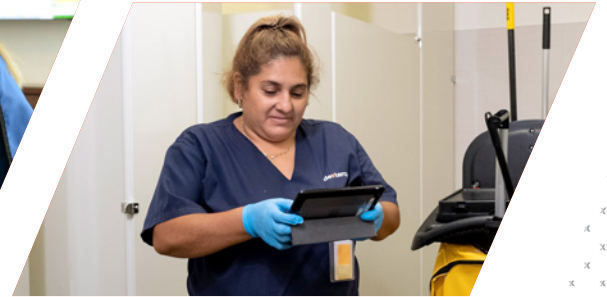
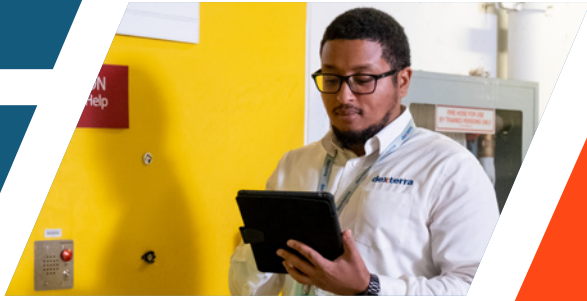
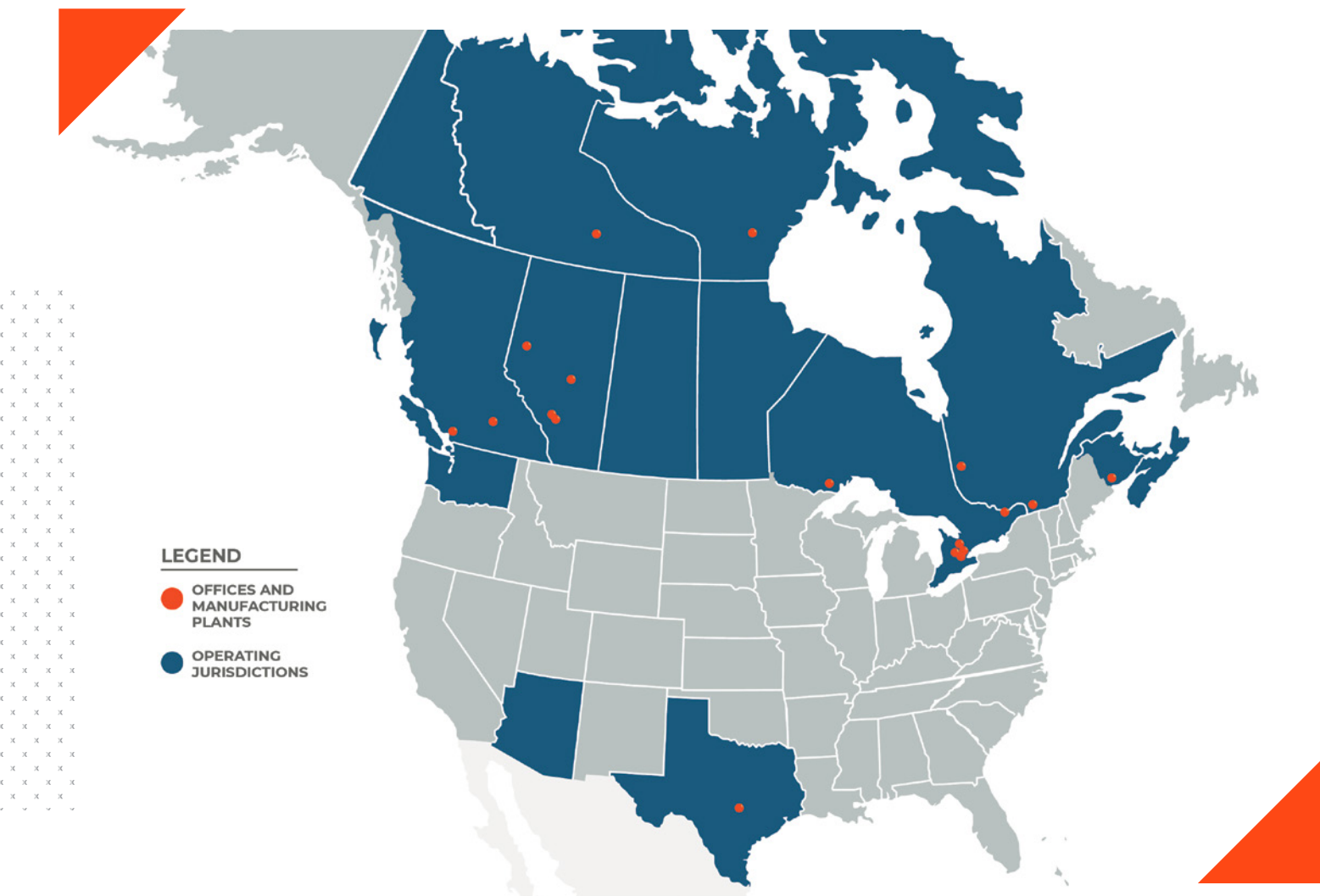


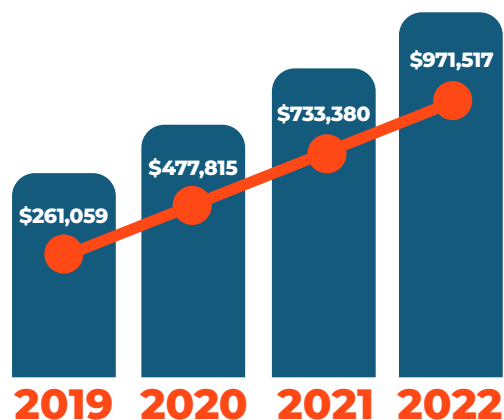
2022 Annual Report



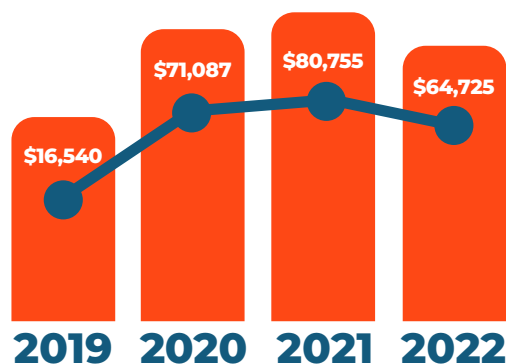
PAN-CANADIAN INFRASTRUCTURE SUPPORT SERVICES



Revenue Growth in \$000s



Adjusted EBITDA* in \$000s



*Includes Canada Emergency Wage Subsidies in 2020 and 2021 (see the Reconciliation of non-GAAP Measures in the Management Discussion and Analysis)



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LETTER FROM THE CHAIR OF THE BOARD

To our shareholders:

We enter 2023 a stronger company. We added key talent and bench strength throughout the organization in 2022, including appointing three new business unit presidents and announcing Mark Becker as our new CEO effective May 1, 2023. This leadership team brings a combination of internally developed expertise and new talent into the organization which will help us execute our strategy of building over the longer term a company with greater scale and strong profitability that shareholders, customers, suppliers, employees and communities trust and support.

Our revenues across the company were strong in 2022. Our business was also impacted by several global economic trends including high inflation especially in the construction and food delivery segments. Management's key priority in 2023 is to improve our profitability and capitalize

on recent investments and strategic acquisitions. We will also continue to invest in people, processes, and tools for the longer term.

On behalf of the Board, I would like to also thank John Mac Cuish for his insights, dedication, and support over the past several years in building a strong foundation in the company which will be leveraged in the years to come.

We hope you will join us and look forward to answering your questions at our virtual shareholders' meeting on May 10, 2023.

Bill McFarland
Chair of the Board



LETTER FROM THE CEO

To our Dexterra Group stakeholders:

2022 was an important year in Dexterra Group's growth story. In January, we welcomed both Dana Hospitality and TRICOM Facility Services Group into our Integrated Facilities Management (IFM) business. Our Senior Leadership team expanded with the additions of Sanjay Gomes, President of IFM, Robert Johnston, President of Modular Solutions, and the promotion of Jeff Litchfield into the position of President of Workforce Accommodations, Forestry, and Energy Services. These developments were important steps in building the foundation for future profitable growth.


2022 also had challenges. The impact of rapid inflation, disruptions to supply chains, rising interest rates and difficulties sourcing and retaining talent were macro issues faced by all businesses. The business impact on Dexterra of COVID-19 and subsequent variants of the virus reduced as the year

progressed and as more industries, such as airports, retail, and education institutions, shifted to a new normal and higher volumes of work. The resilience of our business shone through as we navigated and met these business challenges head on. Our team learned and pivoted in 2022 and remains focused on building a strong company that delivers value to its shareholders and all stakeholders over the long term.

We are a people business and I would like to personally thank the nearly 9,000 Dexterra Group employees across Canada, who did an outstanding job supporting our customers this year. The quality of our people, our business model, and the excellent service our teams deliver to our clients are important differentiators for us and will help us meet our aspirations in the future.

Having our leadership recognized by the industry is a great indicator that we truly have strong people leading our business. Lee-Anne Lyon Bartley, Executive Vice President, Health, Safety, Environment, and Quality, and her team's contributions, were recognized with Dexterra Group being awarded Canada's Safest Employer Award by Canadian Occupational Safety. Lee-Anne was also recognized as being a Top Woman in Safety, along with Manasi Koushik, Director, Quality Assurance and Environment. Well done!

In closing, thanks to our customers, suppliers, partners, communities, and shareholders for supporting us over the past year and to the Board of Directors for its insights. It has been a privilege to be your CEO and work with our various stakeholders to build a strong foundation for the future. I also look forward to watching the continued progress of the company under Mark Becker's leadership.



John Mac Cuish
Chief Executive Officer

THE VALUES WE LIVE BY



Accountability

We don't just walk by. We own our successes and setbacks. If we see something wrong, we act to resolve it. If we see something right, we celebrate it.



Diversity

Everyone has a voice. Sharing is how we learn. It's how we make progress and move forward as a team.



Trust

Our actions speak louder than our words. Trust is earned through clarity, compassion and competence. It is our commitment to our clients, our colleagues and our communities.



Partnership

Service is what we sell. By asking for, listening to and acting on client feedback, we create long-term, successful partnerships.



MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2022

This MD&A has been prepared as at March 8, 2023.

Management's Discussion and Analysis

Three months and years ended December 31, 2022 and 2021

The following Management's Discussion and Analysis ("MD&A") prepared as at March 8, 2023 for Dexterra Group Inc. ("Dexterra" or the "Corporation"), provides information concerning Dexterra's financial condition and results of operations. This MD&A should be read in conjunction with the Corporation's audited Consolidated Financial Statements ("2022 Financial Statements") for the years ended December 31, 2022 and 2021, respectively. For additional information, readers should also refer to Dexterra's Annual Information Form ("AIF") available on SEDAR at sedar.com and Dexterra'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 the AIF.

The accompanying 2022 Financial Statements of Dexterra as at and for the year ended December 31, 2022 and December 31, 2021 are the responsibility of Dexterra'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

(000's except per share amounts)	Three months ended December 31,		Years ended December 31,	
	2022	2021	2022	2021
Total Revenue	\$ 253,858	\$ 201,588	\$ 971,517	\$ 733,380
Adjusted EBITDA ⁽¹⁾⁽²⁾	\$ 13,986	\$ 18,054	\$ 64,725	\$ 80,755
Adjusted EBITDA as a % of revenue ⁽¹⁾⁽³⁾	6%	9%	7%	10%
Net earnings (loss) ⁽²⁾⁽⁴⁾	\$ (2,873)	\$ 4,176	\$ 3,715	\$ 24,628
Earnings (loss) per share				
Basic and Diluted	\$ (0.04)	\$ 0.06	\$ 0.05	\$ 0.37
Total assets	\$ 611,401	\$ 533,629	\$ 611,401	\$ 533,629
Total loans and borrowings	\$ 94,045	\$ 65,320	\$ 94,045	\$ 65,320
Free Cash Flow ⁽¹⁾	\$ 23,117	\$ 20,791	\$ 40,252	\$ 45,393

(1) Please refer to the "Non-GAAP measures" section for the definition of Adjusted EBITDA, Adjusted EBITDA as a % of revenue and Free Cash Flow and to the "Reconciliation of non-GAAP measures" section for the related calculations.

(2) Adjusted EBITDA for year ended December 31, 2021 includes the Canadian Emergency Wage Subsidy ("CEWS") of \$9.1 million, comprised of \$1.7 million in IFM, \$6.6 million in WAFES, \$0.6 million in Modular, and \$0.2 million in Corporate (Nil for the three months ended December 31, 2021). There was no CEWS in 2022.

(3) Adjusted EBITDA as a % of revenue for the year ended December 31, 2021 excludes CEWS of \$9.1 million.

(4) Non-recurring charges included in pre-tax earnings are described in the reconciliation of Non-GAAP Measures section and included \$12.1 million in the year ended December 31, 2022 (2021- \$2.0 million) and \$7.0 million for the three months ended December 31, 2022 (2021- \$2.0 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 CEWS", calculated as Adjusted EBITDA less CEWS; "Adjusted EBITDA as a percentage of revenue", calculated as Adjusted EBITDA excluding CEWS divided by revenue; IFM Adjusted EBITDA as a % of revenue, excluding loss contracts and the Dana business, calculated as Adjusted EBITDA less Adjusted EBITDA related to loss contracts and the Dana business divided by revenue less revenue from loss contracts and the Dana business; and "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 modular 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, 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's operating performance and highlight trends in its core businesses that may not otherwise be apparent when relying solely on GAAP financial measures. Dexterra also believes that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Dexterra's management also uses non-GAAP measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

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 Inc. 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 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 airports, 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 ("Modular") 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.

Results for 2022

Highlights

- Consolidated revenue totaled \$971.5 million for 2022 compared to \$733.4 million in the prior year, an increase of 32% or \$238.1 million. The increase in revenue is largely attributed to the continued growth in IFM and WAFES, including additional revenue of \$108.3 million generated by the acquisitions of FCPI Dana Investments Inc. ("Dana") and the Tricom Group ("Tricom") businesses or collectively the "2022 IFM Acquisitions";
- The Corporation's Adjusted EBITDA for 2022 was \$64.7 million (2021 - \$80.8 million). This decrease related to inflationary pressures of approximately \$20 million primarily on fixed price contracts on social affordable housing projects in the Modular Solutions business which included a special provision in Q4 2022 of approximately \$8 million to cover expected cost escalation and future losses on projects to be completed in 2023. This was partially offset by strong WAFES results;
- The Corporation reported consolidated net earnings of \$3.7 million for 2022 which included non-recurring items of \$12.1 million;
- Net debt decreased to \$94.0 million at December 31, 2022. For the year ended December 31, 2022, Free cash flow ("FCF") was \$40.3 million, compared to \$45.4 million in 2021. The FCF conversion rate is expected to approximate 50% in future periods;
- On December 2, 2022, the Corporation signed an agreement to acquire all outstanding shares of VCI Controls Inc. ("VCI"). The acquisition closed on January 31, 2023 and expands the existing IFM service offering to include building automation controls and energy efficiency solutions; and
- Dexterra declared a dividend for the first quarter of 2023 of \$0.0875 per share payable to shareholders of record at the close of business on March 31, 2023 which will be paid on April 17, 2023.

Fourth Quarter Results

Highlights

- The Corporation generated consolidated revenue of \$253.9 million for Q4 2022 which increased \$52.3 million, or 26%, compared to Q4 2021. Revenue in Q4 2022 decreased by only \$5.9 million or 2% compared to Q3 2022 with stronger revenues in the IFM and Modular businesses. WAFES also has a very strong Q4 2022 on a seasonally adjusted basis. The increase of revenue from Q4 2021 is primarily related to the 2022 IFM acquisitions which added \$33.0 million of additional revenue as well as an increase in WAFES revenue due to increased activity levels and successful new sales and rebids on contracts;
- The Corporation's Adjusted EBITDA for Q4 2022 was \$14.0 million compared to \$20.1 million in Q3 2022 and \$18.1 million in Q4 2021. The decline in Q4 2022 Adjusted EBITDA is primarily attributable to weaker Modular results which included a special provision of \$8 million to cover the cost impact and future losses on social affordable housing projects which will be completed in 2023 (\$nil for the three months ended December 31, 2021). Strong results from WAFES partially offset this decline; and
- The Corporation reported a consolidated net loss of \$2.9 million for Q4 2022 (net earnings of \$4.2 million in Q4 2021) which included non-recurring items of \$7.0 million (2021 - \$2.0 million).

Operational Analysis

	Three months ended December 31,		Years ended December 31,	
(000's)	2022	2021	2022	2021
Revenue:				
IFM	\$ 78,543	\$ 39,250	\$ 279,354	\$ 155,131
WAFES	123,148	111,924	489,996	393,797
Modular Solutions	52,171	46,473	199,611	181,701
Corporate and Inter-segment eliminations	(4)	3,941	2,556	2,751
Total Revenue	\$ 253,858	\$ 201,588	\$ 971,517	\$ 733,380
Adjusted EBITDA:				
IFM	\$ 2,764	\$ 2,509	\$ 13,553	\$ 13,283
WAFES	21,391	18,462	74,526	72,309
Modular Solutions	(6,622)	2,923	(8,331)	13,322
Corporate costs and Inter-segment eliminations	(3,547)	(5,840)	(15,023)	(18,159)
Total Adjusted EBITDA ⁽¹⁾	\$ 13,986	\$ 18,054	\$ 64,725	\$ 80,755
Adjusted EBITDA as a % of Revenue⁽²⁾				
IFM	4 %	6 %	5 %	7 %
WAFES	17 %	16 %	15 %	17 %
Modular Solutions	(13)%	6 %	(4)%	7 %

(1) Adjusted EBITDA for year ended December 31, 2021 includes CEWS of \$9.1 million, comprised of \$1.7 million in IFM, \$6.6 million in WAFES, \$0.6 million in Modular, and \$0.2 million in Corporate (\$nil for the three months ended December 31, 2022).

(2) Adjusted EBITDA as a % of revenue for the year ended December 31, 2021 excludes CEWS of \$9.1 million.

IFM

For the year ended December 31, 2022, IFM revenues were \$279.4 million, an increase of \$124.2 million driven by the 2022 IFM Acquisitions which contributed \$108.3 million in revenue and new business wins. Adjusted EBITDA of \$2.8 million for Q4 2022 and \$13.6 million for the year ended December 31, 2022 were up slightly compared to Q3 2022 and fiscal 2021. Adjusted EBITDA as a percentage of revenue excluding the impact of loss contracts and the Dana business was 7% for the year ended December 31, 2022. Dana had revenues of \$79 million during the year (Q4 2022 revenue - \$24.2 million) and a negative Adjusted EBITDA in both periods due to the restart of certain significant contracts as COVID restrictions lessened and food inflation.

The majority of our IFM business, including the Dana contracts, include price adjustment and/or inflationary provisions. However, there is often a delay before these costs may be passed onto clients which generally results in some margin erosion in high inflationary periods.

For Q4 2022, IFM revenues were \$78.5 million, an increase of \$39.3 million, or 100%, from Q4 2021 and \$7.1 million or 10% higher than Q3 2022. The revenue increase primarily reflects the 2022 IFM Acquisitions, which contributed \$33.0 million in revenue in Q4 2022. Excluding the acquisitions, revenue increased by \$6.3 million or 16% compared to Q4 2021 due to new business wins earlier in the year. The IFM Adjusted EBITDA as a percentage of revenue, excluding the impact of loss contracts and the Dana business, was 6% for Q4 2022 and improved compared to Q3 2022.

Management believes 2023 margins should continue to improve as inflationary pressures reduce, cost adjustment clauses are enacted and the Dana business becomes profitable.

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. For the year ended December 31, 2022, direct costs were 92% of revenue compared to 89% in 2021 (after adjusting for CEWS). This 3% increase is mostly due to the impacts of inflation and the profitability of the Dana business.

Direct Costs as a % of revenue in Q4 2022 were 94% which is higher than 93% in Q4 2021 (after adjusting for CEWS) and were impacted by the items described above.

WAFES

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

WAFES support services includes food and facilities services at remote client locations. Forestry is a seasonal business with its activities primarily taking place in Q2 and Q3 each year and is reported in WAFES support services.

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

Revenue from WAFES for the year ended December 31, 2022 was \$490.0 million which is an increase of \$96.2 million or 24% compared to 2021. The increase is attributable to growth in camp catering, install activities and higher occupancy levels. Revenues from Energy Services were \$59.3 million for the year ended December 31, 2022 which is an increase of \$23.5 million or 65% compared to 2021. Energy Services activity is closely tied to the energy industry and the increase reflects higher activity in this sector in Western Canada driving demand for access matting and space rentals. For the year ended December 31, 2022, WAFES support services activity accounted for 56% (44% asset-based services) of total WAFES revenue compared to 55% support services for the same period of 2021.

Revenue from the WAFES business for Q4 2022 was \$123.1 million, an increase of \$11.2 million or 10% compared to Q4 2021. WAFES revenue performance was stronger in Q4 2022 compared to Q4 2021 due to high business activity levels including higher access matting rentals and sales and field service activity.

The 2022 Adjusted EBITDA as a percentage of revenue is 15%, compared to 17% in 2021. The lower margin as compared to 2021 is primarily due to a change in revenue mix in 2022 and inflationary increases to food and utilities costs in the business which are generally passed on to clients with a timing lag. Adjusted EBITDA as a percentage of revenue was 17% for Q4 2022 which is consistent with Q4 2021 and included higher margin matting activities and retroactive price increases of \$2.8 million (2021- \$1.8 million).

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. For the year ended December 31, 2022 direct costs were 83% of revenue compared to 80% in 2021. This 3% increase is primarily due to the change in the revenue mix and the impact of higher food, utilities and transportation costs which are passed on to clients with some timing lag.

The decrease of direct costs as a percentage of revenue in Q4 2022 compared to the prior year is due the additional revenue generated from successful contract change order negotiations and higher margin access mat sales.

Modular Solutions

Revenue for the year ended December 31, 2022 was \$199.6 million, an increase of \$17.9 million or 10% over the prior year. Modular Solutions segment revenues for Q4 2022 were \$52.2 million, an increase of \$5.7 million or 12% as compared to Q4 2021. Adjusted EBITDA loss for the year ended December 31, 2022 was \$8.3 million (2021 - Adjusted EBITDA of \$13.3 million) and an Adjusted EBITDA loss of \$6.6 million in Q4 2022 (Q4 2021 - Adjusted EBITDA of \$2.9 million).

Inflation, especially higher subcontractor costs, and supply chain constraints significantly impacted the modular business profitability including many fixed price social affordable housing projects signed in 2021. Most of these projects are British Columbia ("BC") based and experienced delays. The cost escalation or inflationary impact in 2022 attributed to social affordable projects is approximately \$20 million and included a special provision of \$8 million in Q4 2022 to account for expected future losses to complete these contracts in 2023.

Margins for the Modular segment are expected to improve in 2023 as the aforementioned fixed price projects are completed and through ongoing efforts in executing a 4-point business turn-around plan including (i) improving project management practices, processes, and tools, (ii) revising contract pricing and including inflation risk management provisions in all new contracts, (iii) supply chain management initiatives including forward purchasing of lumber and other materials, and (iv) continued diversification of the project pipeline to reduce social affordable housing concentration risk.

A key metric for the Modular Solutions is the backlog of projects. The backlog of \$114 million for rapid affordable housing was lower at the end of Q4 2022. Management understands significant new social affordable housing projects will be tendered in Western Canada in the summer of 2023. The rise in interest rates is also impacting the demand for U.S. housing supply only projects. The backlog for U.S. manufacturing supply and industrial projects is \$32 million at December 31, 2022. Modular Solutions also has recurring modular business beyond the projects above worth approximately \$40 million per annum, which consists of education modules, industrial/commercial modules and kiosks.

Management's Discussion and Analysis

Three months and years ended December 31, 2022 and 2021

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 in Modular Solutions for the year and Q4 2022 were abnormally high given inflationary pressures and the escalating costs on the fixed priced contracts as described above.

Other Items

Non-recurring items

Costs include non-recurring items recorded in direct costs and SG&A expenses for the year ended December 31, 2022 of \$12.1 million (Q4 2022 - \$7.0 million) including: contract loss provisions of \$3.8 million (Q4 2022 - \$0.6 million), net of revenue of \$3.1 million (Q4 2022 - \$nil) on pre-merger commercial disputes which have been remediated; \$2.9 million recorded in Q4 2022 on an onerous IFM contract to record future expected losses over the life of the contract; costs of \$2.0 million (Q4 2022 - \$2.0 million) related to the restructuring and systems implementation for a business unit being integrated with the VCI Controls Inc. acquisition; restructuring costs of \$1.8 million (Q4 2022 - \$0.7 million); and other items of \$1.6 million (Q4 2022 - \$0.8 million) including acquisition costs.

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, human resources, corporate accounting staff and the associated costs of supporting a public company.

SG&A expenses for the year ended December 31, 2022 were \$41.1 million compared to \$34.9 million for 2021. SG&A expenses increased in 2022 due to non-recurring expenses related to restructuring costs and acquisition costs of \$2.9 million (2021 - \$0.3 million) and the increased scale of business operations. Normalized SG&A expenses for the year ended December 31, 2022 were \$38.2 million and as a percentage of revenue were 4% of total revenue for 2022 which decreased from 5% in 2021.

SG&A expenses for Q4 2022 were \$10.5 million, an increase of \$1.0 million when compared to Q4 2021. Normalized SG&A expenses after deducting non-recurring expenses for the three months ended December 31, 2022 were \$9.5 million or 4% of total revenue.

Depreciation and Amortization

(000's)	Three months ended December 31,		Years ended December 31,	
	2022	2021	2022	2021
Depreciation of property, plant and equipment and right-of-use assets	\$ 7,735	\$ 7,856	\$ 33,092	\$ 34,450
Amortization of intangibles	1,361	1,058	5,513	3,611
Total depreciation and amortization	\$ 9,096	\$ 8,914	\$ 38,605	\$ 38,061

For the year ended December 31, 2022, depreciation and amortization was \$38.6 million, a \$0.5 million of increase compared to 2021. Higher amortization of intangibles related to the 2022 IFM Acquisitions was offset by lower depreciation of property, plant and equipment as more assets become fully depreciated. The Corporation plans to continue to operate in a capital light model with lower depreciation expense as property, plant and equipment and right of use assets become fully depreciated. For Q4 2022, depreciation and amortization was \$9.1 million, an increase of \$0.2 million compared to Q4 2021.

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 the three months ended and year ended December 31, 2022 was 7.6% (Q4 2021 - 3.7%) and 5.1% (December 31, 2021 - 4.0%), respectively. The interest rate has been impacted by the increases in the Bank of Canada rate in 2022. The interest rate ranges from bank prime rate plus 0.5% to 1.75% per annum depending on the debt level and earnings profile of the Corporation. The future effective rate will rise if there are increases in the central bank interest rate.

Goodwill

Goodwill increased to \$128.6 million compared to the \$98.6 million in 2021 due to the 2022 IFM Acquisitions. \$94.0 million of the Goodwill is attributable to the IFM segment and \$34.6 million is attributable to WAFES. The Corporation concluded no impairment was identified for goodwill or intangibles as at December 31, 2022.

Gain/Loss on disposal

For the year ended December 31, 2022, the gain on disposal was \$0.4 million which was comparable to the gain on disposal in 2021. For Q4 2022, the gain on disposal was \$0.1 million compared to a gain of \$0.3 million in Q4 2021. The gains and losses on disposal originated from the rationalization of WAFES assets for cash.

Non-controlling interest

Dexterra 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 and a non-controlling interest is recognized. For the three months and year ended December 31, 2022, earnings of \$0.1 million and \$0.3 million were attributed to the non-controlling interest, respectively.

Joint Ventures

Dexterra owns 49% of Gitxaala Horizon North Services LP ("Gitxaala") and Big Spring Lodging Limited Partnership ("BSL LP"). These equity investments represent operations of WAFES and generate earnings from providing workforce accommodations, rentals, and maintenance of relocatable structures. For the three-month and year ended December 31, 2022, earnings from equity investments were \$0.5 million and \$2.0 million, respectively (2021 - \$0.8 million and \$2.5 million).

Income taxes

For the year ended December 31, 2022, the Corporation's effective income tax rate was a recovery of 15%, compared to a tax expense of 26.1% in 2021. The effective tax rate for the year ended December 31, 2022 is lower than the combined federal and provincial income tax rates primarily due to the positive impact of the tax rate differential on certain transactions and adjustments related to prior periods. For 2021, the effective tax rate was consistent with combined federal and provincial income tax rate. The Corporation has non-capital losses for Canadian tax purposes of \$92.4 million at December 31, 2022 available to reduce future taxable income in Canada. The benefit of the losses has been recorded in the financial statements as the Corporation expects to fully utilize these losses before their expiry.

Outlook

Operations Outlook

Overall

The Canadian and global economies continue to experience inflationary pressures, higher interest rates, reduced labour availability and supply chain issues along with concerns around a global recession. These factors have created a challenging environment for all business.

Management is proactively addressing inflationary, supply chain, and labour availability issues across all its business segments with the goal in 2023 to significantly improve profitability in the Modular and IFM business segments. We also expect our overall profitability to improve with significantly lower non-recurring charges in 2023.

IFM

The focus of the IFM business is on improving the profitability of the Dana acquired business starting in Q1 2023 while continuing to provide excellent service to clients. We will look at M&A opportunities in the back half of 2023.

WAFES

The WAFES business is expected to remain strong in 2023 given natural resource activity levels nationwide. The Crossroads Lodge in Kitimat, British Columbia reopened in Q2 2022 and is expected to have improved occupancy in 2023 with a broader client base which is a positive development.

Modular

The demand for social affordable housing in urban centers continues with various government assistance programs in place. The segment is working through the backlog of fixed price contracts, executing on business improvement initiatives and is expected to return to positive margins in 2023.

Liquidity and Capital Resources

Debt was \$94.0 million at December 31, 2022. The Corporation's financial position and liquidity remain strong with \$95.0 million of unused capacity on its credit lines at December 31, 2022.

For the year ended December 31, 2022, cash generated by operating activities was \$64.0 million, which was similar to the prior year as stronger working capital management offset the lower earnings in 2022. Debt levels are expected to be reduced in 2023 in the absence of acquisitions.

Management's Discussion and Analysis

Three months and years ended December 31, 2022 and 2021

Capital Spending

For the three months and year ended December 31, 2022, gross capital spending for property, plant and equipment was \$2.7 million and \$6.9 million, respectively, compared to the \$0.9 million and \$5.9 million in the same period of 2021. Capital spending in 2022 primarily relates to sustaining capital whereas the majority of the 2021 spending was for NRB Cambridge plant expansion (\$3.2 million).

Quarterly Summary of Results

(000's except per share amounts)	Three months ended			
	2022 December	2022 September	2022 June	2022 March
Revenue	\$ 253,858	\$ 259,803	\$ 233,896	\$ 223,960
Adjusted EBITDA	13,986	20,081	13,642	17,018
Net earnings (loss) attributable to shareholders	(2,939)	5,164	310	898
Net earnings per share, basic and diluted	\$ (0.04)	\$ 0.08	\$ —	\$ 0.01

(000's except per share amounts)	Three months ended			
	2021 December	2021 September	2021 June	2021 March
Revenue	\$ 201,588	\$ 202,760	\$ 173,627	\$ 155,404
Adjusted EBITDA	18,054	22,372	22,502	17,825
Net earnings attributable to shareholders	4,093	7,780	8,206	4,277
Net earnings per share, basic and diluted	\$ 0.06	\$ 0.12	\$ 0.13	\$ 0.07

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.

Adjusted EBITDA

(000's)	Three months ended December 31,		Years ended December 31,	
	2022	2021	2022	2021
Net earnings (loss) ⁽¹⁾	\$ (2,873)	\$ 4,176	\$ 3,715	\$ 24,628
Add:				
Share based compensation	426	516	1,112	2,099
Depreciation & amortization	9,096	8,914	38,605	38,061
Equity investment depreciation	303	110	1,181	627
Finance costs	2,975	1,221	8,953	5,101
Gain on disposal of property, plant and equipment	(117)	(308)	(417)	(425)
Income tax expense (recovery)	(2,854)	1,469	(495)	8,708
Non-recurring:				
Contract loss provisions ⁽²⁾	3,510	1,706	6,678	1,706
Restructuring and other costs ⁽³⁾	3,520	250	5,394	250
Adjusted EBITDA ⁽¹⁾	\$ 13,986	\$ 18,054	\$ 64,725	\$ 80,755

(1) Includes CEWS of \$9.1 million for the year ended December 31, 2021 (\$nil for the three months ended December 31, 2021).

(2) Results include contract loss provisions for the year ended December 31, 2022 of \$3.8 million (2021 - \$1.7 million; Q4 2022 - \$0.6 million; Q4 2021 - \$1.7 million) for disputes and the remediation work related to contracts in place at the time of the Acquisition of Horizon North Logistics Inc. in May 2020 (net of revenue of \$3.1 million in 2022 (Q4 2022 - \$nil)) and \$4.0 million in 2021 (Q4 2021 - \$4.0 million) and \$2.9 million related to an onerous IFM contract recorded in Q4 2022. The remediation work on the pre-Acquisition contracts is substantially complete with final payments to be negotiated.

(3) Corporate SG&A for the year ended December 31, 2022 includes costs of \$2.9 million including restructuring costs of \$1.8 million (Q4 2022 - \$0.7 million); and other items of \$1.1 million (Q4 2022 - \$0.3 million) including acquisition costs. Restructuring and other costs also includes direct costs of \$2.5 million (Q4 2022 - \$2.5 million), of which \$2.0 million (Q4 2022 - \$2.0 million) relates to a restructuring and systems implementation for a business unit being integrated with the VCI Controls Inc. acquisition and \$0.5 million relates to other items (Q4 2022 - \$0.5 million).

Management's Discussion and Analysis

Three months and years ended December 31, 2022 and 2021

IFM Adjusted EBITDA as a % of revenue, excluding loss contracts and the Dana business

(000's)	Three months ended December 31, 2022		Year ended December 31, 2022	
Revenue:				
IFM Revenue	\$	78,543	\$	279,354
Deduct: Impact of loss contracts and Dana		(29,486)		(84,343)
IFM Revenue excluding loss contracts and Dana	\$	49,057	\$	195,011
Adjusted EBITDA:				
IFM	\$	2,764	\$	13,553
Add: Impact of loss contracts and Dana		133		650
IFM Adjusted EBITDA excluding loss contracts and Dana	\$	2,897	\$	14,203
IFM Adjusted EBITDA as a % of revenue, excluding loss contracts and the Dana business		6 %		7 %

Free Cash Flow

(000's)	Three months ended December 31,		Years ended December 31,	
	2022	2021	2022	2021
Net cash flows from operating activities	\$ 30,794	\$ 24,603	\$ 63,991	\$ 64,486
Sustaining capital expenditures, net of proceeds	(1,717)	68	(4,369)	(1,232)
Purchase of intangible assets	(47)	(353)	(187)	(1,931)
Finance costs paid	(2,739)	(1,128)	(8,531)	(5,327)
Lease payments	(3,174)	(2,399)	(10,652)	(10,603)
Free Cash Flow	\$ 23,117	\$ 20,791	\$ 40,252	\$ 45,393

Adjusted EBITDA excluding CEWS

(000's)	Year ended December 31, 2021
Total Adjusted EBITDA	\$ 80,755
CEWS by Segment:	
IFM	(1,713)
WAFES	(6,607)
Modular Solutions	(577)
Corporate	(203)
Adjusted EBITDA excluding CEWS	\$ 71,655
Adjusted EBITDA as a % of revenue	9.8%

No CEWS was recorded in Q4 2021 or in 2022 so the Adjusted EBITDA and Adjusted EBITDA excluding CEWS numbers are the same.

Accounting Policies

Dexterra's IFRS accounting policies are provided in Note 3 to the Consolidated Financial Statements for the year ended December 31, 2022.

Outstanding Shares

Dexterra had 65,241,628 voting common shares issued and outstanding as at March 8, 2023, of which 49% or 31,957,781 are owned by subsidiaries of Fairfax Financial Holdings Limited.

Off-Balance Sheet Financing

Dexterra 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.

There were no changes in Dexterra's DC&P that occurred during the year ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, Dexterra'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 December 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 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, 2022 under Note 22, dated March 8, 2023, and this MD&A should be read in conjunction with them. Such risks may not be the only risks facing Dexterra. Additional risks not currently known may also impair Dexterra's business operations and results of operation.

Critical Accounting Estimates and Judgements

This MD&A of Dexterra's financial condition and results of operations is based on its consolidated financial statements, which are prepared in accordance with IFRS. The preparation of the consolidated financial statements requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The MD&A should be read in conjunction with the 2022 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 2022 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's future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "continue"; "forecast"; "may"; "will"; "project"; "could"; "should"; "expect"; "plan"; "anticipate"; "believe"; "outlook"; "target"; "intend"; "estimate"; "predict"; "might"; "potential"; "continue"; "foresee"; "ensure" or other similar expressions concerning matters that are not historical facts. In particular, statements regarding Dexterra's future operating results and economic performance, including COVID-19 related impacts and the impacts of the 2022 IFM Acquisitions; management expectations of market sector recoveries, its leverage, Free Cash Flow, NRB Modular Solutions backlog and revenue, and its objectives and strategies are forward-looking

Management's Discussion and Analysis
Three months and years ended December 31, 2022 and 2021

statements. These statements are based on certain factors and assumptions, including expected growth, market recovery, results of operations, performance and business prospects and opportunities regarding Dexterra, which Dexterra believes are reasonable as of the current date. While management considers these assumptions to be reasonable based on information currently available to Dexterra, they may prove to be incorrect. Forward-looking information is also subject to certain known and unknown risks, uncertainties and other factors that could cause Dexterra'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 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's products and services; Dexterra'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 operates; climate changes could increase Dexterra'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'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's services; its insurance program may not fully cover losses. Additional risks and uncertainties are described in Note 22 of the Corporation's Consolidated Financial Statements for the years ended December 31, 2022 and 2021 contained in its most recent Annual Report filed with securities regulatory authorities in Canada and available on SEDAR at [sedar.com](https://www.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 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.



MANAGEMENT'S REPORT TO SHAREHOLDERS



MANAGEMENT'S REPORT TO SHAREHOLDERS

The accompanying consolidated financial statements and Management's Discussion and Analysis of Dexterra Group Inc. ("Dexterra Group" or the "Corporation") have been approved by the Board of Directors ("Board") of Dexterra Group. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Financial statements will, by necessity, include certain amounts based on estimates and judgments. The financial information contained throughout this report has been reviewed to ensure consistency with these consolidated financial statements.

Management has overall responsibility for internal controls and maintains accounting systems designed to provide reasonable assurance that transactions are properly authorized, assets safeguarded and that the financial records form a reliable base for the preparation of accurate and timely financial information. The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of disclosure controls and procedures and internal controls over financial reporting and have concluded that they are effective.

The Board oversees the management of the business and affairs of Dexterra Group, including ensuring management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee, which consists of four independent directors. An independent firm of chartered accountants, appointed as external auditor by the shareholders, has audited the consolidated financial statements and its report is included herein. The Audit Committee considers the report of the external auditor, assesses the adequacy of internal controls of the company, examines the fees and expenses of the auditor and reviews the consolidated financial statements with management and the external auditor and reports its findings to the Board.

John Mac Cuish
President and Chief Executive Officer

Drew Knight
Chief Financial Officer

March 8, 2023



INDEPENDENT AUDITOR'S REPORT TO SHAREHOLDERS



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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- 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.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

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

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, 2022. 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

Impairment assessment of goodwill

Refer to note 2 – Basis of Preparation, note 3 – Significant accounting policies and determination of fair values and note 9 – Intangibles and Goodwill to the consolidated financial statements.

The Corporation had goodwill of \$128.6 million as at December 31, 2022, which 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 fair value less costs of disposal method using discounted cash flow models. Significant assumptions used in the discounted cash flow models included revenue growth rates, earnings before interest, taxes, depreciation, amortization, depreciation from equity investment, share based compensation, and gain/loss on disposal of property, plant and equipment (EBITDA) and discount rates. Management concluded that there was no impairment of goodwill as at December 31, 2022.

We considered this a key audit matter due to the significant judgment applied by management in determining the recoverable amounts of the CGUs,

Our approach to addressing the matter included the following procedures, among others:

- Evaluated how management determined the recoverable amounts of the CGUs, which included the following:
 - Tested the mathematical accuracy of the discounted cash flow models.
 - Evaluated the reasonableness of significant assumptions such as revenue growth rates and EBITDA 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.
 - Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of management's fair value less costs of disposal method and assessing 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
<p>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.</p>	
<p>Valuation of customer relationships acquired in the FCPI Dana Investments Inc. business combination</p> <p><i>Refer to note 2 – Basis of Preparation, note 3 – Significant accounting policies and determination of fair values and note 4 – Business Combinations to the consolidated financial statements.</i></p> <p>The Corporation acquired FCPI Dana Investments Inc. (Dana) for a total cash consideration of \$30.9 million during 2022. The fair value of the identifiable assets acquired included \$12.6 million related to customer relationships.</p> <p>Management applied significant judgment in estimating the fair value of the customer relationships. Management used the multi-period excess earnings method to fair value customer relationships using a discounted cash flow model. The significant assumption used in the discounted cash flow model is the EBITDA.</p> <p>We considered this a key audit matter due to the significant judgment by management in estimating the fair value of the customer relationships, including the development of the significant assumption. 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 assumption used by management. The audit effort involved the</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"> • Tested how management estimated the fair value of the customer relationships, which included the following: <ul style="list-style-type: none"> – Read the purchase agreement. – Tested the mathematical accuracy of the discounted cash flow model. – Evaluated the reasonableness of the EBITDA by considering the past performance of Dana, as well as industry data. – Professionals with specialized skill and knowledge in the field of valuation assisted in evaluating the appropriateness of management’s multi-period excess earnings method. – Tested the underlying data used in the discounted cash flow model. • Tested the related disclosures in the consolidated financial statements.



Key audit matter	How our audit addressed the key audit matter
use of professionals with specialized skill and knowledge in the field of valuation.	

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

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 Alodie Cuvelier-Brew.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 8, 2023



CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2022 and December 31, 2021

Consolidated statement of financial position

(000's)	Note	December 31, 2022	December 31, 2021
Assets			
Current assets			
Trade and other receivables	5	\$ 211,397	\$ 184,776
Inventories	6	26,045	16,998
Prepaid expenses and other		5,324	4,948
Income tax receivable		—	2,213
Total current assets		\$ 242,766	\$ 208,935
Non-current assets			
Property, plant and equipment	7	156,608	161,981
Right-of-use assets	8	23,363	22,057
Intangible assets	9	35,375	21,777
Goodwill	9	128,607	98,640
Deferred income tax assets	17	8,118	2,081
Other assets	10	16,564	18,158
Total non-current assets		\$ 368,635	\$ 324,694
Total assets		\$ 611,401	\$ 533,629
Liabilities			
Current liabilities			
Trade and other payables		\$ 170,629	\$ 121,868
Deferred revenue	14	10,706	1,946
Income tax payable		381	—
Asset retirement obligations	12	8,478	5,277
Lease liabilities	8	7,783	7,346
Total current liabilities		\$ 197,977	\$ 136,437
Non-current liabilities			
Lease liabilities	8	20,311	17,722
Contingent consideration		697	1,142
Asset retirement obligations	12	3,164	5,283
Loans and borrowings	11	94,045	65,320
Other long term liabilities	13	640	769
Deferred income tax liabilities	17	7,584	2,608
Non-current liabilities		\$ 126,441	\$ 92,844
Total liabilities		\$ 324,418	\$ 229,281
Shareholders' Equity			
Share capital	13	233,968	233,541
Contributed surplus		2,236	1,199
Accumulated other comprehensive income		341	—
Retained earnings		50,245	69,639
Non-controlling interest		193	(31)
Total shareholders' equity		\$ 286,983	\$ 304,348
Total liabilities and shareholders' equity		\$ 611,401	\$ 533,629

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

Subsequent event (Note 26)



Mary Garden
Director, Audit Committee Chair



John MacCuish
Director, Chief Executive Officer

Consolidated statement of comprehensive income

		Years ended December 31,	
(000's except per share amounts)	Note	2022	2021
Revenue			
Revenue from operations	14	\$ 971,517	\$ 733,380
Operating expenses			
Direct costs	15	880,966	622,837
Selling, general and administrative expenses	16	41,103	34,853
Depreciation	7,8	33,092	34,450
Amortization of intangible assets	9	5,513	3,611
Share based compensation	13	1,112	2,099
Gain on disposal of property, plant and equipment		(417)	(425)
Operating income		\$ 10,148	\$ 35,955
Finance costs	8,11	8,953	5,101
Earnings from equity investments	10	(2,025)	(2,482)
Earnings before income taxes		\$ 3,220	\$ 33,336
Income tax			
Income tax expense (recovery)	17	(495)	8,708
Net Earnings		\$ 3,715	\$ 24,628
Other comprehensive income			
Translation of foreign operations		341	—
Total comprehensive income for the year		\$ 4,056	\$ 24,628
Net Earnings Attributable to:			
Shareholders		\$ 3,433	\$ 24,355
Non-controlling interest		\$ 282	\$ 273
Earnings per common share:			
Net earnings per share, basic and diluted	19	\$ 0.05	\$ 0.37
Weighted average common shares outstanding:			
Basic	19	65,205	65,075
Diluted	19	65,489	65,420

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	Accumulated other comprehensive income	Retained earnings	Non- controlling interest	Total
Balance as at December 31, 2020		64,869	\$ 232,348	\$ 354	\$ —	\$ 66,451	\$ 1,823	\$ 300,976
Dividends	20	—	—	—	—	(21,167)	(2,127)	(23,294)
Exercise of stock options	13	282	1,193	(334)	—	—	—	859
Share based compensation	13	—	—	1,179	—	—	—	1,179
Total comprehensive income		—	—	—	—	24,355	273	24,628
Balance as at December 31, 2021		65,151	\$ 233,541	\$ 1,199	\$ —	\$ 69,639	\$ (31)	\$ 304,348
Dividends	20	—	—	—	—	(22,827)	(58)	(22,885)
Exercise of stock options	13	91	427	(117)	—	—	—	310
Share based compensation	13	—	—	1,154	—	—	—	1,154
Total comprehensive income		—	—	—	341	3,433	282	4,056
Balance as at December 31, 2022		65,242	\$ 233,968	\$ 2,236	\$ 341	\$ 50,245	\$ 193	\$ 286,983

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

Consolidated statement of cash flows

		Years ended December 31,	
(000's)	Note	2022	2021
Cash provided by (used in):			
Operating activities:			
Total comprehensive income		\$ 4,056	\$ 24,628
Adjustments for:			
Depreciation	7,8	33,092	34,450
Amortization of intangible assets	9	5,513	3,611
Share based compensation	13	1,112	2,099
Gain on disposal of property, plant and equipment		(417)	(425)
Net transfers between inventory and rental fleet	7	(6,630)	2,017
Earnings on equity investments	10	(2,025)	(2,482)
Non-cash revaluation of contingent consideration		(445)	(306)
Asset retirement obligation settled	12	(820)	(2,041)
Finance costs		8,953	5,101
Income tax expense (recovery)	17	(495)	8,708
Changes in non-cash working capital	18	21,314	(172)
Income taxes refunded (paid)	17	783	(10,702)
Net cash flows from operating activities		\$ 63,991	\$ 64,486
Investing activities:			
Purchase of property, plant and equipment	7	(6,940)	(5,860)
Purchase of intangible assets	9	(187)	(1,931)
Proceeds on sale of property, plant and equipment		709	749
Acquisition of Dana	4(a)	(30,357)	—
Acquisition of Tricom Assets	4(b)	(17,136)	—
Capital contributions in equity investments		(479)	(949)
Cash distributions received from equity investments	10	4,553	—
Net cash flows used in investing activities		\$ (49,837)	\$ (7,991)
Financing activities:			
Issuance of common shares	13	310	859
Payments for lease liabilities		(10,652)	(10,603)
Drawings (repayments) on loans and borrowings	11	28,353	(19,942)
Finance costs paid		(8,531)	(5,327)
Dividends paid to non-controlling interest		(815)	(1,151)
Dividends paid to shareholders	20	(22,819)	(20,331)
Net cash flows used in financing activities		\$ (14,154)	\$ (56,495)
Change in cash position		—	—
Cash, beginning of year		—	—
Cash, end of year		\$ —	\$ —

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. Dexterra Group is a diversified support services organization delivering 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 building solutions for rapid affordable housing, commercial, residential and industrial clients.

2. 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 8, 2023.

b. Basis of measurement

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

c. 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.

d. Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The judgements, 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 judgements, 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.

Critical Accounting Estimates & Judgements

- Purchase price equations (See Note 4) - 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 judgement in estimating the fair value of the customer relationships. Management used the multi-period excess earnings method to fair value customer relationships using a discounted cash flow model. The significant assumptions used in the discounted cash flow models are revenue growth rates, the earnings before interest, taxes, depreciation, amortization, share based compensation, and gain/loss on disposal of property, plant and equipment (“EBITDA”) and discount rates.
- 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 (“FVLCD”) and its value in use (“VIU”). The FVLCD 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. Management applied significant judgement in determining the recoverable amounts. The recoverable amounts of the CGUs were based on FVLCD method using discounted cash flow models. Significant assumptions used in the discounted cash flow models included revenue growth rates, EBITDA and discount rates.
- Revenue Recognition Estimate - The Corporation recognizes revenue over a period of time as work is completed for its modular construction contracts and estimates progress of these contracts by comparing costs incurred to the total expected costs of the project. To determine the estimated costs to complete construction contracts, assumptions and estimates are required to evaluate matters related to schedule, material and labour costs, labour productivity, changes in scope, or terms of the contract, inflationary pressures and availability and terms for subcontractors. Due to the nature of construction activities, estimates can change over the life of the contracts which may significantly impact profitability.

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 through ownership, voting rights, or 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. A 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 is exposed to variable returns from its involvement with the entity such that 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. As at December 31, 2022, none of the SPEs held any net assets and therefore there was no related non-controlling interest.

(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 judgement 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. 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.

Any contingent consideration is measured at fair value at the date of acquisition and is remeasured at each reporting date with subsequent changes in the fair value of the contingent consideration being recognized in profit or loss.

(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 not separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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 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 the appropriate class of 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 within operating expenses in the consolidated statement of comprehensive income.

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	Category	Method	Useful life
Camp & catering smallwares	Camp equipment & mats	Straight-line	1.5 years
Camp facilities (residual value of 20%)	Camp equipment & mats	Straight-line	15 years
Mats	Camp equipment & mats	Straight-line	3-6 years
Buildings	Land & buildings	Straight-line	25 years
Leasehold improvements	Land & buildings	Straight-line	Term of lease
Automotive	Automotive & trucking equipment	Straight-line	4-8 years
Computer hardware	Manufacturing & other equipment	Straight-line	5 years
Equipment	Manufacturing & other equipment	Straight-line	5-10 years
Furniture & fixtures	Manufacturing & other equipment	Straight-line	5 years

Depreciation methods, useful lives, and residual values are reviewed at each financial year end and adjusted if required. 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 through the purchase of other contractual or legal rights which are transferable or separable. Intangibles acquired as part of a business combination 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	Up to 10 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 required.

(f) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on a weighted average 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 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, the recoverable amount is estimated at least once a year at the same time.

The recoverable amount of an asset is the greater of its value in use (“VIU”) and its fair value less costs of disposal (“FVLCD”). In assessing the recoverable amount, 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 Accommodation and Forestry (“WAF”), Energy Services (“ES”), IFM, 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. Goodwill allocation must reflect the lowest level at which that goodwill is monitored for internal reporting purposes and cannot be larger than the operating segment before aggregation.

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 directors, 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).

Cash-settled transactions

The Corporation has a Restricted Share Unit ("RSU") and Performance Share Unit ("PSU") plan for its eligible directors, 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. For PSUs, 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 adjusted based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. 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 a finance cost.

The Corporation has adopted *Onerous Contracts - Costs of Fulfilling a Contract* (Amendments to IAS 37) from January 1, 2022. These amendments requires the inclusion of both incremental and allocated other direct costs in the measurement of the onerous provisions. The amendments apply prospectively to contracts existing as at January 1, 2022.

(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.

The transaction price of customer contracts may change over the duration of the contract 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. Service delivery 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 change orders and claims may not be settled until the end of the project, management estimates what changes orders to include in the determination of revenue recognized.

Deferred revenue relates to payments received in advance of performance under the customer contract. Deferred revenue is recognized as revenue as the Corporation fulfills its performance obligations under the contract. In normal course, deferred revenue is recognized within a year as Corporation contracts are expected to have a duration of one year or less.

Revenues are derived mainly from the following types of client contracts and major products and services:

i. Integrated Facilities Management

Integrated Facilities management provides solutions for ongoing maintenance and operations of 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 - Modular

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 over time as the supply and installation of the facilities is completed and when catering services are provided to the customer. Catering services are generally 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 include 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 generally 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. Proceeds from the sale of rental fleet that is routinely sold before the end of its useful life are included in net cash flows from operating activities. The investments in the acquisition or manufacturing of rental fleet are 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.

vii. Sale of food and other goods

Revenue from the sale of food and 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.

(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, interest on lease liabilities, unwinding of the discount on provisions, and foreign currency exchange gains/losses. 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.

Notes to the consolidated financial statements
Years ended December 31, 2022 and 2021

(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 year. 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 and directors.

(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 year 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 year 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 and is 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 year 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.

(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 recognizes government assistance as a reduction in the related expense, through the consolidated statement of comprehensive income.

(r) New standards and interpretations not yet adopted

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

i. Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12)

In May 2021, the IASB issued amendments to IAS 12 *Income Taxes* to clarify how companies account for deferred tax on transactions that give rise to equal taxable and deductible temporary differences, such as lease transactions under IFRS 16 that require recognition of a lease liability and a corresponding right-of-use asset at commencement date of a lease. Following the amendments to IAS 12, entities will be required to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease on a gross basis. The Corporation previously applied the exemption under IAS 12 to not record any deferred tax on lease balances and will revise its accounting to align with these amendments. Comparatives will be restated and the effect of applying the amendments will be recognized as an adjustment to opening equity on the date of application. These amendments are effective for annual periods beginning on or after January 1, 2023 and are not expected to have a significant impact on the Corporation's consolidated financial statements.

Notes to the consolidated financial statements
Years ended December 31, 2022 and 2021

ii. Non-current liabilities with covenants (Amendments to IAS 1)

On October 31, 2022, the IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. The amendments also require an entity to disclose information in the notes that enables users of the financial statements to understand the risk that non-current liabilities with covenants could be repayable within twelve months. The amendments are applied retrospectively on or after January 1, 2024 with early adoption permitted. The Corporation is currently evaluating the expected impact of the amendments on its consolidated financial statements.

4. Business Combinations

On January 1, 2022, Dexterra Group acquired 100% of the issued and outstanding shares of FCPI Dana Investments Inc. ("Dana"), the General Partner and sole owner of Dana Hospitality Limited Partnership and Marek Hospitality Inc. for total cash consideration in the amount of \$30.9 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. ("Tricom") for a total consideration of \$19.1 million. This acquisition increases the scale of the existing IFM business and provides access to new market sectors.

From the dates of the acquisitions to December 31, 2022, the acquired operations contributed \$108.3 million of revenue and \$1.7 million net loss before income taxes, which included depreciation and amortization expense of \$3.4 million which reflected the amortization of the intangible assets recorded as part of the purchase equation. If both business combinations had been completed on January 1, 2022, the revenue for the year ending December 31, 2022 would not have been materially different.

The Corporation incurred certain costs related to the acquisitions of \$1.4 million relating to legal, restructuring, due diligence and external advisory fees. \$1.0 million of these costs were included in corporate selling, general & administrative expenses on the consolidated statement of comprehensive income for the year ended December 31, 2022 (2021 - \$0.3 million).

(a) Dana

The following summarizes the assets acquired and liabilities assumed:

Consideration:		(000's)
Cash consideration	\$	30,913
Fair value of assets acquired and liabilities assumed:		
Cash	\$	556
Trade & other receivables ⁽¹⁾		7,318
Inventories		1,396
Prepaid expenses and other		271
Property, plant and equipment		2,426
Right-of-use assets		236
Trade and other payables		(9,966)
Lease liabilities		(236)
Deferred income tax liabilities		(1,245)
Tangible Net Assets	\$	756
Customer Relationships		12,600
Trade Names		750
Goodwill		16,807
Total Identifiable Net Assets	\$	30,913

(1) Trade and other receivables included a provision for expected credit losses of \$0.5 million.

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.

Notes to the consolidated financial statements
Years ended December 31, 2022 and 2021

(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 are: the assembled workforce of Tricom, access to growth opportunities with existing customers, and access to opportunities in the United States.

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 year ended December 31, 2022, no earn-out expense was recorded as the performance threshold was not met.

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 to third parties. As at December 31, 2022, the holdback of \$2.0 million has been included in trade and other payables.

5. Trade and other receivables

(000's)	December 31, 2022	December 31, 2021
Trade receivables	\$ 135,972	\$ 115,265
Modular holdback receivables	9,738	10,297
Deferred trade receivables	5,756	12,428
Total trade and modular receivables	\$ 151,466	\$ 137,990
Accrued trade receivables	53,025	43,504
Other receivables	7,732	4,460
Allowance for expected credit losses	(826)	(1,178)
Total	\$ 211,397	\$ 184,776

Modular holdback receivables and deferred trade receivables of \$15.5 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. Credit risks are further described in Note 22.

Notes to the consolidated financial statements
Years ended December 31, 2022 and 2021

6. Inventories

(000's)	December 31, 2022	December 31, 2021 ⁽¹⁾
Raw materials	\$ 14,386	\$ 5,632
Food inventory	4,448	1,831
Modular work-in-progress	1,176	3,444
Finished goods and supplies	6,035	6,091
Inventories	\$ 26,045	\$ 16,998

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

7. Property, plant and equipment

Carrying Amounts (000's)	Camp equipment & mats	Land & buildings	Automotive & trucking equipment	Manufacturing & other equipment	Total
Cost					
December 31, 2020	\$ 148,449	\$ 27,684	\$ 17,458	\$ 8,167	\$ 201,758
Additions	1,411	1,991	1,069	1,389	5,860
Asset retirement obligations (Note 12)	914	—	—	—	914
Transferred to inventory	(2,595)	—	—	—	(2,595)
Sale to Big Spring Lodging LP	(1,972)	—	—	—	(1,972)
Disposals	(494)	(72)	(826)	(220)	(1,612)
December 31, 2021	\$ 145,713	\$ 29,603	\$ 17,701	\$ 9,336	\$ 202,353
Additions	2,660	1,642	425	2,213	6,940
Acquisition of Dana (Note 4 (a))	—	2,426	—	—	2,426
Acquisition of Tricom Assets (Note 4 (b))	—	—	190	123	313
Asset retirement obligations (Note 12)	1,604	—	—	—	1,604
Transferred from inventory	5,672	—	—	—	5,672
Disposals	(2,460)	(107)	(437)	192	(2,812)
December 31, 2022	\$ 153,189	\$ 33,564	\$ 17,879	\$ 11,864	\$ 216,496
Accumulated Depreciation					
December 31, 2020	\$ 9,551	\$ 1,205	\$ 3,910	\$ 3,045	\$ 17,711
Depreciation	14,676	1,191	6,371	2,002	24,240
Transferred to inventory	(578)	—	—	—	(578)
Sale to Big Spring Lodging LP	(124)	—	—	—	(124)
Disposals	(376)	(37)	(291)	(173)	(877)
December 31, 2021	\$ 23,149	\$ 2,359	\$ 9,990	\$ 4,874	\$ 40,372
Depreciation	14,607	2,629	3,920	1,812	22,968
Transferred to inventory	(915)	—	—	(43)	(958)
Disposals	(2,124)	222	(595)	3	(2,494)
December 31, 2022	\$ 34,717	\$ 5,210	\$ 13,315	\$ 6,646	\$ 59,888
Net book value					
December 31, 2022	\$ 118,472	\$ 28,354	\$ 4,564	\$ 5,218	\$ 156,608
December 31, 2021	\$ 122,564	\$ 27,244	\$ 7,711	\$ 4,462	\$ 161,981

Notes to the consolidated financial statements
Years ended December 31, 2022 and 2021

8. Leases

(i) Right-of-use assets

(000's)	Camp equipment & mats	Land & buildings	Automotive & trucking equipment	Manufacturing & other equipment	Total
Cost					
December 31, 2020	\$ 5,593	\$ 20,385	\$ 1,640	\$ 445	\$ 28,063
Additions	2,215	11,489	1,391	75	15,170
Disposals	(2,254)	(5,948)	(330)	—	(8,532)
December 31, 2021	\$ 5,554	\$ 25,926	\$ 2,701	\$ 520	\$ 34,701
Acquisition of Dana (Note 4 (a))	—	105	131	—	236
Acquisition of Tricom Assets (Note 4 (b))	—	179	96	—	275
Additions	7,771	4,355	2,257	29	14,412
Disposals	(5,529)	(1,294)	(64)	(230)	(7,117)
December 31, 2022	\$ 7,796	\$ 29,271	\$ 5,121	\$ 319	\$ 42,507
Accumulated Depreciation					
December 31, 2020	\$ 2,133	\$ 3,093	\$ 621	\$ 164	\$ 6,011
Depreciation	3,136	6,193	691	190	10,210
Disposals	(2,526)	(850)	(201)	—	(3,577)
December 31, 2021	\$ 2,743	\$ 8,436	\$ 1,111	\$ 354	\$ 12,644
Depreciation	3,567	5,504	937	116	10,124
Disposals	(2,054)	(1,294)	(49)	(227)	(3,624)
December 31, 2022	\$ 4,256	\$ 12,646	\$ 1,999	\$ 243	\$ 19,144
Net book value					
December 31, 2022	\$ 3,540	\$ 16,625	\$ 3,122	\$ 76	\$ 23,363
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	\$ 9,082
Year 2	7,069
Year 3	5,335
Year 4	4,259
Year 5 and beyond	6,023
Total undiscounted lease payable as at December 31, 2022	\$ 31,768
Lease liabilities included in the statement of financial position at December 31, 2022	\$ 28,094
Current	7,783
Non-current	20,311

For the year ended December 31, 2022, the Corporation sublet leased equipment resulting in a lease receivable of \$2 million (2021 - \$nil). The lease and sub-lease expire in 2025. 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 year ended December 31, 2022 is \$1.6 million (2021 - \$1.4 million).

Notes to the consolidated financial statements
Years ended December 31, 2022 and 2021

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, 2020	\$ 3,800	\$ 22,483	\$ 2,649	\$ 28,932
Additions	—	—	1,931	1,931
December 31, 2021	\$ 3,800	\$ 22,483	\$ 4,580	\$ 30,863
Acquisition of Dana (Note 4(a))	750	12,600	—	13,350
Acquisition of Tricom Assets (Note 4(b))	—	5,500	—	5,500
Additions	—	—	187	187
Foreign Currency Translation ⁽¹⁾	—	74	—	74
December 31, 2022	\$ 4,550	\$ 40,657	\$ 4,767	\$ 49,974
Accumulated Amortization				
December 31, 2020	\$ 380	\$ 4,017	\$ 1,078	\$ 5,475
Amortization	651	1,743	1,217	3,611
December 31, 2021	\$ 1,031	\$ 5,760	\$ 2,295	\$ 9,086
Amortization	901	3,472	1,140	5,513
December 31, 2022	\$ 1,932	\$ 9,232	\$ 3,435	\$ 14,599
Net book value				
December 31, 2022	\$ 2,618	\$ 31,425	\$ 1,332	\$ 35,375
December 31, 2021	\$ 2,769	\$ 16,723	\$ 2,285	\$ 21,777

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

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

(000's)	December 31, 2022	December 31, 2021
Goodwill allocated to:		
Integrated Facilities Management	\$ 94,022	\$ 64,055
Workforce Accommodations and Forestry	34,585	34,585
Balance, end of year	\$ 128,607	\$ 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, 2022, an impairment test was performed for all CGUs with allocated goodwill, which comprise IFM and WAF. No impairment was identified.

The recoverable amount of the CGUs was calculated based on FVLCD discounted cash flow models. The cash flows are derived from the Corporation's budget, strategy and business plan approved by the Board of Directors. The calculation of the FVLCD discounted cash flow model was based on the following key assumptions:

- The approved 2023 budget uses current and anticipated contracts and market conditions to project revenue. EBITDA is calculated using historical margins and additional operational factors.
- 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 14.0% (2021 - 12.5%).
- The revenue growth rates are based on management's internal budgets and projections. Annual revenue growth rates for 2024 - 2028 were estimated to be between 8% to 12% for IFM and 4% to 8% for WAF. The long-term growth rate after 5 years for both CGUs used in determining the recoverable amount is 2.5% (2021 - 2.5%).
- EBITDA for the five years is based on management's internal budgets and projections. EBITDA margins are projected to be between 7% to 8% for IFM and 11% to 12% for WAF.

Notes to the consolidated financial statements Years ended December 31, 2022 and 2021

Sensitivities

The most sensitive inputs to the discounted cash flow model are the discount rate, the revenue growth rate, and EBITDA. All else being equal, a 250 basis points decrease in the revenue growth rates, a 50 basis points decrease in EBITDA, or a 100 basis points increase in discount rate would each result in an immaterial impairment in the IFM CGU.

10. Other assets

Other assets at December 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 \$13.1 million (December 31, 2021 - \$15.2 million) and \$1.9 million (December 31, 2021 - \$1.9 million), respectively. During the year ended December 31, 2022, Gitxaala paid cash distributions of \$4.5 million (2021 - \$nil) to the Corporation for its share of cumulative profit. 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 \$1.6 million (December 31, 2021 - \$1.1 million).

11. Loans and borrowings

(000's)	December 31, 2022	December 31, 2021
Committed credit facility	\$ 94,822	\$ 66,469
Unamortized financing costs	(777)	(1,149)
Total borrowings	\$ 94,045	\$ 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 Adjusted EBITDA ratio, as defined in the credit facility agreement. 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 December 31, 2022, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility and available borrowing capacity was \$95.0 million (2021 - \$124.5 million), after adjusting for \$10.1 million (2021 - \$9.1 million) in letters of credit outstanding at December 31, 2022. For the year ended December 31, 2022, the Corporation incurred finance costs relating to the loans and borrowings of \$7.3 million (2021 - \$3.7 million).

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)	December 31, 2022	December 31, 2021
Balance, beginning of year	\$ 10,560	\$ 11,629
Additions	1,599	—
Asset retirement obligations settled	(820)	(2,041)
Change in estimate	5	914
Accretion of provisions	298	58
Balance, end of year	\$ 11,642	\$ 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 Corporation has estimated the net present value of its asset retirement obligation at December 31, 2022 to be \$11.6 million (December 31, 2021 - \$10.6 million) based on a total future liability of \$12.3 million (December 31, 2021 - \$10.7 million). The Corporation used an average risk free interest rate of 3.94% and an inflation rate of 2.06% (December 31, 2021 - 1.23% and 1.27%, respectively) to calculate the net present value of its asset retirement obligations as at December 31, 2022. 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.

Notes to the consolidated financial statements
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(000's)	December 31, 2022	December 31, 2021
Current	\$ 8,478	\$ 5,277
Non-current	3,164	5,283
Balance, end of year	\$ 11,642	\$ 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, 2020	64,869,417	\$ 232,348
Options exercised	281,666	1,193
Balance, December 31, 2021	65,151,083	\$ 233,541
Options exercised	90,545	427
Balance, December 31, 2022	65,241,628	\$ 233,968

(b) Long-term incentive plans

(i) Share option plan

	Outstanding options	Weighted average exercise price
Balance, December 31, 2020	990,000	3.22
Granted	527,272	6.49
Exercised	(281,666)	3.05
Forfeited	(35,466)	4.55
Balance, December 31, 2021	1,200,140	\$ 4.66
Granted	627,271	8.01
Exercised	(90,545)	3.42
Forfeited	(104,866)	6.30
Balance, December 31, 2022	1,632,000	\$ 5.90

The exercise prices for options outstanding and exercisable at December 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 to \$5.95	630,894	\$ 3.45	2.7	313,005	\$ 3.05
\$6.21 to \$6.53	511,519	6.48	3.1	183,716	6.48
\$6.54 to \$8.50	489,587	8.45	4.0	—	—
	1,632,000	\$ 5.90	3.2	496,721	\$ 4.32

Notes to the consolidated financial statements
Years ended December 31, 2022 and 2021

The exercise prices for options outstanding and exercisable at December 31, 2021 was as follows:

Exercise price per share	Total options outstanding			Exercisable options	
	Number	Weighted average exercise price per share	Weighted average remaining contractual life in years	Number	Weighted average exercise price per share
\$3.05	638,334	\$ 3.05	3.4	165,008	\$ 3.05
\$6.21 to \$6.53	561,806	6.48	4.0	16,666	6.37
	1,200,140	\$ 4.66	3.7	181,674	\$ 3.35

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 year and the assumptions used in their determination are as follows:

	December 31, 2022	December 31, 2021
Fair value per option	\$ 2.45	\$ 2.08
Forfeiture rate	9.30 %	10.00 %
Grant price	\$ 8.01	\$ 6.49
Expected life	3.2 years	3.0 years
Risk free interest rate	1.57 %	0.25 %
Dividend yield rate	5.04 %	4.62 %
Volatility	58.80 %	62.92 %

For the year ended December 31, 2022, share based compensation for share options included in net earnings amounted to \$1.2 million (2021 - \$1.2 million) respectively. Subsequent to year-end, the Corporation issued 772,570 share options under the plan with an exercise price of \$5.35 per share.

(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 as at December 31, 2022.

The following table summarizes the RSU's outstanding:

	December 31, 2022	December 31, 2021
Units outstanding at beginning of year	28,970	—
Granted	21,307	28,970
Exercised	(9,656)	—
Units outstanding at end of year	40,621	28,970

As at December 31, 2022, trade and other payables included \$0.2 million (December 2021 - \$0.2 million) for outstanding RSUs. For the year ended December 31, 2022, share based compensation for RSUs included in net earnings amounted to \$0.1 million (2021 - \$0.2 million). Subsequent to year-end, the Corporation issued an additional 110,442 RSUs under the plan to its Board of Directors, key management and officers of the Corporation.

(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 no later than 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.

Notes to the consolidated financial statements Years ended December 31, 2022 and 2021

The following table summarizes the PSU's outstanding:

	December 31, 2022	December 31, 2021
Units outstanding at beginning of year	291,762	—
Granted	281,479	301,454
Forfeited	(54,112)	(9,692)
Units outstanding at end of year	519,129	291,762

As at December 31, 2022, other long-term liabilities included \$0.6 million for outstanding PSUs (December 31, 2021 - \$0.7 million). For the year ended December 31, 2022, net earnings included a share based compensation recovery of \$0.1 million for PSUs (2021 expense of \$0.7 million). Subsequent to year-end, the Corporation issued an additional 455,544 PSUs under the plan to its key management and officers of the Corporation.

14. Revenue

Contract balances

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

(000's)	December 31, 2022	December 31, 2021
Contract assets, which are included in accrued trade and other accounts receivables	\$ 32,887	\$ 44,389
Contract liabilities, which are included in deferred revenue	\$ 10,706	\$ 1,946

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. These amounts are included in accrued trade and other receivables. The contract assets are transferred to trade 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 \$17.4 million (2021 - \$18.0 million) in accrued trade receivables for Modular Solutions and \$15.5 million in Modular holdback and deferred trade receivables (2021 - \$22.7 million) from customers, which are generally due within three to six months of services being completed. The deferred revenue is comprised of contract liabilities which relate to payments received from customers, and for which revenue is recognized over time and is excluded from revenue from operations.

The amount of \$1.9 million recognized in contract liabilities at the beginning of the year has been recognized as revenue for the year ended December 31, 2022 (2021 - \$3.3 million).

As the Corporation 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, 2022.

15. Direct costs

	Years ended December 31,	
(000's)	2022	2021 ⁽¹⁾
Cost of goods manufactured - materials and direct labour	\$ 171,044	\$ 135,146
Wages and benefits	352,250	240,614
Subcontracting	70,767	58,662
Product cost	181,655	111,174
Equipment and repairs	9,829	8,953
Transportation and travel	23,234	16,932
Partnership profit sharing	13,263	12,601
Utilities and occupancy costs	35,611	24,816
Contract loss provisions and restructuring ⁽²⁾	12,240	5,741
Other direct costs	11,072	8,198
	\$ 880,966	\$ 622,837

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

(2) Contract loss provisions and restructuring includes \$6.9 million (2021 - \$5.7 million) related to contractual disputes and remediation work for contracts in place at the time of the Acquisition of Horizon North Logistics Inc. in May 2020 as well as \$2.9 million related to an onerous IFM contract to record future losses over the life of the contract (2021 - \$nil), \$2.0 million related to the restructuring and systems implementation for a business unit being integrated with VCI Controls Inc. (see Note 26) (2021 - \$nil) and \$0.5 million in other items (2021 - \$nil). The work on the pre-Acquisition contracts is substantially complete with final payments to be negotiated.

The amount of inventory recognized as an expense during the year ended December 31, 2022 is \$171.0 million (2021 - \$135.1 million). Included in wages and benefits is the impact of the Canada Emergency Wage Subsidy ("CEWS"), which reduced wages and benefits by \$nil for the year ended December 31, 2022 (2021 - \$8.9 million).

Notes to the consolidated financial statements
Years ended December 31, 2022 and 2021

16. Selling, general and administrative expenses

(000's)	Years ended December 31,	
	2022 ⁽¹⁾	2021
Wages and benefits	\$ 23,084	\$ 21,078
Other selling and administrative expenses	18,019	13,775
	\$ 41,103	\$ 34,853

(1) Wages and benefits for the year ended December 31, 2022 includes restructuring costs of \$1.8 million (2021 - \$nil) and Other selling and administrative expenses includes \$1.1 million in acquisition and other costs (2021 - \$0.3 million).

Included in wages and benefits is the impact of CEWS, which reduced wages and benefits by \$nil for the year ended December 31, 2022 (2021 - \$0.2 million).

17. Income taxes

For the year ended December 31, 2022, the Corporation's effective income tax rate was a recovery of 15%, compared to an expense of 26.1% in 2021. The effective tax rate for the year ended December 31, 2022 is lower than the combined federal and provincial income tax rates primarily due to the positive impact of the tax rate differential on certain transactions and adjustments related to prior periods. For 2021, the effective tax rate was consistent with combined federal and provincial income tax rate.

The Corporation has non-capital losses for Canadian tax purposes of \$92.4 million at December 31, 2022 (December 31, 2021 - \$79.9 million) available to reduce future taxable income in Canada. The Corporation believes that it is probable that the results of future operations will generate sufficient taxable income to fully utilize these losses before their expiry.

The Corporation received an income tax refund, net of payments, of \$1.3 million during the year ended December 31, 2022 (2021 - \$10.7 million taxes paid).

The current and deferred tax expense breakdown is as follows:

Income tax expense (recovery) (000's):	Years ended December 31,	
	2022	2021
Current	\$ 1,811	\$ 5,594
Deferred	(2,306)	3,114
	\$ (495)	\$ 8,708

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

(000's)	Years ended December 31,	
	2022	2021
Earnings before income tax	\$ 3,220	\$ 33,336
Combined federal and provincial income tax rate	26 %	26 %
Expected income tax expense	\$ 837	\$ 8,667
Changes from tax reassessments	830	—
Non-deductible items	169	402
Changes in tax rates	(291)	81
Tax rate differential on certain transactions	(969)	(1,063)
Adjustments related to prior periods	(285)	—
Other items	(786)	621
	\$ (495)	\$ 8,708

Notes to the consolidated financial statements
Years ended December 31, 2022 and 2021

18. Cash flow information

The details of the changes in non-cash working capital are as follows, and excludes opening balance sheets of the Dana and Tricom assets acquisitions:

(000's)	Years ended December 31,	
	2022	2021
Trade and other receivables	\$ (19,140)	\$ (35,244)
Inventories	(7,477)	(4,553)
Prepaid expenses and other	1,714	2,899
Trade and other payables	37,457	38,090
Deferred revenue	8,760	(1,364)
	\$ 21,314	\$ (172)

19. Net earnings per share

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

	Years ended December 31,	
	2022	2021
Number of common shares, beginning of year	65,151,083	64,869,417
Common shares issued, weighted average	54,099	205,091
Weighted average common shares outstanding - basic	65,205,182	65,074,508
Effect of share purchase options ⁽¹⁾	283,664	345,298
Weighted average common shares outstanding - diluted	65,488,846	65,419,806

(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 year exceeds the exercise price of the option.

20. Dividends

A dividend of \$0.0875 per share (\$0.35 annually) was declared for the quarter ended December 31, 2022 and has been accrued in trade and other payables as at December 31, 2022. The dividend is payable to shareholders of record at the close of business on December 31, 2022 and was paid on January 16, 2023. A dividend of \$0.0875 per share was declared for the quarters ended December 31, 2021, March 31, 2022, June 30, 2022, and September 30, 2022 and were paid in January, April, July and October 2022, respectively.

(000's except per share amounts)	2022		2021	
	Amount per share	Dividend declared	Amount per share	Dividend declared
March 31	\$ 0.0875	\$ 5,703	\$ 0.0750	\$ 4,880
June 30	0.0875	5,707	0.0750	4,884
September 30	0.0875	5,708	0.0875	5,702
December 31	0.0875	5,709	0.0875	5,701
Total dividends declared	\$ 0.350	\$ 22,827	\$ 0.325	\$ 21,167

Notes to the consolidated financial statements
Years ended December 31, 2022 and 2021

21. 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. Inter-segment pricing is determined on an arm's length basis.

Year ended December 31, 2022 (000's)	IFM	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	\$ 279,354	\$ 489,996	\$ 199,611	\$ 3,082	\$ (526)	\$ 971,517
Operating expenses						
Direct costs ⁽²⁾	257,272	410,775	201,157	12,240	(478)	880,966
Selling, general and administrative expenses	8,530	7,901	6,785	17,887	—	41,103
Depreciation and amortization	6,745	24,921	5,414	1,525	—	38,605
Share based compensation (recovery)	52	(77)	(16)	1,153	—	1,112
Loss (Gain) on disposal of property, plant and equipment	(5)	(639)	(34)	261	—	(417)
Operating income (loss)	6,760	47,115	(13,695)	(29,984)	(48)	10,148
Finance costs	78	675	824	7,376	—	8,953
Earnings from equity investments	—	(2,025)	—	—	—	(2,025)
Earnings (loss) before income taxes	\$ 6,682	\$ 48,465	\$ (14,519)	\$ (37,360)	\$ (48)	\$ 3,220
Total assets	\$ 178,233	\$ 312,753	\$ 112,607	\$ 9,185	\$ (1,377)	\$ 611,401

Year ended December 31, 2021 (000's)	IFM	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	\$ 155,131	\$ 393,797	\$ 181,701	\$ 4,035	\$ (1,284)	\$ 733,380
Operating expenses						
Direct costs ⁽¹⁾	136,336	319,081	162,848	5,741	(1,169)	622,837
Selling, general and administrative expenses ⁽¹⁾	5,512	5,517	5,531	18,293	—	34,853
Depreciation and amortization	3,329	27,200	5,294	2,238	—	38,061
Share based compensation	146	110	97	1,746	—	2,099
Gain on disposal of property, plant and equipment	(12)	(311)	(99)	(3)	—	(425)
Operating income (loss)	9,820	42,200	8,030	(23,980)	(115)	35,955
Finance costs	52	431	1,011	3,607	—	5,101
Earnings from equity investment	—	(2,482)	—	—	—	(2,482)
Earnings (loss) before income taxes	\$ 9,768	\$ 44,251	\$ 7,019	\$ (27,587)	\$ (115)	\$ 33,336
Total assets	\$ 107,350	\$ 323,115	\$ 95,110	\$ 8,635	\$ (581)	\$ 533,629

(1) Includes CEWS of \$nil for the year ended December 31, 2022 and \$9.1 million for the year ended December 31, 2021 (IFM - \$1.7 million, WAFES - \$6.6 million, Modular Solutions - \$0.6 million, Corporate - \$0.2 million).

(2) Refer to Note 15 for a description of Direct costs related to the Corporate segment.

Notes to the consolidated financial statements Years ended December 31, 2022 and 2021

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, 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. The Corporation's risk management practices include identifying, analyzing and monitoring the risks faced by the Corporation.

Credit risk

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

(000's)	December 31, 2022	December 31, 2021
Trade receivables		
Neither impaired nor past due	\$ 127,513	\$ 91,516
Outstanding 31-60 days	9,500	33,484
Outstanding 61-90 days	7,798	4,352
Outstanding more than 90 days	6,655	8,638
Total trade receivables	151,466	137,990
Accrued receivables	53,025	43,504
Other receivables	7,732	4,460
Provision for expected credit losses	(826)	(1,178)
Total trade and other receivables	\$ 211,397	\$ 184,776

As at December 31, 2022, the Corporation provided for expected credit losses in the amount of \$0.8 million (2021 - \$1.2 million). The provision for expected credit losses is based on an expected credit losses matrix and fluctuates based on the aging of balances in receivables. The Corporation continues to monitor the recoverability of trade receivables and the impact of current and expected future credit losses.

The Corporation had no major customer from which it generated greater than 10% of total revenue in 2022 (2021 - one customer generated 10%).

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure that it always has sufficient cash and borrowing capacity on its credit facility to meet its obligations when they become due. Management typically forecasts cash flows for each quarter to identify financing requirements. These requirements are then addressed through a combination of demand credit facilities and access to capital markets while maintaining optimal capital structure. The Corporation believes that future cash flows generated by the operations and access to additional liquidity through capital and banking markets will be adequate to meet its financial obligations.

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

	December 31, 2022			December 31, 2021		
(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	\$ 171,010	\$ 9,082	\$ —	\$ 121,868	\$ 8,542	\$ —
Year 2	640	7,069	94,822	395	5,602	—
Year 3	—	5,335	—	769	3,889	66,469
Year 4	697	4,259	—	—	3,337	—
Year 5 and beyond	—	6,023	—	747	7,890	—
	\$ 172,347	\$ 31,768	\$ 94,822	\$ 123,779	\$ 29,260	\$ 66,469

(1) Trade and other payables include trade and other payables, other long-term liabilities, contingent consideration and income tax payable.

(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. As at December 31, 2022, the Corporation has unused credit facilities of \$95.0 million (2021 - \$124.5 million).

Notes to the consolidated financial statements Years ended December 31, 2022 and 2021

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's exposure to foreign currency exchange risk arises from its foreign operations in Dexterra Services LLC which has a US functional currency. If the USD exchange rate were to decrease by 1.00%, it is estimated that the Corporation's net comprehensive income would decrease by \$0.04 million. For the remainder of the Corporation's operations, there is limited exposure to foreign currency exchange risk as sales and purchases are typically denominated in CAD.

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. A high inflation environment impacts interest rate risk as the Bank of Canada increases rates to control inflation. The primary exposure is related to the Corporation's revolving credit facility which bears interest at a rate of prime plus 0.50% to 1.75% or the Bankers' Acceptance rate plus 1.50% to 2.75% per annum. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings before income taxes would have decreased by approximately \$1.4 million for the year ended December 31, 2022 (2021 - \$0.9 million). This assumes that the amount and mix of fixed and floating rate debt in the year remains unchanged and that the change in interest rates is effective from the beginning of the year.

23. Related parties

(000's)	December 31, 2022	December 31, 2021
Joint Ventures		
Revenue	\$ 547	\$ 3,057
Management fee	575	645
Included in accounts receivable	1,514	490

The Corporation earned revenue of \$0.5 million (2021 - \$1.3 million) for the year ended December 31, 2022 for the manufacturing, installation and transportation of relocatable units provided to Gitxaala, a joint venture in which the Corporation has a 49% interest. The Corporation also charged \$0.6 million (2021 - \$0.6 million) in management fees for administrative overhead related to accounting and management services. As at December 31, 2022, Gitxaala owed \$0.5 million (2021 - \$0.3 million) in payables to the Corporation which are considered to be part of normal course of operations and have no fixed terms of repayment.

The Corporation earned revenue of \$1.0 million (2021 - \$0.4 million) for the year ended December 31, 2022 for catering services and equipment rentals provided to Big Springs JV, a joint venture in which the Corporation has a 49% interest. As at December 31, 2022, BSL LP owed \$1 million (2021 - \$0.2 million) in payables to the Corporation which are considered to be part of normal course of operations.

As at December 31, 2022 Dexterra Group has performance and labour bonds underwritten by Northbridge General Insurance Corporation ("Northbridge"), a company with the same controlling shareholder as Dexterra Group, totaling \$28.3 million (December 31, 2021 - \$44.0 million). Fees in the amount of \$0.1 million were incurred for the year ended December 31, 2022 (December 31, 2021 - \$0.2 million).

Dexterra Group has certain property insurance policies with Northbridge. This insurance coverage started on September 29, 2022 and the premiums paid were \$1.1 million (2021 - \$0.3 million) for coverage through the subsequent 12 month period and are at normal commercial rates.

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.

The Corporation has entered into executive employment agreements with certain executive officers that provide for termination payments. These agreements continue indefinitely until terminated in accordance with the terms thereof and the base salary payable under the agreements is subject to annual review. The Corporation did not incur any termination payments for the year ended December 31, 2022 (2021 - \$nil).

Notes to the consolidated financial statements Years ended December 31, 2022 and 2021

Key management personnel compensation for the year ended December 31, 2022 and 2021 is comprised as follows:

(000's)	Years ended December 31,	
	2022	2021
Short-term employee benefits	\$ 2,752	\$ 3,944
Post-employment benefits	239	215
Share based compensation	805	1,504
	\$ 3,796	\$ 5,663

24. Subsidiaries

Subsidiary Name	Country of Incorporation	Ownership Interest (%)	
		December 31, 2022	December 31, 2021
10647802 Canada Ltd. ("106") ⁽¹⁾	Canada	—	100
Acden Horizon North Limited Partnership ("Acden")	Canada	49	49
Acho Horizon North Camp Services Limited Partnership ("Acho")	Canada	49	49
Dana Hospitality Limited Partnership ("Dana")	Canada	100	—
Deninu Kue Horizon North Camp & Catering Limited Partnership ("DKHN")	Canada	49	49
Dexterra Group USA Inc.	USA	100	—
Dexterra Services LLC	USA	100	—
Eclipse Camp Solutions Incorporated ("Eclipse")	Canada	40	40
FCPI Dana Investments Inc.	Canada	100	—
Halfway River Horizon North Camp Services Limited Partnership ("HRHN")	Canada	49	49
Horizon North Camp & Catering Partnership ("HNCCP")	Canada	100	100
Horizon North Kapewin Inc. ("Kapewin")	Canada	100	—
Kitikmeot Camp Solutions Limited ("Kitikmeot")	Canada	49	49
Marek Hospitality Inc. ("Marek")	Canada	100	—
NRB Inc.	Canada	100	100
Pioneer Site Service Ltd. ("Pioneer")	Canada	100	100
Powerful Group of Companies ("PGC")	Canada	100	100
Secwepemc Camp & Catering Limited Partnership ("Secwepemc")	Canada	49	49
Sekui Limited Partnership ("Sekui")	Canada	49	49
Skin Tyee Horizon North Camp Services Limited Partnership ("STHN")	Canada	49	49
Tahltan Horizon North Services Inc. ("Tahltan")	Canada	49	49
Tangmaarvik Inland Camp Services Inc. ("Tangmaarvik")	Canada	49	49
Two Lakes Horizon North Camp Services Limited Partnership ("TLHN")	Canada	49	49

(1) 106 was continued into 2395495 Alberta Ltd. on December 17, 2021 prior to being amalgamated with Dexterra Group Inc. on January 1, 2022.

(a) Special purpose entities

The Corporation has an equity interest in 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") with the remaining voting rights and board of director seats being held by Indigenous partners. Based on an evaluation of the substance of its relationship with the Corporation and the SPE's risks and rewards, the Corporation controls these entities. 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, do not have net earnings but rather have limited assets and the only non-flow through expenses are management fees paid to the partners. Indigenous participation in the governance of these SPEs is required to secure projects in specific regions of Canada.

25. Comparatives

Certain prior year amounts on the statement of financial position, and in the notes to the consolidated financial statements have been amended to conform to the current period's presentation.

26. Subsequent event

On January 31, 2023, the Corporation purchased all of the issued and outstanding shares of VCI Controls Inc. ("VCI") from Universal Proptech Inc. ("Seller") for an aggregate cash purchase price of \$4,000,000, subject to normal closing adjustments. The purchase price was financed through the Corporation's existing credit facility. This acquisition expands our existing IFM service offering to include building automation controls and energy efficiency solutions and the acquired business had approximately \$8 million revenue in the prior year.

CORPORATE INFORMATION

Board of Directors



R. William McFarland⁽¹⁾⁽²⁾
Chair of the Board
Toronto, Ontario



Mary Garden⁽¹⁾⁽²⁾
Victoria, British Columbia



David Johnston⁽²⁾⁽³⁾
Ottawa, Ontario



Simon Landy⁽¹⁾⁽³⁾
Toronto, Ontario



John MacCuish
Burlington, Ontario



Kevin Nabholz⁽²⁾⁽³⁾
Calgary, Alberta



Russell Newmark⁽¹⁾⁽³⁾
Inuvik, Northwest Territories



Tabatha Bull
Toronto, Ontario



Toni Rossi
Toronto, Ontario

(1) Audit Committee Member

(2) Corporate Governance and Compensation Committee Member

(3) Enterprise Risk Management Committee Member

Senior Leadership Team



John MacCuish
Chief Executive Officer



Mark Becker
Chief Operating Officer



Sanjay Gomes
President, Integrated Modular
Facilities Management



Rob Johnston
President, Modular Solutions



Jeff Litchfield
President, Workforce
Accommodations, Forestry,
& Energy Services



R. Drew Knight
Chief Financial Officer



JD MacCuish
Executive Vice President,
Strategy & Corporate Planning



Lee-Anne Lyon-Bartley
Executive Vice President,
Health, Safety, Environment and Quality



Cindy G. McArthur
Chief Human Resources Officer



Christos Gazeas
Executive Vice President,
Legal and General Counsel

Auditor

PricewaterhouseCoopers LLP

Toronto, Ontario

Transfer Agent

TSX Trust Company (Canada)

1 Toronto Street, Suite 1200

Toronto, Ontario M5C 2V6

Annual Meeting of Shareholders

Wednesday, May 10, 2023 at 11:00 a.m. EST

Live Webcast: <https://web.lumiagm.com/260045440>

Head Office

5915 Airport Road, Suite 425

Mississauga, Ontario L4V 1T1

Stock Exchange Listing

Toronto Stock Exchange

Symbol: DXT

Website

dexterra.com





We've been serving North American clients for over 75 years. The companies that began independently, and now form Dexterra Group, have an outstanding record of supporting the infrastructure and built assets that play a vital role in our society. We bring the right teams with the right skills together – offering both experience and regional expertise so companies can operate their day to day, confidently and successfully.



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