10647802 Canada Limited

(operating as Dexterra Integrated Facilities Management)

Consolidated Financial Statements
December 31, 2019

Independent auditor's report

To the Shareholder of 10647802 Canada Limited
(operating as Dexterra Integrated Facilities Management)

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of 10647802 Canada Limited and its subsidiaries (together, the Company) as at December 31, 2019 and December 31, 2018, and its financial performance and its cash flows for the year ended December 31, 2019 and for the period from February 23, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2019 and December 31, 2018;
- the consolidated statements of earnings and other comprehensive income for the year ended December 31, 2019 and for the period from February 23, 2018 to December 31, 2018;
- the consolidated statements of changes in equity for the year ended December 31, 2019 and for the period from February 23, 2018 to December 31, 2018;
- the consolidated statements of cash flows for the year ended December 31, 2019 and for the period from February 23, 2018 to December 31, 2018; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

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 consolidated financial statements* section of our report.

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

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

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 9, 2020

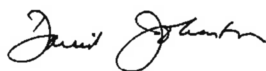
10647802 Canada Limited

Consolidated Balance Sheet

As at December 31, 2019

	2019 $	2018 $
Assets		
Current assets		
Cash	2,577,315	16,259,646
Prepaid expenses	1,780,796	2,272,275
Inventory	4,450,559	2,735,836
Trade and other receivables (note 6)	35,431,938	35,676,812
Income taxes recoverable	965,003	-
	45,205,611	56,944,569
Goodwill and intangible assets (note 9)	119,698,681	115,803,998
Property, plant and equipment (note 8)	9,925,467	5,506,143
	174,829,759	178,254,710
Liabilities		
Current liabilities		
Operating facility (note 10)	5,452,525	-
Accounts payable and accrued liabilities (note 11)	19,096,411	54,442,565
Lease liabilities	614,036	-
Contingent consideration (note 4)	400,000	-
Income taxes payable	-	2,069,560
	25,562,972	56,512,125
Long-term liabilities		
Lease liabilities	1,060,770	-
Contingent consideration (note 4)	1,439,258	-
Deferred income taxes (note 7)	1,644,079	444,079
	4,144,107	444,079
	29,707,079	56,956,204
Shareholder's Equity		
Share capital (note 12)	131,542,600	113,908,004
Retained earnings	12,149,894	6,132,298
Non-controlling interest	1,430,186	1,258,204
	145,122,680	121,298,506
	174,829,759	178,254,710

Approved by Officers



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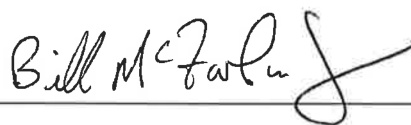

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The accompanying notes are an integral part of these consolidated financial statements.

10647802 Canada Limited

Consolidated Statement of Earnings and Other Comprehensive Income

	Year ended December 31, 2019 $	Period from February 23, 2018 to December 31, 2018 $
Revenue (note 13)	261,059,205	214,704,893
Operating expenses		
Wages and salaries	140,069,159	131,586,398
Employee benefits	18,900,729	13,327,217
Product cost	29,048,083	31,122,284
Depreciation and amortization	3,841,253	3,006,186
Other operating costs (note 17)	56,595,963	27,073,338
	248,455,187	206,115,423
Earnings before income taxes	12,604,018	8,589,470
Income taxes		
Current (note 7)	2,100,000	2,069,560
Deferred (note 7)	1,200,000	444,079
	3,300,000	2,513,639
Net earnings and comprehensive income for the period	9,304,018	6,075,831
Attributable to		
Non-controlling interest	286,422	(56,467)
Shareholder of 10647802 Canada Limited	9,017,596	6,132,298
	9,304,018	6,075,831
Net earnings per share, basic and diluted (note 16)	0.07	0.06

The accompanying notes are an integral part of these consolidated financial statements.

10647802 Canada Limited

Consolidated Statement of Changes in Equity

	Share capital (number of shares)	Share capital $	Non-controlling interest $	Retained earnings $	Total $
As at February 28, 2018	1	1	-	-	1
Acquisition (note 4)	-	-	1,364,395	-	1,364,395
Issuance of common shares	113,908,003	113,908,003	-	-	113,908,003
Net earnings (loss) and comprehensive income for the period	-	-	(56,467)	6,132,298	6,075,831
Dividends declared	-	-	(49,724)	-	(49,724)
As at December 31, 2018	113,908,004	113,908,004	1,258,204	6,132,298	121,298,506
Issuance of common shares	17,634,596	17,634,596	-	-	17,634,596
Net earnings and comprehensive income for the period	-	-	286,422	9,017,596	9,304,018
Dividends declared	-	-	(114,440)	(3,000,000)	(3,114,440)
As at December 31, 2019	131,542,600	131,542,600	1,430,186	12,149,894	145,122,680

The accompanying notes are an integral part of these consolidated financial statements.

10647802 Canada Limited
Consolidated Statement of Cash Flows

	December 31, 2019 $	Period from February 23, 2018 to December 31, 2018 $
Cash provided by (used in)		
Operating activities		
Net earnings and comprehensive income for the period	9,304,018	6,075,831
Depreciation and amortization (notes 8 and 9)	3,841,253	3,006,186
Finance costs	224,745	8,880
Gain on sale of property, plant and equipment (PP&E)	(201,722)	(114,383)
Income tax expense – current and deferred (note 7)	3,300,000	2,513,639
	16,468,294	11,490,153
Changes in non-cash working capital (note 14)	(9,771,987)	(113,264)
Interest paid	(221,560)	(8,880)
Income taxes received (paid)	(5,134,563)	552,515
	1,340,184	11,920,524
Investing activities		
Acquisition of business – PGC (note 4)	(5,100,000)	-
Acquisition of business from Carillion Canada (note 4)	(7,413,000)	(106,865,404)
Deferred payment to former shareholder (note 11)	(17,634,596)	-
Proceeds on sale of PP&E	512,618	750,184
Purchases of PP&E and intangible assets (notes 8 and 9)	(4,755,495)	(3,403,938)
	(34,390,473)	(109,519,158)
Financing activities		
Issuance of common shares (note 12)	17,634,596	113,908,004
Increase in operating facility	5,452,525	-
Lease payments	(604,723)	-
Dividends paid	(3,114,440)	(49,724)
	19,367,958	113,858,280
(Decrease) increase in cash during the period	(13,682,331)	16,259,646
Cash – Beginning of period	16,259,646	-
Cash – End of period	2,577,315	16,259,646

The accompanying notes are an integral part of these consolidated financial statements.

1 General information

10647802 Canada Limited (Dexterra or the Company) was incorporated in Canada under the laws of the Province of Ontario.

Dexterra provides facilities management and operations, remote workforce accommodations and forestry services across Canada.

The Company's registered office is 5915 Airport Rd., Suite 425, Mississauga ON L4V 1T1. The Company's immediate parent is 9477179 Canada Inc., 100% owned by Fairfax Financial Holdings Ltd., whose effective controlling shareholder is Prem Watsa.

The consolidated financial statements of Dexterra as at December 31, 2019 and for the years ended December 31, 2019 and 2018 were authorized for issuance by the Board of Directors on March 9, 2020.

2 Summary of significant accounting policies

Basis of presentation

The consolidated financial statements were prepared on an historical cost basis, except for contingent consideration measured at fair value. The Company's functional currency, and the presentation currency of the consolidated financial statements, is the Canadian dollar. Certain comparative information has been reclassified to conform with the basis of presentation adopted in the current year. The comparative figures presented are for the period February 23, 2018 to December 31, 2018.

Statement of compliance

These consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) applicable to the preparation of consolidated financial statements as issued by the International Accounting Standards Board.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, including 100% owned subsidiaries Powerful Group of Companies Inc., Rising Two Sons Limited, P&D Holdings Inc. and Shaughnessy and Associates Ltd. The Company also owns 49% of Tangmaarvik Inland Camp Services Inc. and control exists. As a result, the results of Tangmaarvik Inland Camp Services Inc. are consolidated with the results of the Company and a non-controlling interest is recorded. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when control is lost. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The accounting policies of subsidiaries have been modified when necessary to align them with the policies adopted by the Company. All intra-group balances, transactions and unrealized gains and losses are eliminated in full on consolidation.

Adoption of IFRS 16

The Company has adopted IFRS 16, Leases, retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. There was no impact to retained earnings in the opening consolidated balance sheet on January 1, 2019.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases, which had previously been classified as 'operating leases' under the principles of International Accounting Standard (IAS) 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 6.0%.

For leases previously classified as finance leases, the Company recognized the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognized as adjustments to the related right-of-use assets immediately after the date of initial application.

i) Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at January 1, 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and IFRIC 4, Determining whether an Arrangement contains a Lease.

ii) Measurement of right-of-use assets

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the consolidated balance sheet as at December 31, 2018.

The recognized right-of-use assets relate to the following types of assets

	January 1, 2019 $
Property	885,572
Vehicles	475,764
Total right-of-use assets	1,361,336

iii) Adjustments recognized in the consolidated balance sheet on January 1, 2019

The change in accounting policy affected the following items in the consolidated balance sheet on January 1, 2019.

	$
Right-of-use assets – increase	1,361,336
Lease liabilities – increase	1,361,336

The net impact on retained earnings on January 1, 2019 was $nil.

The weighted average incremental borrowing rate is 6%.

The following table reconciles the Company's operating lease obligations as at December 31, 2018, as previously disclosed in the Company's consolidated financial statements, to the lease obligations recognized on initial application of IFRS 16 as at January 1, 2019.

	$
Operating lease commitments as at December 31, 2018	1,576,590
Discounted using the incremental borrowing rate	(93,192)
Exemption for short-term leases	(122,062)
Initial adoption on January 1, 2019	1,361,336

iv) Leases

The Company leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of up to five years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases of property, plant and equipment were classified as either finance leases or operating leases. From January 1, 2019, leases are primarily recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be under residual value guarantees; and
- the exercise price of a purchase option if it is reasonably certain the option will be exercised.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Business combinations

The Company uses the acquisition accounting method of accounting when control is obtained by the Company for acquisitions/business combinations. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. Fair value of contingent liability is remeasured as at each reporting date with the resulting impact recorded in the consolidated statement of earnings and other comprehensive income. The excess of the purchase price over the fair value of the Company's share of the identifiable net assets acquired, if any, is recorded as goodwill. Purchase price allocations are completed after the valuation of intangible assets acquired is finalized and are based on management's best estimates. If the purchase price is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of earnings and other comprehensive income. Transaction costs are expensed as they are incurred and are included in selling, general and administrative expenses within the consolidated statement of earnings and other comprehensive income. Results of operations since the respective dates of acquisition are included in the consolidated statement of earnings and other comprehensive income.

Financial instruments

The Company uses IFRS 9, Financial Instruments (IFRS 9), which uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Financial liabilities (excluding derivatives) are derecognized when the obligation specified in the contract is discharged, cancelled or expired. For financial liabilities, IFRS 9 retains most of IAS 39, Financial Instruments – Recognition and Measurement requirements.

Under IFRS 9, changes in fair value of other assets flow through the consolidated statement of earnings and other comprehensive income.

IFRS 9 has a single expected credit loss impairment model for financial instruments, which is based on changes in credit quality since initial recognition. The Company elected to apply the simplified approach to measuring expected credit losses (ECL), which uses a lifetime expected credit loss provision for all trade receivables. To measure the ECL, trade receivables have been grouped based on the financial situation of the Company's customers including historical and expected collection trends.

While cash is also subject to the impairment requirements of IFRS 9, the identified impairment loss was $nil.

- Cash

  Cash comprises cash balances and is subsequently measured at amortized cost.

- Trade and other receivables

  Trade and other receivables are amounts due from clients for services performed in the ordinary course of business. They represent amounts invoiced to clients indicating the entitlement to payment has become unconditional on satisfying future performance obligations.

  Trade and other receivables are financial assets classified at amortized cost. They are classified as current assets, except for the portion expected to be received beyond twelve months from the consolidated balance sheet date, which is classified as a non-current asset. They are derecognized when the rights to receive cash flows from the instrument have expired, been settled or transferred and the Company has transferred control. The fair value is approximately equal to the carrying value due to the short-term maturities.

  Trade and other receivables are recognized at original invoiced amounts less an expected credit loss provision for impairment, if any. The loss provision estimate is based on the financial situation of the Company's customers including historical and expected collection trends. The creation and release of the loss provision have been included in selling, general and administrative expenses within the consolidated statement of earnings and other comprehensive income. Trade and other receivables charged to the loss provision account are generally written off when there is no expectation of recovering any additional amounts.

- Trade and other payables

  Trade and other payables consist primarily of obligations to pay for goods or services that have been acquired in the normal course of business from suppliers and subcontractors. Other payables include contingent purchase considerations on business combination (note 4). Trade and other payables are financial liabilities classified at amortized cost and are recognized initially at fair value. They are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized within the consolidated statement of earnings and other comprehensive income. These instruments are classified as current liabilities if payment is due less than one year after the reporting date. Otherwise, they are presented as non-current liabilities. Trade and other payables are derecognized when the obligation is discharged, cancelled or expires. The fair value is approximately equal to the carrying value due to the short-term maturities.

Consolidated balance sheet items measured at fair value are classified based on the significance of the inputs used in making the measurements. Level 1 requires unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 is determined using quoted prices for similar instruments in active markets. Level 3 is determined using valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

There have been no transfers between levels during the year. All financial instruments were classified as Level 1, except for contingent consideration related to the acquisition of PGC, which is classified as Level 3.

Current and deferred income taxes

The income tax expense for the year comprises current and deferred income tax. Income tax is recognized in the consolidated statement of earnings and other comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In the latter two cases, the related income taxes are also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the income tax laws enacted or substantively enacted and effective at the consolidated balance sheet date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable income or loss.

Deferred income tax is determined using income tax rates (and laws) that have been enacted or substantively enacted and are effective by the consolidated balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are recognized on taxable temporary differences arising on investments in subsidiaries and investments accounted for using the equity method, except where the reversal can be controlled and it is probable it will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Property, plant and equipment

Property, plant and equipment are stated and measured at historical cost less accumulated depreciation and impairment losses. Cost includes expenditures and liabilities that are directly attributable to the acquisition of the asset. Subsequent costs are included in the carrying amount of property, plant and equipment only when it is probable that future economic benefits will be obtained. All other day-to-day repairs and maintenance costs are expensed in selling, general and administrative expenses within the consolidated statement of earnings and other comprehensive income during the financial year in which they are incurred.

Depreciation methods and useful lives, as well as residual values, are reassessed annually, with the effect of any changes in estimates recognized on a prospective basis.

Depreciation on property, plant and equipment is recognized in selling, general and administrative expenses within the consolidated statement of earnings and other comprehensive income on a straight-line basis over the property, plant and equipment's estimated useful lives, as follows:

Buildings	20 – 25 years
Camps	5 – 10 years
Computer equipment	5 years
Furniture and fixtures	5 years
Operating equipment	5 years
Vehicles	5 years
Leasehold improvements	over the lease term

Intangible assets

Customer relationships acquired in business combinations are recognized at fair value at the acquisition date. These intangible assets have a finite useful life and are carried at cost less accumulated amortization and impairment losses. Amortization is recognized in operating costs within the consolidated statement of earnings and other comprehensive income on a straight-line basis over the intangible assets' estimated useful lives, as follows:

Customer relationships	10 – 25 years
Computer software	3 years

Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill, are not subject to amortization and are tested annually for impairment.

Property, plant and equipment and intangible assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (known as cash generating units or CGUs). The recoverable amount is determined for an individual asset, unless the asset does not generate external cash inflows that are independent of the CGU or group of CGUs to which the asset belongs. An impairment loss is recognized for the

amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's or group of CGU's) fair value less costs to sell and its value in use.

Non-financial assets other than goodwill that previously incurred an impairment loss are reviewed for possible reversal of the impairment at each reporting date.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the Company's share of the identifiable net assets at the date of acquisition.

Goodwill is tested annually for impairment, or more frequently if circumstances indicate impairment may have occurred, and is carried at cost less accumulated impairment losses.

In performing the goodwill impairment test, the Company compares the recoverable amount of its CGUs to their respective carrying amounts. If the carrying amount is higher than the recoverable amount, an impairment charge is recorded as a reduction in the carrying amount of the goodwill and is recognized as a non-cash impairment charge within the consolidated statement of earnings and other comprehensive income. Impairment losses on goodwill are not reversed in subsequent years.

Revenue recognition

The Company uses IFRS 15, Revenue from Contracts with Customers (IFRS 15). IFRS 15 provides a model for the recognition and measurement of all revenue flowing from contracts with customers. The core principle is that revenue recognition should align with the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

The Company generates revenue from facilities management, workforce accommodation and forestry services. Revenue is measured based on the consideration the Company expects to be entitled to in exchange for providing the services specified in the contract.

The Company recognizes revenues over time as it fulfills its performance obligations to clients in line with contracted terms. A performance obligation is a promise in a contract to transfer a distinct good or service to a client. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenues when, or as, the performance obligation is satisfied. If a client contract has multiple performance obligations, the consideration in the contract is allocated to the separate performance obligations based on stand-alone selling prices. Any modifications or variations to contracts-in-progress are assessed to determine if they fall under the scope of the existing contract performance obligation(s) or form part of a new performance obligation.

Revenues are derived mainly from the following types of client contracts:

- Facilities management provides solutions for ongoing maintenance and operations of high-quality infrastructure. In the facilities management business, distinct performance obligations include mobilization periods and the ongoing facility management services. Revenue is recognized for mobilization periods either when the mobilization is complete or over a portion of the agreement. Ongoing facility management services are generally similar each month and are provided to customers at a contracted price based on the amount of hours of service by the Company's employees and the amount of supplies required. Revenue is recognized over time as the services are provided to the customer. If a contract has distinct performance obligations, the transaction price is allocated to each performance obligation and recognized as revenue as the performance obligation is satisfied. In the facilities management business, distinct performance obligations include mobilization periods and the ongoing facility management services.

- Workforce accommodation includes the management, supply and installation of modular and exploration facilities and catering. In the workforce accommodation business, distinct performance obligations include the supply and installation of the facilities, catering and maintenance of the facilities. Revenue is recognized when the supply and installation of the facilities is complete and when catering services are provided to the customer. Catering services are provided to customers at a contract price per unit served. If a contract has distinct performance obligations, the transaction price is allocated to each performance obligation and recognized as revenue as the performance obligation is satisfied.

- Forestry services includes reforestation solutions, forest thinning and firefighting services. Revenue is recognized over time as the services are provided to the customer. Reforestation, forest thinning solutions and firefighting services are provided to customers at a contracted price per unit. If a contract has distinct performance obligations, the transaction price is allocated to each performance obligation and recognized as revenue as the performance obligation is satisfied.

Contract modifications (including change orders and claims against a client for items such as client caused delays or other causes of unanticipated costs), consist of a change in the scope or price (or both) of a contract, and are accounted for as a separate contract when the remaining services to be delivered after the modification are distinct from those delivered prior to the modification and the price of the contract increases by an amount of consideration that reflects the Company's stand-alone selling price of the additional promised services. When the contract modification is not accounted for as a separate contract, the Company recognizes an adjustment to revenue on a cumulative catch-up basis at the date of contract modification. The Company's revenue contracts do not contain significant financing components.

The Company is electing not to disclose unfulfilled performance obligations as generally it has a right to consideration from its customers in an amount that corresponds directly with the revenue recognized and completed performance obligations in the period.

Inventories

Inventory consists mainly of food inventory and janitorial supplies. All inventories are valued at the lower of average cost or net realizable value. The total amount of inventories recognized as an expense during the period was approximately $29 million (2018 – $31 million).

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer. The Company has two reportable segments, which are Facilities Management and Workforce Accommodation and Forestry. Dexterra's Facilities Management segment provides solutions for ongoing maintenance and operations of high-quality infrastructure. Workforce Accommodation and Forestry provides turnkey workforce solutions including project management, structure supply, installation, catering operations, tree planting, vegetation management and type-2 firefighting services.

3 Critical accounting estimates and judgments

The preparation of consolidated financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Business combinations – allocation of purchase price

In business combinations, the Company acquires assets and assumes liabilities of an acquired entity. The allocation of the purchase price involves judgment in determining the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed, if any. The determination of these fair values involves a variety of estimates and assumptions including revenue growth rates, expected operating margins, and discount rates. These estimates and assumptions determine the amount allocated to other identifiable intangible assets and goodwill, as well as the amortization period for identifiable intangible assets with finite lives.

Expected credit losses

The Company must make an assessment of whether accounts receivable are recoverable from clients. The expected credit loss provision estimate is based on the financial situation of the Company's customers including historical and expected collection trends. If future collections differ from estimates, future earnings would be adjusted prospectively. The expected credit loss is based on historical customer collection history, general economic indicators and other customer-specific information, all of which require the Company to make certain assumptions.

Impairment of goodwill and long-lived assets

Management tests at least annually or more frequently if there are events or changes in circumstances to assess whether goodwill suffered any impairment. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Management makes key assumptions and estimates in determining the recoverable amount, including future cash flows based on historical and budgeted operating results, sales growth rates, margin growth rates, income tax rates and appropriate after-tax discount rates.

The Company evaluates its long-lived assets (property, plant and equipment) and intangible assets, other than goodwill and intangible assets with indefinite lives, for impairment whenever indicators of impairment exist. The accounting standards require that if the sum of the undiscounted expected future cash flows from a long-lived asset or definite-lived intangible asset is less than the carrying value of that asset, an asset impairment charge must be recognized. The amount of the impairment charge is calculated as the excess of the asset's carrying value over its fair value, which generally represents the discounted future cash flows from that asset.

4 Business combinations

Acquisition in 2019

On November 1, 2019, the Company acquired 100% of the voting shares of Powerful Group of Companies Inc. (PGC) and certain affiliates, which provides HVAC, electrical, plumbing, interior renovation, carpentry, communications, fire safety and energy management services. The acquisition of PGC compliments the Company's services offered to its facility management clients.

Aggregate consideration for assets acquired and liabilities assumed

The acquisitions had the following effect on assets and liabilities:

	$
Cash consideration	5,100,000
Working capital adjustment receivable	(421,814)
Contingent consideration	1,839,257
	6,517,443
Fair value of assets and liabilities acquired	
Trade receivables, net of expected credit losses of $12,373	1,450,563
Inventory	875,958
Property, plant and equipment	381,542
Trade and other payables	(1,243,395)
Customer relationships	2,482,697
Goodwill	2,570,078
	6,517,443

The goodwill is not deductible for tax purposes, and is attributable to the workforce and the efficiencies and synergies expected to be created between the existing business of the Company and the acquired business.

Payment of up to $2.0 million of the purchase price is contingent on certain conditions being met over the next seven years, including indemnifications and financial performance. As at December 31, 2019, the contingent consideration was recorded at fair value using a probability weighted methodology and discounted to net present value as of the date of acquisition using a discount rate of 2.2%. The purchase price is comprised of $5.1 million paid in 2019, a working capital adjustment of $0.4 million, which was received in February 2020, and a discounted contingent consideration of $1.8 million. Additionally, an amount up to $0.8 million may become payable on certain conditions being met related to employee retention. These costs will be expensed as the service periods are satisfied.

Revenue and net loss for the year ended December 31, 2019, would have been $7.3 million and $0.9 million higher, respectively, if the acquisition had occurred on January 1, 2019. Subsequent to the acquisition date of November 1, 2019, the acquisition contributed revenue and net earnings of $1.32 million and $0.013 million, respectively, to the Facilities Management segment for the period ended December 31, 2019.

Acquisition in 2018

On March 7, 2018, the Company acquired the services business carried on by Carillion Canada Inc. and certain affiliates thereof (collectively Carillion Canada) related to facilities management, workforce accommodation and forestry services. There was no business activity from the date of inception of the Company to the acquisition date. The transaction was approved by the Ontario Superior Court of Justice in Carillion’s proceedings under the Companies’ Creditors Arrangement Act (Canada).

The acquisitions had the following effect on assets and liabilities:

	$
Total consideration including working capital adjustments, net of cash acquired	113,710,466
Fair value of assets and liabilities acquired	
Trade receivables (net of expected credit losses of $534,172) and other assets	35,342,720
Inventory	2,682,110
Income taxes recoverable	552,515
Property, plant and equipment	5,592,219
Trade and other payables	(27,526,915)
Payment owing to former shareholder related to the Outland acquisition (note 11)	(17,638,144)
Non-controlling interest	(1,364,395)
Customer relationships	20,000,000
Goodwill	96,070,356
	113,710,466

Total consideration includes $7,413,000 owing to the seller, which is reflected in accounts payable as at December 31, 2018. This amount was settled and paid in 2019.

The non-controlling interest represents 51% of the net assets of Tangmaarvik Inland Camp Services Limited.

The goodwill is attributable to the assembled workforce combined with its considerable expertise, knowledge and skills, and is deductible for tax purposes.

5 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks. These risks include interest rate risk, credit risk and liquidity risk. The Company's management, and where appropriate its Board of Directors, establishes policies and procedures within the overall control and risk framework.

Interest rate risk

Dexterra maintains a floating interest rate on its line of credit. An increase in market interest rates could result in an increase in borrowing costs. As at December 31, 2019, approximately $5.4 million was drawn on the operating facility.

Credit risk

Credit risk is the risk the Company will suffer financial loss as a result of counterparties defaulting on their contractual obligations. The Company's primary exposure to credit risk is with clients and is represented by accounts receivable.

The credit risk of accounts receivable is monitored by management. The Company usually invoices clients monthly for services performed. The Company uses a combination of internal and external credit assessments to monitor and assess the creditworthiness of clients and reduce risk. The impact of current and expected future credit losses are reflected in the expected credit loss provisions for trade receivables. The Company uses the simplified approach permitted by IFRS 9, which uses a lifetime expected credit loss model for trade receivables and contract assets. To measure expected credit losses, the Company has developed a provision matrix to apply to aged amounts receivable. The expected loss rates are based on the historic payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect known current and forward-looking information.

The Company updates its estimate of the expected credit losses based on the evaluation of the recoverability of trade receivables, taking into account historical collection trends of past due accounts and current economic conditions. Trade receivables are written off once it is determined they are uncollectible and unsuccessful collection attempts have occurred.

There is also credit risk associated with cash. The risk is that the counterparties will not be able to repay amounts owed to the Company on request. The Company manages this risk by ensuring the Company's cash deposits are placed with banks with acceptable credit ratings.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they come due. The primary objective of liquidity management is providing sufficient cash to enable the Company to meet its liabilities when they come due under normal and stressed conditions.

The Company funds its activities through cash generated from operations. Management closely monitors working capital to ensure the Company has sufficient cash to meet operational needs. The Company strives to control working capital by optimizing billing and collection processes and by entering into favourable payment terms with significant subcontractors.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period to maturity at the consolidated balance sheet date.

	Within 1 year $	1 to 2 years $	2 to 5 years $	Over 5 years $	Total $
Accounts payable and accrued liabilities	19,096,411	-	-	-	19,096,411
Contingent consideration	400,000	400,000	400,000	800,000	2,000,000
Leases	692,244	972,236	208,090	-	1,872,570
Operating facility	5,452,525	-	-	-	5,452,525
	25,641,180	1,372,236	608,090	800,000	28,421,506

Capital risk management

The Company's objectives when managing its capital is to maintain a capital structure that allows the Company to both fund its growth and provide financial flexibility to execute on strategic opportunities.

6 Trade and other receivables

Trade and other receivables at the consolidated balance sheet date are as follows:

	December 31, 2019 $	December 31, 2018 $
Accounts receivable	26,706,556	31,073,924
Accrued receivables	8,877,755	5,293,340
Expected credit losses	(152,373)	(690,452)
	35,431,938	35,676,812

Pursuant to their respective terms, trade receivables, prior to expected credit losses are aged as follows:

	December 31, 2019 $	December 31, 2018 $
Current	14,098,000	12,078,451
Past due less than 90 days	10,997,188	14,827,588
Past due over 90 days	1,611,368	4,167,885
Trade receivables	26,706,556	31,073,924

Movement on the Company's expected credit loss provision is as follows:

	Year ended December 31, 2019 $	Period from February 23, 2018 to December 31, 2018 $
Balance – Beginning of period	(690,452)	-
Acquisition	(12,273)	(534,172)
Recovery of (provision made) during the period	135,529	(156,280)
Amounts written off during the year provided for in the previous period	414,823	-
Balance – End of period	(152,373)	(690,452)

7 Income taxes

The analysis of deferred income tax assets and liabilities as at the consolidated balance sheet date is as follows:

	Year ended December 31, 2019 $	Period from February 23, 2018 to December 31, 2018 $
Balance – Beginning of period	444,079	-
Charged to the consolidated statement of earnings and other comprehensive income related to temporary differences	1,200,000	444,079
Balance – End of period	1,644,079	444,079

The analysis of current and deferred income tax expense is as follows:

	Year ended December 31, 2019 $	Period from February 23, 2018 to December 31, 2018 $
Current income tax		
Current income tax on income for the period	2,100,000	2,069,560
Other	-	-
	2,100,000	2,069,560
Deferred income tax		
Origination and reversal of temporary differences	1,200,000	444,079
Other	-	-
	1,200,000	444,079
Income tax expense	3,300,000	2,513,639

The deferred tax balance primarily relates to temporary differences attributable to goodwill.

Total income taxes are different from the amount computed by applying the corporate Canadian statutory rate for 2019 of 26.5%. The reasons for the differences are as follows:

	Year ended December 31, 2019 $	Period from February 23, 2018 to December 31, 2018 $
Net earnings and comprehensive income before income taxes	8,589,470	9,089,470
Computed income tax expense	3,340,065	2,276,210
Non-deductible costs and other	(40,065)	237,429
Income tax expense	3,300,000	2,513,639

8 a. Property, plant and equipment

Property, plant and equipment at the consolidated balance sheet date are as follows:

Year ended December 31, 2019:

	Land $	Buildings $	Leasehold improvements $	Operating equipment $	Total $
Cost					
Opening balance	148,750	595,523	318,184	6,432,042	7,494,499
Acquisition	-	-	-	381,542	381,542
Additions	-	471,322	4,350	3,984,692	4,460,364
Disposals	-	-	(11,838)	(811,973)	(823,811)
Closing balance	148,750	1,066,845	310,696	9,986,303	11,512,594
Accumulated depreciation					
Opening balance	-	(11,751)	(252,031)	(1,724,574)	(1,988,356)
Depreciation for the year	-	(19,266)	(19,070)	(1,666,482)	(1,704,818)
Disposals	-	-	11,840	422,586	434,426
Closing balance	-	(31,017)	(259,261)	(2,968,470)	(3,258,748)
Net book value – December 31, 2019					
Property, plant and equipment	148,750	1,035,828	51,435	7,017,833	8,253,846

Year ended December 31, 2018:

	Land $	Buildings $	Leasehold improvements $	Operating equipment $	Total $
Cost					
Opening balance	-	-	-	-	-
Acquisition	148,750	595,523	184,065	4,663,880	5,592,218
Additions	-	-	134,119	2,403,508	2,537,627
Disposals	-	-	-	(635,346)	(635,346)
Closing balance	148,750	595,523	318,184	6,432,042	7,494,499
Accumulated depreciation					
Opening balance	-	-	-	-	-
Depreciation for the year	-	(11,751)	(252,031)	(1,724,574)	(1,988,356)
Closing balance	-	(11,751)	(252,031)	(1,724,574)	(1,988,356)
Net book value – December 31, 2018					
Property, plant and equipment	148,750	583,772	66,153	4,707,468	5,506,143

No PP&E was acquired through finance leases in the years ended December 31, 2019 or 2018, other than the right-of-use assets described below.

b. Leases

Amounts recognized in the consolidated balance sheet are as follows:

	Buildings $	Computer equipment $	Vehicles $	Total $
Cost				
Opening balance	-	-	-	-
Adoption of IFRS 16	885,572	-	475,764	1,361,336
Additions	33,184	183,988	697,836	915,008
Closing balance	918,756	183,988	1,173,600	2,276,344
Accumulated depreciation				
Opening balance	-	-	-	-
Depreciation	315,988	45,997	242,738	604,723
Closing balance	315,988	45,997	242,738	604,723
Net book value – December 31, 2019 – Leases	602,768	137,991	930,862	1,671,621

Interest expense recognized on right-of-use assets in the year ended December 31, 2019 was $0.1 million. The non-cash increase in lease liabilities as at December 31, 2019 was $1,674,806 (2018 – $nil).

9 Goodwill and intangible assets

Intangible assets at the consolidated balance sheet date are as follows:

	Customer relationships $	Computer software $	Total $
Cost			
As at December 31, 2018	20,000,000	751,473	20,751,473
Acquisition (note 4)	2,482,697	-	2,482,697
Additions	-	373,620	373,620
As at December 31, 2019	22,482,697	1,125,093	23,607,790
Accumulated amortization			
As at December 31, 2018	(973,222)	(44,609)	(1,017,831)
Amortization for the year	(1,189,934)	(341,778)	(1,531,712)
As at December 31, 2019	(2,163,156)	(386,387)	(2,549,543)
Net book value – December 31, 2019	20,319,541	738,706	21,058,247

	Customer relationships $	Computer software $	Total $
Cost			
Acquisition (note 4)	20,000,000	-	20,000,000
Additions	-	751,473	751,473
As at December 31, 2018	20,000,000	751,473	20,751,473
Accumulated amortization			
Amortization for the period	(973,222)	(44,609)	(1,017,831)
As at December 31, 2018	(973,222)	(44,609)	(1,017,831)
Net book value – December 31, 2018	19,026,778	706,864	19,733,642

Goodwill at the consolidated balance sheet date is as follows:

	December 31, 2019 $	December 31, 2018 $
Balance – Beginning of period	96,070,356	-
Acquisitions (note 4)	2,570,078	96,070,356
Balance – End of period	98,640,434	96,070,356

Impairment of goodwill and intangible assets with indefinite lives

The Company conducts assessments for indicators of impairment on a quarterly basis and performs a detailed impairment assessment at least annually. At December 31, 2019 and 2018, an impairment test was performed for all CGUs with allocated goodwill and no impairment was identified. The recoverable amount of the CGUs was based on a fair value less cost to sell valuation model and was determined by estimating the future cash flows that would be generated from continuing operations, incorporating the following assumptions:

Basis on which recoverable amount was determined

The recoverable amount for the CGUs is determined using a detailed cash flow model, which is based on evidence from an internal budget approved by the Board of Directors. Management's internal budgets are based on past experience and are adjusted to reflect market trends and economic conditions.

Key rates used in calculation of recoverable amount

Growth rate to perpetuity

The first five years of cash flow projections used in the models are based on management's internal budgets and projections after five years are extrapolated using reasonable long-term growth rates. Based on management's best estimate as at December 31, 2019, revenue growth rates of 6-28% and 6-19% were used in the Facilities Management and Workforce Accommodation CGUs, respectively, to project the cash flows for the 2020 – 2024 years. The long-term growth rate for both CGUs used in determining the recoverable amount is 2.5% (2018 – 2.5%). Cash flow projections exclude any costs related to expansions through acquisitions and other related initiatives.

Discount rates

The discount rate reflects the current market assessments of the time value of money and are derived from the Company's weighted average cost of capital and are adjusted for tax. The after-tax discount rates used in determining the recoverable amount for both CGUs were 12.9% (2018 – 12.9%).

Other assumptions

In determining the recoverable amount of the Company, business, market and industry factors were considered.

Sensitivities

The most sensitive inputs to the value in use model used for all CGUs are the discount rate and the revenue growth rate. All else being equal, a 1% increase in the discount rate for the two CGUs would not have resulted in any of the CGUs' carrying amounts exceeding the recoverable amounts. All else being equal, a 10% decrease in the 2020 revenue growth rate would not have resulted in any of the CGUs' carrying amounts exceeding the recoverable amounts.

10 Operating facility

Bank agreement

On June 11, 2019, the Company amended its credit facilities agreement with the Canadian Imperial Bank of Commerce. The credit limit is $32.0 million with an additional accordion feature of $18.0 million, bears interest at the bank's prime lending rate plus 0.5% to 1.25% and matures on June 10, 2023. As part of the agreement, the Company is required to maintain a Debt to EBITDA ratio of less than 3 and a Fixed Charge Coverage Ratio greater than 1.2, tested quarterly.

As at December 31, 2019, the undrawn portion of the credit facility was $23.8 million. The Company utilized $5.3 million of the operating facility and $2.9 million of letters of credit were outstanding as at December 31, 2019 under the credit facilities agreement. The Company was in compliance with the Debt to EBITDA and Fixed Charge Coverage Ratio requirements stipulated in the agreement.

11 Trade and other payables

Trade and other payables at the consolidated balance sheet date are as follows:

	December 31, 2019 $	December 31, 2018 $
Trade accounts payable	7,934,566	19,123,455
Employee and payroll liabilities	3,437,266	10,334,285
Liability to former shareholders	-	17,638,144
Accrued liabilities	4,856,923	5,497,081
Deferred revenue	2,867,656	1,849,600
	19,096,411	54,442,565

As part of the acquisition of the services business carried on by Carillion Canada, on March 7, 2018, the Company assumed a liability of $17.6 million related to the final payment to the former shareholders of a business previously purchased by Carillion. This liability was settled and paid in January 2019.

12 Share capital

Dexterra is authorized to issue an unlimited number of common shares. The number of common shares and share capital as at the consolidated balance sheet date are presented in the table below.

	Total number of shares	Total share capital $
Balance, December 31, 2018	113,908,004	113,908,004
Issuance of common shares	17,634,596	17,634,596
Balance, December 31, 2019	131,542,600	131,542,600
Balance, February 23, 2018	-	-
Issuance of common shares	113,908,004	113,908,004
Balance, December 31, 2018	113,908,004	113,908,004

13 Disaggregation of revenue

Revenue is disaggregated primarily by service lines to depict the nature, amount and timing of revenue. The Company's revenues are derived from facilities management and workforce accommodation and forestry services. In the following table, revenue is disaggregated by the nature of service provided for the purpose of determining how economic factors affect the recognition of revenue.

	Year ended December 31, 2019 $	Period from February 23, 2018 to December 31, 2018 $
Facilities management	164,500,847	135,026,978
Workforce accommodation and forestry	96,558,358	79,677,915
	261,059,205	214,704,893

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	December 31, 2019 $	December 31, 2018 $
As at December 31		
Receivables, which are included in accounts receivable	34,076,867	34,843,479
Contract assets	1,355,071	833,333
Contract liabilities	2,867,656	1,849,600

Contract assets consist of holdbacks receivable from clients, and are generally due within three to six months of services being provided. Contract liabilities consist of deferred revenue and vary due to the timing of customer payments. Generally, it is recognized within 30 days, with the exception of $481,000 included in deferred revenue as at December 31, 2019, which is amortized over the following 1.5 years.

14 Cash flow information

The details of the changes in non-cash working capital are as follows:

	Year ended December 31, 2019 $	Period from February 23, 2018 to December 31, 2018 $
Changes in non-cash working capital		
Trade and other receivables	2,117,252	1,395,014
Inventory	(838,765)	(53,726)
Prepaid expenses	491,479	(1,551,840)
Accounts payable and other	(11,541,953)	97,288
	(9,771,987)	(113,264)

15 Related party transactions

The remuneration paid to key management personnel in 2019 who have the authority and responsibility for planning, directing and controlling the activities of the Company was $1,988,000 (2018 – $1,991,000). In addition, the Company paid $866,000 to Northbridge Surety Limited for bonds in the year ended December 31, 2019 (2018 – $nil), a company controlled by Fairfax Financial Holdings Limited.

16 Net earnings per share

	Year ended December 31, 2019 $	Period from February 23, 2018 to December 31, 2018 $
Net earnings for the period attributable to ordinary equity holders of the Company	9,017,596	6,132,298
Weighted average shares outstanding	131,445,972	110,052,614
Net earnings per share attributable to ordinary equity holders of the Company	0.07	0.06

17 Other operating costs

	Year ended December 31, 2019 $	Period from February 23, 2018 to December 31, 2018 $
Subcontractor costs	28,729,857	8,513,422
Vehicles	3,754,419	2,299,026
Equipment and repairs	5,102,145	1,942,424
Professional fees	2,256,217	1,563,090
Transaction and integration costs	75,000	1,750,000
Short-term and low value leases	320,536	1,330,067
Finance costs	221,560	8,880
Other	16,136,229	9,666,429
Other operating costs	56,595,963	27,073,338

18 Reportable segment information

The Company operates two distinct businesses, being Facilities Management and Workforce Accommodation and Forestry. All revenues are earned in Canada.

The Company's Chief Operating Decision Maker, the President, reviews the operating results, assesses performance, and makes capital allocation decisions with respect to the Facilities Management and Workforce Accommodation and Forestry businesses. Therefore, the Company has presented these as operating segments for financial reporting purposes in accordance with IFRS 8, Operating Segments.

2019	**Facilities Management** **$**	**Workforce Accommo-dation and Forestry** **$**	**Corporate** **$**	**Total** **$**
Revenue	164,500,847	96,558,358	-	261,059,205
Operating expenses				
Wages and salaries	97,642,264	38,200,261	4,226,634	140,069,159
Employee benefits	12,141,105	5,941,995	817,629	18,900,729
Product cost	8,410,113	20,637,970	-	29,048,083
Depreciation and amortization	2,261,385	1,210,474	369,394	3,841,253
Other operating expenses	36,970,984	19,750,697	(125,718)	56,595,963
Earnings (loss) before income taxes	7,074,996	10,816,961	(5,287,939)	12,604,018
Total assets	111,586,715	61,277,009	1,966,035	174,829,759
Total liabilities	18,872,667	8,904,749	1,929,663	29,707,079

2018	**Facilities Management** **$**	**Workforce Accommo-dation and Forestry** **$**	**Corporate** **$**	**Total** **$**
Revenue	135,026,978	79,677,915	-	214,704,893
Operating expenses				
Wages and salaries	87,973,427	38,353,503	5,259,468	131,586,398
Employee benefits	11,209,704	1,783,818	333,695	13,327,217
Product cost	8,872,051	22,250,233	-	31,122,284
Depreciation and amortization	2,109,937	851,168	45,081	3,006,186
Other operating expenses	17,101,477	7,894,839	2,077,022	27,073,338
Earnings (loss) before income taxes	7,760,382	8,544,354	(7,715,266)	8,589,470
Total assets	113,642,660	63,004,683	1,607,367	178,254,710
Total liabilities	25,823,286	27,979,864	3,153,054	56,956,204