Unaudited Condensed Interim Report to the shareholders for the three months ended March 31, 2022

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The following Management's Discussion and Analysis ("MD&A") prepared as at May 10, 2022 for Dexterra Group Inc. ("Dexterra Group" or the "Corporation"), provides information concerning Dexterra Group's financial condition and results of operations. This MD&A is based on unaudited condensed consolidated interim financial statements ("Financial Statements") for the three months ended March 31, 2022 ("Q1 2022") and March 31, 2021 ("Q1 2021") respectively. Readers should also refer to Dexterra Group's most recent audited consolidated financial statements and MD&A for the years ended December 31, 2021 and 2020 and Annual Information Form ("AIF") available on SEDAR at sedar.com and Dexterra Group's website at dexterra.com. Some of the information contained in this MD&A contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Information" for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those indicated or underlying forward-looking information as a result of various factors including those described elsewhere in this MD&A and AIF.

The accompanying Q1 2022 Financial Statements of Dexterra Group as at and for the three months ended March 31, 2022 and March 31, 2021 are the responsibility of Dexterra Group's management and have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") and all amounts presented are in thousands of Canadian dollars unless otherwise indicated.

Financial Summary

	Three months ended March 31,	
(000's except per share amounts)	2022	2021
Total Revenue	$ 223,960	$ 155,404
Adjusted EBITDA[(1)(2)]	$ 17,018	$ 17,825
Adjusted EBITDA excluding CEWS as a % of revenue[(1)]	7.6%	8.3%
Net earnings[(2)]	$ 1,058	$ 4,474
Earnings per share		
Basic and Diluted	$ 0.01	$ 0.07
Total assets	$ 618,713	$ 512,374
Total loans and borrowings	$ 130,678	$ 78,884
Free Cash Flow[(1)]	$ (11,661)	$ 12,391

(1) Please refer to the "Non-GAAP measures" section for the definition of Adjusted EBITDA, Adjusted EBITDA excluding CEWS as a % of revenue and Free Cash Flow and to the "Reconciliation of non-GAAP measures" section for the related calculations.
(2) Includes nil of Canada Emergency Wage Subsidy for the three months ended March 31, 2022 (2021 - $4.9 million).

Non-GAAP measures

Certain measures and ratios in this MD&A do not have any standardized meaning as prescribed by GAAP and, therefore, are considered non-GAAP measures. Non-GAAP measures include "Adjusted EBITDA", calculated as earnings before interest, taxes, depreciation, amortization, equity investment depreciation, share based compensation, gain/loss on disposal of property, plant and equipment and non-recurring items; "Adjusted EBITDA excluding Canada Emergency Wage Subsidy ("CEWS") as a percentage of revenue", calculated as Adjusted EBITDA excluding CEWS divided by revenue; "Free Cash Flow", calculated as net cash flows from (used in) operating activities, less sustaining capital expenditures, purchase of intangible assets, lease payments and finance costs plus proceeds on the sale of property, plant and equipment; and "Backlog" which is the total value of work that has not yet been completed that: (a) has a high certainty of being performed based on the existence of an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to Dexterra Group, as evidenced by an executed letter of award or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured and expects to be recognized in the next 12 months. These measures and ratios provide investors with supplemental measures of Dexterra Group's operating performance and highlight trends in its core businesses that may not otherwise be apparent when relying solely on GAAP financial measures. Dexterra Group also believes that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Dexterra Group's management also uses non-GAAP measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

These measures are regularly reviewed by the Chief Operating Decision Makers and provide investors with an alternative method for assessing the Corporation's operating results in a manner that is focused on the performance of the Corporation's ongoing operations and to provide a consistent basis for comparison between periods. These measures should not be construed as alternatives to net earnings and total comprehensive income or operating cash flows as determined in accordance with GAAP as indicators of the Corporation's performance. The method of calculating these measures may differ from other entities and accordingly, may not be comparable to measures used by other entities. For a reconciliation of these non-GAAP measures to their nearest measure under GAAP please refer to "Reconciliation of non-GAAP measures".

Management's Discussion and Analysis

Core Business

Dexterra Group is a corporation registered and domiciled in Canada and its common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol DXT. Dexterra Group is a diversified support services organization delivering quality solutions for the creation, management, and operation of infrastructure across Canada. Our Integrated Facilities Management ("IFM") business delivers a suite of operation and maintenance solutions for built assets and infrastructure in the public and private sectors, including aviation, defence, education, rail, healthcare and leisure. 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 rapid affordable housing, commercial, residential and industrial clients.

First Quarter Results and Overview

Highlights

- The Corporation generated consolidated revenue of $224.0 million for Q1 2022 which increased $68.6 million, or 44%, compared with Q1 2021 and $22.4 million compared to Q4 2021. The increase of revenue in Q1 2022 is primarily attributed to the additional revenue generated through the acquisitions of FCPI Dana Investments Inc. ("Dana") and Tricom Group ("Tricom") as well as an increase in WAFES revenue due to the reducing impact of COVID-19 restrictions;
- The IFM business had Q1 2022 revenue of $64.2 million, which is up 69% from Q1 2021. Adjusted EBITDA for Q1 2022 was $4.0 million, an increase of $1.4 million as compared to Q1 2021, excluding CEWS. The increase was attributable to the acquisitions of Dana and Tricom described above.
- The Corporation acquired Dana on January 1, 2022 for $30.6 million. For the period ended March 31, 2022, Dana generated revenue of $20.9 million. Dana incurred some start-up costs in the quarter and its business was also impacted by COVID-19 restrictions especially in the education space which reduced margins;
- On January 31, 2022, the Corporation acquired certain assets and the business of Tricom for a purchase price of $19 million and performance-based incentives up to $5 million (the "Earn-out"). For the period ended March 31, 2022, Tricom generated revenue of $4.3 million. In addition, the Corporation expensed $0.2 million of earn out relating to the purchase;
- The WAFES business had Q1 2022 revenue of $115.1 million, which is up 52% compared to Q1 2021 and similar to Q4 2021. The increase in Q1 2022 is primarily due to contract wins during 2021 and strong business activity across all service sectors. Adjusted EBITDA for WAFES in Q1 2022 was $16.0 million compared to $18.5 million in Q4 2021 which included an one-time pick up on renegotiation of a contract of $1.8 million. Q1 and Q4 are also traditionally slower quarters for WAFES based on the seasonality of the business;
- The Modular Solutions business had Q1 2022 revenue of $43.3 million and Adjusted EBITDA of $0.4 million, compared to $41.9 million and $2.9 million, respectively, in Q1 2021 and revenue of $46.5 million and Adjusted EBITDA of $2.9 million in Q4 2021. The decrease in revenue is primarily due to ongoing delays in the rapid affordable housing projects in Ontario and BC. EBITDA was decreased due to supply chain issues which resulted in higher raw material and subcontractors costs under existing fixed price contracts. These inflationary type pressures are expected to have a reducing impact in future periods as management proactively manages inflation and its contracts. New products launched for the US market as we diversify the modular business portfolio had revenue of $5.1 million in Q1 2022 with lost margin and one time start-up costs of approximately $1.0 million;
- The Corporation's Adjusted EBITDA for Q1 2022 was $17.0 million compared to $18.1 million in Q4 2021;
- The Corporation reported consolidated net earnings of $1.1 million for Q1 2022 compared to consolidated net earnings of $4.5 million in Q1 2021. The decrease is mainly attributable to the inclusion of $4.9 million in CEWS in 2021, weaker modular results in Q1 2022 and the provision of $2.2 million for a contractual dispute and remediation work on pre-acquisition contracts and claims from the Horizon North Logistics Inc. acquisition;
- Debt increased in Q1 2022 to $130.7 million at March 31, 2022. Approximately $50 million of the increase is due to the acquisitions of Dana and Tricom;
- The Free Cash Flow deficit of $11.7 million in Q1 2021 included a significant increase in trade receivables of $28.4 million, excluding the Dana acquisition which related to higher sales and timing of client payments. The increase in trade receivables was temporary as days sales outstanding were significantly reduced in April, which will offset the working capital investment required for the peak operating periods in Q2 and Q3 2022. The Corporation expects its free cash flow conversion to EBITDA to remain strong exceeding 50% for fiscal 2022; and

- Dexterra Group declared a dividend for Q2 2022 of $0.0875 per share for shareholders of record at June 30, 2022, to be paid on July 15, 2022.

Operational Analysis

	Three months ended March 31,	
(000's)	2022	2021
Revenue:		
IFM	$ 64,225	$ 38,022
WAFES	115,094	75,656
Modular Solutions	43,277	41,948
Corporate and Inter-segment eliminations	1,364	(222)
Total Revenue	$ 223,960	$ 155,404
Adjusted EBITDA:		
IFM	$ 3,962	$ 3,464
WAFES	15,985	15,143
Modular Solutions	440	2,888
Corporate costs and Inter-segment eliminations	(3,369)	(3,670)
Total Adjusted EBITDA(1)	$ 17,018	$ 17,825
Adjusted EBITDA excluding CEWS as a % of Revenue		
IFM	6.2 %	6.9 %
WAFES	13.9 %	15.2 %
Modular Solutions	1.0 %	6.2 %

(1) Includes CEWS of $4.9 million of three months ended March 31, 2021: IFM- $0.9 million, WAFES - $3.7 million, Modular Solutions -$0.3 million, Corporate - $0.1 million.

IFM

For Q1 2022, IFM revenues were $64.2 million and increased by $26.2 million, or 69%, from the $38.0 million in Q1 2021. The increase reflects the acquisitions of Dana and Tricom, which contributed $20.9 million and $4.3 million in revenue in Q1 2022, respectively. Excluding the acquisitions, revenue was flat with Q4 2021 which included higher special projects revenue. Revenue will increase starting in Q2 2022 as the aviation and retail sectors recover from easing of the public health measures and recent new business wins are mobilized both in Q2 and Q3 of 2022. Aviation and retail sector volumes were at approximately 60% of pre-COVID-19 levels in Q1 2022 which is consistent with Q4 2021. Our revenue levels do not increase in a linear pattern with passenger traffic. Management expects that the increase in scale of operations for the segment with the acquisition of Dana and Tricom will result in cross-selling opportunities over time.

Adjusted EBITDA, excluding CEWS as a percentage of revenue, is 6.2% for Q1 2022, which is lower than the 6.9% recorded in Q1 2021 and is consistent with Q4 2021. The IFM business, excluding the 2022 acquisitions, had improved margins in Q1 2022 as Dana included some one time onboarding costs and lower profitability. IFM is actively managing the labour shortage and supply chain constraints which are causing increased costs due to overtime and outsourcing to subcontractors as well as increased supply chain costs. It has approximately 70% of its contracts with cost escalation clauses but some timing issues exist which result in downward pressure on margins.

Direct Costs

Direct costs are comprised of labour, materials, supplies and transportation, which vary directly with revenues, and have a relatively fixed component that includes rent and utilities. Direct Costs for Q1 2022 were $57.8 million compared to $32.9 million in Q1 2021, an increase of $24.9 million. The increase of costs is due to the acquisition of Dana and Tricom as well as the labour and supply chain issues. Direct Costs as a % of revenue in Q1 2022 were 90% which is fairly consistent with 89% in Q1 2021 after adjusting for CEWS and 91% for Q4 2021.

WAFES

WAFES is comprised of two revenue streams: Workforce Accommodations & Forestry and Energy Services. A significant portion of the WAFES business is services related and not capital intensive and aligns closely with our IFM business.

WAFES support services includes assisting clients with food and facilities services on-site at their remote locations. Forestry is a seasonal business with its activities taking place in Q2 and Q3 each year and is reported in WAFES support services. For Q1 2022, support services comprised 41% of WAFES revenue and this component of WAFES is expected to grow in the future.

WAFES asset-based services represent remote workforce accommodation activities in which the structures are owned and installed by Dexterra Group as part of an equipment supply contract or bundled with food and facilities services as in the case of turn-key camp contracts or the Corporation's open lodge operations. This category also includes Energy Services, where the Corporation owns access matting and relocatable structures, which are sold or rented to clients.

Revenue from the WAFES segment for Q1 2022 was $115.1 million, an increase of $39.4 million compared to Q1 2021 and essentially unchanged compared to Q4 2021. WAFES revenue performance was strong in Q1 2022 due to increased camp occupancy and utilization across all services including catering, install, and rental activities as well as high access matting and space rental utilization in Energy Services. The stronger Q1 2022 results compared to Q1 2021 reflect overall strong activity in the natural resources sector and new client wins in 2021. Q1 2021 had significant COVID-19 restrictions especially in BC.

The Q1 2022 Adjusted EBITDA excluding CEWS as a percentage of revenue is 14%, compared to 15% in Q1 2021 due primarily to revenue mix and the move to a greater percentage of support services work. Access matting sales in Q4 2021 were $4.8 million higher compared to Q1 2022, which positively impacted margins in Q4 2021.

Direct Costs

Direct costs are comprised of labour, materials, supplies and transportation, which vary directly with revenues, and a relatively fixed component, that includes rent and utilities. Direct costs in the WAFES business unit for Q1 2022 were $98.3 million or 85% of revenue, compared to $63.6 million or 84% of revenue after excluding the CEWS impact of $3.7 million for Q1 2021 due to revenue mix.

Modular Solutions

Modular Solutions segment revenues for Q1 2022 were $43.3 million compared to $41.9 million in Q1 2021 and $46.5 million in Q4 2021. Revenue was lower than expected due to client driven delays in affordable housing projects in Ontario and site access issues in the West due to the floods in British Columbia. Revenue is expected to rebound in Q2 2022 and through the balance of the year.

Adjusted EBITDA for Q1 2022 was $0.4 million compared to $2.9 million in Q1 2021 and $2.9 million in Q4 2021. Margins in Q1 2022 were primarily impacted by materials and subcontractor cost inflation on fixed price contracts. Also in Q1 2022, contracts commenced on a new manufacture-only modular product for US-based multi-family projects as part of a business diversification strategy. The new product had revenues of $5.1 million and lost margin and start-up costs of approximately $1 million which impacted margins as processes for handling this new line of business were developed.

Additionally, the delays in affordable housing projects impacted plant utilization resulting in lower overhead absorption. Management is focused on improving margins and balancing production capacity with demand delays. EBITDA margins are expected to rebound with improved US supply profitability, and as contract pricing is adjusted to allow adjustments for inflationary impacts.

A key metric for the Modular Solutions segment is the backlog of projects. The backlog was $70.9 million for rapid affordable housing at the end of Q1 2022, down from year-end of $78.6 million. This excludes approximately $19.0 million ($32 million in Q4 2021) of contracts being finalized with existing customers and a backlog of $26.0 million ($19.4 million in Q4 2021) for Industrial and U.S. manufacturing supply projects signed late in 2021. Additionally, Modular Solutions has recurring modular business beyond the projects above worth approximately $40 million per annum, which consists of education modules, retail stores and kiosks. The 2022 Federal Budget announcement to invest $1.5 billion to create at least 6,000 new affordable housing units in 2022 to 2023 is expected to directionally support this business.

Direct Costs

Direct costs are comprised of labour, raw materials and transportation, which vary directly with revenues, and a relatively fixed component that includes rent, utilities and the design and technical services required in the bidding cycle and post award manufacturing and installation of the product.

Direct costs for Q1 2022 were 95% of revenue as compared to 90% in Q1 2021 and 91% in Q4 2021. The increase in direct cost as a percentage of revenue reflects the lower revenue and overhead absorption in Q1 2022 caused by delays in several projects, inflationary impacts on the business and new product start-up costs as discussed above.

Other Items

Selling, General & Administrative Expense

Selling, general & administrative ("SG&A") expenses are comprised of head and corporate office costs including the executive officers and directors of the Corporation, and shared services, including information technology, corporate accounting staff and the associated costs of supporting a public company.

SG&A expenses for Q1 2022 were $9.9 million, an increase of $1.8 million when compared to Q1 2021. The increase is due to $0.6 million in acquisition costs as well as an increase to headcount and related costs related to the acquisitions, inflation and investments in people as we deliver on our growth strategy. SG&A expenses were 4% of total revenue in Q1 2022, which has improved by 1% compared to 5% in Q1 2021 and Q4 2021.

Depreciation and Amortization

	Three months ended March 31,	
(000's)	2022	2021
Depreciation of property, plant and equipment and right-of-use assets	$ 8,888	$ 9,245
Amortization of intangibles	1,456	823
Total depreciation and amortization	$ 10,344	$ 10,068

For Q1 2022, depreciation and amortization was $10.3 million, an increase of $0.3 million compared to Q1 2021 and up from $8.9 million in Q4 2021. The increase in amortization aligns with the increase in intangible assets from the acquisitions of Dana and Tricom in Q1 2022, which is partially offset by fully depreciated assets and the sales of excess equipment in the WAFES business. The Corporation plans to continue to operate in a capital light model going forward.

Finance costs

Finance costs include interest on loans and borrowings, interest on lease liabilities and accretion of debt financing costs.

The effective interest rate on loans and borrowings for Q1 2022 was 3%. The interest rate is impacted by the debt level and tiered variable interest rate structure of the credit facility. The rate ranges from bank prime rate plus 0.50% to 2.75% per annum. The effective rate is expected to increase as central banks increase interest rates.

Goodwill

Goodwill increased from $98.6 million to $128.5 million due to the acquisitions of Dana and Tricom. The Corporation concluded there were no new indicators of impairment on its goodwill or intangibles as at March 31, 2022.

Gain/Loss on disposal

For Q1 2022, the gain on disposal was $0.003 million compared to a loss on disposal of $0.2 million in Q1 2021. The gains and losses on disposals are typically generated from rationalization of excess WAFES assets for conversion to cash.

Non-controlling interest

Dexterra Group owns 49% of Tangmaarvik Inland Camp Services Inc. ("Tangmaarvik") and controls its operations. As a result, the results of Tangmaarvik are consolidated with the results of Dexterra Group and a non-controlling interest is recognized. For Q1 2022, earnings of $0.2 million were attributed to the non-controlling interest which is consistent with the earnings in the same period of the prior year.

Joint Venture

Dexterra Group owns 49% of Gitxaala Horizon North Services LP ("Gitxaala") and Big Spring Lodging Limited Partnership ("BSL LP"). These equity investments represent operations of the WAFES segment and generate earnings from providing workforce accommodations, rentals, and maintenance of relocatable structures. For Q1 2022, earnings from equity investments were $0.5 million (2021 - $0.8 million).

Income taxes

The Corporation's effective income tax rate for Q1 2022 was 26.9%, compared to 19% in Q1 2021. The effective tax rate for Q1 2022 is consistent with the combined federal and provincial income tax rates. In 2021, the effective tax rate was lower than the combined federal and provincial income tax rate primarily due to recognizing the tax benefit from non-capital loss carryforwards in the amount of $1.1 million that met the recognition criteria as a result of tax planning efforts and the expected future profitability of the related business.

COVID-19 Pandemic

The situation resulting from COVID-19 and subsequent variants of the virus is uncertain and continues to evolve. The safety of employees and customers continues to be a key priority. At this time, it is difficult to predict the impact the pandemic will continue to have on the Corporation. The effective response to the changing situation with the COVID-19 pandemic continues to be a focus in the business. Recent disruptions to the supply chain have been experienced and are being managed. In addition, hiring and retaining talent continues to be a challenge. We are actively managing our human capital resources across all business segments. The degree of COVID-19 related impacts in 2022 are expected to vary by geography, driven in part by regional vaccination rates, spread of new variants, provincial government restrictions and health system capacities.

Outlook

Operations Outlook

Overall

The Corporation is poised for continued growth in 2022 as the economy is expected to move into a post-pandemic environment. Our key focus for the upcoming quarters is to improve the profitability of the modular business by managing inflationary and supply chain pressures, government scheduling delays and improving plant manufacturing utilization. Management also remains focused on executing on its organic and M&A expansion strategy and using a capital light service model along with its strong balance sheet to drive sustainable growth and finance acquisitions. The acquisition strategy is active and focused on expanding IFM service offerings and geographical coverage.

IFM

The organic growth prospects and annual growth rates for the overall IFM market are significant. Management forecasts improvements in the aviation and retail sectors revenues will be gradual through 2022 and into 2023 as consumer confidence builds. The focus of this business is on winning new bids and maintaining profit margins while providing excellent service to existing clients. In addition, the acquisitions of Dana and Tricom provide us a new base of clients in hospitality and other verticals and new skills to execute on expansion opportunities. These acquisitions should also produce more cross-selling opportunities over time.

WAFES

The WAFES business is expected to continue to be strong in 2022 given strong natural resources activity nationwide. The Corporation is well positioned to take advantage in a highly competitive environment and is winning new contracts. The Crossroads Lodge in Kitimat, British Columbia has reopened in Q2 2022. This facility with 736 beds will have limited occupancy in Q2 and is expected to be at full capacity in Q4 2022.

The seasonal forestry business also has a strong book of business in place for 2022 with contracts to plant over 35 million trees and assist in fire-fighting efforts in various provinces.

Modular

The demand for affordable housing in urban centers continues. The CMHC's Rapid Housing Initiative is an example of government programs seeking to address the immediate need and, as a result, driving demand for modular housing solutions. Favorable conditions for the development of multi-unit housing (both public and private) are expected to continue for the foreseeable future in both Canada and the USA. Labour shortages, client driven project delays and increasing prices of materials due to record inflation are creating challenges. Management is executing strategies to mitigate the impact of inflation and further scale and diversify this business.

Liquidity and Capital Resources

For the three months ended March 31, 2022, cash used by operating activities was $7.7 million, compared to cash generated of $17.9 million in the same period of 2021. The decrease in Q1 2022 primarily represents an increase in accounts receivable of $28.4 million, excluding the Dana acquisition, which was due to higher Q1 revenue and the timing of client payments. The increase in trade receivables is temporary as days sales outstanding will be significantly reduced in the upcoming months, which will partially offset the working capital investment required for the peak operating periods in Q2 and Q3 2022. In addition, cash flows from operating activities in Q1 2021 were also positively impacted by the CEWS of $4.9 million. Debt will be reduced with Free Cash Flow generated by operations. The conversion of EBITDA to free cash flow for 2022 is expected to exceed 50%.

Debt increased by $65.5 million in Q1 2022, which was from funding the acquisitions and the working capital increase. Leverage approximates 1.6x 2021 Adjusted EBITDA. The Corporation's financial position and liquidity remain strong with $59.2 million unused capacity on its credit lines at March 31, 2022.

Capital Spending

For the three months ended March 31, 2022, gross capital spending for property, plant and equipment was $1.2 million, a decrease of $0.5 million compared to the $1.7 million in Q1 2021. Capital spending in 2022 mainly relates to sustaining capital whereas the majority of Q1 2021 spending was for NRB Cambridge plant expansion ($1.3 million).

Quarterly Summary of Results

	Three months ended			
(000's except per share amounts)	2022 March	2021 December	2021 September	2021 June
Revenue	$ 223,960	$ 201,588	$ 202,760	$ 173,627
Adjusted EBITDA	17,018	18,054	22,372	22,502
Net earnings (loss) attributable to shareholders	894	4,093	7,780	8,206
Net earnings per share, basic and diluted[2]	$ 0.01	$ 0.06	$ 0.12	$ 0.13

	Three months ended			
(000's except per share amounts)	2021 March	2020 December	2020 September	2020 June
Revenue[1]	$ 155,404	$ 164,418	$ 176,918	$ 76,106
Adjusted EBITDA[1]	17,825	17,477	27,085	23,241
Net earnings (loss) attributable to shareholders	4,277	(103)	16,131	47,139
Net earnings per share, basic[2]	$ 0.07	$ —	$ 0.25	$ 1.08
Net earnings per share, diluted[2]	$ 0.07	$ —	$ 0.24	$ 1.08

(1) Revenue and Adjusted EBITDA for the third quarter of 2020 includes $6.6 million related to amounts awarded on two legal proceedings with former customers.
(2) All share and per share data presented prior to Q3 2020 has been retroactively adjusted to reflect the five-for-one share consolidation completed on July 16, 2020.

Reconciliation of non-GAAP measures

The following provides a reconciliation of non-GAAP measures to the nearest measure under GAAP for items presented throughout the MD&A.

(000's)	Three months ended March 31,	
	2022	2021
Net earnings	$ 1,058	$ 4,474
Add:		
Share based compensation	539	593
Depreciation & amortization	10,344	10,068
Equity investment depreciation	286	155
Finance costs	1,443	1,304
Loss (gain) on disposal of property, plant and equipment	(3)	161
Income tax expense	390	1,070
EBITDA[1]	$ 14,057	$ 17,825
Acquisition costs	594	—
Contract loss provisions[2]	2,167	—
Earn-out expense	200	—
Adjusted EBITDA[1]	$ 17,018	$ 17,825

(1) Includes CEWS of nil for the three months ended March 31, 2022 (2021 - $4.9 million: Integrated Facilities Management - $0.9 million, WAFES - $3.7 million, Modular Solutions -$0.3 million, Corporate - $0.1 million).
(2) Contract loss provisions are related to a contractual dispute and remediation work on pre-acquisition contracts and claims from the Acquisition of Horizon North Logistics Inc. in May 2020. There were no corresponding amounts in the three months ended March 31, 2021.

(000's)	Three months ended March 31,	
	2022	2021
Net cash flows from operating activities	$ (7,748)	$ 17,865
Sustaining capital expenditures, net of proceeds	(867)	(406)
Purchase of intangible assets	(4)	(705)
Finance costs paid	(1,245)	(1,198)
Lease payments	(1,797)	(3,165)
Free Cash Flow	$ (11,661)	$ 12,391

(000's)	Three months ended March 31, 2022	2021
Total Adjusted EBITDA	$ 17,018	$ 17,825
CEWS by Segment:		
IFM	—	(852)
WAFES	—	(3,664)
Modular Solutions	—	(287)
Corporate costs and Inter-segment eliminations	—	(102)
Adjusted EBITDA excluding CEWS	$ 17,018	$ 12,920
Adjusted EBITDA excluding CEWS as a % of revenue	7.6%	8.3%

Accounting Policies

Dexterra Group's IFRS accounting policies are provided in Note 3 to the Consolidated Financial Statements for the year ended December 31, 2021.

Outstanding Shares

Dexterra Group had 65,198,295 voting common shares issued and outstanding as at May 10, 2022, of which 49% or 31,785,993 are owned by subsidiaries of Fairfax Financial Holdings Limited.

Off-Balance Sheet Financing

Dexterra Group has no off-balance sheet financing.

Management's Report on Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure Controls and Procedures

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") as defined in National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") of the Canadian Securities Administrators, to provide reasonable assurance that: (i) material information relating to the Corporation is made known to the CEO and the CFO by others, particularly during the period in which the interim filings are being prepared; and (ii) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

National Instrument 52-109 allows an issuer to limit design of DC&P to exclude businesses acquired not more than 365 days before the end of the reporting period. During the 365 days preceding March 31, 2022, the Corporation acquired Dana and Tricom effective January 1, 2022 and January 31, 2022, respectively. As permitted by National Instrument 52-109, management limited the scope of their design of DC&P to exclude the control, policies and procedures of these businesses. In addition, all assets and liabilities acquired were valued and recorded in the financial statements for the period ended March 31, 2022. For the first quarter ended March 31, 2022, the excluded acquisitions identified above constituted 11% of revenue, 24% of net earnings, 8% of the current assets, 19% of non-current assets, 12% of current liabilities and 1% of non-current liabilities of the Q1 2022 Financial Statements.

Summary of financial information for acquisitions as at March 31, 2022 (000's)	Dana	Tricom
Assets		
Cash[1]	$ 4,931	$ —
Trade & other receivables	7,783	4,560
Inventories	1,512	174
Total current assets	**$ 14,226**	**$ 4,734**
Property, plant and equipment	2,459	290
Right-of-use assets	195	255
Customer Relationships	11,669	5,334
Trade Names	688	—
Goodwill	16,863	12,948
Total assets	**$ 46,100**	**$ 23,561**
Liabilities		
Trade and other payables	14,154	3,843
Lease liabilities	197	256
Deferred income tax liabilities	1,240	—
Total liabilities	**$ 15,591**	**$ 4,099**

(1) Cash is reported net against loans and borrowings on the financial statements for the period ended March 31, 2022.

For Q1 2022, total revenue for the two acquisitions was $25.2 million and total net earnings before tax was $0.3 million.

During the remainder of the fiscal year, management will complete its review of the design, implementation and operating effectiveness of DC&P for the acquired businesses.

There were no changes in Dexterra Group's DC&P that occurred during the period ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, Dexterra Group's DC&P.

Internal Controls over Financial Reporting

The CEO and the CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") as defined in NI 52-109 of the Canadian Securities Administrators, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

There were no changes to the Corporation's ICFR during the period ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

Limitations on the Effectiveness of Disclosure Controls and Procedures and Internal Control over Financial Reporting

Because of their inherent limitations, DC&P and ICFR may not prevent or detect misstatements, errors or fraud. Control systems, no matter how well conceived or implemented, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met.

Risks and Uncertainties

The financial risks, critical accounting estimates and judgements, and risk factors related to Dexterra Group and its business, which should be carefully considered, are disclosed in the Annual Information Form under "Risk Factors" and in the Corporation's Consolidated Financial Statements for the year ended December 31, 2021 under Note 21, dated March 09, 2022, and this MD&A should be read in conjunction with them. Such risks may not be the only risks facing Dexterra Group. Additional risks not currently known may also impair Dexterra Group's business operations and results of operation.

Critical Accounting Estimates and Judgements

This MD&A of Dexterra Group's financial condition and results of operations is based on its consolidated financial statements, which are prepared in accordance with IFRS. The preparation of the consolidated financial statements requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The MD&A should be read in conjunction with the Q4 2021 Financial Statements.

Financial Instruments and Risk Management

In the normal course of business, the Corporation is exposed to a number of financial risks that can affect its operating performance. These risks are: credit risk, liquidity risk and interest rate risk. The Corporation's overall risk management program and prudent business practices seek to minimize any potential adverse effects on the Corporation's financial performance. The MD&A should be read in conjunction with the Q4 2021 Financial Statements.

Forward-Looking Information

Certain statements contained in this MD&A may constitute forward-looking information under applicable securities law. Forward-looking information may relate to Dexterra Group's future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "continue"; "forecast"; "may"; "will"; "project"; "could"; "should"; "expect"; "plan"; "anticipate"; "believe"; "outlook"; "target"; "intend"; "estimate"; "predict"; "might"; "potential"; "continue"; "foresee"; "ensure" or other similar expressions concerning matters that are not historical facts. In particular, statements regarding Dexterra Group's future operating results and economic performance, including COVID-19 related impacts and the impacts of the Dana and Tricom acquisitions; its leverage, Free Cash Flow, NRB Modular Solutions backlog and revenue, and its objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions, including expected growth, results of operations, performance and business prospects and opportunities regarding Dexterra Group, which Dexterra Group believes are reasonable as of the current date. While management considers these assumptions to be reasonable based on information currently available to Dexterra Group, they may prove to be incorrect. Forward-looking information is also subject to certain known and unknown risks, uncertainties and other factors that could cause Dexterra Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward- looking information, including, but not limited to: the ability to retain clients, renew existing contracts and obtain new business; an outbreak of contagious disease that could disrupt its business; the highly competitive nature of the industries in which Dexterra Group operates; reliance on suppliers and subcontractors; cost inflation; volatility of industry conditions could impact demand for its services; a reduction in the availability of credit could reduce demand for Dexterra Group's products and services; Dexterra Group's significant shareholder may substantially influence its direction and operations and its interests may not align with other shareholders; its significant shareholder's 49% ownership interest may impact the liquidity of the common shares; cash flow may not be sufficient to fund its ongoing activities at all times; loss of key personnel; the failure to receive or renew permits or security clearances; significant legal proceedings or regulatory proceedings/changes; environmental damage and liability is an operating risk in the industries in which Dexterra Group operates; climate changes could increase Dexterra Group's operating costs and reduce demand for its services; liabilities for failure to comply with public procurement laws and regulations; any deterioration in safety performance could result in a decline in the demand for its products and services; failure to realize anticipated benefits of acquisitions and dispositions; inability to develop and maintain relationships with Indigenous communities; the seasonality of Dexterra Group's business; inability to restore or replace critical capacity in a timely manner; reputational, competitive and financial risk related to cyber-attacks and breaches; failure to effectively identify and manage disruptive technology; economic downturns can reduce demand for Dexterra Group's services; its insurance program may not fully cover losses. Additional risks and uncertainties are described in Note 21 of the Corporation's Consolidated Financial Statements for the years ended December 31, 2021 and 2020 contained in its most recent Annual Report filed with securities regulatory authorities in Canada and available on SEDAR at sedar.com. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. Dexterra Group is under no obligation and does not undertake to update or alter this information at any time, except as may be required by applicable securities law.

Condensed consolidated statement of financial position (Unaudited)

(000's)	Note		March 31, 2022		December 31, 2021
Assets					
Current assets					
Trade and other receivables	5	$	220,618	$	184,776
Inventories	6		20,929		16,998
Prepaid expenses and other			5,526		4,948
Income tax receivable			2,452		2,213
Total current assets			249,525		208,935
Non-current assets					
Property, plant and equipment	7		163,462		161,981
Right-of-use assets	8		19,768		22,057
Intangible assets	9		38,559		21,777
Goodwill	9		128,451		98,640
Other assets	10		18,948		18,158
Total non-current assets			369,188		322,613
Total assets		$	618,713	$	531,548
Liabilities					
Current liabilities					
Trade and other payables		$	140,461	$	121,868
Deferred revenue			5,722		1,946
Asset retirement obligations	12		5,736		5,277
Lease liabilities	8		6,262		7,346
Total current liabilities			158,181		136,437
Non-current liabilities					
Lease liabilities	8		16,637		17,722
Contingent consideration			1,142		1,142
Asset retirement obligations	12		6,786		5,283
Loans and borrowings	11		130,678		65,320
Other long term liabilities	4,13		3,197		769
Deferred income tax liabilities			2,036		527
Non-current liabilities			160,476		90,763
Total liabilities			318,657		227,200
Shareholders' Equity					
Share capital	13		233,648		233,541
Contributed surplus			1,445		1,199
Retained earnings			64,830		69,639
Non-controlling interest			133		(31)
Total shareholders' equity			300,056		304,348
Total liabilities and shareholders' equity		$	618,713	$	531,548

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

Condensed consolidated statement of comprehensive income (Unaudited)

		Three months ended March 31,	
(000's except per share amounts)	Note	2022	2021
Revenue			
Revenue from operations		$ 223,960	$ 155,404
Operating expenses			
Direct costs	14	200,735	130,310
Selling, general and administrative expenses	15	9,929	8,176
Depreciation	7,8	8,888	9,245
Amortization of intangible assets	9	1,456	823
Share based compensation	13	539	593
Loss (gain) on disposal of property, plant and equipment		(3)	161
Operating income		2,416	6,096
Finance costs		1,443	1,304
Earnings from equity investments		(475)	(752)
Earnings before income taxes		1,448	5,544
Income tax			
Income tax expense	16	390	1,070
Net earnings		$ 1,058	$ 4,474
Net Earnings Attributable to:			
Shareholders		$ 894	$ 4,277
Non-controlling interest		$ 164	$ 197
Earnings per common share:			
Net earnings per share, basic	18	$ 0.01	$ 0.07
Net earnings per share, diluted	18	$ 0.01	$ 0.07
Weighted average common shares outstanding:			
Basic	18	65,156	64,914
Diluted	18	65,577	65,272

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

Condensed consolidated statement of changes in equity (Unaudited)

(000's)	Note	Share capital - Number of Shares		Share capital		Contributed surplus		Retained earnings		Non-controlling interest		Total
Balance as at December 31, 2020		64,869	$	232,348	$	354	$	66,451	$	1,823	$	300,976
Dividends	19	—		—		—		(4,880)		(40)		(4,920)
Exercise of stock options		200		852		(242)		—		—		610
Share based compensation		—		—		444		—		—		444
Net income		—		—		—		4,277		197		4,474
Balance as at March 31, 2021		65,069	$	233,200	$	556	$	65,848	$	1,980	$	301,584
Balance as at December 31, 2021		65,151	$	233,541	$	1,199	$	69,639	$	(31)	$	304,348
Dividends	19	—		—		—		(5,703)		—		(5,703)
Exercise of stock options	13	24		107		(28)		—		—		79
Share based compensation	13	—		—		274		—		—		274
Net income		—		—		—		894		164		1,058
Balance as at March 31, 2022		**65,175**	**$**	**233,648**	**$**	**1,445**	**$**	**64,830**	**$**	**133**	**$**	**300,056**

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

Condensed consolidated statement of cash flows (Unaudited)

(000's)	Note	Three months ended March 31, 2022	2021
Cash provided by (used in):			
Operating activities:			
Net earnings		$ 1,058	$ 4,474
Adjustments for:			
Depreciation	7,8	8,888	9,245
Amortization of intangible assets	9	1,456	823
Share based compensation	13	539	593
Loss (gain) on disposal of property, plant and equipment		(3)	161
Book value of used fleet transferred to inventory upon sale	7	1,040	1,634
Transferred from inventory to rental fleet	7	(2,849)	—
Earnings on equity investments		(475)	(752)
Asset retirement obligation settled	12	—	(336)
Finance costs		1,443	1,304
Income tax expense	16	390	1,070
Changes in non-cash working capital	17	(18,870)	3,179
Income taxes paid	16	(365)	(3,530)
Net cash flows from (used in) operating activities		(7,748)	17,865
Investing activities:			
Purchase of property, plant and equipment	7	(1,202)	(1,711)
Purchase of intangible assets	9	(4)	(705)
Acquisition of Dana	4	(30,024)	—
Acquisition of Tricom	4	(17,136)	—
Capital contribution for equity investments		(472)	(202)
Proceeds on sale of property, plant and equipment		—	27
Net cash flows used in investing activities		(48,838)	(2,591)
Financing activities:			
Issuance of common shares	13	79	610
Payments for lease liabilities		(1,797)	(3,165)
Advances (repayments) on loans and borrowings	11	65,250	(6,616)
Finance costs paid		(1,245)	(1,198)
Dividends paid to non-controlling interest		—	(40)
Dividends paid to shareholders	19	(5,701)	(4,865)
Net cash flows from (used in) financing activities		56,586	(15,274)
Change in cash position		—	—
Cash, beginning of period		—	—
Cash, end of period		$ —	$ —

The accompanying notes are an integral part of the condensed consolidated interim 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. Dexterra Group is a diversified support services organization delivering quality solutions for the creation, management, and operation of infrastructure across Canada. Our Integrated Facilities Management (“IFM”) business delivers a suite of operation and maintenance solutions for built assets and infrastructure in the public and private sectors, including aviation, defence, education, rail, healthcare, and leisure. 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 rapid affordable housing, commercial, residential and industrial clients.

On January 1, 2022, Dexterra Group acquired 100% of privately owned Canadian food services company FCPI Dana Investments Inc. (“Dana”) for $31.5 million. This acquisition expands the Corporation’s existing culinary services into education, entertainment, healthcare, and leisure activities and will be reported as part of the IFM segment.

On January 31, 2022, Dexterra Group acquired the assets of the privately owned TRICOM Facility Services group of companies (“Tricom”) for a purchase price of $19 million. The acquired assets are held in Dexterra Group Inc. and in Dexterra Services LLC (“Dexterra USA”) which was incorporated for the acquisition of Tricom’s US operations. Tricom delivers contract janitorial and associated building maintenance services and supplies custodial equipment and consumables to clients in major centres across Canada and in the United States. Tricom will be reported as part of the IFM segment.

2. Statement of compliance

These financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies the Corporation adopted in its consolidated financial statements for the year ended December 31, 2021. The condensed consolidated interim financial statements do not include all of the information required for annual financial statements. These financial statements were approved by the board of directors of Dexterra Group on May 10, 2022.

3. Basis of Preparation

The basis of preparation, and accounting policies and methods of their application in these condensed consolidated interim financial statements, including comparatives, are consistent with those used in Dexterra Group’s audited annual consolidated financial statements for the year ended December 31, 2021, and should be read in conjunction with those annual consolidated financial statements. The Corporation's functional currency, and the preparation currency of the condensed consolidated interim financial statements is the Canadian dollar.

4. Business Combinations

Acquisitions are accounted for using the acquisition method whereby the assets acquired, and the liabilities assumed were recorded at their fair values with the surplus of the aggregate consideration relative to the fair value of the identifiable net assets recorded as goodwill. The results of operations are included in the Corporation's consolidated financial statements from the respective dates of acquisition.

On January 1, 2022, Dexterra Group acquired 100% of the issued and outstanding shares of FCPI Dana Investments Inc., the General Partner and sole owner of Dana Hospitality Limited Partnership and Marek Hospitality Inc. for total cash consideration in the amount of $30.6 million net of working capital adjustments. This acquisition expands the existing culinary services of the Corporation in its IFM segment.

On January 31, 2022, Dexterra Group acquired the business and certain assets of Tricom Building Maintenance, Tricom Service Corp., and Kwik Supply Inc. for total consideration of $19.1 million. The acquisition increases the scale of the existing IFM business and provides access to new market sectors.

From the date of acquisition to March 31, 2022, the acquired operations contributed $25.2 million of revenue and $0.3 million of earnings before tax to the Corporation. If both business combinations had been completed on January 1, 2022, the revenue and income before income tax for the three-month period ending March 31, 2022, would have been approximately $27.4 million and $0.8 million, respectively.

The Corporation incurred costs related to the acquisitions of $0.8 million relating to legal, restructuring, due diligence and external advisory fees. As of December 31, 2021, $0.2 million of these costs were included in selling, general & administrative expenses on the consolidated statement of comprehensive income with the remaining costs incurred in the period ended March 31, 2022.

As at March 31, 2022, the Corporation has not finalized the purchase price equations.

(a) Dana

The following summarizes the assets acquired and liabilities assumed:

Consideration:		**(000's)**
Cash consideration	$	30,580
Fair value of assets acquired and liabilities assumed:		
Cash	$	556
Trade & other receivables		7,318
Inventories		1,396
Prepaid expenses and other		271
Property, plant and equipment		2,635
Right-of-use assets		236
Trade and other payables		(9,964)
Lease liabilities		(236)
Deferred income tax liabilities		(1,245)
Tangible Net Assets	**$**	**967**
Customer Relationships		12,000
Trade Names		750
Goodwill		16,863
Total Identifiable Net Assets	**$**	**30,580**

The primary factors that contributed to the residual purchase price allocation and resulted in the recognition of goodwill are: the assembled workforce of Dana, cross selling growth opportunities with existing customers, and the increased additive service offerings to existing customers. The goodwill recognized is not deductible for income tax purposes.

(b) Tricom

The following summarizes the assets acquired and liabilities assumed:

Consideration:		**(000's)**
Cash consideration	$	17,136
Holdback payable		2,000
Total consideration	$	19,136
Fair value of assets acquired and liabilities assumed:		
Inventories	$	174
Property, plant and equipment		313
Other		163
Right-of-use assets		275
Lease liabilities		(275)
Tangible net assets	**$**	**650**
Customer Relationships		5,500
Goodwill		12,986
Total identifiable net assets	**$**	**19,136**

The primary factors that contributed to the residual purchase price allocation and resulted in the recognition of goodwill and intangible assets are: the existing client contracts; access to growth opportunities with existing customers; and the combined strategic value to the Corporations growth plan.

The acquisition also includes a performance-based incentive payment (the "Earn-out") to a maximum of $5 million which is based upon the actual results over two years, ending January 31, 2024, and continuing employment of certain key employees. This Earn-out will be recorded in the consolidated statement of comprehensive income as an expense as incurred. For the period ended March 31, 2022, the Corporation recorded $0.2 million in Earn-out expense and this amount is included in the other long term liabilities.

In addition, the acquisition includes a holdback that will be released to the previous owners eighteen months after the closing date of the transaction less any amounts paid. As at March 31, 2022, the amount of $2.0 million has been included in the other long term liabilities on the statement of financial position.

5. Trade and other receivables

(000's)	March 31, 2022	December 31, 2021
Trade receivables	$ 132,433	$ 115,265
Modular holdbacks receivables	10,912	10,297
Deferred trade receivables	14,476	12,428
Total trade and modular receivables	$ 157,821	$ 137,990
Accrued trade receivables	52,182	43,504
Other receivables	11,797	4,460
Allowance for expected credit losses	(1,182)	(1,178)
Total	$ 220,618	$ 184,776

Modular holdback receivables and deferred trade receivables of $25.4 million (December 31, 2021 - $22.7 million) represent amounts billed on contracts which are not due until the contract work is substantially complete and any lien period has expired. All Modular holdback receivables and deferred trade receivables are expected to be collected within 12 months.

6. Inventories

(000's)	March 31, 2022	December 31, 2021
Raw materials	$ 11,923	$ 7,463
Modular work-in-progress	3,555	3,444
Finished goods and supplies	5,451	6,091
Inventories	$ 20,929	$ 16,998

7. Property, plant and equipment

Carrying Amounts *(000's)*	Camp equipment & mats	Land & buildings	Automotive & trucking equipment	Manufacturing & other equipment	Total
Cost					
December 31, 2021	$ 145,713	$ 29,603	$ 17,701	$ 9,336	$ 202,353
Additions	539	246	197	220	1,202
Acquisition of Dana (Note 4 (a))	—	2,635	—	—	2,635
Acquisition of Tricom (Note 4 (b))	—	—	190	123	313
Asset retirement obligations (Note 12)	1,925	—	—	—	1,925
Transferred from inventory	2,849	—	—	—	2,849
Transferred to inventory for sale	(1,159)	—	—	—	(1,159)
Disposals	(1,551)	—	(12)	—	(1,563)
March 31, 2022	$ 148,316	$ 32,484	$ 18,076	$ 9,679	$ 208,555
Accumulated Depreciation					
December 31, 2021	$ 23,149	$ 2,359	$ 9,990	$ 4,874	$ 40,372
Depreciation	3,475	621	1,371	917	6,384
Transferred to inventory for sale	(119)	—	—	—	(119)
Disposals	(1,534)	—	(10)	—	(1,544)
March 31, 2022	$ 24,971	$ 2,980	$ 11,351	$ 5,791	$ 45,093
Net book value					
March 31, 2022	$ 123,345	$ 29,504	$ 6,725	$ 3,888	$ 163,462
December 31, 2021	$ 122,564	$ 27,244	$ 7,711	$ 4,462	$ 161,981

8. Leases

(i) Right-of-use assets

(000's)		Camp equipment & mats		Land & buildings		Automotive & trucking equipment		Manufacturing & other equipment		Total
Cost										
December 31, 2021	$	5,554	$	25,926	$	2,701	$	520	$	34,701
Acquisition of Dana (Note 4 (a))		—		105		131		—		236
Acquisition of Tricom (Note 4 (b))		—		179		96		—		275
Additions		—		25		318		—		343
Disposals		(1,718)		(671)		(15)		—		(2,404)
March 31, 2022	$	3,836	$	25,564	$	3,231	$	520	$	33,151
Accumulated Depreciation										
December 31, 2021	$	2,743	$	8,436	$	1,111	$	354	$	12,644
Depreciation		826		1,428		208		42		2,504
Disposals		(1,086)		(671)		(8)		—		(1,765)
March 31, 2022	$	2,483	$	9,193	$	1,311	$	396	$	13,383
Net book value										
March 31, 2022	$	1,353	$	16,371	$	1,920	$	124	$	19,768
December 31, 2021	$	2,811	$	17,490	$	1,590	$	166	$	22,057

(ii) Lease liabilities

Maturity Analysis – contractual undiscounted cash flows		(000's)
Year 1	$	7,311
Year 2		4,861
Year 3		3,756
Year 4		3,197
Year 5 and beyond		7,164
Total undiscounted lease payable as at March 31, 2022	$	26,289
Lease liabilities included in the statement of financial position at March 31, 2022	$	22,899
Current		6,262
Non-current		16,637

At March 31, 2022, the Corporation has not sub-leased any right-of-use assets. There were no restrictions or covenants imposed by leases of a material nature and there were no sale and leaseback transactions.

The amount of lease interest expense recognized during the three months ended March 31, 2022 is $0.3 million (2021 - $0.3 million).

9. Intangibles 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				
December 31, 2021	$ 3,800	$ 22,483	$ 4,580	$ 30,863
Acquisition of Dana (Note 4(a))	750	12,000	—	12,750
Acquisition of Tricom (Note 4(b))	—	5,500		5,500
Foreign currency translation(1)	—	(16)	—	(16)
Additions		—	4	4
March 31, 2022	$ 4,550	$ 39,967	$ 4,584	$ 49,101
Accumulated Amortization				
December 31, 2021	$ 1,031	$ 5,760	$ 2,295	$ 9,086
Amortization	225	569	662	1,456
March 31, 2022	$ 1,256	$ 6,329	$ 2,957	$ 10,542
Net book value				
March 31, 2022	$ 3,294	$ 33,638	$ 1,627	$ 38,559
December 31, 2021	$ 2,769	$ 16,723	$ 2,285	$ 21,777

(1) Foreign currency translation relates to the Tricom assets held in Dexterra Services LLC in the US which has a functional currency of US dollars.

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

(000's)	March 31, 2022	December 31, 2021
Goodwill allocated to:		
Integrated Facilities Management(2)	$ 93,866	$ 64,055
Workforce Accommodations and Forestry	34,585	34,585
Balance, end of period	$ 128,451	$ 98,640

(2) See Note 4 for additions to goodwill of $29.8 million related to acquisitions completed in 2022.

10. Other assets

Other assets at March 31, 2022 include equity accounted investments in Gitxaala Horizon North Services Limited Partnership ("Gitxaala") and Big Spring Lodging Limited Partnership ("BSL LP"), both joint ventures that are 49% owned by the Corporation with carrying value of $16.2 million (December 31, 2021 - $15.2 million) and $1.8 million (December 31, 2021 - $1.9 million) respectively. These equity investments represent operations of the WAFES segment and generate earnings from providing workforce accommodations, rentals, and maintenance of relocatable structures. In addition to the equity investments, the other assets include long-term lease receivables of $0.9 million (December 31, 2021 - $1.1 million).

11. Loans and borrowings

(000's)	March 31, 2022	December 31, 2021
Committed credit facility	$ 131,719	$ 66,469
Unamortized financing costs	(1,041)	(1,149)
Total borrowings	$ 130,678	$ 65,320

Effective September 7, 2021, the Corporation reached an agreement with its lenders to amend its credit facility and extend the maturity date to September 7, 2024. The amended credit facility has an available limit of $200 million plus an uncommitted accordion of $125 million and is secured by a $400 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. Amounts drawn on the credit facility incur interest at bank prime rate plus 0.50% to 1.75% or the Bankers' Acceptance rate plus 1.50% to 2.75%. The credit facility has a standby fee ranging from 0.30% to 0.55% per annum.

As at March 31, 2022, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility and available borrowing capacity was $59.2 million (December 2021 - $124.5 million), after adjusting for $9.1 million (December 2021 - $9.1 million) in letters of credit outstanding at March 31, 2022.

12. Asset retirement obligations

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

(000's)	March 31, 2022	December 31, 2021
Balance, beginning of period	$ 10,560	$ 11,629
Additions	1,608	—
Asset retirement obligations settled	—	(2,041)
Change in estimate	317	914
Accretion of provisions	37	58
Balance, end of period	$ 12,522	$ 10,560

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 $13.0 million at March 31, 2022 (December 31, 2021 - $10.7 million) was determined using a risk free interest rate of 2.21% and an inflation rate of 1.87%. 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 up to 2028.

(000's)	March 31, 2022	December 31, 2021
Current	$ 5,736	$ 5,277
Non-current	6,786	5,283
Balance, end of period	$ 12,522	$ 10,560

13. Share capital

(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, of which no preferred shares are outstanding. 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, 2021	65,151,083	$ 233,541
Options exercised	23,767	107
Balance, March 31, 2022	65,174,850	$ 233,648

(b) Long-term incentive plans

(i) Share option plan

	Outstanding options	Weighted average exercise price
Balance, December 31, 2021	1,200,140	$ 4.66
Granted	516,044	8.46
Exercised	(23,767)	3.31
Forfeited	(21,258)	4.87
Balance, March 31, 2022	1,671,159	$ 5.85

The exercise prices for options outstanding and exercisable at March 31, 2022 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	606,334	$ 3.05	3.2	143,008	$ 3.05
$6.21 to $6.53	548,781	6.48	3.8	185,494	6.48
$7.55 to $8.50	516,044	8.46	4.8	—	—
	1,671,159	$ 5.85	3.9	328,502	$ 4.99

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:

	March 31, 2022	December 31, 2021
Fair value per option	$ 2.57	$ 2.08
Forfeiture rate	9.24 %	10.00 %
Grant price	$ 8.45	$ 6.49
Expected life	3.0 years	3.0 years
Risk free interest rate	1.18 %	0.25 %
Dividend yield rate	4.97 %	4.62 %
Volatility	59.59 %	62.92 %

Expected volatility is estimated by considering historic average share price volatility. For the three months ended March 31, 2022, share based compensation for share options included in net earnings amounted to $0.3 million (2021 - $0.4 million).

(ii) Restricted Share Units (“RSU”) and Performance Share Units (“PSU”) incentive award plan

(a) RSUs

The Corporation has a RSU Plan whereby RSUs 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. All outstanding RSUs have been granted to members of the Board of Directors.

The following table summarizes the RSU’s outstanding:

	Number
Units outstanding at December 31, 2021	28,970
Granted	21,307
Exercised	(9,656)
Units outstanding at March 31, 2022	40,621

(b) PSUs

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

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. 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. The PSUs have been issued to the Corporation’s officers and key employees and will be settled in cash upon vesting, if the performance criteria are met.

The following table summarizes the PSU’s outstanding:

	Number
Units outstanding at December 31, 2021	291,762
Granted	266,604
Forfeited	(10,582)
Units outstanding at March 31, 2022	547,784

As at March 31, 2022, trade and other payables included $0.2 million (December 2021 - $0.2 million) for outstanding RSUs. For three months ended March 31, 2022, share based compensation included $0.03 million for RSUs in net earnings (March 2021 - $0.02 million).

As at March 31, 2022, other long-term liabilities included $0.9 million for outstanding PSUs (December 31, 2021 - $0.8 million). For the three months ended March 31, 2022, share based compensation included $0.2 million for PSUs in net earnings (March 2021 - $0.1 million).

14. Direct costs

	Three months ended March 31,	
(000's)	2022	2021[1]
Cost of goods manufactured - materials and direct labour	$ 35,324	$ 33,844
Wages and benefits	71,442	47,714
Subcontracting	17,619	12,388
Product cost	53,217	19,365
Equipment and repairs	2,211	2,562
Transportation and travel	4,158	2,945
Partnership profit sharing	3,084	1,180
Workforce accommodations operating costs	7,432	7,515
Corporate	4,050	—
Other operating expense	2,198	2,797
	$ 200,735	$ 130,310

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

Included in wages and benefits is the impact of the Canada Emergency Wage Subsidy (“CEWS”), which reduced wages and benefits by nil (2021 - $4.8 million) for the three months ended March 31, 2022.

15. Selling, general and administrative expenses

	Three months ended March 31,	
(000's)	2022	2021
Wages and benefits	$ 4,932	$ 4,517
Other selling and administrative expenses	4,997	3,659
	$ 9,929	$ 8,176

Included in wages and benefits is the impact of CEWS, which reduced wages and benefits by nil (2021 - $0.1 million) for the three months ended March 31, 2022 .

16. Income taxes

For the three months ended March 31, 2022, the Corporation's effective income tax rate was 26.9%, compared to 19% in 2021. The effective tax rate for the three months ended March 31, 2022 is consistent with the combined federal and provincial income tax rates. In 2021, the effective tax rate was lower than the combined federal and provincial income tax rate primarily due to recognizing the tax benefit from non-capital loss carryforwards in the amount of $1.1 million that met the recognition criteria as a result of tax planning efforts and the future expected profitability of the related business.

The Corporation has non-capital losses for Canadian tax purposes of $84.7 million at March 31, 2022 (December 31, 2021 - $79.9 million) available to reduce future taxable income in Canada. The Corporation expects to fully utilize these losses before their expiry.

The Corporation paid $0.4 million (2021 - $3.5 million) in income taxes for the three months ended March 31, 2022. Payment of taxes for the year ended December 31, 2021 of $2.2 million will be refunded based on the tax reorganization completed in late 2021.

The current and deferred tax expense breakdown is as follows:

	Three months ended March 31,	
Income tax expense (000's):	2022	2021
Current	$ 126	$ 520
Deferred	264	550
	$ 390	$ 1,070

17. Cash flow information

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

	Three months ended March 31,	
(000's)	2022	2021
Trade and other receivables	$ (28,361)	$ 2,008
Inventories	(2,361)	(2,108)
Prepaid expenses and other	(150)	223
Trade and other payables	8,226	2,017
Deferred revenue	3,776	1,039
	$ (18,870)	$ 3,179

18. Net earnings per share

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

	Three months ended March 31,	
	2022	2021
Number of common shares, beginning of period	65,151,083	64,869,417
Common shares issued, weighted average	5,168	44,444
Weighted average common shares outstanding - basic	65,156,251	64,913,861
Effect of share purchase options[(1)]	420,883	357,939
Weighted average common shares outstanding - diluted	65,577,134	65,271,800

(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.

19. Dividends

A dividend of $0.0875 per share was declared for the quarter ended March 31, 2022 and has been accrued in trade and other payables as at March 31, 2022. The dividend is payable to shareholders of record at the close of business on March 31, 2022 and was paid on April 15, 2022. A dividend of $0.0875 per share was declared for the quarter ended December 31, 2021 and paid in January 2022.

20. Reportable segment information

The Corporation operates through three operating segments: IFM, WAFES and Modular Solutions as described in Note 1. Information regarding the results of all segments is included below. IFM operating segment includes Dana and Tricom. Inter-segment pricing is determined on an arm's length basis.

Three months ended March 31, 2022 (*000's*)	IFM	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue[3]	$ 64,225	$ 115,094	$ 43,277	$ 1,883	$ (519)	$ 223,960
Operating expenses						
Direct costs[2][3]	57,832	98,289	41,036	4,050	(472)	200,735
Selling, general and administrative expenses[2]	2,430	1,582	1,801	4,116	—	9,929
Depreciation and amortization	1,605	6,886	1,414	439	—	10,344
Share based compensation	6	42	36	455	—	539
Loss on disposal of property, plant and equipment	—	(264)	1	260	—	(3)
Operating income (loss)[2]	2,352	8,559	(1,011)	(7,437)	(47)	2,416
Finance costs	18	95	220	1,110	—	1,443
Earnings from equity investments	—	(475)	—	—	—	(475)
Earnings (loss) before income taxes	$ 2,334	$ 8,939	$ (1,231)	$ (8,547)	$ (47)	$ 1,448
Total assets	$ 173,653	$ 337,658	$ 103,370	$ 5,408	$ (1,376)	$ 618,713

Three months ended March 31, 2021 (*000's*)	IFM	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	$ 38,022	$ 75,656	$ 41,948	$ —	$ (222)	$ 155,404
Operating expenses						
Direct costs[2]	32,873	59,917	37,723	—	(203)	130,310
Selling, general and administrative expenses[2]	1,685	1,503	1,338	3,650	—	8,176
Depreciation and amortization	839	7,582	1,178	469	—	10,068
Share based compensation[1]	29	85	43	436	—	593
Loss (gain) on disposal of property, plant and equipment	—	294	(133)	—	—	161
Operating income (loss)[2]	2,596	6,275	1,799	(4,555)	(19)	6,096
Finance costs	—	95	211	998	—	1,304
Earnings from equity investment	—	(752)	—	—	—	(752)
Earnings (loss) before income taxes	$ 2,596	$ 6,932	$ 1,588	$ (5,553)	$ (19)	$ 5,544
Total assets	$ 111,286	$ 308,044	$ 82,962	$ 11,315	$ (1,233)	$ 512,374

(1) Certain prior year amounts have been amended to conform to the 2021 annual financial statement presentation. As a result, total share based compensation for Corporate, IFM, WAFES, and Modular Solutions as at March 31, 2021, were revised to $0.4 million, 0.03 million, $0.09 million, and $0.04 million, respectively.

(2) Includes CEWS of nil for the three months ended March 31, 2022 and CEWS of 4.9 million for the three months ended March 31, 2021: IFM - $0.8 million, WAFES -$3.7 million, Modular Solutions -$0.3 million, Corporate - $0.1 million.

(3) Corporate results for the three months ended March 31, 2022 include revenue and direct expenses in the amount of $1.9 million and $4.0 million, respectively from contractual disputes and remediation work related to contracts in place at the time of the Acquisition of Horizon North Logistics Inc. in May 2020. There were no corresponding amounts in the three months ended March 31, 2021.

21. 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 interest rate and cost inflation risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosure required in the annual financial statements. The annual consolidated financial statements for the year ended December 31, 2021 present information about the Corporation's exposure to each of the business and financial risks and the Corporation's objectives, policies and processes for measuring and managing risk. There were no significant changes to the Corporation's risk exposures, including credit risk, liquidity risk, and market risk, and risks related to the COVID-19 pandemic or the processes used by the Corporation for managing those risk exposures at March 31, 2022 compared to those identified and discussed in the Corporation's annual consolidated financial statements for the year ended December 31, 2021.

22. Related parties

As at March 31, 2022 Dexterra Group has performance and labour bonds outstanding with Northbridge General Insurance Corporation ("Northbridge"), a company with the same controlling shareholder as Dexterra Group, totaling $31.0 million (December 31, 2021 - $44.0 million). No fees for these bonds were incurred for the three months ended March 31, 2022 (March 31, 2021 - nil).

Also, Dexterra Group has certain property insurance policies with Northbridge. This insurance coverage started on September 29, 2021 and the premiums paid were $0.3 million for coverage through the subsequent 12 month period and are at normal commercial rates.

23. Comparatives

For the period ended March 31, 2022, certain prior year amounts on the statement of financial position have been amended to conform to the current period's presentation.

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