Consolidated Financial Statements of

dexterra GROUP

Years ended December 31, 2020 and 2019

Independent auditor's report

To the Shareholders of Dexterra Group Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dexterra Group Inc. and its subsidiaries (together, the Corporation) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

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

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

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 Corporation 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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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of a significant portion of the property, plant and equipment acquired in a business combination *Refer to note 1 – Reporting entity, note 2 – Statement of compliance and note 4 – Business combination to the consolidated financial statements.* On May 29, 2020, Dexterra Group Inc. (previously Horizon North) acquired 100% of the issued and outstanding shares of Dexterra Integrated Facilities Management (Dexterra). The business combination between Horizon North and Dexterra is being accounted for as a reverse acquisition, whereby the assets and liabilities of Horizon North are recorded at their fair values on the date of the transaction. The fair value of the assets acquired included \$191.5 million in property, plant and equipment. Management applied significant judgment in estimating the fair value of property, plant and equipment. For a significant portion of property, plant and equipment, management used a cost approach adjusted for economic obsolescence (valuation method) to value these assets. Management developed significant assumptions with respect to the cost approach, which included the replacement costs, inflation indices, physical depreciation and obsolescence considerations in the valuation of a significant portion of property, plant and equipment. Adjustments for economic obsolescence were based on discounted cash flow models, which included the following assumptions: forecasted cash flows, growth rates and discount rates.	Our approach to addressing the matter involved the following procedures, among others: • Tested how management estimated the fair values of a significant portion of the property, plant and equipment, which included the following: - Read the purchase agreement. - Tested the mathematical accuracy of management's discounted cash flow models to determine the economic obsolescence. - Evaluated the reasonableness of the significant assumptions used by management to determine the economic obsolescence adjustments related to forecasted cash flows and growth rates by considering management's budget, strategy and business plan approved by the Board of Directors and the current and past performance of Horizon North. - Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of management's valuation method, as well as the reasonableness of significant assumptions, which included replacement costs, inflation indices, physical depreciation and obsolescence considerations and the discount rates applied.

Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to the significant judgment applied by management in estimating the fair values of a significant portion of property, plant and equipment, including the development of significant assumptions. This, in turn, led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the significant assumptions used by management. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	- Tested the underlying data used in the discounted cash flow models.
Impairment assessment of goodwill *Refer to note 2 – Statement of compliance, note 3 – Significant accounting policies and determination of fair values and note 9 – Intangible assets and goodwill to the consolidated financial statements.* The Corporation had goodwill of $98.6 million as at December 31, 2020 and is allocated to cash generating units (CGUs). Goodwill is subject to impairment testing on an annual basis and at the end of each reporting period during the year if an indicator of impairment exists. Impairment exists when the carrying value of a CGU exceeds its recoverable amount. Management applied significant judgment in determining the recoverable amounts. The recoverable amounts of the CGUs were based on a value-in-use method using discounted cash flow models. Significant assumptions used in the discounted cash flow models included forecasted cash flows, growth rates and discount rates. Management concluded that there was no impairment of goodwill as at December 31, 2020.	Our approach to addressing the matter involved the following procedures, amongst others: • Evaluated how management determined the recoverable amounts of the CGUs, which included the following: - Assessed the appropriateness of the method used and tested the mathematical accuracy of the discounted cash flow models. - Evaluated the reasonableness of significant assumptions such as forecasted cash flows and growth rates applied by management in the discounted cash flow models by considering management's budget, strategy and business plan approved by the Board of Directors, current and past performance of the CGUs and industry data published by third parties. - Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of management's value-in-use method and testing the reasonableness of the discount rates. - Tested the underlying data used in the discounted cash flow models.

Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to the significant judgment applied by management in determining the recoverable amounts of the CGUs, including the development of significant assumptions. This, in turn, led to a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the significant assumptions used by management. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	• Tested the disclosures made in the consolidated financial statements, particularly on the sensitivity of the significant assumptions used.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 Corporation 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Michael Hawtin.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 10, 2021

Consolidated statement of financial position

(000's)	Note	December 31, 2020	December 31, 2019
Assets			
Current assets			
Cash		$ —	$ 2,577
Trade and other receivables	5,14	149,532	35,432
Inventories	6	12,445	4,451
Prepaid expenses and other		5,981	1,781
Income tax receivable		—	965
Total current assets		167,958	45,206
Non-current assets			
Property, plant and equipment	7	184,047	8,254
Right-of-use assets	8	22,052	1,672
Intangible assets	9	23,457	21,058
Goodwill	9	98,640	98,640
Deferred income taxes	17	2,587	—
Other assets	10	14,782	—
Total non-current assets		345,565	129,624
Total assets		$ 513,523	$ 174,830
Liabilities			
Current liabilities			
Loans and borrowings	11	$ —	5,453
Trade and other payables		81,815	16,229
Deferred revenue	14	3,310	2,867
Income taxes payable		2,895	—
Asset retirement obligations	12	5,102	—
Lease liabilities	8	7,160	614
Contingent consideration		—	400
Total current liabilities		100,282	25,563
Non-current liabilities			
Lease liabilities	8	18,921	1,061
Contingent consideration		1,448	1,439
Asset retirement obligations	12	6,527	—
Loans and borrowings	11	85,369	—
Deferred income taxes	17	—	1,644
Non-current liabilities		112,265	4,144
Total liabilities		$ 212,547	$ 29,707
Shareholders' Equity			
Share capital	13	232,348	131,543
Contributed surplus		354	—
Retained earnings		66,451	12,150
Non-controlling interest		1,823	1,430
Total shareholders' equity		300,976	145,123
Total liabilities and shareholders' equity		$ 513,523	$ 174,830

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

Mary Garden
Director, Audit Committee Chair

John MacCuish
Director, Chief Executive Officer

Consolidated statement of comprehensive income

(000's except per share amounts)	Note		Years ended December 31, 2020		2019
Revenue					
Revenue from operations	14	$	471,246	$	261,059
Other revenue	14		6,569		—
Total revenue			477,815		261,059
Operating expenses					
Direct costs	15		379,502		235,072
Selling, general and administrative expenses	16		22,107		9,522
Depreciation	7,8		22,139		2,309
Amortization of intangible assets	9		2,925		1,532
Share based compensation	13		354		—
Loss (gain) on disposal of property, plant and equipment			36		(202)
Operating income			50,752		12,826
Finance costs			4,632		222
Earnings from equity investment			(688)		—
Bargain purchase gain	4		(29,881)		—
Earnings before income taxes			76,689		12,604
Income tax					
Income tax expense	17		12,210		3,300
Net earnings			64,479		9,304
Net Earnings Attributable to:					
Non-controlling interest			448		286
Shareholders			64,031		9,018
Earnings per common share:					
Net earnings per share, basic	19	$	1.25	$	0.28
Net earnings per share, diluted	19	$	1.24	$	0.28
Weighted average common shares outstanding:					
Basic	19		51,311		31,755
Diluted	19		51,447		31,755

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

Consolidated statement of changes in equity

(000's)	Note	Share Capital - Number of Shares		Share Capital		Contributed Surplus		Retained Earnings		Non-Controlling Interest		Total
Balance as at December 31, 2018		27,525	$	113,908	$	—	$	6,132	$	1,258	$	121,298
Issuance of common shares		4,261		17,635		—		—		—		17,635
Dividends		—		—		—		(3,000)		(114)		(3,114)
Net income		—		—		—		9,018		286		9,304
Balance as at Balance as at December 31, 2019		31,786	$	131,543	$	—	$	12,150	$	1,430	$	145,123
Acquisition	4	33,083		100,904		—		—		—		100,904
Dividends	20	—		—		—		(9,730)		(55)		(9,785)
Share issue costs	4	—		(99)		—		—		—		(99)
Share based compensation	13	—		—		354		—		—		354
Net income		—		—		—		64,031		448		64,479
Balance as at December 31, 2020		64,869	$	232,348	$	354	$	66,451	$	1,823	$	300,976

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

Consolidated statement of cash flows

(000's)	Note	Years ended December 31, 2020	2019
Cash provided by (used in):			
Operating activities:			
Net earnings		$ 64,479	$ 9,304
Adjustments for:			
Depreciation	7,8	22,139	2,309
Amortization of intangible assets	9	2,925	1,532
Share based compensation	13	354	—
Loss (gain) on disposal of property, plant and equipment		36	(202)
Bargain purchase gain	4	(29,881)	—
Book value of used fleet sales transferred to inventory		2,067	—
Purchase of rental fleet		(2,283)	—
Earnings on equity investments		(688)	—
Asset retirement obligation settled	12	(1,360)	—
Finance costs		4,632	222
Income tax expense	17	12,210	3,300
Changes in non-cash working capital	18	1,467	(9,769)
Income taxes paid		(3,291)	(5,135)
Net cash flows from operating activities		72,806	1,561
Investing activities:			
Acquisition of Powerful Group of Companies and Carillion Canada	4	—	(12,513)
Purchase of property, plant and equipment		(3,462)	(4,382)
Purchase of intangible assets		(1,524)	(374)
Equity investment		(2,264)	—
Proceeds on sale of property, plant and equipment		4,892	513
Deferred payment to former shareholder		—	(17,635)
Net cash flows used in investing activities		(2,358)	(34,391)
Financing activities:			
Issuance of common shares		—	17,635
Payments for lease liabilities		(5,231)	(605)
Proceeds from (payments on) loans and borrowings		(57,885)	5,453
Finance costs paid		(4,989)	(222)
Dividends paid		(4,920)	(3,114)
Net cash flows from (used in) financing activities		(73,025)	19,147
Change in cash position		(2,577)	(13,683)
Cash, beginning of year		2,577	16,260
Cash, end of year		$ —	$ 2,577

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

1. Reporting entity

Dexterra Group Inc. ("Dexterra Group" or the "Corporation") is a corporation registered and domiciled in Canada and its common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol DXT. The Corporation's head office is at 5915 Airport Road, Suite 425, Mississauga, ON L4V 1T1. The consolidated financial statements of the Corporation as at and for the year ended December 31, 2020 are comprised of the Corporation and its subsidiaries and the Corporation's interest in jointly controlled entities. Dexterra Group is a pan-Canadian support services platform which operates across eleven provinces and territories and diversified end markets. Our Facilities Management business delivers operation and maintenance solutions for built assets and infrastructure in the public and private sectors, including aviation, defence and security, retail, healthcare, education and government. Our Workforce Accommodations, Forestry and Energy Services ("WAFES") business provides a full range of workforce accommodations solutions, forestry services and access solutions to clients in the energy, mining, forestry and construction sectors among others. Our Modular Solutions business integrates modern design concepts with off-site manufacturing processes to produce high-quality building solutions for social and affordable housing, commercial, residential and industrial clients.

On May 29, 2020, Dexterra Group (previously Horizon North Logistics Inc. ("Horizon North")) entered into a transaction (the "Acquisition") with 10647802 Canada Limited, operating as Dexterra Integrated Facilities Management (“Dexterra”), a subsidiary of Fairfax Financial Holdings Limited (TSX: FFH and FFH.U) (“Fairfax Financial”). Pursuant to the Acquisition, the Corporation acquired all of the outstanding common shares of Dexterra and in exchange issued 31,785,993 common shares of Dexterra Group to Dexterra’s sole shareholder, 9477179 Canada Inc. (“Dexterra Parent”), a wholly-owned subsidiary of Fairfax Financial. Accordingly, Fairfax Financial indirectly owns a 49% interest in the combined Corporation, while existing shareholders of the Corporation maintain a 51% interest. Prior to the Acquisition, Fairfax Financial had no ownership interest in Dexterra Group.

For accounting purposes, the Acquisition constituted a reverse acquisition that involved a change of control of Dexterra Group and a business combination of Horizon North and Dexterra, to form a new corporation that now carries on operations as Dexterra Group Inc.. Based on the guidance in IFRS 3, Business Combinations ("IFRS 3"), it was determined that Horizon North was the accounting acquiree and Dexterra was the accounting acquirer, as Fairfax Financial, the sole shareholder of Dexterra, now controls the Corporation. As a result, 2019 comparative information included herein is solely Dexterra. Horizon North financial results are included subsequent to the Acquisition closing date. Refer to Note 4 for further information.

On July 16, 2020, the Corporation completed a five-for-one share consolidation of all of its issued and outstanding common shares (“the Consolidation”). Prior to the Consolidation, a total of 324,346,871 common shares were issued and outstanding, and after the Consolidation the Corporation has 64,869,417 issued and outstanding common shares. All share and per share data presented in the Corporation’s consolidated financial statements, including share options outstanding, has been retroactively adjusted to reflect the Consolidation, unless otherwise noted.

On November 13, 2020, the shareholders of the Corporation approved the name change to Dexterra Group Inc. The common shares now trade on the TSX under the ticker symbol “DXT”. Adopting a new corporate name reflects the transformation into a pan-Canadian, diversified support services organization and marks a new phase in the Corporation's history as it focuses on delivering quality solutions for the creation, management, and operation of infrastructure.

2. Statement of compliance

Basis of Preparation

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The consolidated financial statements were authorized for issue by the Board of Directors on March 10, 2021.

b. Basis of measurement

The consolidated financial statements have been prepared using the historical cost basis.

c. Change in Accounting Policy

Effective January 1, 2020, the Corporation changed its accounting policy of presenting expenses recognized in the consolidated statement of comprehensive income from nature to function in accordance with IAS 1 - Presentation of financial statements. There are also presentation changes to the segment information disclosure. The Corporation believes presenting an analysis of expenses recognized by function and presentation amendments provide more reliable and relevant financial information to users of its financial statements.

d. Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars ("CAD"), which is the Corporation and subsidiaries' functional currency with the exception of a United States ("US") operational entity which has a US dollar ("USD") functional currency.

e. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The judgments, estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes may differ from these estimates. The judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The judgments, estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are as follows:

Estimates & Judgements

- Purchase price equations - The acquired assets and assumed liabilities are generally recognized at fair value on the date the Corporation obtains control of a business. The measurement of each business combination is based on the information available on the acquisition date. Management applied significant judgment in estimating the fair value of property, plant and equipment. For a significant portion of the property, plant and equipment, management used a cost approach adjusted for economic obsolescence to value these assets. Significant assumptions were developed with respect to the cost approach including the replacement costs, inflation indices, physical depreciation and obsolescence considerations in the valuation of property, plant and equipment. Adjustments for economic obsolescence were based on discounted cash flow models which included the following assumptions: forecasted cash flows, growth rates and discount rates attributable to these assets. The estimate of fair value of the acquired intangible assets and other assets and the liabilities are largely based on projected cash flows, discount rates, and market conditions at the date of acquisition.

- Impairment - Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCOD") and its value in use ("VIU"). The FVLCOD calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. The Corporation uses the VIU method, which is based on a discounted cash flow models. Management applied significant judgment in determining the recoverable amounts. The most significant assumptions in estimating the recoverable amount of each CGU include forecasted cash flows, growth rates and discount rates. Forecasted cash flows include assumptions around EBITDA (Earnings before interest, taxes, depreciation, amortization, depreciation from equity investment, share based compensation, bargain purchase gain and gain/loss on disposal of property, plant and equipment).

- Revenue Recognition Estimate - The Corporation recognized revenue at a point in time or upon transfer of control for its construction contracts and estimates progress of these contracts by comparing costs incurred to the total expected costs of the project.

- Construction Receivable Estimate - The Corporation recognizes that the price of many construction contracts may change over the duration of the construction period. Change orders may be issued by customers to modify the original contract scope of work or conditions resulting in possible disputes or claims regarding additional amounts owing may arise. Construction work related to a change order or claim may proceed, and costs may be incurred, in advance of final determination of the value of the change order. As many change orders and claims may not be settled until the end of the construction project, management estimates what changes orders to include in the determination of revenue recognized and changes in these estimates could result in significant increases or decreases in revenue and income during any particular accounting period.

- Collectability of receivables - The Corporation estimates the collectability of accounts receivable, including unbilled accounts receivable related to current period service revenue. An analysis of historical bad debts, client creditworthiness, the age of accounts receivable and current economic trends and conditions are used to evaluate the adequacy of the provision for expected credit losses and the collectability of receivables. Significant estimates must be made and used in connection with establishing the provision in any accounting period. Material differences may result if management made different judgments or utilized different estimates.

- Asset Retirement Obligation ("ARO") - The Corporation recognizes an asset retirement obligation to account for future demobilisation and reclamation of specific camps. Use of an ARO requires estimates of the asset retirement costs, timing of payments, present value discount rate and inflation rate to determine the amount recognized in accordance with the accounting policy set out in Note 3(i).

- Share-based compensation transactions - The fair value of the employee share options is measured using the Black-Scholes option pricing model. Measurement inputs include the share price on measurement date, the exercise price of the instrument, the expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the weighted average expected life of the instruments (based on historical experience and general option holder behavior), the forfeiture rate, the expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions are not taken into account in determining fair value.

3. Significant accounting policies and determination of fair values

(a) Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Corporation. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Corporation.

ii. Joint ventures

The Corporation's joint ventures are those entities over whose activities the Corporation has joint control, established by contractual agreement. Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognized at cost.

iii. Special purpose entities

The Corporation has established a number of special purpose entities ("SPE") for operating purposes. An SPE is consolidated when, based on an evaluation of the substance of its relationship with the Corporation and the SPE's risks and rewards, the Corporation concludes that it controls the SPE. Control exists when the Corporation 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.

iv. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Corporation's interest in the investee.

v. Non-controlling interest

The Corporation 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 Corporation and a non-controlling interest is recorded.

(b) Business combinations

Business combinations are accounted for using the acquisition method. Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgment on a case by case basis. If the acquisition meets the definition of a business combination, the assets acquired and assumed liabilities are classified or designated based on the contractual terms, economic conditions, the Corporation's operating and accounting policies, and other factors that exist on the acquisition date. The acquired identifiable net assets are measured at their fair value at the date of acquisition. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Furthermore, any excess of the fair value of the net assets acquired over the purchase price is recognized as a bargain purchase gain.

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

(c) Financial instruments

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through the consolidated statement of comprehensive income ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The "expected credit loss" model applies to financial assets measured at amortized cost, and contract assets and debt instruments at FVOCI.

i. Non-derivative financial assets

The initial classification of a financial asset depends upon the Corporation's business model for managing its financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Corporation classified its financial assets:

Amortized Cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest;

FVOCI: Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or

FVTPL: Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through the consolidated statement of comprehensive income. This includes all derivative financial assets.

The Corporation initially recognizes trade and other receivables on the date that they originate. All other financial assets are recognized initially on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation's financial assets, trade and other receivables, are initially recognized at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method, less any impairment losses.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, there is a legal right to offset the amounts and the Corporation intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

ii. Non-derivative financial liabilities

The Corporation's financial liabilities are categorized as measured at amortized cost. The Corporation initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which it becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Bank overdrafts and swinglines that are repayable on demand and form an integral part of the Corporation's cash management are included as a component of loans and borrowings for the purpose of the statement of cash flows.

Liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

iii. Share capital

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

(d) Property, plant and equipment

i. Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset, including non-recoverable indirect taxes, acquisition costs including the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Costs related to assets under construction are capitalized when incurred. Assets under construction are not depreciated until they are completed and available for use in the manner intended by management. When this occurs, the asset is transferred to property, plant and equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within operating expenses in the consolidated statement of comprehensive income.

Proceeds from the sale of rental equipment that is routinely sold before the end of its useful life are included in revenue and net cash flows from operating activities. The investments in the acquisition or manufacturing of rental equipment is also included in net cash flows from operating activities if the assets are expected to be predominantly sold before the end of their useful life, otherwise the investments are included in net cash flows from investing activities.

ii. Subsequent costs

The cost of replacing a major component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation, and its cost can be measured reliably. The carrying amount of the replaced major component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the consolidated statement of comprehensive income as incurred.

iii. Depreciation

Depreciation is calculated using the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognized in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Corporation will obtain ownership by the end of the lease term.

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

Assets	Method	Useful life
Buildings	Straight-line	25 years
Furniture & fixtures	Straight-line	5 years
Leasehold improvements	Straight-line	Term of lease
Computer hardware & software	Straight-line	5 years
Automotive	Straight-line	4-8 years
Mats	Straight-line pool	6 years
Camp facilities (residual value of 20%)	Straight-line	15 years
Camp & catering supplies	Straight-line pool	3 years
Equipment	Straight-line	5-10 years

Depreciation methods, useful lives, and residual values are reviewed at each financial year end and adjusted if appropriate. Land and assets under construction are not depreciated.

(e) Intangible assets

i. Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. Goodwill is not amortized but is tested at least annually for impairment and at the end of each reporting period during the year if an indicator of impairment exists.

ii. Assets acquired

Intangible assets are acquired as a result of a business combination or the purchase of other contractual or legal rights which are transferable or separable. Intangibles acquired as part of a business combinations are measured at fair value on initial recognition. Intangible assets purchased are measured at cost. Amortization is charged on a straight line basis to the consolidated statement of comprehensive income over their expected useful lives, as follows:

Assets	Method	Useful life
Customer relationships	Straight-line	10 - 25 years
Trade Names	Straight-line	7 years
Software and other	Straight-line	3 years

Amortization methods, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on a weighted average or standard cost principle and includes expenditures incurred in acquiring the inventories, production or conversion costs, and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(g) Impairment

i. Financial assets

An impairment loss in respect of a financial asset measured at amortized cost is calculated using the "expected credit loss" model and recognizes expected credit losses as a loss allowance. The Corporation recognizes an amount equal to the lifetime expected credit losses based on the Corporation's historical experience and including forward-looking information. The carrying amount of these assets in the consolidated statement of financial position is net of any loss allowance. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net earnings.

ii. Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or assets that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGU"). The Corporation has identified four CGUs: Workforce Accommodations and Forestry, Energy Services, Facilities Management, and Modular Solutions. For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU or group of CGUs that are expected to benefit from the synergies of the business combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Corporation's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the group of CGUs to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of comprehensive income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units), on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

(h) Employee benefits

i. Defined contribution plan

The Corporation's defined contribution plan is a post-employment benefit plan under which the Corporation pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of comprehensive income when they are due.

ii. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under the short-term cash bonus plans if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

iii. Share based compensation transactions

Equity-settled transactions

The grant date fair value of share-based compensation awards granted to officers and employees is recognized as an expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards (vesting period). The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Cash-settled transactions

The Corporation has a Restricted Share Unit ("RSU") and Performance Share Unit ("PSU") plan for its eligible officers and employees. The fair value of the amount payable to officers and employees in respect of the RSUs and PSUs, for which the participants are eligible to receive an equivalent cash value of the common shares at a future date, adjusted by the performance criteria for the PSUs, is recognized as an expense with a corresponding increase in liabilities over the period that the employees and officers provide the related service and become entitled to payment. The liability is re-measured at each reporting date and at the settlement date. Any changes in the fair value of the liability are recognized as share based compensation expense in the consolidated statement of comprehensive income.

(i) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. As at December 31, 2020 the Corporation has recognized a provision for Asset Retirement Obligations and a contingent consideration related to the Powerful Group of Companies 2019 acquisition.

(j) Revenue

The Corporation 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 Corporation 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 and major products and services:

i. Facilities Management

Facilities management provides solutions for ongoing maintenance and operations of high-quality infrastructure. 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 Corporation'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.

ii. Construction Contract Revenue

Construction contract revenue includes the initial amount agreed to in the contract plus any variations in contract work, claims, and incentive payments, to the extent that it is highly probable that a significant revenue reversal will not occur. The Corporation recognizes revenue over time for its construction contracts, and estimates progress of these contracts by comparing costs incurred to the total expected costs of the project. Contract expenses are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in the consolidated statement of comprehensive income.

iii. Workforce Accommodation

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.

iv. Forestry Services

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.

v. Energy Services

The Corporation provides access mat rental, relocatable structure rental, and transportation services to customers. Revenue from rendering of these services are recognized over time. Rental days are used to measure the rental fleet revenue. Revenue is recognized at the applicable day rate for each asset rented, based on rates specified in each contract, and as the services are performed.

vi. Sale of used fleet

The Corporation routinely sells items of property, plant and equipment that it has held for rental and such assets are transferred to inventories at their carrying amount when they cease to be held for rent. The proceeds from the sale of such assets are recognized as revenue at a point in time when control of the assets transfers.

vii. Sale of other goods

Revenue from the sale of other goods is measured at the fair value of the consideration received or receivable. The Corporation recognizes revenue when it transfers control of the product or service to a customer, which is generally when title passes from the Corporation to its customer, collectability is reasonably assured, the associated costs can be estimated reliably, and there is no continuing management involvement with the goods. The Corporation recognizes revenue from the sale of other goods at a point in time.

(k) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset.
- The Corporation has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Corporation has the right to direct the use of the asset. The Corporation has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. A right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying assets or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in a rate, if there is a change in the Corporation's estimate or the amount expected to be payable under the residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination period.

The Corporation presents right-of-use assets and finance lease liabilities in the consolidated statement of financial position.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have an expected lease term of 12 months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Corporation acts as a lessor, it determines at inception whether each lease is a finance lease or an operating lease.

The Corporation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incremental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If the contract contains lease and non-lease components, the Corporation applies IFRS 15 to allocate the consideration in the contract.

(l) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in the consolidated statement of comprehensive income, using the effective interest method.

Finance costs comprise of interest expense on loans and borrowings, unwinding of the discount on ARO provisions, and changes in the fair value of financial assets at fair value through the consolidated statement of comprehensive income. Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized in the consolidated statement of comprehensive income using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the consolidated statement of comprehensive income except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income.

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable earnings, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(n) Earnings per share

The Corporation presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the net earnings attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated by the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which is comprised of share options granted to employees.

(o) Segment reporting

A segment is a distinguishable component of the Corporation that is engaged either in providing related products or services (business segment) which is subject to risks and returns that are different from those of other segments. The business segments are determined based on the Corporation's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and borrowings and related expenses, corporate assets and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

(p) Foreign currency translation

The consolidated financial statements are presented in CAD.

Foreign currency transactions entered into are translated into the functional currency of the operations at the exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into the functional currency using the exchange rate on the period end date. Foreign currency translation gains and losses resulting from the settlement of transactions and the re-translation at period end are recognized in the consolidated statement of comprehensive income within total profit. Non-monetary items that originated in a foreign currency are translated at the exchange rate from the original transaction date.

The US entity has a USD functional currency therefore translated to be included in the consolidated financial statements in CAD as follows: income and expenses are translated into CAD using the exchange rates on the dates of the transactions and the assets and liabilities on the consolidated statement of financial position are translated into CAD at the period end exchange rate. The effect of translation is recognized in other comprehensive income and included as translation of foreign operations in accumulated other comprehensive income within equity.

Foreign currency gains and losses arising from monetary items receivable from or payable to a foreign operation, for which settlement is neither planned nor likely to occur, form a part of the exchange differences in the net investment in the foreign operations and are recognized initially in other comprehensive income. Upon disposal or partial disposal of an entity with a functional currency other than CAD, any accumulated exchange differences will be reclassified to the consolidated statement of comprehensive income within total profit.

(q) Government Assistance

IAS 20 "Accounting for government grants and disclosure of government assistance" ("IAS 20") sets out the standard for accounting of government grants and other forms of government assistance. Government assistance is not recognized until there is reasonable assurance that the Corporation will comply with the associated conditions, and that the grant will be received. Government grants shall be recognized in the consolidated statement of comprehensive income on a systematic basis over the periods in which the entity recognizes the expenses for the related costs for which the assistance is intended to compensate. For government assistance that becomes receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support to the Corporation with no future related costs, are recognized in the consolidated statement of comprehensive income for the period in which it becomes receivable. The Corporation recognized government assistance as a reduction in the related expense, through the consolidated statement of comprehensive income.

(r) Adoption of new IFRS standards

Definition of a Business

In October 2018, the International Accounting Standards Board ("IASB") issued *'Definition of a Business (Amendments to IFRS 3)'* which is intended to clarify the definition of a business. The amendment includes an election to use a concentration test. This simplified assessment results in the treatment of an acquisition as an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or group of similar assets. If the election to use the concentration test is not made or the test fails, then the assessment focuses on the existence of a substantive process. Goodwill may only be recognized as a result of acquiring a business, not as a result of an asset acquisition. The Corporation adopted the amendment as at the effective date of January 1, 2020, with no impact to the consolidated financial statements as a result of initial application.

Definition of Material

In October 2018, the IASB issued '*Definition of Material (amendments to IAS 1 and IAS 8)*' which clarified and aligned the definition of material in order to improve consistency in the application of that concept. The Corporation adopted the amendment as at the effective date of January 1, 2020, with no impact to the consolidated financial statements as a result of initial application.

(s) New standards and interpretations not yet adopted

The new standards, amendments to standards and interpretations not yet effective for the year ended December 31, 2020, and not applied in preparing these consolidated financial statements are disclosed below. The Corporation intends to adopt these standards, if applicable, when they become effective on January 1, 2022.

In May 2020, the IAS issued '*Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)*' which amends the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. Costs of fulfilling a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The Corporation is still assessing the impact this amendment will have on its consolidated financial statements, if any.

4. Business combination

On May 29, 2020, Dexterra Group Inc. (previously Horizon North), acquired 100% of the issued and outstanding shares of Dexterra through issuing 31,785,993 shares of the Corporation to Dexterra Parent, as described in Note 1. Management performed an analysis under IFRS 3 and determined that Dexterra is the accounting acquirer of Horizon North. As such, the Acquisition constitutes a Reverse Take Over for accounting purposes. Therefore, Dexterra is deemed to be the continuing enterprise for accounting purposes and accordingly its assets and liabilities are included in these consolidated financial statements at historical cost. Horizon North, being the acquired enterprise for accounting purposes, has its assets and liabilities included in these financial statements at their fair value on the date of the acquisition in accordance with IFRS 3.

The acquisition is being accounted for using the acquisition method whereby the assets and liabilities of the acquiree are recorded at their fair values, with the deficit of the aggregate consideration relative to the fair value of the identifiable net assets recorded as a bargain purchase gain. The Corporation assessed the fair values of the net assets acquired based on management’s best estimate of the fair value, which takes into consideration the condition of the assets acquired, current industry conditions and the discounted future cash flows expected to be received from the assets as well as the amount it is expected to cost to settle the outstanding liabilities. The purchase equation is final as at December 31, 2020.

Consideration:		**(000's)**
Share consideration	$	100,904

Recognized fair value amounts of assets acquired and liabilities assumed:		**(000's)**
Trade & other receivables (net)(1)	$	110,843
Inventories		12,668
Prepaid expenses and other		7,897
Property, plant and equipment		191,462
Right-of-use assets		21,878
Intangible assets - trade names		3,800
Deferred income tax asset		8,250
Income taxes receivable		357
Other assets(2)		10,479
Trade and other payables		(60,200)
Deferred revenue		(2,079)
Asset retirement obligations		(11,100)
Lease liabilities		(25,285)
Loans and borrowings		(138,185)
Total identifiable net assets	$	130,785
Bargain purchase gain on acquisition	$	(29,881)

(1) Trade and other receivables included a provision for expected credit losses of $3.9 million.
(2) Other assets at May 29, 2020 included an equity accounted investment in Gitxaala Horizon North Services Limited Partnership ($8.8 million), a joint venture that is 49% owned by the Corporation, and the long term portion of finance lease receivable.

The share consideration was determined based on the number of Dexterra Group common shares not acquired by Dexterra as part of the Acquisition, which amounted to 33,083,424 common shares at $3.05 per common share. The amount per share was based on Dexterra Group's closing price on the TSX on May 29, 2020, the date of the closing of the Acquisition, retroactively adjusted for the Consolidation. A bargain purchase gain was recorded with this business combination as the share consideration is based upon a share price at closing which was lower than the fair value of the identifiable net assets.

From the date of acquisition to December 31, 2020, the former Horizon North operations contributed $228.4 million of revenue and $17.4 million of income before tax to the Corporation. If the business combination had been completed on January 1, 2020, the revenue and income before income tax for the year ending December 31, 2020 for the combined entity, adjusting for the former Horizon North's Q1 2020 impairment loss and the lower depreciation expense from the assets being recorded at fair value, would have been $640.7 million and $67.1 million, respectively, which includes the $29.9 million bargain purchase gain and $4.9 million in transaction costs.

Dexterra incurred costs related to the acquisition of Dexterra Group of $1.8 million relating to share issuance, legal, due diligence and external advisory fees. The cost related to the share issuance totaling $0.1 million were included in share capital on the consolidated statement of financial position. The costs related to the due diligence and external advisory fees totaling $1.7 million were included in selling, general & administrative expenses on the consolidated statement of comprehensive income.

2019 Business Combination

On November 1, 2019, Dexterra acquired 100% of the voting shares of the 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 expanded the Corporation's capabilities and services it can offer to its facility management clients. Total consideration was $6.5 million, with $3.9 million in total identifiable net assets, resulting in Goodwill of $2.57 million. Contingent consideration of $1.8 million was recorded, of which $1.4 million remains as at December 31, 2020.

Revenue and net earnings 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, PGC contributed revenue and net earnings of $1.3 million and $0.01 million, respectively, to the Facilities Management segment for the year ended December 31, 2019.

5. Trade and other receivables

(000's)	December 31, 2020	December 31, 2019
Trade receivables	$ 64,954	$ 26,573
Accrued receivables	68,922	8,877
Construction receivables	11,867	—
Other receivables	5,513	134
	$ 151,256	$ 35,584
Provision for expected credit losses	(1,724)	(152)
Trade and Other receivables	$ 149,532	$ 35,432
Holdbacks	(11,185)	(811)
Trade and Other receivables excluding holdbacks	$ 138,347	$ 34,621

Construction receivables represent progress billings to customers under open construction contracts, holdback amounts billed on construction contracts which are not due until the contract work is substantially completed and amounts recognized as revenue under open construction contracts not billed to customers. The Corporation estimates that the carrying value of financial assets within trade and other receivables approximate their fair value.

6. Inventories

(000's)	December 31, 2020	December 31, 2019
Raw materials	$ 4,082	$ —
Work-in-progress	1,114	—
Finished goods and supplies	7,249	4,451
Inventories	$ 12,445	$ 4,451

7. Property, plant and equipment

Carrying Amounts (000's)	Camp equipment & mats	Land & buildings	Automotive & trucking equipment	Furniture, fixtures & other equipment	Total
Cost					
December 31, 2018	$ 3,283	$ 1,062	$ 336	$ 2,813	$ 7,494
Acquisition	—	—	—	382	382
Additions	2,228	476	228	1,528	4,460
Disposals	(414)	(12)	(42)	(355)	(823)
December 31, 2019	5,097	1,526	522	4,368	11,513
Acquisition	142,688	26,405	18,838	2,962	190,893
Acquisition - Assets under construction	19	—	—	550	569
Additions	3,757	(217)	695	223	4,458
Assets under construction	12	—	—	102	114
Asset Retirement Obligation	1,865	—	—	—	1,865
Disposals	(4,989)	(30)	(2,597)	(38)	(7,654)
December 31, 2020	$ 148,449	$ 27,684	$ 17,458	$ 8,167	$ 201,758
Accumulated Depreciation					
December 31, 2018	$ 899	$ 264	$ 56	$ 769	$ 1,988
Depreciation	838	38	56	772	1,704
Disposals	(210)	(12)	(14)	(197)	(433)
December 31, 2019	1,527	290	98	1,344	3,259
Depreciation	9,823	922	3,866	1,716	16,327
Disposals	(1,799)	(7)	(54)	(15)	(1,875)
December 31, 2020	$ 9,551	$ 1,205	$ 3,910	$ 3,045	$ 17,711
Net book value					
December 31, 2020	$ 138,898	$ 26,479	$ 13,548	$ 5,122	$ 184,047
December 31, 2019	$ 3,570	$ 1,236	$ 424	$ 3,024	$ 8,254

8. Leases

(i) Right-of-use assets

(000's)	Camp equipment & mats	Land & buildings	Automotive & trucking equipment	Furniture, fixtures & other equipment	Total
Cost					
January 1, 2019	$ —	$ —	$ —	$ —	$ —
Adoption of IFRS 16	—	886	476	—	1,362
Additions	—	33	698	184	915
December 31, 2019	—	919	1,174	184	2,277
Acquisition	2,445	19,316	75	42	21,878
Additions	3,524	788	391	219	4,922
Disposals	(376)	(638)	—	—	(1,014)
December 31, 2020	$ 5,593	$ 20,385	$ 1,640	$ 445	$ 28,063
Accumulated Depreciation					
January 1, 2019	$ —	$ —	$ —	$ —	$ —
Depreciation	—	316	243	46	605
December 31, 2019	—	316	243	46	605
Depreciation	2,510	2,806	378	118	5,812
Disposals	(377)	(29)	—	—	(406)
December 31, 2020	$ 2,133	$ 3,093	$ 621	$ 164	$ 6,011
Net book value					
December 31, 2020	$ 3,460	$ 17,292	$ 1,019	$ 281	$ 22,052
December 31, 2019	$ —	$ 603	$ 931	$ 138	$ 1,672

(ii) Lease liabilities

Maturity Analysis – contractual undiscounted cash flows	(000's)
Year 1	$ 8,394
Year 2	5,474
Year 3	3,888
Year 4	2,600
Year 5 and beyond	10,041
Total undiscounted lease payable as at December 31, 2020	$ 30,397
Lease liabilities included in the statement of financial position at December 31, 2020	$ 26,081
Current	7,160
Non-current	18,921

At December 31, 2020, the Corporation has not sub-leased any right-of-use assets, there were no restrictions or covenants imposed by leases that would create a material impact on the financial statements and there were no sale and leaseback transactions.

The amount of lease interest expense recognized during the year ended December 31, 2020 is $0.8 million (2019 - $0.1 million).

9. Intangible assets and Goodwill

Intangible assets at the consolidated statement of financial position date are as follows:

(000's)	Trade Names	Customer Relationships	Computer software and other	Total
Cost				
As at December 31, 2018	$ —	$ 20,000	$ 751	$ 20,751
Acquisition	—	2,483	—	2,483
Additions	—	—	374	374
As at December 31, 2019	—	22,483	1,125	23,608
Acquisition	3,800	—	—	3,800
Additions	—	—	1,524	1,524
December 31, 2020	$ 3,800	$ 22,483	$ 2,649	$ 28,932
Accumulated Amortization				
As at December 31, 2018	$ —	$ 973	$ 45	$ 1,018
Amortization	—	1,190	342	1,532
As at December 31, 2019	—	2,163	387	2,550
Amortization	380	1,854	691	2,925
December 31, 2020	$ 380	$ 4,017	$ 1,078	$ 5,475
Net book value				
December 31, 2020	$ 3,420	$ 18,466	$ 1,571	$ 23,457
December 31, 2019	$ —	$ 20,320	$ 738	$ 21,058

Goodwill at the consolidated statement of financial position date is as follows:

(000's)	December 31, 2020	December 31, 2019
Balance, beginning of year	$ 98,640	$ 96,070
Acquisitions (Note 4)	—	2,570
Balance, end of year	$ 98,640	$ 98,640

Impairment of Goodwill

The Corporation assesses indicators of impairment at the end of each reporting period and performs a detailed impairment test at least annually. At December 31, 2020, an impairment test was performed for all CGUs with allocated goodwill, which comprise Facilities Management and Workforce Accommodations and Forestry. No impairment was identified.

The recoverable amount of the CGUs was calculated based on the VIU method, which is based on discounted cash flow models. The cash flows are derived from the Corporation's board approved budget and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the CGUs being tested. The calculation of the value in use was based on the following key assumptions:

- The discount rate was estimated based on the Corporation's weighted average cost of capital, taking into account the nature of the assets being valued and their specific risk profile. The after-tax discount rates used in determining the recoverable amount for both CGUs was 12.7% (2019 - 12.9%).
- The revenue growth rates for the first five years are based on management's internal budgets and projections. The projections for Facilities Management take into account the impacts of the pandemic on the aviation and retail sectors, which are forecasted to have an impact on the 2021 and 2022 forecasted cash flows. Annual revenue growth rates between 15% to 23% and 0% to 4% were used for the Facilities Management and Workforce Accommodation and Forestry CGUs, respectively. The long-term growth rate for both CGUs used in determining the recoverable amount is 2.5% (2019 - 2.5%).

Sensitivities

The most sensitive inputs to the VIU model are the discount rate and the revenue growth rate. All else being equal, a 5% decrease in the revenue growth rates would cause an impairment of $5.3 million for Facilities Management and no impairment for Workforce Accommodations & Forestry. All else being equal, a 1% increase in the discount rate would cause an $5.0 million impairment for Facilities Management and no impairment for Workforce Accommodations & Forestry. The impairment analysis is impacted due to the pandemic's effect on the Facilities Management results and forecasts in the near term, even though the Corporation expects there would be significant improvement in a post-pandemic environment.

10. Other assets

Other assets at December 31, 2020 include an equity accounted investment in Gitxaala Horizon North Services Limited Partnership, a joint venture that is 49% owned by the Corporation ($11.7 million) and long-term lease receivables ($3.1 million), all of which were acquired as part of the Acquisition.

11. Loans and borrowings

(000's)	December 31, 2020	December 31, 2019
Committed credit facility	$ 86,411	$ 5,453
Unamortized financing costs	(1,042)	—
Total borrowings	$ 85,369	$ 5,453

The carrying value of Dexterra Group's debt approximates its fair value, as debt bears interest at variable rates which approximate market rates.

On June 30, 2020, Dexterra Group reached an agreement with its lenders to amend its credit facility and extend the maturity date to December 30, 2022. The credit facility has an available limit of $175.0 million and is secured by a $400.0 million first fixed and floating charge debenture over all assets of the Corporation and its wholly-owned subsidiaries. The interest rate for the credit facility is calculated on a grid pricing structure based on the Corporation's debt to EBITDA ratio. The Corporation is required to maintain a Debt to EBITDA ratio of less than 3.50:1:00 and an interest coverage ratio greater than 2:50:1:00 as at December 31, 2020. Amounts drawn on the credit facility incur interest at bank prime rate plus 1.00% to 2.25% or the Bankers' Acceptance rate plus 2.00% to 3.25%. The credit facility has a standby fee ranging from 0.50% to 0.81%.

As at December 31, 2020, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility and available borrowing capacity was $81.6 million, which includes $7.0 million in letters of credit.

The operating facility in place at December 31, 2019 was Dexterra's stand-alone facility prior to the Acquisition. The facility was repaid and cancelled upon closing the Acquisition.

12. Asset retirement obligations

Provisions include constructive site restoration obligations for camp projects to restore lands to previous condition when camp facilities are dismantled and removed.

(000's)	December 31, 2020	December 31, 2019
Balance, beginning of year	$ —	$ —
Acquisition	11,100	—
Additions	1,419	—
Asset retirement obligations settled	(1,360)	—
Change in estimate	448	—
Accretion of provisions	22	—
Balance, end of year	$ 11,629	$ —

The estimated present value of rehabilitating the sites at the end of their useful lives has been estimated using existing technology, adjusted for inflation and discounted using a risk-free rate. The future value amount of $11.8 million at December 31, 2020 (December 31, 2019 - nil) was determined using a risk free interest rate of 0.53% and an inflation rate of 0.30%. The timing of these payments is dependent on various factors, such as the estimated lives of the equipment and industry activity in the region but is anticipated to occur between 2021 and 2028.

(000's)	December 31, 2020	December 31, 2019
Current	$ 5,102	$ —
Non-current	6,527	—
Balance, end of year	$ 11,629	$ —

13. Share capital

As described under Note 1, on July 16, 2020, the Corporation completed a five-for-one share consolidation of all of its issued and outstanding common shares. All current and prior period share and per share data presented below, including share options outstanding, has been retroactively adjusted to reflect the Consolidation unless otherwise noted.

(a) Authorized and issued

The Corporation is authorized to issue an unlimited number of voting common shares without nominal or par value and an unlimited number of preferred shares issuable in series. The number of common shares and share capital are presented in the table below:

(In 000's other than number of shares)	Total number of shares		Total share capital
Balance, December 31, 2018	27,524,764	$	113,908
Issuance of common shares	4,261,229		17,635
Balance, December 31, 2019	31,785,993	$	131,543
Acquisition	33,083,424		100,904
Share issue costs	—		(99)
Balance, December 31, 2020	64,869,417	$	232,348

On May 29, 2020, Dexterra Group acquired 100% of the issued and outstanding shares of Dexterra through issuing 31,785,993 shares of Dexterra Group to Dexterra Parent, as described in Note 1 and Note 4. As Dexterra was determined to be the accounting acquirer, the number of common shares outstanding as at December 31, 2019 has been adjusted retrospectively to reflect the capital of Dexterra using the exchange ratio established in the acquisition agreement.

(b) Long-term incentive plans

Share option plan

The Corporation adopted a plan in 2020 for its directors, officers, and key employees whereby options may be granted, to a maximum of 10% of the issued and outstanding common shares, or 6,486,942 options, subject to certain terms and conditions. Share option vesting privileges are at the discretion of the Board of Directors and current options issued vest over three years in three equal portions on the first, second and third anniversary from the grant date, except for 200,000 options which vest and expire on March 12, 2021. All share options are equity settled with a weighted average remaining contractual life of 4.4 years as at December 31, 2020 and the current options granted have a maximum term of 5 years.

	Year ended December 31, 2020		
	Outstanding options		Weighted average exercise price
Balance, beginning of period	—	$	—
Granted	1,055,000		3.21
Forfeited	(65,000)		3.05
Balance, end of period	990,000	$	3.22

The exercise prices for options outstanding and exercisable at December 31, 2020 are as follows:

	Total options outstanding				Exercisable options		
Exercise price per share	Number		Weighted average exercise price per share	Weighted average remaining contractual life in years	Number		Weighted average exercise price per share
$3.05	940,000	$	3.05	4.4	—	$	—
$6.21 to $6.53	50,000	$	6.37	5.0	—	$	—

The Corporation calculated the fair value of the share options granted using the Black-Scholes pricing model to estimate the fair value of the share options issued at the date of grant. The weighted average fair value of all options granted during the period and the assumptions used in their determination are as follows:

	December 31, 2020
Fair value per option	$ 1.25
Forfeiture rate	9.96 %
Grant price	$ 3.21
Expected life	3.0 years
Risk free interest rate	0.30 %
Dividend yield rate	0.23 %
Volatility	62.74 %

Expected volatility is estimated by considering historic average share price volatility. For the year ended December 31, 2020, share based compensation for share options included in net earnings amounted to $0.4 million (2019 - nil).

Subsequent to year-end, the Corporation issued 527,272 share options under the plan.

Restricted Share Units ("RSU") and Performance Share Units ("PSU") incentive award plan

The Corporation has a RSU Plan and a PSU Plan whereby RSUs and PSUs may be granted, subject to certain terms and conditions.

Under the terms of the RSU plan, the awarded units vest in three equal portions on the first, second and third anniversary from the grant date, and will be settled in cash in the amount equal to the fair market value of the Corporation's share price on that date. There are no RSUs outstanding as at December 31, 2020. Subsequent to year-end, the Corporation issued 28,970 RSUs to directors which will be settled in cash upon vesting.

Under the terms of the PSU plan, the awarded units vest on the third anniversary of the grant date according to the vesting criteria, and the vested units will be settled in cash in the amount equal to the fair market value of the Corporation's share price on that date. The vesting criteria is fixed by the Board of Directors. Performance Criteria set by the Board at the time of the grant of PSUs, may include i) total shareholder return, including dividends; ii) the participant’s satisfactory individual performance; and (iii) any other terms and conditions the Board may in its discretion determine with respect to vesting. There are no PSUs outstanding as at December 31, 2020. Subsequent to year-end, the Corporation issued 301,454 PSUs to its officers and key employees which will be settled in cash upon vesting, if the performance criteria are met.

14. Revenue & other revenue

Contract balances

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

(000's)	December 31, 2020	December 31, 2019
Contract assets, which are included in trade and other accounts receivables	$ 35,241	$ 1,355
Contract liabilities, which are included in deferred revenue	$ 3,310	$ 2,867

The contract assets relate to the Corporation's rights for work completed but not billed at the reporting date, mainly related to the modular business, and are included in trade and other receivables. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Corporation completes a construction milestone under the agreed upon contract. The balance is made up of $24.0 million in accrued construction receivables, net of holdbacks of $5.1 million, and $11.2 million in holdbacks receivable from customers, which are generally due within three to six months of services being completed. The contract liabilities relate to payments received from customers for which revenue is recognized over time.

The amount of $2.9 million recognized in contract liabilities at the beginning of the year has been recognized as revenue for the year ended December 31, 2020, with the exception of $0.5 million included in deferred revenue as at December 31, 2019, which is being amortized over 1.5 years.

As all contracts have an expected duration of one year or less, the Corporation has taken the practical expedient and not disclosed the remaining performance obligations as at December 31, 2020.

Other revenue

Other revenue of $6.6 million comprises amounts awarded to the Corporation through legal proceedings with two former customers. The recovery of expenses of $1.3 million was recorded against legal costs in selling, general and administrative expenses.

15. Direct costs

	Years ended December 31,	
(000's)	2020	2019
Wages and benefits	$ 161,771	$ 153,926
Subcontracting	69,503	28,730
Product cost	48,683	29,048
Equipment and repairs	7,943	5,102
Vehicles	8,621	3,754
Cost of goods manufactured - materials	32,167	—
Cost of goods manufactured - labour	16,007	—
Partnership profit sharing	4,924	—
Workforce accommodations operating costs	9,718	708
Other operating expense	20,165	13,804
	$ 379,502	$ 235,072

The amount of inventories recognized as an expense during the year ended December 31, 2020 is $48.2 million (2019 - nil).

Included in wages and benefits is the impact of the Canada Emergency Wage Subsidy, which reduced wages and benefits by $31.7 million for the year ended December 31, 2020.

16. Selling, general and administrative expenses

	Years ended December 31,	
(000's)	2020	2019
Wages and benefits	$ 17,395	$ 3,560
Other selling and administrative expenses	4,712	5,962
	$ 22,107	$ 9,522

Included in wages and benefits is the impact of the Canada Emergency Wage Subsidy, which reduced wages and benefits by $1.2 million for the year ended December 31, 2020.

17. Income taxes

For the year ended December 31, 2020, the Corporation's effective income tax rate was 16%. The lower tax rate for the year was primarily due to the Acquisition and related non-taxable bargain purchase gain.

For the year ended December 31, 2019, the Corporation's effective income tax rate of 26% was relatively consistent with the statutory rate.

The Corporation has non-capital losses for Canadian tax purposes of $76.3 million available to reduce future taxable income in Canada, and non-capital losses for United States tax purposes of $0.8 million available to reduce future taxable income in the United States. The Corporation expects to fully utilize these losses before their expiry except as noted below.

Deferred tax assets of $2.0 million have not been recognized in respect of $7.2 million of tax losses because it is not probable that future taxable profit will be generated against which the subsidiary of the Corporation can utilize the benefits.

The current and deferred tax expense breakdown is as follows:

	Years ended December 31,	
Income tax expense (000's):	2020	2019
Current	$ 8,258	$ 2,100
Deferred	3,952	1,200
	$ 12,210	$ 3,300

The provision for income taxes differs from that which would be expected by applying statutory rates. A reconciliation of the differences is as follows:

	Years ended December 31,	
(000's)	2020	2019
Earnings before income tax	$ 76,689	$ 12,604
Combined federal and provincial income tax rate	26 %	26 %
Expected income tax expense	$ 19,939	$ 3,277
Non-deductible share based compensation	89	—
Changes in tax rates	(31)	—
Non-taxable portion of capital gain	282	—
Non-deductible bargain purchase gain	(7,919)	—
Non-deductible and other	(150)	23
	$ 12,210	$ 3,300

18. Cash flow information

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

	Years ended December 31,	
(000's)	2020	2019
Trade and other receivables	$ (2,181)	$ 2,117
Inventories	4,674	(839)
Prepaid expenses and other	2,346	493
Trade and other payables	(659)	(11,540)
Deferred revenue	(2,713)	—
	$ 1,467	$ (9,769)

19. Net earnings per share

A summary of the common shares used in calculating earnings per share is as follows:

	Years ended December 31,	
	2020	2019
Number of common shares, beginning of period	31,785,993	27,524,764
Common shares issued	—	4,230,012
Acquisition	19,524,619	—
Weighted average common shares outstanding - basic	51,310,612	31,754,776
Effect of share purchase options[1]	135,972	—
Weighted average common shares outstanding - diluted	51,446,584	31,754,776

(1) The Corporation utilizes the treasury stock method for calculating the dilutive effect of share purchase options when the average market price of the Corporation's common stock during the period exceeds the exercise price of the option.

20. Dividends

A dividend of $0.075 per share was declared for the quarter ended December 31, 2020 and has been accrued in trade and other payables as at December 31, 2020. The dividend is payable to shareholders of record at the close of business on December 31, 2020 to be paid on January 15, 2021.

(ooo's except per share amounts)	2020		2019	
	Amount per share	Total dividend amount	Amount per share	Total dividend amount
March 31	$ —	$ —	$ —	$ —
June 30	—	—	—	—
September 30	0.075	4,865	—	—
December 31	0.075	4,865	0.094	3,000
Total dividend	$ 0.15	$ 9,730	$ 0.094	$ 3,000

21. Reportable segment information

The Corporation operates through three operating segments: Facilities Management, WAFES and Modular Solutions.

The Facilities Management business delivers operation and maintenance solutions for built assets and infrastructure in the public and private sectors, including aviation, defence and security, retail, healthcare, education and government. The WAFES segment combines the workforce accommodations operations, forestry and associated services as well as energy services such as access matting and relocatable rentals. The Modular Solutions segment comprises all modular manufacturing and installation operations for social and affordable housing, commercial and residential end markets. Corporate includes the costs of head office administration, interest costs, taxes, other corporate costs and residual assets and liabilities.

Information regarding the results of all segments is included below. Inter-segment pricing is determined on an arm’s length basis.

Year ended December 31, 2020 (*000's*)	Facilities Management	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	$ 147,229	$ 228,112	$ 98,767	$ —	$ (2,862)	$ 471,246
Other revenue	—	6,569	—	—	—	6,569
Total revenue	147,229	234,681	98,767	—	(2,862)	477,815
Operating expenses						
Direct costs	121,791	175,085	85,285	—	(2,659)	379,502
Selling, general and administrative expenses	4,093	3,335	2,847	11,832	—	22,107
Depreciation and amortization	3,343	18,129	2,485	1,107	—	25,064
Share based compensation	—	—	—	354	—	354
(Gain) loss on disposal of property, plant and equipment	(4)	(20)	60	—	—	36
Operating income (loss)	18,006	38,152	8,090	(13,293)	(203)	50,752
Earnings on equity investment	—	(688)	—	—	—	(688)
Bargain purchase gain	—	—	—	(29,881)	—	(29,881)
Finance costs	—	253	663	3,716	—	4,632
Earnings (loss) before income taxes	$ 18,006	$ 38,587	$ 7,427	$ 12,872	$ (203)	$ 76,689
Total assets	$ 183,221	$ 246,465	$ 74,008	$ 11,041	$ (1,212)	$ 513,523

Year ended December 31, 2019 (*000's*)(1)	Facilities Management	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	$ 166,761	$ 94,298	$ —	$ —	$ —	$ 261,059
Operating expenses						
Direct costs	153,746	81,326	—	—	—	235,072
Selling, general and administrative expenses	3,237	1,570	—	4,715	—	9,522
Depreciation and amortization	2,261	1,210	—	370	—	3,841
(Gain) loss on disposal of property, plant and equipment	50	(233)	—	(19)	—	(202)
Operating income (loss)	7,517	10,425	—	(5,066)	—	12,826
Finance costs	—	—	—	222	—	222
Earnings (loss) before income taxes	$ 7,517	$ 10,425	$ —	$ (5,288)	$ —	$ 12,604
Total assets	$ 111,587	$ 61,277	$ —	$ 1,966	$ —	$ 174,830

(1) Certain prior year amounts have been reclassified to conform to the current year's presentation.

22. Financial risk management

Overview

The Corporation is exposed to a number of different financial risks arising from the normal course of business operations as well as through the Corporation's financial instruments comprised of cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings. These risk factors include credit risk, liquidity risk, and market risk, including currency exchange risk and interest rate risk.

The Corporation's risk management practices include identifying, analyzing and monitoring the risks faced by the Corporation. The following presents information about the Corporation's exposure to each of the risks and the Corporation's objectives, policies and processes for measuring and managing risk. For additional risks and uncertainties regarding the Corporation, please refer to Risk Factors in Appendix A of the Annual Information Form.

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 Corporation'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 Corporation'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 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 Corporation's business, financial condition, results of operations and cash flows.

The management team has implemented plans to modify the cost structure to mitigate the impact of COVID-19, while continuing to provide essential services to its clients. Additionally, the Corporation has applied for government support programs and qualified for $32.9 million of Canada Emergency Wage Subsidy ("CEWS") funding for the year ended December 31, 2020, which has helped to offset the negative earnings impact of COVID-19.

The Corporation 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 December 31, 2020. Further developments related to the economy in Canada, which were unforeseen as at December 31, 2020, could have an adverse effect on the recoverability of trade receivables and the expected credit loss provision. The ultimate impact of COVID-19 on the Corporation's liquidity and future cash flows may not be fully known for an extended period of time.

Credit risk

The following shows the aged balances of trade and other receivables:

(000's)	December 31, 2020	December 31, 2019
Trade receivables		
Neither impaired nor past due	$ 52,860	$ 14,099
Outstanding 31-60 days	7,798	8,649
Outstanding 61-90 days	1,152	2,214
Outstanding more than 90 days	3,144	1,611
Total trade receivables	64,954	26,573
Construction receivables		
Neither impaired nor past due	6,325	—
Outstanding 31-60 days	3,527	—
Outstanding 61-90 days	1,309	—
Outstanding more than 90 days	706	—
Total construction receivables	11,867	—
Accrued receivables	39,796	8,877
Accrued construction receivables	29,126	—
Other receivables	5,513	134
Provision for expected credit losses	(1,724)	(152)
Total trade and other receivables	$ 149,532	$ 35,432

As at December 31, 2020, the Corporation provided for expected credit losses in the amount of $1.7 million. Due to the COVID-19 pandemic and the resulting material disruption to businesses globally, combined with the significant decline in commodity prices, the provision includes $0.7 million recorded for the year ended December 31, 2020 that specifically relates to higher risk receivables from customers operating in the oil & gas and mining industries.

The Corporation had no major customers who generated greater than 10% of revenue in 2020, compared to one major customer who generated 12% of total revenues in 2019.

Liquidity risk

The following shows the timing of cash outflows relating to trade and other payables, lease liabilities and loans and borrowings:

	December 31, 2020			December 31, 2019		
(000's)	Trade and other payables(1)	Lease liabilities(2)	Loans and borrowings(3)	Trade and other payables(1)	Lease liabilities(2)	Loans and borrowings(3)
Year 1	$ 81,815	$ 8,394	$ —	$ 16,629	$ 692	$ 5,453
Year 2	767	5,474	86,411	383	972	—
Year 3	—	3,888	—	375	208	—
Year 4	—	2,600	—	—	—	—
Year 5 and beyond	681	10,041	—	681	—	—
	$ 83,263	$ 30,397	$ 86,411	$ 18,068	$ 1,872	$ 5,453

(1) Trade and other payables include trade and other payables and contingent consideration.

(2) Lease liabilities include total undiscounted lease payments.

(3) Loans and borrowings include Dexterra Group's senior secured revolving term credit facility. The timing and amount of interest payments will fluctuate depending on balances outstanding and applicable interest rates.

(b) **Market risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on future performance of the Corporation. The market price movements that could adversely affect the value of the Corporation's financial assets, liabilities and expected future cash flows include foreign currency exchange risk and interest rate risk. As the Corporation's exposure to foreign currency exchange risk and interest rate risk is limited, the Corporation does not currently hedge its financial instruments.

i. Foreign currency exchange risk

The Corporation has limited exposure to foreign currency exchange risk as sales and purchases are typically denominated in CAD. The Corporation's exposure to foreign currency exchange risk arises from the purchase of some raw materials, which are denominated in USD, and foreign operations with USD functional currency.

As the foreign currency exchange risks are primarily based on the realized foreign exchange, the following sensitivity analysis is to determine the impact on cash used in operating activities. The effect of a $0.01 increase in the USD/CAD exchange rate would decrease cash used in operating activities for the year ended 2020 by approximately $0.02 million (December 31, 2019 - $0.06 million). This assumes that the quantity of USD raw material purchases and the foreign operations in the year remain unchanged and that the change in the USD/CAD exchange rate is effective from the beginning of the year.

ii. Interest rate risk

The Corporation is exposed to interest rate risk as changes in interest rates may affect interest expense and future cash flows. The primary exposure is related to the Corporation's revolving credit facility which bears interest at a rate of prime plus 1.00% to 2.25% or the Bankers' Acceptance rate plus 2.00% to 3.25%. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings would have decreased by approximately $0.7 million for the year ended December 31, 2020. This assumes that the amount and mix of fixed and floating rate debt in the period remains unchanged and that the change in interest rates is effective from the beginning of the period.

23. Related parties

(000's)	December 31, 2020	December 31, 2019
Joint Venture		
Revenue	$ 2,931	$ —
Recovery of administrative overhead	285	—
Included in accounts receivable	9,335	—

The Corporation earned revenue of $2.9 million for the year ended December 31, 2020 for the manufacturing, installation and transportation of relocatable units provided to Gitxaala Horizon North Services LP, a joint venture that is 49% owned by the Corporation. There was also $0.3 million in management fees and cost recoveries for administrative overhead related to accounting and management services. $9.3 million is owed to Dexterra Group from Gitxaala Horizon North Services LP. Of this amount, $6.9 million is amounts due from third parties and the remaining $2.4 million is receivable from Gitxaala First Nation, the entity that owns 51% of the joint venture.

As at December 31, 2020, Dexterra Group has performance and labour bonds outstanding with Northbridge General Insurance Corporation, a company with the same controlling shareholder as Dexterra Group, totaling $56.7 million. $0.4 million in fees for these bonds were paid through an intermediary broker, including broker commission, for the year ended December 31, 2020 (2019 - $0.9 million).

All outstanding balances are to be settled with cash, and none of the balances are secured.

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Key management personnel of the Corporation include its named executive officers and the board of directors.

Key management personnel compensation for the year ended December 31, 2020 and 2019 is comprised as follows:

	Years ended December 31,	
(000's)	2020	2019(1)
Short-term employee benefits	$ 3,086	$ 1,778
Post-employment benefits	82	120
Share based compensation	274	—
	$ 3,442	$ 1,898

(1) Certain prior year amounts have been amended to conform to the current year's presentation.

24. Significant subsidiaries

The consolidated financial statements of the Corporation include the accounts of its one wholly-owned partnership, as well as twelve special purpose entities:

		Ownership Interest (%)	
Subsidiary Name	Country of Incorporation	December 31, 2020	December 31, 2019
Horizon North Camp & Catering Partnership	Canada	100	—
Kitikmeot Camp Solutions Limited (“Kitikmeot”)	Canada	49	—
Acho Horizon North Camp Services Limited Partnership (“Acho”)	Canada	49	—
Secwepemc Camp & Catering Limited Partnership (“Secwepemc”)	Canada	49	—
Halfway River Horizon North Camp Services Limited Partnership (“HRHN”)	Canada	49	—
Two Lakes Horizon North Camp Services Limited Partnership (“TLHN”)	Canada	49	—
Tahltan Horizon North Services Inc. ("Tahltan")	Canada	49	—
Acden Horizon North Limited Partnership ("Acden")	Canada	49	—
Sekui Limited Partnership ("Sekui")	Canada	49	—
Eclipse Camp Solutions Incorporated ("Eclipse")	Canada	49	—
Deninu Kue Horizon North Camp & Catering Limited Partnership ("DKHN")	Canada	49	—
Skin Tyee Horizon North Camp Services Limited Partnership ("STHN")	Canada	49	—
Tangmaarvik Inland Camp Services Inc. ("Tangmaarvik")	Canada	49	49

The Partnership is the primary operating entity of the Corporation.

(a) Special purpose entities

The Corporation has a 49% interest in the ownership and voting rights of Kitikmeot, Acho, Secwepemc, HRHN, TLHN, Tahltan, Acden, Sekui, Eclipse, DKHN, STHN and Tangmaarvik and maintains two out of four board of director seats in these special purpose entities (“SPE”). These SPE’s are consolidated when, based on an evaluation of the substance of its relationship with the Corporation and the SPE’s risks and rewards, the Corporation concludes that it controls the SPE. The SPE’s, other than Tangmaarvik, do not have net earnings but rather have limited assets and the only non-flow through expenses are management fees paid to the partners. An aboriginal billing vehicle or partnership is required to achieve aboriginal participation and secure projects in specific regions of Canada. The Corporation’s control is established under terms that impose strict limitations on the decision-making powers of the SPE’s management. The control results in the Corporation receiving the majority of the benefits related to the SPE’s operations and net assets, being exposed to the majority of risks incident to the SPE’s activities and retaining the majority of the residual or ownership risks related to the SPE’s or their assets. The SPE's, other than Tangmaarvik, were acquired as part of the Acquisition.