Management's Discussion and Analysis (MD&A)

GDI INTEGRATED FACILITY SERVICES INC.

For the three-month and six-month periods ended June 30, 2022 and 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021

*The following management's discussion and analysis ("**MD&A**") of the operations, results, and financial position of GDI Integrated Facility Services Inc. and its subsidiaries ("**GDI**" or the "**Company**") covers the three-month and six-month periods ended June 30, 2022 and 2021. This report should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three-month and six-month periods ended June 30, 2022 (the "June 30, 2022 financial statements"). Readers should also refer to the most recent Company's audited consolidated financial statements and MD&A for the year ended December 31, 2021. All quarterly financial information references relate to GDI's Fiscal quarters. All information presented in this MD&A, except for the financial measures described in the paragraph below, has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). This MD&A was prepared on August 5, 2022 with the information available at that date. Additional information on the Company is available through regular filings of press releases, financial statements, Annual Information Form and MD&A on SEDAR (www.sedar.com).*

*Financial measures, such as Adjusted EBITDA and Adjusted EBITDA margin used in this MD&A do not have any standardized meaning under IFRS. Therefore, they may not be comparable to similar measures presented by other companies. The Company uses these non-IFRS measures ("**Non-IFRS Measures**") to assess its operating performance. For a reconciliation of these Non-IFRS Measures, consult the "Operating and Financial Results" section below. Unless otherwise specifically provided, all financial results are in Canadian dollars.*

General Matters

To facilitate the reading of this report, the terms "Company", "Group", "we", "our" and "us" all refer to GDI and all of its subsidiaries and references to "management" mean the executive officers of GDI. Any statements in this MD&A made by or on behalf of management are made in such persons' capacities as officers of GDI and not in their personal capacities. "U.S." refers to the United States of America and "North America" refers collectively to Canada and the U.S. but excludes Mexico. All references in this MD&A to "Fiscal 2021" are to the fiscal year ended December 31, 2021, and to "Fiscal 2022" are to the fiscal year ending December 31, 2022.

Forward-Looking Statements

Certain statements in this MD&A may constitute forward-looking information within the meaning of securities laws. Forward looking information may relate to GDI's future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may"; "will"; "should"; "expect"; "plan"; "anticipate"; "believe"; "intend"; "estimate"; "predict"; "potential"; "continue"; "foresee"; "ensure" or other similar expressions concerning matters that are not historical facts. In particular, statements regarding GDI's future operating results and economic performance and its objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, performance and business prospects and opportunities, which GDI believes are reasonable as of the current date. While management considers these assumptions to be reasonable based on information currently available to the Company, they may prove to be incorrect. It is impossible for GDI to predict with certainty the impact that the current economic uncertainties may have on future results. Forward-looking information is also subject to certain factors, including risks and uncertainties (described in the "Risk Factors" section) that could cause actual results to differ materially from what GDI currently expects. Namely, these factors include risks pertaining to COVID-19 and related pandemic, unsuccessful implementation of the business strategy, inherent operating risks of acquisition activity, failure to integrate, decline in commercial real estate occupancy levels, increase in costs which cannot be passed on to customers, labour shortages, disruption in information technology systems and execution issues with large IT projects, increases in interest rates, deterioration in general economic conditions, increase in competition, influence of the principal shareholders, loss of key or long-term customers, public procurement laws and regulations, legal proceedings, reputational damage, labour disputes, goodwill and long-lived assets impairment charges, tax matters, dependence on key employees, participation in multi-employer pension plans, legislation or other governmental action, exchange rate fluctuations, disputes with franchisees, cybersecurity and data protection, data confidentiality, and public perception of our environmental footprint, many of which are beyond the Company's control. Therefore, future events and results may vary significantly from what management currently foresees. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While management may elect to, the Company is under no obligation and does not undertake to update or alter this information at any particular time, except as may be required by law.

1. Profile and Business Strategies

1.1. Reporting Entity and Description of Business

GDI operates in the outsourced facility services industry (as defined hereinafter) in North America. Facility services is a broad category composed of various services required to operate and maintain a building or property. The outsourced facility services industry is composed of the following service businesses:

- Cleaning services: these activities are centered on maintaining the cleanliness of a facility. This includes activities such as routine interior cleaning, vacuuming and dusting, as well as heavy duty cleaning such as cleaning floors, shampooing rugs, washing walls and glass, and removing trash and debris;
- Building system controls, repair, servicing and energy performance optimization: these activities are centered on the repair and servicing of the mechanical and electrical systems and equipment within a facility, as well as the operation of the building automation systems that control and monitor the energy usage, environmental, lighting and various other systems within the facility;
- Other facility services businesses: other service include property management, foodservice, IT and telecommunications, specialized environmental services, security services, landscaping, pest control, staffing and construction/renovation.

The Company's services are used by most of the largest owners or managers of large property portfolios and large specialized facilities in Canada, and by an increasing number of clients in the U.S. The Company carries on its business through three business services: Janitorial Services (as further defined hereafter) (which includes both the Janitorial Canada Segment and the Janitorial USA Segment), Technical Services (as further defined hereafter) and Complementary Services (as further defined hereafter). GDI has office locations in all ten Canadian provinces and in a large number of states in the U.S.

The Company serves a diversified group of clients who operate or occupy various facilities such as office buildings, hotels, shopping centres, industrial facilities, airports and other transportation facilities, and healthcare establishments, which rely on outsourced facility services as an essential part of their facility maintenance.

1.1.1 Janitorial Services

GDI's cleaning services, comprised of our Canadian janitorial segment (the "**Janitorial Canada Segment**") and our U.S. janitorial segment (the "**Janitorial USA Segment**", and together with the Janitorial Canada Segment, "**Janitorial Services**"), provide a wide range of daily or weekly commercial cleaning services that can include cleaning and dusting desks and tables, vacuuming carpets, cleaning floors, sanitizing kitchens and washrooms, watering plants, cleaning exterior and interior parking facilities and removal of garbage, as well as other services completed less frequently (monthly, quarterly or even annually) including stripping and waxing floors, carpet cleaning, heavy dust cleaning, window cleaning, and others. The majority of revenue in GDI's Janitorial Services business segments is generated from fixed-price contracts. In addition to services defined within the scope of these contracts, GDI also generates sales from additional special or one-time services to meet specific cleaning requirements as per client requests. Given the COVID-19 pandemic, these additional services include the ramping up of high touch cleaning, comprehensive and thorough facility cleaning and disinfection, decontamination services (in response to suspected or confirmed cases of the virus), additional day porter staffing and contingent trained staff members who can perform critical tasks, which are part of a large initiative launched by GDI to help its clients face this pandemic. More details on this initiative can be found on the website: www.cleanforhealth.com. When requested by clients, the addition of such services is incremental to the overall revenue and margin profile of a contract. In line with market practices in the outsourced cleaning services industry, most of GDI's commercial cleaning services contracts are entered into for terms of three to five years, have one to three-year extension clauses and are normally subject to termination upon 30 days' written notice. The Janitorial Canada Segment, through Modern Cleaning Concept L.P. ("**Modern Cleaning**"), also sells franchises and supports a network of approximately 700 independent franchisees that provide commercial cleaning services from small to large-size facilities across Canada. Modern Cleaning supports both the franchisees and their clients by providing sales, administrative and customer service support as well as a call centre offering central dispatching, emergency services and related reports. Modern Cleaning offers a national "janitorial cleaning program" to clients with multiple locations, enabling a group of franchisees to provide competitive volume and pricing, a single contract and an itemized invoice for all locations, as well as the assurance of consistent quality and service with a centralized point of contact for all sites.

1.1.2 Technical Services

Our Technical Services segment (the "**Technical Services Segment**") provides building system controls, repairs, servicing and energy performance optimization across Canada and U.S. through Ainsworth Inc. and its subsidiaries (collectively "**Ainsworth**"). Building system controls, repairs, servicing and energy performance optimization are centered on the repair and servicing of the mechanical and electrical systems and equipment within a facility, as well as the operation of the building automation systems that control and monitor the energy usage, environment, lighting and various other systems within the facility. Systems and equipment which we service include heating, ventilation and air conditioning ("**HVAC**"), refrigeration, mechanical and plumbing, cabling and communications, building automation and controls and power systems. We provide remote monitoring and operation of building automation systems, and energy efficiency advisory services in relation to the efficient operation of building systems, reduction in energy consumption and operating costs, and improved life cycle of facility equipment. Additionally, we operate two motor shops that rebuild, rewind, recondition and redesign all types of AC & DC motors, pumps and generators, and we provide high voltage services for the distribution and transmission of electricity. Following the acquisition of Énergère (as defined in section 2.3 below) on January 21, 2022, we operate a leading energy services business in the province of Quebec, providing turn-key solutions in energy and greenhouse gas reduction. Its OME division has deployed many added-value Smart Building solutions and are present in many prestigious buildings in the province of Québec. We provide these services for commercial, industrial, institutional, government and multi-tenant residential building clients.

1.1.3 Complementary Services

Our Complementary Services (the "**Complementary Services**") is composed of business units that provide products and services in certain regions in Canada and in the U.S. that are used by property owners and managers and are complementary to the products and services offered through our Janitorial Canada Segment. The business units within our complementary services offering include the manufacturing and distribution of cleaning supplies and equipment.

Manufacturing and Distribution of Cleaning Supplies and Equipment

Superior Solutions L.P. ("**Superior Sany Solutions**") distributes a range of cleaning supplies and equipment and provides rental and repair services for cleaning equipment, servicing a diverse range of clients such as commercial properties, educational and government facilities and entertainment and hospitality complexes through distribution centres located in Ontario, Québec and Nova Scotia. Additionally, Superior Sany Solutions manufactures a range of cleaning products. Superior Sany Solutions benefits from economies of scale in procurement of supplies and equipment to support sales to GDI and Superior Sany Solutions' external customer base.

Fuller Industries Inc., ("Fuller") manufactures, in the United States, a full line of cleaning chemicals, and to a lesser degree manufactures a range of cleaning products such as spray bottles, plastic containers and specialty customized brushes for the commercial and industrial markets.

Integrated Facility Services

Starting January 2022, GDI's integrated facility services ("GDI IFS") business provides facility services (or the management of facilities through a self performance model) to clients who are interested in consolidating outsourced suppliers under one contract. GDI IFS offers the full range of facility services required to operate and maintain a facility including all the services provided by GDI's business segments, however it does not provide real estate management, occupancy management or real estate advisory services. GDI IFS target clients are owners, users and occupiers of facilities through North America.

1.2 Key Business Strategies

GDI's principal financial objectives are to increase profitability and create shareholder value. To achieve these objectives, GDI has developed a strategy to grow both organically and through acquisitions which has resulted in GDI becoming one of the largest outsourced cleaning service providers in North America and the largest in Canada, and one of the largest building system repair and servicing providers in Canada, as determined by management based on its industry knowledge.

1.2.1 Organic Growth

GDI's organic growth is driven by increasing its customer base and increasing the number of services provided to its existing customers ("**Organic Growth**"). GDI focuses on the following attributes of its current business and operations to continue its growth: i) growth of customer base due to GDI's size, geographic scale, range of offered services, reputation, and brand recognition; ii) expand cleaning services outsourcing in the educational, manufacturing and wholesaling, and healthcare facilities sectors as they represent a source of potential growth, especially in the U.S.; iii) seize cross-selling opportunities between the Technical Services Segment, the Janitorial Canada Segment and Janitorial USA Segment, which have a complementary customer base; iv) seize the cross-selling opportunities between the various service types provided by the Technical Services Segment; and v) growth of the Complementary Services which includes cleaning supplies and equipment operating in large markets where cross-selling opportunities exist. In addition, GDI expects to benefit from the trend of large property managers and client-occupied businesses who increasingly prefer to work with large service providers, such as GDI, to ensure consistency of service across facilities and reduce the administrative costs of dealing with multiple service providers.

1.2.2 Growth Through Acquisition

The Company has historically supplemented and intends to continue to supplement its Organic Growth with strategic acquisitions that are within or complementary to GDI's existing businesses. GDI anticipates that the highly fragmented nature of the outsourced cleaning and technical services industries in North America will continue to offer opportunities for further growth through acquisition. The Company's acquisition strategy is multi-fold: i) increase regional share of revenue around existing operations in North America; ii) expand into regions where it does not have an operating presence in the U.S.; and iii) add to local management strength and depth in the U.S. These acquisitions will further strengthen our competitive position in North America and will increase our ability to offer customers a range of building services that are complementary to our Janitorial Services.

A detailed explanation on achievements realized during the reported period is presented below in the sections "Business Acquisitions" as well as "Operating and Financial Results".

2 Results and Outlook

2.1 COVID-19 Pandemic Update

The COVID-19 pandemic continued to affect the Company during the first half of 2022, impacting each business segment differently based on their respective service offerings and their end-market mix. As it has been the case since March 2020, the Janitorial Canada Segment and the Janitorial USA Segment maintained their leadership position in the industry by advising clients on the various sanitation processes and best procedures to implement and the products to use to help keep facilities clean and mitigate the risk of virus spread. While several cleaning service clients were operating facilities at lower-than-normal capacity levels, many clients required additional services and specialty services due to the COVID-19 pandemic including, for example, higher frequency cleaning and disinfection services. We expect that as long as the COVID-19 virus remains a risk to our society, our clients will continue to require enhanced services. The Technical Services Segment is operating at close to pre-COVID-19 capacity levels after recovering from the COVID-19 pandemic effects suffered during 2020 and early 2021. Complementary Services continued to have demand for personal protective equipment, while operating in a more competitive environment, but is experiencing a decrease in demand for replenishment of cleaning supplies which could last until buildings increase their occupation rates.

While the levels of COVID-19 cases vary continually in most markets across Canada and the U.S., the Company's management team has been proactive since the beginning of the crisis to ensure that the Company is positioned to mitigate any negative impacts while preserving its overall financial health.

At present, it is still unknown how the COVID-19 pandemic will evolve over the coming quarters and the potential effects it will have on the Company, as most of the population should return gradually to work in the coming months.

2.2 Board of Directors

On August 5, 2022, Robert J. McGuire was appointed to our Board of Directors.

2.3 Financial Highlights

Three-month period ended June 30, 2022 compared to Fiscal 2021 corresponding period:

- Revenues reached $526 million, an increase of 41% which is mainly the result of 29% growth from the Acquisitions (as defined below), and of 11% organic growth;
- Adjusted EBITDA amounted to $37 million compared to $33 million, an increase of 12%;
- Net income amounted to $10 million compared to $14 million, a decrease of $4 million. The decrease is mainly due to the Canadian Emergency Wage Subsidy and related expenses of $5 million recorded in 2021, partially offset by a lower income tax expense of $2 million;

Six-month period ended June 30, 2022 compared to Fiscal 2021 corresponding period:

- Revenues reached $1.021 billion, an increase of 35% which is mainly the result of 27% growth from the Acquisitions (as defined below), and of 7% organic growth;
- Adjusted EBITDA amounted to $73 million compared to $67 million, an increase of 9%;

- Net income amounted to $17 million compared to $27 million, a decrease of $10 million. The decrease is mainly due to the Canadian Emergency Wage Subsidy and related expenses of $13 million recorded in 2021, partially offset by a lower income tax expense of $4 million;
- Net cash generated by operating activities amounted to less than $1 million, compared to $65 million, mainly attributable to the net change in non-cash operating assets and liabilities during the period.

The following acquisitions were completed:

- In calendar year 2022:
  - Gestion E.C.I. Inc., along with its subsidiaries ("**Énergère**") – January 21, 2022; and
  - M.T.I. Mechanical Trade Industries LTD and its subsidiary (“**MTI**”) – March 1, 2022 (and together with the Énergère acquisition, the “**2022 Acquisitions**”);
- In calendar year 2021:
  - The BPAC Group, Inc. and its subsidiaries ("**BP**") – January 1, 2021;
  - Enginuity, LLC ("**Enginuity**") – September 1, 2021;
  - Fuller Industries, LLC ("**Fuller**") – September 15, 2021; and
  - IH Services, Inc., and its subsidiaries ("**IH**") – December 31, 2021 (together with the BP, Enginuity and Fuller acquisitions, the “**2021 Acquisitions**”, and together with the 2022 Acquisitions, the “**Acquisitions**”).

2.4 Operating and Financial Results

Revenue

(in millions of Canadian dollars)	Janitorial Canada		Janitorial USA		Technical Services		Complementary Services		Corporate and eliminations		Total	
Three-month period ended June 30, 2021	126		75		160		15		(4)		372	
Acquisitions	1	1%	77	103%	24	15%	6	40%	–	0%	108	29%
Exchange rate effect	–	0%	3	4%	2	1%	–	0%	–	0%	5	1%
Organic growth (decline)	18	14%	9	12%	13	8%	4	27%	(3)	(75%)	41	11%
Three-month period ended June 30, 2022	**145**	**15%**	**164**	**119%**	**199**	**24%**	**25**	**67%**	**(7)**	**(75%)**	**526**	**41%**

	Janitorial Canada		Janitorial USA		Technical Services		Complementary Services		Corporate and eliminations		Total	
Six-month period ended June 30, 2021	260		155		316		32		(7)		756	
Acquisitions	2	1%	149	96%	43	14%	11	34%	–	0%	205	27%
Exchange rate effect	–	0%	3	2%	2	1%	–	0%	–	0%	5	1%
Organic growth (decline)	25	10%	20	13%	10	3%	7	22%	(7)	(100%)	55	7%
Six-month period ended June 30, 2022	**287**	**11%**	**327**	**111%**	**371**	**18%**	**50**	**56%**	**(14)**	**(100%)**	**1,021**	**35%**

Second Quarter

- The quarter revenue growth of 41% was mainly driven by organic growth of 11% and by the Acquisitions of 29%.
- Organic growth of 14% in Janitorial Canada Segment and 12% in Janitorial USA Segment is attributable to the effect of the COVID-19 pandemic and its impact on the recurring services and incremental services provided.
- Organic growth of 8% in Technical Services Segment as supply chain challenges experienced at the beginning of Fiscal 2022 were mitigated during the second quarter.
- Organic growth of 27% in Complementary Services resulted from the facility management services business model launched at the beginning of 2022.

Six-month period

- The six-month period revenue growth of 35% was mainly driven by organic growth of 7% and by the Acquisitions of 27%.
- Organic growth of 10% in Janitorial Canada Segment and 13% in Janitorial USA Segment is attributable to the effect of the COVID-19 pandemic and its impact on the recurring services and incremental services provided. The revenues of the Janitorial USA Segment were also favorably impacted by higher resales of supplies to some customers, which are generally generated at a low margin rate.
- Organic growth of 3% in Technical Services as this segment experienced delays in a number of projects at the beginning of the year due to challenges arising from the bottlenecks in the global supply chain.
- Organic growth of 22% in Complementary Services resulted from the facility management services business model launched at the beginning of 2022.

Cost of services

(in millions of Canadian dollars)	Three-month periods ended June 30, 2022	2021	Six-month periods ended June 30, 2022	2021
Cost of services	**415**	289	**809**	585
In % of sales	**79%**	78%	**79%**	77%

Second Quarter	Six-month period
• The increase in costs is mainly due to the revenue increase. • The cost of services increased in amount and in percentage (of revenues) due to a minor change in services performed during the quarter as a result of the COVID-19 pandemic and the associated business mix change, where the proportion of recurring services increased as opposed to incremental services performed at a higher margin rate.	• The increase in costs is mainly due to the revenue increase. • As a percentage of revenues, the cost of services decreased due to a change in services performed during the period as a result of the COVID-19 pandemic and the associated business mix change, where the proportion of recurring services increased as opposed to incremental services performed at a higher margin rate.

Selling and administrative expenses

(in millions of Canadian dollars)	Three-month periods ended June 30, 2022	2021	Six-month periods ended June 30, 2022	2021
Selling and administrative expenses	**75**	52	**142**	108
In % of sales	**14%**	14%	**14%**	14%

Second Quarter	Six-month period
• The increase in costs is mainly due to the revenue increase. • These costs also include approximately $1 million in costs incurred during the quarter for the implementation of strategic information technology projects.	• The increase in costs is mainly due to the revenue increase. • These costs also include approximately $1 million in costs incurred during the period for the implementation of strategic information technology projects.

Other charges

(in millions of Canadian dollars)	Three-month periods ended June 30, 2022	2021	Six-month periods ended June 30, 2022	2021
Transaction, reorganization, and other costs	**1**	–	**1**	1
Depreciation and amortization	**18**	12	**34**	24
Canadian Emergency Wage Subsidy and related expenses	**–**	(5)	**–**	(13)
Net finance expense	**2**	3	**10**	12
Income tax expense	**5**	7	**8**	12

Second Quarter	Six-month period
• The Canadian Emergency Wage Subsidy and related expenses recorded reflect the Company's eligibility during Fiscal 2021. • The depreciation and amortization expense increase is mainly due to higher intangibles and property, plant and equipment balances acquired from the Acquisitions. • Net finance expenses were lower in Fiscal 2022, mainly due to the remeasurement of cash-settled share-based compensation which decreased by $5 million, partially offset by the change in fair value of other financial assets by $2 million, the increase of interest on long-term debt by $1 million and interest on lease liabilities by 1$ million, along with the accretion of balances of sale and remeasurement of contingent consideration by $1 million. • The income tax expense decreased in comparison to the prior period, in line with the decrease in earnings before income taxes.	• The Canadian Emergency Wage Subsidy and related expenses recorded reflect the Company's eligibility during Fiscal 2021. • The depreciation and amortization expense increase is mainly due to higher intangibles and property, plant and equipment balances acquired from the Acquisitions. • Net finance expenses were lower in Fiscal 2022, mainly due to the remeasurement of cash-settled share-based compensation which decreased by $9 million in Fiscal 2022, partially offset by the change in fair value of other financial assets of $3 million, the increase of interest on long-term debt by $ 2 million, and the accretion of balances of sale and remeasurement of contingent consideration by $2 million. • The income tax expense decreased in comparison to the prior period, in line with the decrease in earnings before income taxes.

Net Income and Earnings Per Share

(in millions of Canadian dollars)	Three-month periods ended June 30, 2022	2021	Six-month periods ended June 30, 2022	2021
Net income	**10**	14	**17**	27
Earnings per share:				
Basic	**0.40**	0.61	**0.71**	1.18
Diluted	**0.40**	0.59	**0.69**	1.15

Second Quarter

- Net income amounted to $10 million compared to $14 million, a decrease of $4 million. The decrease is mainly due to the Canadian Emergency Wage Subsidy and related expenses of $5 million recorded in 2021, partially offset by a lower income tax expense of $2 million.

Six-month period

- Net income amounted to $17 million compared to $27 million, a decrease of $10 million. The decrease is mainly due to the Canadian Emergency Wage Subsidy and related expenses of $13 million recorded in 2021, partially offset by a lower income tax expense of $4 million;

Adjusted EBITDA and Adjusted EBITDA Margin

(in millions of Canadian dollars)	Janitorial Canada		Janitorial USA		Technical Services		Complementary Services		Corporate and eliminations		Total	
Three-month periods ended June 30,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Operating income (loss)	**15**	15	**10**	6	**–**	3	**–**	–	**(8)**	–	**17**	24
Depreciation and amortization	**4**	3	**3**	1	**8**	7	**1**	1	**2**	–	**18**	12
Canadian Emergency Wage Subsidy and related expenses	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(5)	**–**	(5)
Transaction, reorganization and other costs	**–**	–	**–**	–	**–**	–	**–**	–	**1**	–	**1**	–
Share-based compensation	**–**	–	**–**	–	**–**	–	**–**	–	**1**	2	**1**	2
Adjusted EBITDA	**19**	18	**13**	7	**8**	10	**1**	1	**(4)**	(3)	**37**	33
Adjusted EBITDA margin	**13%**	14%	**8%**	9%	**4%**	6%	**4%**	7%	**N/A**	N/A	**7%**	9%
	Janitorial Canada		**Janitorial USA**		**Technical Services**		**Complementary Services**		**Corporate and eliminations**		**Total**	
Six-month periods ended June 30,	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Operating income (loss)	**32**	34	**18**	12	**(1)**	4	**(1)**	–	**(13)**	1	**35**	51
Depreciation and amortization	**7**	6	**7**	3	**15**	12	**2**	2	**3**	1	**34**	24
Canadian Emergency Wage Subsidy and related expenses	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(13)	**–**	(13)
Transaction, reorganization and other costs	**–**	–	**–**	–	**–**	–	**–**	–	**1**	1	**1**	1
Share-based compensation	**–**	–	**–**	–	**–**	–	**–**	–	**3**	4	**3**	4
Adjusted EBITDA	**39**	40	**25**	15	**14**	16	**1**	2	**(6)**	(6)	**73**	67
Adjusted EBITDA margin	**14%**	15%	**8%**	10%	**4%**	5%	**2%**	6%	**N/A**	N/A	**7%**	9%

Adjusted EBITDA is defined as operating income (loss) before depreciation and amortization, Canadian Emergency Wage Subsidy and related expenses, transaction, reorganization and other costs and share-based compensation. The Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by revenues, and is used to compare profitability between periods and segments.

Second Quarter

- The Adjusted EBITDA in the Janitorial Canada Segment and in the Janitorial USA Segment was impacted by lesser incremental services performed at a higher margin rate than recurring cleaning services, while still operating during the COVID-19 pandemic in both fiscal years. The increase in Janitorial USA Segment Adjusted EBITDA is also attributable to the IH Acquisition.
- The Adjusted EBITDA in Technical Services Segment is in line with historical second quarter performance.

Six-month period

- The Adjusted EBITDA in the Janitorial Canada Segment and in the Janitorial USA Segment was impacted by lesser incremental services performed at a higher margin rate than recurring cleaning services, while still operating during the COVID-19 pandemic in both fiscal years. The increase in Janitorial USA Segment Adjusted EBITDA is also attributable to the IH Acquisition.
- The Adjusted EBITDA in Technical Services Segment is in line with historical first half of the year performance.

2.5 Cash Flow Analysis

(in millions of Canadian dollars)	Six-month periods ended June 30, 2022	2021
Cash flows from operating activities	**–**	65
Cash flows from (used in) financing activities	**24**	(2)
Cash flows used in investing activities	**(45)**	(42)
Net change in cash	**(21)**	21
Cash, net of bank indebtedness (bank indebtedness, net of cash), beginning of period	**21**	(1)
Cash, net of bank indebtedness, end of period	**–**	20

The Company's sources of cash include cash generated from operating activities and available borrowings under the Revolving Credit Facility. The Company's primary uses of cash are to fund the operations working capital requirements, capital expenditures and business acquisitions, as the case may be. As at June 30, 2022, the Company had net working capital of $194 million, an increase of $37 million, compared to $157 million at December 31, 2021.

Operating activities

- Fiscal 2022 cash flow from operating activities was less than $1 million compared to $65 million in Fiscal 2021, a reduction of $65 million. This decrease is mainly explained by higher net changes in non-cash operating assets and liabilities of $71 million, partially offset by lower income tax paid of $12 million.

Financing activities

- Fiscal 2022 cash flow from financing activities was $24 million compared to $2 million used in Fiscal 2021, an increase of $26 million. The debt proceeds in 2022, net of any repayments, amounted to $38 million, which was mostly used for the 2022 Acquisitions cash outflows requirements, net of cash acquired, of $33 million.

Investing activities

- Fiscal 2022 cash flow used in investing activities was $45 million compared to $42 million in the preceding year, an increase of $3 million. This increase arose essentially from higher additions in 2022 of property, plant and equipment by $3 million and intangible assets by $2 million, slightly offset by the proceeds on disposal of $1 million, compared to nil in 2021.

2.6 Consolidated Financial Position

(in millions of Canadian dollars)	**June 30, 2022**	December 31, 2021
Cash, net of bank indebtedness	–	21
Trade and other receivables and contract assets and other long-term assets	**475**	439
Net current tax asset (liabilities)	**5**	(1)
Inventories	**40**	34
Other financial assets	**10**	12
Prepaid expenses and other	**12**	9
Derivatives	**3**	–
Property, plant and equipment	**119**	117
Intangible assets	**145**	143
Goodwill	**329**	302
Trade and other payables, provisions, and long-term payables	**277**	285
Contract liabilities	**27**	43
Long-term debt, including current portion	**383**	327
Net deferred tax liabilities	**35**	30

Since December 31, 2021, the main variances that occurred in the financial position are as follows:

Assets

- Trade and other receivables and contract assets and other long-term assets increased by $36 million mainly due to the 2022 Acquisitions for $27 million and timing differences in the collection of trade receivables.
- Property, plant and equipment increased by $3 million, mainly related to additions of $24 million, including $3 million coming from the 2022 Acquisitions of $3 million, partially offset by depreciation expense of $22 million.
- Intangible assets increased by $2 million, mainly related to additions of $14 million, including $10 million coming from the 2022 Acquisitions, partially offset by depreciation expense of $12 million.
- Goodwill increased by $27 million, which is mainly attributable to the 2022 Acquisitions for an amount of $24 million.

Liabilities

- Trade and other payables, provisions, and long-term payables decreased by $8 million due to timing differences in the payment of certain accounts offset by the 2022 Acquisitions for $20 million.
- Long term debt increased by $56 million mainly due to the 2022 Acquisitions which represent a total increase of $44 million (initial payments in cash of $34 million, long-term debt assumed of $3 million, contingent consideration payables of $8 million, partially offset by cash acquired of $1 million).

2.7 Contractual Obligations

The following table summarizes the Company's contractual obligations as at June 30, 2022:

(in millions of Canadian dollars)	Less than one year	1 to 5 years	More than 5 years	Total amount
Financial obligations				
Bank indebtedness	4	–	–	4
Trade and other payables	245	–	–	245
Long-term payables	–	3	–	3
Lease liabilities	18	31	4	53
Long-term debt, excluding lease liabilities (1)	33	341	–	374
Total obligations	300	375	4	679

(1) Including interest on long-term debt based on the outstanding amounts and actual rates in effect as at June 30, 2022, and includes the credit facility, the balance of sales and the contingent considerations.

Management believes that the Company's operating activities and available borrowing capacity will provide adequate sources of funds to meet short-term requirements.

2.8 Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements that have or are reasonably likely to have a current and future material effect on its consolidated financial position, financial performance, liquidity, capital expenditures or capital resources.

In addition, as at June 30, 2022, GDI had outstanding bid bonds amounting to $12 million (December 31, 2021 – $8 million) and performance bonds amounting to $220 million (December 31, 2021 – $206 million). These bids and performance bonds are principally insurance bonds related to contractual obligations in the normal course of business and to collateralize self-insurance obligations. The bid bonds typically remain in force for the duration of the bidding process, and the performance bonds typically remain in force for a period of up to three years and may include renewal options. We do not believe that these bonds will be drawn upon by beneficiaries.

2.9 Capital Resources

2.9.1 Credit Facilities

(in millions of Canadian dollars)	2022	2021
Senior secured credit agreement [(a)]		
Revolving Credit Facility, maturing in May 2025:		
First tranche available of US$135		
(used US$125 (2021 – US$75))	161	95
Second tranche available of $200		
(used $63 and US$47 (2021 –$8 and US$103))	123	139
Less: unamortized financing costs	(1)	(1)
	283	233
Lease liabilities	48	45
Balances of sale payable	4	11
Contingent considerations payable	48	38
	383	327
Instalments due within one year	40	28
	343	299

(a) As at June 30, 2022, letters of credit amounting to $20 millions (December 31, 2021 – $23 millions) were issued in favor of various customers which reduced the available credit of the authorized facility.

GDI is in compliance with all of its covenants under the Senior Secured Credit Agreement as at June 30, 2022. As at June 30, 2022, the Company had $65 million of credit available on its Revolving Credit Facility limit and $4 million in cash.

Subsequent event:

During the month of July 2022, the Company extended the maturity of its senior secured credit agreement for two additional years until May 2027, and increased the First tranche by US$55 million, for a total available of US$190 million. Certain minor modifications to some of the other terms and conditions of this senior secured credit agreement were made.

2.9.2 Outstanding Share Data

A description of the Company's share data as at August 5, 2022 is presented in the table below. Additional details are provided in Note 10 to the June 30, 2022 financial statements.

	Number of shares/options	Amount (in millions of Canadian dollars)
Common shares		
Subordinate voting shares	14,416,305	242
Multiple voting shares	8,841,200	132
Options to purchase subordinate voting shares		
Outstanding stock options	1,004,075	
Exercisable stock options	755,257	

On May 10, 2022, the Company's Board of Directors authorized and subsequently the TSX approved the implementation of a Normal Course Issuer Bid ("NCIB"). Under the NCIB, the Company is allowed to purchase for cancellation up to 500,000 Subordinated Voting Shares, representing approximately 3.5% of the aggregate number of Subordinated Voting Shares outstanding as of the close of business on May 20, 2022.

The 12-month purchase period under the NCIB commenced on June 3, 2022 and will end on the earlier of June 2, 2023 and the date on which the Company will have acquired the maximum number of Subordinated Voting Shares allowable under the NCIB or otherwise has decided not to make any further purchases. All purchases of Subordinated Voting Shares will be made by means of open market transactions at their market price at the time of acquisition. Concurrently, the Company entered into an automatic share repurchase plan ("ASRP") with a designated broker in connection with its NCIB. The ASRP allows for the designated broker, to purchase for cancellation Subordinated Voting Shares, on behalf of the Company, subject to certain trading parameters established, from time to time, by the Company.

2.10 Business Acquisitions

Acquisition date	Company acquired [1][2]	Location	Segment reporting	Purchase price allocation status [3]
2022 Acquisition				
January 21, 2022	Gestion E.C.I. Inc. and its subsidiaries ("**Énergère**")	Montreal, Quebec	Technical Services	Preliminary
March 1, 2022	M.T.I. Mechanical Trade Industries LTD and its subsidiary ("**MTI**")	Markham, Ontario	Technical Services	Preliminary
2021 Acquisition				
January 1, 2021	The BPAC Group, Inc. and its subsidiaries ("**BP**")	New York, New York	Technical Services	Completed
September 1, 2021	Enginuity, LLC ("**Enginuity**")	Mechanicsburg, Pennsylvania [4]	Technical Services	Preliminary
September 15, 2021	Fuller Industries, LLC ("**Fuller**")	Great Bend, Kansas	Complementary Services	Preliminary
December 31, 2021	IH Services, Inc. and its subsidiaries ("**IH**")	Greenville, South Carolina [5]	Janitorial USA	Preliminary

(1) GDI acquired all of the outstanding shares of each acquired company, with the exception of Fuller Industries LLC where the Company completed the acquisition of certain assets and assumed certain liabilities and one of Énergère's subsidiaries, where GDI acquired less than all of the outstanding shares.

(2) The Company also acquired all the outstanding shares of an immaterial company in the Janitorial Canada segment on November 1, 2021.

(3) Preliminary status: Given the limited time between the 2022 and some of the 2021 Acquisitions and the current quarter-end, the purchase prices have been allocated on a preliminary basis and will be finalized as soon as the Company's management has obtained all the information it considers necessary. Completed status: The assessment of the fair value of the assets acquired and liabilities assumed is completed.

(4) Enginuity which is based in Mechanicsburg, Pennsylvania, also operates via an office located in Glen Arm, Maryland.

(5) IH is a leader in the industry in Southeastern USA and has operations spanning 29 states servicing predominantly the industrial, distribution and healthcare markets.

The following summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition dates of all business acquisitions. The amounts are aggregated for the 2022 and the 2021 Acquisitions, except for the IH acquisition, as they were all considered as individually insignificant:

	June 30, 2022	December 31, 2021		
	2022 Acquisitions	IH Acquisition	All other 2021 Acquisitions	TOTAL 2021 Acquisitions
Current assets				
Cash	1	4	7	11
Trade and other receivables and contract assets [1]	27	60	44	104
Current tax assets	–	–	1	1
Inventories	4	1	8	9
Other financial assets	–	12	–	12
Prepaid expenses and other	–	2	2	4
Other long-term assets	1	5	6	11
Property, plant and equipment	3	11	24	35
Intangible assets	10	36	28	64
Goodwill [2]	24	55	34	89
Total assets	70	186	154	340
Current liabilities				
Trade and other payables	20	32	41	73
Provisions	–	12	–	12
Current tax liabilities	1	–	–	–
Contract liabilities	1	–	5	5
Current portion of long-term debt	1	1	2	3
Long-term debt	2	1	12	13
Deferred tax liabilities	3	10	7	17
Total liabilities	28	56	67	123
Total net assets	42	130	87	217
Cash	34	102	73	175
Balances of sale payable [3]	–	–	6	6
Contingent considerations payable [4]	8	28	8	36
Total consideration transferred	42	130	87	217

(1) The trade receivables acquired in 2022 comprise gross contractual amounts due of $15 million (2021 – $60 million for IH and $38 million for all other 2021 acquisitions) of which nil (2021 – $1 million for IH and $3 million for all other 2021 acquisitions) was expected to be uncollectible at the date of acquisition. The share purchase agreements for all these acquisitions include clauses stating that the Company will be compensated for any uncollected trade receivables after one year of the respective acquisition date if these receivables were not already provisioned.

(2) The goodwill recognized includes nil (2021 – $16 million for IH and $5 million for the other 2021 acquisitions) that is expected to be deductible for income tax purposes.

(3) The balance of sales payable related to the 2021 acquisitions represents the discounted value of installments ranging up to US $1 million and payable between November 2022 and November 2023.

(4) The contingent considerations payables related to the 2022 and the 2021 Acquisitions represent the discounted value of a mix of payments based on the acquisitions reaching certain EBITDA thresholds post-acquisition and a percentage of future sales generated. The contingent considerations will be payable between February 2023 and April 2025 for the 2022 acquisitions, February 2023 and February 2025 for IH acquisition, and October 2022 and January 2027 for the other 2021 acquisitions.

The goodwill arising from the acquisitions is attributable to the expansion of GDI's customer base and geographic footprint, as well as expected synergies from combining operations.

Specifically, the goodwill is also attributable to the:

- Énergère Acquisition: Énergère diversifies and expands the Technical Services segment energy engineering service offering. The new Ainsworth Energy and Technology Solutions business unit will provide clients with an inventive solution that will allow them to integrate multiple building systems while optimizing their energy performance.
- IH Acquisition: IH has well-established operations spanning 29 states servicing predominantly the industrial, distribution and healthcare markets and is led by a strong and seasoned management team who will continue to operate the business and become the Company regional leadership team covering the U.S. Southeast. The acquisition of IH represents an expansion of GDI's U.S. cleaning operations and geographic footprint.
- Fuller Acquisition: Fuller represents the first acquisition in the U.S. market for GDI's cleaning products manufacturing and distribution business. Based in Great Bend, Kansas, Fuller operates a 585,000 sq.ft. chemical and cleaning products manufacturing facility with a significant amount of excess manufacturing capacity and will be instrumental to support Superior's growth in the U.S. market.
- Enginuity Acquisition: Enginuity is a mechanical solutions provider of choice for clients with technologically complex projects and for those seeking a reliable and dependable service provider to handle all their mechanical needs. Furthermore, Enginuity is well positioned geographically to support GDI's Janitorial USA segment which has a strong operating presence in Pennsylvania and the Delaware Valley.
- BP Acquisition: BP is a well-established mechanical services company based in New York City and represents the Company' first significant acquisition in the US market for its Technical Services Segment. Furthermore, BP will serve as the platform to build the technical services business in the U.S. market, opening a new and large avenue for growth for the Company.

2.11. Related party transactions

There have been no significant changes with respect to the related party transactions described in the GDI annual consolidated financial statements for the year ended December 31, 2021.

2.12. Financial Risks

As at June 30, 2022, GDI's financial assets included cash and trade and other receivables and contract assets, other financial assets, derivatives and other long-term assets. GDI's financial liabilities included trade and other payables, long-term debt and long-term payables. The classification of these financial instruments for the six-month period ended June 30, 2022 is described in Note 19 of the December 31, 2021 annual consolidated financial statements.

There have been no significant changes in the Company's risk exposures during the six-month period ended June 30, 2022 from those described in the Company's consolidated financial statements for the year ended December 31, 2021.

3. Evaluation of Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Internal control over financial reporting ("**ICFR**") is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and of the preparation of financial statements for external purposes in accordance with IFRS. The President and Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**"), together with management, are responsible for establishing and maintaining adequate disclosure controls and procedures ("**DC&P**") and ICFR, as defined in National Instrument 52-109. GDI's internal control framework is based on the criteria published in the updated version released in May 2013 of the report entitled Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

National Instrument 52-109 allows an issuer to limit design of DC&P and ICFR to exclude businesses acquired not more than 365 days before the end of the period to which the certificate relates. During the 365 days preceding June 30, 2022, GDI acquired Enginuity, effective September 1, 2021, Fuller, effective September 15, 2021, IH, effective December 31, 2021, Énergère, effective January 21, 2022 and MTI, effective March 1, 2022 (refer to section 2.3 and 2.10 for more details). As permitted by National Instrument 52-109, management limited the scope of their design of DC&P and ICFR to exclude the controls, policies and procedures of this business. In addition, all the assets and liabilities acquired were valued and recorded in the consolidated financial statements as part of the purchase price allocation process and the acquisitions results of operations were also included in the Company's consolidated results. For the second quarter ended June 30, 2022, the excluded acquisitions identified above constitutes 20% of revenues, 7% of profits of the year, 18% of the total assets, 25% of the current assets, 11% of the non-current assets, 20% of the current liabilities and 7% of the non-current liabilities of the unaudited condensed consolidated interim financial statements. During the remainder of the coming fiscal year, management will complete its review of the design implementation and operating effectiveness of DC&P and ICFR for these acquisitions.

Based on the review completed to date, the CEO and CFO believe that (i) GDI's consolidated filings for the quarter ended June 30, 2022 do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, and (ii) the financial statements together with the other financial information included in the consolidated filings fairly present, in all material respects, the financial condition, financial performance and cash flows of GDI for the quarter ended June 30, 2022.

Changes in Internal Control Over Financial Reporting

The CEO and CFO have also evaluated whether there were changes to its ICFR during the quarter ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, the ICFR. No such changes to the internal controls over financial reporting occurred during the three-month period ended June 30, 2022. In addition, controls will continue to be periodically analysed and assessed in order to sustain continuous improvement.

4. Seasonal Variations

The results of operations for the interim period are not necessarily indicative of the results of operations for the full year. The Company does not expect seasonality to be a material factor in quarterly results, with the exception of the Technical services segment, for which the revenues, operating income and adjusted EBITDA are generally lower in the first half of the year.

5. Critical Accounting Estimates and Accounting Policies

There has been no significant change in GDI's accounting policies, significant estimates and critical judgement since December 31, 2021. A description of the Company's policies estimates and judgements can be found in the GDI annual consolidated financial statements for the year ended December 31, 2021.

Accounting standard not yet adopted: IFRS 17 – *Insurance Contracts*

In May 2017, the IASB published IFRS 17 – *Insurance Contracts* ("IFRS 17") a comprehensive new accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure, which replaces IFRS 4 and introduces consistent accounting for all insurance contracts. The original effective date was for annual periods beginning on or after January 1, 2021. However, in June 2020, amendments to the standard were issued and the IASB officially extended the deferral of the effective date and the deferral of the temporary exemption from applying IFRS 9 as provided by IFRS 4 to January 1, 2023. The Company is still assessing the impact of the new insurance standard on its consolidated financial statements.

6. Risk Factors

Risk factors described in the Annual Information Form for the year ended December 31, 2021 published on June 30, 2022 are those the Company currently believed to be material, but they are not the only ones GDI may face. Should those risks, or should any other risks and uncertainties not yet identified or that are currently considered not to be material, actually occur or become material risks, such risks and uncertainties could materially adversely affect GDI's business, results of operations or financial condition and, consequently, the price of its securities. Please also refer to the section 2.1 entitled "COVID-19 Pandemic Update".

7. Supplementary Quarterly Financial Information

Three-month periods ended (in millions of Canadian dollars, except per share data) [1]	June 2022	March 2022	December 2021	September 2021
Revenue	526	495	433	408
Operating income	17	18	15	18
Depreciation and amortization	18	16	15	13
Canadian Emergency Wage Subsidy and related expenses	–	–	–	(1)
Transaction, reorganization and other costs	1	–	2	1
Share-based compensation	1	2	2	2
Adjusted EBITDA	37	36	34	33
Net income for the period	10	7	7	9
Earnings per share				
Basic	0.40	0.30	0.30	0.41
Diluted	0.40	0.30	0.29	0.40

Three-month periods ended (in millions of Canadian dollars, except per share data) [1]	June 2021	March 2021	December 2020	September 2020
Revenue	372	384	365	365
Operating income	24	27	28	25
Depreciation and amortization	12	12	10	10
Canadian Emergency Wage Subsidy and related expenses	(5)	(7)	(9)	(6)
Transaction, reorganization and other costs	–	1	2	–
Share-based compensation	2	1	1	1
Adjusted EBITDA	33	34	32	30
Net income for the period	14	13	17	13
Earnings per share				
Basic	0.61	0.57	0.75	0.59
Diluted	0.59	0.56	0.73	0.57

(1) The differences between the quarters are mainly the results of business acquisitions, as well as seasonality in the Technical Services Segment. The net income for the three-month periods ended September 30, 2020, December 31, 2020, March 31, 2021, June 30, 2021 and September 30, 2021 were favourably impacted by the Canadian Emergency Wage Subsidy and related expenses.