

# CONSOLIDATED FINANCIAL STATEMENTS

GDI INTEGRATED FACILITY SERVICES INC.

Years ended December 31, 2024 and 2023



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of GDI Integrated Facility Services Inc.

### ***Opinion***

We have audited the consolidated financial statements of GDI Integrated Facility Services Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2024 and December 31, 2023;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

### ***Revenues from projects recognized progressively over time***

#### ***Description of the matter***

We draw attention to notes 2 (d) (ii), 3 (c) (ii) and 4 to the financial statements. Revenues from projects amount to \$630 million for the year ended December 31, 2024. Revenues from projects are recognized progressively over time using a cost-based input method. The measure of progress towards completion is determined by comparing costs incurred to date to total expected costs to complete the service, to arrive at an estimate of the percentage of revenue earned to date. The determination of total expected costs to complete the project is based on estimates that can be affected by a variety of factors, including, but not limited to, the cost of materials and labour, changes in the scope of the contract, or complexities in delivery.

#### ***Why the matter is a key audit matter***

We identified the revenues from projects recognized progressively over time as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of revenues from projects. In addition, significant auditor judgment was required in evaluating the result of our audit procedures relating to the Entity's estimation of the total expected costs to complete applied to arrive at an estimate of the percentage of revenue earned to date.

#### ***How the matter was addressed in the audit***

The following are the primary procedures we performed to address this key audit matter:

- Obtained and read a selection of customer arrangements to understand the contract scope and key terms to evaluate the Entity's identification of performance obligations and the determined method for measuring contract progress.
- For a sample of projects, we confirmed or agreed to customer arrangements and change orders, the contract value, including changes in scope, and we confirmed or agreed to cash receipts or other source documents the progress billing, the account receivable and holdback balances.
- For a sample of incurred costs, we inspected invoices to assess the accuracy and existence and allocation to the appropriate projects.



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- For a selection of uncompleted projects as at reporting date, we interviewed operational personnel as to the progress of projects to identify factors that can affect the estimated total costs to complete.
- For completed contracts during the current reporting period, we compared prior year's estimated total costs to complete as at reporting date to the actual costs incurred to assess the Entity's ability to accurately estimate total costs to complete.
- For uncompleted contracts as at reporting date, we compared estimated total costs to complete as at reporting date and total estimated costs to complete as at January 31, 2025 to assess subsequent significant changes.

### ***Other Information***

Management is responsible for the other information. Other information comprises:

- The information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not, and will not, express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Yvon Dupuis.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Montréal, Canada

March 4, 2025

# GDI INTEGRATED FACILITY SERVICES INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

(IN MILLIONS OF CANADIAN DOLLARS)

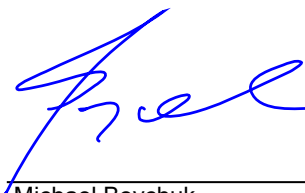
	2024	2023
<b>Assets</b>		
Current assets		
Cash	14	17
Trade and other receivables and contract assets (note 6)	565	571
Assets held for sale	6	–
Current tax assets	4	11
Inventories (note 15)	33	42
Other financial assets (note 16)	15	13
Prepaid expenses and other	16	11
Derivatives (note 19 (d))	–	1
<b>Total current assets</b>	<b>653</b>	<b>666</b>
Non-current assets		
Property, plant and equipment (note 9)	119	127
Intangible assets (notes 7 and 8)	115	131
Goodwill (note 7)	378	356
Other long-term assets	20	12
<b>Total non-current assets</b>	<b>632</b>	<b>626</b>
<b>Total assets</b>	<b>1,285</b>	<b>1,292</b>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Bank indebtedness	2	14
Trade and other payables	306	298
Provisions (note 16)	32	32
Contract liabilities (note 6)	33	34
Current tax liabilities	9	2
Current portion of long-term debt (note 10)	21	36
<b>Total current liabilities</b>	<b>403</b>	<b>416</b>
Non-current liabilities		
Long-term debt (note 10)	362	384
Other long-term liabilities	9	5
Deferred tax liabilities (note 18)	15	32
<b>Total non-current liabilities</b>	<b>386</b>	<b>421</b>
Shareholders' equity		
Share capital (note 17 (b))	382	380
Retained earnings	100	68
Contributed surplus	3	2
Accumulated other comprehensive income	11	5
<b>Total shareholders' equity</b>	<b>496</b>	<b>455</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,285</b>	<b>1,292</b>

See accompanying notes to consolidated financial statements.

On behalf of the Board:



David G. Samuel,  
Director



Michael Boychuk,  
Director

# GDI INTEGRATED FACILITY SERVICES INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2024 AND 2023

(IN MILLIONS OF CANADIAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

	2024	2023
Revenues (note 4)	2,555	2,437
Cost of services (note 12)	2,099	1,987
Selling and administrative expenses (note 12)	328	316
Transaction, reorganization and other costs (note 12)	2	4
Strategic information technology projects configuration and customization costs	2	6
Amortization of intangible assets (note 8)	29	24
Depreciation of property, plant and equipment (note 9)	57	53
Operating income	38	47
Net finance expense (note 13)	14	18
Gain on business disposals (note 5)	(17)	-
Income before income taxes	41	29
Income tax expense (note 18)	9	10
Net income	32	19
Other comprehensive income (loss)		
Gains(losses) that are or may be reclassified to earnings:		
Foreign currency translation differences for foreign operations	25	(7)
Hedge of net investments in foreign operations, net of tax of \$5	(18)	7
Cash flow hedges, effective portion of changes in fair value, net of tax	(1)	(2)
	6	(2)
Total comprehensive income	38	17
Earnings per share (note 20):		
Basic	1.37	0.80
Diluted	1.36	0.79

See accompanying notes to consolidated financial statements.

# GDI INTEGRATED FACILITY SERVICES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(IN MILLIONS OF CANADIAN DOLLARS)

	Share Capital		Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)			Total
	Number (in thousands of shares)	Amount			Net investment Hedge <sup>(1)</sup>	Currency Translation adjustment	Swap-Hedge	
<b>Balance, January 1, 2023</b>	23,414	379	49	4	(16)	20	3	439
Net income	-	-	19	-	-	-	-	19
Other comprehensive loss	-	-	-	-	7	(7)	(2)	(2)
Total comprehensive income for the year	-	-	19	-	7	(7)	(2)	17
<b>Transactions with owners of the Company:</b>								
Share-based compensation (note 17)	-	-	-	1	-	-	-	1
Stock options exercised (note 17)	98	2	-	-	-	-	-	2
Shares repurchased for cancellation (note 17)	(98)	(1)	-	(3)	-	-	-	(4)
<b>Balance, December 31, 2023</b>	<b>23,414</b>	<b>380</b>	<b>68</b>	<b>2</b>	<b>(9)</b>	<b>13</b>	<b>1</b>	<b>455</b>
Net income	-	-	32	-	-	-	-	32
Other comprehensive income	-	-	-	-	(17)	24	(1)	6
Total comprehensive income for the year	-	-	32	-	(17)	24	(1)	38
<b>Transactions with owners of the Company:</b>								
Share-based compensation (note 17)	-	-	-	1	-	-	-	1
Stock options exercised (note 17)	106	2	-	-	-	-	-	2
<b>Balance, December 31, 2024</b>	<b>23,520</b>	<b>382</b>	<b>100</b>	<b>3</b>	<b>(26)</b>	<b>37</b>	<b>-</b>	<b>496</b>

<sup>(1)</sup> The amount of Net investment hedge includes a tax amount of \$5 on December 31, 2024 (nil on December 31, 2023 and nil January 1, 2023).

See accompanying notes to consolidated financial statements.

# GDI INTEGRATED FACILITY SERVICES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(IN MILLIONS OF CANADIAN DOLLARS)

	2024	2023
Cash flows from (used in) operating activities		
Net income	32	19
Adjustments for:		
Depreciation and amortization (notes 8 and 9)	86	77
Net finance expense (note 13)	14	18
Gain on business disposals (note 5)	(17)	–
Income tax expense (note 18)	9	10
Income taxes paid	(7)	(14)
Other	2	1
Net changes in non-cash operating assets and liabilities (note 14)	17	(46)
Net cash from operating activities	136	65
Cash flows from (used in) financing activities		
Proceeds from issuance of long-term debt (notes 10 and 14)	274	401
Repayment of long-term debt (notes 10 and 14)	(325)	(370)
Payment of lease liabilities (notes 10 and 14)	(39)	(31)
Interest paid	(30)	(23)
Other	1	(2)
Net cash used in financing activities	(119)	(25)
Cash flows from (used in) investing activities		
Business acquisitions, net of cash and bank indebtedness acquired (note 19)	(20)	(11)
Business disposals (note 5)	39	–
Additions to property, plant and equipment (notes 9 and 14)	(15)	(21)
Additions to intangible assets (note 8)	(5)	(6)
Acquisition of other investments	(6)	–
Other	–	1
Net cash used in investing activities	(7)	(37)
Foreign exchange (loss) gain on cash held in foreign currencies	(2)	3
Net change in cash (bank indebtedness)	9	6
Cash (bank indebtedness), beginning of year:		
Cash	17	7
Bank indebtedness	(14)	(10)
	3	(3)
Cash, end of year:		
Cash	14	17
Bank indebtedness	(2)	(14)
	12	3

Other information related to cash flows (note 14).

See accompanying notes to consolidated financial statements.

# GDI INTEGRATED FACILITY SERVICES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(IN MILLIONS OF CANADIAN DOLLARS)

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## 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 consolidated financial statements as at and for the years ended December 31, 2024 and 2023 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, 90<sup>th</sup> Avenue, LaSalle, Québec, H8R 3A4.

## 2. Basis of preparation

### (a) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards.

These consolidated financial statements were authorized for issue by the Board of Directors on March 4, 2025.

### (b) Basis of measurement

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

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

### (c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, 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 consolidated 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

# GDI INTEGRATED FACILITY SERVICES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(IN MILLIONS OF CANADIAN DOLLARS)

## 2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

### *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year includes the following:

- i) The Company's impairment test for goodwill is based on internal estimates of the value-in-use calculations using the discounted cash flow valuation model. Key assumptions on which the Company has based its determination of the individual cash generation units ("CGU") value-in-use ("VIU") include discounted future expected net operating cash flows, estimated long-term growth rates of net operating cash flows and post-tax value weighted average cost of capital ("WACC"). Changes in these estimates can have a material impact on the recoverable amount calculations and ultimately the amount of any goodwill impairment recognized (note 7);
- ii) The Company recognizes revenues from projects progressively over time using a cost-based input method, which can extend over more than one reporting period. Revenue from these projects is recognized over time based on a measure of progress using the Company's best estimate of the total expected costs to complete the project. The determination of total expected costs to complete the project is based on estimates that can be affected by a variety of factors, including but not limited to, the cost of materials and labour, changes in the scope of the contract, or complexities in delivery. As risks and uncertainties are different for each project, the sources of variations between anticipated costs and actual costs incurred will also vary by project. The determination of estimates is based on the Company's business practices as well as its historical experience and is tightly linked to detailed project management processes and controls. The information provided by project managers combined with a knowledgeable assessment of technical complexities and risks are used in estimating the percentage complete.

## 3. Material accounting policy information

*The accounting policies set out in the financial statements have been applied consistently to all periods presented in these consolidated financial statements and for all the Company's subsidiaries.*

*The following table summarizes the material accounting policy information and indicates in which note to the consolidated financial statements each policy is described:*

<i>Accounting policies</i>	<i>Note #</i>	<i>Accounting policies</i>	<i>Note #</i>
<i>Basis of consolidation</i>	<i>3</i>	<i>Lease liabilities</i>	<i>10</i>
<i>Foreign operations</i>	<i>3</i>	<i>Contingent liabilities</i>	<i>11</i>
<i>Revenue from contracts with customers</i>	<i>3</i>	<i>Finance expense</i>	<i>13</i>
<i>Operating segments</i>	<i>4</i>	<i>Inventories</i>	<i>15</i>
<i>Impairment of financial assets</i>	<i>6</i>	<i>Provisions</i>	<i>16</i>
<i>Goodwill</i>	<i>7</i>	<i>Share capital</i>	<i>17</i>
<i>Impairment of non-financial assets</i>	<i>7</i>	<i>Income taxes</i>	<i>18</i>
<i>Intangible assets</i>	<i>8</i>	<i>Financial instruments</i>	<i>19</i>
<i>Property, plant &amp; equipment</i>	<i>9</i>		

# GDI INTEGRATED FACILITY SERVICES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(IN MILLIONS OF CANADIAN DOLLARS)

## 3. Material accounting policy information (continued)

### (a) Basis of consolidation

This table describes the most significant entities of GDI Integrated Facilities Services Inc.

Entities	Country of incorporation	Ownership interest
Ainsworth Inc.	Canada	100%
Ainsworth Inc.	United States	100%
GDI Integrated Facility Services USA Inc.	United States	100%
GDI Services Inc.	United States	100%
GDI Services (Québec) LP	Canada	100%
GDI Services (Canada) LP	Canada	100%

### Business combinations

The Company measures goodwill as the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any excess of the fair value of the net assets acquired over the assumed consideration paid is a gain on business acquisition and is recognized as a gain in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

### (b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at the exchange rate at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at the average monthly exchange rate.

Foreign currency differences are recognized in other comprehensive income or loss, in foreign currency translation differences for foreign operations.

Foreign exchange gains or losses arising from a monetary item receivable from, or payable to, a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income, in the cumulative amount of foreign currency translation differences in foreign operations.

### (c) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or when the service is rendered to a customer.

# GDI INTEGRATED FACILITY SERVICES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(IN MILLIONS OF CANADIAN DOLLARS)

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### 3. Material accounting policy information (continued)

#### (c) Revenue from contracts with customers (continued)

The following is a description of principal activities from which the Company generates its revenue:

##### (i) Cleaning services and maintenance contracts (recurring/contractual and on-call services)

Revenue from cleaning services and maintenance contracts are generated from providing janitorial or maintenance services to customers and include monthly fixed-price arrangements contracts in which the customer agrees to pay a fixed fee every month, cost-plus arrangements in which the customers reimburse the Company for the agreed-upon amount of costs plus a profit margin and work orders which generally consist of supplemental services requested by customers outside of the standard service specification in which the customer is billed a fixed hourly rate for each labor hour provided. Generally, most contracts are cancelable by either party without a substantive penalty, and most contracts have a notification period of 30 to 90 days. If a contract includes a cancellation clause, the remaining contract term is limited to the required termination notice period.

Once a contract is identified, the contract is evaluated whether it should be accounted for as more than one performance obligation. Most of the cleaning services and maintenance contracts contain multiple promises that represent an integrated bundle of services comprised of activities that may vary over time; however, these activities fulfill a single integrated performance obligation since the Company performs a continuous service that is substantially the same and has the same pattern of transfer to the customer. Performance obligations are primarily satisfied over time as the Company provides the related services. The contract transaction price is allocated to this single performance obligation and the progress toward satisfaction of the performance obligation is measured as the services are provided, and revenue is recognized at the agreed-upon contractual amount over time, because the customer simultaneously receives and consumes the benefits of the services as they are performed.

##### (ii) Projects

Revenues from projects are generated from providing limited time services to a customer. The Company may install a heating or ventilation system, may put in place the refrigeration system or various other projects related to technical services. The terms and conditions are generally determined by contract and the price is fixed. Generally, the customer cannot opt out from the contract, unless paying a penalty to cover for the costs incurred by the Company.

The revenues from projects are recognized progressively over time using a cost-based input method. Periodic reviews of estimated final revenues and costs during the terms of such contracts may result in revisions of contract estimates which have the effect of including, on a prospective basis, cumulative adjustments necessary to reflect the results indicated by the revised estimates. Any losses are recognized when they first become known.

Projects normally include a standard warranty clause to guarantee the work performed generally for a period of one year. The Company's responsibility is generally limited to the labour since material is normally subject to a warranty from the manufacturer. The Company recognises a general provision based on historical expenses in consideration for this warranty.

# GDI INTEGRATED FACILITY SERVICES INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(IN MILLIONS OF CANADIAN DOLLARS)

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### 3. Material accounting policy information (continued)

#### (c) Revenue from contracts with customers (continued)

##### (ii) Projects (continued)

*In projects, progress invoicing based on milestones achieved is usually the practice in the industry. Even though the Company tries to align the milestones with the progression of work, there could be a delay between the moment an amount is billed and the moment the work is performed, therefore, this situation creates contract assets or contract liabilities. This type of delay is usually less than one year.*

##### (iii) Product manufacturing and distribution

*Revenues from product manufacturing and distribution are generated through the sale of cleaning supplies and equipment to external customers. Revenues are recognized upon delivery, which is when control is transferred. Product sales are generally immediately invoiced upon delivery.*

#### (d) Accounting standards, interpretations, and amendments adopted during the year

*In October 2022, the IASB issued an amendment to clarify that restrictive clauses to be complied with after the reporting date do not impact the classification of debt as current or non-current at the reporting date. This amendment affects the classification and disclosure of liabilities. The adoption of this amendment did not impact the Company's financial statements.*

#### (e) Recent accounting standards, interpretations, and amendments issued but not yet effective

*In April 2024, the IASB issued IFRS 18 to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1 unchanged and introduces increased disclosure of management defined performance measures as well as new principles for aggregation and disaggregation of information included in the consolidated income statement. IFRS 18 is applicable to the Company beginning on January 1, 2027. The Company is currently evaluating the impact of the adoption of IFRS 18 on its consolidated financial statements.*

### 4. Segmented information

#### Accounting policies

*All operating segments' financial results are reviewed regularly by the chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance based on Adjusted EBITDA, and for which discrete financial information is available. Adjusted EBITDA excludes from operating income the following expenses and income: depreciation and amortization, transaction, reorganization, and other costs, , strategic information technology projects configuration and customization and share-based compensation expense.*

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

# GDI INTEGRATED FACILITY SERVICES INC.

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## 4. Segmented information (continued)

The Business Services Canada Segment and Business Services USA Segment 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. Business Services 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 installations, repairs and servicing as well as energy performance optimization in relation to heating, ventilation, air conditioning ("HVAC"), electrical, energy engineering service offering, cabling for data transport, 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.

On April 1, 2024, the Company completed the sale of certain assets of Superior Solutions L.P. ("Superior Sany Solutions") relating to its cleaning and sanitation products distribution business but kept those related to its chemical manufacturing business.

Following the sale of its Superior cleaning and sanitation products distribution business, Corporate and Other now only includes manufacturing activities of cleaning products, as well as service offering to facility management services. Corporate expenses associated with the head office are also included in this segment-section, along with the elimination of intra-group transactions.

					2024
	Business Services Canada	Business Services USA	Technical Services	Corporate and Other	Total
Recurring/contractual services	512	804	116	20	1,452
On-call services	37	79	285	5	406
Projects	–	–	630	–	630
Manufacturing and distribution	–	–	–	41	41
Other revenues	25	–	–	1	26
<b>Total external revenues</b>	<b>574</b>	<b>883</b>	<b>1,031</b>	<b>67</b>	<b>2,555</b>
Inter-segment revenues	11	–	1	(12)	–
<b>Revenues</b>	<b>585</b>	<b>883</b>	<b>1,032</b>	<b>55</b>	<b>2,555</b>
Income (loss) before income taxes	35	29	35	(58)	41
Net finance expense	–	–	2	12	14
Gain on business disposal	–	–	(17)	–	(17)
<b>Operating income (loss)</b>	<b>35</b>	<b>29</b>	<b>20</b>	<b>(46)</b>	<b>38</b>
Depreciation and amortization	11	25	38	12	86
Transaction, reorganization, and other costs	–	1	2	(1)	2
Share-based compensation <sup>(1)</sup>	–	–	–	9	9
Strategic information technology projects configuration and customization costs	–	–	–	2	2
<b>Adjusted EBITDA <sup>(3)</sup></b>	<b>46</b>	<b>55</b>	<b>60</b>	<b>(24)</b>	<b>137</b>
Total assets	254	416	526	89	1,285
Total liabilities	72	114	246	357	789
Additions to property, plant and equipment	8	13	35	3	59
Additions to intangible assets	–	2	3	5	10
Goodwill recorded on business acquisitions	–	9	2	–	11

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## 4. Segmented information (continued)

					2023
	Business Services Canada	Business Services USA	Technical Services	Corporate and Other	Total
Recurring/contractual services	498	719	83	18	1,318
On-call services	45	37	291	5	378
Projects	–	–	650	–	650
Manufacturing and distribution	–	–	–	62	62
Other revenues	24	–	–	5	29
<b>Total external revenues</b>	<b>567</b>	<b>756</b>	<b>1,024</b>	<b>90</b>	<b>2,437</b>
Inter-segment revenues	11	–	–	(11)	–
<b>Revenues</b>	<b>578</b>	<b>756</b>	<b>1,024</b>	<b>79</b>	<b>2,437</b>
Income (loss) before income taxes	42	36	17	(66)	29
Net finance expense	–	1	(1)	18	18
<b>Operating income (loss)</b>	<b>42</b>	<b>37</b>	<b>16</b>	<b>(48)</b>	<b>47</b>
Depreciation and amortization	11	18	36	12	77
Transaction, reorganization, and other costs	1	–	1	2	4
Share-based compensation <sup>(1)</sup>	–	–	–	9	9
Strategic information technology projects configuration and customization costs	–	–	–	6	6
<b>Adjusted EBITDA <sup>(3)</sup></b>	<b>54</b>	<b>55</b>	<b>53</b>	<b>(19)</b>	<b>143</b>
Total assets	267	359	544	122	1,292
Total liabilities	69	109	253	406	837
Additions to property, plant and equipment	8	13	32	8	61
Additions to intangible assets	–	10	2	6	18
Goodwill recorded on business acquisitions	–	14	2	–	16

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

### 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.

	2024	2023
<b>Revenues</b>		
Canada	1,361	1,315
United States	1,194	1,122
<b>Non-current assets <sup>(1)</sup></b>		
Canada	346	360
United States	286	266

(1) Non-current assets other than financial instruments and deferred tax assets.

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## 5. Business acquisitions and disposal

### (a) Business acquisitions

Acquisition date	Company acquired <sup>(1)</sup>	Location	Segment reporting	Status <sup>(2)</sup>
<b>2024 Acquisitions</b>				
April 1, 2024	Hussmann Canada Inc. (“ <b>Hussmann</b> ”)	Dartmouth, Nova Scotia	Technical Services	Preliminary
May 1, 2024	Jade Opco, LLC, doing business as Paramount Building Solutions (“ <b>Paramount</b> ”)	Phoenix, Arizona	Business Services USA	Preliminary
June 1, 2024	RYCOM Corporation (“ <b>RYCOM</b> ”)	Toronto, Ontario	Technical Services	Preliminary
<b>2023 Acquisitions</b>				
June 1, 2023	React Technical, Inc. (“ <b>React</b> ”)	New York, New York	Technical Services	Completed
November 1, 2023	La Financière Atalian (“ <b>Atalian</b> ”)	Multiple sites in the USA	Business Services USA	Completed

(1) GDI acquired all of the outstanding shares of each acquired company, with the exception of Hussman and Atalian, where the Company completed the acquisition of certain assets and assumed certain liabilities.

(2) Preliminary status: Given the limited time between the 2024 Acquisitions and December 31, 2024, 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.

### (b) Results generated from the acquisitions

The following summarizes the effect of the business acquisitions:

	ACTUAL For the period between the acquisition dates and December 31, 2024	PRO FORMA (1) Results for the year ended December 31, 2024
Revenues	45	2,571
Net (loss) income	(1)	32

(1) The revenue and net income presented in the table above represent the GDI combined entity results, adjusted to give effect of all business combinations as of the beginning of the annual reporting period. The acquisitions results were also adjusted to bear the weight of additional financing required to acquire the businesses, as well as the effects of other purchase price allocation adjustments.

### (c) 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 2024 and the 2023 Acquisitions, as they were all considered as individually insignificant:

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## 5. Business acquisitions and disposal (continued)

(c) Identified assets acquired and liabilities assumed

	December 31, 2024	December 31, 2023
<b>Current assets</b>		
Cash	1	1
Trade and other receivables and contract assets <sup>(1)</sup>	11	4
Inventories	2	–
Other assets	1	–
Property, plant and equipment	6	4
Intangible assets	5	12
Goodwill <sup>(2)</sup>	11	16
<b>Total assets</b>	<b>37</b>	<b>37</b>
<b>Current liabilities</b>		
Bank indebtedness	1	–
Trade and other payables	10	11
Provisions	–	9
Contract liabilities	–	1
Current portion of long-term debt	1	2
Long-term debt	3	1
<b>Total liabilities</b>	<b>15</b>	<b>24</b>
<b>Total net assets</b>	<b>22</b>	<b>13</b>
Cash	20	12
Balances of sale payable	1	1
Contingent considerations payable	1	–
<b>Total consideration transferred</b>	<b>22</b>	<b>13</b>

(1) The trade receivables acquired in 2024 comprise gross contractual amounts due of \$11 (2023 – \$3), of which less than \$1 (2023 – less than \$1) was expected to be uncollectible at the date of acquisition. The purchase agreements for the 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 \$5 (2023 – \$14) that is expected to be deductible for income tax purposes.

The goodwill arising from the 2024 and 2023 acquisitions is attributable to the expansion of GDI's customer base and geographic footprint, as well as to the expected synergies from combining operations. The goodwill is also attributable to the solidification of GDI's Business Services platform in the United States and to the ability to enter new regions such as New York City, Ohio, Minnesota and Missouri.

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 is 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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## 5. Business acquisitions (continued)

(d) Business disposal

On April 1, 2024, the Company completed the sale of its Superior cleaning and sanitation supplies distribution business and transferred to the purchaser some of its related liabilities.

On November 30, 2024, the Company completed the sale of Ainsworth Power Construction ("APC"), a specialized business performing high voltage work primarily for utilities in Ontario.

## 6. Trade and other receivables and contract assets and liabilities

### Accounting policies

#### Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires the use of an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses ("ECL") and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. For trade receivables, contract assets, and holdback receivables, the Company applied the simplified approach permitted under IFRS 9, whereby the loss allowance is measured at an amount equal to the lifetime ECL.

At each reporting date, the Company assesses whether financial assets are credit impaired. The Company will consider a financial asset to be in default when the indebted party is unlikely to pay its obligations in full. In assessing whether an indebted party is in default, the Company will consider indicators that are qualitative (delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider).

	2024	2023
Trade receivables	445	439
Contract assets	62	75
Holdback receivables	54	52
Other receivables	16	14
Credit loss allowance (note 19 (b))	(12)	(9)
	565	571

The reconciliation of the beginning and ending carrying amounts of contract assets and contract liabilities is as follows:

	2024		2023	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Balance – January 1	75	(34)	65	(30)
Additions to contract assets through revenue recognition	481	549	825	116
Transfers from costs and anticipated profits in excess of billings to trade receivables	(495)	(547)	(815)	(119)
Changes due to business acquisitions and disposals	–	–	–	(1)
Effect of exchange rate changes	1	(1)	–	–
Balance – December 31	62	(33)	75	(34)

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## 7. Goodwill and intangible assets with indefinite useful lives

### Accounting policies

#### Goodwill

Goodwill arises upon the acquisition of businesses. For measurement of goodwill at initial recognition, see note 3 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

#### Impairment of non-financial assets

The carrying amounts of the non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets with indefinite useful lives (note 8) or that are not yet available for use, the recoverable amount is estimated each year at the same time, or more often if an indication of impairment is identified. Goodwill and intangible assets with indefinite useful lives impairment tests are performed as of October 1 of each year.

	2024	2023
Balance, beginning of year	356	344
Additions – business acquisitions (note 5)	11	16
Disposals – business disposals	(4)	–
Foreign exchange	15	(4)
Balance, end of year	378	356

For the purposes of impairment testing, intangible assets with indefinite useful lives and goodwill have been allocated to the Company's group of CGUs as follows:

	October 1, 2024			October 1, 2023		
	Intangible assets	Goodwill	Total	Intangible assets	Goodwill	Total
Business Services Canada	6	119	125	6	119	125
Business Services USA	8	134	142	8	110	118
Technical Services	4	116	120	4	114	118
Other	–	1	1	1	3	4
	18	370	388	19	346	365

On October 1, 2024 and 2023, the Company tested the carrying value of goodwill and intangible assets with indefinite useful lives for impairment. The recoverable amount of each group of CGUs is calculated based on the VIU. VIU was determined by discounting the future cash flows generated from the continuing use of the group of CGUs. The calculation of the VIU was based on the following key assumptions:

- The values assigned to the key assumptions reflect management's expectations of revenue growth, expenses and margin for each group of CGUs based on past experience and expected growth for the industry and are based on both external sources and internal sources (historical data).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
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## 7. Goodwill and intangible assets with indefinite useful lives (continued)

### Impairment of non-financial assets (continued)

- Cash flows were projected based on past experience, actual operating results and the 2025 business plan. Cash flows for 2025 are based on internal budgets. Cash flows for 2026 to 2029 and terminal values were extrapolated using growth rates as follows:

	Cash flows 2026-2029 %	Terminal values %
Business Services Canada	2.0	2.0
Business Services USA	3.0	3.0
Technical Services	3.0	3.0

- The capital expenditure was assumed to continue at a constant marginal growth to replace older equipment based on historical spending information;
- Post-tax discount rates of 9.0% to 9.5% (9.4% to 10.0% in 2023) were applied in determining the recoverable amount of the group of CGUs. The discount rates were estimated based on past experience and the Company's average weighted average cost of capital, adjusted for the different risk profiles of the individual group of CGUs.

The recoverable amount of each group of CGUs was determined to be higher than its carrying amount and no impairment loss has been recognized for the years ended December 31, 2024 and 2023.

By their nature, the estimates and assumptions are subject to measurement uncertainty, and consequently, actual results could differ from estimates used. However, it has been determined that there is no reasonable change in assumptions that would cause the carrying amount to exceed the estimated recoverable amount.

## 8. Intangible assets

### Accounting policies

*Intangible assets with indefinite lives: The trade names that are considered intangible assets with indefinite lives are recorded at cost less accumulated impairment losses. They are not amortized but instead tested annually for impairment, or more frequently should events or changes in circumstances indicate that they may be impaired (note 7).*

*Intangible assets with finite lives: Intangible assets that are acquired by the Company and have determinable useful lives are measured at cost less accumulated amortization and impairment losses. These include client relationships, trade names, non-compete agreements and software.*

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## 8. Intangible assets (continued)

Amortization is calculated over the cost of the asset with determinable useful life. Amortization is recognized in Selling and administrative expenses on a straight-line basis over the estimated useful lives as follows:

	<i>Period</i>
Client relationships	5 to 20 years
Software, trade names with finite lives and non-compete agreements	2 to 5 years

	Client relationships	Software	Trade names (indefinite useful lives)	Other <sup>(1)</sup>	Total
<b>Cost</b>					
Balance, December 31, 2022	192	19	19	35	265
Business acquisitions	12	–	–	–	12
Additions	–	6	–	–	6
Foreign exchange	(3)	–	–	(1)	(4)
Balance, December 31, 2023	201	25	19	34	279
Business acquisitions and disposals	3	2	(1)	–	4
Additions	–	5	–	–	5
Disposals	(1)	–	–	–	(1)
Foreign exchange	8	–	–	1	9
Balance, December 31, 2024	211	32	18	35	296
<b>Accumulated amortization</b>					
Balance, December 31, 2022	95	9	–	22	126
Amortization	16	4	–	4	24
Foreign exchange	(2)	–	–	–	(2)
Balance, December 31, 2023	109	13	–	26	148
Amortization	21	5	–	3	29
Disposals	(1)	–	–	–	(1)
Foreign exchange	4	–	–	1	5
Balance, December 31, 2024	133	18	–	30	181
<b>Net carrying amounts</b>					
December 31, 2023	92	12	19	8	131
December 31, 2024	78	14	18	5	115

(1) Other intangible assets include trade names with finite lives, non-compete agreements and franchise relationships. There were no impairment losses during 2024 and 2023.

(2) If the amortization expense were to be allocated by function, it would have been recorded in the Selling and administrative expenses caption of the profit and loss statement.

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## 9. Property, plant and equipment

### Accounting policies

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

### Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative period are as follows:

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	<i>Period</i>
<i>Buildings and building right-of-use</i>	<i>15 to 30 years or lease term</i>
<i>Computer equipment</i>	<i>3 to 4 years</i>
<i>Equipment and equipment right-of-use</i>	<i>3 to 7 years or lease term</i>
<i>Vehicles and automotive equipment and Vehicles and automotive equipment right-of-use</i>	<i>4 to 5 years or lease term</i>
<i>Leasehold improvements</i>	<i>Over the lease term</i>

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# GDI INTEGRATED FACILITY SERVICES INC.

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## 9. Property, plant and equipment (continued)

### (a) Reconciliation of carrying amounts

	Land	Buildings	Computer equipment	Equipment	Vehicles and automotive equipment	Leasehold improvements	Total
<b>Cost</b>							
Balance, December 31, 2022	5	69	19	84	65	15	257
Business acquisitions (note 5)	–	–	–	1	2	1	4
Additions	–	16	4	18	17	2	57
Disposals	–	(5)	(2)	(16)	(10)	(1)	(34)
Foreign exchange	–	–	–	(1)	(1)	(1)	(3)
Balance, December 31, 2023	5	80	21	86	73	16	281
Business acquisitions (note 5)	–	2	–	2	1	1	6
Business disposals (note 5)	–	(18)	–	(1)	–	(1)	(20)
Asset held for sale	(3)	(7)	–	–	–	–	(10)
Additions	–	9	2	19	23	–	53
Disposals	–	(2)	–	(23)	(10)	(2)	(37)
Foreign exchange	–	2	–	5	2	1	10
Balance, December 31, 2024	2	66	23	88	89	15	283
<b>Accumulated depreciation</b>							
Balance, December 31, 2022	–	30	9	52	36	8	135
Depreciation	–	12	4	17	17	3	53
Disposals	–	(5)	(2)	(16)	(10)	(1)	(34)
Foreign exchange	–	–	1	(1)	–	–	–
Balance, December 31, 2023	–	37	12	52	43	10	154
Depreciation	–	13	5	18	19	2	57
Business disposals (note 5)	–	(10)	–	–	–	–	(10)
Asset held for sale	–	(4)	–	–	–	–	(4)
Disposals	–	(2)	–	(23)	(10)	(2)	(37)
Foreign exchange	–	1	–	2	1	–	4
Balance, December 31, 2024	–	35	17	49	53	10	164
<b>Net carrying amounts</b>							
December 31, 2023	5	43	9	34	30	6	127
December 31, 2024	2	31	6	39	36	5	119

### (b) Depreciation allocated by function

If depreciation expense were to be allocated by function, it would have been recorded in the following accounts in the consolidated statements of comprehensive income:

	2024	2023
Cost of services	37	34
Selling and administrative expenses	20	19
	57	53

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## 9. Property, plant and equipment (continued)

### (c) Right-of-use assets

The net carrying amount of right-of-use assets is detailed in the table below. Those balances were also included in the total amounts disclosed in (a) above.

	Land	Buildings	Computer equipment	Equipment	Vehicles and automotive equipment	Leasehold improvements	Total
December 31, 2023	–	31	–	–	21	–	52
December 31, 2024	–	23	–	1	29	–	53

The depreciation expense of the leased property, plant and equipment is detailed in the table below. Those balances were also included in the total amounts disclosed in (a) above.

	Land	Buildings	Computer equipment	Equipment	Vehicles and automotive equipment	Leasehold improvements	Total
December 31, 2023	–	11	–	6	13	–	30
December 31, 2024	–	12	–	7	15	–	34

For the years ended December 31, 2024 and December 31, 2023, the expense relating to short-term leases, leases of low-value assets and variable lease payments not included in lease liabilities was \$14 million and \$13 million, respectively.

## 10. Long-term debt

### Accounting policies

Refer to note 19 “Financial instruments and financial risk management” for accounting policies on financial liabilities.

### Lease liabilities

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. They are re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or renewal option is reasonably certain to be exercised or a termination option reasonably certain not to be exercised. The Company has not elected to account for short-term leases using the practical expedients.

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## 10. Long-term debt (continued)

	2024	2023
Senior secured credit agreement (a)		
Revolving credit facility, maturing in December 2028:		
First tranche available of US\$190 (2023 – US\$190) (US\$125 used; 2023 – US\$144)	180	191
Second tranche available of \$200 (2023 – \$200) (nil and US\$30 used; 2023 – nil and US\$32)	43	42
Term loan, maturing in December 2027 (b)	100	100
Less unamortized financing costs	(2)	(2)
	321	331
Lease liabilities, repayable in variable monthly installments of until August 2033, at interest rates ranging from 1.46% to 7.12%. Equipment and vehicle Leases liabilities are secured by the equipment and vehicles themselves.	57	58
Balances of sale payable with nominal amount of US\$1 (2023 - US\$1), non-interest bearing and maturing between May 2025 and November 2025. The balances of sale were initially recognized at their fair values based on a discounted rate of 5.0%.	2	2
Contingent considerations payable with amounts between \$1 and US\$2 (2023 - \$4 and US\$20), in relation with business acquisitions and maturing between April 2025 and January 2027.	3	29
	383	420
Current portion of long-term debt	21	36
	362	384

- (a) The Company has the ability to increase its facility by up to \$125, subject to the lenders agreeing to provide commitments. The facility is secured by its subsidiaries, and by a floating charge encumbering all of the Company's present and future assets and a fixed charge on certain present and future assets, which must represent at least 80% of the consolidated adjusted EBITDA. The facility provides for certain permitted encumbrances, including purchased money obligations and the ability to incur additional debt subject to a maximum amount. The facility provides for restrictions on the operations and activities of the Company. Generally, the most significant restrictions are to permitted investments and dividends, as well as certain financial ratios primarily linked to consolidated adjusted EBITDA, financial expense and total indebtedness. The facility bears interest at cost of funds plus 1.50% to 3.50% depending on the Company's leverage ratios (weighted average rate of 6.6% as at December 31, 2024, 7.71% as at December 31, 2023). A standby fee is payable on the unused portion (December 31, 2024 - 0.45%, December 31, 2023 - 0.45%). As at December 31, 2024, letters of credit amounting to \$41 (December 31, 2023 – \$25) were issued in favor of various customers, which reduced the available credit of the authorized credit facility.
- (b) On August 11, 2023, the Company entered into a new term loan facility ("term loan") of \$100 under a revision of its Senior secured credit agreement. This new term loan, ranking pari passu with its current Revolving credit facility, will bear interest at cost of funds plus 1.75% to 3.75% depending on the Company's leverage ratios, being repayable in full on December 10, 2027, and subject to the same financial covenants of the first and second tranches of the revolving credit facility.

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## 10. Long-term debt (continued)

### Credit agreement with Canada Infrastructure Bank (“CIB”)

On June 28, 2024 a special purpose vehicle (“SPV”) of which the Company is currently the sole partner, entered into a credit agreement with Canada Infrastructure Bank (“CIB”) for a total committed amount of \$100 (no amount drawn as of December 31, 2024). Any drawdowns from the credit agreement will be done to finance the SPV customers energy retrofits projects in commercial, institutional and multi-residential buildings across Canada. All borrowings will be non-recourse to the Company, except for certain specific limited guarantees by the Company.

GDI is in compliance with all of its covenants under the Senior Secured Credit Agreement at the end of the years ended December 31, 2024 and December 31, 2023.

As at December 31, 2024, the Company had \$207 of credit available on its revolving credit facility limit and \$14 in cash.

## 11. Commitments, and contingent liabilities

### Accounting policies

*A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by one or more uncertain future events not wholly within the control of the Company. A contingent liability could also be a present obligation that arises from past events (and therefore exists) but is not recognized because it is not probable that a transfer or use of assets, provision of services or any other transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.*

### Commitments

As at December 31, 2024, GDI had outstanding bid bonds amounting to \$5 (December 31, 2023 – \$6) and performance bonds amounting to \$230 (December 31, 2023 – \$235). 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.

In the course of its energy services business, the Company has commitments with partners and subcontractors, in relation to its biomethanisation project, totalling \$38 million.

### Contingent liabilities

In the normal course of operations, the Company is involved in various claims and legal proceedings. Although the outcome of these pending cases as at December 31, 2024, cannot be determined with certainty, the Company considers that their outcome is unlikely to have a material adverse effect on its financial position and operating results, given the provisions or insurance coverage with regards to some of these claims and legal proceedings.

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## 12. Expenses by nature

Cost of services and selling and administrative expenses (note 9 (b)):

	2024	2023
Short-term employee wages and benefits	1,538	1,413
Sub-contractors	428	416
Materials and supplies	351	361
Other	110	113
	<u>2,427</u>	<u>2,303</u>

Transaction, reorganization and other costs:

	2024	2023
Acquisition costs	3	3
Reorganization costs	3	1
Other (gain) costs <sup>(1)</sup>	(4)	–
	<u>2</u>	<u>4</u>

(1) Other (gain) costs include gain from insurance proceed.

## 13. Net finance expense

### Accounting policies

*Finance expenses comprise interest expense on borrowings and lease liabilities, accretion of balances of sales, re-measurement of cash-settled share-based compensation, re-measurement of contingent considerations using the effective interest method.*

*Fair value gains or losses on contingent considerations and derivative financial instruments as well as foreign currency gains and losses are reported on a net basis as finance income or expense.*

	2024	2023
Interest on long-term debt and lease liabilities	33	26
Accretion of balance of sales and Remeasurement of contingent considerations	(10)	(3)
Remeasurement of cash-settled share-based compensation	(3)	(6)
Change in fair value of other financial assets	(2)	(2)
Others	(4)	3
Net finance expense	<u>14</u>	<u>18</u>

## 14. Statement of cash flows

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

	2024	2023
Business acquisitions paid with balances of sales payable and contingent considerations payable	2	1
Acquisition of property, plant and equipment by lease liabilities	38	36

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## 14. Statement of cash flows (continued)

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

	2024	2023
Trade and other receivables and contract assets	16	(43)
Other financial assets	–	(2)
Inventories	1	3
Prepaid expenses and other	(5)	(2)
Trade and other payables	–	(2)
Provisions	(2)	(3)
Contract liabilities	7	3
	17	(46)

The changes in liabilities related to financing are detailed as follows:

	Lease liabilities	Balance of sale	Senior secured credit agreement	Contingent considerations	TOTAL
Opening balances – January 1, 2024	58	2	331	29	420
Business acquisitions non-cash increase	(5)	1	–	1	(3)
Non-cash additions/disposals	38	–	–	–	38
Foreign exchange	1	–	23	–	24
Non-cash financial expenses	3	–	1	(10)	(6)
Cash flow variances	(38)	(1)	(34)	(17)	(90)
Ending balances – December 31, 2024	57	2	321	3	383
Opening balances – January 1, 2023	49	4	284	51	388
Business acquisitions non-cash increase	3	1	–	–	4
Non-cash additions	36	–	–	–	36
Foreign exchange	(1)	–	(7)	1	(7)
Non-cash financial expenses	2	–	–	(3)	(1)
Cash flow variances	(31)	(3)	54	(20)	–
Ending balances – December 31, 2023	58	2	331	29	420

## 15. Inventories

### Accounting policies

*Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out principle or weighted average cost basis.*

	2024	2023
Equipment and parts	17	20
Material, cleaning, paper and other supplies	23	24
Other	–	6
Inventory reserve	(7)	(8)
	33	42

# GDI INTEGRATED FACILITY SERVICES INC.

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## 16. Provisions

### Accounting policies

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

	Self-insurance	Other	Total
Balance, January 1, 2024	11	21	32
Provisions made during the year	7	13	20
Provisions reversed during the year	(2)	(7)	(9)
Provisions used during the year	(4)	(10)	(14)
Provisions from business acquisitions	–	1	1
Effect of foreign exchange	1	1	2
Balance, December 31, 2024	13	19	32
Balance, January 1, 2023	15	11	26
Provisions made during the year	8	9	17
Provisions reversed during the year	(5)	(5)	(10)
Provisions used during the year	(7)	(3)	(10)
Provisions from business acquisitions	–	9	9
Balance, December 31, 2023	11	21	32

### (a) Self-insurance

The Company records a self-insurance provision related to workers' compensation for certain of its operations. The reserving process for losses and loss adjustment expenses provides for the Company's best estimate of the ultimate unpaid cost of all losses and loss adjustment expenses incurred, including settlement and administration of claims, and is based on facts and circumstances known and includes claims that have been incurred but not yet reported.

The process includes using actuarial methodologies to assist in establishing these estimates, judgments relative to estimates of future claims severity and frequency, the length of time before claims will develop to their ultimate level and the possible changes in the law and other external factors that are often beyond the Company's control.

Due to the inherent uncertainty associated with the reserving process, the ultimate liability may differ, perhaps substantially, from the original estimate. Such estimates are regularly reviewed and updated and any resulting adjustments are included in the current year's results. These liabilities are closely monitored and are recomputed periodically using the most recent information on reported claims and a variety of statistical techniques. Specifically, on a regular basis, the Company reviews, by line of business, existing revenues, new claims, changes to existing case reserves and paid claims with respect to the current and prior years.

The Company invests in other financial assets to compensate for any expected cash outflows on the self-insurance provision.

### (b) Other

Other provisions include termination benefits, warranties, onerous contracts, claims resulting from "slip and fall" accidents, employment-related claims, claims from operational concerns and others.

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## 17. Share capital

### Accounting policies

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

### Share-based compensation transactions

The Company recognises its equity settled share-based compensation to employees expense based on the fair value at grant date. Share-based compensation expense is recognised over the vesting period of the options, with a corresponding increase to contributed surplus.

The Performance Share Unit (“PSU”) Plan, which is cash settled, is recognized in share-based compensation and accrued liabilities when it is likely that the performance conditions attached to the units will be met. Share-based compensation cost is prorated based on the underlying service period and the liability is measured at the end of each reporting period at fair value, until settlement.

The Restricted Share Unit (“RSU”) Plan and Deferred Share Unit (“DSU”) Plan, which are cash settled, are recognized in share-based compensation and accrued liabilities as they are earned. RSU’s and DSU’s are measured at the end of each reporting period at fair value, until settlement.

### (a) Authorized

The Company is authorized to issue an unlimited number of:

- Multiple voting shares (“MVS”), 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 (“SVS”), participating, with one vote per share;
- Preferred shares, issuable in series, without voting rights.

All issued shares were fully paid.

### (b) Issued and outstanding

	December 31, 2024		December 31, 2023	
	Number outstanding (in thousands of shares)	Amount	Number outstanding (in thousands of shares)	Amount
Subordinate voting shares	14,779	251	14,673	249
Multiple voting shares	8,741	131	8,741	131
	23,520	382	23,414	380

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## 17. Share capital (continued)

### (b) Issued and outstanding (continued)

On June 2, 2023, the Company completed its 12-month purchase period under its first Normal Course Issuer Bid (“NCIB”) which started on June 3, 2022. Under the first NCIB program, the Company repurchased for cancellation during 2023 a total of 98,300 SVS at an average price of \$44 per share.

On September 19, 2023, the Company’s Board of Directors authorized, and subsequently the TSX approved, the implementation of a second NCIB. Under the second NCIB, the Company was allowed to purchase for cancellation 500,000 SVS at its discretion, subject to a daily maximum of 2,891 SVS. The 12-month purchase period under the NCIB commenced on September 21, 2023 and ended on September 20, 2024.

No repurchases for cancellation were executed under the second NCIB.

### (c) Share-based compensation

The Company offers a Stock Option Plan for the benefit of senior executive personnel. The maximum number of SVS issuable to participants under this, as amended in May 2024, shall not exceed 2,343,920. The options, granted to senior executive personnel, vest equally over a four-year period and expire ten years from the date of issue. The plan provides for the issuance of SVS at an exercise price equal to the volume weighted average trading price of the Company’s SVS for a period of five days following the day of the grant.

Furthermore, the Company offers a Performance Share Unit (“PSU”) Plan for key senior executives, a Restricted Share Unit (“RSU”) Plan for designated executives of the Company and a Deferred Share Unit (“DSU”) Plan for Directors of the Company.

Under the PSU Plan, the executives will be granted a specified number of PSUs annually, which are cliff vesting awards. The awards will vest over a successive three-year period. PSUs will typically be granted according to pre-established targets. The value of PSUs will vary with performance and with the market price of the Company’s SVS. Vested PSUs will be paid in cash.

Under the RSU Plan, each RSU is equivalent to the value of a SVS of the Company. RSUs will vest over a three-year period and are payable in cash.

Directors are given the option to receive part or all of their remuneration paid with DSU’s. Each DSU is equivalent to the value of a SVS of the Company. While DSUs vest immediately, they will only be paid out upon termination of Board service and payable in cash.

# GDI INTEGRATED FACILITY SERVICES INC.

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## 17. Share capital (continued)

(c) Share-based compensation (continued)

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

	Equity-settled stock options (in units)	Weighted average exercise price (amounts in dollars)	Weighted average remaining years
Outstanding, December 31, 2022	813,084	26.23	6.17
Granted	77,676	44.52	–
Exercised	(98,265)	20.60	–
Outstanding, December 31, 2023	792,495	28.72	5.66
Granted	119,517	35.45	–
Exercised	(106,486)	19.39	–
Forfeited	(23,967)	27.68	–
Outstanding, December 31, 2024	781,559	31.05	5.58

For the year ended December 31, 2024, the weighted average share price of the Company's common share upon the exercise of options was \$ 38.04 (2023 - \$44.48).

As at December 31, 2024, the number of units outstanding for key management personnel was 641,474.

The following is a summary of the information on the outstanding options as at December 31, 2024 and 2023:

Exercise price (amounts in dollars)	December 31, 2024			December 31, 2023		
	Outstanding (in units)	Exercisable (in units)	Weighted average remaining year	Outstanding (in units)	Exercisable (in units)	Weighted average remaining year
12.50	26,370	26,370	1.39	44,049	44,049	2.39
15.24	8,297	8,297	2.62	13,474	13,474	3.62
15.26	5,192	5,192	1.95	5,192	5,192	2.94
16.00	14,045	14,045	0.37	14,045	14,045	1.36
16.72	127,192	127,192	3.38	165,508	165,508	4.38
17.10	49,400	49,400	2.38	73,694	73,694	3.38
26.66	145,423	145,423	4.38	176,557	176,557	5.38
31.83	12,004	–	9.48	–	–	–
32.48	64,994	64,994	5.37	72,681	52,006	6.37
35.85	107,513	–	9.38	–	–	–
43.18	78,591	39,719	7.38	81,132	20,283	8.38
44.52	76,504	19,126	8.38	77,676	–	9.38
53.23	66,034	49,903	6.37	68,487	34,715	7.36
	781,559	549,661	4.83	792,495	599,523	5.66

The weighted average fair value of stock options granted for the year ended December 31, 2024 was \$12.71 (2023 – \$17.32) per option (amounts in dollars). The fair value of each option granted was estimated at the grant date using the Black-Scholes option pricing model based on the following assumptions:

	2024	2023
Share value at grant date (in dollars)	35.45	44.52
Expected dividend yield	–	–
Expected volatility	27.40 %	33.87 %
Risk-free interest rate	3.78 %	2.85 %
Expected life (in years)	6.25	6.25

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## 17. Share capital (continued)

(c) Share-based compensation (continued)

The following table summarizes the changes in other stock-based compensation plans settled in cash (PSUs, RSUs, DSUs), outstanding during the year:

(in units)	PSU	RSU	DSU
Outstanding, December 31, 2022	337,813	249,393	88,092
Granted	98,221	119,705	22,204
Performance-based units reduction	(64,964)	-	-
Redeemed	(142,354)	(72,869)	-
Forfeited	(16,094)	(22,847)	-
Outstanding, December 31, 2023	212,622	273,382	110,296
Granted	129,827	150,174	21,942
Performance-based units reduction	(86,569)	-	-
Redeemed	(16,563)	(65,044)	(32,721)
Forfeited	(22,274)	(23,917)	-
Outstanding, December 31, 2024	217,043	334,595	99,517

The following table summarizes the amount recorded in trade and other payables and Other liabilities for the other stock-based compensation plans to be settled in cash (PSUs, RSUs, DSUs):

	PSU	RSU	DSU	TOTAL
As at December 31, 2024				
Amount recorded in trade and other payables	-	3	4	7
Amount recorded in long-term payables	3	3	-	6
	3	6	4	13
As at December 31, 2023				
Amount recorded in trade and other payables	-	2	4	6
Amount recorded in long-term payables	2	3	-	5
	2	5	4	11

The following table summarises the details of share-based compensation expenses relating to the different share-based compensation plans:

	Equity-settled Stock options	PSU	RSU	DSU	TOTAL
As at December 31, 2024					
Selling and administrative expenses	1	4	4	1	10
Net finance expense	-	(3)	-	-	(3)
	1	1	4	1	7
As at December 31, 2023					
Selling and administrative expenses	1	4	3	1	9
Net finance expense	-	(4)	(1)	(1)	(6)
	1	-	2	-	3

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## 18. Income taxes

### Accounting policies

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

The income tax expense recognized in net income is as follows:

	2024	2023
Current tax expense		
Current tax expense for the year	20	9
Adjustments of previous year's tax expenses	4	2
Current income tax expense	24	11
Deferred tax expense		
Origination and reversal of temporary differences	(11)	–
Adjustments of previous year's tax expenses	(4)	(1)
Deferred tax expense	(15)	(1)
<b>Total income tax expense</b>	<b>9</b>	<b>10</b>

The reconciliation of the effective tax rate is as follows:

	2024	2023
Net income for the year	32	19
Income tax expense	9	10
Income before income taxes	41	29
Canadian combined statutory tax rate	26.4%	26.4%
Tax using the Company's domestic tax rate <sup>(1)</sup>	11	8
Permanent differences and other	(4)	1
Effect of different rates in foreign jurisdictions	–	–
Adjustments of previous year's tax expenses	2	1
<b>Total income tax expense</b>	<b>9</b>	<b>10</b>

(1) The Company's applicable tax rate is the Canadian combined rates applicable in the jurisdiction in which the Company operates.

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## 18. Income taxes (continued)

Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Net	
	2024	2023
Tax losses carry-forward	6	2
Intangible assets	(23)	(28)
Property, plant and equipment	(18)	(19)
Non-deductible reserves	7	1
Lease liabilities	16	15
Derivatives	-	(1)
Other	(3)	(2)
<b>Net deferred tax liabilities</b>	<b>(15)</b>	<b>(32)</b>

Unrecognized deferred tax liabilities

The Company has not recognized deferred tax liabilities on temporary differences associated with investments in subsidiaries, because it does not expect those temporary differences to reverse and become taxable to the Company in the foreseeable future.

## 19. Financial instruments and financial risk management

### Accounting policies

#### *Financial instruments*

The Company initially recognizes financial assets on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

#### *Measurement of fair value*

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets and liabilities are classified into the following categories:

<i>Financial assets</i>	
Cash	Amortized cost
Trade, holdback and other receivables	Amortized cost
Other financial assets	Fair value through profit or loss (Level 1)
<i>Financial liabilities</i>	
Bank indebtedness	Amortized cost
Trade and other payables	Amortized cost
Other liabilities	Per IFRS 2 Share-based payments
Long-term debt, excluding contingent consideration	Amortized cost
Derivative financial instruments	Fair value through profit or loss (Level 2)
Contingent considerations	Fair value through profit or loss (Level 3)

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## 19. Financial instruments and financial risk management (continued)

### Accounting policies (continued)

#### (i) Financial assets

On initial recognition, the Company classifies its financial assets at either amortized cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment loss, if:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and/or interest.

#### (ii) Financial liabilities

The Company classifies non-derivatives financial liabilities as measured at amortized cost. Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

#### (iii) Derivative financial instruments and designated hedging relationships

The Company enters into derivative financial instruments to hedge its market risk exposures; namely, the interest rate risk exposure on debt financing. The Company also hedges its currency risk exposure on its net investment on foreign operations with its U.S. dollar tranche of the revolving credit facility.

Derivatives are recognized initially at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Changes in fair value of non-hedge financial derivative are recognized in profit or loss.

- Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in accumulated other comprehensive income as part of equity. The amount recognized in other comprehensive income is removed and included in profit or loss under the same line item in the consolidated statement of comprehensive income as the hedged item, in the same period that the hedged cash flows affect net profit or loss. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively.

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## 19. Financial instruments and financial risk management (continued)

### (ii) Derivative financial instruments and designated hedging relationships (continued)

- *Net investment in foreign operations*

*In the case of a net investment in foreign operations hedge, the effective portion of translation exchange gains and losses on debts designated as hedge relationship is recognized in other comprehensive income and is presented in the accumulated comprehensive income, and the ineffective portion is immediately recognized in profit or loss.*

#### (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 consolidated statements of financial position dates due to the short-term maturity of those instruments. Using a discounted cashflow model based on market interest rates for financial instruments with similar terms and risks, 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 value hierarchy level	2024		2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt, excluding contingent considerations	Level 2	380	382	391	393

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Long-term debt</b>	<i>The fair value of long-term debt is determined using the discounted future cash flows method and management's estimates for market interest rates for identical or similar issuances.</i>	Not applicable	Not applicable
<b>Contingent considerations (Level 3)</b>	<i>Discounted cash flows:</i> The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.  The expected payment is determined by considering the possible scenarios of forecasted Adjusted EBITDA, the amount to be paid under each scenario and the probability of each scenario.	Forecasted annual revenue growth rate  Forecasted Adjusted EBITDA margin  Risk-adjusted discount rate  Generally, a change in the annual revenue growth rate is accompanied by a change in Adjusted EBITDA margin	The estimated fair value would increase (decrease) if the:  - annual revenue growth rate was higher (lower);  - Adjusted EBITDA margin was higher (lower); or  - risk-adjusted discount rate was lower (higher).

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## 19. Financial instruments and financial risk management (continued)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<b>Derivative financial instruments (interest rate swaps)</b> <b>(Level 2)</b>	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Not applicable	Not applicable

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, 2023.

As at December 31, 2024, the Company only has contingent considerations 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 ended December 31, 2024 of nil and \$10, respectively (2023 – \$1 and \$3), was recognized in net finance expense (note 13).

For the period ended December 31, 2024, no financial instruments were transferred between levels 1, 2 and 3.

For the fair values of contingent consideration, reasonably possible changes at the reporting date to the forecasted Adjusted EBITDA, holding other inputs constant, would not have had a significant effect at December 31, 2024 on the consolidated statement of comprehensive income and on equity.

### (b) Credit risk

Credit risk refers to the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivables and contract assets, other financial assets, and cash. The Company's customers' financial difficulties can negatively impact the Company's operating results and financial condition, especially if those customers were to delay or default in payment owed to the Company. Collection of trade and other receivables from third parties remain a priority for the Company.

The maximum exposure to credit risk at the consolidated statements of financial position date is best represented by the carrying amount of the Company's cash, trade and other receivables and contract assets, and other financial assets. The Company is exposed to credit risk with respect to cash and other financial assets balances from the potential default by counterparties that carry the Company's balances and attempts to mitigate this risk by dealing only with large financial institutions with good credit ratings. All of the financial institutions within the bank syndicate providing the Company's credit facility meet these qualification

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## 19. Financial instruments and financial risk management (continued)

### (b) Credit risk (continued)

The Company is exposed to credit risk with respect to trade and other receivables and contract assets in the event of a nonpayment by customers in connection with its accounts receivable or by the franchisees. The Company's customer base consists mainly of Canadian and American companies. Trade accounts receivable included in trade and other receivables and contract assets in the consolidated statements of financial position totaled \$422 as at December 31, 2024 (2023 – \$439), and no individual account represents more than 10% of the overall balance in 2024 and 2023.

The Company reviews a customer's credit history before extending credit and conducts regular reviews of its existing customer's credit performance. A credit loss allowance is established based upon factors such as the credit risk for specific customers, historical trends and other information.

As at December 31, 2024, approximately 10% (2023 – 7%) of trade accounts receivable were over 90 days old, whereas approximately 77% (2023 – 71%) were under 30 days. Historically, the Company has not incurred any significant losses in respect of its trade accounts receivable and contract assets. Credit allowances are recognized, if necessary, in order to reflect risks related to credit loss.

The movements in credit loss allowance in respect of trade receivables and contract assets were as follows:

	2024	2023
Balance beginning of year	9	8
Additional credit loss allowance recorded	5	2
Write-off against reserve	(1)	–
Reversal of provisions credit loss allowance	(1)	(1)
Balance, end of year	12	9

### (c) Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations, borrowings under existing credit facilities, the issuance of debt and the issuance of equity. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows.

The purpose of liquidity risk management is to maintain a sufficient amount of cash and ensure that the Company has sufficient authorized bank loans as financing sources. The Company prepares budgets and cash forecasts to ensure it has sufficient funds to meet its obligations. In addition, the Company maintains lines of credit as discussed in note 10.

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## 19. Financial instruments and financial risk management (continued)

### (c) Liquidity risk (continued)

The following are amounts due on contractual maturities of financial liabilities, including estimated interest payments:

	2024				
	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	Over 5 years
Bank indebtedness	2	2	2	–	–
Trade and other payables	306	306	306	–	–
Other long-term liabilities	9	9	–	9	–
Lease liabilities	57	65	20	40	5
Long-term debt, excluding lease liabilities <sup>(1)</sup>	326	384	25	359	–
<b>Total</b>	<b>700</b>	<b>766</b>	<b>353</b>	<b>408</b>	<b>5</b>

	2023				
	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	Over 5 years
Bank indebtedness	14	14	14	–	–
Trade and other payables	298	298	298	–	–
Other long-term liabilities	5	5	–	5	–
Lease liabilities	58	66	20	39	7
Long-term debt, excluding lease liabilities <sup>(1)</sup>	362	444	44	400	–
<b>Total</b>	<b>737</b>	<b>827</b>	<b>376</b>	<b>444</b>	<b>7</b>

(1) Including interest on long-term debt based on the outstanding amounts and actual rates in effect as at December 31, 2024 and December 31, 2023, and includes the credit facility, the balance of sales and the contingent considerations.

### (d) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates.

The Company is exposed to interest rate risk mainly resulting from long-term borrowings under the revolving credit facility that bear interest at a variable rate until May 31, 2027. In March 2020, the Company entered into swaps with three financial institutions that matured in March 2024.

### (e) Currency risk

The Company is exposed to currency risk on financial assets and liabilities that are denominated in a currency other than the respective functional currencies of the Company and its subsidiaries. As at December 31, 2024, the currency risk on those balances was insignificant. The Company also has operations in the United States of America and is exposed to the risk of a fluctuating U.S. dollar in relation to the Canadian dollar, since it has to revalue the assets and liabilities of its U.S. foreign operations at the exchange rate prevailing at the end of each period and record the impact of this revaluation in shareholders' equity. As at December 31, 2024, the carrying value of net investment in foreign operations was US\$208.

As at December 31, 2024, the carrying amount of the financial liability designated as an hedging item was US\$155 (December 31, 2023 - US\$176). The effective portion of the unrealized exchange gains on the hedging item of the net investment in foreign operations for 2024 is \$23 (2023 – \$7) and was recognized in other comprehensive income.

The U.S. dollar tranche of the revolving credit facility designated as a hedge of net investment on foreign operations was considered to be effective and no ineffectiveness has been recognized in the net earnings.

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## 19. Financial instruments and financial risk management (continued)

(e) Currency risk (continued)

As at December 31, 2024, a 10% appreciation or depreciation of the U.S. dollar over the Canadian dollar would not have a significant impact on the Company's financial statements.

## 20. Earnings per share

The number of the diluted weighted-average number of common shares is calculated as follows:

(in thousands of shares)	For the year ended December 31,	
	2024	2023
Weighted-average number of common shares during the year	23,471	23,402
Dilutive effect of the stock options granted	196	301
Weighted-average number of common shares including dilutive effects during the year	23,667	23,703
Anti-dilutive items:		
Stock options granted, excluded from the calculation	346	227

## 21. Capital management

The Company's capital consists of net debt (long-term debt, net of cash less bank indebtedness) and shareholders' equity. The Company maintains a capital level that enables it to meet several objectives:

- Assure the longevity of its capital to support continued operations and shareholders' return;
- Satisfy certain financial covenants under the secured credit facilities; and
- Preserve its financial flexibility to support organic growth strategy and benefit from potential acquisition opportunities as they arise.

The following table summarizes certain information with respect to the Company's capital structure at the end of each year:

	2024	2023
Long-term debt (note 10)	383	420
(Cash, net of bank indebtedness)	(12)	(3)
Net debt	371	417
Shareholders' equity	496	455
Total capitalization	867	872
Net debt to total capitalization ratio	42.8%	47.8%

## 22. Related parties

The key management personnel of the Company are the Board members, the Chief Executive Officer and the Presidents and Vice-Presidents that are under his direct authority.

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## 22. Related parties (continued)

Key management personnel compensation is comprised of the following:

	Short-term employee benefits	Equity-settled Stock options	PSU	DSU	RSU	TOTAL
As at December 31, 2024						
Selling and administrative expenses	9	1	2	1	1	14
Net finance expense	-	-	(2)	-	-	(2)
	9	1	-	1	1	12
As at December 31, 2023						
Selling and administrative expenses	8	1	3	1	1	14
Net finance expense	-	-	(2)	(1)	-	(3)
	8	1	1	-	1	11

## 23. Employee benefits

The Company participates in various multiemployer pension plans under union and industry-wide agreements, which provide defined pension benefits to employees covered by collective bargaining agreements. Multiemployer defined benefit pension plans are accounted for as defined contribution plans as the liability per employer is not available due to the size and number of contributing employers in the plans. Because of the nature of multiemployer plans, there are risks associated with participation in these plans that differ from single-employer plans. Assets contributed by an employer to a multiemployer plan are not segregated into a separate account and are not restricted to provide benefits only to employees of that contributing employer. In the event another participating employer in a multiemployer plan no longer contributes to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, including the Company. In the event of the termination of a multiemployer pension plan or a withdrawal from a multiemployer pension plan, the Company could incur material liabilities under applicable law. As at December 31, 2024, the Company had not withdrawn from the Plans and no withdrawal liabilities were recognized in the consolidated statements of financial position. During the year ended December 31, 2024, the Company recognized an expense of \$20 (2023 – \$19) in profit or loss, which represents the contributions made in connection with these plans. Management expects similar contributions to the multiemployer pension plans for the year ending December 31, 2025.