Unaudited Condensed Interim Report to the shareholders for the three months ended March 31, 2020

Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("**MD&A**") prepared as at May 26, 2020 for 10647802 Canada Limited ("**Dexterra**" or the "**Company**"), operating as Dexterra Integrated Facilities Management, provides information concerning Dexterra's financial condition and results of operations and does not include any information relating to the Transaction with Horizon North Logistics Inc. ("**Horizon North**"), which is expected to close on May 29, 2020 and is described elsewhere in this MD&A. This MD&A is based on and should be read in conjunction with Dexterra's unaudited condensed interim consolidated financial statements for the three months ended March 31, 2020 ("**Q1 2020**") and March 31, 2019 ("**Q1 2019**"). Readers should also refer to Dexterra's most recent audited consolidated financial statements and MD&A for the year ended December 31, 2019 contained in the management information circular of Horizon North dated April 23, 2020. Some of the information contained in this MD&A contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Information" and "Risk Factors and Uncertainties" for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those indicated or underlying forward-looking information as a result of various factors, including those described in "Risk Factors and Uncertainties" and elsewhere in this MD&A.

The accompanying unaudited condensed interim consolidated financial statements of Dexterra as at and for the three months ended March 31, 2020 and March 31, 2019 are the responsibility of Dexterra's management and have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and all amounts presented are in thousands of Canadian dollars unless otherwise indicated.

Non-GAAP Measures

This MD&A makes reference to certain non-GAAP measures. These measures are not recognized measures under Canadian generally accepting accounting principles ("**GAAP**"), do not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those GAAP measures by providing further understanding of Dexterra's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of Dexterra's financial information reported under GAAP. Dexterra uses non-GAAP measures, including earnings before interest, taxes, depreciation and amortization "**EBITDA**", "**Adjusted EBITDA**", calculated as EBITDA before transaction costs and gain or loss on disposal of property, plant and equipment, "**Adjusted EBITDA Margin**", calculated as Adjusted EBITDA divided by revenues, and "**Working Capital**", calculated as current assets less current liabilities, to provide investors with supplemental measures of Dexterra's operating performance and thus highlight trends in its core businesses that may not otherwise be apparent when relying solely on GAAP financial measures. Dexterra also believes that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Dexterra's management also uses non-GAAP measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

Forward-Looking Information

Certain statements in this MD&A may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Dexterra's future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "continue"; "forecast"; "may"; "will"; "project"; "could"; "should"; "expect"; "plan"; "anticipate"; "believe"; "outlook"; "target"; "intend"; "estimate"; "predict"; "might"; "potential"; "continue"; "foresee"; "ensure" or other similar expressions concerning matters that are not historical facts. In particular, statements regarding Dexterra's future operating results and economic performance and its objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions, including expected growth, results of operations, performance and business prospects and opportunities regarding Dexterra, which Dexterra believes are reasonable as of the current date. While management considers these assumptions to be reasonable based on information currently available to Dexterra, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties (described in “Risk Factors and Uncertainties”) that could cause actual results to differ materially from what Dexterra currently expects.

The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While management may elect to, Dexterra is under no obligation and does not undertake to update or alter this information at any time, except as may be required by law.

COVID-19 Pandemic

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a Public Health Emergency of International Concern, and on March 11, 2020, characterized COVID-19 as a pandemic. To contain the spread of COVID-19, local, regional, national, and international governments have implemented measures such as restrictions on some business operations, travel, and social distancing requirements. These measures and other factors have caused a global economic downturn and COVID-19 or other similar illnesses have or can result in: a significant decline in economic activity in the regions Dexterra holds assets and conducts business in, a decrease in individuals willing to travel, imposed mobility restrictions or other quarantine measures through government regulations and business interruptions due to outbreaks or required quarantines in one or more of Dexterra’s operating facilities. An outbreak in one or more of Dexterra’s operating facilities may negatively impact Dexterra’s reputation and may, if uncontrolled, result in temporary shortages of staff to the extent Dexterra’s work force is impacted. Some of Dexterra’s businesses are being classified as “essential services” in various cities and regions and are playing an important role in fighting the COVID-19 virus. Dexterra and its employees are playing a vital role in keeping client operations and infrastructure safe and virus free. The safety of employees and customers continues to be a top priority.

Dexterra’s Q1 2020 financial results were not significantly impacted as the COVID-19 pandemic prevention measures were not in place by the public or private sector until late March and most customers operated their businesses through the end of the first quarter. The impact from COVID-19 became more significant in the second quarter of 2020 with a reduction in revenues as a result of reduced services in the Facilities Management business mainly in the Aviation and Retail markets and lower activity in camp/catering services under the Workforce Accommodation and Forestry segment. To mitigate the impact of COVID-19 and to align the expenditures with the reduction in revenues and demand, the Company has reduced its workforce by approximately 40% and reduced certain other costs. New business opportunities in the pipeline have also been affected and are expected to shift from the second quarter of 2020 to the future periods especially in the private sector. The public sector is attempting to meet the existing timelines where practical in awarding new contracts. Dexterra has been experiencing an increased demand for disinfection services and increased cleaning services from certain clients. The Company has also seen clients in certain regions either temporarily closing facilities or operating at lower occupancy rates as social distancing policies are installed. It is impossible to forecast the duration and full scope of the economic downturn caused by the COVID-19 pandemic and the related consequences it will have on the Company and its business, including the potential impact on its services once these social distancing policies are lifted. Furthermore, at this time, it is unknown to the Company how the COVID-19 pandemic will evolve and the potential effect of multiple phases of COVID-19. Potential material adverse impacts of the COVID-19 pandemic include, but are not limited to: material reduction in demand for the Company’s services due to facility closures and higher vacancy rates due to various social distancing measures that are put in place, which may lead to a significant decline in revenue; the federal and provincial governments’ support for businesses to help offset the impact of COVID-19; and the impact on the Company’s customers and their solvency. The customers’ financial difficulties may negatively impact the Company’s results of operations and financial condition, especially if those customers were to delay or default on payments owed to the Company. Labour shortages in delivering services in a high-quality or timely manner could also occur and Dexterra might be forced to increase wages in order to attract and retain personnel, which would result in higher operating costs and reduced profitability.

Dexterra entered this crisis with a healthy balance sheet and leverage ratios, and significant excess capacity available under its credit facility. The Company withdrew $27.5 million under the facility as a safety measure which was fully repaid in May 2020. The Company is expecting a revenue decrease beginning in the second quarter of 2020, and its management team has implemented plans to modify the cost structure of the business, including reducing its workforce and other costs to mitigate the impact of COVID-19 while continuing to provide essential services to its clients.

Additionally, the Company has applied for government support programs and expects to receive funding which should offset the negative earnings impact of COVID-19 during the second quarter of 2020. While the long-term economic impact of COVID-19 is still unknown, as businesses are expected to reopen in the second half of the year, the Company expects that its clients will have heightened requirements for cleaning, disinfecting and building maintenance services and Dexterra should be well positioned to support these expanded requirements. While the Company reduces its variable cost structure to align with the expected lower revenue, the Company cannot accurately predict the extent to which COVID-19 will impact its operations.

Overview of Dexterra

Dexterra is a facilities management and workforce accommodation and forestry services company that is wholly-owned by Dexterra Parent, a wholly-owned subsidiary of Fairfax Financial Holdings Limited. Dexterra was incorporated in 2018 to acquire certain assets and associated liabilities comprising the services business carried on by Carillion Canada Inc. ("**Carillion Canada**") and certain of its affiliates (the "**Carillion Services Assets**").

Dexterra operates in the outsourced support services industry across Canada, specializing in facilities management and workforce accommodations and forestry, and provides those services to a diverse base of clients in both the public and private sector. Client segments served include aviation, defence, government, healthcare, education, retail, industrial, commercial, hospitality, mining, and oil and gas.

Dexterra's head office is in Mississauga and it has 8 regional office locations supporting operations in 11 of 13 Canadian provinces and territories. The Company's business model requires minimal equipment and infrastructure investment (i.e., "capital light") and consists of mainly hourly and variable wages enabling it to adjust to the volume of business. Dexterra's business consists of two principal operating segments, Facilities Management and Workforce Accommodations and Forestry as described in detail below.

Facilities Management

The Facilities Management segment represents the largest segment of Dexterra's business by revenue. Facilities Management includes a number of activities relating to the operation and maintenance of property, buildings and infrastructure. Dexterra categorizes the range of facilities management activities into services provided for space and infrastructure and services provided to people and organizations.

Space and Infrastructure – Dexterra's services for space and infrastructure include:

- maintenance, repair and operations services;
- management of building utilities and energy performance;
- asset management services, including planning, budgeting and lifecycle management; and
- project management and delivery of renovations, modifications, refits and upgrades.

People and Organizations – Dexterra's solutions for people and organizations include:

- customer care services;
- cleaning and environmental services, including waste management;
- food services;
- management of parking and security services;
- material handling and logistical services; and
- 24/7 client help desk solutions.

Within the Facilities Management segment, Dexterra delivers both single service and complex multi-service contracts. Contracts are typically three to five years in length and employ a range of pricing models, including fixed price, cost-reimbursable and schedule of rates. Most contracts include the opportunity for additional work and special services above the base contract scope, adding some degree of variability to revenue earned from any given account year-to-year. Additional work and project work are not evenly distributed throughout the fiscal year resulting in some variance in revenue. Contracts are typically procured through competitive procurement processes, particularly for government and institutional customers.

Dexterra provides facilities management services across Canada to a wide range of facilities such as airports, complex defence and security assets, state-of-the-art healthcare infrastructure, premier retail and commercial properties, corporate campuses, research and education facilities and large industrial sites, which rely on outsourced support services as an essential input into their operations. The following table notes the types of facilities serviced by Dexterra for each facility category in which it operates:

Commercial & Other	**Public & Institutional**	**Industrial**
● Multi-tenant office complexes ● Owner-occupied office buildings ● Corporate campuses ● Retail properties ● Hotels and entertainment	● Airports and other transportation facilities ● Defence and security establishments ● Healthcare ● Local, Provincial, and Federal Government buildings	● Manufacturing plants ● Distribution centres

Workforce Accommodations and Forestry

The Workforce Accommodations and Forestry segment represents the other segment of Dexterra's business. Workforce accommodation involves the supply of camp equipment and related operational services to companies whose employees are staying away from home at or near remote worksites. The sites where employees live are called "camps" or "work camps". Camps are typically comprised of temporary or semi-permanent structures constructed out of a series of scalable modular elements.

Dexterra provides full-service remote workforce housing solutions, including project management, structure supply, construction, installation and logistics, catering and housekeeping for client operations in industries and regions where the workforce is not readily available in the immediate area.

Dexterra's activities within this segment can be described as follows:

- Remote Workforce Solutions – For remote workforce solutions, Dexterra provides a complete solution, including project management, structure supply, installation and logistics, and camp management, catering and housekeeping. As Dexterra does not own the structures and equipment or the workforce sites, it partners with structure suppliers across Canada in order to provide a full suite of services.
- Supply, Installation and Logistics – Dexterra provides supply, installation and logistics to remote workforce sites. Through its relationships with structure suppliers, Dexterra facilitates sourcing and manufacturing, logistics and installation of buildings for client's remote sites.
- Catering and Housekeeping – Dexterra provides food services, housekeeping, and maintenance services for client owned or leased facilities.

Workforce accommodation solutions are delivered primarily to clients in Quebec, Ontario and Manitoba, with some operations in Northern and Western Canada. Dexterra operates primarily in the mining, utilities, and construction industries. Contracts include those for work supporting on-going natural resources operations (e.g. mining operations camps), seasonal work that occurs at specific times of the year (e.g. winter drill camps), and short-term work supporting remote construction projects.

Dexterra's forestry services, which are part of the workforce accommodation and forestry segment, include tree planting, forest clearing and thinning, and Type-2 firefighting services to public and private sector customers in Quebec, Ontario, Saskatchewan and Alberta. This seasonal work takes place primarily in the spring/summer months and accounted for approximately 20% of the business segment's revenues in 2019.

Recent Developments and Highlights

- On March 9, 2020, Dexterra and Horizon North announced an agreement to combine the two companies (the "Transaction"). Upon closing of the Transaction, which is expected on May 29, 2020, Horizon North will acquire all of the outstanding shares of Dexterra in exchange for Horizon North issuing to 9477179 Canada Inc. (“Dexterra Parent”) common shares in the capital of Horizon North ("Horizon Shares") such that Dexterra Parent owns 49% of the Horizon Shares on a fully-diluted basis. Following closing of the Transaction, the Horizon Shares will continue to be listed on the TSX. In connection with the Transaction, Horizon North and Dexterra Parent will enter into an Investor Rights Agreement, pursuant to which Dexterra Parent will agree to not sell its Horizon Shares for a period of two years from completion of the Transaction. Following that time, Dexterra Parent and its affiliates may exercise registration rights to facilitate dispositions of the Horizon Shares. Dexterra Parent can also designate 50% of the board nominees as long as it holds at least 40% of the outstanding Horizon Shares on a non-diluted basis. The number of board nominees it may put forth reduces if its ownership percentage declines below 40%;

- Consolidated revenue increased by $6.1 million or 11.2% to $60.4 million in Q1 2020 over Q1 2019 and consolidated net earnings increased by $0.4 million from $0.6 million to $1.0 million after expensing $1.1 million for transaction costs in 2020;
- Net cash flow generated from operating activities during Q1 2020 amounted to $5.0 million compared to the $6.0 million in the prior year quarter, a decrease of $1.0 million which was primarily due to the payment of taxes of $0.6 million and $0.6 million related to changes in non-cash working capital;
- Consolidated Adjusted EBITDA increased by $1.4 million or 75.0% to $3.3 million in Q1 2020 over the $1.9 million in Q1 2019 due to stronger business activity;
- Revenue for the Facilities Management business in Q1 2020 was $42.8 million, an increase of $4.3 million or growth of 11.1% over Q1 2019. Adjusted EBITDA for the Facilities Management business in Q1 2020 was $2.7 million, an increase of $1.0 million or 59.1% over the $1.7 million Adjusted EBITDA in Q1 2019; and
- The Workforce Accommodation and Forestry business had revenues of $17.6 million and Adjusted EBITDA of $2.0 million in Q1 2020, an increase in revenue of $1.8 million or 11.5% over the Q1 2019 and an increase in Adjusted EBITDA of $0.8 million or 73.3% compared to Q1 2019.

Financial Overview

(in thousands of Canadian dollars except per share amounts)	**Three months ended March 31, 2020**	Three months ended March 31, 2019
Revenues	**$60,373**	$54,281
Operating expenses	**59,498**	53,427
Gain on disposal of property, plant and equipment	**(544)**	-
Finance costs	**119**	24
Earnings before income taxes	**1,300**	830
Income taxes	**341**	217
Net earnings and comprehensive income for the period [(1)]	**959**	613
Add back (deduct):		
Depreciation and amortization included in operating expenses	**1,271**	1,021
Income taxes	**341**	217
Finance costs	**119**	24
EBITDA[(2)]	**2,690**	1,875
Add back (deduct):		
Transaction costs	**1,136**	-
Gain on disposal of property, plant and equipment	**(544)**	-
Adjusted EBITDA[(2)]	**3,282**	1,875
Adjusted EBITDA Margin	**5.4%**	3.5%
Net earnings attributable to shareholders	**864**	752
Net earnings per share, basic and diluted	**$0.01**	$0.01
Dividends declared per share [(3)]	**$0.00**	$0.00
Consolidated financial position	**As at March 31, 2020**	As at December 31, 2018
Working capital [(2)]	**$21,192**	$19,643
Intangible assets	**20,648**	21,058
Goodwill	**98,640**	98,640
Total assets	**202,198**	174,830
Total long-term liabilities	**4,168**	4,144
Shareholder's equity	**146,039**	145,123

(1) Net earnings and comprehensive income for the period include earnings of $94 attributable to non-controlling interests in Q1 2020 and a loss attributable to non-controlling interests of $140 in Q1 2019.

(2) Please refer to "Non-GAAP Measures" for the definition of EBITDA, Adjusted EBITDA and Working Capital.

(3) The weighted average number of shares outstanding for Q1 2020 is 131,542,600 (Q1 2019 – 131,150,720).

Revenues for Q1 2020 increased by $6.1 million or 11.2% compared to Q1 2019 mainly due to the $4.3 million increase in Facilities Management revenue comprised of net organic revenue growth of $1.7 million or 3.1% and revenues of $2.6 million or 4.8% contributed from the acquisition of The Powerful Group of Companies ("**PGC**") and certain of its affiliates, which was completed in the fourth quarter of 2019, partially offset by Dexterra strategically repositioning its service offerings and not renewing certain business contracts for approximately $2.2 million. In addition, Workforce Accommodation and Forestry revenues increased by $1.8 or 3.3% million as a result of realizing growth from infrastructure install and rental activities, partially offset from the conclusion of certain projects during the period.

Operating expenses increased by $6.1 million or 11.4% to $59.5 in Q1 2020 over the $53.4 million in Q1 2019 mainly due to the increase in revenues. Direct costs included in operating expenses increased to $55.8 million and were 92.4% of revenues in Q1 2020 compared to $51.5 million or 94.9% of revenues in Q1 2019. This decrease as a percentage of revenues is the result of the decrease in wages and benefits, product costs, and other operating expenses due to the change in the revenue mix from soft services, which are more labour and supply intensive, to more hard service activities within the Facilities Management business and the revenue mix from reduced catering activities to more infrastructure install and rental activities within the Workforce Accommodation and Forestry segment. This decrease was partially offset by higher subcontractor costs in the Facilities Management business due to the mobilization of defence contracts and setup costs associated with infrastructure install and rental activities under the Workforce Accommodation and Forestry segment. In addition, the prior year quarter included a $1.0 million bad debt expense within Workforce Accommodation and Forestry, of which $0.9 million was subsequently recovered through the related client's bond insurance in the third quarter of 2019. Selling and administrative expenses included in operating expenses increased by $0.4 million from Q1 2019 as the Company is investing in business development to support revenue growth. Transaction costs included in operating expenses of $1.1 million recognized in Q1 2020 are associated with the proposed Transaction discussed elsewhere in this MD&A.

Depreciation and amortization included in operating expenses increased by $0.3 million to $1.3 million in Q1 2020 compared to $1.0 million in Q1 2019 primarily due to the PGC business acquired in November 2019.

Income tax expense was $0.3 million in Q1 2020 compared to $0.2 million in Q1 2019. The increase of $0.1 million is mainly related to the increase in net earnings during Q1 2020. The Canadian corporate tax rate for the fiscal year-ended 2020 and the fiscal year-ended 2019 was 26.5% with goodwill being the primary timing difference as it is generally deductible for tax purposes. There are no significant permanent income tax differences.

The gain on disposal of property, plant and equipment in Q1 2020 of $0.5 million is related to the disposal of equipment in accordance with a customer agreement upon completion of the contract in the Workforce Accommodation and Forestry segment.

Adjusted EBITDA for Q1 2020 increased by $1.4 million or 75.0% over the $1.9 million in Q1 2019. As a percentage of revenues, Adjusted EBITDA margin was 5.4% in Q1 2020 compared to 3.5% in Q1 2019 due to the increased revenues from higher margin contracts in Facilities Management and the $1.0 million bad debt expense recognized in the prior year quarter in the Workforce Accommodation and Forestry segment.

Results of Dexterra's Operating Segments

Facilities Management

(in thousands of Canadian dollars)	**Three months ended March 31, 2020**	Three months ended March 31, 2019
Revenues	**$42,778**	$38,500
Operating expenses	**40,953**	37,469
Gain on disposal of property, plant and equipment	**(4)**	-
Earnings before income taxes	**1,829**	1,031
Add back (deduct):		
Depreciation and amortization included in operating expenses	**822**	633
EBITDA (1)	**2,651**	1,664
Add back (deduct):		
Gain on disposal of property, plant and equipment	**(4)**	-

Adjusted EBITDA (1)	**2,647**	1,664
Adjusted EBITDA Margin (1)	**6.2%**	4.3%

(1) Please refer to "Non-GAAP Measures" for the definitions of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin.

Facilities Management revenues in Q1 2020 were $4.3 million or 11.1% higher than the $38.5 million in Q1 2019 primarily due to Q1 2020, including $2.6 million or 6.7% of revenue from the PGC business which was acquired in November 2019 and net organic growth of $1.7 million or 4.4% mainly due to increased activity within the Defence market. When adjusting Q1 2020 revenue to remove the PGC related revenue of $2.6 million and the reduction of the commercial and retail revenue base of $2.2 million in Q1 2019 as part of Dexterra's portfolio review, Facilities Management revenue growth was 11.0% mainly within the Defence market.

Operating expenses for Q1 2020 were $41.0 million compared to $37.5 million in Q1 2019, an increase of $3.5 million or 9.3% mainly due to the increase in revenue. Operating expenses as a percentage of revenue were lower at 95.7% in Q1 2020 compared to 97.3% in Q1 2019 mainly due to lower overhead expenditures from operational cost reduction initiatives and the change in the revenue mix from soft services, which are more labour and supply intensive, to harder service-related activities. This decrease was partially offset by higher subcontractor costs associated with new contracts primarily in the Defence market.

Depreciation and amortization included in operating expenses increased by $0.2 million or 29.9% to $0.8 million in Q1 2020 mainly due to the PGC related assets which were acquired in November 2019.

Adjusted EBITDA margin increased from 4.3% in Q1 2019 to 6.2% in Q1 2020 due to the mix in services and Dexterra continuingly repositioning its service offerings focusing on higher margin projects in the more complex and customized facilities management solutions business.

Workforce Accommodation and Forestry

(in thousands of Canadian dollars)	**Three months ended March 31, 2020**	Three months ended March 31, 2019
Revenues	**$17,595**	$15,781
Operating expenses	**15,965**	14,973
Gain on disposal of property, plant and equipment	**(540)**	-
Earnings before income taxes	**2,170**	808
Add back (deduct):		
Depreciation and amortization included in operating expenses	**334**	325
EBITDA (1)	**2,504**	1,133
Add back (deduct):		
Gain on disposal of property, plant and equipment	**(540)**	-
Adjusted EBITDA (1)	**1,964**	1,133
Adjusted EBITDA Margin (1)	**11.2%**	7.2%

(1) Please refer to "Non-GAAP Measures" for the definitions of EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin.

Workforce Accommodation and Forestry revenues in Q1 2020 were $17.6 million compared to $15.8 million in Q1 2019, an increase of $1.8 million or 11.5%. The increase was mainly attributed to $3.0 million in growth of the infrastructure install and rental activities as a result of new contracts, partially offset by lower revenues of $1.2 million in food service and catering activities mainly due to the conclusion of a project in 2019.

Operating expenses for Q1 2020 were $16.0 million compared to $15.0 million in Q1 2019, an increase of $1.0 million or 6.6%. As a percentage of revenue, operating expenses were 90.7% in Q1 2020 compared to 94.9% in Q1 2019 mainly due to lower direct costs in Q1 2020 over the prior year quarter when compared to revenue. Q1 2019 included a bad debt expense of $1.0 million of which $0.9 was subsequently recovered in Q3 2019. Wages and benefit costs for Q1 2020 were 41.5% of revenue compared to 44.2% of revenue in Q1 2019 and product cost was 19.4% of revenue in Q1 2020 compared to 23.4% of revenue in Q1 2019. This decrease as a percentage of revenue is the result of increased activity in the infrastructure install and rental activities which requires less labour and supplies than the food service and catering and other activities. This decrease was partially offset by higher subcontractor costs related to new contracts and setup costs within the infrastructure install and rental activities.

Q1 2020 included a gain on disposal of property, plant, and equipment of $0.5 million related to the disposal of equipment in accordance with a customer agreement upon completion of the contract.

Adjusted EBIDTA margin increased from 7.2% in Q1 2019. After adjusting for the $1.0 million bad debt expense recognized in Q1 2019, Adjusted EBITDA margin for Q1 2019 would have been 13.6% compared to the 11.2% in Q1 2020. This decrease in margin by 2.4% is related to the revenue mix within the infrastructure install, rental and catering activities with a lower margin.

Liquidity and Capital Resources

Dexterra's capital requirements are for operating expenses, capital expenditures, working capital needs, and dividends. Management believes cash generated from operations will be sufficient to meet these requirements. Dexterra's ability to fund future debt service costs, operating expenses, capital expenditures and dividends will depend on its future operating performance which will be affected by general economic, financial, and other factors, including factors beyond its control. See "Risk Factors and Uncertainties".

Dexterra intends to fund its operations, working capital requirements, capital program and dividends primarily with cash flow from operating activities and will use its credit facility to fund acquisitions and any shortfalls due to the COVID-19 pandemic and other activities.

Major sources and uses of cash over Q1 2020 and Q1 2019 were as follows:

(in thousands of Canadian dollars)	**Three months ended March 31, 2020**	Three months ended March 31, 2019
Operating activities	**$4,966**	$5,952
Investing activities	**(117)**	(18,796)
Financing activities	**21,898**	17,531
Change in cash position	**26,747**	4,687

The decrease in cash flow from operating activities of $1.0 million in Q1 2020 compared to Q1 2019 is mainly attributed to taxes paid and fluctuations in non-cash working capital.

The increase in cash flow from investing activities in Q1 2020 compared to Q1 2019 is mainly due to the deferred payment of $17.6 million in Q1 2019 owing to former shareholders of Carillion Canada in connection with the acquisition of the Carillion Services Assets.

Cash flow from financing activities increased by $22.0 million, excluding the impact of the $17.6 million in proceeds received from Dexterra Parent in Q1 2019 in exchange for the issuance of common shares. This increase mainly related to the credit facility being utilized as a safety measure as management reviewed the impact of the COVID-19 pandemic on its business. The credit line drawn was held in cash and has been repaid in May 2020.

(in thousands of Canadian dollars)	**As at March 31, 2020**	As at December 31, 2019
Current assets	**$73,184**	$45,206
Current liabilities	**51,992**	25,563
Working capital [(1)]	**21,192**	19,643

(1) Please refer to "Non-GAAP Measures" for the definitions of Working Capital.

Working capital at March 31, 2020 was $21.2 million compared to $19.6 million at December 31, 2019. The change in current assets primarily related to an increase in cash of $26.8 million and the change in current liabilities related to the increase in the operating facility of $22.1 million. Excluding the change in cash and operating facility, working capital was $16.5 million at March 31, 2020, a decrease of $3.2 million from December 31, 2019 mainly due to higher trade and other payables associated with transaction costs, timing of employee payroll remittances, and the deferral of commodity tax payments in accordance with governments tax deferral programs.

On June 11, 2019, Dexterra amended its credit facilities agreement with the Canadian Imperial Bank of Commerce. The facility 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, Dexterra 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. Dexterra is in compliance with the Debt to EBITDA and Fixed Charge Coverage Ratio requirements stipulated in the agreement as at March 31, 2020.

Capital Spending

For the three months ended March 31, 2020, capital spending was $0.6 million, compared to $1.1 million in the prior year quarter. The decrease in capital expenditures was related to the timing of replacement of equipment in the Workforce Accommodation and Forestry segment.

Additions to intangible assets for the three months ended March 31, 2020 was $0.1 million and was related to enhancements to computer software systems.

Balance Sheet and Other

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired at the date of acquisition and is tested at least annually for impairment. Goodwill of $96.1 million was recorded on the acquisition of the Carillion Services Assets in 2018 and $2.6 million was recorded on the acquisition of PGC in 2019. Goodwill is not amortized but the goodwill relating to the Carillion Services Assets is deductible for tax purposes.

During the first quarter of 2020, the Company updated its impairment assessments on its goodwill and intangible assets which included added estimation uncertainty in determining discounted cash flows and the underlying assumptions about discount rates, working capital requirements and other inputs, due to the unpredictable duration and impacts of the COVID-19 pandemic. The Company has assumed that the economic impacts of COVID-19 will remain for the duration of government mandated restrictions by jurisdiction as currently known, with gradual lifting of those restrictions.

The uncertainty in those assumptions have been incorporated into the Company's discounted cash flows used to determine recoverable amounts primarily through the adjustment of short-term cash flows and higher discount rates, as applicable. The Company concluded there was no impairment of its goodwill, intangibles, and inventories at March 31, 2020.

Income Taxes

Dexterra's effective tax rate is approximately the Canadian statutory rate of 26.5% for both the fiscal year ended 2020 and the fiscal year ended 2019 as Dexterra has no significant non-taxable items. Deferred income taxes on the balance sheet reflect temporary differences as the deductions for tax purposes, primarily related to goodwill, exceed the depreciation and amortization recorded in the financial statements.

Share Capital

As of March 31, 2020, and December 31, 2019, there were 131,542,600 issued and outstanding Dexterra Shares.

As of December 31, 2018, there were 113,908,004 issued and outstanding Dexterra Shares, which were issued in connection with the acquisition of the Carillion Services Assets. In January 2019, Dexterra issued 17,634,596 Dexterra Shares Dexterra Parent in exchange for cash which was then used to settle the final payment owing to former shareholders of Carillion Canada in connection with the acquisition of the Carillion Services Assets.

Non-controlling interest

Dexterra owns 49% of Tangmaarvik Inland Camp Services Inc. ("**Tangmaarvik**") and has the ability to control its operations. As a result, the results of Tangmaarvik are consolidated with the results of Dexterra and a non-controlling interest is recorded. For Q1 2020, $0.1 million of net earnings was attributable to the non-controlling interest, compared to a loss of $0.1 million in Q1 2019.

Related Party Transactions

The remuneration paid to key management personnel in Q1 2020, which includes the Company's most senior corporate officers who have the authority and responsibility for planning, directing and controlling the activities of Dexterra was $0.5 million (2019 Q1 – $0.5 million).

In March 2020, the Company purchased property, general liability, automobile and umbrella insurance for $1.5 million with a one-year term from Northbridge General Insurance Corporation, a company with the same controlling shareholder as Dexterra.

All related party transactions were measured at arms length and there are no ongoing contractual or other commitments resulting from the transactions.

Off Balance Sheet Arrangements

As at March 31, 2020, Dexterra has performance and labour bonds issued totalling $59.1 million. These performance and labour bonds are principally insurance bonds related to contractual obligations in the normal course of business and to collateralize self-insurance obligations. These bonds typically remain in force for the duration of the applicable customer contract and may include renewal options. Dexterra does not believe that these bonds will be drawn upon by beneficiaries.

Quarterly Summary of Results

(Unaudited and in thousands of Canadian dollars except per share amounts)	**First quarter 2020**	Fourth quarter 2019	Third quarter 2019	Second quarter 2019
Revenues	**$60,373**	$64,134	$76,151	$66,493
Net earnings	**1,300**	1,456	3,425	3,811
Add back (deduct):				
Depreciation and amortization included in operating expenses	**1,271**	924	893	1,002
Income taxes	**341**	516	1,215	1,352
Finance costs	**119**	59	93	45
Transaction costs	**1,136**	75	-	-
Loss (gain) on sale of property, plant and equipment	**(544)**	285	(442)	(45)
Adjusted EBITDA (1)	**3,282**	3,315	5,184	6,165

Net earnings attributable to shareholders	**864**	1,370	3,330	3,566
Net earnings per share, basic and diluted	**$0.01**	$0.01	$0.03	$0.03

(Unaudited and in thousands of Canadian dollars except per share amounts)	**First quarter 2019**	Fourth quarter 2018	Third quarter 2018	Second quarter 2018
Revenues	**54,281**	$53,810	$75,818	$65,207
Net earnings	**612**	1,158	3,359	1,008
Add back (deduct):				
Depreciation and amortization included in operating expenses	**1,022**	826	880	969
Income taxes	**217**	480	1,390	417
Finance costs	**25**	-	7	2
Transaction and integration costs	**-**	1,208	237	285
Loss (gain) on sale of property, plant and equipment	**-**	-	9	(121)
Adjusted EBITDA (1)	**1,876**	3,672	5,882	2,560
Net earnings attributable to shareholders	**752**	1,109	3,304	1,203
Net earnings per share, basic and diluted	**$0.00**	$0.01	$0.03	$0.01

(1) Please refer to "Non-GAAP Measures" for the definition of Adjusted EBITDA.

Net earnings and Adjusted EBITDA are lower in the second quarter of 2018 mainly as a result of higher wage and benefit expenditures associated with the timing and increase in minimum wage. In addition, revenues and margins were also lower during the period due to the timing and mix in infrastructure installation, rental, and catering activities as well as tree planting and thinning services in Workforce Accommodation and Forestry.

Critical Accounting Estimates and Judgments

This MD&A of Dexterra's financial condition and results of operations is based on its consolidated financial statements, which are prepared in accordance with IFRS. The preparation of the consolidated financial statements requires management to make estimates and judgements about the future. Estimates and judgements 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 significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Business combinations – allocation of purchase price

In business combinations, Dexterra acquires assets and assumes liabilities of an acquired entity. The allocation of the purchase price involves judgement 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

Dexterra 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 Dexterra'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 Dexterra 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 whether 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.

Dexterra 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.

Risk Factors and Uncertainties

The financial risks, critical accounting estimates and judgements, and risk factors related to Dexterra and its business, which should be carefully considered, are disclosed in the "Risk Factors of Dexterra" section included in "Appendix F – Information Concerning 10647802 Canada Limited" in the management information circular of Horizon North dated April 23, 2020 and Dexterra's unaudited condensed interim consolidated financial statements for Q1 2020 and this MD&A should be read in conjunction with them. Such risks may not be the only risks facing Dexterra. Additional risks not currently known may also impair Dexterra's business operations and results of operation.

10647802 Canada Limited

Condensed Interim Consolidated Balance Sheet (Unaudited)

	March 31, 2020 $	December 31, 2019 $
Assets		
Current assets		
Cash	29,323,970	2,577,315
Trade and other receivables	35,293,060	35,431,938
Inventories	4,454,796	4,450,559
Prepaid expenses	2,795,083	1,780,796
Income taxes recoverable - net	1,317,235	965,003
Total current assets	73,184,144	45,205,611
Non-current assets		
Property, plant and equipment	8,217,542	8,253,846
Right-of-use assets	1,508,559	1,671,621
Intangible assets (note 5)	20,647,476	21,058,247
Goodwill (note 4)	98,640,434	98,640,434
Total non-current assets	129,014,011	129,624,148
Total assets	202,198,155	174,829,759
Liabilities		
Current liabilities		
Operating facility (note 7)	27,524,349	5,452,525
Trade and other payables	21,633,414	16,228,755
Deferred revenue	1,851,496	2,867,656
Lease liabilities	582,733	614,036
Contingent consideration	400,000	400,000
Total current liabilities	51,991,992	25,562,972
Long-term liabilities		
Lease liabilities	961,426	1,060,770
Contingent consideration	1,439,258	1,439,258
Deferred income taxes - net	1,766,878	1,644,079
Total long-term liabilities	4,167,562	4,144,107
Total liabilities	56,159,554	29,707,079
Shareholder’s Equity		
Share capital (note 8)	131,542,600	131,542,600
Retained earnings	13,013,991	12,149,894
Non-controlling interest	1,482,010	1,430,186
Total shareholder’s equity	146,038,601	145,122,680
Total liabilities and shareholder’s equity	202,198,155	174,829,759

Subsequent event (note 17)

Approved by Officers

Director

Director

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

10647802 Canada Limited

Condensed Interim Consolidated Statement of Earnings and Other Comprehensive Income
(Unaudited)

	Three months ended March 31, 2020 $	**Three months ended March 31, 2019 $**
Revenue (note 9)	60,372,898	54,280,972
Operating expenses		
Direct costs (note 10)	55,761,672	51,483,535
Selling, general and administrative expenses (note 11)	1,328,319	921,936
Transaction costs	1,136,433	-
Depreciation	758,839	666,331
Amortization of intangible assets	512,387	355,062
Operating income	875,248	854,108
Gain on disposal of property, plant and equipment	(543,671)	-
Finance costs	119,269	24,337
Earnings before income taxes	1,299,650	829,771
Income tax (note 12)		
Current	218,309	138,251
Deferred	122,799	79,000
	341,108	217,251
Net earnings and comprehensive income for the period	958,542	612,520
Attributable to		
Non-controlling interest	94,445	(139,639)
Shareholder of 10647802 Canada Limited	864,097	752,159
	958,542	612,520
Net earnings per share, basic and diluted (note 14)	$0.01	$0.01

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

	Share capital (number of shares)	Share capital $	Non-controlling interest $	Retained earnings $	Total $
As at December 31, 2018	113,908,004	113,908,004	1,258,203	6,132,298	121,298,505
Issuance of common shares	17,634,596	17,634,596	-	-	17,634,596
Net earnings (loss) and comprehensive income (loss) for the period	-	-	(139,639)	752,159	612,520
As at March 31, 2019	131,542,600	131,542,600	1,118,564	6,884,457	139,545,621
As at December 31, 2019	131,542,600	131,542,600	1,430,186	12,149,894	145,122,680
Net earnings and comprehensive income for the period	-	-	94,445	864,097	958,542
Dividends declared	-	-	(42,621)	-	(42,621)
As at March 31, 2020	131,542,600	131,542,600	1,482,010	13,013,991	146,038,601

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

	Three months ended March 31, 2020 $	Three months ended March 31, 2019 $
Cash provided by (used in)		
Operating activities		
Net earnings and comprehensive income for the period	958,542	612,520
Adjustments for:		
Depreciation	758,839	666,331
Amortization of intangible assets	512,387	355,062
Gain on disposal of property, plant and equipment (PP&E)	(543,671)	-
Finance costs	119,269	24,337
Income tax expense	341,108	217,251
	2,146,474	1,875,501
Changes in non-cash working capital (note 13)	3,508,853	4,100,974
Interest paid	(119,269)	(24,337)
Income taxes paid	(570,541)	-
Net cash flows from operating activities	4,965,517	5,952,138
Investing activities		
Purchase of property, plant and equipment	(587,702)	(1,051,781)
Purchase of intangible assets	(101,616)	(109,623)
Proceeds on sale of PP&E	571,900	-
Deferred payment to former shareholder (note 13)	-	(17,634,596)
Net cash flows from investing activities	(117,418)	(18,796,000)
Financing activities		
Issuance of common shares (note 8)	-	17,634,596
Payments for lease liabilities	(130,647)	(103,341)
Proceeds from operating facility	22,071,824	-
Dividends paid to non-controlling interest	(42,621)	-
Net cash flows from financing activities	21,898,556	17,531,255
Increase in cash during the period	26,746,655	4,687,393
Cash – Beginning of period	2,577,315	16,259,646
Cash – End of period	29,323,970	20,947,039

The accompanying notes are an integral part of these condensed interim 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 condensed interim consolidated financial statements of Dexterra as at March 31, 2020 and 2019 and for the three-month periods then ended were authorized for issuance by the Board of Directors on May 22, 2020.

2 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with International Financial Reporting Standards "("IFRS").

3 Basis of preparation, significant accounting policies and changes in accounting policies

The basis of preparation, and accounting policies and methods of their application in these condensed interim consolidated financial statements, including comparatives, are consistent with those used in the Company's audited annual consolidated financial statements for the year ended December 31, 2019, except as disclosed in the Changes in accounting policies section below, and should be read in conjunction with those annual consolidated financial statements. The Company's functional currency, and the presentation currency of the condensed interim consolidated financial statements, is the Canadian dollar.

Changes in accounting policies

Effective January 1, 2020, Dexterra changed its accounting policy of presenting expenses recognized in the consolidated statement of earnings and other comprehensive income by nature in accordance with IAS 1 - Presentation of financial statements. The Company believes presenting an analysis of expenses recognized in the consolidated statement of earnings and other comprehensive income by function provides more reliable and relevant financial information to users of its financial statements. Under the new accounting policy, presentation of additional information on the nature of expenses will be included in the notes to the financial statements.

4 Critical accounting estimates and judgments

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and judgments about the future. These estimates and judgements are disclosed in Note 3 of the Company's audited annual consolidated financial statements for the year ended December 31, 2019. There have been no significant changes to the areas of estimation and judgement during the three months ended March 31, 2020, except for the determination of recoverable amounts for goodwill discussed below.

During the first quarter of 2020 the company updated its impairment assessments on its goodwill and customer lists which included added estimation uncertainty in determining discounted cash flows and the underlying assumptions about discount rates, working capital requirements and other inputs, due to the unpredictable duration and impacts of the COVID-19 pandemic. The company has assumed that the economic impacts of COVID-19 will remain for the duration of government mandated restrictions by jurisdiction as currently known, with gradual lifting of those restrictions.

The uncertainty in those assumptions have been incorporated into the company's discounted cash flows used to determine recoverable amounts primarily through the adjustment of short term cash flows and higher discount rates, as applicable. The company concluded there was no impairment of its goodwill, customer lists and inventories at March 31, 2020.

5 Intangible assets

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

	Customer relationships $	Computer software $	Total $
Cost			
As at December 31, 2019	22,482,697	1,125,093	23,607,790
Additions	-	101,616	101,617
As at March 31, 2020	22,482,697	1,226,709	23,709,406
Accumulated amortization			
As at December 31, 2019	(2,163,156)	(386,387)	(2,549,543)
Amortization for the year	(446,925)	(65,462)	(512,387)
As at March 31, 2020	(2,610,081)	(451,849)	(3,061,930)
Net book value – March 31, 2020	19,872,616	774,860	20,647,476

	Customer relationships $	Computer software $	Total $
Cost			
As at December 31, 2018	20,000,000	751,473	20,751,473
Additions	-	109,623	109,623
As at March 31, 2019	20,000,000	861,096	20,861,096
Accumulated amortization			
As at December 31, 2018	(973,222)	(44,609)	(1,017,831)
Amortization for the year	(292,440)	(62,622)	(355,062)
As at March 31, 2019	(1,265,662)	(107,231)	(1,372,853)
Net book value – March 31, 2019	18,734,338	753,865	19,488,203

6 Financial risk management

In the normal course of business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks are: credit risk, liquidity risk and market risk. The Company's overall risk management program and prudent business practices seek to minimize any potential adverse effects on the Company's financial performance.

The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with the annual consolidated financial statements as at December 31, 2019. There have been no changes in the risk management or in any risk management policies since year end, except as discussed below:

COVID-19 Pandemic

The rapid spread of the COVID-19 virus, which was declared by the World Health Organization to be a pandemic on March 11, 2020, and actions taken globally in response to COVID-19, have significantly disrupted business activities throughout the world. The Company's business relies, to a certain extent, on free movement of goods, services, and capital within Canada, which has been significantly restricted as a result of the COVID-19 pandemic.

Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of COVID-19,including any responses to it, will be on the economy and the Company's business in particular, or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including new information which may emerge concerning the severity of COVID-19 and additional actions which may be taken to contain COVID-19, as well as the timing of the re-opening of the economy in Canada. Such further developments could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

With the overall slowdown in the economy as a result of the COVID-19 pandemic, the Company expects its facilities management segment to experience significant reductions in revenue due to current economic conditions, particularly for facilities management services provided in the Aviation and Retail sectors. Dexterra has implemented related 40% reductions in workforce, and reductions in other variable costs, to match this decline in revenue and mitigate its impact on earnings while continuing to provide essential services to its clients. It also expects to receive funding from the federal Canadian government support programs in the second quarter of 2020.

The Company continues to monitor the recoverability of trade receivables and the impact of current and expected future credit losses are reflected in the expected credit loss provisions. There was no significant impact to expected future credit losses due to COVID-19 at March 31, 2020. Further developments related to the economy in Canada, which were unforeseen as at March 31, 2020 could have an adverse effect on the recoverability of trade receivables.

The ultimate impact of COVID-19 on the company may not be fully known for an extended period of time.

7 Operating facility

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 March 31, 2020, approximately $27.5 million was drawn on the operating facility as the full impact of the COVID-19 pandemic on the Company was unknown at that time. The Company had cash in excess of the operating facility at March 31, 2020. In addition, $2.9 million of letters of credit were outstanding as at March 31, 2020 under the credit facilities agreement. The undrawn portion of the credit facility at March 31, 2020 was $1.6 million. The Company was in compliance with the Debt to EBITDA and Fixed Charge Coverage Ratio requirements stipulated in the agreement and the facility has been repaid in May 2020.

8 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, 2019 and March 31, 2020	131,542,600	131,542,600
Balance, December 31, 2018	113,908,004	113,908,004
Issuance of common shares	17,634,596	17,634,596
Balance, March 31, 2019	131,542,600	131,542,600

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. In January 2019, 17,634,596 shares were issued in exchange for the final payment to the former shareholders.

9 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. The workforce accommodation and forestry segment is seasonal in nature with higher revenues earned during May to September each year, related to tree planting and fire fighting.

	Three month period ended March 31, 2020 $	Three month period ended March 31, 2019 $
Facilities management	42,777,655	38,499,640
Workforce accommodation and forestry	17,595,243	15,781,332
	60,372,898	54,280,972

10 Direct costs – by nature

	Three month period ended March 31, 2020 $	Three month period ended March 31, 2019 $
Wages and benefits	36,349,548	32,572,914
Subcontracting	9,159,341	5,829,523
Product cost	5,573,244	5,917,646
Equipment and repairs	800,125	1,059,133
Vehicles	608,960	564,188
Other operating expenses	3,270,454	5,540,131
	55,761,672	51,483,535

11 Selling and administrative expenses - by nature

	Three month period ended March 31, 2020 $	Three month period ended March 31, 2019 $
Wages and benefits	812,571	763,955
Other	515,748	157,981
	1,328,319	921,936

12 Income taxes

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 2020 of 26.5%. The reasons for the differences are as follows:

	Three month period ended March 31, 2020 $	**Three month period ended March 31, 2019 $**
Net earnings and comprehensive income before income taxes	1,299,650	829,771
Computed income tax expense	344,407	219,889
Other	(3,299)	(2,638)
Income tax expense	341,108	217,251

13 Cash flow information

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

	Three month period ended March 31, 2020 $	**Three month period ended March 31, 2019 $**
Changes in non-cash working capital		
Trade and other receivables	138,878	7,868,378
Inventories	(4,237)	278,021
Prepaid expenses	(1,014,287)	(1,274,383)
Trade and other payables	5,404,659	(2,517,198)
Deferred revenue	(1,016,160)	(253,844)
	3,508,853	4,100,974

14 Net earnings per share

	Three month period ended March 31, 2020 $	Three month period ended March 31, 2019 $
Net earnings for the period attributable to ordinary equity holders of the Company	864,097	752,159
Weighted average shares outstanding	131,542,600	131,150,720
Net earnings per share attributable to ordinary equity holders of the Company	$0.01	$0.01

15 Reportable segment information

Three month period to March 31, 2020	Facilities Management $	Workforce Accommodation and Forestry $	Corporate $	Total $
Revenue	42,777,655	17,595,243	-	60,372,898
Operating expenses				
Direct costs	40,130,162	15,631,510	-	55,761,672
Selling and administrative expenses	-	-	1,328,319	1,328,319
Transaction costs	-	-	1,136,433	1,136,433
Depreciation and amortization	822,247	334,296	114,683	1,271,226
Operating income	1,825,246	1,629,437	(2,579,435)	875,248
(Gain) on disposal of assets	(3,600)	(540,071)	-	(543,671)
Finance costs	-	-	119,269	119,269
Earnings before income tax	1,828,846	2,169,508	(2,698,704)	1,299,650
Total assets	122,910,728	77,568,887	1,718,540	202,198,155

Three month period to March 31, 2019	Facilities Management $	Workforce Accommodation and Forestry $	Corporate $	Total $
Revenue	38,499,640	15,781,332	-	54,280,972
Operating expenses				
Direct costs	36,835,880	14,647,655	-	51,483,535
Selling and administrative expenses	-	-	921,936	921,936
Depreciation and amortization	633,371	325,400	62,622	1,021,393
Operating income	1,030,389	808,277	(984,558)	854,108
Finance costs	-	-	24,337	24,337
Earnings before income tax	1,030,389	808,277	(1,008,895)	829,771
Total assets	108,874,900	67,203,470	1,538,675	177,617,045

16 Related party transactions

The remuneration paid to key management personnel in the first quarter of 2020, which includes the Company's most senior corporate officers who have the authority and responsibility for planning, directing and controlling the activities of Dexterra was $0.5 million (2019 – $0.5 million).

In addition, in March 2020, the Company purchased property, general liability, automobile and umbrella insurance for $1.5 million with a one-year term from Northbridge General Insurance Corporation, a company with the same controlling shareholder as Dexterra.

All related party transactions were measured at arms length and there are no ongoing contractual or other commitments resulting from the transactions.

17 Subsequent events

On March 9, 2020, the Company and its shareholder entered into a Purchase Agreement with Horizon North Logistics Inc. (Horizon North). Under the terms of the Purchase Agreement, Horizon North will acquire all of the issued and outstanding shares of the Company in exchange for such number of Horizon North shares that will, immediately following the completion of the transaction, represent 49% of the issued and outstanding Horizon Shares, calculated on a fully diluted basis. The transaction is anticipated to close in the second quarter of 2020, subject to approval by Horizon North shareholders at a meeting on May 26, 2020 and the satisfaction of customary closing conditions. Horizon North, based in the province of Alberta, is a publicly listed corporation providing a range of industrial services and modular construction solutions.

dexterra