

Condensed Consolidated Interim Financial Statements of
(Unaudited)

GDI INTEGRATED FACILITY SERVICES INC.

For the three-month periods ended March 31, 2022 and 2021

Financial Statements

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GDI INTEGRATED FACILITY SERVICES INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited) (In millions of Canadian dollars)

	As at March 31, 2022	As at December 31, 2021
Assets		
Current assets		
Cash	9	24
Trade and other receivables and contract assets (note 5)	470	431
Current tax assets	2	4
Inventories	37	34
Other financial assets (note 5)	12	12
Prepaid expenses and other	12	9
Derivatives	1	–
Total current assets	543	514
Non-current assets		
Other long-term assets	9	8
Derivatives	1	–
Property, plant and equipment (note 5)	120	117
Deferred tax assets	1	1
Intangible assets (note 5)	151	143
Goodwill (note 5)	321	302
Total non-current assets	603	571
Total assets	1,146	1,085
Liabilities and Shareholders' Equity		
Current liabilities		
Bank indebtedness	–	3
Trade and other payables (note 5)	266	250
Provisions	28	28
Contract liabilities	39	43
Current tax liabilities	4	5
Current portion of long-term debt (notes 5, 6 and 11)	39	28
Total current liabilities	376	357
Non-current liabilities		
Long-term debt (notes 5, 6 and 11)	324	299
Long-term payables	9	7
Deferred tax liabilities (note 5)	35	31
Total non-current liabilities	368	337
Shareholders' equity		
Share capital (note 10)	374	371
Retained earnings	20	13
Contributed surplus	5	6
Accumulated other comprehensive income	3	1
Total shareholders' equity	402	391
Total liabilities and shareholders' equity	1,146	1,085

See accompanying notes to condensed consolidated interim financial statements.

GDI INTEGRATED FACILITY SERVICES INC.

Condensed Consolidated Interim Statements of Comprehensive Income
(Unaudited) (In millions of Canadian dollars, except for earnings per share)

	Three-month periods ended March 31,	
	2022	2021
Revenues (note 4)	495	384
Cost of services (note 7)	394	295
Selling and administrative expenses (note 7)	67	56
Transaction, reorganization and other costs	–	1
Canadian Emergency Wage Subsidy and related expenses	–	(7)
Amortization of intangible assets	6	5
Depreciation of property, plant and equipment	10	7
Operating income	18	27
Net finance expense (note 8)	8	9
Income before income taxes	10	18
Income tax expense	3	5
Net income	7	13
Other comprehensive income		
(Losses) gains that are or may be reclassified to earnings:		
Foreign currency translation differences for foreign operations	(4)	(2)
Hedge of net investments in foreign operations, net of tax of nil	4	1
Cash flow hedges, effective portion of changes in fair value, net of tax of (\$1) (2021 – nil) (note 11)	2	1
	2	–
Total comprehensive income	9	13
Earnings per share (note 12):		
Basic	0.30	0.57
Diluted	0.30	0.56

See accompanying notes to condensed consolidated interim financial statements.

GDI INTEGRATED FACILITY SERVICES INC.

Condensed Consolidated Interim Statements of Changes in Equity
 Three-month periods ended March 31, 2022 and 2021
 (Unaudited) (In millions of Canadian dollars, except for number of shares)

	Share capital		Retained earnings (deficit)	Contributed surplus	Accumulated other comprehensive income ⁽¹⁾	Total
	Number (in thousands of shares)	Amount				
Balance, January 1, 2021	22,780	364	(31)	6	–	339
Net income	–	–	13	–	–	13
Total comprehensive income for the period	–	–	13	–	–	13
Transactions with owners of the Company:						
Stock options exercised (note 10)	151	3	–	(1)	–	2
Balance, March 31, 2021	22,931	367	(18)	5	–	354
Balance, January 1, 2022	23,121	371	13	6	1	391
Net income	–	–	7	–	–	7
Other comprehensive loss	–	–	–	–	2	2
Total comprehensive income for the period	–	–	7	–	2	9
Transactions with owners of the Company:						
Stock options exercised (note 10)	136	3	–	(1)	–	2
Balance, March 31, 2022	23,257	374	20	5	3	402

⁽¹⁾ The amount of accumulated other comprehensive income is net of tax of (\$1) (January 1, 2022 – nil, March 31, 2021 – nil and January 1, 2021 – \$1).

See accompanying notes to condensed consolidated interim financial statements.

GDI INTEGRATED FACILITY SERVICES INC.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited) (In millions of Canadian dollars)

	Three-month periods ended March 31,	
	2022	2021
Cash flows from (used in) operating activities		
Net income	7	13
Adjustments for:		
Depreciation and amortization	16	12
Net finance expense (note 8)	8	9
Income tax expense	3	5
Income taxes paid	(1)	(18)
Net changes in non-cash operating assets and liabilities (note 9)	(27)	32
Net cash from operating activities	6	53
Cash flows from (used in) financing activities		
Proceeds from issuance of long-term debt	80	53
Repayment of long-term debt	(53)	(42)
Payment of lease liabilities	(6)	(4)
Interest paid	(2)	(1)
Proceeds from issuance of subordinate voting shares	2	2
Net cash from financing activities	21	8
Cash flows from (used in) investing activities		
Business acquisitions, net of cash acquired (note 5)	(33)	(34)
Additions to property, plant and equipment	(5)	(3)
Additions to intangible assets	(2)	–
Net cash used in investing activities	(40)	(37)
Foreign exchange gain on cash held in foreign currencies	1	–
Net change in cash	(12)	24
Cash (bank indebtedness), beginning of period:		
Cash	24	3
Bank indebtedness	(3)	(4)
	21	(1)
Cash, end of period	9	23

Other information related to cash flow (note 9)

See accompanying notes to condensed consolidated interim financial statements.

GDI INTEGRATED FACILITY SERVICES INC.

Notes to Condensed Consolidated Interim Financial Statements

Three-month periods ended March 31, 2022 and 2021

(Unaudited) (In millions of Canadian dollars, unless otherwise indicated)

1. Reporting entity

GDI Integrated Facility Services Inc. (the “Company” or “GDI”) is a company incorporated under the *Canada Business Corporations Act*. GDI operates in the outsourced facility services industry. The Company provides commercial cleaning services, building system controls, repair, servicing, energy performance optimization and other facility services, and distributes cleaning and sanitation supplies in Canada and the United States. The Company also acts as a franchisor with respect to cleaning and maintenance services. These condensed consolidated interim financial statements as at and for the three-month period ended March 31, 2022 comprise the Company and its subsidiaries. All issued and outstanding subordinated voting shares of GDI are listed on the Toronto Stock Exchange under the symbol “GDI”. The Company’s head office is located at 695, 90th Avenue, LaSalle, Québec, H8R 3A4.

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and with IAS 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. Certain information and footnote disclosure normally included in annual financial statements were omitted when such information was not considered material to the understanding of the Company’s interim financial information. As such, these condensed consolidated interim financial statements should be read in conjunction with the most recent annual consolidated financial statements of GDI issued on March 1, 2022.

The results of operations for the interim period are not necessarily indicative of the results of operations for the full year.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors of the Company on May 10, 2022.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for the following items:

- Contingent considerations and derivatives are measured at fair value;
- Other financial assets are measured at fair value; and
- Liabilities for cash-settled share-based compensation arrangements are measured in accordance with IFRS 2, *Share-Based Payment*.

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Notes to Condensed Consolidated Interim Financial Statements, Continued
Three-month periods ended March 31, 2022 and 2021
(Unaudited) (In millions of Canadian dollars, unless otherwise indicated)

2. Basis of preparation (continued)

(c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest million, unless otherwise indicated.

(d) Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's significant accounting policies and key sources of information are the same as those applied and described in GDI's consolidated financial statements for the year ended December 31, 2021.

(e) Seasonality

The Company does not believe 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 (refer to note 4) are generally lower in the first half of the year.

(f) COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. As at March 31, 2022, the situation is still dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company, which were mitigated by the Company since the beginning of the outbreak, are still volatile as the situation is continuously evolving.

3. Significant accounting policies

The accounting policies described in the Company's annual consolidated financial statements for the year ended December 31, 2021 have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

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.

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Notes to Condensed Consolidated Interim Financial Statements, Continued
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4. Segmented information

The Company provides services through the following business segments: Janitorial Canada, Janitorial USA and Technical services. Other services provided by the Company are presented in Complementary services.

The Janitorial Canada and Janitorial USA segments provide a wide range of basic cleaning services, such as floor cleaning and finishing, window washing, furniture polishing, carpet cleaning and dusting, as well as other building services including lawn maintenance, snow removal and other. The facilities served comprise office properties, shopping centers, industrial and institutional buildings, educational facilities, health care centers, airports, hospitals, laboratories, national retail stores and hotels in Canada and in the United States.

Janitorial Canada also comprises a national network of approximately 700 franchisees covering cleaning services, mainly serving small and medium-size facilities.

The Technical Services segment provides building system controls, mechanical maintenance, heating, ventilation, air conditioning (“HVAC”), electrical, energy engineering service offering and energy performance optimization, cabling for data transport, high voltage for commercial, industrial, institutional, government and residential building clients and provides services to maintain equipment at optimal efficiency for customers such as high-rise office buildings, manufacturing facilities and other commercial properties in Canada and in the United States.

Complementary Services include sales and distribution of cleaning and sanitation supplies as well as rental and repairs of cleaning equipment in Canada and in the United States. Since January 2022, Complementary Services also include a new service offering related to facility management services.

	Three-month period ended March 31, 2022					
	Janitorial Canada	Janitorial USA	Technical Services	Complementary Services	Corporate and eliminations	Total
Recurring/contractual services	114	148	24	4	–	290
On-call services	19	15	51	1	–	86
Project	–	–	97	–	–	97
Manufacturing and distribution	–	–	–	15	–	15
Other revenues	7	–	–	–	–	7
Total external revenues	140	163	172	20	–	495
Inter-segment revenues	2	–	–	5	(7)	–
Revenues	142	163	172	25	(7)	495
Income (loss) before income taxes	16	7	(2)	–	(11)	10
Net finance expense	–	2	1	–	5	8
Operating income (loss)	16	9	(1)	–	(6)	18
Depreciation and amortization	3	4	7	1	1	16
Share-based compensation ⁽¹⁾	–	–	–	–	2	2
Adjusted EBITDA	19	13	6	1	(3)	36
Total assets	277	313	446	68	42	1,146
Total liabilities	87	86	224	13	334	744
Additions to property, plant and equipment	2	2	9	–	1	14
Additions to intangible assets	–	–	13	–	2	15
Addition of goodwill ⁽²⁾	–	–	21	–	–	21

(1) Includes stock option, performance share unit and restricted share unit plans.

(2) During the three-month period ended March 31, 2021, the goodwill was also reduced by foreign currency translation for \$2.

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Notes to Condensed Consolidated Interim Financial Statements, Continued
 Three-month periods ended March 31, 2022 and 2021
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4. Segmented information (continued)

	Three-month period ended March 31, 2021					
	Janitorial Canada	Janitorial USA	Technical Services	Complementary Services	Corporate and eliminations	Total
Recurring/contractual services	98	69	19	–	–	186
On-call services	22	11	51	–	–	84
Project	–	–	86	–	–	86
Manufacturing and distribution	–	–	–	14	–	14
Other revenues	14	–	–	–	–	14
Total external revenues	134	80	156	14	–	384
Inter-segment revenues	–	–	–	3	(3)	–
Revenues	134	80	156	17	(3)	384
Income (loss) before income taxes	19	5	–	–	(6)	18
Net finance expense	–	1	1	–	7	9
Operating income	19	6	1	–	1	27
Depreciation and amortization	3	2	5	1	1	12
Canadian Emergency Wage Subsidy and related expenses	–	–	–	–	(7)	(7)
Transaction, reorganization and other costs	–	–	–	–	1	1
Share-based compensation ⁽¹⁾	–	–	–	–	1	1
Adjusted EBITDA	22	8	6	1	(3)	34
Total assets ⁽²⁾	262	323	398	70	32	1,085
Total liabilities ⁽²⁾	83	91	204	15	301	694
Additions to property, plant and equipment	1	–	9	–	1	11
Additions to intangible assets	–	–	18	–	1	19
Addition of goodwill ⁽³⁾	–	–	21	–	–	21

(1) Includes stock option, performance share unit and restricted share unit plans.

(2) As at December 31, 2021

(3) During the three-month period ended March 31, 2021, the goodwill was also reduced by foreign currency translation for \$1.

Geographic information is as follows:

The Company markets its products and services in Canada and in the United States. Revenues are attributed to geographical regions based on the location of customers. Non-current assets other than financial instruments and deferred tax assets are attributed to geographical regions based on the location of the assets, excluding goodwill. Goodwill is presented by geographical regions based on the Company's allocation of the related purchase price.

	2022	2021 ⁽¹⁾
Revenues		
Canada	275	262
United States	220	122
Non-current assets ⁽²⁾		
Canada	358	315
United States	244	256

(1) The revenues amount relates to the three month-period ended March 31, 2021, and non-current assets are as at December 31, 2021.

(2) Non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts.

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Notes to Condensed Consolidated Interim Financial Statements, Continued
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5. Business acquisitions

(a) Acquired businesses

Acquisition date	Company acquired ⁽¹⁾ ⁽²⁾	Location	Segment reporting	Purchase price allocation status ⁽³⁾
2022 Acquisitions				
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 Acquisitions				
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.

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Notes to Condensed Consolidated Interim Financial Statements, Continued
 Three-month periods ended March 31, 2022 and 2021
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5. Business acquisitions (continued)

(b) Identified assets acquired and liabilities assumed

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, with the exception of the IH acquisition, as they were all considered as individually insignificant:

	March 31, 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⁾	26	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	13	36	28	64
Goodwill ⁽²⁾	21	55	34	89
Total assets	69	186	154	340
Current liabilities				
Trade and other payables	21	32	41	73
Provisions	–	12	–	12
Current tax liabilities	1	–	–	–
Contract liabilities	–	–	5	5
Current portion of long-term debt	1	1	2	3
Long-term debt	2	1	12	13
Deferred tax liabilities	2	10	7	17
Total liabilities	27	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 (2021 – \$60 for IH and \$38 for all other 2021 acquisitions) of which nil (2021 – \$1 for IH and \$3 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 for IH and \$5 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 up to US \$1, and payable between May 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 the IH acquisition, and October 2022 and January 2027 for the other 2021 acquisitions.

GDI INTEGRATED FACILITY SERVICES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Three-month periods ended March 31, 2022 and 2021
(Unaudited) (In millions of Canadian dollars, unless otherwise indicated)

5. Business acquisitions (continued)

(c) Identified assets acquired and liabilities assumed (continued)

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 and 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's 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.

The valuation techniques used for measuring the fair value of assets acquired were as follows:

The fair value of client relationships and backlog intangibles are determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of non-compete agreements are based on the discounted estimated revenues/losses that have been avoided as a result of the non-compete agreements being signed.

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Notes to Condensed Consolidated Interim Financial Statements, Continued
 Three-month periods ended March 31, 2022 and 2021
 (Unaudited) (In millions of Canadian dollars, unless otherwise indicated)

6. Long-term debt

	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))	156	95
Second tranche available of \$200 (used CA\$44 and US\$52 (2021 – CA\$8 and US\$103))	109	139
Less: unamortized financing costs	(1)	(1)
	264	233
Lease liabilities	48	45
Balances of sale payable	4	11
Contingent considerations payable	47	38
	363	327
Instalments due within one year	39	28
	324	299

^(a) As at March 31, 2022, letters of credit amounting to \$20 (December 31, 2021 - \$23) were issued in favor of various customers which reduced the available credit of the authorized facility.

GDI is in compliance with all its covenants under the Senior Secured Credit Agreement as at March 31, 2022.

As at March 31, 2022, the Company had \$84 of credit available on its revolving credit facility limit and \$9 in cash.

7. Expenses by nature

Cost of services and selling and administrative expenses:

	Three-month periods ended March 31,	
	2022	2021
Short-term employee wages and benefits and sub-contractors	380	289
Materials and supplies	61	49
Other	20	13
	461	351

8. Net finance expense

	Three-month periods ended March 31,	
	2022	2021
Interest on long-term debt	2	1
Accretion of balances of sale and remeasurement of contingent consideration	1	1
Remeasurement of cash-settled share-based compensation	2	6
Change in fair value of other financial assets	1	–
Other	2	1
Net finance expense	8	9

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Notes to Condensed Consolidated Interim Financial Statements, Continued
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9. Statement of cash flows

The Company entered into the following transactions which had no impact on the cash flows:

	Three-month periods ended March 31,	
	2022	2021
Business acquisitions paid with contingent considerations and balances of sale	8	1
Acquisition of property, plant and equipment by lease liabilities	6	2

The changes in non-cash operating assets and liabilities are detailed as follows:

	Three-month periods ended March 31,	
	2022	2021
Trade and other receivables and contract assets	(16)	(9)
Inventories	1	(3)
Prepaid expenses and other	(4)	6
Trade and other payables	(4)	32
Provisions	–	(1)
Contract and other liabilities	(4)	6
	(27)	32

10. Share capital

(a) Authorized

The Company is authorized to issue an unlimited number of:

- Multiple voting shares, participating, without par value, with four votes per share without exceeding 40% of the aggregate votes for all voting shares, convertible into subordinate voting shares at any time at the option of the holder and automatically upon specific conditions;
- Subordinate voting shares, participating, with one vote per share;
- Preferred shares, issuable in series, without voting rights.

(b) Issued and outstanding

All issued shares were fully paid. The following table presents the issued shares:

	March 31, 2022		December 31, 2021	
	Number outstanding (in '000 of shares)	Amount	Number outstanding (in '000 of shares)	Amount
Subordinate voting shares	14,416	242	14,280	239
Multiple voting shares	8,841	132	8,841	132
	23,257	374	23,121	371

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10. Share capital (continued)

(b) Issued and outstanding (continued)

The following table summarizes the changes in options outstanding and the impact on weighted average per share exercise price during the periods:

	Equity-settled stock options (in units)	Weighted average exercise price (amounts in dollars)	Weighted average remaining years
Outstanding, January 1, 2022	1,095,926	22.77	6.58
Exercised	(136,349)	18.04	–
Forfeited	(13,049)	20.68	–
Outstanding, March 31, 2022	946,528	23.47	6.49
Exercisable, March 31, 2022	523,364	18.90	–
Outstanding, January 1, 2021	1,377,551	19.72	7.15
Exercised	(150,974)	16.07	–
Outstanding, March 31, 2021	1,226,577	20.17	7.07
Exercisable, March 31, 2021	532,454	17.27	–

The following table summarizes the change in Performance Share Units (“PSU”), Retention Share Units (“RSU”) and Deferred Share Units (“DSU”) under their respective award plans during the period:

	PSU	RSU	DSU
Outstanding, January 1, 2022	341,457	177,681	74,325
Granted	–	–	2,575
Redeemed	–	–	–
Forfeited	–	(190)	–
Outstanding, March 31, 2022	341,457	177,490	76,900
Outstanding, January 1, 2021	472,856	161,165	86,636
Granted	14,974	–	3,160
Redeemed	(5,593)	(1,040)	–
Forfeited	(2,985)	(3,490)	–
Outstanding, March 31, 2021	479,252	156,635	89,796

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Notes to Condensed Consolidated Interim Financial Statements, Continued
 Three-month periods ended March 31, 2022 and 2021
 (Unaudited) (In millions of Canadian dollars, unless otherwise indicated)

11. Financial instruments

a) Measurement of fair values

The Company has determined that the fair values of its short-term financial assets and liabilities approximate their respective carrying amounts as at the condensed consolidated interim statements of financial position dates due to the short-term maturity of those instruments. The Company estimated the fair value of its long-term debt based on market interest rates for financial instruments with similar terms and risks. This table summarises the carrying amount and the fair value of long-term financial assets and liabilities:

	Fair values hierarchy level	As at March 31, 2022		As at December 31, 2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Other long-term assets	Level 3	9	9	8	8
Long-term debt, excluding contingent consideration	Level 3	316	317	289	290

As at March 31, 2022, the Company only has contingent consideration and interest rate SWAPS (“SWAPS”) carried at fair value. For financial instruments measured at fair value with Level 3 inputs, which corresponds to contingent considerations, a change in fair value for the three-month period ended March 31, 2022 of \$1 (2021 – \$1), was recognized in net finance expense (note 8). The SWAPS are recorded as Derivatives on the statement of financial position.

The valuation techniques as well as the significant unobservable inputs used in measuring Level 2 and Level 3 fair values are the same as what was described in the annual consolidated financial statements for the year ended December 31, 2021.

b) Sensibility analysis

For the fair values of contingent consideration, reasonably possible changes at the reporting date to the forecasted EBITDA, holding other inputs constant, would not have any significant effects at March 31, 2022 on condensed consolidated interim statement of comprehensive income and on equity.

c) Risk management

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

12. Earnings per share

(in thousands of shares)	For the three-month periods ended March 31,	
	2022	2021
Weighted-average number of common shares during the period	23,156	22,813
Dilutive effect of the stock options granted	603	734
Weighted-average number of common shares including dilutive effects during the period ended	23,759	23,547
Anti-dilutive items:		
Stock options granted, excluded from the calculation	71	—