

Creating value, one  
step at a time for

30

years.

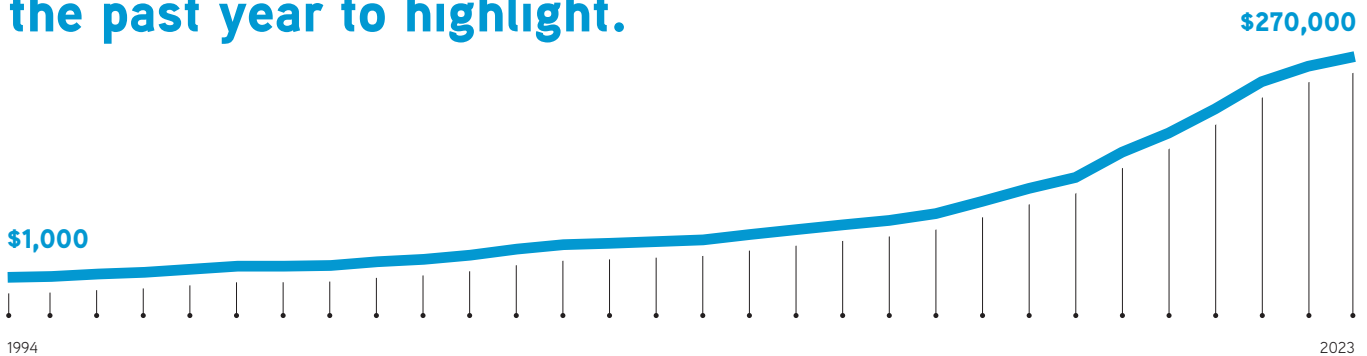


**FirstService**

2023 Annual Report



Last year marked the 30th year since FirstService became a publicly held company with listings on the Toronto and Nasdaq stock exchanges. Our revenues have grown at an impressive compounded annual rate of 18% over this period and our share value has exceeded that growth rate. To put that in perspective, \$1,000 invested at the time of our listing would be worth \$270,000 today. We are very proud of this long track record of success and the value we have created for our shareholders. I am pleased to report that we maintained our strong momentum in 2023. We have many successes and accomplishments from the past year to highlight.



## Growth

Our revenues grew by 16% versus 2022 and our EBITDA was up by 18%. Importantly, organic growth accounted for over half of the increase at 10% and was balanced between our two divisions. Both Residential and Brands grew organically by 10%. This component of our 2023 top line growth is what we are most proud of. It indicates we are winning – taking share on average across our brands. Organic growth by branch, by service line, and by brand is a critical internal measure for us. Our teams drive it through service delivery and a relentless focus on customer experience, which leads to consistent market share gains. 2023 also represented the third year in succession that we have achieved at least 10% organic growth. This level of organic growth would not be possible without the commitment and dedication of our teams across FirstService.

## People

In the face of a challenging labor market in recent years, we have intensified our focus and investment towards our teams and corporate culture. We have seen these efforts pay off the last two years with improved employee retention and in 2023 we saw a marked improvement. Retention is critical to sustaining our culture which is centered around customer service. We continually seek ways to enhance the employee experience to drive stronger retention and bolster our reputation as an employer of choice. By actively gathering input through forums including anonymous employee surveys (TeamNPS) and acting on the feedback received, we are able to address employee concerns and develop a variety of programs to optimize their experience with us. FirstService Residential, our largest employer brand, achieved Great Place to Work® certification in the US and Canada. This is the most definitive “employer of choice” recognition and is based entirely upon what associates report about their workplace experience. This is a powerful testament to the work our teams are doing in this critical area.

## Strategic Acquisitions

Last year M&A activity in North America slowed considerably due to higher interest rates and macroeconomic concerns. Over our long history, we have found these periods of economic uncertainty to be windows of opportunity for FirstService and that certainly proved to be the case in 2023.

Our strong balance sheet positioned us favorably time and again during the year, and we finished December having closed 16 acquisitions while deploying \$550 million in capital. We completed tuckunder acquisitions within each of our major brands, improving our market position, broadening our service offering and/or expanding our footprint. Of particular note were two larger, strategic transactions – Crossbridge Condominium Services in Q1 and Roofing Corp of America towards the end of Q4.

Our acquisition of Crossbridge cements FirstService Residential as the market leader in the Greater Toronto Area, the fastest growing urban high-rise market in North America. We have a particular expertise in high-rise condo management in North America and the addition of Crossbridge only enhances our already dominant position.

Roofing Corp of America is one of the largest commercial roofing enterprises in North America and highly complementary to our existing portfolio of essential property service brands. Like many of our markets, the commercial roofing industry is massive and highly fragmented with inherent growth opportunities – both organically and through acquisition. We partnered with a strong team and believe we have an opportunity to build the premier roofing contractor in North America.

2023 was a big year for us on the acquisition front, and we feel confident we have added significant long-term value for our shareholders.



## Balance Sheet

Our leverage at year-end settled in at 2.1 times net debt to EBITDA, which is a conservative measure even after one of our largest capital deployment years. The strength of our balance sheet has long been a differentiator for FirstService and a reflection on our cash flow characteristics and disciplined approach to acquisitions. We maintain ample liquidity to fund future growth.

## Social Purpose/ESG

Social Purpose has always been an important part of our culture, and our mission to #FirstServeOthers unites all of us at FirstService. Our caring teams are committed in their efforts to positively impact our communities, our environment and each other. In 2023, we moved to document our Social Purpose to more closely align with evolving ESG disclosure requirements. We also took further steps, including engaging ESG consultants and conducting our first ESG Materiality Assessment.

In our Management Information Circular and on our website we outline the measures we've undertaken to improve and communicate our ESG approach. This includes providing clarity on our governance around ESG and the summary results of our ESG Materiality Assessment work. Additionally, we highlight how our brands are addressing core ESG factors, and of course spotlight the positive contributions of team members through our Social Purpose initiative. We will maintain our commitment to evaluating our environmental impact, addressing ESG inquiries from stakeholders, and closely monitoring the dynamic landscape of ESG legislation, regulations, and standards to ensure our continued alignment.

## Summary and Look Forward

We are extremely pleased with our performance and accomplishments during 2023. I have shared a few of our highlights and there were many more worthy of mention.

Our achievements and momentum in 2023 have put us in a great position for 2024 and beyond. We face headwinds in certain of our markets but we have historically proven that we can win in difficult market conditions. We have strong leadership positions in huge essential property service markets yet our share of these markets is modest. This structural dynamic presents an opportunity to grow both in up markets and down markets. Our teams know this and are committed to delivering positive gains in any economic environment.

Our long-term goal is to grow our revenues at an average annual rate of at least 10% with incremental growth at the EBITDA and earnings per share lines. We are confident we can continue to deliver on this stated goal for years to come.

In closing, I would like to thank our operating leaders and teams for their day in, day out commitment to our customers. I would also like to acknowledge our Board and long-time shareholders and thank them for their continued support.

## D. Scott Patterson

Chief Executive Officer

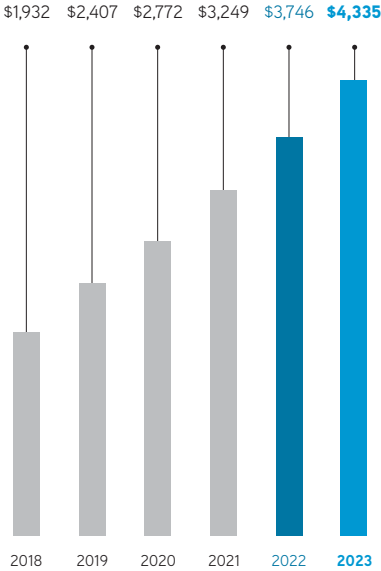


# Financial Highlights

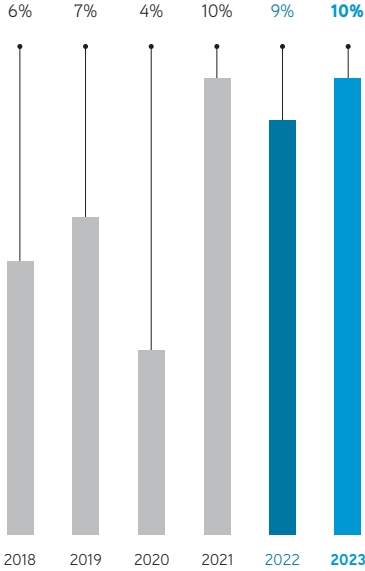


## Revenues

(US\$ millions)



## Annual Organic Revenue Growth



## Growth

2022 - 2023

16%

## CAGR

2018 - 2023

18%

## Annual Average Organic Growth

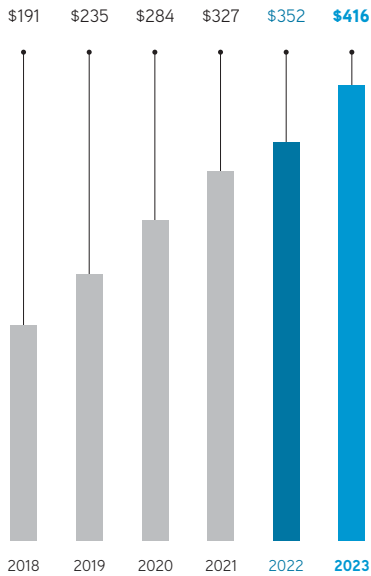
2018 - 2023

8%



## Adjusted EBITDA<sup>1</sup>

(US\$ millions)

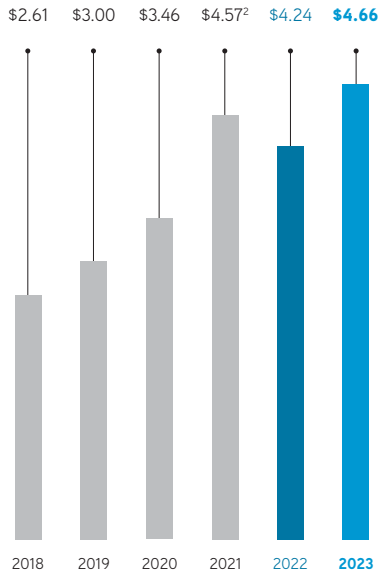


**Growth**  
2022 - 2023  
**18%**

**CAGR**  
2018 - 2023  
**17%**

## Adjusted EPS<sup>1</sup>

(US\$)

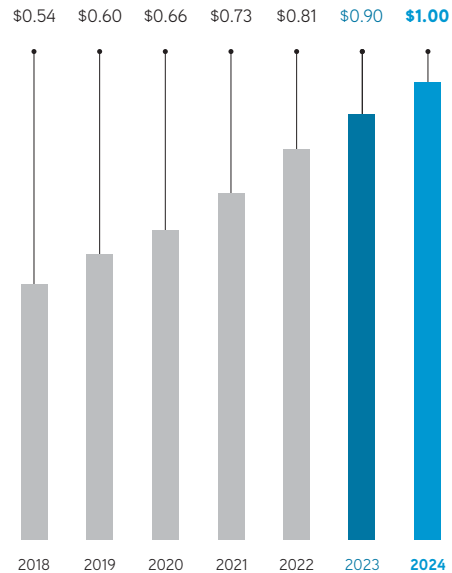


**Growth**  
2022 - 2023  
**10%**

**CAGR**  
2018 - 2023  
**12%**

## Annual Dividends

(US\$)



**Cumulative Dividend Growth**  
since 2018  
**85%**

(1) Adjusted EBITDA and Adjusted EPS as presented above are non-GAAP measures. Investors should consider non-GAAP measures in addition to, not as a substitute for, the comparable GAAP measures. Please visit [www.sedarplus.ca](http://www.sedarplus.ca) to view our annual and interim MD&As, under Reconciliation of non-GAAP financial measures, for each of the above mentioned periods for a description of each non-GAAP measure as well as the reconciliations to GAAP measures.

(2) Excluding two one-time gains on sale, normalized EPS would be \$4.24.

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**FirstService**

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## Notice of Shareholders' Meeting

The annual meeting of the shareholders will be held virtually on Wednesday, April 3, 2024 at 11:00 a.m. (ET)

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A complete digital version of the Annual Report is available in the investors area of our website, [www.firstservice.com](http://www.firstservice.com).

## Corporate Information

### Registrar and Transfer Agent

Canada – TSX Trust Company

Phone: 1.866.600.5869

E-mail: [tmxeinvestorservices@tmx.com](mailto:tmxeinvestorservices@tmx.com)

U.S. co-transfer agent – Computershare

Phone: 1.800.368.5948

E-mail: [webqueries@computershare.com](mailto:webqueries@computershare.com)

### Stock Exchange Listings

NASDAQ Global Select Market – FSV

Toronto Stock Exchange – FSV

FirstService common shares are included in the S&P/TSX 60 Composite Index.

### Head Office

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**FirstService**

**FirstService.com**