In 2018, sales growth was driven primarily by the addition of 81 locations, as well as same-store sales growth of 4.8%. In 2019, sales growth was driven primarily by the addition of 108 locations, as well as same-store sales growth of 3.3%.

The net earnings reported were impacted by fair value adjustments related to financial instruments that mainly arose as the Fund's unit price increased. Excluding these adjustments, net earnings would have increased each year as a result of the increase in sales and gross profit.

The change in total assets and total long-term financial liabilities was significantly impacted by acquisitions in 2018 and 2019. Total assets and total long-term financial liabilities were also significantly impacted by the adoption of IFRS 16, *Leases* on January 1, 2019, through initial recognition of right of use assets of \$452.9 million and lease liabilities of \$488.0 million. In addition to these changes, fluctuations in total assets have primarily related to increases in property, plant and equipment, intangible assets and goodwill as a result of new location growth. Long-term financial liabilities have also been impacted by financing of acquisitions. The recognition of exchangeable Class A common shares, unit based payment obligations and the non-controlling interest put options and call liability as financial liabilities under IFRS has also contributed to the growth in long-term financial liabilities. The decrease in long-term financial liabilities in 2018 was primarily the result of the settlement of unit options and the reclassification of the non-controlling interest call liability, partially offset by draws on the revolving credit facility to finance acquisitions. The increase in long-term financial liabilities in 2019 was primarily the result of the adoption of IFRS 16, *Leases*, as well as financing of acquisitions. These increases were partially offset by the settlement of unit options.

Since the end of 2007 through the end of 2019, the Fund increased monthly distributions to unitholders and Boyd Group Holdings Inc. increased dividends to its Class A shareholders annually. The same rate of dividends has been maintained by BGSi beginning January 1, 2020, such that as of March 17, 2020 the dividend rate is \$0.138 per quarter or \$0.552 on an annualized basis.

BOYD GROUP INCOME FUND AND BOYD GROUP SERVICES INC.

On January 1, 2020, Boyd Group Income Fund 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”).

As a result of the Arrangement, 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.

Boyd Group Income Fund (the “Fund”), is a subsidiary of BGSi and is an unincorporated, open-ended mutual fund trust. On December 31, 2019, the Fund owned 100% of the Class I common shares of the Company and 100% of the subordinated notes issued by a U.S. subsidiary of the Company, The Boyd Group (U.S.) Inc. (the “Notes”). Distributions to unitholders, when paid by the Fund, were funded from a combination of interest income earned on the Notes and from dividends on the Class I common share investment or as a return of capital on Notes. There was no return of capital in 2018 and 2019. On January 1, 2020, the Class I common shares held by the Fund were exchanged on a one-for-one basis for Class A Preferred Shares of the Company.

On December 31, 2019, Boyd Group Holdings Inc. (“BGHI”) owned 100% of the Class II common shares issued by the Company. On January 1, 2020, the Class II common shares held by BGHI were exchanged on a one-for-one basis for Common Shares of the Company. The Common Shares of the Company, currently, through March 17, 2020, represent 100% of the common shares of the Company. The share structure of BGHI at March 17, 2020, consists of 100 million Voting shares, 184,813 Class A common shares, 1,852,619 Class B common shares and 25,431 Class C common shares. The Fund, through the ownership of 70 million or 70% of the Voting shares, has voting control of BGHI. The remaining 30% is held by BGSi. The Class A common shares are all held by BGSi. The Class B and Class C common shares are all held by Boyd. Although the Fund has voting control, it did not and continues not to have any significant economic interest in the activities of BGHI. All dividends received by BGHI from Boyd on the Class II common shares until December 31, 2019 have been passed on as dividends to Class A and B common shareholders of BGHI.

On December 31, 2019, the Fund also held 67,730 Class IV non-voting, redeemable, retractable preferred shares of the Company issued as a result of an internal restructuring in 2007, the bought deal public equity offerings completed in 2014, 2013 and 2011, the convertible debenture offering completed in 2012, the subsequent conversion and redemption of 2012 Debentures into units, the convertible debenture offering completed in 2014 and the subsequent conversion and redemption of 2014 Debentures into units. On January 1, 2020, the Class IV preferred shares were exchanged on a one-for-one basis for Class B preferred shares of the Company.

The consolidated financial statements of the Fund, BGHI 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 the Fund, BGHI and the Company and the Company’s subsidiary companies for the year ended December 31, 2019.

NON-GAAP FINANCIAL MEASURES

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 the Fund, nor should it be used as an exclusive measure of cash flow. The Fund reports EBITDA and Adjusted EBITDA because it is a key measure 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 the Fund, investors are cautioned that EBITDA and Adjusted EBITDA as reported by the Fund may not be comparable in all instances to EBITDA as reported by other companies.

The CPA'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 the Fund and which should not be considered in a valuation metric or should not be included in assessment of ability to service or incur debt. Included in this category of adjustments 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 put option and call liability. These items are adjustments that did not have any cash impact on 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 have been deducted in arriving at Adjusted EBITDA to enhance comparability with prior period. Beginning January 1, 2020, these amounts will no longer be deducted in arriving at Adjusted EBITDA. From time to time, the Fund may make other adjustments to its Adjusted EBITDA for items that are not expected to recur.

The following is a reconciliation of the Fund's net earnings to EBITDA and Adjusted EBITDA:

ADJUSTED EBITDA

<i>(thousands of Canadian dollars)</i>	For the three months ended		For the year ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Net earnings	\$ 14,253	\$ 29,904	\$ 64,147	\$ 77,639
Add:				
Finance costs	10,129	2,911	38,185	10,283
Income tax expense	7,608	6,771	29,402	24,635
Depreciation of property, plant and equipment	11,740	9,274	41,601	34,067
Depreciation of right of use assets - property	23,317	-	88,148	-
Depreciation of right of use assets - vehicles and equipment	727	-	2,742	-
Amortization of intangible assets	6,489	4,750	22,467	17,674
Standardized EBITDA	\$ 74,263	\$ 53,610	\$ 286,692	\$ 164,298
Add (less):				
Fair value adjustments	8,799	(8,673)	28,330	4,787
Acquisition and transaction costs	991	2,626	4,850	4,298
Adjusted EBITDA, post IFRS 16, <i>Leases</i> basis	84,053	47,563	319,872	173,383
Less:				
Lease liability payments - property	(27,623)	-	(104,276)	-
Adjusted EBITDA	\$ 56,430	\$ 47,563	\$ 215,596	\$ 173,383

ADJUSTED NET EARNINGS

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

<i>(thousands of Canadian dollars, except unit and per unit amounts)</i>	For the three months ended		For the year ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Net earnings	\$ 14,253	\$ 29,904	\$ 64,147	\$ 77,639
Add (less):				
Fair value adjustments (non-taxable)	8,799	(8,673)	28,330	4,787
Acquisition and transaction costs (net of tax)	733	1,943	3,589	3,181
Depreciation of right of use assets - property (net of tax)	17,255	-	65,230	-
Finance cost on lease liabilities - property (net of tax)	4,280	-	16,416	-
Less:				
Lease liability payments - property (net of tax)	(20,441)	-	(77,164)	-
Adjusted net earnings	\$ 24,879	\$ 23,174	\$ 100,548	\$ 85,607
Weighted average number of units	19,931,963	19,732,171	19,878,567	19,684,337
Adjusted net earnings per unit	\$ 1.25	\$ 1.17	\$ 5.06	\$ 4.35

Distributions and Distributable Cash

Until December 31, 2019, the Fund and BGHI made monthly distributions, in accordance with their distribution policies, to unitholders of the Fund and dividends to Class A common shareholders of BGHI of record on the last day of each month, payable on or about the last business day of the following month. The amount of cash distributed by the Fund was equal to the pro rata share of interest or principal repayments received on the Notes and distributions received on or in respect of the Class I common shares of the Company held by the Fund, after deducting expenses of the Fund and any cash redemptions of the Fund during the period. The amount of cash distributed by BGHI was equal to the pro rata share of dividends received on or in respect of the Class II common shares of the Company held by BGHI, after deducting expenses of BGHI. All dividends paid or allocated to unitholders of the Fund or Class A shareholders of BGHI are considered to be eligible dividends for Canadian income tax purposes.

During 2019, the Fund paid distributions totaling \$10.8 million (2018 - \$10.4 million) while BGHI paid dividends to Class A common shareholders during this same period of \$116 thousand (2018 - \$117 thousand).

Distributable cash is a non-GAAP measure presented to provide an indication of the Fund's ability to sustain distributions while maintaining productive capacity. Distributable cash can be compared to cash flow provided by operating activities, which is its nearest GAAP measure. In addition, a comparison can also be made to earnings.

The Fund's distribution level was well below cash flow provided by operating activities and adjusted distributable cash during the periods presented. Excess funds were retained to grow the business and strengthen the statement of financial position. A continuation of this trend will permit BGSi to continue to increase dividends over time while maintaining a strong statement of financial position and executing its growth strategy.

Distributions to unitholders and dividends to the BGHI shareholders were declared and paid as follows:

<i>(thousands of Canadian dollars, except per unit and per share amounts)</i>				
Record date	Payment date	Distribution per Unit / Dividend per Share	Distribution amount	Dividend amount
January 31, 2019	February 26, 2019	\$ 0.0450	\$ 891	\$ 10
February 28, 2019	March 27, 2019	0.0450	892	10
March 31, 2019	April 26, 2019	0.0450	894	9
April 30, 2019	May 29, 2019	0.0450	894	10
May 31, 2019	June 26, 2019	0.0450	894	10
June 30, 2019	July 29, 2019	0.0450	895	9
July 31, 2019	August 28, 2019	0.0450	894	10
August 31, 2019	September 28, 2019	0.0450	894	10
September 30, 2019	October 29, 2019	0.0450	895	9
October 31, 2019	November 27, 2019	0.0450	894	9
November 30, 2019	December 20, 2019	0.0460	921	10
December 31, 2019	January 29, 2020	0.0460	921	10
		\$ 0.5420	\$ 10,779	\$ 116

<i>(thousands of Canadian dollars, except per unit and per share amounts)</i>				
Record date	Payment date	Distribution per Unit / Dividend per Share	Distribution amount	Dividend amount
January 31, 2018	February 26, 2018	\$ 0.0440	\$ 865	\$ 10
February 28, 2018	March 27, 2018	0.0440	865	10
March 31, 2018	April 26, 2018	0.0440	866	9
April 30, 2018	May 29, 2018	0.0440	865	10
May 31, 2018	June 27, 2018	0.0440	865	10
June 30, 2018	July 27, 2018	0.0440	866	9
July 31, 2018	August 29, 2018	0.0440	865	10
August 31, 2018	September 26, 2018	0.0440	866	10
September 30, 2018	October 29, 2018	0.0440	866	9
October 31, 2018	November 28, 2018	0.0440	865	9
November 30, 2018	December 21, 2018	0.0450	892	10
December 31, 2018	January 29, 2019	0.0450	892	10
		\$ 0.5300	\$ 10,438	\$ 116

Maintaining Productive Capacity

Maintaining productive capacity is defined by Boyd as the maintenance of the Company's facilities, equipment, signage, vehicles, systems, brand names and infrastructure. 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, systems 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.

Subject to adjustments that may be necessary to preserve financial flexibility due to the COVID-19 pandemic, for 2020, the Company plans to make cash capital expenditures, excluding those related to acquisition and development of new locations, within the range of 1.6% and 1.8% of sales. In addition to normal capital expenditures, the Company plans to invest \$5 million in LED lighting in order to reduce energy consumption and enhance the shop work environment. This investment would not only provide environmental and social benefits but also achieve accretive returns on invested capital. Additionally, the Company plans to expand its Wow Operating Way practices to corporate business processes. The related technology and process efficiency project would result in a total \$9-10 million investment and would also be expected to streamline various processes as well as generate economic returns after the project is fully implemented. The Company will pause on these planned investments until there is greater clarity on the impact of COVID-19.

In many circumstances, property, as well as large equipment expenditures including automobiles, shop equipment and computers can be financed using leases. Cash spent on maintenance capital expenditures plus the repayment of leases, including the finance costs thereon, form part of the distributable cash calculations.

Non-recurring and Other Adjustments

Non-recurring and other adjustments may include, but are not limited to, post closure environmental liabilities, restructuring costs and acquisition and transaction costs. Management is not currently aware of any environmental remediation requirements. Acquisition and transaction costs are added back to distributable cash as they occur. On adoption of IFRS 16, *Leases* on January 1, 2019, lease expenses are no longer included in operating expenses and therefore have been deducted in arriving at Adjusted distributable cash since they represent ongoing cash requirements of the business.

Debt Management

In addition to lease obligations arranged to finance growth and maintenance expenditures on property and equipment, the Company has historically utilized long-term debt to finance the expansion of its business, usually through the acquisition and start-up of collision and glass repair and replacement businesses. Repayments of this debt do not form part of distributable cash calculations. Boyd's bank facilities include restrictive covenants, which could limit BGSi's ability to distribute cash. These covenants, based upon current financial results, would not prevent BGSi from paying future dividends at conservative and sustainable levels. These covenants will continue to be monitored in conjunction with any future anticipated dividends.

The following is a standardized and adjusted distributable cash calculation for 2019 and 2018:

Standardized and Adjusted Distributable Cash ⁽¹⁾				
<i>(thousands of Canadian dollars, except per unit and per share amounts)</i>	For the three months ended		For the year ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Cash flow from operating activities before				
changes in non-cash working capital items ⁽²⁾	\$ 78,029	\$ 47,423	\$ 294,148	\$ 156,724
Changes in non-cash working capital items	10,224	22,581	1,674	34,023
Cash flows from operating activities	88,253	70,004	295,822	190,747
Less adjustment for:				
Finance costs	(10,129)	(2,911)	(38,185)	(10,283)
Sustaining expenditures on plant, software and equipment ⁽³⁾	(14,103)	(9,344)	(35,928)	(26,651)
Standardized distributable cash	\$ 64,021	\$ 57,749	\$ 221,709	\$ 153,813
Standardized distributable cash per average unit and Class A common share				
Per average unit and Class A common share	\$ 3.18	\$ 2.89	\$ 11.03	\$ 7.73
Per diluted unit and Class A common share ⁽⁶⁾	\$ 3.18	\$ 2.85	\$ 11.02	\$ 7.66
Standardized distributable cash from above	\$ 64,021	\$ 57,749	\$ 221,709	\$ 153,813
Add (deduct) adjustments for:				
Acquisition and transaction costs ⁽⁴⁾	991	2,626	4,850	4,298
Proceeds on sale of equipment and software	225	62	392	565
Repayments of leases, principal ⁽⁵⁾	(22,633)	(928)	(85,966)	(3,906)
Adjusted distributable cash	\$ 42,604	\$ 59,509	\$ 140,985	\$ 154,770
Adjusted distributable cash per average unit and Class A common share				
Per average unit and Class A common share	\$ 2.12	\$ 2.98	\$ 7.02	\$ 7.78
Per diluted unit and Class A common share ⁽⁶⁾	\$ 2.12	\$ 2.94	\$ 7.01	\$ 7.71
Distributions and dividends paid				
Unitholders	\$ 2,708	\$ 2,623	\$ 10,751	\$ 10,405
Class A common shareholders	29	29	116	117
Total distributions and dividends paid	\$ 2,737	\$ 2,652	\$ 10,867	\$ 10,522
Distributions and dividends paid				
Per unit	\$ 0.14	\$ 0.13	\$ 0.54	\$ 0.53
Per Class A common share	\$ 0.14	\$ 0.13	\$ 0.54	\$ 0.53
Payout ratio based on standardized distributable cash	4.3%	4.6%	4.9%	6.8%
Payout ratio based on adjusted distributable cash	6.4%	4.5%	7.7%	6.8%

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

⁽²⁾ The January 1, 2019 modified retrospective adoption of IFRS 16, *Leases*, has resulted in an increase to cash flow from operating activities in the 2019 periods presented, as lease expenses are no longer included in operating expenses. The comparative 2018 periods have not been restated.

- ⁽³⁾ Includes sustaining expenditures on plant and equipment, information technology hardware and computer software but excludes capital expenditures associated with acquisition and development activities including rebranding of acquired locations. In addition to the maintenance capital expenditures paid with cash, during 2019 the Company acquired a further \$2.7 million (2018 - \$2.8 million) in vehicles and equipment which were financed through leases and did not affect cash flows in the current period. On January 1, 2019, the Company recorded \$442.6 million in property leases as right of use assets on adoption of IFRS 16, *Leases*. During 2019, the Company recorded additional property leases of \$129.3 million as right of use assets under this new accounting standard.
- ⁽⁴⁾ The Company has added back to distributable cash the costs related to acquisitions.
- ⁽⁵⁾ Lease payments represent additional cash requirements to support the productive capacity of the Company and therefore have been deducted when calculating Adjusted distributed cash.
- ⁽⁶⁾ Per diluted unit and Class A common share amounts have been calculated in accordance with definitions of dilution and antidilution contained in IAS 33, *Earnings per Share*. Diluted distributable cash amounts will differ from average distributable cash amounts on a per unit basis if earnings per unit calculations show a dilutive impact.

RESULTS OF OPERATIONS

Results of Operations	For the three months ended			For the year ended		
	December 31,			December 31,		
<i>(thousands of Canadian dollars, except per unit amounts)</i>	2019	% change	2018	2019	% change	2018
Sales - Total	585,966	18.3	495,131	2,283,325	22.5	1,864,613
Same-store sales - Total (excluding foreign exchange)	480,708	(0.2)	481,745	1,852,154	3.3	1,793,170
Gross margin %	45.0	1.6	44.3	45.4	0.4	45.2
Operating expense %	30.7	(11.5)	34.7	31.4	(12.5)	35.9
Adjusted EBITDA ⁽¹⁾	56,430	18.6	47,563	215,596	24.3	173,383
Adjusted EBITDA (post IFRS 16, <i>Leases</i> basis) ⁽¹⁾	84,053	N/A	N/A	319,872	N/A	N/A
Acquisition and transaction costs	991	(62.3)	2,626	4,850	12.8	4,298
Depreciation and amortization	42,273	201.4	14,024	154,958	199.5	51,741
Fair value adjustments	8,799	(201.5)	(8,673)	28,330	491.8	4,787
Finance costs	10,129	248.0	2,911	38,185	271.3	10,283
Income tax expense	7,608	12.4	6,771	29,402	19.4	24,635
Adjusted net earnings ⁽¹⁾	24,879	7.4	23,174	100,548	17.5	85,607
Adjusted net earnings per unit ⁽¹⁾	1.25	6.8	1.17	5.06	16.3	4.35
Net earnings	14,253	(52.3)	29,904	64,147	(17.4)	77,639
Basic earnings per unit	0.72	(52.6)	1.52	3.23	(18.0)	3.94
Diluted earnings per unit	0.72	(39.5)	1.19	3.12	(17.7)	3.79
Standardized distributable cash ⁽¹⁾	64,021	10.9	57,749	221,709	44.1	153,813
Adjusted distributable cash ⁽¹⁾	42,604	(28.4)	59,509	140,985	(8.9)	154,770
Distributions and dividends paid	2,737	3.2	2,652	10,867	3.3	10,522

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

Sales

Sales totaled \$2.283 billion for the year ended December 31, 2019, an increase of \$418.7 million or 22.5% when compared to 2018. The increase in sales was the result of the following:

- \$326.9 million of incremental sales were generated from 175 new locations that were not in operation for the full comparative period.
- Same-store sales excluding foreign exchange increased \$59.0 million or 3.3% and increased \$38.8 million due to the translation of same-store sales at a higher U.S. dollar exchange rate. Same-store sales excluding foreign exchange increased 3.3% on a days adjusted basis, recognizing the same number of selling and production days in the U.S. and Canada in 2019 and 2018.
- Sales were affected by the closure of under-performing facilities which decreased sales by \$5.9 million.

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

Gross Profit

Gross Profit was \$1.036 billion or 45.4% of sales for the year ended December 31, 2019 compared to \$842.5 million or 45.2% of sales for the same period in 2018. Gross profit increased primarily as a result of higher sales due to acquisition and same-store sales growth compared to the prior period. The gross margin percentage is impacted by increased DRP pricing as well as improved parts and labour margins, partially offset by a higher mix of parts sales in relation to labour. Certain DRP performance pricing arrangements have recently changed in a way that is resulting in slightly greater pricing variability. The gross margin percentage is within normal ranges for mix and margin changes period to period.

Operating Expenses

Operating Expenses for the year ended December 31, 2019 increased \$47.5 million to \$716.6 million from \$669.1 million for the same period of 2018, primarily due to the acquisition of new locations. Adjusting for the impact of the adoption of IFRS 16, *Leases* on the year ended December 31, 2019, operating expenses would have increased \$104.3 million to \$820.9 million. The increase in operating expenses adjusted for the impact of IFRS 16, *Leases* adoption, is primarily due to the acquisition of new locations. Excluding the impact of foreign currency translation which increased operating expenses by approximately \$16.5 million, expenses increased \$135.0 million from 2018. Closed locations lowered operating expenses by \$2.5 million.

Operating expenses as a percentage of sales were 31.4% for the year ended December 31, 2019. Operating expenses, adjusted for the impact of IFRS 16, *Leases* adoption, as a percentage of sales were 36.0% for the year ended December 31, 2019, which compared to 35.9% for the same period in 2018.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for the year ended December 31, 2019 were \$4.9 million compared to \$4.3 million recorded for the same period of 2018. The costs relate to various acquisitions, including acquisitions from prior periods, as well as other completed or potential acquisitions. For the year ended December 31, 2018, \$1.9 million in acquisition and transaction costs related to the costs incurred to complete the Glass America call option transaction.

Adjusted EBITDA

*Earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the exchangeable share liability, unit option liability, non-controlling interest put option and call liability and contingent consideration, as well as acquisition and transaction costs and the impact of adoption of IFRS 16, Leases (“Adjusted EBITDA”)*¹ for the year ended December 31, 2019 totaled \$215.6 million or 9.4% of sales compared to Adjusted EBITDA of \$173.4 million or 9.3% of sales in the prior year. The \$42.2 million increase was primarily the result of incremental EBITDA contribution from new location and same-store sales growth, as well as changes in U.S. dollar exchange rates in

2018, which increased Adjusted EBITDA by \$4.0 million. Adjusted EBITDA on a post IFRS 16, *Leases* basis was \$319.9 million or 14.0% of sales for the year ended December 31, 2019.

Depreciation and Amortization

Depreciation related to property, plant and equipment totaled \$41.6 million or 1.8% of sales for the year ended December 31, 2019, an increase of \$7.5 million when compared to the \$34.1 million or 1.8% 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.

Depreciation related to right of use assets totaled \$90.9 million or 4.0% of sales for the year ended December 31, 2019.

Amortization of intangible assets for the year ended December 31, 2019 totaled \$22.5 million or 1.0% of sales, an increase of \$4.8 million when compared to the \$17.7 million or 0.9% 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.

Fair Value Adjustments

Fair Value Adjustment to Exchangeable Class A Common Shares liability resulted in a non-cash expense of \$16.7 million during 2019 compared to a non-cash expense of \$2.4 million in the prior year. The Class A exchangeable shares of BGHI are exchangeable into units of the Fund. This exchangeable feature results in the shares being presented as financial liabilities of the Fund. The liability represents the value of the Fund attributable to these shareholders. Exchangeable Class A shares are measured at the market price of the units of the Fund as of the statement of financial position date. The fair value adjustment, which increased the liability and resulted in the recording of the related expense, is the result of the increase in the value of the Fund’s units. On January 1, 2020, the Class A exchangeable shares of BGHI were exchanged on a one-for-one basis for shares of BGSI.

Fair Value Adjustment to Unit Based Payment Obligation liability resulted in a non-cash expense of \$13.7 million for 2019 compared to a non-cash expense of \$4.9 million in the prior year. Similar to the exchangeable share liability, the unit option liability is impacted by changes in the value of the Fund’s units. The cost of cash-settled unit-based transactions is measured at fair value using a Black-Scholes model and expensed over the vesting period with the recognition of a corresponding liability. On November 25, 2019, the remaining 150,000 unit options were settled thereby eliminating the unit based payment option liability from the statement of financial position. The fair value adjustment is the result of the increase in the value of the Fund’s units.

Fair Value Adjustment to Non-controlling Interest Put Option and Call liability resulted in a non-cash recovery of \$2.1 million for 2019 compared to a non-cash recovery of \$2.5 million in the same period of the prior year. The non-controlling interest call liability transaction was completed on January 31, 2019, with no fair value adjustment recorded during the year ended December 31, 2019. The non-controlling interest put option has been calculated based on the Gerber Glass LLC Company Agreement. Revisions to the EBITDA amount on which the calculation is based resulted in a decrease in the put option liability and a corresponding non-cash recovery in 2019.

Fair Value Adjustment to Contingent Consideration resulted in a non-cash expense of \$0.02 million for 2019. Contingent consideration is impacted by changes to the estimated payment due to sellers based on the acquisition meeting predetermined earnings targets during specified periods subsequent to the acquisition date.

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

Finance Costs

Finance Costs of \$38.2 million or 1.7% of sales for the year ended December 31, 2019 increased from \$10.3 million or 0.6% of sales for the prior year, primarily due to the adoption of IFRS 16, *Leases*. Removing the impact of the adoption of IFRS 16, *Leases* on the year ended December 31, 2019, finance costs would have been \$16.0 million or 0.7% of sales. The increase in finance costs after removing the impact of IFRS 16, *Leases* was due to increased borrowing under the credit facility to fund acquisitions.

Income Taxes

Current and Deferred Income Tax Expense of \$29.4 million for the year ended December 31, 2019 compares to an expense of \$24.6 million for 2018. Income tax expense continues to be impacted by permanent differences such as mark-to-market adjustments which impacts the tax computed on accounting income. Adjusting for the impact of the adoption of IFRS 16, *Leases* on the year ended December 31, 2019, income tax expense would have increased \$1.6 million.

Net Earnings and Earnings Per Unit

Net Earnings for the year ended December 31, 2019 was \$64.1 million or 2.8% of sales compared to \$77.6 million or 4.2% of sales in the prior year. The net earnings amount in 2019 was negatively impacted by fair value adjustments to financial instruments of \$28.3 million, which were primarily due to the increase in unit price during the period, and acquisition and transaction costs of \$3.6 million (net of tax). The net earnings amount in 2019 was also negatively impacted by the adoption of IFRS 16, *Leases*, which reduced net earnings by \$4.5 million (net of tax). After adjusting for fair value and other unusual items, Adjusted net earnings¹ for 2019 was \$100.5 million, or 4.4% of sales. This compares to Adjusted net earnings of \$85.6 million or 4.6% of sales in 2018. The increase in the Adjusted net earnings for the year is the result of the contribution of new location and same-store sales growth.

Basic Earnings Per Unit was \$3.23 per unit for the year ended December 31, 2019 compared to \$3.94 in 2018. The decrease in basic earnings per unit is primarily attributed to fair value adjustments to financial instruments and the adoption of IFRS 16, *Leases*, partially offset by the contribution of new location and same-store sales growth. Diluted earnings per unit was \$3.12 for the year ended December 31, 2019 compared to \$3.79 in 2018. Adjusted net earnings per unit¹ was \$5.06 compared to \$4.35 in 2018.

Summary of Quarterly Results								
<i>(in thousands of Canadian dollars, except per unit amounts)</i>								
	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Sales	\$ 585,966	\$ 566,957	\$ 572,505	\$ 557,897	\$ 495,131	\$ 459,564	\$ 456,627	\$ 453,291
Adjusted EBITDA ⁽¹⁾	\$ 56,430	\$ 50,656	\$ 54,335	\$ 54,175	\$ 47,563	\$ 41,203	\$ 42,494	\$ 42,123
Adjusted EBITDA, post IFRS 16, <i>Leases</i> basis ⁽¹⁾	\$ 84,053	\$ 77,398	\$ 80,099	\$ 78,322	N/A	N/A	N/A	N/A
Net earnings	\$ 14,253	\$ 14,766	\$ 13,739	\$ 21,389	\$ 29,904	\$ 16,571	\$ 12,828	\$ 18,336
Basic earnings per unit	\$ 0.72	\$ 0.74	\$ 0.69	\$ 1.08	\$ 1.52	\$ 0.84	\$ 0.65	\$ 0.93
Diluted earnings per unit	\$ 0.72	\$ 0.74	\$ 0.63	\$ 0.95	\$ 1.19	\$ 0.75	\$ 0.65	\$ 0.93
Adjusted net earnings ⁽¹⁾	\$ 24,879	\$ 21,880	\$ 24,614	\$ 29,176	\$ 23,174	\$ 20,403	\$ 21,141	\$ 20,888
Adjusted net earnings per unit ⁽¹⁾	\$ 1.25	\$ 1.10	\$ 1.24	\$ 1.47	\$ 1.17	\$ 1.04	\$ 1.07	\$ 1.06

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

Sales and adjusted EBITDA have increased in recent quarters due to the acquisition of new locations as well as same-store sales increases.

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

STATUS AS A SPECIFIED INVESTMENT FLOW-THROUGH AND TAXATION

Under the previous taxation regime for income trusts, the Fund had been exempt from tax on its income to the extent that its income was distributed to unitholders. This exemption did not apply to the Company or its subsidiaries, which are corporations that are subject to income tax. Under the tax regime effective for 2010 and years thereafter for trusts, certain distributions from a “specified investment flow-through” trust or partnership (“SIFT”) are no longer deductible in computing a SIFT’s taxable income, and a SIFT is subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. Foreign investment income from non-portfolio investments is not subject to the SIFT tax.

In 2009, the Fund investigated and evaluated its structuring alternatives in connection with the SIFT rules with a view of preserving and maximizing unitholder value. Based upon its investigation, analysis and due diligence and given its size and circumstances, the Fund determined at that time, that a change to a share corporation structure would not be advantageous to the Fund or its unitholders. This determination was based on several reasons. First, the Fund did not believe it would achieve any net tax savings by converting. Second, the Fund believed that the cost of conversion was not a prudent use of cash and was not justified by any perceived benefits from conversion for a fund of Boyd’s size. Third, to the extent that the Fund paid SIFT tax, it believed that its taxable unitholders would benefit from the lower tax rate on distributions received, as it expected to be able to maintain distributions, despite any trust tax that the Fund would incur. Lastly, the Fund’s distribution level to unitholders was being funded almost entirely by its U.S. operations and since distributions that are sourced from U.S. business earnings are not subject to the SIFT tax, the Fund benefited from a tax deduction at the U.S. corporate entity level for interest paid to the Fund which was distributed to unitholders.

During meetings during 2018 and 2019, the Trustees again discussed the possibility of a conversion to a corporate structure. On December 2, 2019, a Special Meeting of unitholders was held and unitholders voted overwhelmingly in favor of the conversion to a corporate structure. Required approvals were obtained and the Fund completed the conversion to a corporate structure effective January 1, 2020.

The principal consideration for restructuring to a corporate structure was to expand Boyd’s investor base and improve liquidity by: (a) simplifying the organization’s capital structure and adopting one that is more generally accepted and understood by the capital markets; and (b) removing the restriction on non-resident ownership (under the Declaration of Trust and the Tax Act, ownership of Units by non-residents cannot exceed 49%).

Although there is some loss of tax efficiency under the corporate structure as the corporate entity, BGSI, will be required to pay income tax at the corporate level, such amounts will not be material. In addition, as a corporation, BGSI will pay dividends to its shareholders (as opposed to distributions on the Units under the Fund structure), which will result in Canadian resident shareholders who hold their shares as capital property receiving more favorable tax treatment in respect of those dividends.

The Fund is required to record income tax expense at its effective tax rate. The Fund’s effective tax rate varies due to the fixed level of interest that is deducted from the U.S. operations and paid to the trust unitholders as distributions. This amount of interest was approximately \$10.8 million for the year ended December 31, 2019 (2018 - \$10.4 million). The Fund estimates that its basic Canadian provincial and federal tax rate is approximately 27% and its U.S. federal and state tax rate is approximately 26% for the years ending December 31, 2019 and 2018. In forecasting future tax obligations, BGSI anticipates an effective tax rate of approximately 26% to 27%.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations, together with cash on hand and unutilized credit available on existing credit facilities are expected to be sufficient to meet operating requirements, capital expenditures and distributions. At December 31, 2019, the Fund had cash, net of outstanding deposits and cheques, held on deposit in bank accounts totaling \$35.5 million (December 31, 2018 - \$64.5 million). The net working capital ratio (current assets divided by current liabilities) was 0.57:1 at December 31, 2019 (December 31, 2018 – 0.81:1). Removing the impact of the adoption of IFRS 16, *Leases* from net working capital, the ratio becomes 0.79:1.

At December 31, 2019, the Fund had total debt outstanding, net of cash, of \$893.2 million compared to \$895.0 million at September 30, 2019, \$804.3 million at June 30, 2019, \$809.6 million at March 31, 2019 and \$232.1 million at December 31, 2018. Debt, net of cash, increased when compared to December 31, 2018 as a result of the adoption of IFRS 16, *Leases*, which resulted in the recognition of additional lease liabilities of \$488.0 million on January 1, 2019, as well as draws on the revolving credit facility and seller notes used to fund acquisitions.

Total debt, net of cash <i>(thousands of Canadian dollars)</i>	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Revolving credit facility (net of financing costs)	\$ 339,185	\$ 343,176	\$ 288,928	\$ 296,218	\$ 222,039
Seller notes ⁽¹⁾	76,084	75,174	70,185	70,450	66,120
Obligations under finance leases	-	-	-	-	8,407
Total debt before lease liabilities	\$ 415,269	\$ 418,350	\$ 359,113	\$ 366,668	\$ 296,566
Cash	35,468	41,068	46,296	52,192	64,476
Total debt, net of cash before lease liabilities	\$ 379,801	\$ 377,282	\$ 312,817	\$ 314,476	\$ 232,090
Lease liabilities	513,373	517,735	491,523	495,126	-
Total debt, net of cash	\$ 893,174	\$ 895,017	\$ 804,340	\$ 809,602	\$ 232,090

⁽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 contractual obligations at December 31, 2019 and required payments over the next five years:

Contractual Obligations <i>(thousands of Canadian dollars)</i>	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	269,769	269,769	-	-	-	-	-
Long-term debt	415,269	22,122	15,623	10,077	348,566	16,403	2,478
Lease liability	513,373	109,559	96,446	80,627	61,846	45,218	119,677
Purchase obligations ⁽¹⁾	-	unknown	unknown	unknown	unknown	unknown	unknown
	\$ 1,198,411	\$ 401,450	\$ 112,069	\$ 90,704	\$ 410,412	\$ 61,621	\$ 122,155

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

Operating Activities

Cash flow generated from operations, before considering working capital changes, was \$294.1 million for the year ended December 31, 2019 compared to \$156.7 million in 2018. The increase was primarily due to reduced operating expenses associated with the adoption of IFRS 16, *Leases*, as well as increased Adjusted EBITDA resulting from new location and same-store sales growth.

In 2019, changes in working capital items provided net cash of \$1.7 million compared with providing net cash of \$34.0 million in 2018. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures.

Financing Activities

Cash used by financing activities totaled \$40.6 million for the year ended December 31, 2019 compared to cash used by financing activities of \$22.2 million during the prior year. During 2019, cash was provided by draws of the revolving credit facility in the amount of \$182.5 million, offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$75.6 million and cash used to fund interest costs on long-term debt of \$15.5 million. Cash used by financing activities was impacted by the adoption of IFRS 16, *Leases*, which resulted in an additional \$104.3 million used to repay leases being classified as financing activities in 2019. Cash was also used to repay vehicle and equipment leases previously classified as finance leases in the amount of \$4.3 million and to pay distributions to unitholders and dividends to Class A common shareholders totaling \$10.9 million. In the first quarter of 2019, the Company completed the call option transaction and paid \$13.2 million to acquire the non-controlling interest in Glass America LLC. During 2018, cash was provided by draws on the revolving credit facility in the amount of \$67.8 million, offset by cash used to repay draws as well as long-term debt associated with seller notes in the amount of \$66.1 million and cash used to fund interest costs on long-term debt of \$9.7 million. In 2018, cash was also used to repay finance leases in the amount of \$4.4 million and to pay distributions to unitholders and dividends to Class A common shareholders totaling \$10.5 million.

Debt Financing

The Company has a credit facility agreement expiring in May 2022 which consists of a revolving credit facility of \$400 million U.S. with an accordion feature which can increase the facility to a maximum of \$450 million U.S. The 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 by guarantees of the Fund and BGHI. The interest rate is based on a pricing grid of the Fund's ratio of total funded debt to Adjusted 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") or London Inter Bank Offer Rate ("LIBOR"). The total syndicated facility includes a swing line up to a maximum of \$5.0 million U.S. in Canada and \$20.0 million U.S. in the U.S. At December 31, 2019, the Company has drawn \$158.3 million U.S. (December 31, 2018 - \$61.3 million U.S.) and \$134.0 million Canadian (December 31, 2018 - \$139.0 million) on the revolving credit facility.

Under the revolving credit facility, Boyd is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require the Fund to maintain a total debt excluding property leases to Adjusted EBITDA ratio of less than 4.25; a senior debt excluding property leases to Adjusted EBITDA ratio of less than 3.25; and a fixed charge coverage ratio of greater than 1.03. For three quarters following a material acquisition, the total debt excluding property leases to Adjusted EBITDA ratio may be increased to less than 4.75, the senior debt excluding property leases to Adjusted EBITDA ratio may be increased to less than 3.75.

On March 17, 2020, the Company entered into a third amendment of its 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 is accompanied with 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 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. The interest rate for draws on the revolver 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.

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 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 debt to EBITDA ratio may be increased to less than 4.00.

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 favourable interest rates and for terms of one to 15 years. This source of financing is another means of supporting the Fund's growth, at a relatively low cost. During 2019, the Fund entered into 22 new seller notes for an aggregate amount of \$30.8 million. The Company repaid seller notes in 2019 totaling approximately \$16.1 million (2018 - \$14.7 million).

The Fund has traditionally used leases to finance a portion of both its maintenance and expansion capital expenditures. The Fund expects to continue to use this source of financing where available at competitive interest rates and terms, although this financing also impacts the total leverage capacity covenants under its debt facility. During 2019, \$2.7 million (2018 - \$2.8 million) of expenditures for new equipment, technology infrastructure and vehicles were financed through leases, which have been included within right of use assets and lease liabilities.

The Company recognized lease liabilities on property leases of \$479.6 million at January 1, 2019 and additional property leases of \$129.3 million during 2019, based on the adoption of IFRS 16, *Leases*. Cash used by financing activities was impacted by the adoption of IFRS 16, *Leases*, which resulted in an additional \$104.3 million used to repay property leases, consisting of \$82.1 million in principal repayments and \$22.2 million in finance costs during 2019. These payments were previously classified as operating expenses and included in cash flows from operating activities.

Unitholders' Capital

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 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.

During 2019, the Fund cancelled 2,436 Fund units held by a subsidiary without payment of any consideration.

On November 25, 2019, the Fund completed the settlement of the unit options issued on January 2, 2010. As a result of the settlement, 150,000 units were issued at an exercise price of \$5.41. The fair value of the unit options at settlement was \$28.6 million.

On February 28, 2019, the Fund acquired Carubba Collision. Funding for the transaction included the issuance of 45,371 units to the sellers at a unit price of \$122.05.

On November 26, 2018, the Fund completed the settlement of the unit options issued on January 2, 2009. As a result of the settlement, 150,000 units were issued at an exercise price of \$3.14. The fair value of the unit options at settlement was \$15.4 million.

On January 2, 2018, the Fund completed the settlement of the unit options issued on January 2, 2008. As a result of the settlement, 150,000 units were issued at an exercise price of \$2.70. The fair value of the unit options at settlement was \$14.7 million.

Until December 31, 2019, a unitholder was entitled to request the redemption of units at any time, and the Fund was obligated to redeem those units, subject to a cash redemption maximum of \$25,000 for any one month. The redemption price was determined as the lower of 90% of the market price during the 10 trading day period commencing immediately after the date of the redemption or 100% of the closing market price on the date of redemption. No amounts were redeemed in either 2019 or 2018.

Until December 31, 2019, a Class A common shareholder of BGHI could exchange Class A common shares for units of the Fund upon request. The retraction of Class A common shares was achieved by BGHI issuing Class B common shares to the Fund in exchange for units of the Fund, and the units so received being delivered to the Class A shareholder requesting the retraction. For the year ended December 31, 2019, BGHI received requests and retracted 5,971 (2018 – 9,611) Class A common shares, issued 5,971 (2018 – 9,611) Class B common shares to the Fund and received 5,971 (2018 – 9,611) units of the Fund as consideration, which were delivered to the Class A shareholders in respect of the retractions.

Until December 31, 2019, the Fund sold the Class B shares to the Company in exchange for Notes and Class I shares to fund future distributions on the Trust units. The exchange value was equivalent to the unit value provided to the Class A common shareholder.

Until December 31, 2019, the holders of the Class A common shares received cash dividends on a monthly basis at a rate equivalent to the monthly cash distribution paid to unitholders of the Fund.

Investing Activities

Cash used in investing activities totaled \$282.2 million for the year ended December 31, 2019, compared to \$156.0 million used in the prior year. The investing activity in both periods related primarily to new location growth that occurred during these periods.

Acquisitions and Development of Businesses

Since the beginning of 2019, the Company has added 126 collision locations as follows:

Date	Location	Previously operated as
January 1, 2019	Union City, GA	n/a intake center
January 9, 2019	Cayce, SC	Bob Johnson's Body Shop
January 11, 2019	Peoria, AZ	Lake Pleasant Collision Center
February 28, 2019	New York (18 locations)	Carubba Collision
March 8, 2019	Michigan (11 locations)	Dusty's, Whitney's and Wright Brothers Collision
March 15, 2019	Guelph, ON	Majestic Collision
March 18, 2019	Richland, WA	Atomic Auto Body and Detail
March 25, 2019	Bullhead City, AZ	Gordy's Auto Body
March 29, 2019	Oregon & Washington (7 locations)	Beaverton Auto Rebuilders, Inc.
April 15, 2019	New York (3 locations)	Carubba Collision
April 18, 2019	Holly Springs, GA	n/a intake center
May 14, 2019	Trussville, AL	Myers Auto Collision Repair, Inc.
May 14, 2019	Nevada & Arizona (4 locations)	New Look Collision Center
June 7, 2019	Louisville, KY (2 locations)	Bill Etscorn & Sons Auto & Collision Center
June 10, 2019	Watauga, TX	PlanetPaint Collision Center
June 24, 2019	Austin, TX	Aus-Tex Body & Frame
July 19, 2019	Rochester, NY (16 locations)	Nu-Look Collision Center
July 29, 2019	Steinbach, MB	Stony Brook Collision Center
July 31, 2019	Destin, FL	n/a start-up
August 1, 2019	Ottawa, ON	n/a start-up
August 19, 2019	Moody & Anniston, AL (2 locations)	Auto Collision Experts
September 3, 2019	Lincolnwood, IL	n/a intake center
September 3, 2019	Pasco, WA	n/a intake center
September 6, 2019	Evansville, IN (4 locations)	Lefler Collision & Glass
September 13, 2019	Columbia, Irmo & Lexington, SC (3 locations)	Baker Collision Express
September 16, 2019	Lindenhurst, IL	n/a intake center
September 30, 2019	East Peoria, IL	n/a start-up
September 30, 2019	Port Orchard & Gig Harbor, WA (2 locations)	Rainier Collision
October 8, 2019	Gonzales, LA	Precision Collision Center
November 1, 2019	Huntsville, AL	Quality Body Shop
November 1, 2019	Pelham, AL	Oak Mountain Body Shop
November 15, 2019	Dayton, FL	n/a start-up
November 20, 2019	Roswell/Jackson, GA	n/a intake center
November 22, 2019	Nashville, TN	Whaley Body Shop
December 2, 2019	Tacoma, WA	Salatino's Collision Center
December 6, 2019	Los Angeles, CA (6 locations)	International Auto Crafters
December 6, 2019	Los Angeles, CA (3 locations)	Centre Pointe Collision Center
December 10, 2019	Gallatin, TN	n/a intake center
December 13, 2019	Utica, MI	Macomb Collision Tire & Service
December 13, 2019	Kingston, ON	Limestone Auto Body
January 2, 2020	Parksville, BC	Crashpad Collision Services
January 6, 2020	Williamsville, NY	n/a intake center
January 17, 2020	Littleton, CO	n/a start-up
March 6, 2020	Indiana & Michigan (14 locations)	Vision Collision
March 13, 2020	Waukesha, WI	Nagel Auto Body

The Company completed the acquisition or start-up of 81 locations during 2018.

Start-ups

In 2019, the Company commenced operations in four new start-up collision repair facilities. The total combined investment in leaseholds and equipment for these facilities was approximately \$2.4 million. The Company commenced operations in six new start-up collision repair facilities in 2018 with a combined investment of approximately \$2.7 million. The Company anticipates it will use similar start-up strategies as part of its continued growth in the future.

Capital Expenditures

Although most of Boyd's repair facilities are leased, funds are required to ensure facilities are properly repaired and maintained to ensure the Company's physical appearance communicates Boyd's standard of professional service and quality. The Company's need to maintain its facilities and upgrade or replace equipment, 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 and those funded through leases, the Company spent approximately \$35.9 million or 1.6% of sales on capital expenditures during 2019, compared to \$26.7 million or 1.4% of sales during 2018.

LEGAL PROCEEDINGS

Neither the Fund, Boyd 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 the Fund 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 Canadian dollars):

Landlord	Affiliated Person(s)	Location	Lease Expires	December 31, 2019	December 31, 2018
Kard Properties Ltd.	Desmond D'Silva	Richmond Hill, ON	2035	\$ 192	\$ 188
Kard Properties Ltd.	Desmond D'Silva	Ottawa, ON	2035	263	257
Kard Properties Ltd.	Desmond D'Silva	Ajax, ON	2036	88	87
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2032	50	50
Kard Properties Ltd.	Desmond D'Silva	Oakville, ON	2035	192	188
D'Silva Real Estate Holdings Inc.	Desmond D'Silva	Barrie, ON	2032	430	420
Gerber Building No. 1 Ptnrp	Eddie Cheskis, & Tim O'Day	South Elgin, IL	2023	127	122
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2035	107	105
Kard Properties Ltd.	Desmond D'Silva	Hamilton, ON	2036	64	62
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2035	51	50
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2035	315	309
Kard Properties Ltd.	Desmond D'Silva	Mississauga, ON	2036	102	100
Kard Properties Ltd.	Desmond D'Silva	Scarborough, ON	2036	89	87
Kard Properties Ltd.	Desmond D'Silva	Toronto, ON	2023	50	50
Kard Properties Ltd.	Desmond D'Silva	Brampton, ON	2036	102	100
Kard Properties Ltd.	Desmond D'Silva	Hamilton, ON	2035	105	103
Kard Properties Ltd.	Desmond D'Silva	Woodstock, ON	2037	69	67
Kard Properties Ltd.	Desmond D'Silva	Etobicoke, ON	2037	217	213
Kard Properties Ltd.	Desmond D'Silva	Milton, ON	2035	115	113
Kard Properties Ltd.	Desmond D'Silva	Brantford, ON	2020	113	83
Kard Properties Ltd.	Desmond D'Silva	Ottawa, ON	2036	217	212
Kard Properties Ltd.	Desmond D'Silva	Newmarket, ON	2024	45	-

The Fund's subsidiary, The Boyd Group Inc., has declared dividends totaling \$58 thousand (2018 – \$57 thousand), through BGHI to 4612094 Manitoba Inc., an entity controlled by a senior officer of the Fund. At December 31, 2019, 4612094 Manitoba Inc. owned 107,329 (2018 – 107,329) Class A common shares and 30,000,000 (2018 – 30,000,000) voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI.

On September 29, 2017, Gerber Glass LLC, a subsidiary of the Fund, exercised its' call option, as provided for in the GA Company Agreement, to acquire the 30% non-controlling interest in Glass America LLC held by GAJV Holdings Inc. The exercise price had been calculated in accordance with the terms of the GA Company Agreement. GAJV Holdings Inc. did not agree with the calculation of the exercise price, including certain material changes, and the matter was submitted to binding arbitration in accordance with the terms of the GA Company Agreement. On January 31, 2019, the call option transaction was completed, and Gerber Glass LLC acquired the 30% non-controlling interest in Glass America LLC.

On November 25, 2019, the Fund completed the settlement of the unit options issued on January 2, 2010. As a result of the settlement 150,000 units were issued at an exercise price of \$5.41. The fair value of the unit options at settlement was \$28.6 million.

On November 26, 2018, the Fund completed the settlement of the unit options issued on January 2, 2009. As a result of the settlement 150,000 units were issued at an exercise price of \$3.14. The fair value of the unit options at settlement was \$15.4 million.

On January 2, 2018, the Fund completed the settlement of the unit options issued on January 2, 2008. As a result of the settlement 150,000 units were issued at an exercise price of \$2.70. The fair value of the unit options at settlement was \$14.7 million.

FOURTH QUARTER

Sales for the three months ended December 31, 2019 totaled \$586.0 million, an increase of \$90.9 million or 18.3% compared to the same period in 2018. Overall same-store sales excluding foreign exchange decreased \$1.0 million, or 0.2% in the fourth quarter of 2019 when compared to the fourth quarter of 2018 and decreased a further \$0.3 million due to the translation of same-store sales at a lower U.S. dollar exchange rate. Same-store sales excluding foreign exchange decreased 0.2% on a days adjusted basis, recognizing the same number of selling and production days in the U.S. and Canada in the fourth quarter of 2019 and 2018. The same-store sales decline was primarily the result of same-store sales declines in Canada due to a combination of economic challenges in Alberta and technician capacity constraints in other Canadian markets, along with continuing technician capacity constraints in many U.S. markets that limited U.S. same-store sales growth. Sales growth of \$93.7 million was attributable to incremental sales generated from 147 new locations. The closure of under-performing facilities accounted for a decrease in sales of \$1.6 million.

Gross Profit for the fourth quarter increased to 45.0% from 44.3% in the same period in 2018. The gross margin percentage increase is due to improved parts and labour margins and a higher mix of retail glass sales. Certain DRP performance pricing arrangements have recently changed in a way that is resulting in slightly greater pricing variability. While not a factor in this comparison, these arrangements are resulting in slightly greater variability quarter to quarter. The gross margin percentage is within normal ranges for mix and margin changes period to period.

Adjusted EBITDA for the fourth quarter of 2019 totaled \$56.4 million or 9.6% of sales compared to Adjusted EBITDA of \$47.6 million or 9.6% of sales in the same period of the prior year. The \$8.8 million increase was primarily the result of incremental EBITDA contribution from new locations and same-store sales growth, offset by a higher operating expense ratio. The higher operating expense ratio is primarily the result of increased salaries and benefits. Adjusted EBITDA on a post IFRS 16, *Leases* basis was \$84.1 million or 14.3% of sales for the three months ended December 31, 2019.

Current and Deferred Income Tax Expense of \$7.6 million in 2019 compared to an expense of \$6.8 million in 2018. Income tax expense continues to be impacted by permanent differences such as mark-to-market adjustments which impact the tax computed on accounting income. Adjusting for the impact of the adoption of IFRS 16, *Leases* on the three months ended December 31, 2019, income tax expense would have increased \$0.4 million.

Net Earnings for the fourth quarter was \$14.3 million or \$0.72 per fully diluted unit compared to net earnings of \$29.9 million or \$1.19 per fully diluted unit for the same period in the prior year. The net earnings amount in the fourth quarter of 2019 was negatively impacted by fair value adjustments to financial instruments of \$8.8 million, which were primarily due to the increase in unit price during the period, and acquisition and transaction costs of \$0.7 million (net of tax). The net earnings amount in the fourth quarter of 2019 was also negatively impacted by the adoption of IFRS 16, *Leases*, which reduced net earnings by \$1.1 million (net of tax). After adjusting for fair value and other unusual items, Adjusted net earnings¹ for the fourth quarter of 2019 was \$24.9 million, or 4.2% of sales. This compares to Adjusted net earnings of \$23.2 million or 4.7% of sales in the fourth quarter of 2018. The increase in the Adjusted net earnings for the period is primarily the result of the contribution of new location and same-store sales growth. Adjusted net earnings was impacted by increased finance costs based on additional borrowing under the credit facility to fund acquisitions.

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

FINANCIAL INSTRUMENTS

In order to limit the variability of earnings due to the foreign exchange translation exposure on the income and expenses of the U.S. 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 contract in place during 2019 or 2018.

Transactional foreign currency risk also 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 2019 or 2018.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements that present fairly the financial position, financial condition and results of operations requires that the Fund make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates. The following is a summary of critical accounting estimates and assumptions that the Fund believes could materially impact its financial position, financial condition or results of operations:

Impairment of Goodwill and Intangible Assets

When testing goodwill and intangibles for impairment, the Fund uses the recorded historical cash flows of the cash generating unit (“CGU”) or group of CGU’s to which the asset relate for the most recent two years, and an estimate or forecast of cash flows for the next year to establish an estimate of the Fund’s future cash flows. An estimate of the recoverable amount is then calculated as the higher of an asset’s fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The methods used to value intangible assets and goodwill require critical estimates to be made regarding the future cash flows and useful lives of the intangible assets. Goodwill and intangible asset impairments, when recognized, are recorded as a separate charge to earnings, and could materially impact the operating results of the Fund for any particular accounting period.

Impairment of Other Long-lived Assets

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

Fair Value of Financial Instruments

The Fund 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. The Fund 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

The Fund is subject to income tax in several jurisdictions and estimates are used to determine the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Fund recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. Uncertain tax liabilities may be recognized when, despite the Fund's belief that its tax return positions are supportable, the Fund believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Fund 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

The Fund has adopted IFRS 15 *Revenue from Contracts with Customers* on January 1, 2018 using the modified retrospective approach, which recognizes the cumulative effect of initial application as an adjustment to the opening balance of retained earnings (deficit) at January 1, 2018 without restatement of comparatives. Beginning January 1, 2018, the Fund recognizes revenue upon completion and delivery of the repair to the customer, which has been determined to be the performance obligation that is distinct and the point at which control of the asset passes to the customer. Revenue is measured at the fair value of the consideration received. Previously, revenue was recognized to the extent that it was probable that the economic benefits would flow to the Fund, the sales price was fixed or determinable and collectability was reasonably assured. As a result, revenue that met the revenue recognition criteria under the prevailing IAS 18 was recognized in the year ended December 31, 2017. The same revenue, however, would not have met the recognition criteria under IFRS 15. As such, the impact on the consolidated financial statements as at January 1, 2018 is a decrease to opening retained earnings (deficit) of \$6.7 million.

The Fund has adopted IFRS 9 *Financial Instruments* on January 1, 2018 using the modified retrospective approach. The adoption of IFRS 9 did not have a material impact on the Fund's consolidated financial statements.

The Fund has adopted the narrow-scope amendments to IFRS 2, *Share-based Payment* on January 1, 2018. The adoption of IFRS 2 did not have a material impact on the Fund's consolidated financial statements.

IFRS 16, *Leases*, was issued by the IASB on January 13, 2016 and replaced the guidance found in IAS 17, *Leases* and related interpretations. The new standard has brought most leases onto the statement of financial position through recognition of right of use assets and lease liabilities. IFRS 16 establishes principles for recognition, measurement, presentation and disclosure of leases.

On January 1, 2019, the Fund adopted IFRS 16, *Leases*. The adoption of this standard had a significant impact on the consolidated statement of financial position, through recognition of additional right of use assets of \$452.9 million and lease liabilities of \$488.0 million.

The impact of IFRS 16 on the consolidated statements of earnings and cash flows, and the calculation of standardized and Adjusted distributable cash was as follows:

<i>(thousands of Canadian dollars, except per unit and percentage amounts)</i>	For the three months ended December 31, 2019			For the year ended December 31, 2019		
	IFRS 16			IFRS 16		
	As reported	Adjustment	Pre-IFRS 16	As reported	Adjustment	Pre-IFRS 16
Sales	\$ 585,966	\$ -	\$ 585,966	\$ 2,283,325	\$ -	\$ 2,283,325
Cost of sales	322,249	-	322,249	1,246,845	-	1,246,845
Gross profit	263,717	-	263,717	1,036,480	-	1,036,480
Operating expenses	179,664	27,623	207,287	716,608	104,276	820,884
<i>Operating expenses %</i>	<i>30.7%</i>		<i>35.4%</i>	<i>31.4%</i>		<i>36.0%</i>
Adjusted EBITDA ⁽¹⁾	84,053	(27,623)	56,430	319,872	(104,276)	215,596
<i>Adjusted EBITDA %</i>	<i>14.3%</i>		<i>9.6%</i>	<i>14.0%</i>		<i>9.4%</i>
Acquisition and transaction costs	991	-	991	4,850	-	4,850
Depreciation	35,784	(23,317)	12,467	132,491	(88,148)	44,343
Amortization of intangible assets	6,489	-	6,489	22,467	-	22,467
Fair value adjustments	8,799	-	8,799	28,330	-	28,330
Finance costs	10,129	(5,783)	4,346	38,185	(22,184)	16,001
Earnings before income taxes	21,861	1,477	23,338	93,549	6,056	99,605
Income tax expense	7,608	384	7,992	29,402	1,575	30,977
Net earnings	\$ 14,253	\$ 1,093	\$ 15,346	\$ 64,147	\$ 4,481	\$ 68,628
Basic earnings per unit	0.72	0.05	0.77	3.23	0.23	3.46
Adjusted net earnings ⁽²⁾	23,786	1,093	24,879	96,067	4,481	100,548
Adjusted net earnings per unit ⁽³⁾	1.20	0.05	1.25	4.83	0.23	5.06
Cash flows from operating activities	\$ 88,253	\$ (27,623)	\$ 60,630	\$ 295,822	\$ (104,276)	\$ 191,546
Cash flows from financing activities	(38,661)	27,623	(11,038)	(40,563)	104,276	63,713
	\$ 49,592	\$ -	\$ 49,592	\$ 255,259	\$ -	\$ 255,259
Standardized distributable cash	\$ 64,021	\$ (28,518)	\$ 35,503	\$ 221,709	\$ (104,276)	\$ 117,433
Repayments of leases	\$ 28,518	\$ (28,518)	\$ -	\$ 108,624	\$ (104,276)	\$ 4,348
Adjusted distributable cash	\$ 42,604	\$ -	\$ 42,604	\$ 140,985	\$ -	\$ 140,985

⁽¹⁾ Adjusted EBITDA "as reported" was \$56,430 for the three months ended December 31, 2019 and \$215,596 for the year ended December 31, 2019. It is shown above as if property lease payments had not been deducted in arriving at Adjusted EBITDA, for illustrative purposes.

⁽²⁾ Adjusted net earnings "as reported" was \$24,879 for the three months ended December 31, 2019 and \$100,548 for the year ended December 31, 2019. It is shown above as if IFRS 16 adjustments had not been made in arriving at Adjusted net earnings, for illustrative purposes.

⁽³⁾ Adjusted net earnings per unit "as reported" was \$1.25 for the three months ended December 31, 2019 and \$5.06 for the year ended December 31, 2019. It is shown above as if IFRS 16 adjustments had not been made in arriving at Adjusted net earnings per unit, for illustrative purposes.

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, 2019, the Fund'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 the Fund's management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure.

The Fund's management, including the CEO and the CFO, does not expect that the Fund'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 the Fund have been detected. The Fund 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, the Fund's disclosure controls are effective in ensuring that material information relating to the Fund 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. The Fund's management, including the CEO and the CFO, does not expect that the Fund'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 the Fund have been detected. The Fund is continually evolving and enhancing its systems of internal controls over financial reporting. The CEO and CFO of the Fund have evaluated the design and effectiveness of the Fund'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 2019, there have been no changes in the Fund's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Fund'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: Managed 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.

Pandemic Risk & Economic Downturn

Disruptions in financial markets, regional economies and the world economy could be caused by the pandemic outbreak of a contagious illness, such as the recent COVID-19 pandemic. In turn, such disruption could result in a decrease in demand for the services the Company provides as well as interruptions to the supply chain, including temporary closure of supplier facilities. A significant outbreak of contagious disease, such as the recent COVID-19 pandemic, could result in a widespread health crisis that could adversely affect the economies and financial markets of many regions and countries. There can be no assurance that a disruption in financial markets, regional economies and the world economy would not 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 economic downturn on its operations, economic conditions, which are beyond the Company’s control, could lead to a decrease in accident repair claims volumes due to fewer miles driven or due to vehicle owners being less inclined to have their vehicles repaired. It is difficult to predict the severity and the duration of any decrease in claims volumes resulting from an economic downturn and the accompanying unemployment and what affect it may have on the auto collision repair industry, in general, and the financial performance of the Company in particular. There can be no assurance that an economic downturn would not negatively affect the financial performance of the Company.

Operational Performance

In order to compete in the market place, 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.

Acquisition Risk

The Company plans to continue to increase revenues and earnings through the acquisition 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 a non-performing location or business. However, there can be no assurance that the Company will

be able to find suitable acquisition targets at acceptable pricing levels without incurring cost overruns, or that the locations acquired 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. 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 acquired businesses in order to sustain and enhance profitability. There can be no assurance that the Company will be able to profitably integrate and manage additional repair facilities. Successful integration can depend upon a number of factors, including the ability to maintain and grow DRP relationships, the ability to retain and motivate certain key management and staff, retaining and leveraging client and supplier relationships and implementing standardized procedures and best practices. In the event that any significant acquisition 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.

Employee Relations and Staffing

Boyd currently employs approximately 9,922 people, of which 1,513 are in Canada and 8,409 are in the U.S. The current work force is not unionized, except for approximately 31 employees located in the U.S. who are subject to collective bargaining agreements. The automobile collision repair industry typically experiences high employee turnover rates. A shortage of qualified employees can impact the volume and pace at which collision repair shops can fix damaged vehicles. Although the Company believes that it is on good terms with its employees, there are no assurances that a disruption in service would not occur as a result of employee unrest or employee turnover. The collision repair industry is experiencing significant competition for talent, and, in particular, a limited pool of qualified technicians. There is no guarantee that a significant work disruption or the inability to maintain, replace or grow staff levels would not have a material effect on the Company.

Attracting, training, developing and retaining employees at all levels of the organization is 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 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 recent COVID-19 pandemic could disrupt staffing and impact the volume and pace at which collision repair shops can fix damaged vehicles. Such disruption could result in temporary closure of collision repair facilities. A significant outbreak of contagious disease, such as the recent COVID-19 pandemic, could result in a widespread health crisis that could adversely affect the financial performance of the Company.

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.

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.

Foreign Currency Risk

In the past, the Company has financed acquisitions of U.S. businesses in part by making U.S. denominated loans available under its credit facilities that could then be serviced and repaid from anticipated future U.S. earnings streams. Although this natural hedging strategy is partially effective in mitigating future foreign currency risks, 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 exchange rates between the Canadian dollar and the U.S. currency may have a material adverse effect on the Company's reported earnings and cash flows and its ability to make future Canadian dollar cash dividends. Fluctuations in the exchange rates between the Canadian dollar and the U.S. currency may also have a material adverse effect on BGS's share price.

There can be no assurance that fluctuations in the U.S dollar relative to the Canadian dollar can be hedged effectively for long periods of time and there can be no assurances given that any currency hedges or partial hedges in place would remain effective in the future.

Loss of Key Customers

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 non-government owned insurance companies that the Company deals with, which in aggregate account for approximately 44% (2018 – 40%) of total sales, one insurance company represents approximately 15% (2018 – 13%) of the Company's total sales, while a second insurance company represents approximately 10% (2018 – 11%).

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 given that relationships with insurance company clients will not change in the future, which could impair Boyd's revenues 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, auto insurance premiums, photo radar and graduated licensing. In addition, repairable claims volumes have been and can continue to be impacted by an increased number of non-repairable claims or total loss. Reduced travel due to the outbreak of a contagious illness, such as the recent COVID-19 pandemic, could negatively impact claim volumes. There can be no assurance that a significant decline in insurance claims will not occur, which could impair Boyd's revenues and result in a material adverse effect on the Company's business.

Margin Pressure and Sales Mix Changes

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

The Company's margin is also impacted by the mix of collision repair, retail glass and glass network sales as well as the mix of parts, labour 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.

Weather Conditions and Climate Change

The effect of weather conditions on collision repair volume represents 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. Climate change has increased the frequency and severity of natural disasters and extreme weather condition events. 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 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 approximately \$30 to \$40 billion U.S. is very competitive. The main competitive factors are price, service, 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 endeavour, 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. Management uses tax experts to assist in correctly applying and accounting for the tax 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.

The Shares will cease to be qualified investments for a Registered Plan under the Tax Act unless 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, Director or Trustee 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 and has adopted policies on reporting and anti-retaliation, occupational health and safety, non-discrimination, human rights, diversity and anti-corruption, which are available on the Boyd website at www.boydgroup.com.

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, labour 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.

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.

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.

Dividends Not Guaranteed

The amount of dividends declared and paid by BGSI in the future will depend upon numerous factors, including profitability, fluctuations in working capital, sustainability of margins, required capital expenditures, the need to maintain productive capacity, required funding of long-term contractual obligations, required funding to meet growth targets, restrictions on dividends arising from compliance with financial debt covenants, taxation on income or on dividends and debt repayments expected to be funded by cash flows generated from operations. There can be no assurance regarding the amount of dividends to be declared and paid by the Company or its subsidiaries in the future.

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.

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 to the extent 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. However, it is possible that the Company may not be able to capture sales effectively enough to maximize sales.

Supply Chain Risk

The Company requires access to parts, materials and paint in order to complete repairs. 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 outbreak and spread of contagious disease, political instability 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 disrupt the Company's supply chain, which could have a material impact on the Company's financial results.

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. Additional information relating to the Boyd Group Income Fund and BGSI is available on SEDAR (www.sedar.com) and the Company website (www.boydgroup.com).